This document is an English translation of the Japanese original. In the event of differences or inconsistencies between the Japanese and English versions, the Japanese version shall take precedence.

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MITSUI E&S Co., Ltd.

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The corporate governance of MITSUI E&S Co, Ltd. (the "Company") is described below.

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

1. Basic Views

Updated

The Company has formulated "Our mission", "Vision in 2030", "Management Policy" and "Standards of Conduct" of the Company and its subsidiaries (the "Company Group") with the rapid transition to a sustainable society and changes in the business environment. Based on them, the Company has established a framework for transparent, fair, prompt, and decisive decision-making, and are committed to continuous enhancement of corporate governance.

〈Our mission〉

We build trust and contribute to society through our engineering and services.

〈Vision in 2030〉

In the marine domain, we create a carbon-free society and resolve challenges induced by depopulation.

〈Management Policy〉

Create new value together with customers ▶Business perspective

-Conduct business through needs-oriented marketing and innovation in relevant technologies.

Seek a sound financial structure and steady profit ▶Financial perspective

-Manage and operate our group through the timely evaluation of marginal profit and fixed costs.

Promote human capital management initiatives ▶HR perspective

-Challenge solving issues together with society and customers, share the value created, and achieve a win-win-win relationship for all.

〈Standards of Conduct〉

Endeavor to provide simple, unique and practical products and services

-We always focus on customer-centric products and services that fulfill three kinds of value, develop healthy businesses and bring them into the world to serve society.

In enhancing corporate governance, the following principles shall be followed

(1) Ensure the substantive rights and equality of shareholders

(2) Work with shareholders and other stakeholders in an appropriate manner

(3) Ensure appropriate and proactive disclosure and transparency of corporate information

(4) Clarify the roles and responsibilities of the Board of Directors and the Audit and Supervisory Committee

(5)Engage in dialogue with shareholders to contribute to sustainable growth and medium- to long-term enhancement of corporate value.

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

The Company implements all principles of the Corporate Governance Code as of the date of this report.

Disclosure Based on each Principle of the Corporate Governance Code

Updated

【Principle 1-4. Cross-Shareholdings】

1. ”Policy on Cross-Shareholdings”

From a medium- and long-term perspective to enhance corporate value, the Company's policy is to hold shares that are deemed necessary, taking into consideration the need for business strategies, the benefits to the Company Group from strengthening business relationships, the amount of investment, and other factors, while paying due attention to soundness and other factors. The Board of Directors annually reviews the appropriateness of such shareholding through the examination of the consistency with each purpose and whether the benefits and risks associated with each shareholding are commensurate with the cost of capital.

2. “Criteria for Ensuring Appropriate Responses in the Exercise of Voting Rights”

With respect to the exercise of voting rights pertaining to such shares, the Company makes a comprehensive judgment for or against each proposal from the perspective of medium- and long-term development, growth of the corporate values and so forth of the Company Group and the subject company,.

【Principle 1-7. Related Party Transactions】

The Company's Board of Directors regulations stipulate that any transaction involving a conflict of interest or competition by a director shall be subject to the resolution, and the director who has conducted such a transaction shall report the material facts of the transaction to the Board of Directors without delay.

Even in the case of transactions with major shareholders, there are procedures for deliberation and monitoring by the Board of Directors and the Management Committee, depending on the importance and nature of the transaction.

【Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources】

The Company takes the following actions to ensure diversity.

(1) Set a target for ensuring diversity in the hiring of new graduates and ensure diversity in the population first.

(2) The target for promotion to management positions, etc., will be raised in steps according to the increase in the diversity of the population.

In May 2026, the Company announced its Mid-Term Business Plan MITSUI E&S Rolling Vision 2026, which includes plans for the two fiscal years from 2026 of each ratio of female and foreign employee among new technical graduates, overall employees, and management positions. In addition, the Company has disclosed also the target for fiscal 2030 of each ratio of the female and foreign employee to overall employees in MITSUI E&S Rolling Vision 2026.

For the detailed information, please refer to the Company’s website.

(https://www.mes.co.jp/en/ir/mid-term-business-plan/)

Regarding mid-career hires, the number of assistant managers and senior managers, who are candidates for management positions, varies depending on their age, making it difficult to set a certain target.

【Principle 2-6. Roles as Asset Owners of Corporate Pension Funds】

The Company has not adopted a corporate pension fund. Accordingly, the Company does not engage in any personnel or operational initiatives related to such plans.

【Principle 3-1. Enhancement of Disclosure】

In addition to appropriate disclosure in accordance with laws and regulations, the Company discloses and proactively disseminates information on the following matters from the perspective of ensuring transparency and fairness in corporate decision-making and effective corporate governance.

(i) The Company's Goals (Mission, etc.), Management Strategies, and Management Plans

As stated in the aforementioned Supplemental Principle 2-4-1, the Company discloses and disseminates information on its mission, management strategies, and management plans by formulating MITSUI E&S Rolling Vision 2026, explaining its performance outlook for the next three yearss

The business plan is posted on the Company's website. (https://www.mes.co.jp/en/ir/mid-term-business-plan/)

(ii)Basic Views and Basic Policy on Corporate Governance

Please refer to the "Basic views on Corporate Governance," which has been formulated and is described in "Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information" of this report.

(iii)Policies and Procedures in Determining the Compensation of Directors and Executive Officers

The Company has established "Compensation Committee", chaired by an independent outside director, as a voluntary advisory body to the Board of Directors. The committee deliberates on and provides recommendations concerning matters such as the compensation system, the policy for determining directors' compensation, compensation levels, and the indicators used to determine incentive-based compensation. The composition of the Committee and the compensation of Directors are described in "Ⅱ-1. Organizational Composition and Operation", "Status of Establishment of Voluntary Committees, Composition of Members, Attributes of Chairperson (Chairman)" and "Incentive Relationships".

(iv) Policies on and Procedures in Nominating Candidates for Directors and Corporate Officers

The Company has established "Nominating Committee", chaired by an independent outside director, as a voluntary advisory body to the Board of Directors. The Committee deliberates and reports on the criteria for the appointment and dismissal of directors and on the proposed appointment and dismissal of directors. The Committee also confirms whether candidates for Audit Committee Members meet the requirements set forth by the Audit Committee. Based on the deliberations, recommendations, and confirmations of the Nomination Committee, the Board of Directors determines the appointment and dismissal of directors (including directors who are members of the Audit and Supervisory Committee). The composition of the Committee is described in "Ⅱ-1. Organizational Composition and Operation" and "Attributes of the Chairman (Chairperson) of non-statutory Committees" of this report.

(v) Explanation for Individual Selection and Nomination of Candidates for Director and Corporate Officers

The reasons for each of these actions are stated in the agenda for the election and dismissal of directors at the General Meeting of Shareholders. For details, please refer to the documents in the "Notice of the 123rd Ordinary General Meeting of Shareholders" posted on the Company's website.
(https://www.mes.co.jp/assets/uploads/ir-meeting-123_convocation-notice.pdf)

【Supplementary Principle 3-1-3 Initiatives on Sustainability】

In May, 2026, the Company announced the MITSUI E&S Rolling Vision 2026 where the Company's sustainability initiatives are incorporated. The Company is working to address the sustainability issues.

(1) The Company has set "Creating a decarbonized society" and "Resolving issues of a society with a shrinking population" as its management challenges.

(2) The Company has clarified the position of sustainability in its management philosophy, established strategic materiality, integrated it into management plans, reflected it in business activities, and set target indicators in order to link them to information disclosure, compensation, and the establishment of a supervisory system.

Please refer to "MITSUI E&S Rolling Vision 2026" as well as the "Integrated Report" and "Annual Securities Report for the 123rd Fiscal Year" on its website for information on its efforts to address issues surrounding sustainability at present and its investments in human capital and intellectual property, respectively.

MITSUI E&S Rolling Vision 2026: https://www.mes.co.jp/en/ir/mid-term-business-plan/

Integrated Report: https://www.mes.co.jp/en/ir/library/integrated-report/

Please refer to the aforementioned "Integrated Report" for the disclosure of climate change-related information

based on the TCFD, an internationally established disclosure framework.
Based on the recognition that standards for the disclosure of sustainability information in Japan and overseas are gradually developing, the Company is taking a prudent and careful approach to the disclosure of such information. As a step toward achieving the Company's "Material Issues", it calculates its Scope 1, Scope 2 and Scope 3 of Greenhouse Gas (GHG) emissions. To ensure the accuracy of the calculation figures, the Company has obtained certification from an external third-party organization for its GHG emissions and disclosed it. For the detailed information, please refer to the Company's website.
(https://www.mes.co.jp/en/sustainability/external-recognition/)

【Supplementary Principle 4-1-1 Scope of Delegation from the Board of Directors to Management】
In addition to the matters stipulated by law and the Articles of Incorporation, the Company's Board of Directors stipulates in its internal regulations the matters to be resolved by the Board of Directors with respect to important matters concerning management policy, important transactions above a certain amount, and decisions on business execution, including investment and financing projects. Other than these matters, in principle, the authority for business execution is delegated to the director in charge of the relevant business and the executive officers appointed by the Board of Directors to facilitate prompt decision-making.

【Principle 4-9 Independence Standards and Requirements for Independent Outside Directors】
The Company has established "Independence Criteria of Outside Directors", referring to the independence criteria provided by Tokyo Stock Exchange and disclosed such criteria on the Company's web site.
(https://www.mes.co.jp/en/ir/governance/indep-director/)

【Supplementary Principle 4-10-1 Views on the Appropriate Involvement and Advice from Independence of the Members of Nomination and Compensation Advisory Committees】
In order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination (including succession planning) and compensation of senior management and directors, the Company has established voluntary Nominating Committee and Compensation Committee of which members mainly consist of independent outside directors. To ensure the independence of these voluntary committees, a majority of the members of each committee are independent outside directors. However, in cases where a number of independent outside directors and internal directors (including the president) is equal, the independence of such committees is ensured by having an independent outside director chair the committee.
The compositions of such committees are described in this report, "II-1."Organizational Composition and Operation", 'Status of Establishment of Voluntary Committees, Composition of Members, and Attributes of the Chairperson' of this report, please refer to the following section.
The authority, roles, etc. of such committees are as explained in the aforementioned Principle 3-1.(iii) and (iv).

【Supplementary Principle 4-11-1Competence, diversity, etc. of the Board of Directors as a whole】
In selection and determination of candidates for Directors, the Company is striving to ensure a certain number of inside Directors familiar with the business and management control of the Company Group. At the same time, with a view to meet the demand for diversity, the Company is working to ensure a balance of knowledge, experience and capability, as well as diversity within the Board of Directors as a whole, by inviting Outside Directors with abundant experience in other industries.

The Company specifies the skills and areas of expertise specifically expected to Directors as the following eight categories:
(1) Corporate management
(2) International experience

(3) Finance/M&A
(4) Legal affairs/Auditing
(5) Marketing
(6) Technologies/IT
(7) Human resource development
(8) Climate/ Environment

Please refer to the "Notice of the 123rd Ordinary General Meeting of Shareholders, Page 20-21 " posted on the Company's website for a skills matrix that visualizes the skills and areas of expertise specifically expected of each director. The applicability of each director to the skill items is determined by comprehensively taking into consideration their management experience, practical experience, specialized knowledge, official qualifications, etc. (https://www.mes.co.jp/en/assets/uploads/ir-meeting-123_voting-notice.pdf)

【Supplementary Principle 4-11-2 Status of Concurrent Positions held by Directors】

The Company discloses the status of the Directors holding concurrent positions at other listed companies in the Company's business report and other annual reports, which are all remaining within a reasonable range.
For details, please refer to the "Notice of the 123rd Ordinary General Meeting of Shareholders" posted on the Company's website.
(https://www.mes.co.jp/en/assets/uploads/ir-meeting-123_voting-notice.pdf)

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

As a part of efforts to improve corporate governance, the Company has conducted an annual evaluation of the effectiveness of the Board of Directors since fiscal 2015.
For fiscal 2025, the Company conducted a flexible analysis and evaluation with an emphasis on identifying issues, using an in-house approach involving all directors, in accordance with the methods and procedures set out below..

- Discussion and finalization of questionnaire content
- Collection and analysis of questionnaire responses to identify issues
- Interim Report to the Board of Directors on the Results of the Analysis and Evaluation, and Resolution of the Board of Directors

1. Results of Analysis and Evaluation of the Overall Effectiveness of the Board of Directors in FY2025

The Company evaluates that the Board of Director is generally well-run, and that the effectiveness of the Board of Directors has been continuously ensured. In addition to maintaining candid discussions among Directors, the Company has sought to enhance understanding of corporate culture and environment through initiatives such as dialogues between outside directors and workplace leaders, and these efforts have also contributed to enhancing the effectiveness of the Board.

(1) Status of responses to the following issues identified in the previous fiscal year's effectiveness evaluation

①Discussions by the Board of Directors on the basic policy and enhancement measures for sustainability

The Board of Directors engaged in repeated discussions on the human capital management strategy and worked to disseminate the substance of those discussions throughout the Company, while also enhancing disclosures based on the TCFD recommendations in response to climate change. In addition, the Company deepened discussions on sustainability by reporting to the Board of Directors on matters discussed by the Internal Control Committee and conducting exchanges of views. As a result of these efforts, this issue has improved much.

② Involvement of the Board of Directors in the formulation and operation of the succession plan for the CEO and other key executives.

The Company fundamentally reviewed the operating policy of the Nomination Committee and enhanced

reporting to the Board of Directors on the status of deliberations and key issues relating to the succession plan, thereby strengthening the Board's involvement and oversight functions. As a result, this issue improved significantly.

(2) New issue pointed out in this fiscal year's effectiveness evaluation

It was pointed out that more in-depth discussions are required on the medium- to long-term business strategies for new businesses and core businesses, utilizing the green technology and digital technology .

2. Initiatives to Address Newly Identified Issue

To further promote the Company's business growth, the Company works to further enhance discussions on both its new businesses and core businesses, utilizing the green technology and digital technology. Specifically, the Board of Directors engages in ongoing discussions regarding investment priorities, the allocation of resources and progress management, thereby further strengthening the profit base, in addition to clarifying the strategies in light of changes in the market environment and competitive advantages.

【Supplemental Principle 4-14-2 Training Policy for Directors】

The Company provides Directors with the information necessary to fulfill their roles and responsibilities as follows.

<Newly appointed outside directors>

Explanations and factory tours to deepen their understanding of the Company's corporate philosophy, business activities, organization, etc. will be provided

【Principle 5-1. Policy on Constructive Dialogue with Shareholders】

The Company recognizes that the understanding and support of shareholders is essential for achieving sustainable growth and enhancing corporate value over the medium to long term, and that it is necessary to build long-term relationships of trust through constructive dialogue with shareholders and investors.

The CFO oversees the dialogue with shareholders and investors and, as necessary, discusses appropriate methods with the officers in charge of the relevant divisions, outside directors, and Audit and Supervisory Committee members. Specifically, the Company will clearly publish its management concept, business performance, and business details on the Company's website, hold regular financial results briefings for securities analysts and institutional investors, and hold business briefings for individual investors as appropriate.

Please refer to the Company's website for information on the management concept, business performance, and business activities.

(Management concept: https://www.mes.co.jp/en/company/concept/)

(Business performance: https://www.mes.co.jp/en/ir/library/highlight/)

(Business: https://www.mes.co.jp/en/products/)

【Actions to achieve cost of capital and stock price conscious management】

Since 2019, the Company has been working to reform and improve its business structure.

In order to switch to business management that pays attention not only to operating income margin but also on business management that takes into account cost of equity and stock prices, with the goal of achieving a return on invested capital (ROIC) that exceeds the weighted average cost of capital (WACC), while paying attention to return on equity (ROE) and price-to-book ratio (PBR).

The most recent figures for these indicators are ROIC > WACC, and the Company will strive to maintain these figures permanently while improving the corporate value.

【Status of Dialogue with Shareholders】

For the status of dialogue with shareholders in fiscal 2025, please refer to "Status of IR Activities" in III - 2

hereof .

The Company regards the enhancement of corporate governance as an extremely important measure and will continue to make ongoing efforts to achieve this goal.

Action to implement Management that is conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (updated)
Availability of English Disclosure	Available
Date of Update Updated	June 29, 2026

Explanation of Action Updated

Since 2019, the Company has been working to reform and improve its business structure.
In order to switch to business management that pays attention not only to operating income margin but also on business management that takes into account cost of equity and stock prices, with the goal of achieving Return on Invested Capital (ROIC) that exceeds Weighted Average Cost of Capital (WACC), while paying attention to Return on Equity (ROE) and Price-to-Book Ratio (PBR).
The most recent figures indicate ROIC > WACC, and the Company will strive to maintain these figures permanently while improving the corporate value.

◎Trends in Key Management Figures

	End of FY2024 (Actual)	End of FY2025 (Actual)	End of FY2026 (Forecast)
Consolidated Net Sales	315.1 billion yen	353.2 billion yen	370.0 billion yen
Operating income	23.1 billion yen	37.6 billion yen	32.0 billion yen
Consolidated ROE	25.1%	19.3%	12%
Consolidated ROIC	9.9%	16.1%	10%
Consolidated WACC	7%	9%	—

2. Capital Structure

Foreign Shareholding Ratio	More than 30% Updated

Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,791,500	13.66
Custody Bank of Japan, Ltd. (Trust Account)	7,258,200	7.19
Imabari Shipbuilding Co., Ltd.	3,864,900	3.83
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: Mitsubishi UFJ Bank, Ltd.)	3,830,801	3.79
Mitsui & Co., Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	2,550,000	2.52
J.P. MORGAN BANK LUXEMBOURG S.A. 384513 (Standing proxy: Mizuho Bank, Ltd., Settlement Operations Department)	2,018,100	2.00
Taiju Life Insurance Co., Ltd. (Standing proxy: Japan Custody Bank, Ltd.)	1,600,000	1.58

THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing proxy: Mizuho Bank, Ltd., Settlement Operations Department)	1,391,151	1.37
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement Operations Department)	1,381,007	1.36
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement Operations Department)	1,274,600	1.26

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

Supplementary Explanation Updated

1. The status of major shareholders in the above list is as of March 31, 2026.
2. The above, the Company owns 2,196,432 shares of treasury stock, which are excluded from the above major shareholders. Treasury stock includes 400 shares that are registered in the name of the Company in the shareholders' register but not actually owned by the Company.
3. Percentages are calculated excluding treasury stock.
4. Although the Large Shareholding Report (Amendment Report), which was made available for public inspection on November 7, 2025, states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and one joint holder held shares as set forth below as of October 31, 2025, the Company was unable to confirm the actual number of shares beneficially owned as of March 31, 2026. Accordingly, such shareholdings are not included in the above status of major shareholders.
5. Although the Large Shareholding Report (Amendment Report), which was made available for public inspection on March 23, 2026, states that Nomura Securities Co., Ltd. and three joint holders held shares as of March 13, 2026, the Company was unable to confirm the actual number of shares beneficially owned as of March 31, 2026. Accordingly, such shareholdings are not included in the above status of major shareholders.
6. Although the Large Shareholding Report (Amendment Report), which was made available for public inspection on April 3, 2026, states that JPMorgan Asset Management (Japan) Limited and three joint holders held shares as set forth below as of March 31, 2026, the Company was unable to confirm the actual number of shares beneficially owned as of March 31, 2026. Accordingly, such shareholdings are not included in the above status of major shareholders.

3. Corporate Attributes

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

End of the Previous Fiscal Year	

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

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

Kaji Technology Corporation (hereinafter "KTC"), an affiliate of the Company, is listed on the Tokyo Stock Exchange Standard Market. As a specialized manufacturer of small reciprocating compressors, KTC possesses unique technological and developmental capabilities and operates in a different domain from the Company. However, in the future, the Company expects to see synergies, especially in the hydrogen-related field, and the Company believes that having KTC as a listed and independent of the Company will be beneficial in establishing its brand and fostering the hydrogen society itself. KTC has appointed a certain number of independent outside directors and is working to ensure their independence from the perspective of protecting minority shareholders. In addition, KTC strives to ensure the effectiveness of its governance system by reflecting the objective opinions and advice of these directors based on their various perspectives in the management of KTC.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit & Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Koichi Kawasaki	From another company								△			
Mie Miwa	From another company								△			
Wong Lai Yong	From another company											

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

a. Person who executes business for the Company or its subsidiary

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

Outside Directors' Relationship with the Company (2) Updated

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Kawasaki	○	○	Mr. Koichi Kawasaki was an executive officer of Nippon Butyl Co., Ltd. until June 2021. Although there is a business relationship between Nippon Butyl and the Company Group regarding parts sales, etc., Nippon Butyl had no sales to the Company Group in the most recent fiscal year, and the Company Group sales to Nippon Butyl accounted for less than 0.1% of the annual consolidated total sales.	【Reasons for Appointment as Outside Director】 Mr. Koichi Kawasaki has long been engaged in operations in the technical divisions of manufacturing and production at a major chemical company, and has extensive insight into business activities and overall management based on his experience in management. The Company has appointed him as an Outside Director who is the Audit & Supervisory Committee member expecting him to carry out audit properly based on an objective point of view. 【Verification of Independence】 Mr. Koichi Kawasaki satisfies the conditions of "The Independence Criteria" provided by Tokyo Stock Exchange, and "The Independence Criteria of Outside Directors" designated by the Company . Therefore, the Company has assigned n him as independent Director..
Mie Miwa	○	○	There is a business connection with respect to	【Reasons for Appointment as Outside Director】

			consignment of inspection work, etc. between the Company and East Japan Railway Company where Ms. Miwa was an executive until June, 2022. However, there was no sale from the said company to the Company Group in the most recent fiscal year. In addition, the share of the net sales of the Company Group from the said company is less than 0.1% of the net sales of the Company Group for the Term.	Ms. Mie Miwa has been serving as executive officer in charge of promoting regional interaction and CX (customer experience) at a major travel agency, following her years of career at a major railway company engaging in development and operation of commercial facilities in Japan and overseas, as well as new business development, etc. She possesses sufficient and overall experience and knowledge of marketing, sustainability issues and corporate management in general. The Company has nominated her as Outside Director who is an Audit and Supervisory Committee member, expecting her to oversee and supervise management of the Company from an independent position, as well as to carry out audit properly based on an objective point of view. 【Verification of Independence】 Ms. Mie Miwa satisfies the conditions of "The Independence Criteria" provided by Tokyo Stock Exchange, and "The Independence Criteria of Outside Directors," designated by the Company . Therefore, the Company has assigned her as independent Directo.
Wong Lai Yong	○	○	—	【Reasons for Appointment as Outside Director】 Ms. Wong Lai Yong has been engaged in an advisory role for the sustainability initiatives as well as human resources development activities in companies, governmental organizations and educational institutions in various countries in Asia for many years, with expertise supported by a doctoral degree in business administration. She is also serving

				as an outside director at a major chemical company in Japan and possesses sufficient and overall experience and knowledge of corporate management in general. The Company has appointed her as an Outside Director and the Audit & Supervisory Committee member in order to strengthen the independence and diversity of its Outside Directors, as well as to strengthen the monitoring and supervision of management from an independent standpoint and to conduct appropriate audits based on an objective perspective. 【Verification of Independence】 Ms. Wong Lai Yong satisfies the conditions of "The Independence Criteria" provided by Tokyo Stock Exchange, and "The Independence Criteria of Outside Directors" designated by the Company determines. Therefore, the Company has assigned her as independent Director.

The Audit & Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson Updated

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
The Audit & Supervisory Committee	4	1	1	3	Outside Director

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

Matters on Independence of Said Directors and/or Staff from Executive Officers

The Company has established the Office of Audit and Supervisory Committee, which has full-time employees to assist the Audit & Supervisory Committee.
The employees of the Office of Audit and Supervisory Committee are assigned to assist the Audit & Supervisory Committee in its audits, etc., under the direction of the Audit & Supervisory Committee.
The personnel transfer and performance evaluation, etc. of the employees of Office of Audit and Supervisory Committee are discussed with the Audit & Supervisory Committee in advance to ensure their independence from

the executive directors and to ensure the effectiveness of their instructions.

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

The Audit & Supervisory Committee expresses its opinions on Accounting Auditor's audit plan, shares awareness of important risks, and meets regularly with Accounting Auditor, mainly for quarterly reviews, to receive reports and exchange opinions during the term.
The Company has established an independent and objective "Audit Sect" as its internal audit department, which audits the whole Company Group consisting of the Company and its subsidiaries.
The Audit Sect provides the full-time Audit and Supervisory Committee members with bimonthly briefings on the status of audit operations, including the results of internal audits such as annual operational audits, and provides internal and external information and exchanges opinions as appropriate. The opinions obtained from the Audit and Supervisory Committee through these activities are used as reference for the selection of audit themes for the Audit Sect to enhance the content of audits.
The Audit Sect also attends meetings at which the Audit and Supervisory Committee receives an explanation of the audit plan from the accounting auditor and quarterly meetings at which the Audit and Supervisory Committee receives reports on the results of reviews or audits, in order to share information between the Audit and Supervisory Committee and the Audit Sect. The Audit Sect audits the whole Company Group under the direction of the President and Representative Director or the Audit and Supervisory Committee, and is a so-called "dual reporting line.

Voluntary Established Committee(s)

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

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation Updated

Currently, the "Nominating Committee" consists of three independent outside directors appointed by the Board of Directors and two inside directors. It is chaired by an independent outside director. The committee discusses and reports on director selection procedures and succession plans, as well as director candidate proposals for the next fiscal year.
The Compensation Committee consists also of three independent outside directors appointed by the Board of Directors and two inside directors. The committee deliberates on and makes recommendations regarding matters

such as the compensation system, the policy for determining compensation, compensation levels, and the indicators used to determine incentive compensation.
In order to ensure the independence of these voluntarily established committees, the Company basically requires that a majority of the members of each committee be independent outside directors. However, in case that the number of independent outside directors is equal to the number of inside directors (including the president) at a committee, the independence of the committee is ensured by having an independent outside director chair the committee.

Matters Concerning Independent Directors

Number of Independent Directors	3

Other Matters Concerning Independent Directors

The Company designates all outside directors, as Independent Directors. They meet the qualifications

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Compensation Scheme / and other incentives

Supplementary Explanation for Applicable Items Updated

1. Composition of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
Compensation for Directors (excluding Directors who are the Audit and Supervisory Committee member) consists of monthly compensation, performance-linked compensation, and stock compensation, which are determined according to a position of each Director excluding Director who are Audit and Supervisory Committee member. (Outside Directors receive only monthly compensation.)
2. Profit-linked compensation
The Company has introduced profit-linked compensation as a short-term incentive in order to improve management efficiency and link compensation to business performance by using a performance indicator that is in line with the Company's management strategy, specifically the consolidated Return on Invested Capital (ROIC) as a standard.
3. Stock compensation
The Company has introduced pre-delivery restricted stock compensation as a medium- to long-term incentive, with the aim of enhancing directors' awareness of contributing to the enhancement of corporate value over the medium to long term through value sharing with shareholders.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Compensation

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

Supplementary Explanation for Applicable Items Updated

The amount of compensation paid to directors and corporate auditors in fiscal 2025 was 168 million yen for four

directors (excluding directors who are the Audit and Supervisory Committee members), 54 million yen for five directors who are the Audit and Supervisory Committee members, totaling 222 million yen. The above does not include employee salaries of directors who concurrently serve as employees.
In addition to the above, the Company paid 55 million yen of stock price-linked compensation was paid to three retired directors (during their assignments.

Policy on Determining Compensation Amounts and Calculation Methods Updated	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. The maximum amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) was resolved at the 123rd Ordinary General Meeting of Shareholders held on June 26, 2026, at 430 million yen per year (excluding the employee salary portion), of which the amount for Outside Directors is 12 million yen per year. In addition, at the same meeting, it was resolved, separately from monetary compensation, that the total amount of monetary claims to be granted for the purpose of providing restricted stock compensation to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) shall be 68 million yen per year (excluding the employee salary portion), and that the upper limit on the number of shares to be granted shall be 16,000 shares per year. The maximum amount of compensation for Directors who are Audit and Supervisory Committee Members was resolved at the 121st Ordinary General Meeting of Shareholders held on June 26, 2024, at 63 million yen per year.
2.The details of individual compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) are determined by the Board of Directors, taking into account the deliberations and recommendations of the Compensation Committee, a majority of whose members are independent Outside Directors and whose chairperson is an independent Outside Director.
3.The compensation of Directors who are Audit and Supervisory Committee members is fixed and determined by consultation of the Directors who are Audit and Supervisory Committee members, with reference to the monthly compensation of Directors (excluding Directors who are the Audit and Supervisory Committee members).

Support System for Outside Directors

In addition to providing advanced explanations to Outside Directors on agenda items at Board Meetings, the Company implements and supports liaison meetings for the purpose of exchanging information from an objective standpoint and sharing a common understanding. Furthermore, the full-time Audit & Supervisory Committee member explains and exchanges opinions with Outside Directors (Audit & Supervisory Committee members) at the committee meetings, etc., regarding Board of Directors' agenda items and in-house conditions, and accompanies them on certain audits to help them understand the status of internal controls at the Company.

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

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

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc. Updated	0

Other Related Matters

The handling of advisors, etc. is governed by internal rules.

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

（1） Overview of Current Corporate Governance System

Based on the resolution at the 120th Ordinary General Meeting of Shareholders held on June 28, 2023, which has partially amended the Articles of Incorporation, the Company has shifted to a corporate governance system in the form of a company with an audit and supervisory committee. The term of office of directors (excluding Directors who are the Audit and Supervisory Committee members) is one year, and we strive to increase the opportunities for shareholders to confirm their trust in the directors. Since June 26, 2025, the Company's Board of Directors has consisted of seven members, Among them, three members are non-executive outside directors.

Audit and Supervisory Committee of the Company consists of four members, three of whom are part-time outside directors. The Company also has Accounting Auditor. Domestic subsidiaries of the Company Group have adopted a corporate auditor system. The Company's Audit and Supervisory Committee Members and the subsidiary's Corporate Auditors exchange information as necessary to enhance the effectiveness of audits.

The Company has also introduced an executive officer system to strengthen the important decision-making and supervisory functions of the Board of Directors and to improve the efficiency of business execution. Under the supervision of the CEO and CFO, the Executive Officers execute their duties in accordance with the instructions of the Director respectively in charge of the Corporate Division or of the Business Division.

(2) Main conference body

a. Board of Directors

The Company holds regular monthly meetings of the Board of Directors in principle and extraordinary meetings when necessary. As the highest management decision-making body, the Board of Directors makes resolutions on matters related to important measures stipulated in the Board of Directors Regulations, including matters stipulated by law and the Articles of Incorporation, and supervises the execution of business operations. The Board of Directors also reviews the basic policy for the establishment of internal control systems as necessary.

The Board of Directors 12 regular meetings and 6 extraordinary meetings in fiscal 2025.

b. Audit and Supervisory Committee

The Company holds regular monthly meetings of the Audit and Supervisory Committee and extraordinary meetings when necessary, to share information on the status of the execution of duties by Directors (excluding Directors who are the Audit and Supervisory Committee members) and on audits conducted by the accounting auditor. The Committee also discusses the status of the development and operation of the Company Group's corporate governance and internal control systems, the evaluation of the quality of audits conducted by the accounting auditor, and other issues, and discusses whether each director is properly performing his/her duties as stipulated by law and the Articles of Incorporation, and whether each organization is functioning organically to enhance corporate value.

Meetings held in FY2025: 12 regular meetings and 2 extraordinary meetings

c. Management Committee

The Company has established a “Management Committee” as a management conference body to execute operations based on the basic policies determined by the Board of Directors. The Committee consists of the President, inside directors, executive officers, and persons appointed by the President. In principle, the

Committee meets regularly twice a month, and on an ad-hoc basis when necessary, to deliberate and report on basic policies, management strategies, and execution plans concerning the management of the whole Company Group, as well as individual business execution based on such directions and important matters concerning the Company or the Company Group.

FY2025: 24 regular meetings, 8 extraordinary meetings were held

(3) Audit by Audit and Supervisory Committee

The Audit and Supervisory Committee members monitor and supervise Directors' execution of duties through regular meetings with the President and Representative Director, Directors, and Outside Directors, as well as through audits of the execution of business operations by the Company Group consisting of internal departments and subsidiaries, in addition to the timely and appropriate collection of information in accordance with regulations specifying items to be reported by Directors to the Audit and Supervisory Committee.

(4) Internal Audit

The Company has established "Audit Sect." as an independent and objective internal audit department that audits the whole Company Group. The Audit Sect. has eight full-time staff members, including six internal auditors and two internal auditors specializing in information systems audits, who hold professional audit qualifications,, and conducts operational audits based on an annual operational plan approved by the Management Committee and the Board of Directors. Audit results are reported to the Management Committee and the Board of Directors, and audit findings are corrected by business execution orders. Follow-up audits are then conducted to confirm that the corrections have been completed.

(5) Accounting Audit

The Company has appointed KPMG AZSA LLC as its accounting auditor, and the names of the certified public accountants who performed the accounting audit in fiscal 2025 and the composition of assistants for the audit are as follows.

a. KPMG AZSA LLC KPMG AZSA LLC

Designated and Engagement Partner Yutaka Matsuki

Designated and Engagement Partner Fumitaka Otani

The number of years of continuous auditing services has been omitted because all of them have been auditing for 7 years or less.

b. Composition of Assistants for Accounting Audit Composition of Assistants for Accounting Audit

Certified Public Accountants 21

Others 54

Since fiscal year 2025, the figures have also included personnel involved in the service delivery center, where certain routine audit tasks such as assisting with document matching are carried out intensively. Of the above number of individuals involved, 13 are certified public accountants and 33 are other individuals involved in the center.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the current corporate governance system based on the judgment that a governance system in which the Audit and Supervisory Committee enhances the effectiveness of the audit function and experienced outside directors monitor the directors' performance of their duties from the management perspective will contribute to the sustainable enhancement of the corporate value of the Company Group, based on the corporate philosophy.

III. Implementation of Measures for Shareholders and Other Stakeholders

Updated

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The convocation notice of the General Meeting of Shareholders (including business report) is sent out three weeks prior to the date of the, and the notice of convocation of the 123rd Ordinary General Meeting of Shareholders was sent out on 5th ,June, 2026.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	-
Electronic Exercise of Voting Rights	The Company has adopted a system for exercising voting rights on the Internet at the Voting Rights Exercise Website.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Institutional shareholders can use the electronic voting platform.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The reference documents of the notice of convocation are translated into English.
Other	In accordance with laws and regulations and Article 16 of the Articles of Incorporation, the Company has taken measures to provide information such as reference documents for the General Meeting of Shareholders electronically, and has posted the information on its website etc. as a "Notice of the 123rd Ordinary General Meeting of Shareholders" (full text in Japanese, reference documents only in English).

2. Status of IR-related Activities

Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds quarterly financial results briefings. Q2, Q4: Presenter (CEO and CFO) 1st and 3rd quarter: Presenter (CFO)	Held
Regular Investor Briefings held for Overseas Investors	The Company sets the opportunities of meeting to explain its financial report and management plan to overseas investors.	Held
Online Disclosure of IR Information	URL for IR: https://www.mes.co.jp/en/ir/ and https://www.mes.co.jp/en/company/ Information for investors posted on the website: ・MITSUI E&S Rolling Vision(Mid -term Management Plan), Financial Statements, Integrated	

	Report, Annual Securities Report, Corporate Governance Report, etc.
Establishment of Department and/or Placement of a Manager in Charge of IR	Department in charge: Investor Relations Office, Finance Department Officer in charge: Taketsune Matsumura, CFO, Vice President and Representative Director
Other	-

3. Status of Measures to Ensure Due Respect for Stakeholders

Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company clearly states its philosophy of respect for stakeholders in its Mission, Vision, Management Policy, and Standards of Conduct.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company complies with environmental laws and regulations and conduct environmental management. In addition, the company also discloses the details of its various activities through the "Integrated Report.
Formulation of Policies, etc. on Provision of Information to Stakeholders	For the purpose of lawful, timely, and appropriate disclosure of corporate information, The Company has established "Regulations Concerning Disclosure of Corporate Information" and discloses corporate information.
Other	【Basic Policy on Human Resource Strategy etc.】 1. Human Resource Strategy The Company Group aims to pursue social advancement and sustainability through engineering and services, while also striving to be a company group in which employees find enjoyment in their works and experience personal growth. To achieve this, the Company Group places particular emphasis on three pillars: (i) marketing, (ii) innovation, and (iii) well-being. More specifically, rather than merely providing technologies and services to address social issues, the Company seeks to work together with its customers to solve such issues through marketing and innovation, and to build partnerships in which we can share the results and celebrate achievements together. As relationships with customers evolve and become sustainable through this process, employees' sense of fulfillment in their work is also enhanced, thereby shapes the well-being that the Company aspires to achieve. Based on this objective, the human resource strategy focuses on promoting workforce diversity, responding to labor mobility, and investing in human capital and workplace environment development, with the aim of creating an organizational culture in which diverse talent capable of taking on the challenge of creating new value together with customers can develop and thrive. In particular, in a society with a shrinking population, the Company believes that securing talent, addressing labor mobility, and promoting diversity will become increasingly important. Accordingly, in order to respond flexibly to rapid changes in the management and business environment, the

Company is focusing not only on improving treatment and compensation, including wages, but also on reforming its human resources systems to move away from seniority-based practices and enable fairer and more flexible evaluation and operation.

In fiscal 2025, the Company also conducted its own engagement survey to periodically assess employees' understanding of management plans and human resources and training systems, as well as their sense of fulfillment in work and their motivation to contribute to society. Overall, the survey results showed a high level of positive responses. In order to contribute to the advancement and sustainability of both society and the Company's Group, it will continue to conduct this survey from the perspective of well-being and strive to further enhance employee engagement.

2. Policy for Determining the Amount and Details of Compensation and Other Benefits for Employees of the Company

The Company places importance on aligning the direction of management and employees and fostering commitment toward the achievement of goals. In line with this approach, the Company has adopted an evaluation and compensation system based on roles, performance, and the Company's business results. Specifically, with respect to a portion of compensation for managerial employees and bonuses for non-managerial employees, the Company has adopted a performance-linked system based not only on the performance of the Company or relevant division, but also on the degree of achievement of individual targets derived from the annual company-wide policy set by management. Through this framework, the Company enhances incentives for each employee to contribute to the achievement of the Company's overall policy.

In addition, the Company encourages employees to recognize the share price as a common indicator with regard to the corporate value. Through the introduction of a restricted stock compensation system utilizing the Mitsui E&S Employee Shareholding Association , the Company has established a structure under which employees develop an interest in the share price, gain an understanding of the perspectives of management and investors, and are able to convert business results into individual assets, thereby implementing measures that serve as incentives for employees.

IV. Matters on the Internal Control System Updated

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

Based on "Companies Act" and "Enforcement Regulations of the Companies Act" in Japan, the Company has resolved the following basic policy to establish an internal control system at the Board of Directors and has established a system to ensure the proper conduct of business. The latest revision is as of March 26, 2026.

(1) System to ensure that the directors' execution of duties complies with laws and regulations and the Articles of Incorporation

a. In order to ensure that the Company's business operations are carried out appropriately and soundly overall, the Board of Directors will further strengthen corporate governance and further solidify effective risk management systems, effective internal control systems, and compliance systems for the Company Group consisting of the Company and its subsidiaries.

b. The Company shall nominate outside directors who satisfy the independence requirements stipulated by the Tokyo Stock Exchange, etc. and the "Criteria for Independence of Outside Directors" established by the Company.

c. The Company shall ensure the reliability of information that may have a material effect on financial reporting.

d. Based on the Audit & Supervisory Committee's audit report on the effectiveness of the risk management system, internal control system, and compliance system, the Company shall seek to detect problems as soon as possible and correct them.

(2) System for the storage and management of information related to the Directors' execution of duties

a. Based on the internal rules for the operation of each management conference body, the secretariat of each management conference body shall prepare records (including electromagnetic records) related to management decision-making and business execution, and store and manage such records appropriately.

b. Directors may inspect these records at any time through the secretariat of each management conference body.

(3) Regulations and other systems for the risk control of loss

a. In order to prevent risks from materializing, the Company has established "Internal Control Committee" chaired by the Executive Officer in charge of the Legal Department. The committee comprehensively grasps and evaluates all risks related to all business activities, and continuously checks and controls at the management level whether appropriate responses are being made to important risks that should be prioritized, thereby implementing total risk management.

b. In the event of unforeseen circumstances, such as a situation that seriously affects business continuity, safety, or human life, or an emergency situation that poses a serious threat to the survival of the Company, the "Special Crisis Control Committee," chaired by the representative director or the director in charge of the subject case, will promptly consider a response and minimize the expansion of losses.

c. For the risk control in business operations that have a significant impact on management, risk checks shall be conducted by the relevant departments in accordance with internal rules. In accordance with the Company's decision criteria, each business division and major subsidiaries shall conduct their own risk checks.

d. The internal audit department, which is independent and objective, verifies the effectiveness of risk management and recommends corrective actions for deficiencies.

(4) System to ensure the efficient execution of duties by directors

a. In addition to regular and extraordinary meetings of the Board of Directors held from time to time as necessary, the Company shall organize management committees in order for the Board of Directors to promptly make management decisions that form the basis for proper and efficient execution of duties, and shall deliberate and make decisions on important management matters according to the functions provided in the respective operating rules.

b. In accordance with the division of duties decided by the Board of Directors, Directors shall carry out their duties efficiently in their respective departments with the necessary responsibility and authority, and shall report on the status of such execution to the Board of Directors at least once every quarter.

c. The Board of Directors shall establish an annual budget with the Company Group's target values in order to strengthen market competitiveness by clearly setting targets and ensuring profitability. The progress of the annual budget shall be checked and managed by the members of the Board of Directors.

d. The Executive Officer System has been introduced to strengthen the important decision-making and supervisory functions of the Board of Directors and to improve the efficiency of business execution.

(5) System to ensure that employees' executions of duties comply with laws and regulations and the Articles of Incorporation

a. The "Group Compliance Committee," of which chair person is the Chief Compliance Officer appointed from among the Company's directors, shall be established in accordance with internal regulations to monitor and promote awareness-raising activities, including compliance with the Antimonopoly Law.

b. The Company has established a compliance policy as a code of conduct for the employees and those of its subsidiaries. To ensure compliance, we promote education and awareness activities for those subject to the policy and ensure that it is thoroughly understood.

c. For early detection of legal violations and other compliance-related problems, the Company shall establish a "Help Line" (internal reporting system) through which the General Manager of the Legal Department and an outside attorney directly receive consultations and reports from all officers and employees of the Company, its subsidiaries, and its business partners, etc. The Company will also ensure the effectiveness of this system in accordance with internal regulations compliant with the Whistleblower Protection Act.

d. The effectiveness of the compliance system shall be verified through internal audits by the Internal Audit Department, and any deficiencies shall be corrected.

e. The Company shall strive to ensure the reliability of information that may have a material impact on financial reporting. Disclose financial information and other corporate information in a timely and appropriate manner in accordance with internal rules for disclosure of corporate information.

(6) System to ensure the appropriateness of operations of the Company Group

a. The "Mission," "Management Policy," and "Standards of Conduct" of the Company Group shall be established, and each company shall establish the necessary systems based on these principles.

b. For business management, the Company shall manage and supervise the subsidiary through its authorization system and reporting system to the Company based on the Company's internal regulations in addition to assigning directors or auditors etc. to .supervise each subsidiary

c. For the internal control over financial reporting in the Company Group, the Company verifies the effectiveness through independent assessments by the internal audit department and corrects any deficiencies in addition to checks through self-assessments.

d. The Company's internal regulations on compliance shall be applied to the officers and employees of the subsidiaries. The director or executive officer in charge of internal control of each subsidiary shall develop a compliance system in accordance with the circumstances of each company through "departmental compliance review meetings" under the guidance of the "Group Compliance Committee.".

e. The executives and employees of the Company's subsidiaries are also included in those eligible to use the "Helpline".

f. Risks that may have a significant impact on the Company's management shall be encompassed in the "Total Risk Management" to control the risks in the Company Group.

(7) Matters on employees assisting the Audit and Supervisory Committee in the Performance of Its Duties

a. The Company shall establish the "Office of Audit and Supervisory Committee," which is independent of the business execution divisions, as an organization to assist the Audit and Supervisory Committee in its duties, and shall assign full-time employees to it.

b. Employees assigned to the Office of Audit and Supervisory Committee assist the Audit and Supervisory Committee members in the execution of their duties as instructed by the Audit and Supervisory Committee

(8) Matters on the independence of the employee in the preceding item from Directors (excluding Directors who are the Audit and Supervisory Committee members) and matters related to ensuring the effectiveness of the Audit

and Supervisory Committee's instructions to the employee in the preceding item.

a. Full-time employees belonging to the Office of Audit and Supervisory Committee shall not be directed or supervised by Directors (excluding Directors who are Audit and Supervisory Committee members).

b. Personnel transfers and performance evaluations of full-time employees belonging to the Office of Audit and Supervisory Committee will be decided in advance through consultation with the Audit and Supervisory Committee.

(9) System for reporting to the Audit and Supervisory Committee

a. System for reporting to the Audit and Supervisory Committee by directors (excluding directors who are members of the Audit and Supervisory Committee) and employees

① Based on the regulations of Management Committee, the full-time Audit and Supervisory Committee member will attend Management Committee meetings etc, and the Secretariat shall submit the minutes of meeting to the Audit and Supervisory Committee members.

②Directors (excluding directors who are the Audit and Supervisory Committee members) and employees shall immediately report to the Audit and Supervisory Committee if they discover any fact that may cause significant damage to the Company.

③ In consultation with the Committee Audit and Supervisory, the Company shall determine the reporting guideline to specify issues which Directors (excluding Directors who are Audit and Supervisory Committee members) and employees should report to the Committee. Such issue shall be reported to the Audit and Supervisory Committee in a timely and appropriate manner.

④ The Audit and Supervisory Committee may request reports from Directors and employees as necessary.

b. System for directors, auditors and employees of the subsidiaries, or those who receive reports from them, to report to the Company's Audit and Supervisory Committee

① If directors, auditors and employees of subsidiaries, or persons who receive reports from them, discover any facts that may cause significant damage to the company, they shall immediately report the issue to the Audit and Supervisory Committee.

② In consultation with the Audit and Supervisory Committee, the Company shall determine the reporting guideline to specify issues which directors, corporate auditors and employees of the subsidiaries, or by those who receive reports from them to the Committee. Such reports shall be made to the Audit and Supervisory Committee in a timely and appropriate manner.

③ The Audit and Supervisory Committee may, as necessary, request reports from directors, corporate auditors and employees of the subsidiaries, or from persons who have received reports from them.

(10) System to ensure that a person who reports under the preceding item is not subjected to any disadvantageous treatment because of such a report

a. The Company shall aim for its effectiveness based on its internal regulations that comply with the Whistleblower Protection Act.

(11) The policy and procedures for advance payment or reimbursement of expenses incurred in the execution of the duties of the Audit and Supervisory Committee members and the processing of other expenses or liabilities incurred in the execution of said duties

a. If requested by the Audit and Supervisory Committee, expenses or liabilities shall be processed appropriately and promptly so as not to impede the execution of duties by the Audit and Supervisory Committee members.

(12) Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee

a. Representative Directors shall meet with Audit and Supervisory Committee members as much as possible to exchange opinions and communicate with them on the corporate management, apart from business reports.

b. Directors (excluding Directors who are Audit and Supervisory Committee members) will cooperate with the Audit and Supervisory Committee to ensure the effectiveness of audits through coordination with the Accounting Auditor, the internal audit department and the subsidiary company auditors.

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

Updated

The Company Group clearly states in its Compliance Policy that it will firmly reject any relationship with antisocial forces that threaten the order and safety of a healthy society. The Company Group has thoroughly informed all of its officers and employees. In addition, the officers and employees shall avoid contact with antisocial forces in advance, and shall not give in to demands from such forces, but will resolve them through legal means.

The Company Group's efforts to eliminate anti-social forces include establishing dedicated departments within the Company and its subsidiaries. Depending on the case, these departments will work together to resolve the issue as the whole Company Group. The Company Group will also work with external specialist agencies such as lawyers and the police to take appropriate action. As part of awareness-raising activities, the Company Group will include examples of measures to eliminate antisocial forces in the compliance guidebook and strive to ensure that this is thoroughly known within the Company Group.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

The Company believes that increasing the corporate value and market capitalization is a defense against hostile takeovers, and the Company strive to manage its business in a way that increases the corporate value. For this reason, the Company has not implemented any takeover defense measures that are worth mentioning.

2. Other Matters on the Corporate Governance System

Updated

【Internal Control Promotion System】

In response to the recent trend of strengthening internal controls, the Company has established a company-wide "Internal Control Promotion System," which is promoted by the officer in charge of the Legal Department. In addition, "Internal Control Committee" has been held to promote internal control by identifying risks in the Company Group.

【Overview of Timely Disclosure System】

a. Basic Stance on Timely Disclosure

The basic policy of the Company Group is to disclose company information to investors in a timely and appropriate manner. The Company strives to disclose important information (timely disclosure information) that is required to be disclosed under the Financial Instrument and Exchange Act and the timely disclosure rules stipulated by the stock exchange, among matters decided by management conference bodies such as the Board of Directors and the Management Committee (decision facts, financial information) and matters known by the person responsible for handling disclosure information in each department of the Company Group (occurrence facts), in a timely and appropriate manner.

b. Internal System for Timely Disclosure

In accordance with internal regulations ("Regulations Concerning Timely Disclosure of Corporate Information"), a person responsible for handling disclosed information is appointed in each department of the Company Group, and the Corporate Planning Department is designated as the division in charge of timely disclosure for the whole Company Group.

① The person responsible for handling shall timely disclose information via the department in charge of timely disclosure (Corporate Planning Department) regarding decision-making facts and financial information as soon as they are decided by the Management Committee, and regarding occurrence facts as soon as they occur.

② The person in charge of handling shall routinely and comprehensively collects information of the relevant division, including subsidiaries under his/her scope of responsibility, by using checklists and other means, and implements internal control over timely disclosure.

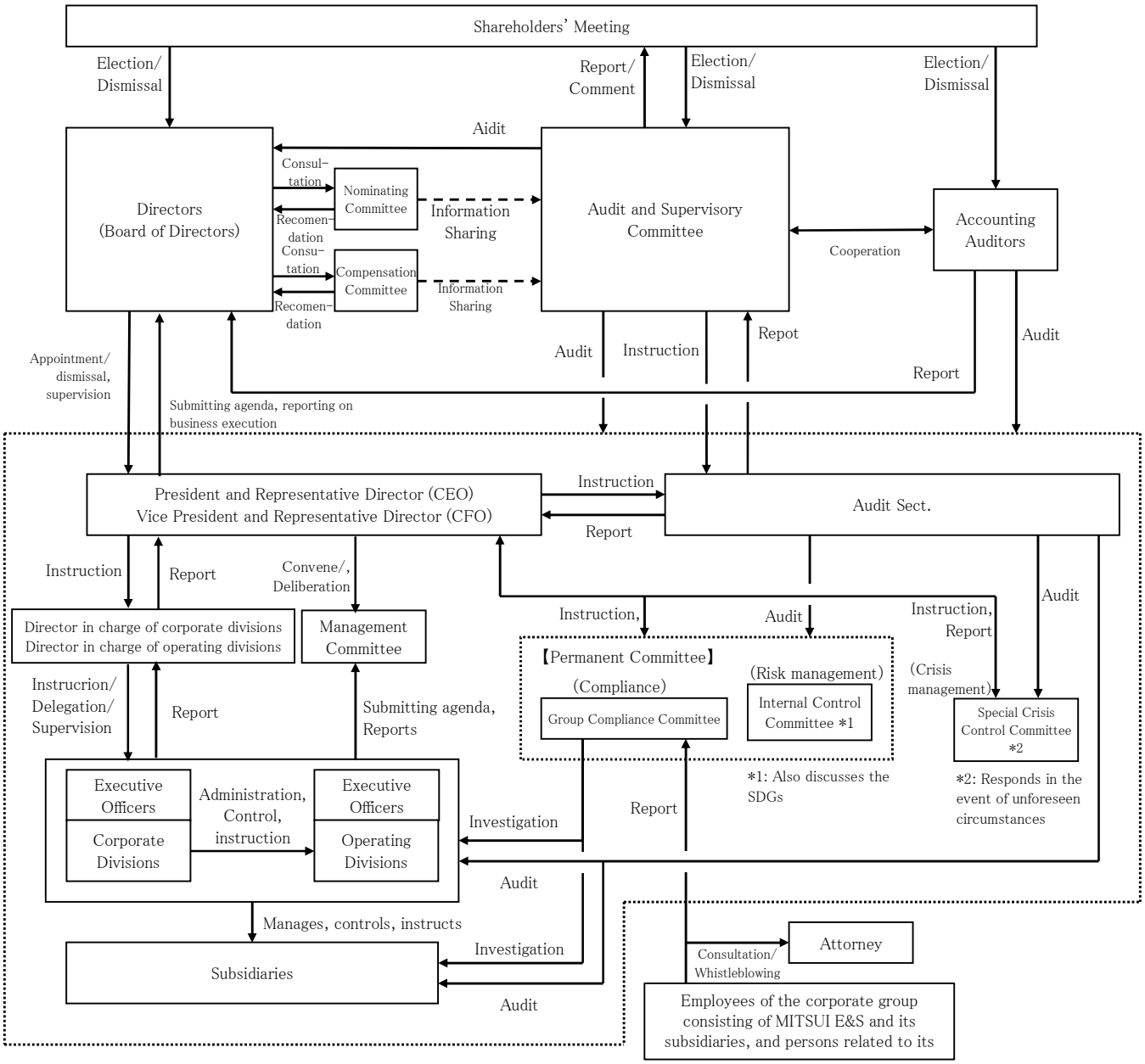
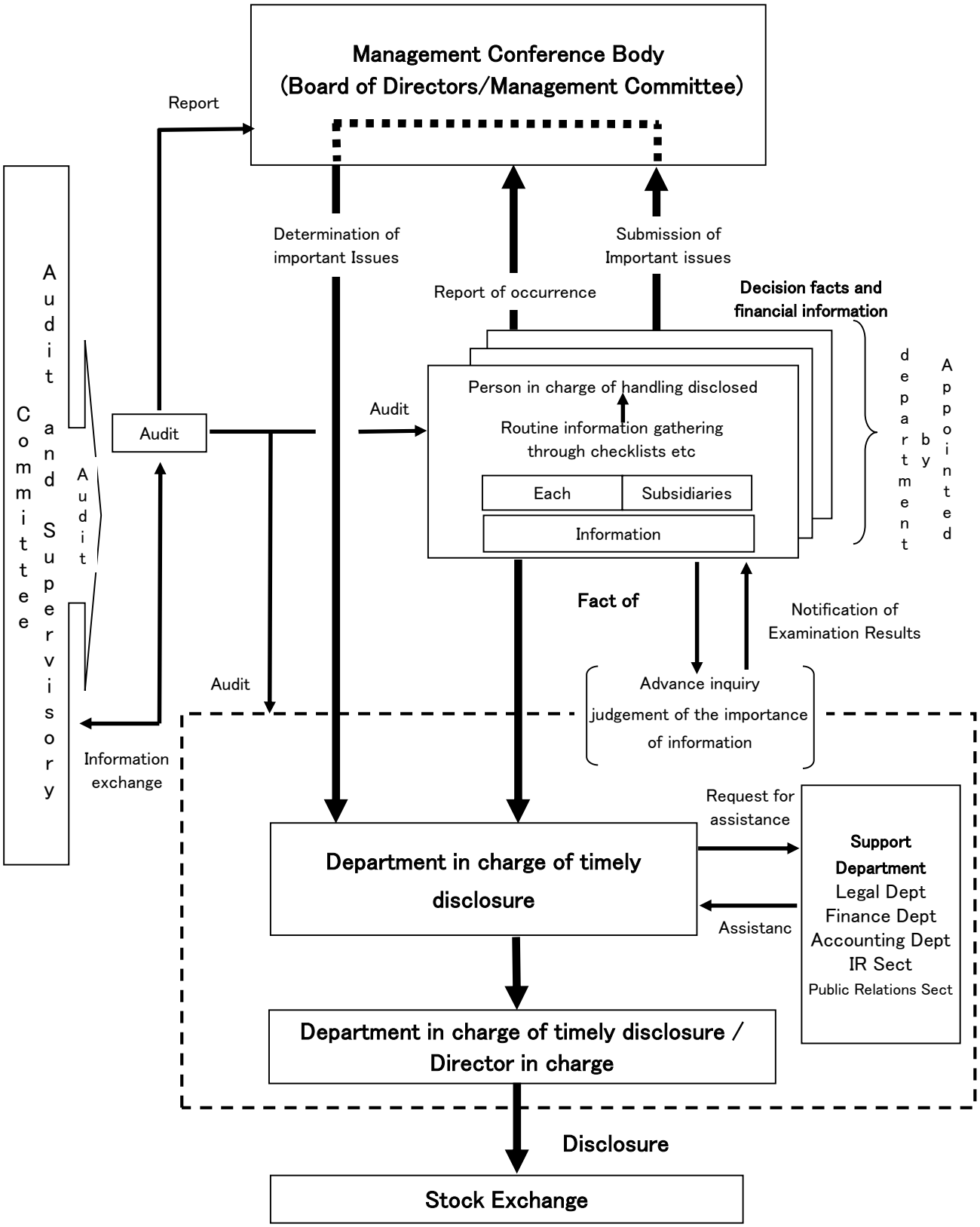
③ The department in charge of timely disclosure (Corporate Planning Department) shall conduct a review with the support of the Legal Department, the Finance Department, the Accounting Department, the IR Sect, and other related specialized departments, based on inquiries and reports from the person responsible for handling disclosed information, in order to judge the materiality of the information, to check whether the information is for timely disclosure, and to confirm the appropriateness of the information for timely disclosure. In addition, the department in charge of timely disclosure (Corporate Planning Department) makes daily efforts to disseminate the rules of timely disclosure by, for example, posting a table of disclosure standards (respectively designated for the Company, its domestic and overseas subsidiaries) calculated based on the most recent financial data on the Group intranet.

c. Ensuring the Appropriateness of Internal Systems

The Company strives to ensure the appropriateness of its operations through oversight by the Board of Directors, led by the Director in charge, audits by the Audit and Supervisory Committee based on the "Audit and Supervisory Committee Audit Standards," and operational audits by the Audit Sect.

END

Systems of Corporate Governance and Internal Control



【Schematic Diagram of Internal System for Timely Disclosure of Corporate Information】