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Corporate Governance Report

Last Update: July 3, 2026
Sumitomo Realty & Development Co., Ltd.
Kojun Nishima, Representative Director and President
Contact: Investor Relations & ESG Section
Securities Code: 8830
<https://www.sumitomo-rd.co.jp/en/>

The corporate governance of Sumitomo Realty & Development Co., Ltd. (the “Company”) is described below.

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

1. Basic Views [Updated]

The Company is a comprehensive real estate enterprise of the Sumitomo Group, which succeeded the Sumitomo Honsha Ltd. and inherits “Sumitomo’s Business Philosophy” with a history of 430 years. The Sumitomo Group is one of the longest-lasting corporate groups in the world, and its business philosophy — “Placing prime importance on integrity,” “Under no circumstances, shall it pursue easy gains,” “Benefit self and benefit others, private and public interests are one and the same,” etc. — has been handed down as a guiding principle throughout its history. In light of the wisdom of its predecessors, the Sumitomo Realty Group upholds a philosophy of placing top priority on integrity, not pursuing easy gains, and creating not only economic value through the pursuit of self-interest, but also lasting social value that will be needed for future generations, in an integrated manner.

In accordance with this philosophy, we have set forth our fundamental mission as to “Create even better social assets for the next generation,” and our basic management policy aims to address various social issues including environmental ones through each business while maximizing corporate value. Our corporate slogan “Integrity and Innovation” expresses such corporate stance, and we have been developing our business by creating new value, guided by our code of conduct: placing importance on trust with all stakeholders, always setting higher goals, and pioneering with new approaches.

These core principles also carry the message, “Do not rest on seniors’ laurels and make the best efforts for a better company for the next generation.” At this point in time, we believe that the management of the Company should continue to be carried out by people mainly from within the Company who have inherited the strong will to sow the seeds of growth for the sake of the next generation. In doing so, we believe that employees will be able to maintain a high level of motivation to eventually participate in management.

In consideration of this basic stance, we are working to further strengthen and enhance corporate governance so as to contribute to the enhancement of the Company’s corporate value over the medium- to long-term, by working on collaboration and dialogue with all stakeholders including shareholders, improving the efficiency of decision-making, appropriate supervision of execution, and proper disclosure of information.

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

[Supplementary Principle 4.10.1] Voluntary Nomination Committee and Remuneration Committee

The Company has established a management system that enables discussions with all directors regarding the nomination and compensation of directors, by limiting the number of directors to those necessary for supervisory functions through reducing the number of internal directors, increasing the number of outside directors, and promoting diversity. In order to ensure independence and objectivity in the nomination and compensation of directors and executive officers, we have established the following system to obtain appropriate involvement and advice from independent directors and outside corporate auditors.

Regarding nomination of candidates for directors and appointment of executive officers, persons with a wealth of experience, high-level insight and sophisticated expertise who will contribute to the Company’s sustainable

growth and medium- to long-term enhancement of corporate value are narrowed down to candidates through multiple meetings of the Executive Committee. The final decision is then made by the Board of Directors based on thorough deliberation, reflecting independent and objective opinions of independent directors and outside corporate auditors. Independent directors and outside corporate auditors have sufficient opportunities to know relevant information such as the background, insights and achievements of internal directors and executive officers at several occasions including meetings of the Committee of Outside Directors and Auditors, briefings for outside directors, and meetings of the Board of Corporate Auditors.

Regarding the compensation for directors and executive officers, the total amount of compensation is determined based on a clear linkage to business performance, and the policy for the determination of the breakdown of compensation, etc. for each individual (hereinafter referred to as the “determination policy”) is determined by a resolution of the Board of Directors, with the participation of independent directors and outside corporate auditors. In the determination policy, the compensation for each director and executive officer is fixed compensation only and the amount paid to each of them is determined upon agreement by four directors: the Chairman of the Board, Representative Director - President, and two Representative Directors - Deputy Presidents.

For details, please refer to [Disclosure Based on the Principles of the Corporate Governance Code], [Principle 3.1], (3) and (4).

Additionally, the Company had decided to transition to a Company with an Audit and Supervisory Committee in June 2027, and as part of preparation for the transition, it established a voluntary Nominating Committee in November 2025. For further details including its structure and responsibilities, please refer to Status of Voluntarily Established Committees under [Directors] in II-1 Organizational Composition and Operations.

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

[Principle 1.4] Strategic Shareholdings

The Company may acquire and hold shares, etc. of business partners, if it is deemed to contribute to the Company’s sustainable growth and medium- to long-standing enhancement of corporate value primarily from the standpoint of establishing and strengthening stable and long-term relationships with business partners. With respect to its major shareholdings (market value of 5 billion yen or more), the Company reviews the appropriateness of each shareholding at important meetings attended by officers and management (including meetings of the Executive Committee, the Board of Directors, and the Committee of Outside Directors and Auditors). In conducting such reviews, the Company comprehensively takes into account the benefits and risks associated with holding such shares in light of the purpose of each shareholding, based on both quantitative information (dividend yield, transaction amount with the Company, etc.) and qualitative information (details of transactions and collaborations with each business partner). In FY2025, such reviews were conducted at the meeting of the Committee of Outside Directors and Auditors held on March 18, 2026, and at the meeting of the Board of Directors held on March 27, 2026.

The Company has a basic policy of reducing the ratio of the book value of strategic shareholdings to shareholders’ equity to 10% or less. In accordance with this basic policy, the Company has held repeated negotiations with each issuer and has proceeded with the sale of shares for which consent to sale has been obtained. In addition, in order to sell listed securities in a reliable and systematic manner, the Company decided in December 2025 to introduce a scheme for sale of listed securities through a trust. In February 2026, the Company entered into a trust agreement with the trustee and placed into the trust all shares for which, as a result of negotiations, agreement had been reached to reduce the holdings within 10 years. Under this scheme, the Company is not entitled to terminate the trust agreement or to reclaim the shares placed in the trust. In addition, voting rights attached to the shares in the trust are exercised at the discretion of the trustee, and the sale of shares is entrusted to the trustee. Accordingly, all shares placed in the trust are classified as pure investment shares.

As a result of these initiatives, the ratio of the acquisition cost, or book value, of strategic shareholdings to shareholders’ equity as of the end of the fiscal year ended March 31, 2026 was 7.8% (down 5.1 percentage points year on year), achieving the target two years ahead of the target date of March 31, 2028 (five years ahead of the original schedule).

The Company will continue to examine the rationale for holding strategic shareholding individually, and will proceed with the sale or other measures to reduce those for which it determines that the rationale for continued holding has been lost. In addition, if an issuer of shares that the Company holds as strategic shareholdings indicates its intention to sell or otherwise dispose of the Company’s shares, the Company will not engage in any act that would impede such sale or disposal, including by suggesting a reduction in transactions with such issuer. When exercising voting rights attached to strategic shareholdings, the Company decides whether to approve or reject proposals individually, after deliberating such factors as their management policies and strategies, comprehensively taking into consideration whether those proposals contribute to the improvement of corporate

value and the common interests of shareholders from a medium- to long-term perspective. In addition, whether to approve or reject proposals that may have a significant impact on the common interests of shareholders is decided through dialogue with the investee companies.

[Principle 1.7] Related Party Transactions

Based on the disclosure requirements prescribed in the Accounting Standards Board of Japan's Implementation Guidance, the Company periodically requests reporting and verification every year, and the Board of Directors monitors the appropriateness of those transactions.

[Supplementary Principle 2.4.1] Ensuring Diversity in the Appointment and Promotion of Core Human Resources

For some time, we have been actively promoting diversity based on the recognition that the presence of diverse perspectives and values reflecting a variety of experiences, skills and attributes within the Company is an advantage that ensures the sustainable growth of the Company.

For more than 20 years, we have been actively hiring people with diverse careers at other companies as individuals who can make immediate contributions to the Company. Today, mid-career hires account for 80% or more of our Group employees, and are the source of the Company's growth, realizing a flexible and resilient organization rich in diversity with various perspectives and values reflecting a variety of experiences, skills, and attributes. In addition, to increase employees' motivation, we believe that equal opportunity in promotion to managerial positions is the most important factor, so we promote employees based solely on their enthusiasm and ability, regardless of gender or whether they were hired as new graduates or as mid-career workers. As a result, mid-career hires account for more than 70% of managerial personnel, thus ensuring diversity in managerial positions.

We believe that diversity in managerial positions within the Group should be ensured naturally as a result of fair recruitment policies, systems and appointments, such as those described above. We believe that setting a numerical target for diversity in managerial positions may distort equal opportunity in recruitment and promotion to managerial positions, and lower the morale of employees as a whole, and therefore we have adopted a policy of not setting such a numerical target.

We are also actively working on the promotion of female participation and career advancement. First, we have announced a numerical target for the ratio of female hires (Sumitomo Realty [non-consolidated basis]: 50%) in order to increase the number of female employees considered for future promotion by increasing the ratio of women in our workforce (FY2025 result: 64.0%). Second, in 2022, we implemented reforms to apply a job-based pay system for all employees, and we are also working to support women's career development by establishing a system that enables employees who have had a medium- to long-term career interruption due to life events such as childbirth and child care to immediately assume responsible positions without any disadvantage after returning to work. Diversity Promotion Office, established in July 2023, has focused on cultivating future executive candidates. As of the end of FY2025, female employees accounted for 10.6% of managerial positions across the Group (up 0.1 percentage points year on year). We are also actively promoting the appointment of female officers. As of the submission of this report, we have five female officers (two outside directors, one outside corporate auditor, and two executive officers).

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

The Company's retirement benefit plan consists of pension benefits of contract-type corporate pension plans and lump-sum payment plans.

The Company, as an asset owner, regularly verifies the management status of pension funds while entrusting the management to multiple institutions that have adopted the stewardship code. The Company also strives to enable the department in charge of corporate pension to perform appropriate activities such as monitoring of management institutions, by appointing personnel with necessary experience and qualities and training such personnel.

[Principle 3.1] Full Disclosure

(1) Management principles, management strategies and management plans

These are published on the Company website and in securities reports and integrated reports.

(2) Basic views and basic policy on corporate governance

These are described in "I. 1. Basic Views" of this report.

(3) Basic policy and process on determination of compensation for directors and executive officers

The Company has a performance-based compensation system, which the total annual compensation for directors is set at just 1% of consolidated ordinary profit. As the Company introduced an executive officer system, which enables the appointment of officers comparable to directors necessary for business expansion, the compensation of executive officers is also to be paid from the aforementioned total amount of compensation for directors, with the agreement of all directors. (Hereinafter, directors and executive officers are collectively referred to as “directors, etc.”).

The policy for the determination of the content of compensation, etc. for individual directors, etc. is established by resolution of the Board of Directors. Under the determination policy, compensation for each director, etc., consists only of fixed compensation, and the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors is determined by agreement among the Chairman of the Board, Representative Director - President, and two Representative Directors - Deputy Presidents, based on a resolution of authorization by the Board of Directors. When making this agreement, each director’s duties and level of contribution to performance are considered.

(4) Policy and process on the nomination of candidates for directors and corporate auditors and the appointment and dismissal of executive officers

Regarding nomination of candidates for directors and corporate auditors, and appointment of executive officers, persons with a wealth of experience, high-level insight and sophisticated expertise who will contribute to the Company’s sustainable growth and medium- to long-term enhancement of corporate value are narrowed down to candidates through multiple meetings of the Executive Committee. The final decision is then made by the Board of Directors based on thorough deliberation, reflecting independent and objective opinions of independent directors and outside corporate auditors. Independent directors and outside corporate auditors have sufficient opportunities to know relevant information such as the background, insights and achievements of internal directors, executive officers and internal corporate auditors at several occasions including meetings of the Committee of Outside Directors and Auditors, briefings for outside directors, and meetings of the Board of Corporate Auditors.

Dismissal of executive officers is decided after thorough deliberation at the meetings of the Board of Directors, which are also attended by independent directors and outside corporate auditors.

Additionally, the Company had decided to transition to a Company with an Audit and Supervisory Committee in June 2027, and as part of preparation for the transition, it established a voluntary Nominating Committee in November 2025. For further details including its structure and responsibilities, please refer to Status of Voluntarily Established Committees under [Directors] in II-1 Organizational Composition and Operations.

(5) For candidates for directors and corporate auditors resolved in (4) above, their background and the reasons for their nomination are individually described in the Notice of Convocation of General Meeting of Shareholders.

[Supplementary Principle 3.1.3] Initiatives for Sustainability

The Company is a comprehensive real estate enterprise of the Sumitomo Group, which succeeded the Sumitomo Honsha Ltd. and inherits “Sumitomo’s Business Philosophy” with a history of 430 years. The Sumitomo Group is one of the longest-lasting corporate groups in the world, and its business philosophy — “Placing prime importance on integrity,” “Under no circumstances, shall it pursue easy gains,” “Benefit self and benefit others, private and public interests are one and the same,” etc. — has been handed down as a guiding principle throughout its history. In light of the wisdom of its predecessors, the Sumitomo Realty Group upholds a philosophy of placing top priority on integrity, not pursuing easy gains, and creating not only economic value through the pursuit of self-interest, but also lasting social value that will be needed for future generations, in an integrated manner.

In accordance with this philosophy, we have set forth our fundamental mission as to “Create even better social assets for the next generation,” and our basic management policy aims to address various social issues including environmental ones through each business while maximizing corporate value. Our corporate slogan “Integrity and Innovation” expresses such corporate stance, and we have been developing our business by creating new value, guided by our code of conduct: placing importance on trust with all stakeholders, always setting higher goals, and pioneering with new approaches.

The real estate business has great social significance with a mission of enriching people’s daily lives by forming bases where people work, live and interact, as well as providing related services. In our redevelopment business centered on office buildings and condominiums, which is our main development approach, we have promoted urban development that contributes to solving issues facing the community. For example, in areas with high disaster risks, such as an area where wooden houses are densely built up, we integrate those houses into a robust

fire-resistant building to greatly improve local disaster preparedness. In addition, by promoting projects jointly with landowners, we create hubs for community building and revitalization.

We have identified “Disaster Resistant,” “Environmentally Friendly,” “Together with the Community” and “People Friendly” as our four material issues and have been practicing “Sustainability Management” offering sustainable social assets for future generations.

For sustainability initiatives, please refer to the Company website and Integrated Report.

[Supplementary Principle 4.1.1] Disclosure of Scope of Delegation to Management

The following matters shall be resolved by the Board of Directors:

- (1) Matters prescribed in the Companies Act and other laws and regulations
- (2) Matters prescribed in the articles of incorporation
- (3) Matters delegated by a resolution of the general meeting of shareholders
- (4) Other important management matters

The following matters shall be reported to the Board of Directors:

- (1) Status of execution of business and other matters prescribed in the Companies Act and other laws and regulations
- (2) Other matters deemed necessary by the Board of Directors

[Principle 4.9] Independence Standards and Qualification for Independent Directors

The Company appoints outside directors who will be independent officers based on the requirements for outside directors prescribed in the Companies Act and the independence criteria set by the Tokyo Stock Exchange.

[Principle 4.10] Use of Optional Approach

The Company had decided to transition to a Company with an Audit and Supervisory Committee in June 2027, and as part of preparation for the transition, it established a voluntary Nominating Committee in November 2025. For further details including its structure and responsibilities, please refer to Status of Voluntarily Established Committees under [Directors] in II-1 Organizational Composition and Operations.

[Supplementary Principle 4.11.1] View on the Balance between Knowledge, Experience and Skills among the Board of Directors, as well as on Diversity and Size

The policy regarding the Board of Directors is to prioritize that the Board as a whole has knowledge, experience and skills necessary for corporate management, and to maintain the appropriate balance, diversity and size to allow prompt decision-making.

As stated in “I. 1. Basic Views,” we believe that the management of the Company should be carried out by people mainly from within the Company. Therefore, the Board of Directors is comprised of five directors from within the Company who are in charge of business execution as they are deeply familiar with the significance of always looking resolutely forward and continuing to invest for sustainable growth, and four outside directors with experience as a chairman, a president or other management executives, who have superior character and insight and understand the Company’s management principles.

The abilities expected of each director (skill matrix) are described in the Notice of Convocation of Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.2] Disclosure of Concurrent Positions of Officers

Significant concurrent positions, etc. are described in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.3] Evaluation of Effectiveness of the Board of Directors

Every year, the Company analyzes and evaluates the effectiveness of the Board of Directors to further improve its functions.

The officer in charge of corporate administration conducted individual interviews to evaluate the composition, operation, deliberations, and other aspects of the Board of Directors, and it was concluded that the current Board is operating in a sufficiently effective manner. Based on this result, at the meeting of the Board of Directors held on March 27, 2026, analysis and evaluation of the structure and the operational status of the Board of Directors were performed, and it was confirmed that the effectiveness of the Board of Directors was secured appropriately.

[Supplementary Principle 4.14.2] Policy for Training Officers

The Company periodically briefs outside directors and outside corporate auditors on the industry to which the Company belongs, the Company’s history, business overview, financial information, strategies, organizations,

etc. and offers all officers, including outside directors and outside corporate auditors, opportunities for gaining information necessary for them to fulfill their roles and responsibilities.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

The Company strives to give an account of the Company’s corporate management and business activities through general meetings of shareholders, financial results briefing sessions, individual meetings, and other opportunities for communication with shareholders and investors. If a shareholder requests a dialogue, the Company’s policy is that the Investor Relations & ESG Section will respond to such request appropriately under the supervision of the responsible director, etc. depending on the objective of the dialogue, the method of communication, the number of shares held, the attributes, etc.

We hold approximately 300 individual meetings each year with both domestic and foreign institutional investors to exchange views mainly on growth strategies, shareholder returns, capital efficiency, takeover defense measures, reduction of strategic shareholdings, and decarbonization initiatives.

Regarding dialogues with shareholders, we exercise due care concerning the handling of insider information, and share the contents of the dialogues, as necessary, at important meetings such as meetings of the Executive Committee attended by directors and executive officers in order to utilize them for the formulation of management plans and medium- to long-term outlook, etc.

[Principle 5.2] Establishing and Disclosing Business Strategies and Business Plans

The foundation of our management is the Management Strategy for Sustainable Growth. This strategy aims to enable both continuous pay increases and shareholder returns as a fruit of establishing a strong business platform resistant to market risks, consistently investing for growth, and achieving sustainable growth rather than relying on one-off gains.

In line with the above basic views on management, we have announced “Steady Progress of the Management Strategy for Sustainable Growth, Strengthening of Shareholder Returns, and Promotion of Management System Reform” on May 13, 2025, and “Two Consistent Principles and Four New Policies for Adaptive Growth” on November 11, 2025.

Regarding the 10th Medium-term Management Plan, which we have been implementing since April 2025, we explain the key challenges to achieving our targets and the measures to address them in “At the End of the First Year of the 10th Medium-term Management Plan: Key Challenges Ahead and Our Response,” released on May 13 of this year.

(Materials released on May 13, 2025)

Japanese: https://www.sumitomo-rd.co.jp/uploads/release_20250513_1_JP.pdf
 English: https://www.sumitomo-rd.co.jp/uploads/release_20250513_1_EN.pdf

(Materials released on November 11, 2025)

Japanese: https://www.sumitomo-rd.co.jp/uploads/release_20251111_1_JP.pdf
 English: https://www.sumitomo-rd.co.jp/uploads/release_20251111_1_EN.pdf

(Materials released on May 13, 2026)

Japanese: https://www.sumitomo-rd.co.jp/uploads/release_20260513_1_JP.pdf
 English: https://www.sumitomo-rd.co.jp/uploads/release_20260513_1_EN.pdf

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	May 13, 2026

Explanation of Actions

In FY2025, we achieved high capital efficiency with ROE of 9.2%, maintaining a level well above the cost of capital. (Adjusted ROE was 10.6%, calculated using equity excluding unrealized gains on securities holdings, which can fluctuate significantly with stock market movements, as the denominator.)

Going forward, in order to implement management that is conscious of cost of capital and stock price, we will continue to maintain ROE that exceeds the cost of capital while balancing financial stability, such as the shareholders’ equity ratio, with enhanced profitability.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders]

Name/Company Name	Number of Shares Held (thousand)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	121,816	13.13
Custody Bank of Japan, Ltd. (Trust account)	51,364	5.54
STATE STREET BANK AND TRUST COMPANY 505001	18,024	1.94
Sumitomo Mitsui Banking Corporation	16,800	1.81
DAIKIN INDUSTRIES, LTD.	14,334	1.55
TAKENAKA CORPORATION	14,200	1.53
The Sumitomo Warehouse Co., Ltd.	12,261	1.32
TAISEI CORPORATION	12,000	1.29
SEIBU RAILWAY Co., Ltd.	11,616	1.25
Obayashi Corporation	11,181	1.21

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation [Updated]

- The status of major shareholders is as of March 31, 2026.
- The Company implemented stock split of common stock at a two-for-one ratio, effective January 1, 2026.
- Percentage of shares held has been calculated by excluding treasury shares.
Treasury shares do not include 4,063 thousand shares of the Company held by Custody Bank of Japan, Ltd. (trust account) as trust assets under the Stock Compensation Plan to reward long service and dedication for employees of the Sumitomo Realty Group.
- While the Large Shareholding Reports were submitted by BlackRock Japan Co., Ltd. and its joint holder (dated July 3, 2025) and Sumitomo Mitsui Trust Bank, Limited and its joint holder (dated September 20, 2025), these are not included in the status of major shareholders above because it was not possible for the Company to confirm the actual number of shares at the end of the interim period of FY2025 (September 30, 2025).

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Revenues (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 10 and Less than 50

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

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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

1. Organizational Composition and Operations

Organization Form	A Company with the Board of Corporate Auditors
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	9
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman of the Board
Number of Directors [Updated]	9
Appointment of Outside Directors	Appointed
Number of Outside Directors [Updated]	4
Number of Independent Directors [Updated]	4

Outside Directors' Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Nobumasa Kemori	From another company									△			
Chiyono Terada	From another company									△			
Hakaru Tamura	Others												
Nobuko Kawai	Attorney												

* Categories for "Relationship with the Company"

“○” 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;

“▲” when a close relative of the director fell under the category in the past

- a. An executive officer of the Company or its subsidiaries
- b. An executive officer or a non-executive director of a parent company of the Company
- c. An executive officer of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive officer thereof
- e. Major client or supplier of the Company or an executive officer thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/corporate auditor
- g. Major shareholder of the Company (or an executive officer of said major shareholder if the shareholder is a legal entity)
- h. An executive officer of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. An executive officer of a company, between which and the Company outside directors/corporate auditors are mutually appointed (the director himself/herself only)
- j. An executive officer of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) [Updated]

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobumasa Kemori	○	Mr. Kemori served as Director, Chairman of the Company's business partner Sumitomo Metal Mining Co., Ltd. until June 2017. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Kemori had served as President and Chairman of Sumitomo Metal Mining Co., Ltd., and he has extensive knowledge of the mining industry from a long-term perspective and overseas business as a manager. The Company deems him to be suitable as an outside director. Furthermore, as he satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.
Chiyono Terada	○	Ms. Terada served as President and CEO of the Company's business partner Art Moving Company Co., Ltd. until December 2019. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Ms. Terada founded Art Hikkoshi Center and had served as its President and Chairperson, etc., and she has extensive knowledge and broad insight as a manager. The Company deems her to be suitable as an outside director. Furthermore, as she satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an independent officer.
Hakaru Tamura	○	Mr. Tamura provided advice to the Company, from an independent standpoint as a part-time advisor, regarding compliance matters related to the real estate and construction industries until June 2024, and the Company deems him to be suitable as an independent officer.	Mr. Tamura has served as Director General of the Land and Construction Industry Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, as Director General of Secretariat for Promotion of Regional Revitalization of the Cabinet Office, etc. and he has extensive experience relating to administrative and organizational management as well as a wealth of knowledge and broad insight regarding real estate and construction administration. In addition, as a part-time advisor of the Company, he has provided pertinent advice regarding compliance matters related to the real estate and construction industries, and the Company deems him to be suitable as an outside director. Furthermore, as he satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.
Nobuko Kawai	○	Ms. Kawai serves as an outside director of the Company's business partner KIKUSUI Chemical Industries	Ms. Kawai has worked as an attorney and has served in such positions as President of the Aichi Bar Association and Vice President of the Japan Federation of Bar

		Co., Ltd. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Associations. She has extensive knowledge and broad insight as a legal professional. Since June 2015, she has gained experience in corporate management as an outside officer at several companies, and in light of such experience, knowledge and insight, the Company deems her to be suitable as an outside director. Furthermore, as she satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an independent officer.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Name of the committees	Number of committee members	Full-time members	Inside directors	Outside directors	Outside experts	Other	Chair-person
Voluntarily Established Committees equivalent to Nomination Committee	Nominating Committee	3	0	1	2	0	0	None
Voluntarily Established Committees equivalent to Compensation Committee	-	-	-	-	-	-	-	-

Supplementary Explanation

The Company had decided to transition to a Company with an Audit and Supervisory Committee in June 2027. As part of preparation for the transition, it established a voluntary Nominating Committee in November 2025 to ensure that the Board of Directors possesses the necessary skills to consider the ideal structure for the Company as a Company with an Audit and Supervisory Committee and to establish an effective governance framework.

The Committee consists of three members: two independent directors (Mr. Nobumasa Kemori [Director] and Ms. Chiyono Terada [Director]) and one internal director (Mr. Kojun Nishima [President]), all of whom were elected by resolution of the Board of Directors. At the request of the Board, the Committee makes recommendations to the Board on matters concerning the election of directors.

[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	N/A
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Independent Auditors and Internal Audit Department

In addition to reporting the audit results to the Corporate Auditors and the Independent Auditors, the Internal

Audit Department exchanges opinions with them as appropriate to enhance and improve the efficiency of audits.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Corporate Auditors	2

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takashi Sakai	From another company										△			
Naoko Hasegawa	From another company	△												

* Categories for "Relationship with the Company"

“○” when the auditor presently falls or has recently fallen under the category;

“△” when the auditor fell under the category in the past

“●” when a close relative of the auditor presently falls or has recently fallen under the category;

“▲” when a close relative of the auditor fell under the category in the past

- An executive officer of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiary
- An executive officer or non-executive director of a parent of the Company
- Corporate auditor of a parent of the Company
- An executive officer of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive officer thereof
- Major client or supplier of the Company or an executive officer thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a corporate auditor
- Major shareholder of the Company (or an executive officer of said major shareholder if the shareholder is a legal entity)
- An executive officer of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)
- An executive officer of a company, between which and the Company outside directors/corporate auditors are mutually appointed (the corporate auditor himself/herself only)
- An executive officer of a company or organization that receives a donation from the Company (the corporate auditor himself/herself only)
- Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Independent Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Takashi Sakai	○	Mr. Sakai served as Representative Director, Executive Vice-President of the Company's business partner Osaka Gas Co., Ltd. until March 2013. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Sakai has served as Executive Vice-President of Osaka Gas Co., Ltd. and President of Honshu-Shikoku Bridge Expressway Company Limited, and he has extensive knowledge and broad insight as a manager. The Company deems him to be suitable as an outside corporate auditor. Furthermore, as he satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.
Naoko Hasegawa	○	Ms. Hasegawa worked for the Company's subsidiary Sumitomo Fudosan Fitness Co.,	Ms. Hasegawa has served as Executive Officer and Chief Business Ethics Officer of The Prudential Life Insurance Company,

		Ltd. (currently Sumitomo Fudosan Esforta Co., Ltd.) from April 1987 to October 2002. However, since more than 20 years have passed since she resigned from said company and she has not been involved in execution of business of said company after her resignation, the Company deems there is no impact on independence.	Ltd. Since she has extensive experience and broad insight in corporate management and corporate ethics, the Company deems her to be suitable as an outside corporate auditor. Furthermore, as she satisfies the independence criteria set by Tokyo Stock Exchange, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an independent officer.
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[Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors [Updated]	6
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Matters Relating to Independent Directors/Corporate Auditors

All independent officers qualify as independent officers and are designated as independent officers.

[Incentives]

Incentive Policies for Directors	Performance-based Compensation
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Supplementary Explanation

At the Ordinary General Meeting of Shareholders held on June 29, 2004, a resolution was passed to set the total annual compensation for all directors at just 1% of consolidated ordinary profit for the previous consolidated fiscal year. On April 1, 2020, the Company introduced an executive officer system, which enables the appointment of officers comparable to directors necessary for business expansion, with the aim of the further broadening the scope of business and enhancing employee morale. Accordingly, with the agreement of all directors, the compensation of executive officers is also to be paid from the aforementioned total amount of compensation for directors.

Recipients of Stock Options	
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Supplementary Explanation

[Director Compensation]

Disclosure of Individual Directors' Compensation	Selected Directors
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Supplementary Explanation [Updated]

Compensation for Board of Directors and Board of Corporate Auditors was as follows:

(1) Compensation etc. for Each Category of Officers (FY2025)

Category	Amount Paid (Million Yen)	Amount by Type of Compensation (Million Yen)				Number of Officers Eligible (Persons)
		Basic Compensation	Stock Options	Bonus	Retirement Benefit	
Directors (excluding Outside)	870	870	—	—	—	6

Directors)						
Executive Officers* ¹	564	564	—	—	—	11
Outside Directors	88	88	—	—	—	3
Amount paid to directors and officers	1,522	1,522	—	—	—	20
Retained amount among the total amount of compensation for directors * ²	1,122	1,122	—	—	—	—
Total amount of compensation for directors	2,645	2,645	—	—	—	—
Corporate Auditors (excluding Outside Corporate Auditors)	36	36	—	—	—	2
Outside Corporate Auditors	28	28	—	—	—	2
Total	2,710	2,710	—	—	—	24

*1. With the agreement of all directors, a portion of directors' compensation has been allocated to the 11 executive officers who do not serve concurrently as directors. Number of Officer Eligible above includes these executive officers.

*2. Whereas the total annual amount of compensation for directors for this fiscal year is fixed at 2,645 million yen, the full amount has not been paid to the individual directors and executive officers in the same fiscal year, and 1,122 million yen, the difference from the above-mentioned amount paid, has been retained as provision for future use such as their retirement benefits and supplementation of declines in their compensation due to future downturns in business performance, etc. Regarding the retained amount, the timing of payment and the amount for individual officers cannot be determined, and thus, the retained amount will become subject to calculation of compensation etc. of individual officers upon payment in the future or upon confirmation of future payment.

(2) Total Amount of Consolidated Compensation of Persons with Total Consolidated Compensation of 100 Million Yen or More (FY2025)

Name	Category		Amount by Type of Compensation (Million Yen)				Total Compensation (Million Yen)
			Basic Compensation	Stock Options	Bonus	Retirement Benefit	
Kenichi Onodera	Director	Company submitting report	195	—	—	—	195
Kojun Nishima	Director	Company submitting report	216	—	—	—	216
Masato Kobayashi	Director	Company submitting report	165	—	—	—	165
Yoshiyuki Odai	Director	Company submitting report	153	—	—	—	153
Hisatoshi Katayama	Director	Company submitting report	117	—	—	—	117

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

The policy for the determination of the content of compensation, etc. for individual directors, etc. (hereinafter referred to as the “determination policy”) is established by resolution of the Board of Directors. Under the determination policy, compensation for each director, etc., consists only of fixed compensation, and the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors is determined by agreement among the Chairman of the Board, Representative Director - President, and two Representative Directors - Deputy Presidents, based on a resolution of authorization by the Board of Directors. When making this agreement, each director’s duties and level of contribution to performance are considered. Whereas the total annual amount of directors’ compensation is set at 1% of ordinary profit for the previous consolidated fiscal year, the full amount is not paid to the individual directors, etc., in the current fiscal year, and part of directors’ compensation is retained without fixing the amount per director, etc., for future use as retirement benefits for directors, etc., and supplementation of declines in the compensation of directors, etc., due to downturns in business performance, etc.

[Supporting System for Outside Directors (Outside Corporate Auditors)]

The Corporate Planning Department supports outside directors and outside corporate auditors to perform their roles.

2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, Compensation Determination, etc. (Overview of Current Corporate Governance System) [Updated]

(1) Corporate Governance System

• Role and Structure of the Board of Directors

The Board of Directors promotes the sustainable growth of the Company and the enhancement of corporate value over the medium- to long-term, improves profitability and business efficiency, and prevents fraud before it occurs. In order to do so, it is responsible for deliberating and deciding important matters for the Company such as basic management policy and management strategy, as well as supervising the execution of duties by each director and executive officer.

The maximum number of directors in the Board stipulated in the Articles of Incorporation is nine. The Board of Directors is comprised of five directors from within the Company who are in charge of business execution as they are deeply familiar with the significance of always looking resolutely forward and continuing to invest for sustainable growth, and four outside directors with experience as a chairman, a president or other management executives, who have superior character and insight and understand the Company’s management principles.

• Executive Officer System

Due to the limited number of directors, we have introduced an executive officer system comparable with directors so that we can appoint officers necessary for business expansion, and we have appointed 14 executive officers who do not concurrently serve as directors. Compensation for executive officers who are non-concurrent directors is not an employee salary, but is to be paid from the total compensation for directors, which is clearly based on the Company’s performance set at 1% of consolidated ordinary profit for the previous fiscal year, because they are considered to be comparable with directors. In April 2025, we extended the executive officer system to major group companies as well and appointed a total of 18 executive officers across the respective companies.

• Role and Structure of the Board of Corporate Auditors

Corporate auditors are responsible to supervise whether directors are performing their duties properly by using the powerful authority endorsed by law.

The Board of Corporate Auditors consists of four corporate auditors, half of whom are the two outside corporate auditors.

• Cooperation among Internal Audit Department, Independent Auditor, and Corporate Auditors

We have established the Internal Audit Department to check the business execution status of each department of the Group and the operational status of internal controls, to prevent fraud and errors, and to make proposals for operational improvement. The Internal Audit Department reports the results of its internal audits to, and exchanges views as appropriate with, corporate auditors and the independent auditor in an effort to forge closer collaboration between the three parties and increase the quality and efficiency of individual audits.

(2) Initiatives to Strengthen Corporate Governance

• Steps Taken to Strengthen Corporate Governance

		Internal	Outside	(Ratio of outside directors)
Jun 2015	Appointed outside directors in response to the requirement	10	2	(17%)
Apr 2020	Introduced an executive officer system	6	3	(33%)
Jun 2025	Directors Reduction in the number from 12 to 9 Shortening of term of office from 2 years to 1 year	5	3	(38%)
Nov 2025	Established a nominating committee (voluntary) * 2 outside directors and 1 internal director (Continued consideration of a remuneration committee, including whether to establish one)	Same as above	Same as above	(Same as above)
Feb 2026	Increased the number of outside directors to 4 * Election of an additional outside director resolved at the AGM	5	4	(44%)
Jun 2026	Submitted a proposal for the transition to a Company with an Audit and Supervisory Committee scheduled for 2027	Same as above	Same as above	(Same as above)
Jun 2027	Transition to a Company with an Audit and Supervisory Committee A majority outside directors on the Board	-	-	(Majority)

• Roles of Outside Directors and Outside Corporate Auditors

As part of its initiatives to strengthen corporate governance, the Company appointed two outside corporate auditors in 2002 and two outside directors in 2015. At the Ordinary General Meeting of Shareholders held on June 26, 2026, the number of outside directors has been increased to four including two women.

Corporate auditor is a system that has taken root in Japan for a long time. Corporate auditors use the strong investigative power granted by the law to audit whether the directors are conducting their duties appropriately. Although full-time corporate auditors from within the Company are familiar with the Company's internal affairs and have excellent information-gathering skills, they might become somewhat lenient, albeit unconsciously, when it comes to auditing their colleagues. Therefore, the Company ensures that at least half of the corporate auditors are outside members to add an objective perspective and thereby ensure the effectiveness of audits.

Likewise, it is undeniable that the Board of Directors may become narrow-minded if it consists only of people from within the Company, and it is possible that the Board may find itself left behind by the changes in the world. Therefore, the Company has appointed outside directors who have excellent character and insight, who understand its management philosophy, and who have experience as a chairman, a president or other management executives, in order to have them advise the management team and monitor the officers by utilizing their wide range of knowledge and insight based on their experience in corporate management.

• Efforts to Strengthen the Supervision Function

The Company has four outside directors and four corporate auditors for a total of eight persons, which accounts for over half of the attendees of the Board of Directors meeting, responsible for the management supervision function (as of the conclusion of the 93rd Ordinary General Meeting of Shareholders held on June 26, 2026).

In order to ensure that outside directors and outside corporate auditors can fully perform their roles, in FY2025 the Company (i) held eight briefings for outside directors in which they were briefed on the agendas for the Board of Directors meetings, the content of discussions at the Executive Committee, and other issues; and (ii) convened 14 meetings of the Board of Corporate Auditors wherein they received reports from the independent auditor and the Internal Audit Department and conducted interviews about the operating situation with the heads of each department.

In addition, (iii) we have established a Committee of Outside Directors and Auditors, comprised only of outside directors and outside corporate auditors. The Committee of Outside Directors and Auditors directly hears from each officer about the execution status of the duties of which he or she is in charge and the issues they are aware of, as well as giving appropriate advice. In the event of a whistleblowing report on officers, outside corporate auditors receive a report directly and share the information at the Committee of Outside Directors and Auditors.

Through these initiatives, we believe that the Company's corporate governance has achieved a certain level of

quality.

3. Reasons for Adoption of Current Corporate Governance System [Updated]

As stated in the Basic Views above, in order for the Company to continue growing, we believe that people from within the Company who are deeply familiar with the significance of continuing to invest, always looking resolutely forward even in difficult times, should be the core members of management and execution, and the motivation of juniors, who will acquire experience in the real estate business and eventually join the management team, should be maintained; hence we have adopted the structure as a company with corporate auditors, where the Board of Directors bears responsibility for execution, and corporate auditors take on the management supervision function. On the other hand, the Corporate Governance Code indicates a direction towards separating management supervision and execution. Additionally, the composition of the board of directors requires the strengthening of outside directors and the enhancement of opinion diversity.

Starting with the appointment of outside directors in 2015, we have been working to continuously strengthen the supervisory function of the Board of Directors and ensure its diversity by steadily reducing the number of internal directors and increasing the number of outside directors. Meanwhile, to make up for the reduction in internal directors, we introduced an executive officer system in 2020 and extended this system to our major group companies in 2025, strengthening the executive system. By these steps, we have been preparing for the management system reforms to separate management supervision and execution.

At the 93rd Ordinary General Meeting of Shareholders held in June 2026, the amendment to the Articles of Incorporation was resolved to transition our management system to a Company with an Audit and Supervisory Committee upon the conclusion of the 94th Ordinary General Meeting of Shareholders to be held in June 2027. Accordingly, it has been determined that the Company will transition to a Company with an Audit and Supervisory Committee in 2027.

Additionally, in the transition, we aim to have outside directors constitute a majority of the Board of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Notice of Convocation is sent out three weeks before the General Meeting of Shareholders.
Allowing Electronic Exercise of Voting Rights	The exercise of voting rights via the Internet is available.
Participation in Electronic Voting Platform and Other Initiatives to Improve Environment for Exercise of Voting Rights for Institutional Investors	The Company has participated in the Electronic Voting System Platform for institutional investors operated by ICJ, Inc.
Provision of (Summarized) Notice of Convocation in English	The Company creates English-language translation of Notice of Convocation.
Other	Notice of Convocation is posted on the Company website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	Financial results briefings are held twice each fiscal year for analysts and institutional investors, and the President and officers in charge, etc. present earnings reports.	Yes
Posting of IR Materials on Website	Financial results, securities reports, integrated reports and other information for investors is posted on the Company website. (https://www.sumitomo-rd.co.jp/en/ir/)	
Establishment of IR-related Department (Manager)	The Company has established Investor Relations & ESG Section within Public Relations Department, Corporate Planning Division.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of internal rules etc. for respecting the position of stakeholders	<p>We recognize the importance of co-creating value based on relationships of trust with diverse stakeholders in order to achieve our basic management policy of "aiming to address various social issues through business while maximizing corporate value." We have established a "Multi-Stakeholder Policy" to respect the position of our stakeholders, including giving back to our employees, making consideration for our business partners, and making efforts for our customers and the communities.</p> <p>In particular, with regard to consideration for our business partners, we have established "Declaration of Partnership Building," which sets forth items that we focus on in order to form a new partnership through cooperation and mutual prosperity with our business partners.</p>
Other	<p>Regarding the Company's management, the Company believes that not only fully respecting the position of our stakeholders such as our employees, customers, business partners, creditors and shareholders, but also aiming at maximizing corporate value while contributing to addressing various social issues including the environment through each business, will lead to the interests of all stakeholders.</p>

IV. Matters related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

Basic Policy

Based on Sumitomo's Business Philosophy and Management Philosophy, the Company and its subsidiaries (hereinafter referred to as the "Group") practice "Sustainability Management" under the slogan of "Integrity and Innovation" with fundamental mission of "Creating even better social assets for the next generation." In conducting its business activities, it follows the Code of Conduct established as guidelines to govern all its officers and employees in order to maximize the Group's corporate value.

Also, the Company considers that establishment of internal control systems is one of the important management issues concerning the improvement of corporate value and sustainable development of the Group as a whole. With regard to the matters listed below, the Company shall establish systems in which roles and responsibilities of the Group's directors, executive officers and employees are clarified, and through operation and appropriate review of such systems, the Company shall strive to establish appropriate systems for governance of the Group.

- (1) Systems for ensuring that the execution of duties of the Group's directors, etc. and employees complies with laws and regulations and with the Articles of Incorporation

Based on laws and regulations as well as the Articles of Incorporation, the Company has established a general meeting of shareholders, Board of Directors, corporate auditors, Board of Corporate Auditors, and independent auditors, as an organization of the Company. In addition, multiple independent outside directors and outside corporate auditors are appointed and entrusted with the business management supervision function. In order to strengthen this function, we also (i) hold briefings for outside directors in which they are briefed on the agendas for the Board of Directors meetings, the content of discussions at the Executive Committee, and other issues, and we have (ii) established a Committee of Outside Directors and Auditors with only outside directors and outside corporate auditors as members. The Committee of Outside Directors and Auditors conducts interviews with individual directors, etc. and gives appropriate advice about the execution status of their duties, as well as issues they recognize. In the event of a whistleblowing report toward directors, etc., outside corporate auditors receive the report directly from the internal reporting desks that received the whistleblowing and share the information within the Committee of Outside Directors and Auditors.

The Board of Directors discusses and votes on necessary issues based on Board of Directors rules that comply with laws and regulations. The representative directors and executive directors report on business to the Board of Directors. In addition, important management issues are discussed at meetings of the Executive Committee

based on our organizational rules, and policies regarding such issues are determined. Furthermore, to enhance and strengthen the Group's internal control, the Company has established a Sustainability Committee based on its Sustainability Committee rules. The Sustainability Committee is chaired by the Company's president, and supervises the Group. In order to ensure the effectiveness of this committee, the following three subordinate organizations have been established: (i) BCP Council (chairman: the officer in charge of corporate administration, administrative office: Corporate Planning Division), (ii) Internal Control Meeting (chairman: the officer in charge of corporate administration, administrative office: Internal Audit Department), and (iii) Sustainability Promotion Council (chairman: the officer in charge of corporate administration, administrative office: Corporate Planning Division). Duties to monitor the status of risk response in the Group are divided among the above organizations.

Further, the Internal Audit Department, which reports directly to the President, performs internal audits of the Group, and several contacts for whistleblowing are established within and outside the Company in order to detect and prevent any misconduct or illegal acts.

(2) Systems for retention and management of information concerning the execution of duties of the Company's directors, etc.

Minutes of meetings of the Board of Directors of the Company, requests for managerial decision, and other documents (including electromagnetic records) are prepared, and these documents are retained and managed by the respective responsible departments in accordance with the Criteria for Document Retention Periods and the Information Management Rules.

(3) Rules and other systems related to management of risks of losses of the Group

Among the risks of the Group, the risks associated with the business, such as investment risk and market risk, are monitored and addressed by the respective departments and subsidiaries properly, and important issues are discussed and determined at meetings of the Company's Board of Directors and meetings of the Executive Committee.

In order to address risks of large-scale disasters, etc. affecting business continuity of the Group, the BCP Council, a subordinate organization of the Sustainability Committee, determines specific policies to manage BCP measures for the Group and monitors the status of such management. The results are then reported to the Sustainability Committee at the discretion of the Sustainability Committee chairman.

In addition, the Internal Control Meeting, a subordinate organization of the Sustainability Committee, monitors compliance promotion status of the Group, and then reports the result to the Sustainability Committee at the discretion of the Sustainability Committee chairman.

Furthermore, in order to address risks greatly affecting corporate activities of the Group, including those related to climate change, suppliers, information security, and finance, as well as issues related to human capital, the Sustainability Promotion Council, a subordinate organization of the Sustainability Committee, monitors their status. The results are then reported to the Sustainability Committee at the discretion of the Sustainability Committee chairman.

(4) Systems for ensuring that the execution of duties of the Group's directors, etc. is performed efficiently

The Group's directors direct and supervise business operations of the respective departments and subsidiaries in accordance with the Company's management plan formulated by the Board of Directors. In addition, executive officers appointed by the Board of Directors are entrusted with important duties, such as those of division heads, general managers, and subsidiary presidents, and handle business execution.

Furthermore, to achieve the Company's management plans, the Company establishes the headquarters and other necessary organizations based on its organizational rules, and determines the authorization of the person in charge of each organization based on the Company's approval criteria, and thereby ensures a system enabling efficient execution of the Company's business.

(5) Systems for ensuring appropriateness of business operations of the corporate group consisting of the Group and systems related to reporting of matters concerning the execution of duties to the Company

For a subsidiary to make decisions for important management issues, we have established systems, under which the issues are discussed and their policies are determined at meetings of the Company's Board of Directors, meetings of the Executive Committee, and other important meetings. In addition, the Company periodically receives reports from its subsidiaries on the execution of duties, such as the status of business execution and financial conditions, and provides advice and guidance concerning business operations properly, depending on the nature of the matter in question.

Moreover, the Company's corporate auditors and the Company's Internal Audit Department audit its

subsidiaries, as necessary.

(6) Matters related to employees, in cases where the Company’s corporate auditors request the appointment of the employees to assist them with their duties

Persons with concurrent positions are appointed as administrative office staff for the Board of Corporate Auditors. When the Company’s corporate auditors make a request for an employee to assist them with their auditing work, the Company will actively cooperate. In this case, the employee assisting with the auditing work will receive direct instructions from the Company’s corporate auditors and will not be subject to any command and order of directors or other employees.

(7) Systems for reporting to the Company’s corporate auditors by the Group’s directors, etc. and employees or by persons who received reports from such persons and other systems related to reporting to the Company’s corporate auditors

In cases where directors, etc. or other employees of the Company, directors, etc., corporate auditors, or employees of a subsidiary, or persons who receive a report from the above persons report to the Company’s corporate auditors or receive a request to report to the corporate auditors, those persons must report promptly. In addition, the Internal Audit Department, which reports directly to the president, monitors that the reporter does not suffer from any disadvantage as a result of reporting to the Company’s corporate auditors. If such case is identified, it is reported to the Board of Corporate Auditors by the Internal Audit Department.

Moreover, the independent auditor and the Company’s Internal Audit Department shall report to the Company’s corporate auditors concerning the audit status properly.

(8) Particulars related to policies concerning the procedures for advance payment or reimbursement of expenses that arise with regard to the execution of duties of the Company’s corporate auditors or any other processing of expenses or obligations that arise with regard to the execution of duties

When, concerning the execution of duties, a corporate auditor of the Company requests advance payment or reimbursement, etc. of expenses in accordance with the Companies Act, the Company shall process such expenses or obligations, excluding any cases deemed unnecessary for the execution of duties of the said corporate auditor.

(9) Other systems for ensuring that audits by the Company’s corporate auditors are performed effectively
Opportunities are ensured for the Company’s corporate auditors to attend meetings of the Board of Directors and other important meetings so that they can comprehend the Group’s important issues, etc., and state opinions, as necessary.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of Development

The Company shall take a resolute attitude toward antisocial forces that threaten social order and safety, and have no relationships with such antisocial forces. Designating the General Affairs Department as a division in charge of countermeasures against antisocial forces, the Company has appointed a person responsible for the prevention of unjust claims. Furthermore, the Company collects and manages information concerning antisocial forces by collaborating with the police and other relevant institutions, and shares such information internally along with cautionary notices.

V. Other

1. Adoption of Takeover Response Policies

Adoption of Takeover Response Policies	None
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Supplementary Explanation

The Company has been working to enhance corporate value by positioning the Management Strategy for Sustainable Growth as the foundation of its management. This strategy aims to enable both continuous pay increases and shareholder returns as a fruit of establishing a strong business platform resistant to market risks, consistently investing for growth, and achieving sustainable growth rather than relying on one-off gains.

We believe that changes in management control are one effective means of revitalizing corporate activities and the economy, and that, in principle, if a large-scale purchase of the Company’s shares is initiated, whether to accept such a purchase should be left to the judgment of our shareholders.

However, we recognize that certain large-scale purchases of our shares or related proposals may pose risks such as undermining our corporate value and the common interests of shareholders, or, in effect, forcing shareholders to sell their shares.

Accordingly, from the perspective of securing and enhancing our corporate value and the common interests of shareholders, we will promptly take appropriate measures as necessary within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations. Such measures include requesting that any party seeking to conduct a large-scale purchase of our shares or a similar act provide shareholders with the necessary and sufficient information to make an informed decision, disclosing the opinions of the Board of Directors—taking into account the views of independent outside directors—and ensuring that shareholders have adequate information and time to carefully consider such proposals.

2. Other Matters Concerning the Corporate Governance System, etc. [Updated]

The Company considers that it is important to ensure soundness and transparency of management by means of timely and appropriate information disclosure.

In accordance with this basic policy, the Company has put in place systems that enable swift reporting to the responsible department at the head office and implementation of appropriate information management measures, if a material fact that may have an impact on investors' investment decisions arises at the Company's departments or at subsidiaries.

Upon emergence of a material fact and reporting thereof, the responsible department and the Corporate Planning Division discuss whether there is need for timely disclosure, and if it is judged that disclosure is necessary, timely disclosure is performed without delay following the necessary internal procedures. Subsequently, the disclosure materials are posted on the Company website for thorough information disclosure.

