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Corporate Governance Report

Last Update: December 13, 2024

Marumae Co., Ltd.
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The corporate governance of Marumae Co., Ltd. (the "Company") is described below.

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

1. Basic Views

In order to increase management transparency and make corporate governance work effectively based on compliance with laws and regulations, the Company acknowledges that it is important to establish and maintain an organizational structure that responds quickly and accurately to severe changes in the business environment and a fair management system that places importance on shareholders.

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

The Company implements all the principles of the Corporate Governance Code.

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

Principle 1-4: Cross-shareholdings

The Company holds shares in its business partner, an unlisted company, with the aim of enhancing its corporate value over the medium and long term by building a long-term relationship of trust with the partner. The Company deems this cross-shareholding necessary based on a comprehensive assessment of the need for cooperative relationships and the need to maintain and enforce transactions. When executing voting rights, the Company comprehensively takes into consideration not only whether the proposal conforms to its holding policy, but also whether it is expected to increase the corporate value of the issuing company.

Principle 1-7: Related Party Transactions

Under the "Related Party Transaction Management Regulations," the Company requires the approval of the Board of Directors when engaging in transactions with a director, major shareholders, or others (competitive transactions, self-dealing transactions, or transactions with conflicts of interest, hereinafter collectively referred to as "related party transactions"). The Company

also requests directors to submit a “Related Party Investigation and Confirmation Form” once a year to report whether there are any related party transactions and the details of such transactions. The Accounting Division verifies the submitted information against accounting data, and reports to the Board of Directors any existence of, and details related to, related party transactions in the “Related Party Transaction List.”

Supplementary Principle 2-4-1: Ensuring Diversity in the Recruitment of Core Personnel, etc.
The Company recognizes the promotion of diversity as a key management issue and is working to create an environment where diverse human resources, including women, foreign nationals, and mid-career hires, can thrive. In particular, regarding cultivation of diversity—including the advancement of women—the Company recognizes its importance and is actively fostering the appointment of female outside directors and the promotion of women to management positions. The Company has set a target of “a ratio of 18% or higher of female employees in leadership positions (Group Leader or above)” by 2030. The actual ratio of female employees in leadership positions for the fiscal year ended August 2024 is 16%.
Regarding the promotion of mid-career hires and foreign nationals to managerial positions, the Company appoints qualified individuals based on a comprehensive assessment of their skills and experience. While numerical targets have not been set for these categories, the Company strives to create an environment where diverse human resources are evaluated fairly and can demonstrate their abilities. Although there are currently no foreign nationals in managerial positions, the Company employes foreign nationals as mid-career hires.
Furthermore, the Company conducts DE&I (Diversity, Equity & Inclusion) training once a year, aiming to develop awareness and skills in each employee to respect diversity and create an inclusive workplace environment.
The policies on human resource development and internal environment enhancement are as follows:

Basic Policies on Human Resource Development and Internal Environment Enhancement
<Human Resource Development Policy>
The Company positions human resource initiatives as its highest priority.
To ensure stable business continuity, strengthening recruitment and improving retention rates are essential. To achieve these objectives, the Company has established a Human Resources Section and Human Resources Strategy Committee to develop organizational structures and implement necessary measures.

1. Promotion of Programmer Development
   Having a high ratio of programmers is one of the Company's competitive strengths. To maintain and enhance this advantage, the Company provides education not only in operations but also in programming to key manufacturing technicians, enabling quick turnaround times for mass-production prototypes and high-volume individual items. The Company recognizes that developing excellent programmers is a crucial element in enhancing its competitive advantage, and has set a target to increase the number of programmers to 100 by the fiscal year ending August 2030.
2. Promotion of Diversity
   The Company believes that maximizing the potential of diverse individuals, regardless of gender, nationality, or disability status, leads to future business enhancement. Based on this belief, the Company is strengthening its company-wide initiatives. The ESG Committee, chaired

by a female outside director, discusses specific challenges and countermeasures, and is working to create an environment where all employees can demonstrate their abilities equally and develop diverse career paths.

3. Development of Management Personnel
   The Company recognizes that developing personnel with excellent management skills is essential to support its sustainable growth. The Company is establishing hierarchical education programs based on practical training to cultivate next-generation leaders and enhance the management tier. Through these programs, the Company is working to build the necessary communication and team-building skills.

<Internal Environment Enhancement Policy>

Since human technical and sales capabilities are the Company's most important strengths, retaining and developing talented personnel with these strengths is a crucial challenge. To enhance corporate value over the medium to long term, the Company is working to create a workplace environment where each employee can leverage their individuality, play an active role, and achieve growth.

1. Work-Life Balance Support
   The Company is enhancing systems that enable employees to balance work with childcare and nursing care responsibilities and is working to create a workplace environment that can flexibly accommodate various life events such as childcare and nursing care.
2. Workplace Enhancement
   The Company is implementing workplace improvement activities led by the ESG Committee through various means including women's meetings. The Company plans to conduct an employee engagement survey and, based on the results, will work to understand current conditions and challenges to further enhance the internal environment and increase job satisfaction and fulfillment.
   Additionally, the Company plans to establish an employee cafeteria to maintain and promote employee health. This cafeteria is expected to facilitate communication among employees during meals, helping to create closer interpersonal connections and emotional well-being.

Principle 2-6: Roles of Corporate Pension Funds as Asset Owners

The Company has determined that Principle 2-6 does not apply to the Company because it has not introduced a company pension plan or a defined contribution pension system. When introducing a company pension in the future, the Company will take appropriate measures in human resources, such as the planned appointment and assignment of personnel with appropriate qualifications for asset management, and disclose the details of such actions. In addition, in such case, the Company shall appropriately manage any conflict of interest which may occur between corporate pension beneficiaries and the Company.

Principle 3-1: Full Disclosure

(1) The Company’s Goals (Management Philosophy), Management Strategies and Business Plan
   The Company’s management philosophy, management and quality policy and medium-term business plan policy are disclosed on the Company’s website.
   Philosophy and Vision: https://www.marumae.com/en/com_4.html

(2) Basic Views and Policy on Corporate Governance
The Company's basic views and policy on corporate governance are described in "I. 1. Basic Views" of this report.

(3) Policies and Procedures in Determining Remuneration for Senior Management and Directors
Policies and procedures in determining the remuneration of directors are described in "II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report.

(4) Policies and Procedures for Election and Dismissal of Senior Management and Directors, and Nomination of Candidates for Directors and Corporate Auditors
The Board of Directors decides personnel matters for senior management, who are division managers or higher, after deliberation under company regulations by the Personnel Committee. The Advisory Committee, led by outside directors, reports on the nominations of candidates for directors based on a comprehensive assessment of whether the candidates can contribute to improving the Company's business performance and corporate value in the future with consideration given to their abilities, knowledge, experience, and achievements in their areas of expertise. According to the report and opinions of the Audit and Supervisory Committee, the Board of Directors makes the nominations. Regarding the nominations of directors who are Audit and Supervisory Committee members, after receiving the report from the Advisory Committee, and bearing in mind that the Audit and Supervisory Committee has the responsibility of auditing and supervising the execution of duties by the directors as an organization entrusted by the shareholders, the Audit and Supervisory Committee selects as candidates those who have the insight and fair character needed to fulfill their responsibilities and appoints them through consultation with the Audit and Supervisory Committee.

(5) Individual Selection and Dismissal of Senior Management and Nomination of Candidates for Directors and Corporate Auditors
The reasons for the appointment of directors are disclosed in the Notice of the Annual General Meeting of Shareholders and in "II. 1. [Directors] Outside Directors' Relationship with the Company (2)" of this report.

Supplementary Principle 3-1-3: Sustainability Initiatives

The Company recognizes ESG initiatives as a critical management issue and strives to achieve a sustainable society while enhancing corporate value. In September 2021, the Company established the ESG Committee to identify materiality issues, set KPIs, monitor progress, and report to the Board of Directors.

The Company is developing and implementing sustainability strategies in alignment with its management strategy and financial targets to achieve its 2030 Long-term Vision and revised medium-term business plan "Innovation 2026", which supports cutting-edge semiconductor and FPD industries through precision processing technology.

Regarding climate change initiatives, the Company aims to achieve net-zero by 2040. As part of this goal, it plans to install solar panels on the roofs of all facilities and introduce storage batteries by 2028, while targeting a reduction of more than 50 percent in CO_2 emissions per marginal profit (compared to 2021) by 2030. The Company discloses GHG emissions (Scopes 1, 2, and 3) as "ESG Data" on its website and conducts risk and opportunity analysis as well as scenario analysis based on the TCFD framework, with the results being publicly disclosed.

For human capital, the Company makes strategic investments as it represents the most crucial management resource supporting its technical capabilities and supply capacity. Specifically, to strengthen its competitive advantage in prototyping capabilities, the Company aims to develop 100 programmers by 2030 while improving manufacturing process efficiency. The Company is also enhancing human capital to support sustainable growth through developing next-generation leaders, establishing hierarchical education programs to strengthen management tiers, creating workplace environments where diverse talent can thrive, and promoting work-style reforms.
For more sustainability information, please see the Marumae Report at the following link:
https://www.marumae.com/en/sus_report.html

Supplementary Principle 4-1-1: Scope of Delegation to Management
The Company's Board of Directors deliberates and decides on matters stipulated by law and the Company's Articles of Incorporation, as well as those stipulated in the "Regulations of the Board of Directors." Furthermore, in the "Regulations of Division of Duties" and the "Standards for Authorization and Approval," the Company defines the matters and scope of decisions to be delegated to management, clarifies the responsibilities and authority of each position in the execution of operations, and ensures the systematic and efficient management of business operations.

Principle 4-9: Independence Standards and Qualifications for Independent Outside Directors
In addition to satisfying the independence requirements as stipulated by the Tokyo Stock Exchange and the Company's criteria for determining the independence of outside directors, the Company selects candidates with a high level of insight who can provide advice and supervise the Company's management.
The "Criteria for Determining the Independence of Outside Directors" are as follows:

[Criteria for Determining the Independence of Outside Directors]
The Company shall deem an outside director or outside Audit & Supervisory Committee member (hereinafter referred to as "outside director") independent if he/she does not fall under any of the following categories:

1. The Company's executive[*1]
2. A person who has been an executive of the Company within the past 10 years prior to his/her appointment
3. A person for whom the Company is a major business partner (a person who has received payments from the Company of 2% or more of the person's annual consolidated net sales or 10 million yen or more, whichever is greater, in the person's most recent fiscal year) or an executive of such person or business
4. A party who is a major business partner of the Company (a person who has made payments to the Company of 2% or more of the Company's annual consolidated net sales or 10 million yen or more, whichever is greater, in the Company's most recent fiscal year) or an executive of such person or business
5. A person who is a consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company, besides remuneration for being a director/*kansayaku* (that amount for the most recent fiscal year is 10 million yen or more, or 2% or more of the person's total income, whichever is greater)

6. A person who is an accounting auditor at the Company
7. A person who receives a large donation or grant (10 million yen or 2% of the donor's or grantee's total income for the most recent fiscal year, whichever is greater) from the Company or an executive of such person or business
8. A major shareholder of the Company (a shareholder holding 5% or more of the total voting rights as of the end of the most recent fiscal year) or an executive of such shareholder
9. An executive of a company that accepts directors/*kansayaku* (whether full-time or part-time) from the Company
10. Those who have fallen under any of the categories 3 through 9 in the past three years
11. A spouse or relative within the second degree of kinship of a person falling under any of the categories 1 through 10 above

    (Note) *1 Executive: executive directors, executive officers, corporate officers, or other similar persons, as well as employees in senior management positions at or above the level of division manager

Supplementary Principle 4-10-1: Utilization of any Mechanisms

The Company has voluntarily formed an Advisory Committee for the purpose of strengthening the independence, objectivity and accountability of the Board of Directors' functions relating to director nominations and remuneration. The Advisory Committee is chaired by the first-listed independent outside director, with a majority of its members being independent outside directors. In addition, when deciding the appointment and remuneration of directors, which is a typical conflict of interest between management and the company, the Board of Directors makes decisions after consulting with the Advisory Committee and considering its report, with consideration given to diversity and skills, in order to enhance the governance function. Details are described in "II.1. [Voluntary Established Committee(s)]" of this report.

Supplementary Principle 4-11-1: The Board's Overall Balance, Diversity, and Size in terms of Knowledge, Experience, and Skills

In order to enhance the effectiveness of discussions at Board of Directors' meetings, the Company has appointed five independent outside directors, out of a total of nine directors, with the goal of maintaining and improving management's transparency and soundness. Directors from within the Company are selected from the executives of each primary function of the Manufacturing & Technology Department, Sales Department, and Administration Department. Independent outside directors are elected from among those with expertise, knowledge, and experience in their respective areas, such as people with corporate management experience, certified public accountants and other accounting experts, and lawyers and other legal experts. Furthermore, after the Company-established Advisory Committee deliberates on the appointment of the directors, the Board of Directors and the Audit and Supervisory Committee decide on the proposed appointment. Regarding gender in the composition of the Board of Directors, women with extensive international and administrative experience have been elected as outside directors.

There is a reference to the skill matrix of the elected directors attached at the end of this report.

Supplementary Principle 4-11-2: Concurrent Directorships

It is the Company's policy to disclose the status of all directors who concurrently serve as officers of other listed companies in the Notice of the Annual General Meeting of Shareholders and in the

Annual Securities Report. The Company will also disclose the status of concurrent positions held by directors of unlisted companies when deemed necessary.

Supplementary Principle 4-11-3: Analysis and Evaluation of the Effectiveness of the Board of Directors

In order to improve the function of the Board of Directors, the Company conducts a questionnaire survey of each director and, using the self-assessment as a reference, the independent outside board of directors takes the initiative in analyzing and evaluating the effectiveness of the Board of Directors as a whole. The analysis and evaluation are made in consideration of fairness and transparency, and are reported to the Board of Directors by the first-listed independent outside director, thereby strengthening mutual monitoring and supervision of the directors. In addition, once every three years, the Company requests an outside party to conduct an analysis and evaluation of the effectiveness of the Board of Directors as a whole.

A summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors as a whole is provided in "II. 1. [Independent Directors]" of this report.

Supplementary Principle 4-14-2: Training Policy for Directors and Corporate Auditors

The Company's basic policy is to offer directors the ongoing training opportunities necessary to fulfill their roles and responsibilities. Each director can participate in various training programs and seminars conducted by outside organizations to acquire and update any necessary knowledge and information.

Principle 5-1: Policy for Constructive Dialogue with Shareholders

The Company's President and Representative Director holds individual meetings with major institutional shareholders after disclosing business results for each quarter to promote constructive dialogue with shareholders. In addition, the President and Representative Director also provides explanations at biannual financial results briefings.

Inquiries from individual investors are handled by the Administration Department.

The basic policy on information disclosure is disclosed on the Company's website as the "Disclosure Policy." The Company also strives to appropriately manage information under internal regulations to prevent insider trading, based on the basic idea of ensuring equality among shareholders in handling undisclosed material facts.

The results of the dialogue are reported to the Board of Directors as necessary.

Disclosure Policy: https://www.marumae.com/en/ir_8.html

■Results for Fiscal Year Ended August 2024

Number of dialogues with shareholders and institutional investors: 130

Main topics of dialogue: Financial results overview, performance outlook, business environment, market trends, progress of medium-term business plan, etc.

[Actions Toward Achieving Management Conscious of Cost of Capital and Stock Prices]

In the medium-term business plan "Innovation 2026" announced on October 11, 2024, which was formulated based on an understanding of the Company's cost of capital and taking into consideration its business performance and future social and economic conditions, the Company set quantitative targets for management indicators in the fiscal year ending August 31, 2026: net sales of 12 billion yen, operating profit of 3.6 billion yen, payout ratio of 35% or more, asset-based ROIC of 20%, and debt-based ROIC of 18%. The Company will explain specific measures and

progress toward achieving these targets at financial results briefings and general meetings of shareholders to deepen the understanding of investors and shareholders. The Company will continue its efforts to manage our business with an awareness of the cost of capital and stock prices.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

[Status of Major Shareholders] [Updated]

Name/Company Name	Number of Shares Owned	Percentage (%)
Toshikazu Maeda	4,836,083	38.22
The Master Trust Bank of Japan, Ltd. (trust account)	1,030,600	8.14
Misako Maeda	504,000	3.98
Nomura Securities Co., Ltd.	430,100	3.40
BNP Paribas Luxembourg /2S/ JASDEC Securities/UCITS Assets (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	191,200	1.51
Yoshiko Maeda	180,000	1.42
Koei Igarashi	169,000	1.34
Custody Bank of Japan, Ltd. (trust account)	141,200	1.12
Marumae Kyoeikai	131,000	1.04
Nomura Securities Co., Ltd. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	87,476	0.69

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

Supplementary Explanation [Updated]

The Company holds 399,162 treasury shares separate from the above major shareholders. The shareholding ratio is calculated excluding treasury shares. (The status of major shareholders and the amount of treasury shares are as of August 31, 2024.)

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year End	August
Type of Business	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500

Net Sales (Consolidated) as of the End of the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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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 Operation

Organization Form	Company with an Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	12
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President and Representative Director
Number of Directors	9
Appointment Status of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Outside Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Akiko Kadota	Coming from another company											
Kumiko Seko	Coming from another company											
Satoshi Momokino	Lawyer											
Takaaki Yamamoto	Coming from another company											
Hirotsugu Miyakawa	CPA											

* Categories for “Relationship with the Company”
* “○” the director presently is, or recently was, in the category;
  “△” the director had been in the category in the past
* “●” a close relative of the director presently is, or recently was, in the category;
  “▲” a close relative of the director had been in the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration for a director/*kansayaku*
g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
h. Executive 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. Executive of a company where the Company’s outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive 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	Membership of the Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Akiko Kadota		○	-----	Ms. Akiko Kadota has extensive experience and profound insights as a business executive, while demonstrating deep understanding of the importance of women's advancement and diversity promotion. She was appointed based on the expectation that she would utilize this experience and insight to supervise and advise on business execution and contribute to promoting sustainability and strengthening corporate governance as the chairperson of the ESG Committee. Furthermore, she has been designated as an independent director because she satisfies the independence criteria stipulated by the Tokyo Stock Exchange and meets the Company's criteria for

				determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.
Kumiko Seko		○	-----	Ms. Kumiko Seko has a wealth of experience gained through her involvement in national politics as a member of the Diet and Parliamentary Vice-Minister of Education, Culture, Sports, Science and Technology, as well as expert insight on a wide range of international affairs. She was appointed based on the expectation that she would play a role in supervising the execution of business operations based on her experience and other relevant factors. Furthermore, she has been designated as an independent director because she satisfies the independence criteria stipulated by the Tokyo Stock Exchange and meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.
Satoshi Momokino	○	○	-----	Mr. Satoshi Momokino has professional expertise and broad experience as a lawyer. He was appointed based on the expectation that he would provide objective opinions on the management of the operating companies and contribute to strengthening the corporate governance of the Company. He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.

Takaaki Yamamoto	○	○	-----	Mr. Takaaki Yamamoto has many years of experience as a business executive and a wide range of insight. He was appointed based on the expectation that he would contribute to the enhancement of corporate value by providing appropriate advice on the Company's management and supervising the execution of business operations. He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.
Hirotsugu Miyakawa	○	○	-----	Mr. Hirotsugu Miyakawa has professional expertise and broad experience as a certified public accountant. He was appointed based on the expectation that he would utilize his expertise to supervise and provide advice to the directors on the execution of their duties from professional perspectives in finance and accounting. He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.

[Audit and Supervisory Committee]

Committee's Composition and Chairperson Attributes

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

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Not Appointed

Reasons for Adopting the Current System

Since Audit and Supervisory Committee members and internal audit staff are always able to cooperate, no staff is appointed to support the Committee in their duties. However, if the Audit and Supervisory Committee requires the appointment of such staff, the Company will appoint such staff as necessary after consultation with the Committee.

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

The internal audit staff appointed by the President and Representative Director makes audit plans and conducts audits regularly.
The internal audit staff conducts audits of overall business activities, including the status of operation, the effectiveness and accuracy of business implementation, and the status of compliance, and reports the audit results to the President and Representative Director. Moreover, the internal audit staff gives advice and recommendations for improving the proper operation of business activities in cooperation with Audit and Supervisory Committee members and accounting auditors, thereby enhancing the effectiveness of the audits.
The Audit and Supervisory Committee comprises four members, including three outside directors, one of whom is a full-time Audit and Supervisory Committee member. The full-time member attends meetings of the Board of Directors and conducts audits in regard to the execution of duties by directors (excluding directors who are Audit and Supervisory Committee members).
The Company has a full-time Audit and Supervisory Committee member in order to enhance information gathering, strengthen the auditing and supervisory function, and increase the effectiveness of audits in cooperation with accounting auditors, the division in charge of internal control, and outside directors who are Audit and Supervisory Committee members.

[Voluntary Established Committee(s)]

Voluntary Establishment of Committee(s) Corresponding to the Nomination Committee or the Remuneration Committee	Established

Committee's Name, Composition, and Chairperson Attributes

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee Name	Advisory Committee	Advisory Committee
All Committee Members	4	4
Full-time Members	1	1
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation [Updated]

The Company has established the Advisory Committee on a voluntary basis for the purpose of strengthening the independence, objectivity and accountability of the Board of Directors' functions relating to director nominations and remuneration. The Advisory Committee is chaired by the first-listed independent outside director, and the majority of its members are independent outside directors. In addition, when appointing directors and determining their remuneration, which is a typical conflict of interest between management and the company, the Advisory Committee is consulted and the Board of Directors makes decisions after reflecting the committee's recommendations, thereby enhancing the governance function of the Board of Directors.

Regarding the nomination of candidates for director, the Advisory Committee sets selection criteria such as personality, insight, ability, and qualifications and selects candidates who meet said criteria. The Board of Directors then appoints the candidates. With regard to the nomination of candidates for directors who are Audit and Supervisory Committee members, the Advisory Committee establishes selection criteria such as personality, insight, ability, and qualifications and selects candidates who meet said criteria. The Audit and Supervisory Committee then approves the selection and the Board of Directors nominates the candidates.

Concerning the remuneration of candidates for director, the Advisory Committee consults with the Board of Directors on a remuneration proposal determined by referring to the evaluation of the Board of Directors by the independent outside directors, placing emphasis on the performance evaluation for the previous fiscal year, and taking into consideration the market rate.

For the fiscal year ended August 31, 2024 (September 1, 2023 to August 31, 2024), the Advisory Committee met five times to discuss (proposed) director candidates, proposed director remuneration, proposed compensation for the restricted stock compensation plan, and successor development.

Each committee member's attendance was as follows:

Outside Director (Chairperson) / Satoshi Momokino: 100% (5 of 5 times) Outside Director / Takaaki Yamamoto: 100% (5 of 5 times) Outside Director / Hirotsugu Miyakawa: 100% (5 of 5 times) Representative Director / Toshikazu Maeda: 100% (5 of 5 times)

[Independent Directors]

Number of Independent Directors [Updated]	5

Matters Relating to Independent Directors

The Company appoints independent outside directors by referring to the standards for independent directors stipulated by the Tokyo Stock Exchange and the Company's criteria for determining the independence of outside directors, etc. The five independent outside directors not only attend Board of Directors' meetings, but also often exchange opinions with the full-time Audit and Supervisory Committee member, the President and Representative Director, and the auditing firm as appropriate. In particular, the Company has set up an independent outside directors' meeting, which is exclusively composed of independent outside directors and held before the regular monthly meeting of the Board of Directors. This enables them to communicate with each other and reduce the adverse effects of information asymmetry. An essential function of the Board of Independent Outside Directors is to analyze and evaluate the effectiveness of the Board of Directors as a whole. This Board evaluation is conducted by issuing a questionnaire to each director at the end of each fiscal year and analyzing and evaluating the effectiveness of the Board of Directors as a whole, referring to the self-evaluations. The first-listed independent outside director reports the survey results to the Board of Directors, thereby strengthening mutual monitoring and supervision among directors. In addition, once every three years, the Company requests an external expert to conduct questionnaires and interviews for analysis and evaluation. The Board evaluation for the fiscal year ended August 2022 was conducted as a third-party evaluation by the Mori Hamada & Matsumoto Law Firm. The following is a summary of the survey results regarding the effectiveness of the Board of Directors for the fiscal year ended August 2024: "Overall, the results of this survey indicate that the Board of Directors is considered to be balanced and effective and is highly rated in each of the following fundamental areas: composition of the Board of Directors, operation, agenda, and systems supporting the Board of Directors. First, the Company has adopted a board structure that emphasizes checks and balances with the executive directors, with outside directors accounting for half of the board members. The composition of the outside directors, who play a central role in the supervisory function, is well-balanced in terms of their knowledge, experience, and abilities. Furthermore, the Company has established a voluntary committee with a majority of independent outside directors (hereinafter referred to as the "Advisory Committee") for the nomination and remuneration of directors, as well as a Board of Independent Outside Directors, which comprises all independent outside directors. The establishment of these committees has helped strengthen the function of supervising business execution. In the Board of Directors' meetings, active discussions are held in an atmosphere where sharing opinions is made easy. In particular, the chairperson conducts the meetings in a way that actively

encourages each director to speak, and management responds to questions raised by outside directors and others in good faith. This is considered to have contributed to the creation of an atmosphere in which directors are comfortable speaking up. In addition, the fact that sufficient information is provided to outside directors in an atmosphere where they can request materials at any time supports active discussions at board meetings and contributes to the effective functioning of the Board. Regarding the agenda of the Board of Directors' meetings, authority is delegated to the Executive Board, and items for discussion by the Board of Directors are set within an appropriate range, which allows for sufficient time to discuss the primary direction of the corporate strategy and other issues. As a result, it can be said that the Board of Directors functions adequately, especially in terms of checks and balances with the executive directors, and the effectiveness of the Board can be guaranteed to a considerable extent."

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Please refer to "II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this report.

Recipients of Stock Options	

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation [Updated]

The Company discloses total remuneration for directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members. The amount of remuneration for the previous fiscal year (from September 1, 2023 to August 31, 2024) was 95 million yen to five directors (excluding directors who are Audit and Supervisory Committee members) and 26 million yen to four directors who are Audit and Supervisory Committee members (including 18 million yen for three outside directors). The maximum amount of the directors' remuneration is 200 million yen per year (as resolved at the 35th Annual General Shareholders' Meeting held on November 25, 2022). Aside from this remuneration, the maximum amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) under the restricted stock

compensation plan is 60 million yen per year (as resolved at the 35th Annual General Shareholders' Meeting held on November 25, 2022).
The maximum amount of remuneration for directors who are Audit and Supervisory Committee members is 40 million yen per year (as resolved at the 35th Annual General Shareholders' Meeting held on November 25, 2022).

Policy on Determining Remuneration Amounts and Calculation Methods [Updated]	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company, at the Board of Directors' meeting held on February 20, 2021, resolved the policy for determining individual remuneration for directors (excluding directors who are Audit and Supervisory Committee members; hereinafter referred to as "directors") and revised some details at the 35th Annual General Meeting of Shareholders held on November 25, 2022. The following is a summary of the policy. When the Board of Directors makes a resolution, the Board consults with the Advisory Committee on the resolution's content in advance and receives a report from the Advisory Committee.

1. Basic Policy
   As basic Company policy, the remuneration of the Company's directors is linked to shareholders' profit in order to function as an incentive for the sustainable improvement of corporate value, and the Company sets an appropriate level of remuneration for each director based on the responsibilities of each position. In particular, the remuneration for executive directors consists of a basic, fixed remuneration, performance-linked remuneration, and stock-based compensation, while only basic remuneration is paid, in consideration of their duties, to directors who are Audit and Supervisory Committee members responsible for supervisory functions and outside directors who are not Audit and Supervisory Committee members.

2. Policies on the Determination of Basic Remuneration, Performance-linked Remuneration, and Non-monetary Remuneration (including policies regarding the determination of the timing or conditions for granting remuneration, etc.)
   (a) Policy on Basic Remuneration
   Basic remuneration for the Company's directors is a fixed monthly payment determined according to their position, responsibilities, and years of service and is set in a comprehensive manner in consideration of remuneration amounts found at other companies, the Company's business performance, employee salaries, and other factors.
   (b) Policy on Performance-linked Remuneration
   Performance-linked remuneration consists of a "fixed part" and a "variable part" linked to the Company's performance. For the "variable part," (1) the bonus per employee, (2) the ratio of ordinary profit to total assets, and (3) the ratio of ordinary profit to net assets are converted at a predetermined ratio, and the calculation results are reflected in the monthly remuneration. These indicators are used with the goal of (1) improving

employee satisfaction, (2) increasing return on assets (ROA), and (3) improving return on equity (ROE). There is no individual target value for each goal. Instead of setting individual targets for each item, the degree of achievement is calculated by summing up the evaluations of the three items. It shall be linked to monthly remuneration and calculated accordingly, and the details will be reviewed based on the Advisory Committee's report as appropriate in response to changes in the environment.

(c) Policy on Non-monetary Remuneration

Non-monetary remuneration is restricted stocks, which are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members; hereinafter referred to as "Subject Directors"). In order to allocate restricted stocks to the Subject Directors, with each fiscal year of the Company being the evaluation period, the amount obtained by multiplying the amount determined based on the position of the Subject Director (hereinafter referred to as the "Basic Amount by Position") by the performance payment rate is granted as a monetary remuneration claim. The Company issues or disposes of the Company's common shares to the Subject Directors and has them hold such shares by having them contribute all of such monetary remuneration claims to the Company as contributed assets. The total monetary remuneration claims granted to the Subject Directors shall not exceed 60 million yen per year. The total number of common shares to be issued or disposed of by the Company shall not exceed 60,000 shares per year. The Board of Directors determines the specific timing and allocation of the payment to the Subject Directors after receiving a report from the Advisory Committee.

The restricted stock allocation agreement to be concluded between the Company and the Subject Directors who receive restricted stock allocation based on the resolution of the Company's Board of Directors shall include the following provisions:

(1) The Subject Directors shall not transfer, create security interests in, or otherwise dispose of the Company's common shares allocated under this allocation agreement during the period from the date of allocation under this agreement until the date of retirement as director.

(2) In the case of certain misconduct or retirement for reasons other than those specified in (3)(i) and (ii) below, the Company shall acquire such common shares without consideration.

(3) The transfer restrictions shall be lifted at the time of retirement on the condition that the Subject Director's retirement falls under either of the following cases: (i) retirement with justifiable reasons or resignation for reasons deemed unavoidable by the Company, or (ii) resignation due to death.

[Calculation Method for the Number of Shares to be Granted]

The number of shares to be granted = the Basic Amount by Position (*1) × the performance payment rate (*2)／the amount to be paid per share

(*1) To be determined by the Board of Directors in accordance with the position of the Subject Directors

(*2) Variable from 0% to 200% depending on the actual consolidated operating profit ratio during the evaluation period

3. Policy on Determining the Ratio of the Amount of Monetary Remuneration, Performance-linked Remuneration, or Non-monetary Remuneration to the Amount of

Individual Remuneration for Each Director

The Advisory Committee reviews the ratio of remuneration for each type of executive director based on the benchmark remuneration levels of companies of a similar business scale and operating in related industries and business categories as the Company, with the weight of performance-linked remuneration increasing for higher positions. The Board of Directors respects the Advisory Committee report and decides the individual remuneration of directors within the percentage range of remuneration types indicated in said report.

The approximate ratio of each type of remuneration is as follows: (if the Company achieves a consolidated operating profit ratio of 20%)

[Position]	Representative Director	Director
[Basic remuneration]	40%	50%
[Performance-linked remuneration]	40%	30%
[Non-monetary remuneration]	20%	20%

4. Matters Concerning the Determination of Directors' Individual Remuneration

Regarding the amount of a director's individual remuneration, the Advisory Committee receives an explanation from the President and Representative Director on the status of business performance and the degree of target achievement. The Committee also hears the President's remuneration proposal, discusses it, makes any necessary adjustments to the content, and reports the results to the Board of Directors, which then passes a resolution. Furthermore, for stock-based compensation, the Board of Directors determines the number of shares allocated to each director based on the report from the Advisory Committee.

[Support System for Outside Directors] **[Update]**

The department in charge of assisting the Company's outside directors is the Human Resources and Planning Section of the Administration Department, which distributes notices of convocation of meetings of the Board of Directors and other meetings as well as materials in advance. In addition, a meeting of independent outside directors is held the day before the regular meeting of the Board of Directors to explain the agenda and reports in advance.

An annual schedule of Board of Directors meetings is prepared in advance so that outside directors can attend as many meetings as possible.

The Company has introduced a teleconferencing system and an Internet conference system for communication among directors, and also holds extraordinary meetings of the Board of Directors in a flexible manner.

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

(Board of Directors)

The Board of Directors comprises nine directors, including four directors who are Audit and Supervisory Committee members, and five of whom are outside directors. The Company holds regular monthly meetings of the Board of Directors and strives to further enhance the corporate governance system by including directors who are Audit and Supervisory Committee members with voting rights.

The Company's decision-making mechanism is based on the President and Representative Director or a director drafting and deliberating proposals at Board of Directors' meetings, and then making decisions by resolution of the Board of Directors. In addition to regular monthly meetings of the Board of Directors, the Company holds extraordinary Board of Directors' meetings as necessary to ensure prompt, accurate, and rational decision-making and to review the appropriateness, efficiency, and fairness of management through active question-and-answer sessions. The Board of Directors passes resolutions and executes business operations on matters stipulated by laws and regulations and in the Articles of Incorporation as well as medium- to long-term corporate policies, budget planning, important personnel matters, matters concerning financial results, and other important matters concerning business operations.

The Board of Directors held 19 meetings in the fiscal year ended August 31, 2024 (September 1, 2023 to August 31, 2024). The attendance of each member of the Board of Directors is shown below.

President and Representative Director / Toshikazu Maeda: 100% (19 of 19 times)
Director / Kota Kaizaki: 100% (19 of 19 times)
Director / Hiroto Ando: 100% (19 of 19 times)
Director / Keiji Hokanishi: 100% (19 of 19 times)
Outside Director / Akiko Kadota: 100% (19 of 19 times)
Outside Director / Kumiko Seko: 100% (19 of 19 times)
Outside Director / Satoshi Momokino: 100% (19 of 19 times)
Outside Director / Takaaki Yamamoto: 100% (19 of 19 times)
Outside Director / Hirotsugu Miyakawa: 100% (19 of 19 times)

(Audit and Supervisory Committee)

The Audit and Supervisory Committee consists of four directors who are Audit and Supervisory Committee members, three of whom are outside directors. Meetings of the Committee are held monthly in principle and occasionally as necessary. The Committee exchanges information with internal audit staff and accounting auditors as needed to enhance the effectiveness and efficiency of audits.

The Audit and Supervisory Committee held 14 meetings in the fiscal year ended August 31, 2024 (September 1, 2023 to August 31, 2024). The attendance of each member of the Audit and Supervisory Committee was as follows:

Full-time Audit and Supervisory Committee Member / Keiji Hokanishi: 100% (14 of 14 times)
Outside Audit and Supervisory Committee Member / Satoshi Momokino: 100% (14 of 14 times)
Outside Audit and Supervisory Committee Member / Takaaki Yamamoto: 100% (14 of 14 times)
Outside Audit and Supervisory Committee Member / Hirotsugu Miyakawa: 100% (14 of 14 times)

(Advisory Committee)
The Advisory Committee is composed of the President and Representative Director and three independent outside directors who are Audit and Supervisory Committee members. The Committee meets as necessary. As an advisory body to the Board of Directors, it submits reports from an independent and objective standpoint on the appropriateness of decision-making policies and levels regarding the nomination and remuneration of directors.
The attendance of each committee member and the matters discussed are disclosed in the "Voluntary Establishment of Nomination/Remuneration Committees" section of this report.
Chairperson: Satoshi Momokino, Outside Director
Members: Toshikazu Maeda, Takaaki Yamamoto, Hirotsugu Miyakawa

(Executive Officers' Meeting)
The Executive Officers' Meeting is composed of the President and Representative Director, two Executive Directors, one General Manager, and one Full-time Audit and Supervisory Committee Member (without voting rights). It is held on Mondays, immediately before the regular meeting of the Board of Directors in principle, and assists the President and Representative Director and Board of Directors by deliberating and resolving important management-related matters pursuant to the basic management policy determined by the Board of Directors.
Chairperson: Takeshi Shimomai (General Manager of Administration Department)
Members: Toshikazu Maeda, Kota Kaizaki, Hiroto Ando, Keiji Hokanishi

(Management Meeting)
The management meeting consists of 9 directors and 29 members who are in the position of deputy manager or above. It is held monthly in principle to share perceptions and exchange opinions on business strategy and business operation. Among the matters deliberated and resolved at Board of Directors meetings, those that are particularly necessary are also discussed at this meeting to enhance the deliberations by the Board of Directors. Directors who are Audit and Supervisory Committee members also attend various critical internal meetings, including this management meeting, and express their opinions.

(ESG Committee)
The ESG Committee is made up of the President and Representative Director, two directors, and ten other employees, and in principle, it meets once a month. Aiming to manage the company from a long-term perspective, and to respond to various ESG-related issues in corporate management, the committee identifies material issues, sets KPIs, checks on progress, revises plans, and reports on these matters to the Board of Directors.
Chairperson: Akiko Kadota (Outside Director)
Committee Members: Toshikazu Maeda, Hiroto Ando, and 10 other employees

(Information Security Committee)
The Information Security Committee is made up of one director (the Chief Information Officer) and eight employees, and in principle, meets once a month. The Information Security Committee is a decision-making body that decides on the company-wide security policy, and it aims to make effective use of information assets in management activities and contribute to management. The decisions made by the committee are reported to the monthly Board of Directors meeting, and instructions are given regarding matters that need to be improved or reviewed.

Committee Chairman: Kota Kaizaki (Director)
Committee Members: 8 other employees

(Compliance Committee)
The Compliance Committee is made up of four full-time directors and the General Manager of Administration Department, and was established to contribute to the promotion of compliance management. It meets once a year in principle and is responsible for planning and reviewing internal regulations, training, and education, reporting on the status of internal reporting, and other activities necessary for the promotion of compliance management.
Committee Chairman: Takeshi Shimomai (General Manager of Administration Department)
Committee Members: Toshikazu Maeda, Kota Kaizaki, Hiroto Ando, Keiji Hokanishi

In this way, the Company has adopted the current management system believing it to be the most appropriate considering that it enables the Company to make management decisions and judgments quickly while maintaining sufficient supervisory functions.

3. Reasons for Adoption of the Current Corporate Governance System

At the 28th Annual General Shareholders' Meeting of the Company held on November 28, 2015, a resolution was passed to amend the Articles of Incorporation of the Company to transition from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee as of the same date.
The Company made this transition to further strengthen the supervisory function of the Board of Directors and to further enhance the corporate governance system by appointing directors (including multiple outside directors) who are members of the Audit and Supervisory Committee and who have the right to make resolutions at meetings of the Board of Directors, in accordance with the "Act Partially Amending the Companies Act" (Act No. 90 of 2014), which came into effect on May 1, 2015, and established the "Company with Audit and Supervisory Committee System" as the new organizational design.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Revitalize the General Shareholders' Meetings and Facilitate the Exercise of Voting Rights

	Supplementary Explanations
Establishment of a Convenient Date for the General Meeting of Shareholders	The Company holds its annual shareholders' meetings in November to avoid any schedule conflicts or overlaps with other company's shareholder meetings.
Allowing the Exercise of Voting Rights Electronically	The Company has introduced the ability to exercise voting rights via the Internet by enabling the exercise of voting rights via personal computers and smartphones.

Use of Electronic Voting Platform and Other Efforts to Improve the Environment for Exercising Voting Rights for Institutional Investors	The Company uses the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company has been disclosing convocation notices (summaries) in English on the Tokyo Stock Exchange and the Company's website since the 34th Annual General Shareholders' Meeting held in November 2021.
Other	The Company has been disclosing the results of the exercise of voting rights in an extraordinary report since the fiscal year ended August 31, 2011.

2. IR Activities

	Supplementary Explanations	Explanation by the Representative Him/Herself (Yes or No)
Preparation and Publication of Disclosure Policy	The Company publishes its "Disclosure Policy" on its website. https://www.marumae.com/en/ir_8.html	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly results briefings twice a year, and video of the financial results presentation is available on the Company's website. https://www.marumae.com/ir_9.html (Japanese only)	Yes
Website Posting of IR Materials	The Company posts past disclosure materials in the "IR Information" section of its website. https://www.marumae.com/en/ir_4.html	
Establishment of Department and/or Manager in Charge of IR	Administration Department	
Other	The Company responds to inquiries from investors in a proactive, continuous, fair, and timely manner.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established a code of conduct that reflects respect for the position of stakeholders.
Implementation of Environmental Activities, CSR Activities, etc.	The Company has acquired an ISO14001 certificate. In addition, sustainability information, which includes policies and initiatives, is described in our Integrated Report available via the link below. https://www.marumae.com/en/sus_report.html
Establishment of Policies, etc. Related to the Provision of Information to Stakeholders	The “Information Disclosure Regulations” stipulate the basic policy, etc. for providing information to stakeholders. In addition, the Company’s Disclosure Policy is posted in the “IR Information” section of the Company’s website. https://www.marumae.com/en/ir_8.html

IV. Matters Related to the Internal Control System

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

The status of the Company's internal control system is as follows:

(1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation:

The Company recognizes that thorough compliance is essential for the Company’s continued existence. It will strive to establish a management system widely trusted by society by ensuring that all executives and employees act fairly and with high ethical standards.

(a) The Board of Directors shall make decisions after thorough deliberation on matters stipulated by laws and regulations and the Articles of Incorporation, and essential management matters while requesting reports from directors on the status of execution of their duties to ascertain the progress of management policies and manage and supervise the appropriateness of the implementation of responsibilities.

(b) Directors who are Audit and Supervisory Committee members shall attend Board of Directors’ meetings and other important meetings to understand the process of critical decision-making and the status of execution of duties, and they shall express their opinions and report on the status of implementation of duties by directors and employees, provide advice and recommendations as necessary, and take appropriate measures when necessary.

(c) Management meetings shall be held regularly to conduct multifaceted reviews of critical decision-making and business execution progress by directors and executive officers and to monitor one another.

(d) The internal audit staff shall conduct regular audits as well as voluntary audits as necessary to ascertain the status of the daily execution of duties and to make improvements.

(e) The Company shall work closely with external experts such as lawyers and auditing firms to maintain a compliance system.

(2) System for the storage and management of information related to the execution of duties by directors:

Regarding information related to the execution of duties by directors, the Company shall establish management standards and a management system, prepare, and store such data in compliance with laws and regulations, the “Approval Rules,” the “Document Management Rules,” and the “Information System Management Rules.” It shall also maintain such information in a state where it can be inspected and copied by directors, directors who are Audit and Supervisory Committee members, and others as necessary.

(3) Rules and other systems for managing the risk of loss:

The Company regards risk management as one of the most critical management issues. It shall take systematic measures to minimize the risk of loss by preparing appropriate countermeasures in advance for various dangers according to the size of the risk and the likelihood of its occurrence, based on full recognition of the Company’s inherent risks.

(a) Administration Department shall monitor and handle company-wide risks.

(b) The general manager of each department shall be responsible for the risks associated with the operation for which they are in charge and shall prepare and ensure compliance with manuals and provide necessary education.

(c) Directors and the general managers of each department shall strive to identify major risks in their individual duties. If any are discovered, the Board of Directors shall deliberate from various perspectives, determine appropriate countermeasures, and implement them.

(d) The internal audit staff shall also conduct audits of the status of risk management.

(e) If a new risk management problem occurs or is predicted to occur, it shall be reported to the Board of Directors, where countermeasures will be discussed and corrective actions taken.

(f) In the event of unforeseen circumstances, under the direction of the President and Representative Director, the Company shall take prompt actions using outside experts, including lawyers and other professionals, and establish a system to prevent the spread of damage and minimize its impact.

(4) System to ensure that directors execute their duties efficiently:

By establishing rules and regulations, the Company shall clearly and appropriately define the scope of the directors’ authority and responsibility and the duties for which they are responsible, thereby ensuring a system in which directors can efficiently execute their duties.

(a) The Board of Directors shall determine the medium-term business plan and the proposed budget for each fiscal year. Each department shall formulate and implement specific measures to achieve these goals.

(b) In accordance with the “Regulations of the Board of Directors,” the “Organizational Regulations,” the “Regulations of Division of Duties,” and the “Standards for Authorization and Approval,” the matters to be delegated to directors shall be determined. The authority to make decisions and execute duties within that scope shall be delegated. Directors shall report their progress in executing their duties and other matters at the Board of Directors and management meetings.

(c) In order to ensure the efficient execution of duties by directors, the Company shall review and make necessary improvements to internal regulations concerning organization, job classification, division of duties, and decision-making authority as

required.

(d) Regarding the Administration Department under the control of the President and Representative Director, the Company has secured a system whereby the President and Representative Director executes critical business operations after discussions at meetings attended by executive directors and head office department heads.

(5) System to ensure the appropriateness of business operations in the corporate group:
At present, there are no subsidiaries or affiliates. However, if establishing a group company in the future, the Company will set subsidiary management rules and regulations, conduct management in a way equivalent to that of the Company, develop and manage regulations and compliance standards, and periodically report and discuss business activities. In addition, accounting standards shall, in principle, follow the Company's accounting standards unless there are specific reasons.
If founding subsidiaries in the future, the Company shall also establish a system for the executive of subsidiaries to report to the Company, a system for managing the risk of loss to subsidiaries, a system for ensuring the efficiency of the subsidiaries' business execution, and a system for ensuring that the subsidiaries' business execution complies with laws, regulations, and the Articles of Incorporation by developing subsidiary management rules and regulations.

(6) Matters related to employees requested by the Audit and Supervisory Committee to assist them in their duties:
The Company does not have employees to assist the duties of the Audit and Supervisory Committee because the system allows the Audit and Supervisory Committee and the internal audit staff to always work together. However, if a request is made by the Audit and Supervisory Committee to appoint such an employee, the employee shall be appointed as necessary upon consultation with the Audit and Supervisory Committee .

(7) Matters concerning the independence of the employees set forth in the preceding paragraph from directors:
In the event that employees are established to assist with the duties of the Audit and Supervisory Committee, their directions, orders, etc. shall be under the control of the Audit and Supervisory Committee, and the handling of their personnel affairs shall be conducted in consultation with the Audit and Supervisory Committee.

(8) Matters related to ensuring the effectiveness of instructions to the employees set forth in the preceding paragraph:
In the event that the employee set forth in the preceding paragraph concurrently serves as an employee of another department, priority shall be given to the duties related to the Audit and Supervisory Committee. In addition, the supervisors and directors of other departments in which the employee concurrently serves shall provide the necessary support when requested to perform such duties.

(9) System for directors and employees to report to the Audit and Supervisory Committee:
The Company shall establish a system to strictly monitor the execution of business by directors by having the directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings. It shall also establish a system to make important reports to the Audit and Supervisory Committee. In addition, if any fact that may cause significant damage to the Company is discovered, it shall be promptly reported to the Audit and Supervisory Committee.

(10) System to ensure that the person who made the report set forth in the preceding paragraph is not subjected to any disadvantageous treatment on the grounds that he or she made the report:

No disadvantageous treatment shall be given to the person who made the report to the Audit and Supervisory Committee because the report was made as described in the preceding paragraph. In addition, in the course of the Company's personnel evaluation, the Audit and Supervisory Committee may express his or her opinion on the evaluation of the employee who has performed the duties or made the report set forth in Paragraphs 6 through 9.

(11) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by directors who are Audit and Supervisory Committee members (limited to those related to the duties of the Audit and Supervisory Committee) and other policies concerning the treatment of expenses and debts incurred in the execution of such duties:

Expenses incurred in connection with the execution of duties by directors who are Audit and Supervisory Committee members (limited to those related to the duties of the Audit and Supervisory Committee) shall be borne by the Company in accordance with prescribed procedures within the scope of the Company's expense budget.

(12) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively:

The "Auditing Standards of the Audit and Supervisory Committee" stipulates that the Audit and Supervisory Committee and the internal audit staff must endeavor to maintain close cooperation and ensure that audits are conducted effectively. In addition, the directors and the Audit and Supervisory Committee shall actively exchange opinions and maintain appropriate communication.

2. Basic Views on Eliminating Antisocial Forces and Measures Related Thereto

- Basic Approach to Eliminating Antisocial Forces

The Company's policy is to eliminate any relationship with antisocial forces and groups that threaten social order and safety and to respond firmly to unreasonable demands.

- Status of Measures to Eliminate Antisocial Forces

Based on the policy above, the Company has prepared and thoroughly communicated manuals and procedures to eliminate antisocial forces under the "Regulations Concerning Antisocial Forces." It provides education and training to directors and employees as appropriate. These manuals and procedures clearly state the separation from antisocial forces, prohibit the provision of benefits to antisocial forces, and thoroughly reject any relationship with antisocial forces.

As an internal system, the Company has set up a department to deal with unreasonable demands from antisocial forces and to take systematic action, as well as to request consultation with and support from the Kagoshima Prefectural Police, lawyers, and outside consulting companies.

In addition, the head office is a member of the "Council for the Defense of Corporations under the Jurisdiction of the Izumi Police Station" and strives to collect information on the activities of antisocial

forces and countermeasures through mutual understanding and cooperation among local corporations, the police, and the Kagoshima Center for the Elimination of Violence.

V. Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Not Adopted

Supplementary Explanation

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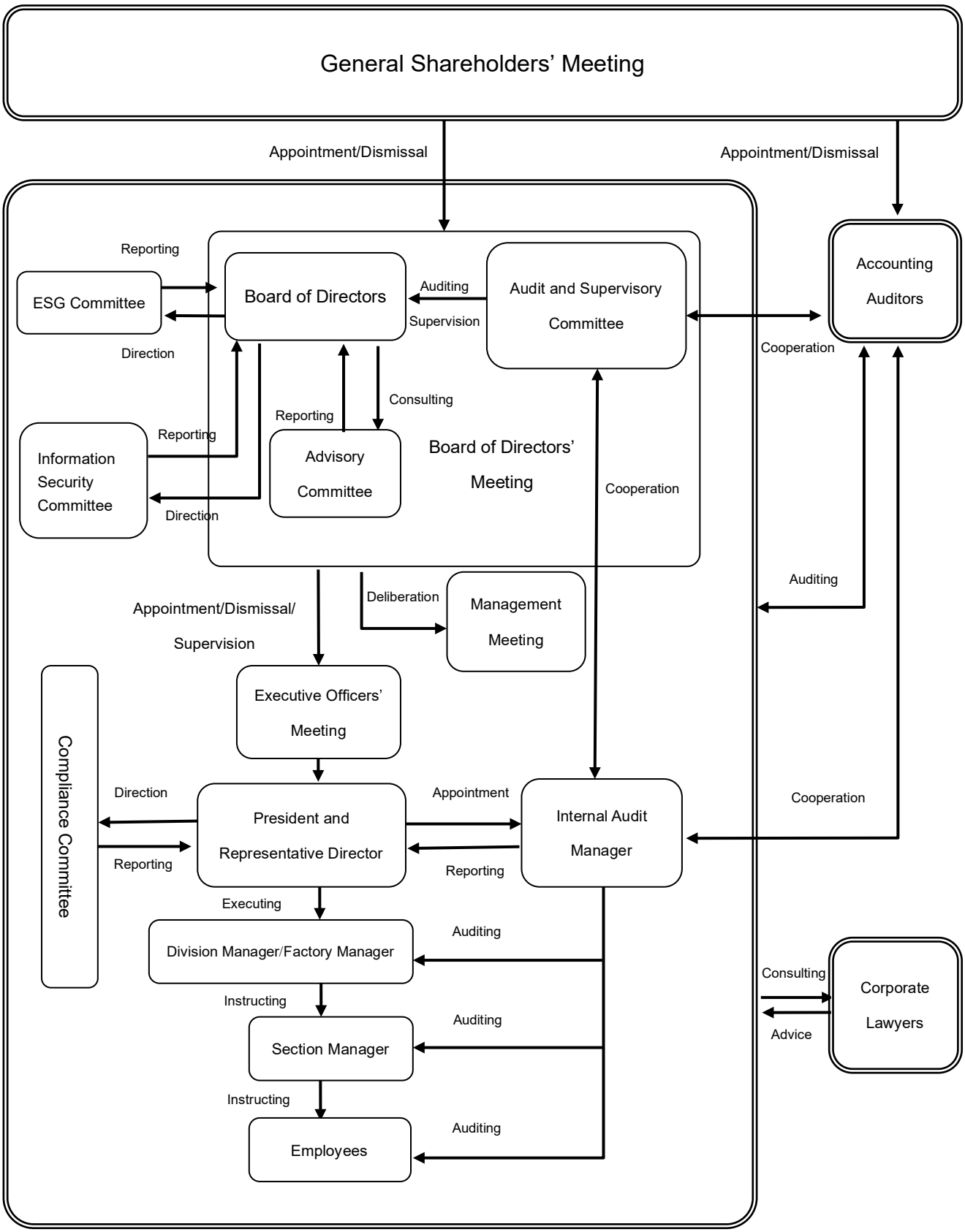
2. Other Matters Concerning the Corporate Governance System

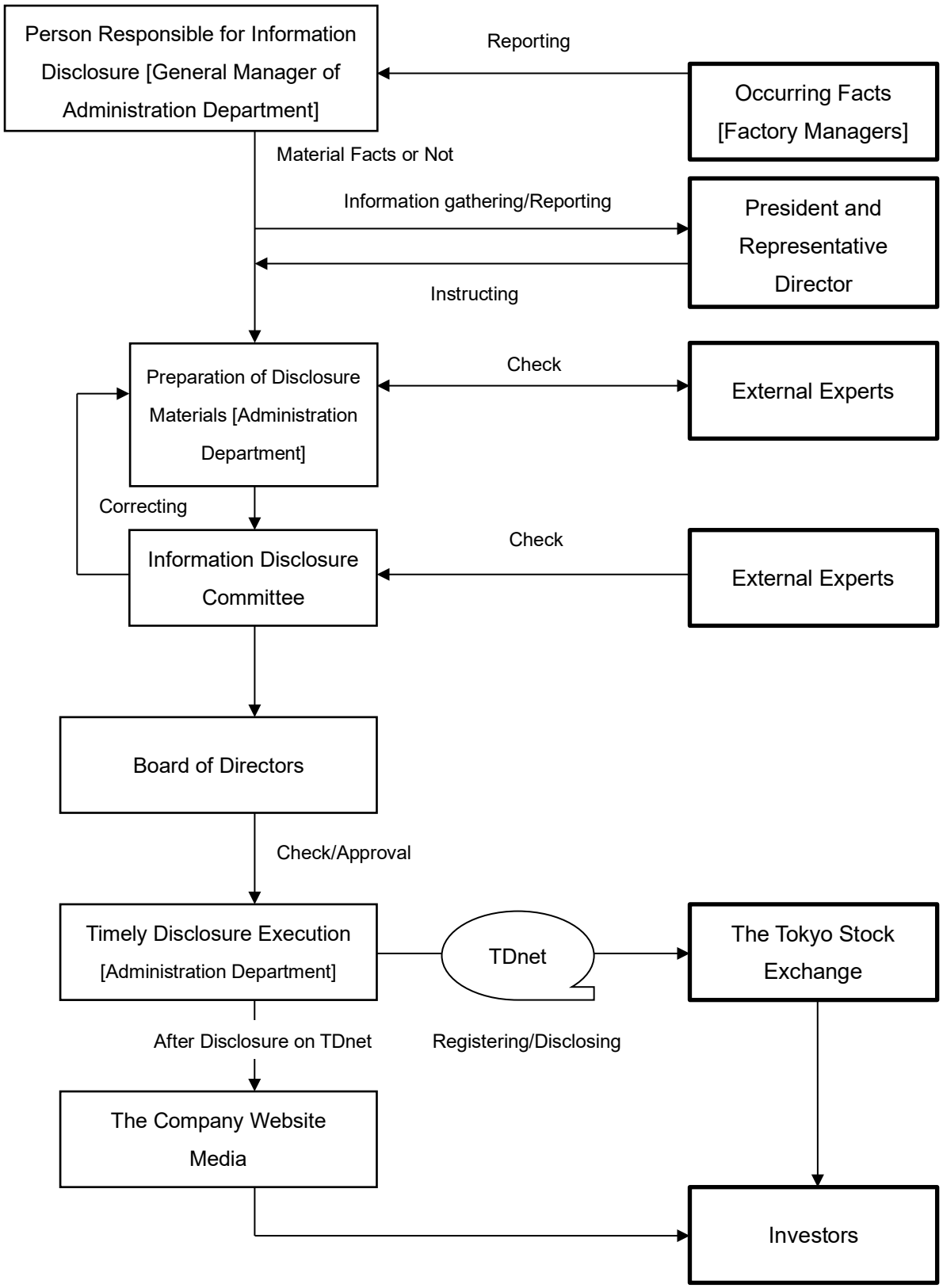
The Company will actively work to further improve the corporate governance of the Company by further developing the internal control system and increasing the transparency of our management. 1. Outline of Corporate Governance System: A schematic diagram of the corporate governance system is shown in Attachment 1. 2. Overview of Timely Disclosure System: The outline of the Company's timely disclosure system is shown in Attachment 2.

Attachment 1. Marumae's Corporate Governance System Schematic Diagram

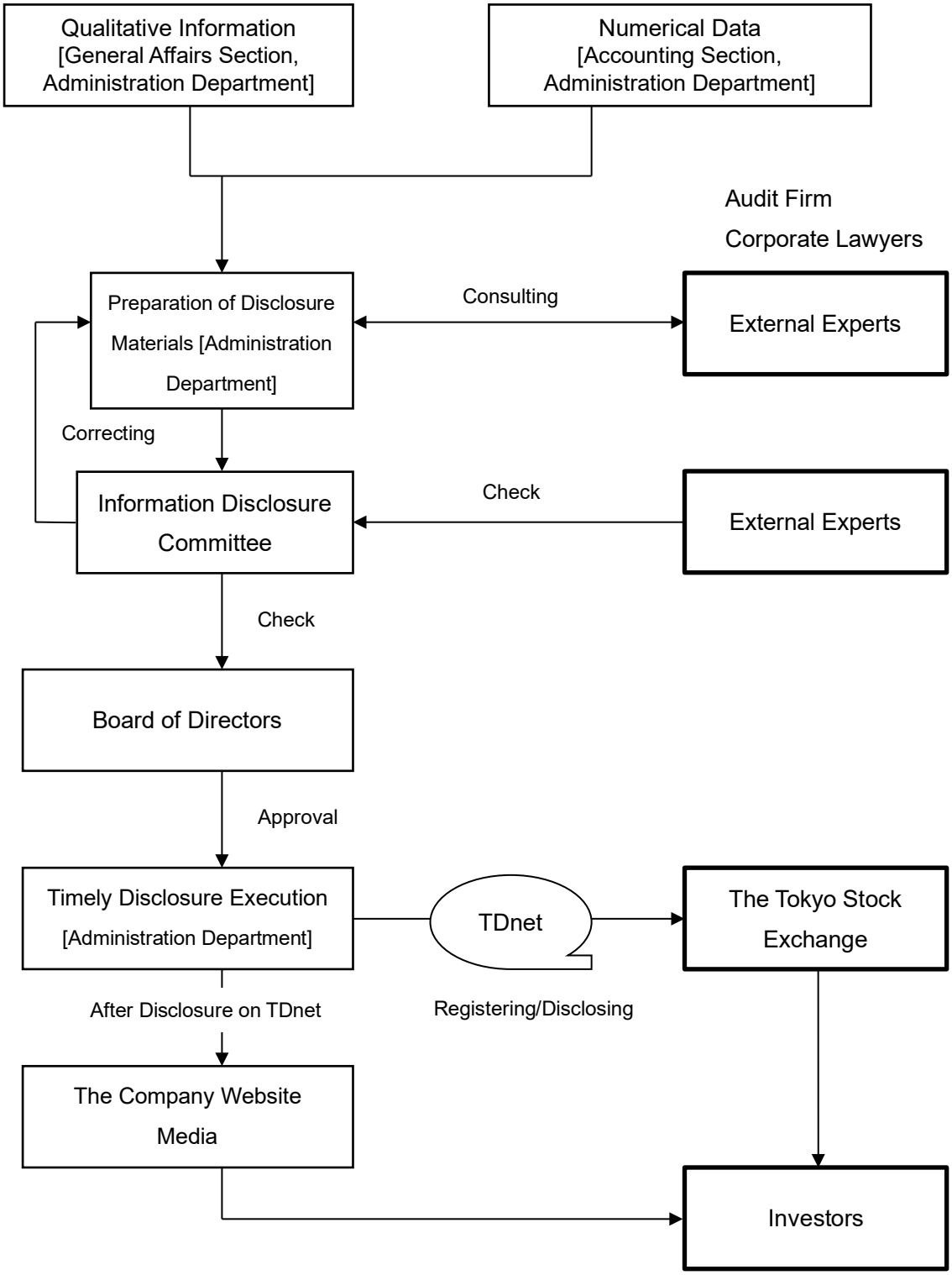


Attachment 2. Overview of Timely Disclosure System

(1) Internal System Regarding Facts of Decisions and Occurrences



(2) Internal System for Financial Information and Performance



[Supplementary Principle 4-11-1] Skill Matrix of the Board of Directors

No.	Name	Attributes			Knowledge and experience that the Company expects						
		Audit and Supervisory Committee	Advisory Committee	Independent (Outside)	Corporate Management / Business Strategy	Development / Technology / Quality	Planning / Sales	Finance / Accounting	Risk Management / Legal Affairs	Global Experience	Administrative Experience
1	Toshikazu Maeda		●		●	●	●	●	●		
2	Kota Kaizaki				●		●				
3	Hiroto Ando				●	●					
4	Akiko Kadota			●	●					●	
5	Kumiko Seko			●	●						●
6	Keiji Hokanishi	●						●			
7	Satoshi Momokino	●	●	●					●	●	
8	Takaaki Yamamoto	●	●	●	●				●		
9	Hirotsugu Miyakawa	●	●	●				●			