Corporate Governance Report

POLA ORBIS HOLDINGS INC.

Last Update: March 30, 2026

POLA ORBIS HOLDINGS INC.
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The corporate governance of POLA ORBIS HOLDINGS INC. (the "Company") is described below:

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

1. Basic Views

Based on our Group mission *to sensitize the world to beauty*, the POLA ORBIS Group offers a number of brands each with differing properties. We deploy our businesses based on the recognition that our strengths are in our *high brand loyalty through direct ties with customers*, *R&D capabilities in the skincare area through concentration of our resources,* and *multi-value chain strategy exploiting strong synergistic effects of our brands upon each other*. Each operating company under the Group umbrella essentially manages itself autonomously and independently, while POLA ORBIS HOLDINGS, as the holding company, retains management control over each operating company and strives to increase corporate value through ensuring sound management and improved efficiency in Group operations overall.
The POLA ORBIS Group also incorporates compliance into CSR activities, emphasizing compliance as an integral part of business. The POLA ORBIS Group strives to realize sustainable development of the Group through initiatives where the Group, as a good corporate citizen, works to deepen cooperation and establish trustful relationships with various stakeholders, including shareholders and business partners, and fulfills its corporate responsibilities. In addition, the Company has established the POLA ORBIS Group Code of Conduct to cover the various facets of responsible corporate activity, including legal compliance, environmental protection, and shareholder relations, and all executives and other employees pledge to abide by the Code of Conduct.

[Reasons for Noncompliance with the Principles of the Corporate Governance Code]

<Items not in compliance>
Based on [Principle 3-1: Enhancement of Information Disclosure], with regard to policies on dismissal included under policies for the appointment and dismissal of core management, no clear grounds for dismissal are established based on performance requirements or other matters, aside from having violated laws, regulations, or the articles of incorporation, committed improper acts, etc. Plans call for the continued study of this topic by the Board of Directors and the Nomination Advisory Committee, taking into comprehensive consideration such matters as individual performance evaluations, experience, abilities, and qualifications based on consistency with appointment requirements.

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

Descriptions regarding the following items are updated.

Supplemental Principle 2.4(1): Ensuring diversity in the promotion of core human resources

Principle 3.1: Full Disclosure: .v) Explanations with respect to the individual appointments/dismissals and nominations of senior management and the nomination of directors and kansayaku candidates.
Supplemental Principle 3.1(3): Initiatives on sustainability
Supplemental Principle 4.10(1): Use of Optional Approach
Supplemental Principle 4.11(3): Analysis and evaluation of the effectiveness of the board
Principle 5.1: Policy for Constructive Dialogue with Shareholders
Efforts to realize management conscious of the costs of capital and share price

Disclosure based on each of the principles of the Company's Corporate Governance Code is described below.

In addition to this Report, the state of the Company's corporate governance efforts can be confirmed in the Integrated Report and other documents.
Integrated Report: https://ir.po-holdings.co.jp/en/Library/AnnualReport.html

[Principle 1-4: Policy on Cross-shareholdings and Standards for Execution of Voting Rights on such Shares]

<Policy on Cross-shareholdings>

When the Company holds listed shares, it shall do so based on the following policies.
(1) It will not hold cross-shareholdings simply as a stable shareholder.
(2) It will hold listed shares as cross-shareholdings only when recognized by the Board of Directors as reasonable and appropriate for business activities, such as alliances and maintenance and strengthening of transactions.
(3) The Board of Directors shall receive periodic reports on the status of individual cross-shareholdings, verify the reasonableness and appropriateness of such holdings, and disclose the details thereof.

<Standards for Execution of Voting Rights on Shares Held>

Voting rights on shares held shall be exercised appropriately by judging whether to support or oppose resolutions through comprehensive consideration of the conditions of companies invested in, based on the precondition that proposed resolutions would not be harmful to shareholder value. Specific standards for execution of voting rights shall be established for each issue held when holding shares of publicly traded stock.

[Principle 1-7: Appropriate Procedural Framework for Transactions with Interested Parties]

Transactions such as those with interested parties shall be subject to deliberation and approval by the Company Board of Directors in a meeting whose participants include multiple outside directors, to avoid harm to the joint interests of the Company and shareholders, and reporting to the Board of Directors after the transaction has been executed shall be obligatory.
In addition, every business year, the directors and corporate auditors of POLA ORBIS Group companies shall be subject to an investigation of whether they or their family members within two degrees of consanguinity were involved in any transactions with the Company or its subsidiaries.
The presence of such transactions and the conditions thereof shall be disclosed appropriately in Securities Reports and other reports, pursuant to the provisions of laws and regulations.

[Supplemental Principle 2-4(1): Ensuring diversity in promotion to core human resources]

The Group's basic policy on diversity management calls for respecting individuality and promoting the realization of an environment in which all individuals can demonstrate their abilities to the maximum regardless of such factors as gender, nationality, or age. Considering people to be our most important assets, we also are striving to develop leaders capable of driving the growth of our wide range of brands.

We have established A Person Centered Management Committee (AP CM Committee) to promote integrated, cross-functional measures across the Group in areas such as HR development, organizational culture, and work styles.

As one practical HR development initiative, we are implementing a program to train the next generation of leaders across the Group, through learning together across organizational boundaries. We also have adopted a free-agent program through which employees who satisfy certain conditions can take on the challenges of transfer to their requested companies or sections and a startup program that recruits personnel for new businesses from among Group employees. As measures to support employees' autonomous learning based on spontaneous motivation, in 2022 we introduced a sabbatical program, an internal internship program, and a program to support employees attending school. These initiatives contribute to creating new value by encouraging cultivation of sensitivities and acquisition of multifaceted perspectives through diverse experiences and learning.

To develop candidates for management human resources to lead the Group's diverse brands, in 2019 we defined key positions for use in integrated management from selection of candidates who meet requirements, formulation of development plans on individual themes, and monitoring progress. We also have established the capacity rate for management human resource candidates as a KPI, and we continue initiatives targeting a rate of 200% by 2029.

As an initiative to promote diversity, since its founding the Group has supported women's advancement in society by adapting to the changing times through the cosmetics business. Under this approach, we continue to provide opportunities for motivated and capable employees to succeed regardless of age and gender. Furthermore, since 2020 we have been a member of the 30% Club,* which aims to eliminate the gender gap in Japanese society.

As a specific indicator, we have established the KPI of achieving a percentage of women executives between 30% to 50% by 2029, and we continue to build systems and environments to enable all individuals to continue working in their own ways through autonomous career development.

*30% Club: A global movement led by the top management of companies that consider increasing the percentage of women in management to help enhance corporate leadership and governance and lead to improved business results. Its aims are to increase the percentage of women on the boards of directors of TOPIX 100 firms to 10% by the end of 2020 and 30% by the end of 2030 (https://30percentclub.org/about/chapters/japan).

See below for more information:
<Management diversity> https://www.po-holdings.co.jp/en/csr/employee/diversity/
<Diversity policy and initiatives> https://www.po-holdings.co.jp/en/csr/social/diversity/
<HR development policy> https://www.po-holdings.co.jp/en/csr/employee/education/

[Principle 2-6: Demonstrating Functions as an Asset Owner for the Corporate Pension Plan]

The POLA ORBIS Group has adopted a contractual defined-benefit corporate pension plan covering the Company and some domestic subsidiaries. Pension assets are managed through the appropriate selection of multiple financial institutions, such as life insurers, and placement of human resources with specialized knowledge and experience in the sections in charge, and the state of such asset management is monitored periodically.
In addition, the Pension Management Committee has been established as an advisory body to ensure the stable and efficient management of the corporate pension plan. Chaired by the Company's officer in charge of finance, the Pension Management Committee's membership consists of persons from each company nominated by the chairperson, and the committee appropriately reviews the state of management and financial status of pension assets.

[Principle 3-1: Enhancement of Information Disclosure]

1. Management mission, management plans, etc.
The Group has identified as the Group mission to sensitize the world to beauty.
In addition, its long-term vision and medium-term management plans are explained by the representative director at opportunities such as briefings on settlement of accounts, and related materials are posted to the website and made available through other means.
Explanatory materials concerning the medium-term management plan etc.: https://ir.po-holdings.co.jp/en/Management/Plan.html

2. Basic views and basic policy on corporate governance, based on the principles of the Corporate Governance Code
As described in Section 1 under "Basic views on corporate governance, capital structure, corporate attributes, and other basic information" in this Report, the Company has strived to increase the corporate value of the Group as a whole by formulating the Basic Views on Corporate Governance. Through management and supervision of each Group member company as the Group holding company, the Company strives to increase

the corporate value of the Group as a whole by ensuring the soundness of management and improving its efficiency.
The Company Board of Directors considers it important to ensure that each Group member company, like an individual, grows through continual learning, discussion, and improvement while securing and demonstrating independence and autonomy, individual diversity, and flexibility to adapt to external changes and accept differences. Toward this end, it strives to understand fully and put into practice the intent of the Corporate Governance Code while also continually assessing and improving the state of the Company's corporate governance to build an effective structure.
The Company Board of Directors has established the Basic Policy on Corporate Governance in accordance with the five fundamental principles described in the Corporate Governance Code to fulfill its responsibilities while responding to the expectations of shareholders and other stakeholders.

3. Policies and procedures for decisions on remuneration of Directors and core management
The Board of Directors makes decisions on the remuneration for Company Directors and Executive Officers based on deliberations and reporting by the Compensation Advisory Committee taking into consideration individual positions and contributions to business performance.
In its 13th Regular General Meeting of Shareholders held on March 26, 2019, the Company resolved to adopt a share-based remuneration program linked to medium- to long-term performance (hereinafter "Program") to replace the existing stock-option program. Policies and procedures for decisions on remuneration of directors in the POLA ORBIS Group following the adoption of this Program are outlined below.
(1) Basic views
The POLA ORBIS Group considers executive remuneration to be an important means of realizing the sustained growth of the Group and increases in corporate value over the medium to long term.
As the Group holding company, the Company makes clear the roles and responsibilities of Company directors and other executives, whose main duties are to make decisions on Group management as a whole and to supervise business execution, and the directors of subsidiaries to which the Company delegates business execution authority. Executive remuneration reflects the responsibility for business performance and other results in individual areas of business execution and serves as strong motivation for the achievement of not only short-term results but medium- and long-term results as well.
In addition, executive remuneration is oriented toward further sharing of gains with shareholders by strengthening its linkage to share prices.
(2) Remuneration levels
Remuneration levels are set in light of the scale of individual roles and responsibilities, through consideration of the POLA ORBIS Group's business conditions and competitive strengths in external markets, and comparison with other firms in the same industries or of the same size both in Japan and around the world.
(3) Remuneration structure
The POLA ORBIS Group's executive remuneration (excluding outside directors) consists of a fixed basic component and variable annual bonuses and a performance-linked share-based component. Annual bonuses

include additional mission payments for officers responsible for specific missions, in addition to remuneration paid in accordance with the achievement of business performance targets.
Remuneration for outside directors consists of a fixed basic component and a non-performance-linked share-based component. Remuneration for corporate auditors consists only of a fixed basic component.
The share of executive remuneration accounted for by variable remuneration is set within the range 40% to 65% depending on the job grade category and mission of the individual executive. Annual bonuses vary within the range of 0% to 200% depending on such factors as the Group's achievement of business performance targets and each individual's achievement of mission KPIs for the fiscal year, while that of the performance-linked share-based component varies within the range of 0% to 200% depending on such factors as achievement of business performance targets in the medium-term management plan and other targets.
(4) Executive remuneration decision-making process
To ensure objectivity and transparency in the executive remuneration decision-making process, the Company has established a Compensation Advisory Committee wherein the majority of the membership consists of outside directors to serve as a voluntary advisory body to the Board of Directors.
Decisions on the POLA ORBIS Group's executive remuneration are made by the Board of Directors within the scope of the remuneration limits approved at the General Meeting of Shareholders based on deliberations and reporting by the Compensation Advisory Committee.

4. Nomination of candidates for directors and corporate auditors and appointment and dismissal of the CEO and core management
(1) Nomination, appointment, and dismissal of directors
Nomination of candidate directors is based on selecting persons who will contribute to the Group's sustained growth and medium to long-term increases in its corporate value. They must fully understand the Group’s management policies and strategies and possess such properties as multifaceted points of view, flexible thinking on reforms, and specialization.
Nomination also reflects consideration for balance among such factors as knowledge, experience, abilities, and diversity of the Board of Directors as a whole based on an evaluation of executive competencies (* reference 1).
To ensure objectivity and transparency in the appointment and dismissal process, the Company has established a nomination advisory committee wherein the majority of the membership consists of outside directors to serve as a voluntary advisory body to the Board of Directors.
Decisions on appointment and dismissal are made by the Board of Directors and submitted to the General Meeting of Shareholders based on deliberations and reporting by the nomination advisory committee.
(2) Appointment and dismissal of the Representative Director and President
Appointment and dismissal of the Representative Director and President are considered among most important subjects of deliberation by the nomination advisory committee. Decisions on the appointment and dismissal of the Representative Director and President are made by the Board of Directors based on sufficient deliberations and reporting by the nomination advisory committee regarding whether or not the appointee

possesses a suitable temperament, abilities, deportment, and other properties as the Group's chief executive officer.

(3) Appointment and dismissal of Group core management

Human resources chosen as Group core management executives are those who are highly familiar with the management and businesses of the Group companies and have the ability to contribute to the Group's sustained growth by performing their responsibilities for Group management or businesses and promoting appropriate reforms and innovations, while also demonstrating their own strengths in executive competencies.

To ensure objectivity and transparency in the appointment and dismissal process, decisions are made by the Board of Directors based on deliberations and reporting by the nomination advisory committee.

When appointing core management executives of the Company's major subsidiaries and sub-subsidiaries, a nomination advisory committee with different membership is convened.

(4) Nomination, appointment, and dismissal of candidate corporate auditors

In light of the nature of the post as a full-time position, nominees for corporate auditors must be able to collect internal information, maintain the auditing environment, and monitor and verify the state of development and operation of internal control systems on a regular basis to ensure the efficacy of auditing.

Decisions on the appointment and dismissal of corporate auditors are made by the Board of Directors with the consent of the Board of Corporate Auditors and submitted to the General Meeting of Shareholders.

* reference 1 <Executive Competency Model (10 items)>

To adapt to accelerating changes in the business environment and realize sustained growth, the POLA ORBIS Group has prepared a competency model that spells out 10 performance characteristics required of executives and personnel with management responsibilities.

The competency model revised in January 2022 reflects a shift in focus from the behavioral properties of those demonstrating high performance to topics chosen based on our vision of the Group in the future, based on a long-term perspective and reform. The Group considers the key competencies of Person-Centered Management, SHINKA (Evolution), and Reform to reflect the Group's values and business characteristics.

<A Person-Centered Management style: Represents our group strength, Individual-centered management>

(1) Pursues of Social Significance

Earn trust by promoting business activities from a social point of conduct based on the mission to contribute to society

(2) Bi-i-shiki (≒Esthetic Sense)

Ability to have impact on one’s surroundings as a personal/unique leader by exhibiting one’s attractive personality

(3) Concern for Diversity

Believing in one’s individual abilities, respects and makes use of individuals.

<SHINKA (Evolution): Sensitivity to changes in society and active evolution>

(4) Long-term Vision

Define and penetrate the desired future image and direction with a long-term vision

(5) Business Context Awareness

Envisions the future market according to changes in social environment and recognizes the company's roles and positioning correctly

(6) Change-oriented

Creates innovation without sticking to conventional corporate thinking and actively leads to evolutionary opportunities

(7) Leverages an extensive external network

Utilizing a wide range of external networks in different fields, effectively incorporates diverse perspectives into the company

<Value creation: Achieves corporate value creation by taking on new challenges>

(8) Makes Decisions to Enhance Mobility

Enhances organizational agility by making timely decisions without relying on past experience

(9) Action-Oriented

Believes in oneself and repeats the process without fear of making mistake even if there is no perfect supporting evidence.

(10) Passion for Results

Stays passionate about what he/she wants to achieve through intrinsic motivation

5. Individual explanations of nomination of candidates for Director and Corporate Auditor and appointment of core management

Reasons for the nomination of candidates for director and corporate auditor are described in the notice of convocation of the general meeting of shareholders (reference documents). See this Report or below for the reasons for nomination of the 10 Directors and two Corporate Auditors appointed in the 20th regular general meeting of shareholders haled on March 30, 2026.

Notice of convocation of general meeting of shareholders: https://ir.po-holdings.co.jp/en/Stock/Meeting/main/00/teaserItems1/0/linkList/0/link/notice%20of%20the%2019th%20annual%20shareholders%20meeting_en.pdf

[Supplemental Principle 3-1(3): Initiatives for Sustainability]

The Group has established the Sustainability Statement as its fundamental approach to sustainability and has identified five priority areas of sustainability linked to its long-term vision VISION 2029 and to the Medium-term Management Plan: (i) quality of life improvement through innovative technology and services; (ii) regional revitalization; (iii) culture, the arts, design; (iv) all-inclusive human resources; and (v) environment. We have formulated the Sustainability Plan, which balances autonomy with addressing social issues to realize sustained business growth, and in promoting the Sustainability Plan we annually disclose information on our progress toward 2029 targets on nonfinancial KPIs approved by the Board of Directors.

For example, in area (i) quality of life improvement through innovative technology and services, we strive to deliver experiences that surpass customer expectations by expanding the business portfolio to include the fields of wellbeing and society. Through means such as our development of Wrinkle Shot Serum, the first product in Japan recognized to have wrinkle-improving effects, we are creating brand-new added value and securing market advantages through the creation of a sustainable new pipeline for the future.

The Group considers intellectual property including patent rights, trademark rights, and other IP rights and intangible assets such as technologies, brands, designs, and expertise) to be important business resources. To maintain and enhance these intangible assets, we will continually invest at least 2% of consolidated net sales in the R&D field while also growing the cosmetics business on a global basis and reforming and expanding the brand portfolio through advancing research and technology strategies as well as creating new value and expanding our business domains.

In addition, we will appropriately protect assets such as the results of R&D and naming used by each brand as intellectual property rights (e.g., patent rights, design rights, and trademark rights), in a manner linked to management strategies, business strategies, and research strategies. In addition to their utilization within the Group, we will also promote active utilization of the IP rights we secure through means such as alliances with other companies. In addition to maximizing the value of Group IP through centralized management by the POLA ORBIS Holdings Intellectual Property& Regulatory Affairs Center, we also strive to protect Group IP rights through preventive investigation of infringements related to Group company products and services, to prevent loss of value by minimizing litigation risks. See "Reference Information" below for details of utilization and investment strategies for intangible assets.

In area (ii) regional revitalization, approximately 17,000 beauty directors are playing active roles in the roughly 2,500 shops of the core brand POLA (as of the end of 2025) nationwide. These beauty directors have close ties to the local community as shop owners launching new businesses grounded in their communities. Through these measures, we provide aesthetic treatment services and consultations to deliver the value of special, out-of-the-ordinary experiences to customers.

We also hold events to stimulate local communities across Japan, centered on the "BLOOM OUR TOWN" regional cocreation activities.

To realize such regional revitalization, we have focused on (iv) the progress of human resources. In this way, the Company has recognized since its founding that the human capital that supports it, including business

partners and employees, is a vital element of business. It also strives to develop environments to enable each and every individual to demonstrate individuality and diverse values to the maximum, and it is enhancing environments to enable all personnel, regardless of factors such as gender, nationality, or age, to participate in the organization and contribute to business.

To promote diversity, we support women's progress as part of efforts to empower individuals regardless of gender. Specifically, the Company has set a percentage of at least 50% of managerial positions being filled by women as a nonfinancial target on diversity and is promoting efforts to achieve this target.

In addition, the Group has a multi-brand management orientation intended to establish brand individuality, based on the expertise we have built up in the area of (iii) culture, the arts, and design over our history of more than 90 years. In the future, to adapt to an increasingly diverse society with increasing volatility, uncertainty, complexity, and ambiguity (VUCA), we will contribute to a richly varied society while also building brands with which customers can identify, through building on their sensitivity and individuality.

In area (v) environment, the Company has established nonfinancial KPIs common to the entire Group, centered on environmental issues related to climate change, water resources, raw materials such as palm oil, and cosmetics packages, and is striving to reduce business risks. The state of achievement of some nonfinancial KPIs is linked to medium- to long-term remuneration incentives for directors and other executives, to increase the efficacy of these efforts.

The Group CSR Committee and the Group QCD Committee receive reports and deliberate on the progress of these efforts and related issues, and their findings are reported to the Board of Directors.

The Company implements measures such as scenario analysis based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD) regarding disclosure of climate-change and nature-related risks and opportunities and the financial impacts of climate on its business activities, earnings, and other matters and appropriately discloses information based thereon.

See below for further information on sustainability.

<Sustainability Report> https://www.po-holdings.co.jp/en/csr/data/archive/

<Integrated Report> https://ir.po-holdings.co.jp/en/Library/AnnualReport.html

<Disclosure based on TCFD and TNFD recommendations> https://www.po-holdings.co.jp/en/csr/environmental/risk/

<Human Capital Initiatives> https://www.po-holdings.co.jp/en/csr/employee/diversity/

<Intellectual Property Initiatives> https://www.po-holdings.co.jp/en/csr/governance/intellectual-property/

https://www.po-holdings.co.jp/en/rd/

[Supplemental Principle 4-1(1): Scope of Delegation of Authority by the Board of Directors to Management]

In accordance with the provisions of laws and regulations, the Company's Articles of Association, and various rules established by the Company, in addition to the POLA ORBIS Group management policies, management plans, management strategies, etc., the Board of Directors is also responsible for Group management based mainly on decision-making on important matters affecting Group management as well as oversight of business section by each Group member company regarding decisions made.
The Board of Directors proactively delegates business execution authority on decisions made to Group member companies and Group executives by clearly establishing Group management policies, management plans, management strategies, etc. and developing an environment in which individual Group member companies can execute the business activities of drafting and executing strategies and measures swiftly and dynamically based thereon.

[Principle 4-9: Standards for judgment of independence of independent outside directors and their required properties]

The Company has established the following policies on the nomination of candidates for outside director and standards for judgment of independence and nominates as candidates for outside director persons who satisfy these policies and standards.

<Policies on the nomination of candidates for outside director>
In addition to the standards for judgment of independence (* reference 2) established by the Company, candidates for outside director shall be nominated who satisfy the requirements enumerated below.
In addition, decisions on the nomination of candidates for outside director shall be made through resolutions of the Company Board of Directors in meetings whose participants include multiple outside directors that reflect consideration for a healthy balance in terms of knowledge, experience, abilities, and diversity on the Board of Directors as a whole.

(1) They shall be expected to have the ability to take an overview of the management of the POLA ORBIS Group as a whole, ascertain the essential issues and risks, and proactively express opinions and explain matters appropriately to directors and core management.

(2) They shall possess high levels of knowledge and abundant experience in the fields of corporate management, business reforms, customer service, logistics, legal and regulatory compliance, risk management, and internal controls.

(3) In order properly to ensure the ability to devote the necessary time and labor to attendance in meetings of the Board of Directors, the Group Managerial Meeting, and other important meetings, and to fulfilling

their other duties, they shall serve concurrently as directors of no more than five other listed companies aside from the Company, in principle.

(4) The term of office of a Company outside director shall not exceed six years in principle.

* reference 2 <Standards for judgment of independence>

Outside directors and outside corporate auditors (hereinafter "outside executives") or candidates for outside executives shall be judged to be independent from the Company and to involve no fear of conflict of interest with general shareholders when the Company has determined, as a result of investigation conducted to a reasonable extent, that they do not meet any of the descriptions below.

(1) Those involved in business execution on behalf of the Company or Company affiliates (hereinafter "POLA ORBIS Group") *1 or who were involved in business execution on behalf of the POLA ORBIS Group within the previous 10 years

(2) Those for whom the POLA ORBIS Group is an important trading partner *2 or those involved in business execution on behalf of such parties

(3) Important trading partners of the POLA ORBIS Group *3 or those involved in business execution on behalf of such parties

(4) Those providing specialized services, such as consultants, CPAs, or attorneys, and receiving from the POLA ORBIS Group large amounts of monetary or other assets *4 other than executive remuneration

(5) Those involved in business execution on behalf of companies appointing as executive persons involved in business execution on behalf of the POLA ORBIS Group

(6) Those receiving donations in large amounts *4 from the POLA ORBIS Group (or those involved in business execution of corporations, unions, or other organizations receiving such donations in large amounts)

(7) Shareholders holding 10% or more of voting rights in the Company, either directly or indirectly (or those involved in business execution of corporations, unions, or other organizations holding such voting rights)

(8) Those who have met any of the descriptions under (2)-(7) above within the previous three years

(9) Close relatives of those meeting any of the descriptions under (2)-(7) above (persons in important positions *5) *6

(10) Others in circumstances that could lead to conflicts of interest with general shareholders and reasonably judged unsuitable for the position of independent outside executives

*1 "Those involved in business execution" refers to directors in charge of business execution, executive directors, executive officers, and other staff and employees.

*2 "Those for whom the POLA ORBIS Group is an important trading partner" refer to trading partners providing products or services to the POLA ORBIS Group for whom the value of such transactions in the most recent fiscal year was more than 2% of their (consolidated) net sales.

*3 "Important trading partners of the POLA ORBIS Group" refer to trading partners who provide products or services by the POLA ORBIS Group for whom the value of such transactions in the most recent fiscal year was more than 2% of the POLA ORBIS Group's consolidated net sales.

*4 As used in "large amounts of monetary or other assets" and "donations in large amounts," "large amounts" refer to amounts received of 10 million yen or more in the most recent fiscal year.

*5 "Persons in important positions" refer to directors involved in business execution, executive directors, executive officers, and others judged reasonably and objectively to be in similarly important positions.

*6 "Close relative" refers to a spouse, family members within two degrees of consanguinity, and family members living together with the individual concerned.

The Company judges the independence of outside executives based not only on their terms of office or periods with organizations but also considers effective independence to be an important consideration.
The Board of Directors has established policies employed, in principle, with regard to terms of office or periods with organizations when nominating candidates for outside executives, and decisions are made through careful deliberation of individual situations based on these policies.

[Supplemental Principle 4-10(1): Use of Optional Approach]

One-half of the Company Board of Directors is made up of independent outside directors. In addition, based on a fundamental policy of further enhancing the objectivity, transparency, and efficacy of decision making on priority management topics related to such matters as human resources and remuneration, an optional Nomination Advisory Committee and an optional Compensation Advisory Committee have been established as advisory bodies to the Board of Directors. Independent outside directors make up a majority of the membership of each of these committees.

<Human resources>

・ The makeup of the Board of Directors
・ Nomination of candidates for Representative Director and President
・ Nomination of candidates for Directors
・ Appointment of executive officers
・ Nomination of candidates for subsidiary representative directors and presidents

<Remuneration>

・ The overall remuneration system
・ Remuneration of Directors
・ Remuneration of executive officers
・ Remuneration of subsidiary representative directors

Independent outside directors make up a majority of the membership of each of these advisory committees. Each committee is chaired and led by an independent outside director appointed by the Board of Directors, and the Board of Corporate Auditors participates in an observer role.
Each advisory committee deliberates on the above priority management topics related to human resources and remuneration and reports its findings to the Board of Directors. In FY 2025, the Nomination Advisory Committee met five times and the Remuneration Advisory Committee met nine times.
In addition, as necessary each of these committees also reviews matters related to nomination and remuneration of management at subsidiaries and sub-subsidiaries. In deliberating on such matters, the structure of meeting membership and chairperson may vary with the subject in order to ensure more effective deliberations.

[Supplemental Principle 4-11(1): Views on the balance, diversity, and size of the Board of Directors in light of its overall knowledge, experience, and abilities]

In considering the balance of knowledge, experience, and skills on the Board of Directors, together with its diversity and size, the Company considers it important that the board consist of members who possess wide-ranging perspectives and a wealth of experience and specialized knowledge, as well as the ability to reflect these properties appropriately in Company management through flexible thinking. It aims for a state in which the knowledge, experience, abilities, and other attributes of Board members are mutually complementary and maintained in a healthy balance.
The behavioral properties considered essential to the Group's creation of new value for society and realization of sustained growth have been identified as the Group's own executive competencies. Each director is expected to demonstrate leadership by utilizing his or her own individuality and strengths. These executive

competencies are employed as requirements in the appointment of core management, including Company director candidates and executive officers and presidents and directors of major subsidiaries.
The optional Nomination Advisory Committee reviews whether or not each candidate satisfies these requirements and advises the Board of Directors based on its findings. The Board of Directors makes decisions on individual candidates based on the Nomination Advisory Committee's recommendations. While the Company has adopted a system under which the leader and membership of the Nomination Advisory Committee may vary in accordance with the content of deliberations, when discussing nomination of candidates for Company director or appointment of presidents of major subsidiaries the leader and a majority of members must be outside directors.
A skills matrix is prepared covering such matters as the knowledge, experience, and competencies of each director and corporate auditor. Readers are encouraged to view the skills matrix, which is available on the Company website and elsewhere.
Under the provisions of the Articles of Incorporation, the Company has up to 10 directors.
Skills matrix: https://ir.po-holdings.co.jp/en/Management/CorporateGovernance.html

[Supplemental Principle 4-11(2): Concurrent positions of Directors and Corporate Auditors]

Other than outside directors and outside corporate auditors, no Company directors or corporate auditors serve concurrently as executives of other listed companies.
In light of the importance of ensuring the ability to devote the necessary time and labor to performance of their duties, a limit is set, in principle, on the number of other listed companies at which outside directors and outside corporate auditors may serve concurrently as executives, and this is used as a requirement in the candidate selection process.
In addition, the Company Board of Directors' Rules require the prior approval of the Company Board of Directors for appointment of a Company Director as a director of another company.
The state of concurrent positions is disclosed annually in the notice of convocation of the general meeting of shareholders, Securities Report, Integrated Report, and other documents.

[Supplemental Principle 4-11(3): Analysis and evaluation of the efficacy of the Board of Directors as a whole]

1. Evaluation methods and processes
The meaning of evaluating the effectiveness of the Board of Directors is, we believe, to raise management quality and corporate value even higher by identifying issues in the Board of Directors and dealing with such issues appropriately to solve them. With this in mind, we have pursued an approach that takes the evaluation process beyond self-evaluation by members of the Board of Directors to include an overall view based on evaluation and analysis of the directors' effectiveness from objective perspectives. The basic policy is for the board itself to apply the results gained through evaluation.

In accordance with this policy, since fiscal year 2017 we have employed assessments and analyses by third-party organizations with expertise in evaluating the effectiveness of the Board of Directors. In fiscal year 2025, we interviewed directors, created a questionnaire for all directors and auditors, collected responses, and prepared a report based on the questionnaire results. Introducing into the evaluation process third-party organizations that have no conflicts of interest with the Board of Directors, ensures anonymity, elicits frank comments, and preserves objectivity in evaluation results.

To complement this third-party evaluation, we also take the original approach of utilizing evaluations by employees who have completed in-house programs such as the Top Management Development Program. These employees are selected to attend executive meetings and meetings of the Board of Directors as observers or interview members of the Board of Directors. This approach not only lends an employee perspective to evaluations but also serves as an important initiative to develop human resources with management potential.

These evaluation results are compiled and reported to the Board of Directors. The Board of Directors then analyzes and verifies the content, works toward a shared understanding of Board strengths and issues requiring attention, and formulates and executives concrete action plans aimed at addressing such issues.

In the future as well, the efficacy of the Board of Directors will be evaluated continually based on the above process, revised and improved as appropriate.

2. Evaluation components and perspectives

Each evaluation was carried out from the following perspectives.

(1) Composition and governance structure of the Board of Directors

(2) Management of the Board of Directors

(3) Support structures for the Board of Directors

(4) State of participation in the Board of Directors

(5) Matters related to nomination and remuneration of directors

(6) Board of Corporate Auditors

(7) Discussion of management strategies

(8) Risk-management structure of the Board of Directors

(9) Dialog with shareholders

(10) Discussions toward medium- to long-term increases in corporate value

(11) The state of the Board of Directors

3. Summary of analysis and evaluation results

The following are evaluation results and the outcome of discussions in Board of Directors' meetings.

<Points rated highly>

The following points were viewed as demonstrating the Board of Directors’ high level of effectiveness. The board will strive to maintain and enhance these points.

(1) The way the Board's diverse skills set encourages unreserved exchange of opinions and broad-minded discussions
(2) The way internal directors share a high consciousness of improving governance

<Issues recognized as requiring attention>
The following points were recognized as issues regarding the Board. The Board's effectiveness will be enhanced further by establishing action plans to address these issues and continually executing and verifying them.
(1) Further demonstration of leadership by the management board toward formulation of the new medium-term management plan
(2) Reviewing the state of matters such as Board of Directors agenda items and enhancing deliberations to contribute to increasing corporate value

4. The state of improvements on the main issues identified last fiscal year is summarized below.
(1) Addressing Group priority topics through continuation of leadership team activities by the management board
After identifying Group priority topics, opportunities were established for off-site meetings on structural reforms and strategies and intensive discussions were held. Improvements to the efficiency and quality of Board deliberations were achieved to a degree as a result. These initiatives will continue in the future as part of the action plan.
(2) Continuing to utilize the insights of outside Directors
Specialized recommendations and advice were received from outside Directors by establishing opportunities for off-site discussions toward solutions to management topics, in addition to broad-minded deliberations in ordinary Board of Directors meetings. This is improving the quality of decision-making in the Board.
(3) Holding discussions to increase corporate value from multifaceted perspectives
While the Board needs to further enhance deliberations from medium- to long-term perspectives to contribute to increasing corporate value, its deliberations tend to center on recent business results. As such, we recognize the continuing need to enhance deliberations on the essentials. Efforts will be made toward continual improvements by establishing an action plan on this item.

[4-14(2): Training Policy]

Under a basic policy that calls for continual improvement of the skills of directors and core management to fulfill their roles and responsibilities, they are subjected to self-evaluations and external evaluations of executive competencies based on executive competencies. Through means that include the use of executive coaching and dialogue with members of the Nomination Advisory Committee as necessary, opportunities are

created for promoting understanding and acceptance of matters including their roles, responsibilities, and commitment.
Efforts are made to help newly appointed directors and core management understand their roles and responsibilities through explaining to them matters such as their expected roles and legal responsibilities upon appointment.
For newly appointed outside directors and outside corporate auditors, in addition to their expected roles, matters explained to them upon appointment also include the POLA ORBIS Group's management strategies and management plans, the state of management and business environments of individual Group companies, and other important management issues. These are explained by the executives responsible and the Management Planning Division to ensure an understanding of these topics.

[Principle 5-1: Policies related to dialog with shareholders]

The Company considers proactive dialog with shareholders and investors and appropriately reflecting the opinions and suggestions obtained from such dialog in management to be important topics for the purposes of sustainable growth and medium- to long-term increases in corporate value.
Based on this recognition, it has established as a fundamental policy conducting, and increasing the efficacy of, dialog with shareholders and investors through constructive stakeholder discussions by means of proactive PR and IR activities, and it implements the following activities accordingly.

1. Efforts to develop internal environments for constructive dialog

(1) A director in charge of IR is chosen and an IR section established to serve as liaisons, and dialog with shareholders and investors is implemented through regular coordination and cooperation with Management Planning, Finance, SR, and other sections.

(2) In each quarterly settlement of accounts, the representative director and the directors responsible for Management Planning, Finance, and IR hold a get-together conference to ensure the propriety of information disclosure and enhance it.

(3) Through the briefing on settlement of accounts for each quarter, individual meetings, briefings for individual investors, as well as the website and other media, efforts are made to promote understanding of the Company's vision, management policies, and business plans.

2. Efforts to ensure the efficacy of dialog

(1) Opportunities are available for the representative director to speak with investors in Japan and with overseas investors to explain in person and exchange opinions on business strategies, management policies, as well as policies and efforts on non-financial targets, such as ESG goals. These efforts are intended to increase investor engagement and the efficacy of dialogs.

(2) Efforts are made to enhance dialog and make it more effective through communication of information suited to individual interests, through means such as quantification of various types of information and provision of information on products, and through proactive dialog engaged in by directors of important operating companies (Group executives).

(3) As a means of dialog other than individual meetings, briefings, small meetings on specific themes, and other activities are conducted by the representative director or the directors responsible during the briefings on quarterly settlement of accounts. In addition, regular opportunities for dialog with overseas investors are provided through conferences and other activities.

(4) The director responsible for IR reports regularly to the Group Managerial Meeting on the views and concerns of shareholders and investors ascertained through dialog, and these are reflected in the processes of formulating management plans, capital policies, etc., to work for increasing the efficacy of the dialog.

[Efforts to realize management conscious of the costs of capital and share price]

Contents Updated	Disclosure of initiatives (updated)
English-language disclosure?	Y
Date updated Updated	March 30, 2026

Explanation of the relevant item Updated

1. Analysis and evaluation

To increase corporate value over the medium to long term, the Company is focusing on creating new value and developing new business areas in addition to enhancing its core business of beauty care. It makes the investments necessary to achieve these aims.

Based on the premise of realizing returns on capital in excess of capital costs, the published long-term management plan (VISION2029) identifies a target ROE of 14% or higher, while the current medium-term management plan targets returns on capital to achieve ROE of 10% or higher.

A look at averages of capital costs (WACC), ROE, and the price-to-book value (P/B) ratio over the most recent five years (from the period ended December 2021 through that ended December 2025) shows averages of 5.7% for WACC, 6.1% for ROE, and 2.3 (1.8 most recently) for the P/B ratio.

ROE is decreasing with lower net income. We believe that one main reason for this result is lower profitability associated with changing internal and external business environments.

2. Improvement policies, targets, and initiatives

In light of the current circumstances above, we have adopted a basic policy of making capital more profitable through stable and sustained business growth. Under this policy, we will carry out the following measures intended to widen the spread between the costs of capital and returns on capital.

・ Accelerating decisions on withdrawal from unprofitable businesses and brands

・ Returns to shareholders through stable dividends

・ Improving balance-sheet efficiency

・ Strategic investment to realize sustained growth

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The POLA Art Foundation	78,616,944	35.48
Satoshi Suzuki	41,223,480	18.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,395,500	4.69
Machi- No- Kodomo- Foundation	6,500,000	2.93
Naoko Nakamura	4,770,832	2.15
Custody Bank of Japan, Ltd. (Trust Account)	3,253,900	1.47
The Bank OF New York Mellon 140051 (standing proxy: Mizuho Bank, Ltd., Settlement Sales Division)	3,208,400	1.45
Hiromi Suzuki	2,452,232	1.11
The Bank of New York 133612 (standing proxy: Mizuho Bank, Ltd., Settlement Sales Division)	1,902,900	0.86
Public Foundation for Traditional Cultural Promotion POLAR	1,800,000	0.81

Controlling Shareholder (except for Parent Company)	———
Parent Company	NA

Supplementary Explanation Updated

In addition to the above, the Company holds 7,524,137 shares of treasury stock. The percentages of shares owned above are calculated on the basis of the total shares issued and outstanding not including treasury stock. While the Company has adopted an executive compensation BIP trust, shares of Company stock held in that trust are not included in the number of shares of treasury stock.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

———

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

Not applicable

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

1. Organizational Composition and Operation

Organization Form	Company with Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation Updated	1 year
Chairperson of the Board	Chairman (except when also serving as President)
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors out of Outside Directors	5

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Naomi Ushio	From another company											
Hikaru Yamamoto	From another company											
Kayoko Tanaka	From another company											
Hiroki Taniguchi	From another company											
Yoshio Kometani	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

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

j. Executive of a company or organization that receives a donation from the Company (the director only)
k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as an Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Naomi Ushio	○	Designated an independent director of the Company	Ms. Ushio possesses a wide range of knowledge and expertise concerning addressing the challenges of career building for working women and organizational diversity as a specialist in management and human resources management. She performs her roles as an outside director properly through activities that include providing appropriate advice and recommendations regarding such subjects as Company human-resource management and diversity initiatives and overseeing business execution. She also performs appropriate roles as a member of the optional Remuneration Committee and a member of the optional Nomination Committee. She has been chosen for appointment as an outside director for the above reasons. While she has no past experience in involvement in corporate management through means other than serving as an outside director and outside corporate auditor, in the Company's judgment she is capable of performing the duties of outside director properly for the reasons cited above.
Hikaru Yamamoto	○	Designated an independent director of the Company	Ms. Yamamoto specializes in consumer behavior research in the fields of marketing and digital media, and possesses extensive knowledge and insight into the evolving digital society. She performs her roles as an outside director properly through activities that include providing advice and recommendations that contribute to increasing the Company's corporate value, enhancement of brand value, and overseeing business execution. She also performs appropriate roles as a member of the optional Nomination Committee and Remuneration Committee. She has been chosen for appointment as an outside director for the above reasons.

			While she has no past experience in involvement in corporate management through means other than serving as an outside director, in the Company's judgment she is capable of performing the duties of outside director properly for the reasons cited above.
Kayoko Tanaka	○	Designated an independent director of the Company	Ms. Tanaka performs her role as an outside director properly through activities that include providing appropriate advice and recommendations based on her extensive knowledge and insights concerning new business creation, management strategy, and organizational and personnel management and overseeing business execution. She also performs appropriate roles as a member of the optional Nomination Committee and a member of the optional Remuneration Committee. She has been chosen for appointment as an outside director for the above reasons.
Hiroki Taniguchi	○	Designated an independent director of the Company	Mr. Taniguchi performs his role as an outside director properly through activities that include providing appropriate advice and recommendations on IT governance and digital transformation (DX) based on his discernment as an expert with extensive insights and knowledge in the domain of data strategy and overseeing business execution. In addition, he serves as a member of the Nomination Advisory Committee and the Compensation Advisory Committee, and plays an active role in both committees. He has been chosen for appointment as an outside director for the above reasons. While he has no past experience of direct involvement in corporate management other than as an outside director, in the Company's judgment he is capable of performing the duties of outside director properly for the reasons cited above.
Yoshio Kometani	○	Designated an independent director of the Company	Mr. Kometani has served as Asia-Pacific Division General Manager and Executive Vice-President/CDIO with a major Japanese trading company and has a track record of contributing to improving management oversight functions as an outside director with multiple companies. He possesses extensive knowledge and a high level of discernment. As an outside director, he is expected to provide beneficial advice and

			recommendations concerning strategizing and management solutions for the Company's sustained growth, and to perform his roles appropriately in areas such as oversight of business execution. He has been chosen for appointment as an outside director for the above reasons.

State of establishment of Voluntary Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

State of establishment of voluntary committees and attributes of their membership and chairpersons

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination advisory committee	6	0	1	5	0	0	Outside Director
Committee Corresponding to Remuneration Committee	Compensation advisory committee	6	0	1	5	0	0	Outside Director

Supplementary Explanation

The membership and chairpersons of the Company's nomination advisory committee and compensation advisory committee are subject to change with the individual themes on which they deliberate. As noted under B. "State of establishment of voluntary committees and attributes of their membership and chairpersons," above, the members and chairs of these committees discuss matters related to the composition of the Company Board of Directors, appointment of candidates for Company Directors, executive remuneration systems, and remuneration of Company Directors.

[Corporate Auditors]

Establishment of a Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors Updated	3

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

At the start of the fiscal year, corporate auditors receive from the accounting auditors (Ernst & Young ShinNihon LLC) explanations of audit policies and priorities, and they receive reports on audit plans and auditing status through periodic meetings, held in principle once each quarter. They also share information appropriately with accounting auditors through the provision of materials and exchange of opinions concerning auditing by the corporate auditors. In addition, a system has been developed for mutual supplementation of auditing functions by enhancing cooperation between the internal audit section and accounting auditors.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors Updated	2
Number of Independent Executive out of Outside Corporate Auditors Updated	2

Outside Corporate Auditors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Emiko Suzuki	CPA										△			
Syohei Onishi	Lawyer										○			

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

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

Outside Corporate Auditors' Relationship with the Company (2) Updated

Name	Designation as an Independent Executive	Supplementary Explanation of the Relationship	Reasons of Appointment
Emiko Suzuki	○	Although Ms. Suzuki was affiliated formerly with our former accounting auditor, only very minor transactions have taken place between the Company and that accounting auditor prior to 2017. In addition, she has resigned from the accounting auditor	Ms. Suzuki has specialized knowledge and extensive experience as a certified public accountant. On the Board of Directors and in other opportunities, she participates in discussions to ensure rational, unbiased deliberation through means such as commenting appropriately on the major financial and internal controls risks the Company faces.

		and is not in a position to be influenced by its intentions. She has been designated an independent executive of the Company in light of the above facts.	She has been chosen for appointment as an outside corporate auditor because in the Company's judgment she is capable of performing the duties of a corporate auditor properly for the reasons cited above. While she has no past experience of direct involvement in corporate management, in the Company's judgment she is capable of performing the duties of outside corporate auditor properly for the reasons cited above.
Shohei Onishi	○	Although Mr. Onishi serves as an outside director with a Company supplier, it has been confirmed that the amount of transactions with that supplier is not one that would violate the Company's standards for judgment of independence. He has been designated an independent executive of the Company in light of the above facts.	Mr. Onishi has practical experience in various fields as an attorney, serves as outside director and outside corporate auditor with multiple companies, and has a track record of contributing to improved governance and other achievements, as well as extensive insights. He has been chosen for appointment as an outside corporate auditor because in the Company's judgment he is capable of performing the duties of a corporate auditor properly for the reasons cited above. While he has no past experience of direct involvement in corporate management except as an outside director and outside corporate auditor, in the Company's judgment he is capable of performing the duties of outside corporate auditor properly for the reasons cited above.

[Independent Executives]

Number of Independent Executives Updated	7

Matters relating to Independent Executives

All independent executives are qualified to serve as independent executives.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

At the 13th Regular General Meeting of Shareholders held on March 26, 2019, the Company resolved to adopt a share-based remuneration program linked to medium- to long-term performance to replace the existing stock-option program. Policies related to remuneration of Directors in the Group following the adoption of

this Program are as described under [Principle 3-1: Enhancement of Information Disclosure]: 3. “Policies and Procedures for Decisions on Remuneration of Directors and Core Management.”

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure

Supplementary Explanation Updated

Amounts of remuneration of Directors and Corporate Auditors (FY ended December 2025) are as shown below. (Figures in parentheses indicate breakdowns of remuneration etc.)

1) Directors: 5 persons paid; 214 million yen (base remuneration: 122 million yen; bonuses: 84 million yen; share-based compensation: 7 million yen)

2) Outside Directors: 5 persons paid; 49 million yen (base remuneration: 49 million yen; share-based compensation: —)

3) Corporate Auditor: 2 persons paid; 22 million yen (base remuneration: 22 million yen; bonuses: —)

4) Outside Corporate Auditors: 3 persons paid; 23 million yen (base remuneration: 23 million yen; bonuses: —)

5) Total*: 15 persons paid; 276 million yen (base remuneration: 218 million yen; bonuses: 84 million yen; share-based compensation: 7 million yen)

* Since the amounts above have been rounded down to the nearest million yen, some differences may be present between individual items and total figures.
* The figures above include remuneration of 29 million yen received from a subsidiary as an officer (by one Director) in the business year ended December 2025 (period No. 20).
* The figures above include the amount of remuneration paid during the term of office to one corporate auditor who resigned upon the end of the 19th Regular General Meeting of Shareholders held March 27, 2025.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Group's policies on remuneration of executives are as described under [Principle 3-1: Enhancement of Information Disclosure]: 3. “Policies and Procedures for Deciding on Remuneration of Directors and Core Management.”

[Supporting System for Outside Directors and/or Outside Corporate Auditors]

Prior to holding meetings of important bodies, such as the Board of Directors, deliberation and explanatory materials are provided beforehand. In addition, the section in charge provides a prior explanation of matters when it has been judged necessary. In this way, outside directors are able to execute business operations, and outside corporate auditors to carry out auditing, effectively.
In addition, periodic meetings are held among outside directors only, to enhance the sharing of information and opinions among them.

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

(1) Board of Directors and executive structure

The Board of Directors consists of ten directors, five of whom are outside directors.

The Board bears responsibility for achievement of Group business performance and is authorized to supervise subsidiaries and make decisions for the Group on important matters.

The Board of Directors meets monthly, in principle, to make resolutions and reports regarding important matters related to management, such as results of analysis of differences between budgeted and actual figures for the month, in addition to matters as prescribed in laws, regulations, and the Articles of Association.

Outside directors participate in meetings of the Board of Directors from an independent perspective and supervise management from broad-ranging points of view based on their abundant experience and knowledge.

(2) The Board of Corporate Auditors and Corporate Auditors

The Board of Corporate Auditors consists of three corporate auditors, of whom two are outside corporate auditors.

Each corporate auditor attends important meetings such as Group managerial meetings, as well as the General Meetings of Shareholders and Board of Directors meetings, and receives reports from directors, employees, and the accounting auditor, among other activities involved in its supervision of the business execution of directors.

(3) Group Managerial Meeting

The Group managerial meeting convenes to contribute to the profits and growth of the Group as a whole.

Membership in the Group managerial meeting consists of Company directors and the full-time corporate auditor as well as subsidiary presidents, directors, and others chosen for membership through resolutions of the Company Board of Directors, and it deliberates and reports on important matters related to the Company and subsidiaries.

(4) Internal audit section

The Company has established the Internal Audit Office as its internal audit section. The Internal Audit Office is separated from other business execution line as an organization under the direct jurisdiction of the

representative director and chairperson. It strives to realize highly effective internal auditing in order to contribute to the sound and appropriate management of the Company and Group companies.
Specifically, through on-site audits of individual companies and sections, it evaluates mainly whether or not systems are in place that are adequately prepared for possible business risks and recommends improvements, as well as cooperating in auditing by the corporate auditors and the accounting auditor, to implement auditing efficiently and effectively.

(5) Accounting auditor
The Company undergoes accounting audits under an auditing agreement concluded between the Company and Ernst & Young ShinNihon LLC. As described above, the efficacy of auditing is ensured and an effective auditing structure achieved through mutual cooperation among individual agencies, sections, and other organizations in the Company.
The names and affiliations of CPAs involved in accounting auditing of the Company and the structure of assistance for auditing operations are as described below. Neither of the two CPAs below has been involved in auditing of the Company for more than seven continuous years.
- Name of affiliated audit firm: Ernst & Young ShinNihon LLC
- Names and titles of CPAs: Designated Limited Liability Partners/Executive Employees Yoshihiro Sugimoto, Seizaburo Oya
- Structure of assistants involved in accounting audits: nine CPAs and 19 others

Note: "Others" above refers to employees who have passed CPA qualifying examinations and computer-system audit personnel.

(6) Voluntary committees
In order to promote clarification of the roles and responsibilities of management and execution in the Group's management structure and improve governance, voluntary advisory committees have been established on the nomination of directors, appointment of executive officers, remuneration, and other matters.
Outside directors make up majorities of the memberships of these voluntary advisory committees, and they deliberate on important subjects related to nomination of directors, appointment of executive officers, remuneration, and other matters and report to the Board of Directors on the results of their deliberations.
The membership of this voluntary appointment advisory committee and compensation advisory committee changes for individual topics of deliberation, and they also deliberate on nomination, appointment, and compensation of management in Company subsidiaries and sub-subsidiaries.

3. Reasons for Adoption of Current Corporate Governance System

As a holding company that owns operating companies and other subsidiaries that themselves own multiple cosmetics brands, the Company makes clear the responsibilities for Group business performance and other results and for business execution through the current corporate governance structure.
Management strategies and topics are deliberated on in the Group managerial meeting, which also oversees important decision-making and execution of business by the Board of Directors.
In addition, outside directors are appointed to enhance the function for supervision of directors and governance is enhanced through the basic structure for demonstration of the auditing functions of the Board of Corporate Auditors. The Company has determined that it would be appropriate to continue efforts to improve governance through continual use of the current system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Allowing Electronic Exercise of Voting Rights	A system for electronic exercise of voting rights via the Internet was adopted beginning in the fiscal year ended December 2010 (the fifth Regular General Meeting of Shareholders).
Participation in Electronic Voting Platform and other methods to improve the environment for exercise of voting rights by institutional investors	1. A platform for exercise of voting rights operated by ICJ, Inc., was adopted beginning in the fiscal year ended December 2013 (the eighth Regular General Meeting of Shareholders). 2. Electronic disclosure via the Company website, TD-net, and other means prior to issue of convocation notices has been employed since the fiscal year ended December 2015 (the 10th Regular General Meeting of Shareholders).
Providing Convocation Notice (summary) in English	Convocation notices (narrowly defined) and reference documents for the General Meeting of Shareholders have been translated into English, and the translations posted to the Company website, TD-net, etc., since the fiscal year ended December 2015 (the 10th Regular General Meeting of Shareholders).

2. IR Activities

	Supplementary Explanations	Explanation by the representative himself/herself
Preparation and Publication of Disclosure Policy	The Company has established a Disclosure Policy as a fundamental policy and provides a wide range of information to stakeholders via its website and other media.	
Regular Investor Briefings for Analysts and Institutional Investors	The directors responsible conduct teleconferences in the first and third quarters, and during interim and year-end settlement of accounts, the president and directors responsible hold briefings on settlement of accounts. In addition, the representative director regularly holds small meetings and individual meetings with investors.	Yes
Regular Investor Briefings for Overseas Investors	The directors and sections responsible visit overseas investors or provide online briefings. In addition, the representative director visits important regions or takes part in online meetings periodically to engage in dialog with investors.	Yes
Posting of IR Materials on Website	Preliminary reports on settlement of accounts, Securities Reports, Integrated Reports, and other disclosure materials are released on the Company website to provide a broad range of information in both Japanese and English. For the purposes of fair disclosure, the content of question-and-answer sessions held during quarterly briefings on the settlement of accounts is also released on the website in both Japanese and English soon after the end of the briefings or teleconferences. In addition, streaming video and materials including scripts also are released. Japanese IR library site: https://ir.po-holdings.co.jp/ja/Library.html	

	English IR library site: https://ir.po-holdings.co.jp/en/Library.html
Establishment of Department and/or Manager in Charge of IR	The Corporate Office has been established as the main section responsible for IR, and it handles timely and appropriate disclosure activities.

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group has established the POLA ORBIS Group Code of Conduct and Compliance Book, covering basic concepts of matters such as legal compliance, environmental protection, and shareholder relations. These describe the clear approach of respect for all stakeholders. All employees submit written pledges to ensure thorough conformity to these rules. In our Sustainability Statement we pledge to continue to grow as a company that contributes to realizing a sustainable society, through interacting with all stakeholders, our communities, and society with integrity.
Implementation of Environmental Activities, CSR Activities etc.	The Group has established the Corporate Office, which includes functions to promote CSR in the Company, and the CSR Committee (chaired by the Company's director responsible for CSR), whose membership consists of presidents and directors of Group member companies. Group companies also establish CSR offices or persons responsible for promotion of CSR, in accordance with the sizes of their organizations, as they develop structures for promoting CSR in their own organizations. Group CSR initiatives are implemented in three areas: fundamental CSR, which consists of the basic activities of compliance with laws, regulations, and social ethics and appropriate disclosure of information; business CSR, which consists of efforts for cooperation with not only customers but a wide range of stakeholders through our main business activities, as well as invigorating the community, increasing employee satisfaction, and lessening our environmental impact (e.g., through development of eco-friendly products); and selective CSR, which involves contributing to society through cultural activities (e.g., support for traditional culture and the arts) and environmental-protection activities (e.g., recycling and tree planting). In addition, materiality topics for sustainability are established in the five areas of quality of life improvement through innovative technology and services; regional revitalization; culture, the arts, and design; all-inclusive human resources; and the environment, and

	nonfinancial activity goals for 2029 have been established, which the entire Group is striving to achieve, and the results of these activities are reported annually on the website, in the Integrated Report, and elsewhere. Five targets among the nonfinancial KPIs that should be addressed more effectively (number of businesses created, CO2 emissions reductions, percentage of women managers, procurement of sustainable palm oil, and reducing water use) are linked to the medium- to long-term remuneration incentives for Group company executives. Furthermore, the Group CSR Committee and the CSR offices of individual companies under its jurisdiction cooperate across the Group to address the priority topic of risks in corporate activities related to strategic and business activities, implementing improvement measures targeting individual topics. Executives and employees of all Group companies also are made aware of these efforts through distribution of the Code of Conduct and Compliance Book, and monitoring and educational activities are conducted each year through employee attitude surveys, CSR e-learning, and other means to increase knowledge and awareness of compliance. In addition, a Group-wide helpline has been established to encourage provision of information on potential compliance issues by executives, employees, and trading partners, and a whistleblowing hotline has been established for business partners.
Development of Policies on Information Provision to Stakeholders	A Disclosure Policy has been established as a fundamental policy, and a wide range of information is provided to stakeholders through the website and other media.
Other	1. Human-resources development/diversity initiatives The Group considers its human resources to be its most important asset. As a unique competency, the Company defined Bi-i-shiki (Esthetic Sense) as the act of not being satisfied with things as they are and constantly striving to create something new based on intellectual curiosity in a time of dramatic change. The Company has adopted a system of internal training across the Group consisting of training sessions for the future provided for younger employees and business reform classes for middle managers. It is the president's aim through this system to accelerate business growth by training employees to realize innovation. Furthermore, since 2019 the Group has advanced development of management human resources over the medium to long term by selecting candidates from across the Group and handling tasks from preparation of training plans to monitoring their progress. In addition,

	as a diversity initiative the Company proactively supports women's career success. Since its founding, the Group has supported women's advancement in society through the cosmetics business in ways suited to the changing times. Based on this corporate culture built up over time, the Company is making progress on building an environment characterized by increasing opportunities for motivated and capable women employees to thrive and in which employees can demonstrate their own abilities to the fullest regardless of gender through means that include promotion to managerial and executive positions. These are intended to enable the Company to establish a position as a company that promotes women's success as professionals. In addition, POLA INC. joined the 30% Club Japan, which aims to resolve the gender gap in Japanese society, in 2020. Efforts such as these are connected to enabling women to build better careers, and the percentage of managerial positions held by women Group-wide, including overseas units, is 42.2%, while the figure in Japan has increased substantially from 13.6% in 2007 to 35.7% in 2025. The Group has set the targets of increasing the percentage of women managers to at least 50% and the percentage of women executives to up to 50% Group-wide by 2029. 2. Proactive efforts to support the raising of children (earning Kurumin certification) As part of its efforts to support women's careers, the Group proactively provides support for the raising of children. It is building environments compatible with diverse ways of working, including shortened working hours and childcare flextime. The Company and POLA INC. pay one-time benefits to employees who take childcare leave, regardless of gender. The Company makes these benefits available to partners of women employees who take childcare leave as well. Other measures include creating structures to support understanding and support throughout the workplace to enable employees to balance work and childcare after returning from leave and providing opportunities for employees to think about their career paths. Efforts such as these have helped the Group in Japan to maintain a high percentage of employees who return to work after taking childcare leave: 91.2% (in FY 2025). 3. Creating workplaces where people with disabilities can work with peace of mind

	The Group strives to realize workplaces where all employees can work with peace of mind, regardless of disability status. Out of consideration for employees who find it difficult to commute into urban centers, POLA INC., and ORBIS Inc. employ remote work programs to ease the burden of commuting. In addition, they accept trainees from special needs schools attended by students with mental disabilities and help them to secure employment with standard businesses. The Group as a whole also uses e-learning to provide learning opportunities for hearing-impaired employees and is creating an environment that meets the diverse needs of our employees by providing subtitles and text to audio content. As a result of these efforts, as of January 2026, the Group employed 84 employees with disabilities (assessed number: 97 employees). Group-wide efforts will continue in the future to build workplaces where all employees can demonstrate their abilities to the maximum extent. 4. Health management initiatives (inclusion in the Excellent Health and Productivity Management Corporation) In 2017, the Group established the POLA ORBIS Group Health Management Declaration, identifying employees' physical and mental health as important topics of management. We are promoting efforts to improve the health of employees and their families through cooperation among employers, industrial health professionals, and the health insurance society. We have earned continuous inclusion for eight years (since 2018) in the Excellent Health and Productivity Management Corporation (Large Enterprises Category) established by the Ministry of Economy, Trade and Industry and inclusion in the "White 500" as a company making particularly outstanding health management efforts in two consecutive years, FY2024 and FY2025. Centered on the Health Management Promotion Team, which is under the supervision of the Board of Directors, the Group promotes health management measures across the organization. The Group Health Management Project Promotion Committee formulates, assesses, and improves related plans. Identifying priority themes such as prevention of lifestyle-related conditions and mental health measures, we strive to enable employees to demonstrate sustained performance and improve the productivity of the entire organization. 5. Improving quality of life (QOL)

	To realize a collection of individual businesses for diversifying values in beauty as called for in the long-term management plan (VISION2029), the Group is expanding its business portfolio to include the domains of wellbeing and society. The Company's Multiple Intelligence Research Center (MIRC) researches topics related to increasingly diverse beauty values and is responsible for identifying courses of action for beauty in the Group over the medium to long term. Based on research strategies reflecting the resulting knowledge, the Frontier Research Center (FRC) of POLA Chemical Industries, Inc. promotes basic research and creates the seeds for research applicable to new and existing businesses. In cosmetics development, the Product Design/Development Department is responsible for product development, and in 2024 the Technical Development Center (TDC) began full-fledged operations to achieve its mission of enhancing technological development functions. The TDC facility includes a plant with advanced production functions, and the Yokohama Site is building a structure for cooperation between research, development, and production functions. Through these initiatives, we are generating highly innovative new value. Since 2024, we been building a structure of three research facilities: the Yokohama Research Center, NSG BioLabs (in Singapore), and the Shonan Health Innovation Park (Shonan iPark, in Fujisawa, Kanagawa Prefecture). We also actively present research to academic conferences, and we have won nine awards in the Congresses of the International Federation of Societies of Cosmetic Chemists (IFSCC), including mid-year conferences. We conduct research not only on effects on the skin, but also on wellbeing and solutions to social issues, and the results of this research are reflected in our products and services. Furthermore, in January 2026 we established the new Research Strategy/Innovation Center as an organization to formulate research strategies and generate innovation. 6. Regional Revitalization Since our founding, the Group has provided a broad range of employment opportunities for women. This remains unchanged today, more than 90 years later, and today POLA INC. holds recruitment forums across Japan not only to provide information on jobs with the Group but also to offer seminars and

	other opportunities to learn for women seeking their own jobs or career changes. In addition, since 2017 we have concluded cooperation agreements with local governments to work together toward community revitalization and solutions to local issues. In 2025, we concluded new comprehensive cooperative agreements with Tottori Prefecture, Nagasaki Prefecture, the city of Yamaguchi (Yamaguchi Prefecture), and the city of Sendai (Miyagi Prefecture). As of the end of 2025, we had concluded cooperative agreements with eight prefectures and 10 cities. Under these agreements we engage in various activities including holding events in each region, community building and employment support through the POLA Brand, and various initiatives toward solutions to social challenges and community vitality through promoting the activities of women and improving seniors' health. Regional revitalization is one of the five areas of the Group's materiality topics for sustainability. 7. Human-rights initiatives We have established the Group Human Rights Due Diligence Rules to realize business activities reflecting concern for human rights throughout the value chain. Based on these Rules, we have identified topics of concern regarding human rights and implemented due diligence on each of the three subjects of ascertaining human-rights issues in the supply chain, control of customers' personal information, and appropriate workplace environments for employees, as we strive to identify topics and make improvements. Through supplier CSR surveys we check on the status of efforts related to working conditions, health and safety, and human-rights initiatives, and on-site auditing is conducted as necessary. Where needed, improvements are made together with business partners. Since 2023 we have been a member of Sedex, through which we assess supplier risks. 8. Initiatives to improve engagement The Group considers more rewarding work and improving engagement to be priority topics and is building environments to enable each and every employee to demonstrate diverse ways of thinking and capabilities to the fullest.

	Since 2021, we have adopted a common Groupwide engagement survey at operating companies in Japan and overseas, and we are promoting measures based on identifying the status of employees and ascertaining related issues through this survey. We are targeting a Group score of 75% as a nonfinancial KPI for 2029. In 2025, we strived to enhance communication of information and mutual understanding through internal meetings among top management together with promoting autonomous improvements at individual companies. These were intended to realize rewarding work by balancing ease of work with motivation. In 2026 and beyond, we will further promote sharing and permeation of the essence of the Group in collaboration with the 100th-anniversary project. These initiatives have resulted in an increase in the engagement score from 62.9% in 2024 to 66.0% in 2025. Based on these results, in 2025 we were named a "Great Place To Work" by the Great Place To Work(R) Institute Japan.

IV. Matters Related to the Internal Control System

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

Basically, the Company considers internal controls to be a process executed by all members of the organization to achieve the four corporate objectives of business efficacy and efficiency, reliable financial reports, business activities compliant with laws, regulations, and the preservation of assets (Business Accounting Council, Standards on Evaluation and Auditing of Internal Controls Related to Financial Reporting). Policies related to the development of internal controls systems approved by the Board of Directors are outlined below.

(i) Systems for ensuring that the performance of duties of directors and employees of the Company and Group companies conform to laws, regulations, and the articles of incorporation

The Group has established in the POLA ORBIS Group Code of Conduct (Code of Conduct) standards for behavior in line with the Group's philosophy and for ensuring that the processes of all business activities conform to laws, regulations, and the articles of incorporation and are strictly controlled in accordance with a high level of social ethics. All Group officers and employees are required to act with integrity based on this code, and the CSR Committee, chaired by the director responsible for compliance, promotes the Groupwide compliance structure. Furthermore, compliance education is conducted as appropriate to raise awareness and understanding of compliance Groupwide.

Directors' duties are performed in accordance with the Job Authority Rules and the Rules on Division of Responsibilities, and appropriate review, decision-making, and reporting procedures are carried out based on these rules as well as the Group Managerial Meeting Rules, the Affiliate Management Rules, the Budget Management Rules, the Medium-term Management Plan Rules, and other rules. Furthermore, important matters related to internal controls are subjected to appropriate deliberation and decision-making by the Board of Directors. For important matters related to compliance, risk management, or CSR, the Group CSR Committee carries out appropriate deliberation, and decision-making procedures are conducted based on the Job Authority Rules.

The Code of Conduct declares that the Group will refuse any and all ties to organized crime. Together with membership in an association and a federation intended to prevent specified organized crime, we maintain response manuals on matters such as establishment of related internal systems in cooperation with outside experts.

The internal audit section audits the propriety of business operations and strives to promptly rectify any issues discovered and to prevent similar cases from occurring. A Helpline has been established as a whistleblowing contact point for the entire Group.

(ii) Systems related to retention and control of information concerning the execution of duties of Directors

Based on the Document Control Rules, the minutes of the Board of Directors, minutes of deliberations in various meetings, and similar information is retained and managed appropriately. Any requests from Directors or Corporate Auditors to view these documents etc. are responded to swiftly.

(iii) Rules and other systems related to management of risks of losses to the Company and Group companies
The Risk Management Committee has been established under the Risk Management Rules, specifying the officer in charge of a risk as its risk management owner. This committee manages risks related to business activities across the entire Group. Risks considered important across the Company are specified as corporate risks and managed appropriately. In an emergency, a Task Force is organized in accordance with the Crisis Control Rules to enable swift responses.

(iv) Systems for ensuring the efficient execution of duties of Directors of the Company and Group companies
The Board of Directors establishes management policies and strategies and reviews and approves the business plans of Group companies based thereon. The Group Managerial Meeting, a body separate from the Board of Directors, checks the progress of Group company business plans vs. monthly targets and makes improvements as necessary. In addition, efforts are made to carry out dynamic and efficient business execution through periodic review of matters submitted to the Board and the Group Managerial Meeting, in accordance with in-house rules and other rules.

(v) Systems for reporting to the Company of matters related to the performance of duties of Directors and other executives of Group companies
Based on rules such as the Group Managerial Meeting Rules, Affiliate Management Rules, Budget Management Rules, and Medium-term Management Plan Management Rules, important topics, budgets, and medium-term plans of Group companies are subject to prior screening in the Group Managerial Meeting and prior approval or reporting in the Board of Directors. The Group Managerial Meeting endeavors to ensure a thorough understanding of these requirements among all companies, to prevent any omissions.

(vi) Systems related to employees requested by Corporate Auditors to assist in their duties
When Corporate Auditors have requested the assignment of employees to assist in their duties (hereinafter referred to as “assisting employees”), such employees are assigned through consultation between Directors or the Board of Directors and the Corporate Auditors. An appropriate section is assigned as the secretariat office to assist the corporate auditors. In addition, a structure has been developed for mutual complementation of auditing activities by strengthening cooperation with the internal auditing section and the accounting auditor as well.

(vii) Systems related to the independence of employees assisting Corporate Auditors in their duties from the Board of Directors and ensuring the efficacy of instructions to such employees

When employees are assigned to assist Corporate Auditors in their duties, the independence of such assisting employees from the Board of Directors and the efficacy of Corporate Auditors' instructions are secured through prior consultation and decision by the Corporate Auditors with Directors or the Board of Directors on matters including the authority of the assisting employees, the right of Corporate Auditors to consent to their transfer, HR evaluations, disciplinary action, etc., and the right of Corporate Auditors to command and control the assisting employees.

(viii) Systems for reporting to the corporate auditors by directors and employees of the Company and Group companies and corporate auditors of Group companies and systems to protect parties who have made reports from disadvantageous treatment as a result of their reports

Corporate auditors actively attend meetings of the Board of Directors and other important meetings and are able to offer opinions or ask directors and employees to explain the state of business execution. When Company and Group company directors or employees or Group company corporate auditors have discovered violations of laws or regulations or matters that could cause significant damage to the Company or have been asked by Company corporate auditors to report on business or financial conditions, they must swiftly submit such reports to the corporate auditors. Directors and employees are required to submit reports on business or financial conditions swiftly when so requested by the corporate auditors. Periodic reports are submitted to Company corporate auditors by the CSR Committee, which oversees compliance, on the results of compliance surveys, by the internal audit section on the results of internal auditing, and by the section in charge of the Group Helpline on the status of use of the Helpline.

It is prohibited to treat directors and employees who have made whistleblowing reports to the whistleblowing hotline or corporate auditors at a disadvantage for reason of having made such reports. This provision is stipulated in the POLA ORBIS Group Helpline Operation/Management Rules and thoroughly enforced.

(ix) Other systems for ensuring the efficacy of auditing by Corporate Auditors

A cooperative structure is maintained under which corporate auditors fully cooperate and exchange information with the representative director, Directors, the accounting auditor, the internal audit section, and Group companies corporate auditors, Corporate auditors may receive support from attorneys and other outside experts as needed.

The funds needed to perform the duties of corporate auditors are budgeted in advance, and they may demand compensation from the Company for emergency expenses and other one-time expenditures.

(x) Basic policy on internal controls related to financial reporting

(1) The transparency and fairness of information disclosure are secured through preparation and timely disclosure of financial reports conforming to generally accepted accounting principles (GAAP).

(2) Appropriate assignment and training of human resources are conducted to increase specialized skills related to accounting and finance, focusing chiefly on the sections responsible for financial reporting.

(3) Together with ensuring that all directors and employees have a strong recognition of the importance of internal controls related to financial reporting, efforts are made to ensure that they develop and operate the following fundamental elements of internal control within the scopes of their own authority and responsibilities.

- Control environment
- Risk evaluation and response
- Control activities
- Information and communication
- Monitoring
- IT efforts

(4) Corporate auditors monitor and verify the propriety of financial reporting and the state of development and operation of such internal controls, from independent perspectives.

Reference: See “Corporate Governance Structure (Schematic)”

2. Basic Views on Eliminating Anti-Social Forces and State of Development of Related Measures

As described above, the Group's initiatives to eliminate anti-social forces are established in the policy on development of internal controls systems, decided on by the Board of Directors.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	NA

Supplementary Explanation

Not applicable

2. Other Matters Concerning the Corporate Governance System

The state of the Group's policies and internal systems for timely disclosure of corporate information is outlined below.

1. POLA ORBIS Group Disclosure Policy

(1) Basic Policy

The POLA ORBIS Group strives to actively engage in public relations and investor relations activities and to develop relations of trust with all our shareholders, investors, and stakeholders. In order to achieve that, our policy is to disclose information about the Group in a timely and appropriate manner based on the principles of transparency, fairness, and consistency, in accordance with the Financial Instrument and Exchange Act and the rules set forth by the relevant financial instrument exchanges regarding timely disclosure. The POLA

ORBIS Group also actively discloses any information not covered under these rules if it is deemed useful for shareholders or investors.

(2) Method of Disclosing Information

Information covered by the rules regarding timely disclosure set forth by the financial instrument exchange on which the POLA ORBIS Group is listed (information relating to decisions, events, and account settlement) shall be disclosed via TD-net (Timely Disclosure Network) provided by the exchange after an advance explanation is given to the exchange. Following TD-net disclosure, the same information shall be promptly provided to the media and posted on the Company's website. However, the posting of information on the Company website may be delayed due to system-related circumstances.

(3) Forecast of Performance and Items Relating to Forecasts for the Future

The POLA ORBIS Group's plans, forecasts, strategies, and other information not based on historical or current facts are plans or forecasts for future performance, which are based on judgments made in light of the information currently available. Therefore, future performance may differ due to fluctuations in a variety of risks and uncertainties as well as changes in the economic situation.

(4) Silent Period

In order to prevent the leakage of financial results information and ensure fairness, the POLA ORBIS Group has established a Silent Period that runs from the day immediately following the settlement of financial results (including quarterly results) to the date on which the results are made public. During this period, we will refrain from responding to questions and making comments regarding financial results. However, even during the silent period, we will respond to questions and such regarding information that has already been disclosed.

(5) Compliance with the Disclosure Policy

From the perspective of Corporate Social Responsibility (CSR), the POLA ORBIS Group will keep all the Group's executives and employees informed of the above disclosure policy and ensure their compliance.

2. Sections responsible and persons in charge of timely disclosure

Section in charge of disclosure: Corporate Office (person responsible for disclosure: Director in charge of IR)
Section in charge of information management: Management Planning Division (person responsible for information management: Director in charge of general planning)

3. Disclosure process for Company information

(1) Information collection process

In the event that company information (material facts such as information concerning decisions, occurrences, or settlement of accounts) has arisen concerning the Group, the person in charge of information management

in the Company or the relevant Group company will report the details thereof to the Company's section in charge of information management.

(2) Processes of analysis and judgment

The Management Planning Division, which serves as the section in charge of information management, coordinates information related to decisions and occurrences included among company information concerning the Group, while the Management Planning Division and the Group Finance & Accounting Division coordinate information related to settlement of accounts. Then, this information is reported to the person responsible for information management. After receiving the above report, the person responsible for information management consults with the Representative Director and President and the person responsible for information disclosure to decide on the necessity, content, and methods of disclosure.

(3) Disclosure process

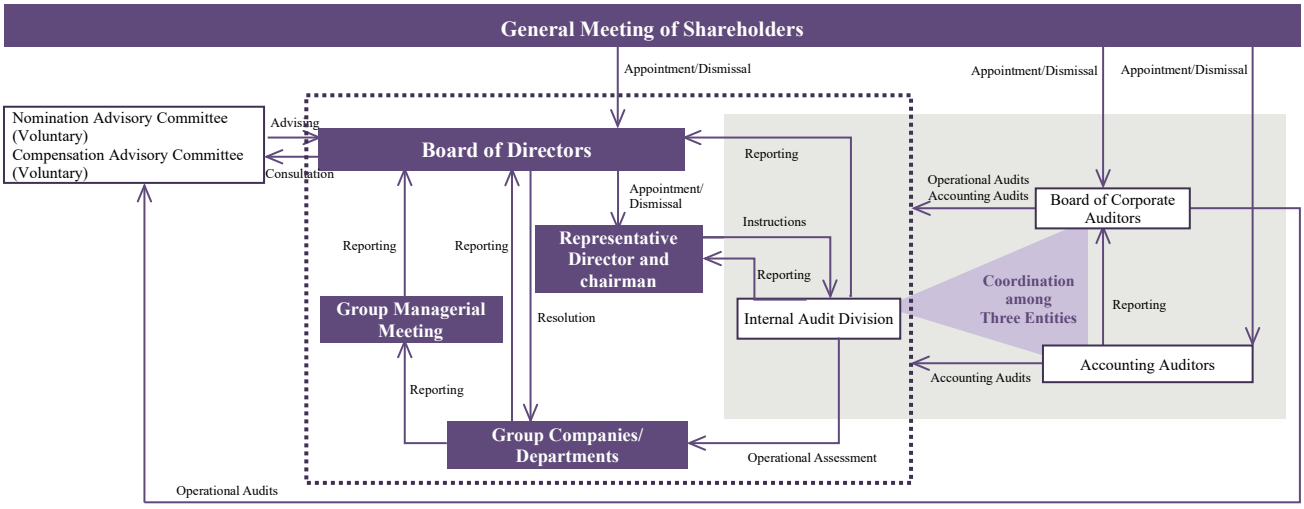
For information related to decisions and settlement of accounts included among Company information that requires timely disclosure, the section in charge of disclosure and the person responsible for disclosure will carry out timely disclosure after approval by the Board of Directors. Information related to occurrences may be disclosed swiftly without obtaining the approval of the Board of Directors, as an urgent measure.

Timely disclosure is conducted through the Timely Disclosure Network (TD-net) system provided by the Tokyo Stock Exchange and submittal of documents to the related press club, along with holding press conferences as necessary. In addition, information is posted swiftly to the Company website. For details, see the reference material "Overview of Structure for Timely Disclosure (Schematic)."

4. Establishment of the Basic Policy on Corporate Governance

Upon the enactment of the Corporate Governance Code, the Basic Policy on Corporate Governance was established and posted to the Company website. Its goal is to improve the Company's corporate governance further.

I Corporate Governance Structure



Overview of Structure for Timely Disclosure (Schematic)

