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Keihanshin Building Co., Ltd.
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An overview of corporate governance of Keihanshin Building Co., Ltd. (the "Company") is described below.

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

1. Basic Views

We believe in the importance of improving management efficiency and integrity through establishing a transparent and fair management organization, speeding up the decision-making for important matters on the management, and strengthening the supervisory function of business execution, all of which contribute to improving corporate value.
We are well aware that it is the duty of the Company's directors and employees to put these ideas into practice, as well as complying with all laws and regulations and maintaining discipline, with consideration towards environmental and social issues to conduct a fair, transparent and appropriate business in an atmosphere of free competition. In this way, we show all stakeholders, including our shareholders, customers, business partners, employees, and local communities, that we value the trust that they place in us.
Our Company's officers and employees are small in number, allowing for uncomplicated information gathering and operations management when compared to a large-scale corporation with many staff members. Our corporate organization reflects this feature. We also appropriately arrange our human resources and strive to maintain a sense of balance between each department and committee to fully exert the functions of our organization.

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

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]
We have a defined benefit corporate pension plan. Since the size of our pension assets is relatively small, no specialized personnel have been assigned; however, we outsource the management of our pension assets to an external institution and check the management status on a regular basis.

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

[Principle 1.4: Cross-Shareholdings]
1. Policy on cross-shareholdings
We will not have any cross-shareholdings that are not expected to support the Company's sustainable growth and medium to long term enhancement of corporate value. The Board of Directors annually examines the validity of cross-shareholdings in terms of the quantitative perspectives, such as whether dividends and rental income are commensurate with cost of capital, and the qualitative perspectives found in business relations.
On the other hand, we announced a target to reduce the ratio of cross-shareholdings to consolidated net assets from 16.6% at the end of March 2024 to 10% or less by the final fiscal year of Phase I in the Long-Term Business Plan（through the FYE March 2028）.
Going forward, we will proceed with the sale of them to a certain extent in order to achieve its targets based on the results of the examination of the validity of cross-shareholdings at the Board of Directors meeting. As of March 31, 2024, we own 25 listed stocks as cross-shareholdings. We have divested all shares of seven listed stocks we had owned as part of our cross-shareholdings policy since 2015 when the corporate governance code was enacted. We also sold part of the shares of the three listed stocks. The total amount of sales during this period was 11.7 billion yen.

2. Criteria for the exercise of voting rights attached to cross-shareholdings

We exercise our voting rights based on a comprehensive judgment from the viewpoint of whether each investee company is managed in a way that will lead to the maintenance and enhancement of corporate value over the medium to long term, to meet the expectations of its shareholders and other stakeholders.

In case of prolonged poor business performance, management instability, scandals including legal or regulatory violations, or other negative issues at investee companies, we will fully confirm the purpose of proposals, and vote against any company or shareholder proposal that damages the interests of the Company as a shareholder.

[Principle 1.7: Process for Considering Related Party Transactions]

The approval of the Board of Directors is required for any transactions between the Company and Directors, Executive Officers, or major shareholders that would constitute competition or a conflict of interest with the Company, and material or irregular transactions with other related parties are treated in an equivalent manner.

We check regularly for the existence of any transactions with Directors or other related parties.

[Supplementary Principle 2.4.1: Ensuring Diversity in Appointing Core Human Resources, Etc.]

1. Views on ensuring diversity

As expressed by the statement, "respect for the individual," in our Code of Conduct, we believe that fostering a corporate atmosphere where each and every employee with diverse individuality, personality, and values respects each other maximizes individual abilities, and ultimately forms a foundation for the Company's development in a society that is becoming increasingly diverse and complicated.

Diversity includes various elements such as gender, nationality, and background. We recognize that we should provide an environment and opportunities where all of our employees can equally play an active role according to their abilities, regardless of background, and as a result, diverse human resources will play a central role in the management of the Company.

2. Status and voluntary and measurable targets for ensuring diversity

(1) Appointment of women to managerial positions

The Company's KPI is to increase the ratio of male to female new graduates to 50%, and the Company's target is to increase the ratio of female managers to 10% or more by the fiscal year ending March 2031 and 30% or more by the fiscal year ending March 2041. At present, half of our employees, excluding those in managerial positions, are women, and in recent years the scope of their work has expanded. In order to increase the ratio of women in managerial positions, we will make further efforts to support the balance between work and childcare, foster a corporate culture that makes it easier to take childcare leave, and support career development through training and other measures.

(2) Appointment of foreign nationals to managerial positions

Currently, we have no foreign nationals in managerial positions. This is because we have operated our business only in Japan since our founding and the number of foreign candidates is extremely small at the hiring stage. We will continue to conduct fair selection in both hiring and promotion to provide opportunities and an environment where all human resources can equally play an active role according to their abilities.

(3) Appointment of mid-career hires to managerial positions

We have supplemented the skills required for our business operations by hiring outside human resources. In particular, all of our engineering staff related to construction and equipment have been hired from outside the Company, and currently, 80% or more of managerial positions are held by mid-career hires. We will continue to acquire human resources from external sources while also focusing on the development of employees hired as new graduates, aiming to ensure diversity in our core human resources.

3. Policies on human resources development and workplace environment development to ensure diversity

We have established policies on human resources development and workplace environment development to ensure diversity as follows.

(1) Policy on human resources development

(a) Under our Corporate Philosophy, Keihanshin Building aims "to act efficiently, evolve, and create a vital corporate atmosphere," and will focus on developing human resources that will form the core of our corporate atmosphere as we strive for sustainable growth into the future.

(b) Based on the belief that "the growth of a company is nothing other than the sum of the growth of its individual employees," we will actively work to acquire diverse human resources and develop each employee according to his/her individuality, personality, and values.

(c) We encourage diverse human resources to autonomously grow in the right place, regardless of whether he/she is hired as a new graduate or an experienced hire, gender, or age.

(2) Policy on a workplace environment development

(a) In order to achieve efficient management with a small number of employees, we will develop a workplace environment where employees with diverse individuality, personality, and values respect each other and all employees can play an active role according to their abilities.

(b) We promote health and productivity management by striving to maintain and improve the health of our employees so that they can work with vitality in mind and body.

(c) We will work to create a safe and work-friendly environment where each and every employee can maximize his/her ability by developing systems and programs that enable diverse work styles, also taking employees' work-life balance into consideration while enhancing productivity and operational efficiency.

Please refer to "Initiatives for Stakeholders" (pages 57 and 58) in the Integrated Report for the Fiscal Year Ended March 31, 2024 for details on initiatives to ensure diversity.

https://contents.xj-storage.jp/xcontents/AS01818/77f63e2d/a815/4511/81f7/402afd83408c/20241125091531971s.pdf

[Principle 3.1: Full Disclosure]

(i) Company objectives (corporate philosophy, etc.), business strategies and business plans

Our Corporate Philosophy has three facets: "to provide valuable commercial space to customers so as to contribute to the community through the advancement of customers' and our businesses," "to earn and value our customers', shareholders' and employees' trust by operating our company according to quality-first values," and "to act efficiently, evolve, and create a vital corporate atmosphere." Based on this Corporate Philosophy, we are engaging in business activities aiming to contribute to society, while earning and valuing the trust placed in us by a wide range of stakeholders through our business. To put this Corporate Philosophy into practice, we have established our Code of Conduct and Behavioral Standards, and shared our basic stance with all officers and employees.

Please refer to the Company's website for details of our Corporate Philosophy and other related matters:

https://www.keihanshin.co.jp/english/company/policy/

Based on our distinct leasing business, encompassing diverse facilities including office buildings, datacenter buildings, WINS buildings (off-track betting parlors), commercial buildings, logistics warehouses, and other properties, we aim for sustainable growth from a medium to long term perspective. New investments are made with a focus on regional diversification and location in an effort to minimize the risk of loss in the event of economic fluctuations and disasters. Furthermore, we work to prevent profitability decline such as by reshuffling assets and investing to increase their value.

Under our current business strategies, we place a high priority on maximizing cash flows generated by our business in our efforts to enhance corporate value. We also recognize the importance of achieving returns that exceed capital costs on a profit basis, and the Board of Directors annually compares and examines capital costs versus profitability for each property.

With this recognition, we have established the Long-Term Business Plan for the period to the fiscal year ending March 31, 2033, to implement our strategies from a medium to long term perspective. In the Long-Term Business Plan, we aim for ROA improvement through initiatives on flow business, etc., realizing the improvement and increase of ROE as a result.

Please refer to the Company's website for specifics of the Long-Term Business Plan:

https://www.keihanshin.co.jp/english/ir/policy/development/

(ii) Basic views and policy on corporate governance

Our basic views on corporate governance are set forth in section I. 1. of this report.

We have also established the Corporate Governance Guidelines as our basic policy on corporate governance. Please refer to the Company's website for details of the Corporate Governance Guidelines:

https://www.keihanshin.co.jp/assets/dl/pdf/ir/policy/governance/governance_231222.pdf (in Japanese only)

(iii) Policies and procedures for determining Directors' remuneration

Please refer to "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" under "Director Remuneration" in section II. 1. of this report for the policies and procedures used to determine Directors' remuneration.

(iv) Policies and procedures for the appointment and dismissal of management executives and the nomination of candidates for Director and Audit & Supervisory Board Member

We select candidates for Directors and Audit & Supervisory Board Members through comprehensive evaluations of their character, knowledge, capabilities, experience, and potential to contribute to the Company. In particular, the Company focuses on the perspective of enhancement of the supervisory function by utilizing lawyers and accountants with highly specialized expertise as well as persons with experience in corporate management, as outside directors.

The President prepares a list of candidates for Directors, and the Board of Directors deliberates and makes decisions in light of reports on the results of deliberations in the Nomination and Remuneration Committee.

The President prepares a list of candidates for Audit & Supervisory Board Members and gains the consent of the Audit & Supervisory Board in accordance with the provisions of the Companies Act, after which the Board of Directors deliberates and makes decisions.
Appointment or dismissal of the Chairman and the President will be deliberated and decided at the Board of Directors based on the deliberations in the Nomination and Remuneration Committee.
With regard to the dismissal of the Chairman or the President, if deemed necessary by the Nomination and Remuneration Committee, the Nomination and Remuneration Committee may exclude Internal Directors from its composition and report to the Board of Directors after seeking opinions of Outside Directors and Outside Audit & Supervisory Board Members.

(v)Explanations regarding individual appointments, dismissals, and nominations

The reasons for the nomination of candidates for Directors and Audit & Supervisory Board Members are presented in the Reference Documents for the General Meeting of Shareholders, and other important personnel changes are disclosed as appropriate.

[Supplementary Principle 3.1.3: Initiatives on Sustainability, etc.]

1. Initiatives on sustainability

We recognize our contribution to achieving a sustainable society through business as a key management issue, and we have designated "A company that will continue to contribute to a sustainable society with each and every employee growing through inventiveness and challenges and providing valuable commercial space that meet the needs of the times" as a corporate vision in 10 years' time under the Ling-Term Business Plan. Please refer to the Company's website for our basic views, policy, and specific initiatives on sustainability:
https://www.keihanshin.co.jp/english/sustainability/

2. Investment in human capital and intellectual property and related matters

Under our Corporate Philosophy, we aim "to act efficiently, evolve, and create a vital corporate atmosphere." We recognize that investing in the human capital that will form the core of our corporate atmosphere and enhancing productivity through the promotion of digitalization are key management issues toward realizing sustainable growth into the future.
Regarding our initiatives to develop human resources, based on the belief that "the growth of a company is nothing other than the sum of the growth of its individual employees," we are enhancing a qualification support system aimed at providing employees with opportunities for self-improvement, etc., in addition to employee training tailored to each role and level.
Regarding the digitalization of work processes, we have already secured a work-friendly environment within the Company for diverse personnel through the establishment of remote working environments, etc. In the future, we will also continue to work to enhance productivity by utilizing digital technology including centralization of data for each building using cloud services.

3. Respect for human rights

Our Code of Conduct advocates fostering a corporate culture, "Respect for the individual," and we recognize respect for the individuality and personality of employees as a matter of priority. Our Human Rights Policy below sets forth our stance on respect for human rights in conducting corporate activities with respect for the dignity and basic human rights of employees as well as all the people who are related to our business.
Based on this policy, we conduct human rights due diligence and work to manage and reduce human rights risks in our business.
Please refer to the Company's website for details of Human Rights Policy：
https://www.keihanshin.co.jp/english/company/policy/

4. Disclosure based on the TCFD framework

We recognize addressing climate change and other environmental problems as a key management issue, and we have identified challenges such as "strengthening of resilience to climate change" and "sustainable use of resources by measures to reduce the burden on the environment" as materiality. We are making efforts to contribute to resolving the social issues associated with climate change through our businesses.
As part of these efforts, we declared our endorsement of the TCFD recommendations in November 2021. We have implemented measures including the evaluation of the impact of climate change on our businesses, based on the analysis of several different scenarios.
Please refer to the Company's website for specific details of disclosure based on the TCFD framework:
https://www.keihanshin.co.jp/english/sustainability/environment/

[Supplementary Principle 4.1.1: Scope of Matters Delegated to Management]

Under the Board of Directors Regulations, we have designated important matters of business execution to be resolved by the Board of Directors, in addition to the matters stipulated in laws, regulations, and the Articles of Incorporation.
Moreover, the Board of Directors resolves or decides on the disposition, transfer, borrowing, etc. of important assets in cases where

the amount involved exceeds certain designated amounts, established individually based on the nature of the risk associated with each operation. Decisions on other such matters are delegated to the Management Meeting.

[Principle 4.9: Independence Criteria for Independent Outside Officers]
We have formulated the criteria regarding the independence of Outside Officers, in order to ensure objectivity and transparency in the corporate governance of the Company. Please refer to "Other Matters Concerning Independent Directors and Independent Auditors" under "Matters Concerning Independent Directors and Independent Auditors" in section II. 1. of this report for details.

[Supplementary Principle 4.10.1: Appropriate Involvement and Advice from Independent Outside Directors through the Establishment of an Independent Nomination and Remuneration Committee]

With an aim to ensure objectivity and transparency in matters related to the personnel and remuneration of the management team, we have established a Nomination and Remuneration Committee. The majority of the committee members, including the chairperson, are Independent Outside Directors. Please refer to the Supplementary Explanation regarding "Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee" under "Directors" in section Ⅱ. 1. of this report for our basic views on the independence of committee members and their authority and roles, etc.

[Supplementary Principle 4.11.1: Basic Views on the Composition and Scale of the Board of Directors]
We operate with only a few officers and employees, and we have an advantage in terms of the relative ease of information gathering and operational administration.
The Board of Directors currently comprises seven (7) Directors, of whom four (4) are Independent Outside Directors. We believe that this is appropriate to begin with, in terms of both composition and scale, from the perspective of utilizing Outside Directors to strengthen its supervisory function over the execution of business. However, looking ahead, we will proactively consider a range of different alternative compositions to further enhance the quality of management, including with regard to aspects such as gender and international diversity.
We disclose the combination of skills possessed by the Company's Directors and Audit & Supervisory Board Members in the Reference Documents for the General Meeting of Shareholders.

[Supplementary Principle 4.11.2: Concurrent Positions Held by Directors and Audit & Supervisory Board Members]
We disclose the significant concurrent positions held by the Company's Directors and Audit & Supervisory Board Members in the Reference Documents for the General Meeting of Shareholders, Annual Securities Report, and other materials. The approval of the Company's Board of Directors is required for a Director or Audit & Supervisory Board Member to serve concurrently as an officer of another listed company, and this is only permitted within reasonable limits, in terms of the performance of roles and responsibilities.

[Supplementary Principle 4.11.3: Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]
With the purpose of ensuring effectiveness in the Board of Directors and enhancing the corporate value, self-assessments have been carried out by the Board of Directors since 2017.
In 2024, an external institution sent out a questionnaire to all Directors and Audit & Supervisory Board Members in December of the previous year to January of this year. In February, a discussion was held based on the summary of the questionnaire conducted by the external institution.
As a result, opinions were given that the Board of Directors was functioning effectively in general, it was confirmed that the Board of Directors as a whole is operating appropriately. We have confirmed that we have been making efforts to improve the issues that were recognized as issues in the effectiveness evaluation. As future issues, the Board of Directors needs to spend sufficient time discussing the progress of the long-term business plan formulated in May last year, management that is conscious of cost of capital and stock prices, and the purpose of cross-shareholdings.
In addition, regarding the supervisory function of the Board of Directors regarding sustainability initiatives, which was raised as an issue last year, we shared the recognition that it is necessary to continue regular and long-term monitoring.
We will continue to engage in enhancing the function of the Board of Directors by implementing periodic analysis and evaluation of the board's effectiveness.

[Supplementary Principle 4.14.2: Policy on Training for Directors and Audit & Supervisory Board Members]
The Company provides training for newly appointed Directors and Audit & Supervisory Board Members on issues such as their legal authority and obligations, utilizing outside institutions when needed. This is followed by more learning opportunities including training related to themes affecting the duties of Directors and Audit & Supervisory Board Members and inspections of the Company's properties.
We are working to enhance the quality of training by confirming its status of implementation during the annual evaluation of the effectiveness of the Board of Directors.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]
Executive Officers responsible for administration are in charge of dialogue between the Company and shareholders. The related departments within the Company coordinate with the officers accordingly in providing necessary information to promote constructive engagement between them.
We make every effort to help our shareholders to understand our management strategy and business environment better by holding briefing sessions with the presence of the President or Executive Officers responsible for administration and disclosing information on the corporate website.

The opinions and requests received from shareholders and analysts at company briefings, etc. are used to further enhance our dialogue. All dialogue records are shared among Directors and Audit & Supervisory Board Members, and relayed to the related departments and the management to use for active review of our business strategies.
During the silent period before announcing our financial results, we will restrict dialogue with our shareholders and keep the insider information strictly confidential.

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price] [Updated: 2024/11/29]
For Keihanshin Building, the cost of shareholders' equity is calculated based on historical trends based on the capital asset pricing model (CAPM), as well as the opinions of experts, investors, etc. Our awareness based on this framework is that our cost of shareholders' equity is between 5% and 7%. To date, the Company has specialized in real estate leasing business, holding high-quality stock for long periods and generating stable cash flows. Because of this high level of business stability (low risk), the Company recognizes that the cost of shareholders' equity is at a level considerably lower than that of general operating companies. As a result, we recognize that the cost of shareholders' equity is currently around 5% and that we have secured an appropriate equity spread. Due to expected interest rate increases and other factors ahead, we believe that the cost of shareholders' equity, as perceived by investors, will move to a corresponding level.
In this context, we recognize that we can continue to secure appropriate equity spread by revising the ROE target of our Long-Term Business Plan to attain 7.0% or more by the fiscal year ending March 31, 2028 in Phase I and 8.0% or more, as soon as possible by the fiscal year ending March 31, 2033 in Phase II. The Company will continue to take into consideration the possibility of an increase in the cost of shareholders' equity, and aim to improve ROE so that it continuously exceeds this cost.
For details, please refer to pages 27 and 28 of the Financial Capital Strategy section of the Integrated Report for the Fiscal Year Ended March 31, 2024.
https://contents.xj-storage.jp/xcontents/AS01818/77f63e2d/a815/4511/81f7/402afd83408c/20241125091531971s.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%

Status of Major Shareholders [Updated]

Name or Company Name	Number of Shares Owned	Percentage (%)
GINSEN Co., Ltd.	6,440,446	13.15
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,895,100	10.00
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,417,500	4.94
Sumitomo Mitsui Banking Corporation	2,133,000	4.36
KINDEN CORPORATION	1,393,000	2.84
KAJIMA CORPORATION	1,376,306	2.81
Custody Bank of Japan, Ltd. (Trust Account)	1,314,200	2.68
San ju San Bank, Ltd.	1,287,000	2.63
STATE STREET BANK AND TRUST COMPANY 505001	900,562	1.84
The Hyakujushi Bank, Ltd	891,700	1.82

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

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Fewer than 100
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	10 billion yen or more and less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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5. Other Special Circumstances which May Have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board*

*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding in case concurrently serving as President)
Number of Directors	7
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
Takashi Yoshida	CPA											
Masao Nomura	From another company											
Atsushi Miyanoya	From another company											
Chiho Takeda	Lawyer											

*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 of the Company or a subsidiary
b. Person who executes business or a non-executive director of a parent company
c. Person who executes business of a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
e. Major client of the Company or a person who executes business for such client

f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit & Supervisory Board Member compensation from the Company
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Takashi Yoshida	○	Independent Director CPA	Reason for appointment as an Outside Director: to utilize his highly specialized expertise and diverse range of insights, gained from many years of experience as a certified public accountant, in the management of the Company. Reason for designation as an Independent Director: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Mr. Takashi Yoshida and the companies and other organizations he belongs to on the other.
Masao Nomura	○	Independent Director From another company	Reason for appointment as an Outside Director: to utilize his many years of experience as a corporate manager of a comprehensive energy service provider and diverse range of insights in the management of the Company. Reason for designation as an Independent Director: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Mr. Masao Nomura and the companies and other organizations he belongs to on the other.
Atsushi Miyanoya	○	Independent Director From another company	Reason for appointment as an Outside Director: to utilize his many years of experience in industry analysis and business evaluation based on economic and industrial trends and diverse range of insights in the management of the Company. Reason for designation as an Independent Director: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Mr. Atsushi Miyanoya and the companies and other organizations he belongs to on the other.
Chiho Takeda	○	Independent Director Lawyer	Reason for appointment as an Outside Director: to utilize her abundant experience as a lawyer and diverse range of insights in the management of the Company. Reason for designation as an Independent Director: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Ms. Chiho Takeda and the companies and other organizations she belongs to on the other.

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

	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	6	6	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	6	6	2	4	0	0	Outside Director

Supplementary Explanation

With an aim to ensure objectivity and transparency in matters related to the personnel and remuneration of the management team, we have established a Nomination and Remuneration Committee. The majority of the committee members, including the chairperson, are Independent Outside Directors. The Nomination and Remuneration Committee deliberates on the following matters in advance of the Board of Directors, and reports the results of these deliberations to the Board of Directors.
The Board of Directors makes final decisions on matters deliberated by the Nomination and Remuneration Committee, but we believe that independence and authority of the committee are fully secured because the majority members of the Board of Directors are Independent Outside Directors concurrently serving as the Nomination and Remuneration Committee members.

1. Personnel matters for management executives
(1) Proposals to the General Meeting of Shareholders regarding the appointment of candidates for Directors and the dismissal of Directors
(2) Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the appointment of Directors
(3) Appointment and dismissal of the President and the Chairman
(4) Succession of the President and Chief Executive Officer
(5) Appointment and dismissal of Executive Officers
(6) Other matters recognized as necessary by the Nomination and Remuneration Committee

2. Matters concerning the remuneration of management executives
(1) Details of remuneration of individual Directors and Executive Officers
(2) Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the remuneration of Directors and Executive Officers
(3) Other matters recognized as necessary by the Nomination and Remuneration Committee

Audit & Supervisory Board Members*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	3

Status of Coordination between Audit & Supervisory Board Members, Independent Accounting Auditors, and

The Audit & Supervisory Board Members meet with the Independent Accounting Auditor and exchange information as necessary. In addition, they receive reports from the Independent Accounting Auditor on the results of audits and examine issues related to the financial statements and other matters. The Audit & Supervisory Board Members also meet with the Audit Department, which is a part of the internal auditing division, at the start of each fiscal year to discuss the annual plan, and receive reports on the results of each internal audit.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Auditors	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideharu Nagasawa	From another company													
Hideyuki Kamijo	Tax Accountant													

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

a. Person who executes business of the Company or a subsidiary
b. A non-executive director or an accounting advisor of the Company or its subsidiaries
c. Person who executes business or a non-executive director of a parent company
d. An audit & supervisory board member of a parent company of the Company
e. Person who executes business of a fellow subsidiary
f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
g. Major client of the Company or a person who executes business for such client
h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company
i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hideharu Nagasawa	○	Independent Auditor From another company	Reason for appointment as an Outside Audit & Supervisory Board Member: to utilize his many years of experience in the corporate planning department and technical department of a leading electronics manufacturer and diverse range of insights in the management of the Company. Reason for designation as an Independent Auditor: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Mr. Hideharu Nagasawa and the companies and other organizations he belongs to on the other.
Hideyuki Kamijo	○	Independent Auditor Tax Accountant From another company	Reason for appointment as an Outside Audit & Supervisory Board Member: to utilize his experience in business execution in the real estate industry and as an auditor, as well as considerable knowledge of finance and accounting, in the audit of the Company. Reason for designation as an Independent Auditor: because there is no risk of a conflict of interest in view of the relationships between the Company on one side, and Mr. Hideyuki Kamijo and the companies and other organizations he belongs to on the other.

Matters Concerning Independent Directors and Independent Auditors

Number of Independent Directors and Independent Auditors	6

Other Matters Concerning Independent Directors and Independent Auditors

[Independence Criteria for Independent Outside Officers]

The Company has formulated the following criteria regarding the independence of outside officers, in order to ensure objectivity and transparency in the corporate governance of the Company. If outside officers do not fall under any of the following items, it is judged that they are sufficiently independent from the Company.

1. A person who is a principal business partner (Note 1) of the Company or its business executor (Note 2)
2. A person for whom the Company is a principal business partner or its business executor
3. A principal shareholder (Note 3) of the Company (If this is a corporation, association, or any other organization, this refers to a person belonging to such organization.)
4. A business executor of a corporation of which the Company is a principal shareholder
5. A person who belongs to an auditing firm that serves as the Company's Independent Accounting Auditor
6. A consultant, accounting expert, or legal expert who receives money or other assets exceeding 10 million yen annually from the Company in addition to officer remuneration (If the person receiving such assets is a law firm, auditing firm, consulting firm, or any other corporations, or association or any other organization, this refers to a person belonging to such organization.)
7. A person who receives donations exceeding 10 million yen annually from the Company (If the person receiving such large amount of donations is a corporation, association, or any other organization, this refers to a person belonging to such organization.)

8. A person who belongs to a company with whom the Company has a relationship for the mutual appointment of Officers
9. A person whose spouse or relative within the second degree of kinship falls under any of the above items 1 through 8
10. A person who fell under any of the above items 1 through 8 within the past three years
11. A person who has been in office for a total of more than 8 years as an outside officer
12. In addition to the preceding items, a person who may have a conflict of interest with general shareholders, and who is reasonably judged to be unable to perform his or her duties as an independent outside officer

(Notes) 1. A "principal business partner" refers to any of the followings:
(1) A person who has transactions with the Company, and the annual transaction amount is 2% or more of the consolidated net sales of either the Company or said person; or
(2) A financial institution from which the Company makes loans, and the outstanding loans from such institution are 2% or more of the Company's total consolidated assets.
2. A "business executor" refers to an executive director, corporate officer or executive officer.
3. A "principal shareholder" refers to a shareholder who holds 10% or more of the Company's voting rights in his or her own or another name as of the end of the most recent fiscal year.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Plan Other

Supplementary Explanation for Applicable Items

Please refer to "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" under "Director Remuneration" in section II. 1. of this report.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year under review

Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (Outside Directors)	7 persons (4 persons)	123,870 thousand yen (33,600 thousand yen)	15,764 thousand yen (-)	43,729 thousand yen (-)	183,363 thousand yen (33,600 thousand yen)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Members)	3 persons (2 persons)	40,800 thousand yen (15,600 thousand yen)	- (-)	- (-)	40,800 thousand yen (15,600 thousand yen)

(Notes) In addition to the above, employee salaries of 18,607 thousand yen were paid to Directors who concurrently serve as employees.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established

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

The Company's officer remuneration system is composed of "monetary remuneration" and "restricted stock remuneration." The maximum total amounts of each, approved at the Company's Annual General Meeting of Shareholders, are 220 million yen per annum for Directors including 50 million yen per annum for Outside Directors, and 50 million yen per annum for Audit & Supervisory Board Members in monetary remuneration, and 50 million yen per annum in restricted stock remuneration for Directors (excluding Outside Directors).

[Remuneration for Directors]
We determine remuneration for Directors in line with the shareholders' interests so that it will serve as an appropriate incentive program leading to a sustainable increase in the shareholder value. As a basic policy, we aim to secure appropriate levels of remuneration for Director, corresponding to the degree of their responsibilities.
The Board of Directors has resolved to determine remuneration in accordance with the following basic policy, beginning from remuneration for the fiscal year ended March 31, 2023.

(Policy for Determining Remuneration for Individual Directors)
The remuneration for Executive Directors consists of base remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration.
The remuneration for the Chairman consists of base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairman will perform the expected role as a chairperson of the Board of Directors for increasing the shareholder value in the medium to long term, despite being not directly involved in business operations.
The Company will pay only the base remuneration to Outside Directors in consideration of their duties.
If the Nomination and Remuneration Committee determines that the indicator used to calculate performance-linked remuneration is achieved to a standard degree against the target, the composition of each type of remuneration paid to the Representative Directors shall be set to 60% base remuneration, 20% bonuses, and 20% restricted stock remuneration.
The indicator used to calculate performance-linked remuneration is the degree of achievement of "business profit before depreciation and amortization", "initiatives on sustainability," and "ROE" as set forth as targets in the Long-Term Business Plan, and these are comprehensively taken into consideration in the calculation, in order to realize sustainable enhancement of corporate value and to expand the scale of the Company and create new profit model through portfolio expansion.
The Board of Directors resolves on the amounts of remuneration for individual Directors, with reference to consideration by the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors.

[Remuneration for Audit & Supervisory Board Members]
The remuneration for Audit & Supervisory Board Members comprises only the base remuneration. The amount of remuneration for each Audit & Supervisory Board Member is determined by the Audit & Supervisory Board.

Support System for Outside Directors and/or Outside Audit & Supervisory Board Members

- The Personnel & General Affairs Department is responsible for communication and support for Outside Directors and Outside Audit & Supervisory Board Members. This encompasses all matters required for attendance at the Company's important meetings.
- When Outside Directors attend meetings of the Board of Directors, they receive advance briefings from the Executive Officers responsible for administration and the General Manager of the responsible division, as well as the distribution of briefing materials, as necessary, through face-to-face visits, telephone discussions, email, or other means.
- Agenda items to be submitted to meetings of the Board of Directors of the Company are, as a general rule, deliberated on in advance at the Management Meeting. The Audit & Supervisory Board Member (Standing) attends the Management Meeting, explains the content of Board of Directors agenda items to Outside Audit & Supervisory Board Members, and works towards the subsequent formation of an opinion by the Audit & Supervisory Board. The Audit & Supervisory Board Member (Standing) also reports on other important matters to Outside Audit & Supervisory Board Members at meetings of the Audit & Supervisory Board.

Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon,* etc.) after Retiring as Representative Director and President

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Kenjiro Nakano	Special Advisor	Activities in business circles, social contribution activities, etc. (no involvement in management)	Part time, with remuneration	June 21, 2022	Undetermined

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1

Other Related Matters

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

(1) The Board of Directors holds a meeting once per month, as a general rule, to determine important matters related to management and supervise the status of the execution of business, on which it receives periodic reports. We appoint Directors who have abundant experience and/or advanced expert knowledge, technical skills, or similar attributes, and strive to further enhance the transparency and fairness of our corporate activities.

(2) The Management Meeting, an executive body attended by Directors, Executive Officers, and others nominated by the chairperson, holds a meeting once per month, as a general rule. It deliberates and reports on the policies, plans, status, and results of business execution, under the basic policy determined by the Board of Directors. The Management Meeting also deliberates on Board of Directors agenda items in advance. The Audit & Supervisory Board Member (Standing) attends the Management Meeting and expresses opinions.

(3) The Officers and General Managers Meeting is held once per week, as a general rule, attended by officers and General Managers of each division, for purposes such as mutual information sharing and communication between divisions. The Audit & Supervisory Board Member (Standing) attends the Officers and General Managers Meeting, providing an opportunity for conveying requests and opinions to each division.

(4) Regarding auditing, we have established the Audit & Supervisory Board, appointed the Independent Accounting Auditor, and

established the Audit Department as an internal auditing division.

(5) We have advisory agreements with law firms, and request opinions as necessary regarding the Company's business and other issues.

(6) We have established an internal Compliance Committee and Risk Management Committee to strengthen the compliance and risk management systems. These committees report periodically to the Board of Directors. The activities of the committees are also subject to audit.

(7) The Audit & Supervisory Board holds a meeting once per month, as a general rule. The Audit & Supervisory Board Member (Standing) plays a central role in presenting detailed reports to the Outside Audit & Supervisory Board Members on matters such as the proceedings of the Management Meeting, the content of Board of Directors agenda items, the content of audits carried out by the Independent Accounting Auditor and the Audit Department, and the subsequent status of improvements, and works towards the formation of an opinion by the Audit & Supervisory Board. The Audit & Supervisory Board Member (Standing) also conveys the opinions of Outside Audit & Supervisory Board Members at various meetings, as appropriate, and ensures they are reflected within the Company.

(8) The Audit & Supervisory Board Member (Standing) plays a central role in ensuring the regular exchange of information with the Independent Accounting Auditor and the Audit Department, utilizing the Audit Department's audit results in audits by the Audit & Supervisory Board Members, and endeavoring to implement efficient and effective auditing.

(9) The Personnel & General Affairs Department follows the directions of Audit & Supervisory Board Members in the execution of duties by Audit & Supervisory Board Members.

(10) We have an auditing agreement with GYOSEI & CO. regarding the Company's accounting audit, and we undergo audits based on the annual audit plan, including matters concerning internal controls under the Financial Instruments and Exchange Act.

Name of Certified Public Accountants who executed duties:

Engagement Partners Atsushi Takada and Yoshihiko Hamada

Composition of team assisting auditing duties:

Certified Public Accountants: 7

Others: 5

3. Reasons for Adoption of Current Corporate Governance System

- Our businesses as a corporate group consist of standard real estate leasing and other businesses incidental thereto, such as building management and contracted works. These businesses span a limited domain. Moreover, most of the real estate we own is located in the Kinki area, centered around Osaka. Consequently, we operate businesses with all of our officers and employees working at the head office, with the exception of a few employees stationed in the Tokyo metropolitan area. As a result, the location for important meetings, the preservation of important documents and records such as meeting minutes and internal decision documents, and hardware such as information-processing equipment for our accounting system are all centralized at the head office. It is therefore possible to ascertain the status of the development of internal controls, implement various audits, and audit and supervise the execution of business by officers and employees more efficiently and effectively than would be the case at a large company with many divisions. In this way, in addition to maintaining systems for swift decision-making and business execution, we maintain a framework to continually monitor and oversee these processes. We have chosen the form of a company with an audit & supervisory board because we believe that this maintains a high level of management supervision by Audit & Supervisory Board Members and the Audit & Supervisory Board.
- We have appointed four (4) Outside Directors. Each Outside Director has abundant experience and advanced insight into fields such as accounting and corporate management. Our Outside Directors have been appointed in the expectation that they will contribute to the Company's management decision-making and fulfill a supervisory function over other Directors from an independent and objective perspective.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders During Non-Peak Days	The 101th Annual General Meeting of Shareholders was held on June 21, 2024.
Electronic Exercise of Voting Rights	We have implemented the exercise of voting rights by electronic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We participate in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of the Notice of the General Meeting of Shareholders is posted on the Company's website.
Other	We post the Notice of the General Meeting of Shareholders on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Our Disclosure Policy is posted on the Company's website.	
Regular Investor Briefings held for Individual Investors	We hold regular company briefing sessions for individual shareholders.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The President provides an explanation of the results for the previous fiscal year and the future outlook twice per year at the company briefing sessions organized by the Securities Analysts Association of Japan.	Held
Online Disclosure of IR Information	We have established an Investor Relations section on the Company's website, where we post management policy, financial information, stock and bond information, IR materials (consolidated financial results, annual securities reports, Integrated Reports, the FACT BOOK, messages to shareholders, company briefing session materials, etc.), IR events (the IR calendar, company information sessions, the General Meeting of Shareholders), electronic public notices, CSR and other information. The URL of the Company's website is: https://www.keihanshin.co.jp/english/	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is responsible for investor relations.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have set forth our aim "to earn and value our customers', shareholders' and employees' trust by operating our company according to quality-first values" in our Corporate Philosophy. We also prescribe our policy on engaging with individual stakeholders such as customers, shareholders, investors, partner companies, local communities, and employees in our Human Rights Policy and Sustainability Policy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We recognize addressing environmental challenges as a key management issue, and we have identified challenges such as "strengthening of resilience to climate change" and "sustainable use of resources by measures to reduce the burden on the environment" as materiality. We are prioritizing efforts to sustainably enhance corporate value and achieve a sustainable society. Specific initiatives include reducing environmental burden by switching to energy-saving equipment and efforts to extend the service life of buildings and equipment and save on resources through planned repair and renewal. We are working to obtain third-party building environmental certification to objectively evaluate these initiatives. We have also designated "co-existence and co-prosperity with local communities" as materiality, and, as a real estate company fully grounded in local communities, we are actively and continuously engaged in initiatives such as donations and participation in litter clean-up activities, as well as sponsoring local events.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Keihanshin Building Code of Conduct stipulates that "We will communicate openly not only with our shareholders, but also with the community widely, and disclose corporate information timely, accurately, and properly." We not only disclose the information required under the timely disclosure standards established by the securities exchange but also actively utilize the Company's website and other forums to broadly provide useful information for stakeholders.

IV. Matters Concerning the Internal Control System

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

We have established the following Basic Policy on Development of the Internal Control System Based on the Companies Act, setting forth our policy regarding each item required for the development of the internal control system, based on Article 362, Paragraph 5 of the Companies Act. The President and Directors develop a system for the proper and efficient execution of business of the corporate group composed of the Company and its subsidiaries (hereinafter, the "Group") in accordance with this policy, review this policy annually to address changes in the business environment, and endeavor to improve and enhance it, by submitting proposals to the Board of Directors, as necessary.

1. Systems to ensure that the execution of duties by Directors complies with laws, regulations and the Articles of Incorporation

(1) The Directors perceive establishing the Group's compliance as one of the most important management issues, respect the Group's Corporate Philosophy, and act in accordance with the Code of Conduct and Behavioral Standards, based on the Compliance Regulations, to comply with laws, regulations, and other social norms, as well as internal rules such as the Articles of Incorporation. The Executive Officers responsible for administration oversee the operation of the In-House Reporting System established to receive reports and provide consultations regarding compliance violations and related issues. The Executive Officers responsible for administration report periodically on the results of this oversight to the President.

(2) The Directors utilize the Compliance Committee to ascertain the status of implementation of compliance measures within the Group and implement education and training for Directors, Executive Officers, and employees to ensure thorough compliance management. The Directors report the activities of the Compliance Committee periodically to the President, and also to the Management Meeting and the Board of Directors, as necessary.

(3) The Directors present the Group's policy against anti-social forces, which threaten social order and safety and sound corporate activities, in the Code of Conduct and Behavioral Standards. The Directors also develop systems for the Group to address these forces, face them resolutely in cooperation with the police and other external agencies and endeavor to eliminate any relations with them.

(4) The Head of the Audit Department implements audits of the Group's compliance status, as appropriate, and reports the results of these audits to the President, the Compliance Committee, and, where necessary, the Board of Directors.

2. Systems for the preservation and management of information associated with the execution of duties by Directors

(1) The Directors record information associated with the execution of their individual duties in physical or electronic documents and appropriately preserves and manage these documents based on internal rules such as the Document Management Regulations and the Information Systems Management Regulations.

(2) The Executive Officers responsible for administration revise and improve the Document Management Regulations, the Information Systems Management Regulations, and other rules concerning the preservation and management of information, as necessary, ensure that the manner of preserving important information ensures retrievability, and develop systems to enable this information to be viewed as necessary.

(3) The Head of the Audit Department implements audits of the status of preservation and management of important information, as appropriate.

3. Regulations on the management of the risk of losses, and other systems

(1) The general manager of each department manages the risks associated with the business of his/her own department, based on the Risk Management Regulations.

(2) The Directors utilize the Risk Management Committee to implement the overall, integrated management of risks; specifically:

(a) The comprehensive management of risk identification and risk evaluation
(b) The establishment and revision of risk management policies and plans
(c) Summarizing risk management status

The Directors report periodically on these matters to the President, and also to the Management Meeting and the Board of Directors, as necessary.

(3) We develop the Business Continuity Plan and thoroughly disseminate information on the action the Company should take in the event of an emergency.

(4) The Head of the Audit Department implements audits of the status of regular risk management by each department, as appropriate, and reports the results of these audits to the President and the Risk Management Committee.

4. Systems to ensure the efficient execution of duties by Directors

(1) We hold a meeting of the Board of Directors once per month, as a general rule. The Board of Directors determines important matters related to management and supervises the status of the Directors' execution of business, among other matters, in accordance with the Board of Directors Regulations.The Directors report and deliberate on the execution of duties and plans at the Management Meeting, under the basic policy determined by the Board of Directors, to enable more efficient execution of

duties.

5. Other systems to ensure effective audits by Audit & Supervisory Board Members

(1) The Audit & Supervisory Board creates opportunities for the regular exchange of opinions and information with the President, the Independent Accounting Auditor, and the Head of the Audit Department, respectively.

(2) The Audit & Supervisory Board Members attend meetings of the Board of Directors, the Management Meeting, the Officers and General Managers Meeting, and other important meetings, view the minutes of meetings of the Board of Directors, approval documents, and other important documents, and request explanations from Directors, Executive Officers, and employees as necessary, in accordance with the division of duties established by the Audit & Supervisory Board, to ensure the effectiveness of auditing.

(3) The Audit & Supervisory Board utilizes law firms, the Independent Accounting Auditor, and others when deemed necessary for the formation of independent opinions and the implementation of audits.

(4) Claims for necessary expenses and obligations incurred by Audit & Supervisory Board Members in the course of executing their duties are paid promptly.

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

1. Basic Views

We perceive the elimination of anti-social forces, which threaten social order and safety and sound corporate activities, as one of the most important management issues.

2. Status of development

(1) We establish our policy to sever all relations with anti-social forces in the Code of Conduct and Behavioral Standards, which set forth the behavioral ethics and specific behavioral standards that our officers and employees should comply with in performing their duties.

(2) We designate a section to handle related issues, which works together with other relevant sections to respond to any situation and builds a framework for close communication and cooperation with the responsible police station, other external agencies, and other nearby companies.

(3) We regularly make our internal information and knowledge broadly known to our officers and employees to eliminate any unfair demands from anti-social forces and strengthen our capacity to resist them.

(4) We are working to incorporate clauses concerning the elimination of anti-social forces in the important contracts and other agreements we enter into.

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

Overview of the Timely Disclosure System

1. Internal systems

We have established the Regulations on the Management of Insider Information and the Prevention of Insider Trading, aimed at the timely and appropriate disclosure and management of corporate information, and we manage insider information in accordance with these regulations. Information deemed to be a “material fact about business” is managed centrally by the Executive Officers responsible for administration, who prevent any leaks, and conduct timely disclosure.

The details are described below.

(1) In the case of a fact that occurred

(a) If a fact occurs that requires disclosure, or may require disclosure, under the timely disclosure rules established by the securities exchange, the manager of the relevant department or subsidiary promptly reports this information to the General Manager of the Corporate Planning Department.

(b) The General Manager of the Corporate Planning Department closely examines the content of this report and conveys it to the Executive Officers responsible for administration. The General Manager of the Corporate Planning Department and the Executive Officers responsible for administration obtain the opinions of the Independent Accounting Auditor or the Audit & Supervisory Board Members as necessary.

(c) The Executive Officers responsible for administration consider, together with the President, whether the content of the report corresponds to information requiring disclosure.

(d) If the content of the report is determined to correspond to information requiring disclosure, it is disclosed immediately.

(e) The Corporate Planning Department is responsible for information disclosure procedures. As a general rule, information is disclosed through the TDnet system operated by the Tokyo Stock Exchange. The relevant information is also posted on the Company’s website promptly after disclosure.

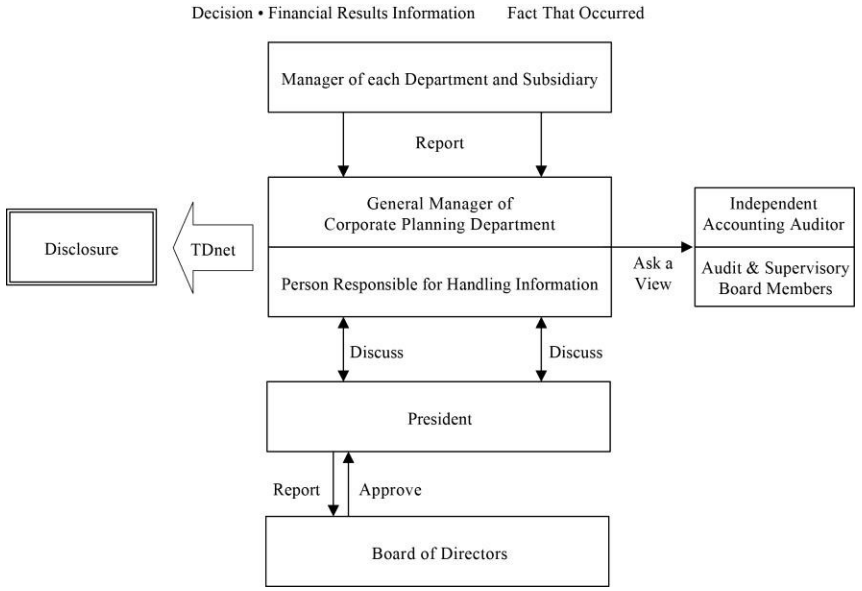
(2) In the case of a decision or financial results information

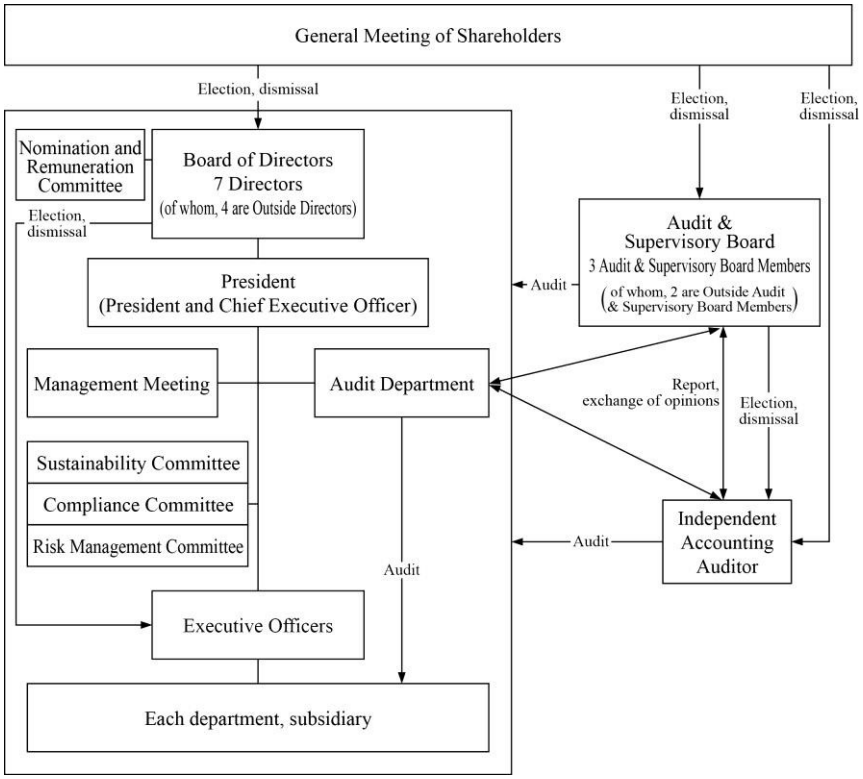
(a) Where the Board of Directors will resolve a matter that requires disclosure, or may require disclosure, under the timely disclosure rules established by the securities exchange, the Executive Officers responsible for administration consider, together with the President, whether the content of the matter corresponds to corporate information requiring disclosure, in advance of the resolution taking place.

(b) If the content of the matter is determined to correspond to corporate information requiring disclosure, it is disclosed immediately upon the approval of the Board of Directors.

(c) The Corporate Planning Department is responsible for information disclosure procedures. As a general rule, information is disclosed through the TDnet system operated by the Tokyo Stock Exchange. The relevant information is also posted on the Company’s website promptly after disclosure.

2. Internal system related to timely disclosure of information





END