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MATSUDA SANGYO Co, Ltd.

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The corporate governance of Matsuda Sangyo (the "Company") is described below.

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

1. Basic Views

Matsuda Sangyo has built a management system aimed at responding swiftly to changes in the management environment, and to realize fair and highly reliable management. We also put effort into complying with laws, social norms, and ethics, work to enhance our compliance system by providing timely education and training to all officers and employees, and take proactive steps to disclose information in order to enhance management transparency. In these ways, we strive to strengthen corporate management.

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

[Supplementary Principle 2 – 4 (1) Ensuring diversity in the appointment of core personnel]
With regard to ensuring diversity in the Company, Matsuda Sangyo has established in its Corporate Governance Guidelines: "We shall strive to promote efforts to secure diverse human resources who can support the sustainable growth of the Company." Furthermore, in appointing management personnel, the Company makes a comprehensive assessment based on ability, experience, and aptitude, regardless of the candidate's gender, nationality, and employment route. The Company has also formulated a human resource development policy for ensuring diversity, and a policy for improving the Company's internal environment. With regard to measurable targets related to the appointment of management personnel, reviews are ongoing based on the Company's full recognition of the importance of a human resource strategy aimed at enhancing its medium- to long-term corporate value. The specific information will be disclosed once details have been determined.

[Principle 2-6 Fulfilling functions as a corporate pension asset owner]
In view that the management of corporate pension reserves has an impact on the stable asset formation of employees as well as the financial position of the Company, Matsuda Sangyo strives to carry out appropriate management by having the responsible organization monitor the investment institutions entrusted with the management of the funds through periodic reports on the investment status and other information from such institutions. However, taking into consideration the size of the corporate pension and other factors, the Company does not systematically appoint or assign personnel with high levels of expertise.

[Supplementary Principle 4 – 1 (3) Succession Plan for the Chief Executive Officer (CEO), etc.]
As the founding family is a major shareholder of Matsuda Sangyo, the family's representative, Yoshiaki

Matsuda, serves as President and Representative Director of the Company, and is involved in preparing a succession plan. At the extraordinary meeting of the Board of Directors held on June 28, 2023, the Company established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors. This committee will also be involved in reviewing succession plans for the President and CEO, and other senior management personnel.

[Supplementary Principle 4 – 2 (1) Determination of Remuneration for the Management]
The policies and procedures for determining the remuneration of the Company's Directors are as described in "Principle 3-1 Information Disclosure (3) Policies and procedures for the Board of Directors to determine the remuneration of senior management and directors." At present, we have not established a percentage of remuneration linked to medium- to long-term performance, nor a ratio of cash remuneration to remuneration in the form of treasury stock. At the extraordinary meeting of the Board of Directors held on June 28, 2023, a Nomination and Remuneration Committee was established as a voluntary advisory body to the Board of Directors. This Committee will also be involved in the review of the remuneration system, including the effectiveness of its function to provide sound incentives toward sustainable growth.

Disclosure Based on each Principle of the Corporate Governance Code UPDATED

[Principle 1 – 4 Cross-shareholdings]
(1) Policy on cross-shareholdings
Matsuda Sangyo holds shares of companies that contribute to enhancing corporate value by maintaining and strengthening positive business and transactional relationships, and disposes of or reduces holdings, as soon as possible, of shares that it considers unlikely to achieve the purposes of shareholding.
(2) Verification of cross-shareholdings
Every fiscal year, the Company verifies the quantitative effects of the trading volume for each stock it holds, as well as the qualitative effects of management strategies and synergies, along with expectations for medium- to long-term development. Based on these, it makes a comprehensive decision on whether to hold the stock. As a result of the verification conducted with March 31, 2024, as the record date, the Executive Committee resolved that all stocks held are in line with the Company's shareholding policy, and this was confirmed by the Board of Directors.
(3) Criteria for exercising voting rights for cross-shareholdings
The exercise of voting rights for cross-shareholdings is assessed comprehensively with consideration for the impact on the corporate value of the Company and the company holding the shares, among other factors. The Company's view is that this will contribute to the medium- to long-term interests of its shareholders.

[Principle 1 – 7 Related party transactions]
In accordance with the provisions of the Board of Directors Regulations, prior approval must be granted by the Board of Directors when conducting transactions between related parties, except for regular transaction agreements such as insurance contracts. In addition, important facts about transactions conducted with the approval of the Board of Directors are to be reported to the Board of Directors.
When approving a related party transaction, the Board of Directors verifies that the terms of the transaction and the decision-making policy are fair and appropriate, and the secretariat of the Board of Directors carries out and reports on the legal verification as necessary when approving and implementing the transaction.

(Translation)

The Company has established a system in which the Board of Directors, whose meetings are attended by outside directors who are members of the Audit and Supervisory Committee, monitors related party transactions to ensure that the interests of the Company and its shareholders are not harmed, or that the transactions do not give rise to such concerns.

The "Terms and Decision-Making Policies for Transactions" related to transactions with related parties that the Company is currently engaged in are as follows.

1. Sale of the Company's products

The prices and other terms of transaction for the Company's products are determined based on the same terms and conditions as transactions with other parties not related to the Company.

2. Purchase of products from affiliate companies

Prices are determined through regular mutual consultation, taking into account market trends and other factors. If the settlement is completed within a shorter period compared to market practices, a discount equivalent to the interest is applied.

3. Real estate rental

Rental prices for factory sites and sales offices are determined based on appraisals by real estate appraisers, and rental prices for company housing are determined based on the market price in the neighborhood. (Appraisals are conducted approximately every three years.)

[Principle 3 – 1 Enhancing information disclosure]

(1) Corporate philosophy, management strategy, and management plan

Matsuda Sangyo has established the basic policies of “focus on customers,” “focus on shareholders,” and “respect humankind,” based on its corporate philosophy of “making effective use of the limited earth resources and contributing to society through business.” The Company has developed its business on two pillars: the Precious Metals Business Segment, a consolidation of the precious metals-related business that recycles and makes effective use of precious metals, which are limited resources, with the environmental-related business that aims to pass on a clean environment to the next generation; and the Food Business Segment, which aims to provide stable food resources, the abundant bounty from the earth, to enrich humankind.

With the Precious Metals Business Segment and the Food Business Segment positioned as the Company's growth drivers, Matsuda Sangyo has established "strengthening the revenue base and creating new revenue sources through continued proactive investment," "strengthening the management base that supports and accelerates sustainable growth," and "enhancing corporate value by promoting ESG management" as the basic policies of its management strategy. Toward the realization of its aim to "be a company that continuously evolves and adapts to social changes, and which customers and society always need,” the Company aims to provide high-added value that contributes to resolving the problems faced by customers and society through the effective use of resources and the securing of sustainable resources, and to enhance corporate value in a sustainable manner by contributing to society through its business.

With regard to its management plan, the Company announced on May 13, 2022, its Medium-term Management Plan (FY2022 - 2025) approved by the Board of Directors. The numerical targets (on a consolidated basis) for the year ending March 31, 2026, the final year of the Plan, are as follows: net sales of 300 billion yen, operating profit of 13 billion yen, operating margin of 4.3%, return on equity (ROE) of 9.0%, and ordinary profit to total assets ratio of 10.0%.

Details of the Medium-term Management Plan (FY2022 - 2025) are set out in the Securities Report (75th

Term), under "Part 1 [Company Information] Section 2 [Business Overview] 1 [Management Policy, Management Environment, and Issues to be Addressed] (2) Management Environment and the Medium- to Long-term Management Strategy of the Company (ii) Medium- to Long-term Management Strategy of the Company."

(2) Basic views on corporate governance and basic policy

The Company's basic views on corporate governance are described in "1. Basic Views." The basic policies that serve as guidelines for the Company's corporate governance are prescribed in the Corporate Governance Guidelines established by the Company, and are published on the Company's website (URL below):
URL: https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance01.html

(3) Policies and procedures for the Board of Directors to determine the remuneration of senior management and directors

1. Policy for determining the remuneration of directors who are not members of the Audit and Supervisory Committee

The remuneration of directors who are not members of the Audit and Supervisory Committee consists of a fixed remuneration component and a retirement allowance based on the Officer Retirement Allowance Regulations (subject to a resolution at the Ordinary General Meeting of Shareholders). The basic policy is to pay the full amount of remuneration on a monetary basis.

2. Procedures for determining the fixed remuneration component of individual directors who are not members of the Audit and Supervisory Committee

(a) At the request of the Nomination and Remuneration Committee, a draft proposal on the amount of fixed monthly remuneration for individual directors (who are not members of the Audits and Supervisory Committee) is prepared in consultation with the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on standards established that take into consideration the evaluation of the responsibilities each director should fulfill, their position, the number of years in office, and their performance. This draft is then proposed to the Nomination and Remuneration Committee with an explanation of its contents.

(b) The Nomination and Remuneration Committee deliberates on the draft and replies to the Board of Directors.

(c) Respecting the reply from the Nomination and Remuneration Committee, the President and Representative Director, who has been entrusted by resolution of the Board of Directors, notifies each individual director of the final amount of their remuneration.

(d) If a decision is made that is different from the reply from the Nomination and Remuneration Committee, the President and Representative Director explain the reasons thereof to the Nomination and Remuneration Committee.

3. Policy on the timing for the payment of fixed remuneration to directors who are not members of the Audit and Supervisory Committee

Fixed remuneration for directors who are not members of the Audit and Supervisory Committee is paid out on a monthly basis.

4. Procedures for determining the retirement allowance component of individual directors who are not members of the Audit and Supervisory Committee

(a) At the request of the Nomination and Remuneration Committee, the amount of retirement allowance directors (who are not members of the Audit and Supervisory Committee) is drafted in consultation with the

President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on the Officer Retirement Allowance Regulations. This draft is then proposed to the Nomination and Remuneration Committee with an explanation of its contents.
(b) The Nomination and Remuneration Committee deliberates on the draft and replies to the Board of Directors.
(c) With regard to the amount of retirement allowance to be paid to individual directors who are not members of the Audit and Supervisory Committee, based on a resolution from the General Meeting of Shareholders and respecting the reply from the Nomination and Remuneration Committee, the President and Representative Director, who has been entrusted by resolution of the Board of Directors, notifies each individual director (who is not a member of the Audit and Supervisory Committee) of the final amount of their retirement allowance.
(d) If a decision is made that is different from the reply from the Nomination and Remuneration Committee, the President and Representative Director explain the reasons thereof to the Nomination and Remuneration Committee.
5. Policy for determining the remuneration of directors who are members of the Audit and Supervisory Committee
The remuneration of directors who are members of the Audit and Supervisory Committee consists of a fixed remuneration, and the basic policy is to pay the full amount of remuneration on a monetary basis.
6. Procedures for determining the fixed remuneration component of individual directors who are members of the Audit and Supervisory Committee
(a) The amount of remuneration for individual directors (who are members of the Audit and Supervisory Committee) is deliberated by the Audit and Supervisory Committee based on comprehensive consideration of the evaluation of the responsibilities that members of the Committee should fulfill, their experience, expertise, and other factors. A draft is prepared, and then proposed to the Nomination and Remuneration Committee with an explanation of its contents.
(b) The Nomination and Remuneration Committee deliberates on the draft and replies to the Audit and Supervisory Committee.
(c) Taking reference from the reply from the Nomination and Remuneration Committee, the amount of remuneration for individual directors is decided with the unanimous agreement of all members of the Audit and Supervisory Committee.
(d) If a decision is made that is different from the reply from the Nomination and Remuneration Committee, the Audit and Supervisory Committee explains the reasons thereof to the Nomination and Remuneration Committee.
7. Policy on the timing for the payment of fixed remuneration to directors who are members of the Audit and Supervisory Committee
Fixed remuneration for directors who are members of the Audit and Supervisory Committee is paid out on a monthly basis.

(4) Policies and procedures for the Board of Directors to appoint/dismiss senior management and nominate director and auditor candidates
1. Policy for nominating candidates for directors who are not members of the Audit and Supervisory Committee
The appointment of directors who are not members of the Audit and Supervisory Committee is carried out based on a comprehensive assessment that includes their qualities, experience, skills, career history, personality, and job performance. Directors are selected with consideration for the balance and diversity of quality, experience, and skills in the Board of Directors as a whole.

2. Procedures for the nomination/determination of candidates for directors who are not members of the Audit and Supervisory Committee

(a) Based on the policy, a list of candidates is prepared by the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, who then explain and recommend the proposed candidates to the Nomination and Remuneration Committee.

(b) The Nomination and Remuneration Committee deliberates on the list of candidates and replies to the Board of Directors.

(c) Respecting the reply from the Nomination and Remuneration Committee, the Board of Directors decides on the director candidates.

(d) If a nomination/decision is made that is different from the reply from the Nomination and Remuneration Committee, the Board of Directors explains the reasons thereof to the Nomination and Remuneration Committee.

3. Policy for nominating candidates for directors who are members of the Audit and Supervisory Committee

The appointment of directors who are members of the Audit and Supervisory Committee is carried out based on a comprehensive assessment that includes their expertise in diverse fields, experience, and personality aspects as suitable candidates to fulfill the roles of giving advice that contributes to enhancing medium- to long-term corporate value, supervising management through the Board of Directors, supervising of conflicts of interest by the Company and the relevant persons-in-charge, and reflecting intentions to the Board of Directors from an independent and neutral position, among others. Directors are selected with consideration for the balance and diversity of knowledge, experience, and skills in the Board of Directors as a whole.

4. Procedures for the nomination/determination of candidates for directors who are members of the Audit and Supervisory Committee

(a) Based on the policy and in consultation with the President and Representative Director, a list of candidates is prepared by the Audit and Supervisory Committee, which then explains and recommends the proposed candidates to the Nomination and Remuneration Committee.

(b) The Nomination and Remuneration Committee deliberates on the list of candidates and replies to the Audit and Supervisory Committee.

(c) The Audit and Supervisory Committee deliberates on the proposed candidates and recommends the candidates to the Board of Directors.

(d) The Board of Directors decides on the candidates with the agreement of the Audit and Supervisory Committee.

(e) If a nomination/decision is made that is different from the reply from the Nomination and Remuneration Committee, the Audit and Supervisory Committee and the Board of Directors explain the reasons thereof to the Nomination and Remuneration Committee.

5. Policy for the dismissal of directors who are not members of the Audit and Supervisory Committee

Directors who are not members of the Audit and Supervisory Committee are dismissed when they have been found to be non-compliant with the basic policy for selection, for example, when misconduct in the performance of their duties, serious violation of laws or violation of the Articles of Incorporation, negligence of their duties, or other misdemeanors are confirmed to have significantly damaged the Company's corporate value, or when they are unable to continue with their duties for health reasons.

6. Procedures for the dismissal of directors who are not members of the Audit and Supervisory Committee

(a) The President and Representative Director, Executive Vice President, and the Director in charge of Human Resources explain the relevant facts to the Nomination and Remuneration Committee, which deliberates on

the dismissal of the director in question.
(b) The Nomination and Remuneration Committee replies to the Board of Directors and Audit and Supervisory Committee on the proposed dismissal.
(c) Based on the views of the Audit and Supervisory Committee, the Board of Directors deliberates on the proposed dismissal of the director in question, and decides on the submission of the proposal for dismissal to the General Meeting of Shareholders.
(d) If a decision is made that is different from the reply from the Nomination and Remuneration Committee, the Board of Directors explains the reasons thereof to the Nomination and Remuneration Committee.

(5) The reasons for the appointment of individual directors who are not members of the Audit and Supervisory Committee are set out in the Notice of the General Meeting of Shareholders. Please refer to the following link:
URL: https://www.matsuda-sangyo.co.jp/ja/ir/stock/meeting.html
The reasons for the appointment of directors (outside directors) who are members of the Audit and Supervisory Committee, are set out in the following section of this report: II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, "Relationship with the Company (2)."

[Supplementary Principle 3 – 1 (2) Information disclosure in English]
Matsuda Sangyo provides information to overseas investors through the disclosure and provision of the following information in English on the Company’s website: Notice of the General Meeting of Shareholders, financial results, presentation material for financial results, and Integrated Report.
Going forward, the Company will continue to disclose and provide disclosure documents in English, and to improve the timeliness of such disclosure.

[Supplementary Principle 3 – 1 (3) Sustainability initiatives, investments in human capital and intellectual property, etc.]
Matsuda Sangyo positions addressing sustainability issues as an important element of its management strategy, based on its corporate philosophy of "making effective use of the limited earth resources and contributing to society through business." To bring about both the realization of a sustainable society and the growth of the Matsuda Sangyo Group's businesses, the Company is advancing initiatives led by the Sustainability Committee, which comes under the supervision of the Board of Directors, by establishing the following as issues of utmost importance in its Medium-term Management Plan (FY2022 - 2025): "Striking a balance between reducing environmental burden and business growth," "Enhancement of customer satisfaction and securing the trust of society," and "Acceleration of growth through the activities of diverse human resources."
Disclosure based on the TCFD framework related to climate change, including details of the Company's initiatives and its investment in human capital, are provided in the Securities Report and Integrated Report (URL below). Information on investments in intellectual property, etc. is disclosed corresponding to their degree of importance.
URL: https://www.matsuda-sangyo.co.jp/ja/ir/library.html

[Supplementary Principle 4 – 1 (1) Scope of delegation to senior management]
To realize an efficient and effective Board of Directors, the Company delegates some of the decision-making related to business execution other than important matters prescribed in laws and regulations, the Articles of

Incorporation, and the Board of Directors Regulation, to the Executive Officers.
The specific division of responsibilities delegated is set out in the Regulations on the Allocation of Duties.

[Supplementary Principle 4 – 8 Effective utilization of independent outside directors]
The four independent outside directors are selected based on an assessment of their overall suitability, including their expertise and experience in various fields as well as their personalities, in addition to meeting the Company's criteria for assessing the independence of independent outside directors. The Company believes that they will be able to fully fulfill their roles of giving advice that contributes to enhancing medium- to long-term corporate value, supervising management through the Board of Directors, supervising conflicts of interest by the Company and the relevant persons in charge, and reflecting intentions to the Board of Directors from an independent and neutral position, among others. The Company has also established an Audit and Supervisory Committee, and all directors who are members of this Committee are appointed from among candidates who meet the requirements for independent outside directors. Therefore, the Company believes that this will further strengthen management monitoring and supervision.
Of the 11 directors, four are independent outside directors, and all four have been filed with the Tokyo Stock Exchange as independent officers. Independent outside directors currently make up more than one-third of all directors, and we have determined that the current structure functions adequately given the characteristics and business scale of the Company, which is a cross-industrial company.

[Supplementary Principle 4 – 9 Criteria for assessing the independence of independent outside directors, and their qualities]
Matsuda Sangyo has drawn up a set of criteria for assessing the independence of independent outside directors (Note), which adds the Company's unique criteria to the criteria for assessing independence prescribed by the Tokyo Stock Exchange. This set of criteria has been resolved by the Board of Directors.
The Company appoints candidates who fulfill these criteria for assessing the independence of independent outside directors, and who are anticipated to contribute to enhancing the Company's governance by exercising their supervisory functions over the Company's management, based on their expertise and experience in diverse fields.
All outside directors of the Company meet these criteria and are assessed to maintain their independence sufficiently.
(Note) Criteria for assessing the independence of independent outside directors
1. The person is not currently, and has never been, a person who executes business (Note 1) for the Matsuda Group.
2. In the past five years, the person has not been a person who executes business for a company, etc. that is a major business partner (Note 2) of the Matsuda Sangyo Group, or for a company, etc. for which the Matsuda Sangyo Group is a major business partner.
3. In the past five years, the person has not been a person who has directly received a large amount of remuneration (Note 3) other than director's remuneration from the Matsuda Sangyo Group. In addition, a company, etc. that the person serving as a consultant, accounting professional, or legal professional belongs to has not, currently or in the past one year, received a large amount of fees (Note 4) from the Matsuda Sangyo Group.
4. In the past five years, the person has not received a large donation (Note 5), nor been a person who executes business for a corporation, organization, etc. that has received a donation, from the Matsuda Sangyo Group.

In the past five years, the person has not been an accounting auditor of the Matsuda Sangyo Group nor a partner or staff of an auditing company, who was actually in charge of conducting audits for the Matsuda Sangyo Group.

5. The person is not currently a major shareholder (Note 6) of the Matsuda Sangyo Group, nor a person who represents its interests.

6. The person is not currently a person who executes business for a company, etc. that the Matsuda Sangyo Group is a major shareholder of.

7. The person is not currently a person who executes business for a company, etc. that is a lender to the Matsuda Sangyo Group.

8. In the past five years, the person has not been a person who executes business for a company, etc. that has a relationship of mutual appointment of directors with the Matsuda Sangyo Group.

9. The person is not a close relative (Note 7) of any of the following:

(a) A person who is a person who executed business for the Matsuda Sangyo Group in the past five years (however, in this case, staff included as "persons who execute business" are limited to staff above the rank of department manager).

(b) A person who does not meet any of the requirements in paragraphs 1 to 8 above (however, paragraphs 1 to 3 and paragraphs 5 to 8 exclude staff included as "persons who execute business").

10. The person does not possess any other factors that may cause a significant conflict of interest, or factors that may impair the independence and neutrality of the person such as interests that may affect their judgement, in the performance of duties as a director.

(Note 1) A person or staff who executes business refers to an executive director, executive officer, corporate officer, employee who executes business, a person who performs the duties set forth in Article 598, Paragraph 1 of the Companies Act, or other equivalent person or staff.

(Note 2) A major business partner refers to a company etc. whose transaction volume with the Matsuda Sangyo Group in the past fiscal year accounted for 2% or more of the consolidated net sales of the Company or its business partners.

(Note 3) Large amount of remuneration means remuneration that exceeds 10 million yen in a year.

(Note 4) Large amount of fees means 2% or more of the consolidated net sales of the corporation, etc. to which one belongs.

(Note 5) Large donation means a donation that exceeds 10 million yen in a year.

(Note 6) Major shareholder refers to a person or company, etc. that directly or indirectly holds 10% or more of the total voting rights.

(Note 7) Close relative is a relative within the second degree of kinship.

[Supplementary Principle 4 – 10 (1) Appropriate involvement/advice from independent outside directors through the establishment of an independent Nomination and Remuneration Committee]

In order to ensure independence, objectivity, and transparency in deciding the nomination and remuneration of directors, etc. and to enhance corporate governance, at the extraordinary meeting of the Board of Directors held on June 28, 2023, the Company established a Nomination and Remuneration Committee consisting of a majority of members who are independent outside directors, as a voluntary advisory body to the Board of Directors.

The specific composition and role of the Committee are described in the Securities Report (75th Term), under "Part 1 [Company Information] Section 4 [Status of the Submitting Company] 4 [Status of Corporate

Governance, etc.] (1) Overview of Corporate Governance (ii) Overview of the Company's Control System and Reasons for Adopting the System, (b) Overview of the Company's Control System."

[Supplementary Principle 4 – 11 (1) Views on the overall balance of knowledge, experience and skills, diversity, and size of the Board of Directors]

Based on the stance of pursuing composition and size to ensure the efficiency and effectiveness of the Board of Directors, the Company's Articles of Incorporation stipulate that the number of directors who are not members of the Audit and Supervisory Committee shall be 15 or less, and the number of directors who are members of the Audit and Supervisory Committee shall be 5 or less.

The Company has established policies and procedures for nominating and deciding on director candidates. The selection of candidates for directors who are not members of the Audit and Supervisory Committee, is carried out with consideration for diversity as well as the overall balance of the qualities, experience, and skills of the Board of Directors. The selection of candidates for directors who are members of the Audit and Supervisory Committee is carried out with consideration for diversity as well as the overall balance of knowledge, experience, and skills of the Board of Directors.

The Company currently has seven directors (internal directors) who are not members of the Audit and Supervisory Committee, and four directors (outside directors) who are members of the Audit and Supervisory Committee (one of whom is female).

Details on the policies and procedures for the appointment of directors are set out in "Principle 3-1 Enhancing Information Disclosure (4) Policies and procedures for the Board of Directors to appoint/dismiss senior management and nominate director and auditor candidates."

In addition, we have prepared a skills matrix that specifies the knowledge, experience, abilities, etc. that each director should possess in reference to the Company's management strategy. This is included at the end of this report.

[Supplementary Principle 4 – 11 (2) Concurrent positions held by directors and auditors]

If a director serves concurrently as an officer of another listed company, this shall be limited to a scope within which the director is able to fulfill their role and responsibilities as a director of the Company. Except in unavoidable circumstances, the director is required to have an annual attendance rate of 75% or higher at the Company's meetings of the Board of Directors, and the number of concurrent officer positions held at other listed companies is limited to approximately three, including their position at the Company. The status of concurrent positions held by the Company's directors and auditors is stated in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4 – 11 (3) Evaluation of the effectiveness of the Board of Directors]

As a part of efforts to enhance the effectiveness of Corporate Governance, the Company evaluates the effectiveness of the Board of Directors for the purpose of improving its operations and enhancing its functions. The following describes the methods of evaluating the effectiveness of the Board of Directors, convened in the fiscal year ended March 31, 2024, an overview of the results of evaluation, and efforts toward enhancing effectiveness.

1. Evaluation method

A survey form was sent out electronically with an explanation of the objectives of evaluating the Board of Directors. Based on the opinions and feedback received through the responses from all respondents, analysis

and evaluation were conducted.
Objective: To clarify the Company's vision for the Board of Directors and the current challenges, and conduct analysis and evaluation from the perspective of the roles and responsibilities of the Board of Directors toward enhancing the Company's corporate value and realizing its sustainable development.
Target period: Meetings of the Board of Directors convened in the fiscal year ended March 31, 2024
Items covered in the survey:
(a) The operation of the Board of Directors, and the system that supports such operation
(b) Agenda at meetings of the Board of Directors, and the system that supports the deliberation of such agenda
(c) The system that supports the Board of Directors
Response method: Multiple choice questions, descriptive responses of opinions, etc.
2. Overview of the results of analysis and evaluation
Based on the evaluation results detailed below, it is assessed that the Board of Directors of the Company continues to maintain sufficient effectiveness under the current circumstances.
(a) Regarding the operation of the Board of Directors and the system that supports such operation, the selection of agenda based on laws and internal regulations, frequency of meetings, contents of materials, time for deliberations, and prior explanation of the agenda to external officers, among other factors, were evaluated to be appropriate.
(b) Regarding the agenda at meetings of the Board of Directors and the system that supports the deliberation of such agenda, it was evaluated that adequate discussions were conducted on agenda and management plans that indicate the broad direction of the Company's medium- to long-term strategy, matters related to compliance and financial reports, the development and operation of the risk management system, and contents of activities required in view of recent changes in the environment (importance of information related to the disclosure of non-financial information, etc.).
(c) The system that supports the Board of Directors was evaluated to be adequate in aspects including opportunities for regular meetings and exchanges of opinions with external officers, securing opportunities to provide information to the directors and the Audit and Supervisory Committee, opportunities to seek advice from external experts, and cooperation with the internal audit department.
3. Efforts toward enhancing effectiveness
(a) Overview of efforts for the year ended March 31, 2024
A Nomination and Remuneration Committee has been established, and it has commenced activities to strengthen the governance of the Board of Directors. The Board of Directors also engaged in extensive discussions on activities required in view of recent changes in the environment (importance of information related to the disclosure of non-financial information, etc.), such as reports from the Sustainability Committee and IR activities.
(b) Overview of efforts for the year ending March 31, 2025
The Company's Board of Directors will continue to strengthen its supervisory function and decision-making function, and continuously make improvements toward enhancing the effectiveness of the Board of Directors. Based on the results of the survey, the Company aims to further enhance the quality of deliberations in the Board of Directors by sharing detailed materials on the meeting agenda beforehand and as early as possible, as well as providing and acting as an intermediary for training opportunities for self-improvement and gaining expert knowledge.

[Supplementary Principle 4 – 14 (2) Training policy for directors and auditors]

(Translation)

The Company has established its Corporate Government Guidelines as the basic policy for corporate governance, and published these Guidelines on its website. The policy on training for directors is set out in the Guidelines, so please refer to the following link.
URL: https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance01.html

[Supplementary Principle 5 – 1 Policy on constructive dialogue with shareholders]
The Company has established its Corporate Government Guidelines as the basic policy for corporate governance, and published these Guidelines on its website. The policy on dialogue with shareholders is set out in the Guidelines, so please refer to the following link.
URL: https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance01.html
The details are as follows.
(Policy on dialogue with shareholders)
・With a view to achieving a fair evaluation of its corporate value, the Company strives to promote understanding among shareholders and investors through the timely, accurate, and fair provision of information that is beneficial to the investment decisions of shareholders and investors, and by engaging in constructive dialogue with them.
(Systems and initiatives)
・To ensure proper information disclosure and engage in constructive dialogue with shareholders and investors, the Company has appointed executive officers in charge of information disclosure, and established the CSR IR Dept. under the supervision of the executive officers in charge of information disclosure. The department serves as the liaison office for shareholders and investors, and works with other internal departments to support information disclosure.
・Executive officers in charge of information disclosure plan corporate briefing sessions for private investors and analysts/institutional investors, and work to enhance activities as a forum for the disclosure of information such as business details and financial information. The CSR IR Dept. strives to facilitate a more in-depth understanding of information disclosure by appropriately supporting individual meetings, etc.
・Executive officers in charge of information disclosure periodically report on and share the opinions and requests of shareholders and investors through IR activities, alongside the details of such activities, to the Board of Directors and the Audit and Supervisory Committee.
・Executive officers in charge of information disclosure strive to thoroughly manage information alongside providing internal education based on the Regulations on Managing Insider Trading, in order to prevent the leakage of critical and undisclosed internal information (insider information) to external parties.

Information on the implementation status of dialogues with the senior management in the previous fiscal year, and other matters, are published on the Company's website (URL below).
URL: https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance08.html

[Efforts toward the realization of management that is mindful of capital costs and share prices][last updated: December 26, 2024]
The "Presentation Material for Financial Results (Q2 / FY2025)," which incorporates the Company's policy and initiatives toward improving its PBR, is published on the Company's website (URL below).
(Japanese:https://data.swcms.net/file/matsuda-sangyo/dam/jcr:20c8b4f2-7fe8-46a5-9436-56f752da59a3/140120241125528475.pdf)

(Translation)

(English:https://data.swcms.net/file/matsuda-sangyo/dam/jcr:831fb613-5f5f-4698-b720-4875725b81a7/140120241125528874.pdf)

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Matsuda Bussan Co., Ltd.	3,470,649	13.39
Yoshiaki Matsuda	3,057,765	11.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,771,900	6.84
Custody Bank of Japan, Ltd. (Trust Account)	1,192,100	4.60
Kuniko Matsuda	933,240	3.60
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	931,700	3.59
Kazuko Matsuda	783,796	3.02
Junko Tsushima	783,758	3.02
Sumitomo Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	665,500	2.57
Emukikaku Co., Ltd.	479,000	1.85

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	——
Name of Parent Company, if applicable	N.A.

Supplementary Explanation

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(Translation)

3. Corporate Attributes

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

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

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

Not applicable.

(Translation)

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shinichi Hatakeyama	CPA								△			
Toshihiko Uchiyama	CPA								△			
Toshiyuki Kojima	Other											
Reiko Miyata	Other											

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

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

(Translation)

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinichi Hatakeyama	○	○	Outside director Shinichi Hatakeyama is originally from Ernst & Young ShinNihon LLC (formerly ShinNihon LLC), with whom the Company has an audit contract. However, he has already retired from his position, and the audit fees paid by the Company do not constitute "a large amount of remuneration."	Mr. Hatakeyama has many years of experience and deep insight in the accounting field as a certified public accountant, and the Company has assessed that he will be able to apply his knowledge and experience to auditing and supervising the Company's efforts to strengthen governance.
Toshihiko Uchiyama	○	○	Outside director Toshihiko Uchiyama is originally from Ernst & Young ShinNihon LLC (formerly ShinNihon LLC), with whom the Company has an audit contract. However, he has already retired from his position, and the audit fees paid by the Company do not constitute "a large amount of remuneration."	Mr. Uchiyama has many years of experience and deep insight in the accounting field as a certified public accountant, and the Company has assessed that he will be able to apply his knowledge and experience to auditing and supervising the Company's efforts to strengthen governance.
Toshiyuki Kojima	○	○	——	Mr. Kojima has many years of experience and deep insight in the field of local government and corporate management, and the Company has assessed that he will be able to apply his knowledge and experience to auditing and supervising the Company's efforts to strengthen governance.
Reiko Miyata	○	○	——	Ms. Miyata has experience and professional insight in the fields of human resources and labor affairs and human resources development as a training instructor and consultant, and in social activities, etc. as a member of the local public council. The Company has assessed that she

				will be able to apply her knowledge and experience to auditing and supervising the Company's efforts to strengthen governance.

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Internal Audit Dept. has been established to support the work of the Audit and Supervisory Committee. The Internal Audit Dept. also concurrently handles internal audit work. Any personnel changes in the Internal Audit Dept. require the approval of the Audit and Supervisory Committee, and the executive directors do not have the authority to issue instructions and orders concerning the work of the Audit and Supervisory Committee.

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

The Audit and Supervisory Committee members audit the execution of duties by directors who are not members of the Audit and Supervisory Committee, attend meetings of the Board of Directors, and provide guidance and advice on the business audits conducted by the Internal Audit Dept., which conducts internal audits. In accordance with the Basic Policy on Internal Control, the Internal Audit Dept. presents its audit plan to the Audit and Supervisory Committee and regularly reports the audit results to the Audit and Supervisory Committee. The accounting auditor periodically explains the audit plan and audit results to selected members of the Audit and Supervisory Committee, and the Audit and Supervisory Committee holds hearings and exchanges opinions with the accounting auditor as necessary.

(Translation)

Voluntary Established Committee(s)

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	3	1	1	2	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	3	1	1	2	0	0	Inside Director

Supplementary Explanation

The purpose of the Nomination and Remuneration Committee is to enhance corporate governance by ensuring independence, objectivity, and transparency in decisions pertaining to the nomination of candidates for, as well as decisions on the remuneration of, directors who are not members of the Audit and Supervisory Committee and directors who are members of the Audit and Supervisory Committee.

Matters Concerning Independent Directors

Number of Independent Directors	4

Other Matters Concerning Independent Directors

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(Translation)

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	None

Supplementary Explanation for Applicable Items

Although the remuneration of officers is linked to performance, no clear targets or standards have been set.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

(1) Remuneration of directors, etc.
Directors who are not members of the Audit and Supervisory Committee (excluding outside directors): 8 directors, 231 million yen
Directors who are members of the Audit and Supervisory Committee (excluding outside directors): 0 directors, 0 million yen
Outside directors: 5 directors, 32 million yen
Total: 13 directors, 264 million yen
(2) Amount equivalent to staff salaries, etc. for directors who serve concurrently as staff
42 million yen (not including (1) above)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the 66th Ordinary General Meeting of Shareholders held on June 25, 2015, a resolution was passed to set the remuneration of directors who are not members of the Audit and Supervisory Committee at ¥30 million or less a month, and the remuneration of directors who are members of the Audit and Supervisory Committee at ¥5 million or less a month.

The remuneration of directors who are not members of the Audit and Supervisory Committee consists of a fixed remuneration component and a retirement allowance, the latter of which is paid based on the Officer Retirement Allowance Regulations based on the premise of a resolution by the General Meeting of Shareholders; the basic policy is to pay the full amount of remuneration on a monetary basis. The remuneration of directors who are members of the Audit and Supervisory Committee consists of a fixed remuneration, and the basic policy is to pay the full amount of remuneration on a monetary basis.

The procedures for determining the remuneration of individual directors who are, and who are not, members of the Audit and Supervisory Committee, are described in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information [Disclosure Based on each Principle of the Corporate Governance Code], [Principle 3 – 1 Enhancing information disclosure] (3) Policies and procedures for the Board of Directors to determine the remuneration of senior management and directors."

Support System for Outside Directors

All outside directors of the Company are also members of the Audit and Supervisory Committee, and the members of the Internal Audit Dept. who support the Audit and Supervisory Committee are in charge of administrative tasks and collecting information as instructed. The system necessary for the Audit and Supervisory Committee to perform its duties is set out in "Basic Views on Internal Control System and Status of Development," and is prescribed in the Basic Policy on the Development of the Internal Control System resolved by the Company's Board of Directors.

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

1. We have introduced an executive officer system to separate management functions from business execution functions.
2. The Board of Directors is composed of seven directors who are not members of the Audit and Supervisory Committee members, and four members of the Audit and Supervisory Committee. It meets once a month in principle, and deliberates and decides on important management matters including legal matters, as well as supervises the work execution status by each executive officer.
3. The Executive Committee, consisting of the Representative Director who is the President Executive Officer, holds regular meetings of executive officers to deliberate and decide on important matters related to business execution, including matters entrusted by the Board of Directors.
4. Audits by the Audit and Supervisory Committee are conducted in accordance with the audit implementation standards established based on the Audit and Supervisory Committee Regulations, and internal audits are conducted in accordance with the Internal Audit Regulations.
5. The nomination and remuneration of directors who are not members of the Audit and Supervisory Committee are determined by the Board of Directors. The nomination of directors who are members of the Audit and Supervisory Committee is determined by the Board of Directors with the agreement of the Audit and Supervisory Committee. Remuneration is determined through discussions at the Audit and Supervisory Committee.
6. The appointment and remuneration of executive officers is determined by the Board of Directors.
7. We have concluded an agreement with directors who are members of the Audit and Supervisory Committee to limit their liability for damages in accordance with laws and regulations.

The Company has appointed four members of the Audit and Supervisory Committee (one of whom is a full-time member) who have a good understanding of the Company's overall business and is able to make neutral and lawful judgments based on their knowledge of finance, accounting, law, etc. and business experience. The Company has submitted notice to the Tokyo Stock Exchange on the appointment of all four members as independent officers.

Members of the Audit and Supervisory Committee attend Board of Directors meetings, important meetings, and meetings of the Audit and Supervisory Committee, and monitor and audit the status of directors' execution of duties, the establishment of an internal control system including compliance and risk management, and the status of operations.

Members of the Audit and Supervisory Committee work to strengthen cooperation with the accounting auditors, including receiving periodic reports on audit results from them as well as sharing information and opinions.

Furthermore, it conducts hearings on the implementation status and improvement status for problematic areas with regard to the business audits and internal control audits conducted on the respective executive officers and business execution departments by the Internal Audit Dept. (which is responsible for conducting internal audits), while also verifying the effectiveness of monitoring functions.

3. Reasons for Adoption of Current Corporate Governance System

The Company recognizes the importance of securing transparency and fairness in decision-making to ensure the effectiveness of its corporate governance. To that end, it has adopted the format of a company with an Audit and Supervisory Committee and ensured that all four members of the Audit and Supervisory Committee are outside directors. By doing so, it seeks to strengthen the oversight function for management from an independent and neutral standpoint.

It has also introduced an executive officer system, and by strengthening both the management function and business execution function, enables appropriate and timely responses to changes in the market environment.

(Translation)

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	While taking business operation schedules into consideration, the Company puts effort into scheduling the General Meeting of Shareholders on a non-peak day. The Ordinary General Meeting of Shareholders in FY2023 was held on June 26, 2024.
Electronic Exercise of Voting Rights	To enhance convenience for shareholders who are eligible to exercise their voting rights, the Company has introduced a system for the exercise of voting rights through the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	With effect from the FY2021 General Meeting of Shareholders, the Company has been using the Platform for the Electronic Exercise of Voting Right operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	With effect from the FY2021 General Meeting of Shareholders, the Company has been providing English translations of the Notice of Convocation in the narrow sense.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	Held about twice a year. In FY2023, two briefings were held in a live streaming format, and Q&A was conducted using the chat function.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings for analysts and institutional investors are held twice a year. In FY2023, the briefings were held in Zoom webinar formats for both the Q2 and year-end briefings. Explanatory materials are disclosed via the Tokyo Stock Exchange on the day before each briefing, and the video recording and transcription of the briefing are published on the Company's website at a later date. Since FY2023, the Company has been disclosing English translations of the explanatory materials via the Tokyo Stock Exchange.	Held
Online Disclosure of IR Information	The following information is published on the Company's website. (URL: https://www.matsuda-sangyo.co.jp/ja/ir.html) ・Financial results ・Timely disclosure materials on non-financial information	

(Translation)

	・Securities reports, quarterly reports ・IR HANDBOOK ・IR Calendar ・Presentation material for financial results ・Supplementary material for financial results ・Notice of Convocation ・Other information
Establishment of Department and/or Placement of a Manager in Charge of IR	CSR IR Dept. (Yoshinori Tanaka, Executive Officer, General Manager of CSR IR Dept)

(Translation)

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established rules stipulating respect for the position of stakeholders in its Corporate Governance Guidelines (Chapter 2: Ensuring the Rights and Equality of Shareholders, and Chapter 3: Appropriate Collaboration with Stakeholders other than Shareholders), and is working to implement these rules.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	In 2017, the Company revised the Environmental Policy enacted in 2010 to the Quality and Environmental Policy. Based on this, it is working on activities to conserve the environment and reduce environmental burden through business promotion, and on building a circular society. At the same time, it has commenced operation of an integrated management system for quality and the environment. Details on the initiatives are described in Matsuda Sangyo's Integrated Report and published on the Company's website. (https://www.matsuda-sangyo.co.jp/ja/ir/library/report.html) The Company reports systematically on its corporate values from the viewpoints of its value creation process, strengths and growth strategy, and pursuing sustainability, with the aim of further promoting communication with all stakeholders.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has established policies on the provision of information and dialogues with stakeholders in its Corporate Governance Guidelines (Chapter 4: Ensuring Appropriate Information Disclosure and Transparency, and Chapter 6: Dialogue with Shareholders).
Other	The Company produces an IR HANDBOOK for Q2 and the end of the fiscal year, and sends it to shareholders alongside publishing it on the Company's website.

(Translation)

IV. Matters Concerning the Internal Control System

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

Based on the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has established a system (hereafter, "internal control") to ensure the appropriateness of its business operations, as follows.

1. System to ensure that the execution of duties by directors, executive officers, and staff is compliant with laws, regulations, and the Articles of Incorporation.

(a) The Matsuda Sangyo Group Global Code of Conduct has been established to ensure that actions taken are compliant with laws, regulations, and the Articles of Incorporation, and the promotion system and procedures for complying with this Code prescribed in the Compliance Regulations. The Chief Compliance Officer oversees the Company's compliance efforts across the board, respond to compliance violations, and promote the appropriate management of Company-wide risks, including the reduction of compliance risks. These activities are reported periodically to the Board of Directors and the Audit and Supervisory Committee.

(b) The Company has established Reporting Management Regulations that prescribe the mechanism for handling internal reports, external reports, and public interest reports regarding compliance violations and other related matters. It has also established a reporting system for the early detection and correction of misconduct, etc.

(c) The internal audit department conducts audits on the status of compliance. These activities are reported periodically to the Board of Directors and the Audit and Supervisory Committee.

2. System for storing and managing information related to the execution of duties by directors

In accordance with the Document Management Regulations, information related to the execution of duties by directors is recorded and stored in documents or electromagnetic media (hereafter, "documents, etc."). In accordance with the Document Management Regulations, directors and the Audit and Supervisory Committee are able to view these documents, etc. at any time.

3. Regulations and other systems for managing the risk of loss

(a) With regard to risks related to compliance, the environment, disasters, quality, information security, credit management, commodity prices, foreign exchange management, etc., the relevant departments comply with laws and internal regulations, and thoroughly manage risks by establishing and distributing rules, manuals, and guidelines, and conducting education and training.

(b) The Total Risk Management (TRM) Committee Regulations have been established based on the Compliance Regulations, to prevent the manifestation of various risks that may have a significant impact on corporate management if they were to materialize, and to build an organizational system for dealing with and restoring operations swiftly and appropriately in the unlikely event of an emergency. The Chairperson of the TRM Committee is appointed as the person with overall responsibility for Company-wide risks, and reviews the progress status of overall risk management. The results are reported to the Board of Directors and the Audit and Supervisory Committee.

(c) With regard to information security, the Information Security Management Regulations and Confidential Information Management Regulations have been established, and a code of conduct related to information security is presented to all directors, executive officers, and staff in order to ensure and maintain information security.

(d) The Internal Audit Dept. conducts audits on the risk management status of each department.

(e) The Legal Dept. conducts on-site inspections of each business site to confirm the status of compliance with environmental laws and regulations, and to provide guidance on legality.

4. System to ensure that directors execute their duties efficiently

(a) The Board of Directors has established Company-wide goals shared by directors, executive officers, and staff, and works to disseminate these goals while setting specific targets for each fiscal year that each department should implement in order to achieve these goals.

(b) Through performance management using an efficient information system, the Board of Directors periodically reviews the

achievement of these goals and promotes improvements in operations. In this way, it increases the likelihood of goal achievement to realize the efficiency of Company-wide operations.

(c) With regard to information systems, the Information System Management Regulations prescribe basic guidelines for overall optimization planning, planning, development, operation, and maintenance, with the aim of ensuring the systematic and effective execution of these operations.

5. Systems to ensure the proper conduct of business within the corporate group, consisting of the Company and its subsidiaries, other than the following systems

(i) Systems for reporting to the Company on matters related to the execution of duties by the directors, etc. of subsidiaries

The Regulations on the Management of Subsidiaries established by the Company requires affiliated companies to report on, and to submit, where necessary, relevant materials pertaining to business results, financial position, and other important matters, in order to accurately capture the management details of the affiliated companies.

(ii) Regulations for managing the risk of loss of subsidiaries, and other systems

(a) The Company requires its subsidiaries to conduct risk management for the entire Group based on the Compliance Regulations, and manages Group-wide risks in a comprehensive and integrated manner.

(b) The Company operates the Total Risk Management (TRM) Committee as an organization in charge of risk management, including for subsidiaries, and deliberates on issues and countermeasures related to the promotion of risk management for the entire Group.

(iii) System to ensure the efficient execution of duties by directors, etc. of subsidiaries

Based on the Regulations on the Management of Affiliated Companies, Matsuda Sangyo strives to streamline operations and optimize management, and to establish a system for efficiently sharing information between the Company and affiliated companies, as well as for transmitting instructions and requests.

(iv) System to ensure that the execution of duties by directors, etc. and staff of subsidiaries is compliant with laws, regulations, and the Articles of Incorporation

(a) The Company has established a system to ensure that the directors, etc. and staff of subsidiaries strive to act in compliance with laws, regulations, and the Articles of Incorporation based on the Matsuda Sangyo Group Global Code of Conduct and Compliance Regulations.

(b) The Company has established a reporting system for its subsidiaries, covering the internal, external and public interest reporting of compliance violations, etc., and built a system for the early detection and correction of misconduct, etc.

(v) Other systems for ensuring the proper conduct of business within the Matsuda Sangyo Group

The Company's internal audit department conducts internal audits of its subsidiaries.

6. Matters concerning staff supporting the duties of the Audit and Supervisory Committee

The Internal Audit Dept. ensures a system for supporting the Audit and Supervisory Committee.

7. Matters concerning the securing of the independence of the abovementioned staff from directors who are not members of the Audit and Supervisory Committee, and of the effectiveness of instructions given to such staff

(a) Personnel transfers and performance evaluations of staff belonging to the Internal Audit Dept. must be approved in advance by the Audit and Supervisory Committee.

(b) Staff belonging to the Internal Audit Dept. will carry out duties as instructed by the Audit and Supervisory Committee.

8. System for reporting to the Audit and Supervisory Committee by directors and staff of the Company and its subsidiaries, and system for ensuring that those who make reports are not treated unfavorably because of their reports

(a) Directors, etc. and staff report promptly to the Audit and Supervisory Committee on matters that have a significant impact on the Company and the Matsuda Sangyo Group, and the status of internal audits, in addition to statutory matters.

(b) Directors, etc. and staff of subsidiaries, or those who receive reports from them, shall report promptly to the Company’s Audit and Supervisory Committee on matters that have a significant impact on the subsidiaries.

(c) A system has been established under the Reporting Management Regulations to ensure that those who make reports are not treated unfavorably because of their reports.
(d) The departments in charge of the reporting system report periodically to the Audit and Supervisory Committee on the status of reports from directors, etc. and staff of the Company and its subsidiaries.
(e) The Internal Audit Dept. and Legal Dept. of the Company regularly hold reporting sessions for the Audit and Supervisory Committee of the Company and report on the current status of internal audits, compliance, risk management, etc. at subsidiaries.
9. Matters concerning procedures for the advance payment or reimbursement of expenses incurred in the execution of duties by members of the Audit and Supervisory Committee, and policies concerning the processing of expenses or debts incurred in the execution of such duties
When a member of the Audit and Supervisory Committee selected by the Audit and Supervisory Committee requests advance payment or reimbursement of expenses incurred in the execution of their duties, the Audit and Supervisory Committee promptly processes such expenses or debts, except in cases where it is deemed unnecessary for the execution of the duties by the member of the Audit and Supervisory Committee.
10. Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively
The Audit and Supervisory Committee holds regular meetings to exchange opinions on important matters with the President and Representative Director, executive officers, accounting auditors, and directors of subsidiaries.

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

In the Matsuda Sangyo Group Global Code of Conduct, the Company has clarified its policy: "We will not in any way whatsoever, whether directly or indirectly, become involved with anti-social forces or organizations that interfere with proper business activities." Through the Guidelines for Dealing with Anti-social Forces, the Company has also established specific activity guidelines, such as including clauses to exclude anti-social forces in contracts it enters into, and works to thoroughly implement the policy.

(Translation)

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

Status of internal systems related to timely disclosure

In order to provide timely and appropriate disclosure of Company information to investors and market participants, we have established the following systems corresponding to the contents of disclosure, such as information that requires disclosure and information that is likely to have an important effect on investment decisions, based on laws and regulations such as the Financial Instruments and Exchange Act and the securities listing regulations of the Tokyo Stock Exchange.

1. Determined facts

Important determined facts are decided upon at ordinary meetings of the Board of Directors held once a month, and extraordinary meetings of the Board of Directors are held as necessary to allow for prompt decision-making.

In accordance with the timely disclosure regulations of Tokyo Stock Exchange (hereafter, "timely disclosure rules"), agenda items to be submitted to the Board of Directors are submitted to the Board of Directors, and with the disclosure materials attached in principle when disclosure is required, after the need for disclosure has been reviewed mainly by the officer responsible for handling information, CSR IR Dept., and General Affairs Dept. At the same time, thorough efforts are made to manage internal information based on the Regulations on Managing Insider Trading (internal regulations).

Once information that needs to be disclosed is resolved at a meeting of the Board of Directors, the information is disclosed on the same day.

Members of the Audit and Supervisory Committee attend the Board of Directors meeting, receive audits and advice from the Internal Audit Dept., accounting auditors, and lawyers as necessary, and strive to disclose accurate and fair information on the Company.

2. Facts that have occurred

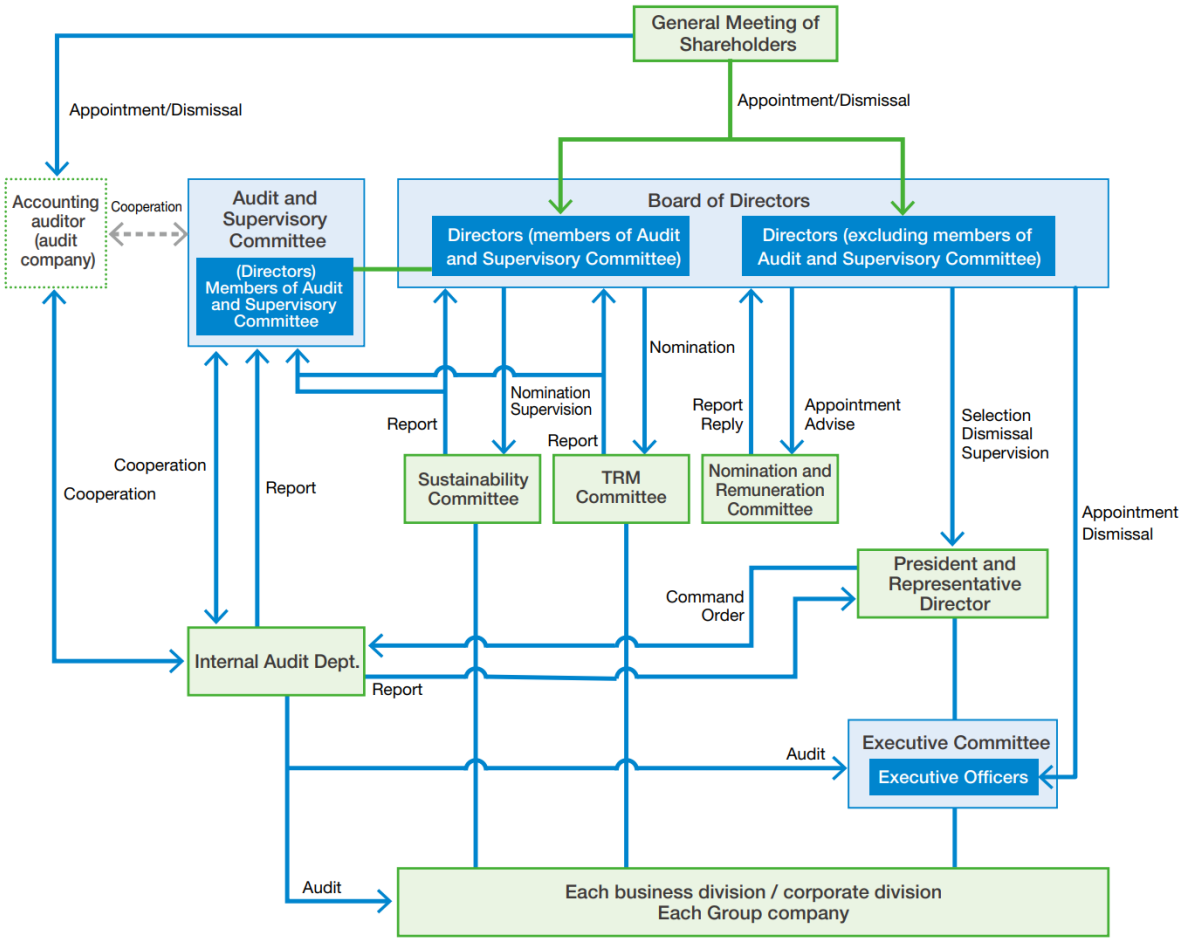
When important facts have occurred, information is promptly collected and consolidated by the department that recognizes the occurrence of the facts, then shares the information with the General Affairs Dept. After that, in accordance with the timely disclosure regulations, the officer responsible for handling information, the CSR IR Dept. and the General Affairs Dept. review the need for disclosure, and if disclosure is necessary, strives to do so promptly. In addition, the Company receives audits and advice from the Internal Audit Dept., accounting auditors, and lawyers as necessary, and strives to disclose accurate and fair information about the Company.

3. Financial information

Financial information for the end of the fiscal year and the first, second, and third quarters is prepared by the Accounting Dept. After the Board of Directors approves the announcement of the financial results at the end of each fiscal year, the information is disclosed on the same day.

(Translation)

1. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight (as of June 26, 2024)



2. Schematic diagram of the internal system related to the timely disclosure of company information

