[Translation]

Corporate Governance Report

Scroll Corporation

Last Updated: May 29, 2026
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The status of Scroll Corporation's (hereinafter referred to as the "Company") corporate governance is as described below.

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

1. Basic View

The Company's basic view on corporate governance is to maximize corporate value through safe and sound business activities, by increasing management efficiency and transparency.
Based on this view, the Company constantly pursues the best possible corporate governance and works to enhance corporate governance in accordance with its Corporate Motto and Management Philosophy.
The Company has formulated the "Scroll Corporation's Corporate Governance Guidelines," which constitute its basic view and basic policy on corporate governance.

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

The Company has implemented all of the principles of the Corporate Governance Code (revised on June 11, 2021).

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

[Principle 1.4 Cross-Shareholdings]

The Company holds shares of companies determined to be necessary for the achievement of sustainable growth and the enhancement of social value and economic value, as part of management strategies regarding the stable procurement of products and business alliances and so forth, as well as to build good relationships with business partners and local communities in order to promote a smooth business operation.
The Company's basic policy is to reduce cross-shareholdings. Every fiscal year, the Board of Directors meetings verifies the individual policy shareholdings, appropriateness of the purpose of holding shares, profitability in comparison to the cost of capital, share price, and the maintenance and strengthening of relationships with portfolio companies through holding the shares, and the details of such examinations are disclosed. With regard to exercising the voting rights of cross-shareholdings, the Company makes decisions from the perspective of medium- to long-term economic rationality based on the results of the verification and takes appropriate actions.
If there are any shares that are not deemed to contribute to the achievement of sustainable growth and the enhancement of medium- to long-term corporate value of the Company Group, the Company will have necessary and sufficient dialogue with the investees in its capacity as a shareholder.
The Company does not engage in transactions with companies that hold the Company's shares for the purpose of cross-shareholding (i.e., cross-shareholders) that may harm the interests of the relevant companies or the common interests of their shareholders. In addition, the Company respects the cross-shareholders' policies for holding the Company's shares and does not hinder their sale, etc.

[Principle 1.7 Related Party Transactions]

The Company has established procedures that require the prior approval of the Board of Directors for the terms and conditions of transactions between it and its Directors or between it and its affiliates where the interests of it and its Directors conflict.

[Translation]

[Supplementary Principle 2.4.1 Ensuring Diversity]

The Company believes that human resources are of utmost importance as the foundation supporting a company's sustainable growth. It promotes task diversity management to ensure that the achievement of goals by individuals and the organization leads to business development, keeping in mind that each of employees contributes to various career development and the improvement of organizational capabilities.
The Company also promotes the active participation of women within the company and sets goals concerning the promotion of women to managerial positions.

<Policy related to human resource development and the establishment of the internal environment>

The Group shall appropriately allocate employees in order to enhance organizational capabilities in addition to developing and supporting human resources, who desire proactive and autonomous career development as individuals and contribute to not only results, but also the enhancement of organizational capabilities. The Group believes that its efforts to create an environment where diversity is mutually accepted and each and every individual can display their capabilities to the maximum extent while working to respond to the various types of career development desired by employees will lead to the sustainable growth of the Group.

<Goals for the promotion of the active participation of women>

Ratio of women in managerial positions at the Company	The Company	Consolidated
Goals for FY2030	40.0% or higher	40.0% or higher
As of March 31, 2026	34.3%	30.8%

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has completed the shift to the defined contribution pension plan, and employees eligible for the corporate pension plan shall carry out asset management by themselves.
The Company seeks to reduce future risks under corporate accounting, and selects and provides products in consultation with plan administrators in order for each employee to manage their assets in line with his/her life plan.

[Principle 3.1 Full Disclosure]

(i) Company objectives (e.g., Management Philosophy), management strategies and management plans
The Company discloses the details of the Company's aims, management plans and others in integrated reports, business strategies and management plans contained in IR information for shareholders and investors, annual securities reports and financial results materials.
- Corporate philosophy
  https://www.scroll.jp/corporate/philosophy/
- Business strategies and management plans
  https://www.scroll.jp/ir/strategy/
- IR information
  https://www.scroll.jp/ir/

(ii) Basic View and Basic Policy on Corporate Governance in view of Each Principle in the Code
The Company has formulated the "Scroll Corporation's Corporate Governance Guidelines," which constitute its basic view and basic policy on corporate governance, and discloses them on its website.
https://www.scroll.jp/sustainability/governance/

(iii) Policies and procedures in determining compensation for senior management and Directors by the Board of Directors
The policies and procedures in determining compensation for Directors are stated in "Disclosure of the Policy for Determining the Amount of Compensation or the Calculation Method thereof" under II. 1. [Directors' Compensation] in this report.

(iv) Policies and procedures in appointing/dismissing senior management and nominating candidates for Directors and Audit and Supervisory Committee Members by the Board of Directors
In nominating candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members), from the perspective of ensuring objectivity and transparency, the Board of Directors first consults the Nomination and Compensation Committee regarding a proposal of candidates for Directors. The Committee then submits its report to the Board of Directors after deliberation, and the Board of Directors nominates candidates for Directors based on the details of the report.

In nominating candidates for Directors who are an Audit and Supervisory Committee Members, the Board of Directors first consults the Nomination and Compensation Committee regarding a proposal of candidates for Directors. The Committee then submits its report to the Board of Directors after deliberation, and the Board of Directors nominates candidates for Directors based on the details of the report with the consent of the Audit and Supervisory Committee.

The Nomination and Compensation Committee prepares a proposal of candidates using the following criteria and skill matrix.

1. A person who contributes to the achievement of the Group's sustainable growth and the enhancement of medium- to long-term corporate value;
2. A person who contributes to the achievement of effective corporate governance; and
3. A person who brings balance and diversity to the Board of Directors as a whole and contributes to achieving effective risk management across the Group.

For the skill matrix used by the Nomination and Compensation Committee, please refer to the reference documents for the Ordinary General Meeting of Shareholders.

In appointing a Representative Director (or CEO), from the perspective of ensuring objectivity and transparency, the Board of Directors first consults the Nomination and Compensation Committee regarding the appointment of the Representative Director. The Committee then submits its report to the Board of Directors after deliberation, and the Board of Directors appoints the Representative Director based on the details of the report.

The Nomination and Compensation Committee prepares a proposal of a candidate for the Representative Director based on the following criteria.

1. Criteria for appointment
   A person who can exercise strong leadership in overseeing across the Group in addition to who satisfies the criteria for appointing as Directors.
2. Criteria for dismissal (resignation notice)
   (a) If he/she falls under any of the criteria for receiving a notice to resign from the Director position;
      i) If he/she has committed suspected fraud or malfeasance; or
      ii) If he/she is found to lack qualifications.
   (b) If events or conditions that may cast significant doubt on the Company's ability to continue as a going concern have occurred, and they are unlikely to be resolved or remedied;
   (c) If he/she has long been unable to fulfill his/her role and obligations as a Director due to significant damage to his/her physical or mental health; or
   (d) If he/she causes a corporate scandal that becomes a social problem and he/she was deeply involved in the execution of business related to the said scandal.

(v) Explanation of each appointment/dismissal whereby appointment/dismissal of senior management and nomination for candidates for Directors and Audit and Supervisory Committee Members are conducted by the Board of Directors based on (iv) above

The reasons for the nomination of each person as a candidate for a Director or Directors who are Audit and Supervisory Committee Member are stated in the reference documents attached to the Notice of the Convocation of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 3.1.3 Initiatives for Sustainability, etc.]

The Group will continue to support the emergence of the people's affluent lifestyles based on the Corporate Motto of "To be a company trusted by society." "To do business in an honest, ethical, and enriching manner."

The Company will work for the Group's sustainable growth by creating better products and services and providing never-before-available added value while maintaining the spirit of taking on challenges.

A sustainable society is the major premise for this. We will contribute to the realization of a sustainable society by working to solve environmental and social issues through our business activities.

For the details of the initiatives for sustainability and TCFD disclosure, please refer to the Company website and integrated reports.

- The Company website
  https://www.scroll.jp/
- Integrated reports
  https://www.scroll.jp/ir/annual/

[Translation]

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

The Company has established the Board of Directors Rules and specifies matters to be deliberated at the Board of Directors meetings.
The Company also has established the Authority Rules and clearly specifies the scope of business operations that can be executed by management without requiring individual and specific resolutions by the Board of Directors.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

In light of the requirements for Outside Directors set forth in the Companies Act and the independence standards provided for by the Tokyo Stock Exchange, based on the "Criteria for Judging the Independence of Outside Directors" established separately, the Company has appointed Six Independent Outside Directors who are all Audit and Supervisory Committee Members.

[Supplementary Principle 4.10.1 Involvement of and Advice from the Nomination and Compensation Committee]

The Company has established, as an advisory body to the Board of Directors, the Nomination and Compensation Committee, which provides appropriate involvement and advice in the consideration of important matters such as the nomination of and compensation for Directors. The Nomination and Compensation Committee is chaired by an Outside Director and the majority of the members are Independent Outside Directors.

[Supplementary Principle 4.11.1 Views on the Total Balance between Knowledge, Experience and Skills, and the Diversity and Appropriate Size of the Board of Directors]

The Company has nominated persons with abundant experience in various fields as candidates for Directors, keeping in mind the balance between knowledge, experience and capabilities, and the diversity of the Board of Directors as a whole.
The policies and procedures for appointing Directors are stated in "(iv) Policies and procedures in appointing/dismissing senior management and nominating candidates for Directors and Audit and Supervisory Committee Members by the Board of Directors" under [Principle 3.1 Full Disclosure] in this report. For the skill matrix for Directors, please refer to the reference documents for the Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.2 Status of Officers Who Concurrently Serve as Officers at Other Listed Companies]

The status of Directors (including Directors who are Audit and Supervisory Committee Members) who concurrently serve as officers at other listed companies is disclosed in annual securities reports.
https://www.scroll.jp/ir/irlibrary/securities/

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

With the aim of improving the functions of the Board of Directors, the Company analyzes and evaluates the effectiveness of the Board of Directors. In cooperation with a third-party organization, the Company conducted a self-assessment through questionnaires for each Director regarding "overall operation of the Board of Directors," "innovations in the operation of the Board of Directors, enhancement of deliberations," "agenda of the Board of Directors," "composition of the Board of Directors," "structure supporting the Board of Directors," "roles and responsibilities of the Board of Directors" and other matters, and evaluated and analyzed the results. As a result, it has determined that the effectiveness of its Board of Directors has been ensured.
The Company will continue to evaluate the effectiveness of the Board of Directors and make improvements based on the results to further improve the functions and ensure the effectiveness of the Board of Directors on a regular basis.

[Supplementary Principle 4.14.2 Training for Directors and Corporate Auditors]

The Company provides opportunities for Directors to acquire necessary knowledge and skills and appropriately develop them so that they can deepen their understanding of their roles and responsibilities. In addition, when a new Outside Director assumes his/her position, the Company takes appropriate actions, such as providing an explanation of its business environment and other matters and an opportunity to visit its facilities.

[Translation]

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company aims for IR activities that help the Company to be understood and properly evaluated by all stakeholders, such as shareholders and investors.
For this, the Company's basic policy is to make timely, accurate, fair and continuous disclosures of significant information related to the Company.

[Implementation, etc. of dialogue with shareholders]

Briefing meetings are held for analysts and institutional investors by the Representative Director so that shareholders and investors can understand the Company on a deeper level. To share the content with a wider range of investors and promote a deeper understanding of our business, we publish transcripts of these briefings on our website. In FY2025, the company held twice a year after the interim settlement and the year-end settlement, and 20 individual meetings were held to respond to requests from securities analysts and investors.
Furthermore, on May 15, 2026, the Company issued the "integrated report 2026," which explained the Company's way of thinking, as a tool for dialogue with investors.
In addition, the Company has set up dedicated IR pages on its website, and works for the proper disclosure of information by posting financial results materials on a quarterly basis in accordance with fair disclosure rules.

[Response to realize management with an awareness of capital costs and share price]

Contents	Disclosure of Initiatives (Updates)
English disclosure	Yes
Update date **Updated**	May 7, 2026

Supplementary Explanation for Applicable Items **Updated**

In formulating management plans, the Company identifies its capital cost using the weighted average capital cost (WACC). In addition, together with the earnings plan and basic capital policies such as the shareholder return policy, the Company has set a target of ROE higher than the cost of capital and discloses it.
With regard to capital costs and return on capital of the Group, the Company was able to achieve return on capital that exceeded capital costs due to stay-at-home demand during the novel coronavirus disease (COVID-19) pandemic in FY2020, to the effect of business structural reforms promoted mainly in the Mail-order Business, and maintained return on capital at a high level.
Regarding our market valuation in response to these situations, our Price-to-Book (P/B) ratio had hovered around 1.0x. However, driven by the quantitative targets in our "Medium- to long-term vision FY2029" launched in FY2025, along with the market's understanding of and expectations for our new capital policy for FY2026, our recent P/B ratio has improved to approximately 1.5x. To meet these expectations and ensure the sustainable enhancement of our corporate value, we will promote the following initiatives.
(i) Enhancing profitability through growth strategies
As our targeted profile for FY2029, which marks our 90th anniversary, we have established our medium- to long-term vision of "Further evolution into Direct Solution Company that delivers Solutions for All 'Aspirations.'" Under this vision, we have set quantitative targets of 6 billion yen or higher in consolidated net profit, a ROE of 15% or higher, and a total return ratio of approximately 60%. We will strengthen our company-wide profitability by driving a business portfolio transformation that balances earnings stability and growth through synergies. We will achieve this by establishing twin profit pillars: the Solutions business as our growth driver, and the Mail-order business as our long-standing profit base.
(ii) Proactive capital policy and enhancement of shareholder returns
We position the return of profits to our shareholders as a key management policy. Regarding dividends for the fiscal year ending March 31, 2027 and beyond, in order to achieve the ROE target of 15% or higher set forth in our medium- to long-term vision, we will implement a progressive dividend based on whichever is higher: a consolidated payout ratio of 60% or a consolidated dividend on equity (DOE) ratio of 8.5%. Furthermore, after implementing growth investments aimed at maximizing corporate value and ensuring a stable distribution of profits, if there is further room for additional returns, we will flexibly undertake measures such as share buybacks to return value to our shareholders.
(iii) Promoting sustainability management

[Translation]

Regarding our sustainability initiatives, we have set forth the "promotion of agile ‘responsibility’ management" as our key policy. By responding to the social expectations of our stakeholders and transparently disclosing the progress of these initiatives, we will realize further enhancement in our market valuation and sustainable growth.

2. Capital Structure

Foreign Shareholding Ratio	10% or more, less than 20%

[Status of Major Shareholders] Updated

Name	Number of Shares Held (shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,008,400	11.85
Marubeni Corporation	2,841,600	8.40
Custody Bank of Japan, Ltd. (trust account)	992,000	2.93
Scroll Employees’ Shareholding Association	708,406	2.10
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	550,055	1.63
STATE STREET BANK AND TRUST COMPANY 505223	543,700	1.61
Moririn Co., Ltd.	364,654	1.08
MURAKAMI TAKATERU	305,100	0.90
THE BANK OF NEW YORK MELLON 140044	258,599	0.76
BNP PARIBAS NEW YORK BRANCH - PRIME BROKERAGE CLEARANCE ACCOUNT	241,100	0.71

Controlling Shareholder (Excluding Parent Company)	–
Parent Company	None

Supplementary Explanation Updated

The status of major shareholders is as of March 31, 2026.

3. Corporate Attributes

Listed Exchange and Market Segment	TSE Prime Market
Fiscal Year End	March
Industry Type	Retailing
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 to less than 1,000
Net Sales (Consolidated) in the Previous Fiscal Year	10 billion yen to less than 100 billion yen

Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 to less than 50

4. Guidelines on Measures for Protection of Minority Shareholders in Conducting Transactions, etc. with Controlling Shareholder

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

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[Translation]

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

[Directors]

Number of Directors Stipulated in the Articles of Incorporation	14
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chair of the Board of Directors	President
Number of Directors **Updated**	11
Appointment Status of Outside Directors	Appointed
Number of Outside Directors	6
Number of Outside Directors Designated as Independent Officers	6

Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Masanori Miyagi	From another company								○			
Takayuki Miyabe	From another company											
Itsuro Hitosugi	From another company					△						
Akiko Ono	From another company											
Chiseko Baba	From another company											
Aki Onishi	From another company											

* Categories for relationship with the Company

* "○" indicates that the person currently falls or has recently fallen under the relevant category; and "△" indicates that the person fell under the relevant category in the past.

* "●" indicates that the person's close relative currently falls or has recently fallen under the relevant category; and "▲" indicates that the person's close relative fell under the relevant category in the past.

a Person who executes business of the listed company (the Company) or its subsidiary
b Person who executes business or a non-executive director of a parent company of the Company
c Person who executes business of a fellow subsidiary of the Company
d Person/entity for which the Company is a major client or a person who executes business for such person/entity
e Major client of the Company or a person who executes business for such client
f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)

i Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
j Person who executes business for an entity receiving contributions from the Company (applies to self only)
k Others

Relationship with the Company (2) **Updated**

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masanori Miyagi	○	○	Masanori Miyagi has been the Representative of HRTF since September 2021. The Company had transactions with HRTF and him based on outsourcing contracts to support personnel measures, etc.. However, the Company has judged that they will not affect the decisions of shareholders and investors in light of their circumstances and nature.	Masanori Miyagi has sufficient insight to oversee corporate management focusing on human resources, labor, and corporate governance-related issues in a wide range of industries based on his work experience at a major manufacturer and several management consulting firms. Taking advantage of such insight, he is expected to provide supervision and advice on the reinforcement, enhancement, etc. of the governance system in accordance with amendments to laws and regulations and the Corporate Governance Code. The Company has judged that there will be no risk of a conflict of interest with the general shareholders in light of the independence criteria stipulated by the Tokyo Stock Exchange, Inc. Accordingly, it has designated him as an Independent Officer.
Takayuki Miyabe	○	○	–	Takayuki Miyabe has long been involved in the management of non-store operations and store operations of clothing, general merchandise, furniture, etc., and has experience in overseas production and import practices as well as sufficient insight to oversee corporate management. Taking advantage of such insight, he is expected to provide supervision and advice on the initiatives, etc. for the business execution system and management issues of the Company. As there is no special interest between him and the Company, the Company has judged that there will be no risk of a conflict of interest with the general shareholders. Accordingly, it has designated him as an Independent Officer.
Itsuro Hitosugi	○	○	Itsuro Hitosugi was an executive of The Shizuoka Bank, Ltd. from June 2008 to June 2017, but retired from the Bank. The Company has banking transactions with the Bank on a continuous basis. However, the Company has judged that they will not affect the decisions of	Itsuro Hitosugi has experience at a financial institution and a think tank as well as sufficient insight to oversee finance, accounting, and overall corporate management. Taking advantage of such insight, he is expected to provide supervision and advice on overall corporate business management, especially focusing on finance and accounting. The Company has judged that there will be no risk of a conflict of interest

[Translation]

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
			shareholders and investors in light of their size and nature.	with the general shareholders in light of the independence criteria stipulated by the Tokyo Stock Exchange, Inc. Accordingly, it has designated him as an Independent Officer.
Akiko Ono	○	○	–	Akiko Ono has experience working at an audit firm and private companies, and she has insight in corporate evaluation, etc. in M&As, etc. She is also a certified public accountant, through which she has built up considerable insight into the oversight of financial matters, accounting, and other general business operations. Taking advantage of such insight, she is expected to provide supervision and advice especially on finance, taxation and corporate business management. As there is no special interest between her and the Company, the Company has judged that there will be no risk of a conflict of interest with the general shareholders. Accordingly, it has designated her as an Independent Officer.
Chiseko Baba	○	○	–	Chiseko Baba possesses a broad understanding of retail and marketing, and of human resource development through her experience working in the operations and management of clothing, general goods, and cosmetics stores. She has also developed considerable insight into the oversight of business management operations. Taking advantage of such insight, she is expected to provide supervision and advice on the general management of the Company and the implementation of human resource policies. As there is no special interest between her and the Company, the Company has judged that there will be no risk of a conflict of interest with the general shareholders. Accordingly, it has designated her as an Independent Officer.
Aki Onishi	○	○	–	Aki Onishi manages a DX-related consulting business, and has experience participating in projects led by the Digital Agency as well as in providing consulting services to several other businesses. She also possesses considerable insight into the oversight of business management operations. The Company expects her to leverage this insight in providing oversight and advice regarding efforts to promote DX within the Group and to strengthen its infrastructure. As there is no special interest between her and the Company, the Company

[Translation]

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
				has judged that there will be no risk of a conflict of interest with the general shareholders. Accordingly, it has designated her as an Independent Officer.

[Audit and Supervisory Committee]

Committee Member Composition and Attributes of Chair

	All Members	Full-Time Members	Inside Directors	Outside Directors	Chair (Chairperson)
Audit and Supervisory Committee	6	0	0	6	Outside Director

Whether there are Directors and Employees to Assist with the Duties of the Audit and Supervisory Committee	Yes

Matters Regarding Independence of Such Directors and Employees from Executive Directors

The matters are as stated in "(g) Matters regarding the independence of the employees in the preceding paragraph from Directors (excluding Directors who are Audit and Supervisory Committee Members), and matters regarding ensuring the effectiveness of instructions given to the employees in the preceding paragraph by the Audit and Supervisory Committee" under IV. 1. "Basic View on the Internal Control System and Status of the Development of the System" in this report.

Status of Coordination Among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

- The Internal Audit Department reports to the Audit and Supervisory Committee on a quarterly basis the audit results based on the internal audit's audit policy and plans in respect to the operational status of the internal control system, such as risk management and compliance conducted by the Corporate Management Department. In addition, the Audit and Supervisory Committee examines the details of the report and provides instructions and advice to the Internal Audit Department.

- In order to ensure mutual coordination, the Audit and Supervisory Committee and the Internal Audit Department regularly hold information exchange meetings for confirmation and coordination regarding the audit policy and plans of the Audit and Supervisory Committee, as well as the audit policy and plans, as well as the audit results of the Internal Audit Department. The audit results of the Internal Audit Department ensure the effectiveness of internal control as they are reported at the Board of Directors meetings, the Internal Control Committee meetings, which are chaired by the Representative Director, and the Audit and Supervisory Committee meetings.

- The Internal Audit Department has periodic meetings with Accounting Auditors each quarter where they exchange opinions in addition to exchanging opinions at meetings held when necessary.

[Voluntarily Established Committee(s)]

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

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

	Voluntarily Established Committee Equivalent to Nomination Committee	Voluntarily Established Committee Equivalent to Remuneration Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Members	8	8
Full-Time Members	0	0
Inside Directors	2	2
Outside Directors	6	6
Outside Experts	0	0
Others	0	0
Chair (Chairperson)	Outside Director	Outside Director

Supplementary Explanation **Updated**

The Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of enhancing corporate governance and the composition of the Board of Directors, fairly operating the nomination and compensation systems for Directors, etc. and increasing the transparency thereof. The Nomination and Compensation Committee is chaired by an Outside Director and consists of at least three members, a majority of whom are stipulated as Independent Outside Directors, and the selection of members is made by the Board of Directors.
The Nomination and Compensation Committee serves as both a Nomination Committee and a Remuneration Committee.

The members of the Nomination and Compensation Committee for FY2026 are as follows.
Chair: Masanori Miyagi (Outside Director)
Members: Takayuki Miyabe (Outside Director)
Itsuro Hitosugi (Outside Director)
Akiko Ono (Outside Director)
Chiseko Baba (Outside Director)
Aki Onishi (Outside Director)
Tomohisa Tsurumi (Representative Director and President)
Yasunori Sugimoto (Director)

[Independent Officers]

Number of Independent Officers	6

Other Matters Regarding Independent Officers

Under the understanding that advice and management supervision based on the insights of Independent Outside Directors appointed by the Company will contribute to making sound management decisions by the Board of

Directors, the Company has established the "Criteria for Judging the Independence of Outside Directors" below. All Six Outside Directors who are Audit and Supervisory Committee Members are Independent Outside Directors.

"Criteria for Judging Independence of Outside Directors"
The independence of Outside Directors designated by the Company complies with the independence criteria stipulated by Tokyo Stock Exchange, and a person is deemed to have independence if he/she does not fall under any of the following:

i) A person who executes or has executed the business of the Company and its affiliates (the Group);
ii) A person who, in the past three fiscal years, has executed the business of a major business partner of the Company;
iii) A major shareholder of the Company(*) or a person who executes the business thereof;
* It refers to a person who holds more than 10% of the voting rights of the Company.
iv) The Accounting Auditors of the Company or its subsidiary, or a person in charge of the auditing operation of the Group as its employee, etc.;
v) An attorney-at-law, certified public accountant or consultant, etc. who receives a large amount of monetary consideration or other financial benefits(*) from the Company other than executive compensation;
* It refers to a case where the average amount of the past three fiscal years exceeds 10 million yen per year.
vi) A director, corporate auditor or a person who executes the business of an entity or organization, etc., that receives donations or subsidies(*) from the Company;
* It refers to a case where the average amount in the past three fiscal years is 10 million yen or more per year or 30% of the total cost of such an entity or organization, etc.
vii) A person whose close relative (a spouse or a relative within the second degree of kinship) falls under any of i) to vi) above;
viii) Notwithstanding the preceding items, a person for whom it is deemed that there are special circumstances causing a conflict of interest with the general shareholders.

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of the performance-linked remuneration plan, others

Supplementary Explanation for Applicable Items

The Company has introduced the share-based remuneration with transfer restrictions system for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors") since FY2022 with the aim of providing an incentive to strive for the sustainable enhancement of the Company's corporate value and further sharing value with shareholders. Furthermore, the Company introduced a performance-linked remuneration plan for Executive Directors in addition to the usual basic remuneration and non-monetary remuneration through share-based remuneration with transfer restrictions from FY2023.
The policy on determining the ratio of performance-linked remuneration to non-performance-linked remuneration and other remuneration in "Disclosure of the Policy for Determining the Amount of Compensation or the Calculation Method thereof" under II. 1. [Directors' Compensation] in this report.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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[Directors' Compensation]

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

Supplementary Explanation of the Relevant Item

In annual securities reports, the total amount is presented for each of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) and compensation for Directors who are Audit and Supervisory Committee Members.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof **Updated**	Yes

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

1. Matters Regarding Resolutions of General Meetings of Shareholders on Compensation, etc. for Directors
Regarding the amount of monetary compensation for Directors (excluding Audit and Supervisory Committee Members), the 85th Ordinary General Meeting of Shareholders held on May 29, 2026 approved the annual amount of up to 360 million yen (excluding the employee portion of the salary). There were five Directors (excluding Audit and Supervisory Committee Members) as of the conclusion of said Ordinary General Meeting of Shareholders (including 0 outside directors).
Regarding the amount of monetary compensation for Directors who are Audit and Supervisory Committee Members, the 85th Ordinary General Meeting of Shareholders held on May 29, 2026 approved the annual amount of up to 100 million yen. There were six Directors who are Audit and Supervisory Committee Members as of the conclusion of said Ordinary General Meeting of Shareholders.
Separately from monetary compensation, regarding the amount of share-based remuneration with transfer restrictions to be 100 million yen or less per year (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), the 85th Ordinary General Meeting of Shareholders held on May 29, 2026. There were five Directors (excluding Audit and Supervisory Committee Members) as of the conclusion of said Ordinary General Meeting of Shareholders (including 0 outside directors).

2. Policy on Determining the Details of Compensation, etc. for Individual Directors
i) Method of determining the policy on determining of the details of compensation, etc. for individual Directors
The Company resolved to revise the Policy on Determining the Details of Compensation, etc. for Individual Directors at the Board of Directors meeting held on May 30, 2025. When passing resolutions at such Board of Directors meetings, the details to be resolved are consulted in advance to the Nomination and Remuneration Committee, which receives a report.
ii) Summary of the Determination Policy
(a) Basic policy
Regarding compensation, etc. for the Directors of the Company, the Company has a basic policy of establishing a compensation system that aims to increase the motivation of management for the sustainable enhancement of corporate value and share value with stakeholders, and of determining a level of compensation, etc. for individual Directors that is appropriate in light of their roles and responsibilities.
Compensation for Executive Directors is composed of basic remuneration, monetary compensation comprising performance-linked remuneration, which depends on the achievement level of the performance targets, and non-monetary compensation comprising share-based remuneration with transfer restrictions.
The compensation for Directors excluding Executive Directors shall be only basic remuneration in light of their duties. Compensation for each Director who is an Audit and Supervisory Committee Member is determined through discussions by Directors who are Audit and Supervisory Committee Members pursuant to the provision of the Companies Act.
(b) Policy for determining the details and amount of basic remuneration or the calculation methods thereof (including the policy on determining the timing and conditions of providing compensation, etc.)
Basic remuneration for the Company's Directors shall be monthly fixed compensation paid in cash. The amount is determined by comprehensively considering each person's position, responsibilities and tenure, industry standards, the Group's consolidated business performance, achievements regarding performance in the division for which the person was responsible, the level of employee salaries and other factors.
The amount of individual basic remuneration for Directors (excluding Audit and Supervisory Committee Members) is decided by the Representative Director, who is entrusted with the specific details of such

remuneration, in accordance with the resolution of the Board of Directors and based on the report of the Nomination and Compensation Committee.

(c) Policy on determining the details of performance-linked remuneration, etc. and the calculation method of the amount or number thereof (including the policy on determining the timing and conditions of providing compensation, etc.)

Performance-linked remuneration is awarded in cash at a certain timing every fiscal year so that it may act as a strong incentive to achieve consolidated performance goals and segment performance goals of the Company in the fiscal year. The consolidated profit and the ordinary profit, etc. of the segment each Executive Director is in charge are used as indicators according to the position of Executive Directors, and the amount of compensation is calculated based on the degree of achievement of the goals.

The specific indicators and calculation method for performance-linked remuneration are as follows:

[Target indicators for each position and percentage in the total amount of performance-linked remuneration]

Positions, etc.	Target Indicators	Percentage
Representative Director and directors in charge of administrative divisions	Consolidated profit	100%
Other Executive Directors	Consolidated profit	80%
	Ordinary profit of the segment in charge	20%

[Calculation method of the amount of performance-linked remuneration]

Rate of achievement of target indicators	Calculation method
If the annual target is not achieved	0% of the base amount
If 100% to 120% of the annual target is achieved	Multiply the base amount by the target achievement percentage of 50% to 100%
If over 120% of the annual target is achieved	100% of the base amount

Notes: 1.The base amount shall be set at 20% of the maximum amount of total remuneration that may be awarded to each Executive Director in the fiscal year (2/6 of basic remuneration).

2.The target achievement percentage shall be 50% if the annual target achievement rate is 100%, and the target achievement percentage shall fluctuate by 2.5% for every 1% fluctuation in the annual target achievement rate.

3.Other Executive Directors shall be awarded performance-linked remuneration determined by the calculation method as stated in the above table according to their annual target achievement rate for the consolidated profit and the ordinary profit of the segment in charge, respectively. However, if the annual target achievement rate of the consolidated profit is less than 100%, performance-linked remuneration shall not be awarded even if the ordinary profit of the segment in charge is 100% or more. In addition, performance-linked remuneration shall not be awarded even if targeted ordinary profit for the fiscal year of the segment in charge is zero or less.

(d) Policy on determining the details and amount or number of non-monetary compensation, etc., or the calculation method thereof (including the policy on determining the timing and conditions of providing compensation, etc.)

Non-monetary compensation shall be share-based remuneration with transfer restrictions that is granted at a certain timing every fiscal year, excluding cases in which the level of achievement of consolidated performance in the previous fiscal year was considerably poor. The decision of the number of shares to be allotted to individual Executive Directors for share-based remuneration with transfer restrictions shall be made by the Board of Directors based on the report of the Nomination and Compensation Committee.

(e) Policy on determining the ratio of the amount of monetary compensation, the amount of performance-linked remuneration, etc. or the amount of non-monetary compensation, etc. to the amount of compensation, etc. for individual Directors

The compensation ratio for Executive Directors shall be as follows, based on the level of compensation of companies of a similar size or in a related industry of the Company. The compensation ratio for Directors other than Executive Directors shall be basic remuneration only.

[Percentage of the remuneration of Executive Directors]

<table>
<tr><th rowspan="2">Type</th><th rowspan="2">Description</th><th rowspan="2"></th><th colspan="3">Percentage against the maximum amount of total remuneration that may be awarded</th></tr>
<tr><th>Monetary / non-monetary</th><th>Short term / medium to long term</th><th>Fixed / variable</th></tr>
<tr><td>Basic remuneration</td><td>Monthly fixed remuneration</td><td>60%</td><td rowspan="2">Monetary 80%</td><td rowspan="2">Short term 80%</td><td>Fixed 60%</td></tr>
<tr><td>Performance-linked remuneration</td><td>Performance-linked remuneration</td><td>20%</td><td rowspan="2">Variable 40%</td></tr>
<tr><td>Non-monetary remuneration</td><td>Share-based remuneration with transfer restrictions</td><td>20%</td><td>Non-monetary 20%</td><td>Medium to long term 20%</td></tr>
</table>

Notes: 1.The percentage of performance-linked remuneration shall be calculated by dividing the base amount (the maximum amount of performance-linked remuneration that may be awarded to the applicable Director in the fiscal year) by the maximum amount of total remuneration that may be awarded.

2.The percentage of share-based remuneration with transfer restrictions, 20%, is a rough figure. The amount of remuneration shall be calculated by multiplying the number of shares allocated in units of 100 shares by the closing price of the Company's shares in the Tokyo Stock Exchange, Inc. on the day prior to the date of the resolution of the Board of Directors.

iii) Reasons why the Board of Directors has determined that the individual remuneration of the executive directors for the current financial year is in line with the decision-making policy.

The Board of Directors has confirmed that the method of determining the details of remuneration and the details of the remuneration determined for each individual director for the current financial year are consistent with the decision policy resolved by the Board of Directors and that the report from the Nomination and Remuneration Committee has been respected and is in line with such decision policy. The Company has confirmed that the content of the decision method and decision remuneration is consistent with the decision policy resolved by the Board of Directors and that the report from the Nomination and Remuneration Committee is respected.

[Support System for Outside Directors]

The Secretariat of the Audit and Supervisory Committee provides information on the details of deliberations at the Group Management Meetings. Upon request from an Outside Director, persons in charge of operational divisions and others provide explanations and information as appropriate.

2. Matters Regarding Functions such as Business Execution, Auditing/Supervision, Nomination and Compensation Determination (Overview of the Current Corporate Governance System) Updated

- The Company has adopted an Audit and Supervisory Committee system, and the Board of Directors, the Audit and Supervisory Committee and the Accounting Auditors have been established as the main bodies of the corporate governance system, while the Nomination and Compensation Committee, the Group Management Meetings, Sustainability Committee and the Internal Control Committee have been established as complementary bodies. With the aim of strengthening the supervisory function of the Board of Directors, expediting management decision-making, clarifying authority and responsibility through the separation of the business execution, and strengthening business execution response capabilities, the Company has introduced the Group Officer system and the Segment Officer system.

- The Board of Directors consists of five Inside Directors and Six Independent Outside Directors who are Audit and Supervisory Committee Members, and strives to strengthen its supervisory over business execution. The Board of Directors holds regular meetings once a month in principle. In addition to monthly business reports, the Board of Directors deliberates on matters stipulated in laws and regulations, the Articles of Incorporation and others, and monitors and supervises the status of business execution by Directors through the exchange of questions, proposals and opinions among Directors. The Articles of Incorporation of the Company stipulate

that resolutions may be passed in writing with the unanimous consent of Directors and that part of the important decision-making concerning business execution may be delegated to Directors.

- The Audit and Supervisory Committee consists of all Six Outside Directors, and it audits business execution by Directors mainly through audit assistants belonging the Secretariat of the Audit and Supervisory Committee (two persons). The audit policy formulated by the Audit and Supervisory Committee is as follows.

Audit policy

As an independent body with a mandate from shareholders, with the aim of ensuring good corporate governance that enables the Group's sound and sustainable growth and enhancement of social trust, the Audit and Supervisory Committee and its members participate in resolutions at the Board of Directors meetings, and conduct audits of the status of the execution of duties by Directors based on the internal control system established by the Board of Directors and its operational status.

To that end, being sufficiently aware of their responsibilities, the members will constantly make efforts to enhance their qualifications, maintain a fair and unbiased attitude, and promote communication with officers and employees and close coordination with the Internal Audit Department and the Accounting Auditors.

- The attendance by each Director at the Board of Directors meetings, etc. held for FY2025 (from April 1, 2025 to March 31, 2026) is as follows.

(Directors)
- Tomohisa Tsurumi attended 14 of the 14 Board of Directors meetings.
- Hiroaki Sato attended 14 of the 14 Board of Directors meetings.
- Masayuki Yamazaki attended 14 of the 14 Board of Directors meetings.
- Yasunori Sugimoto attended 14 of the 14 Board of Directors meetings.

(Outside Directors (Audit and Supervisory Committee Members))
- Tsukasa Murase attended 14 of the 14 Board of Directors meetings and 14 of the 14 Audit and Supervisory Committee meetings.
- Takayuki Miyabe attended 14 of the 14 Board of Directors meetings and 14 of the 14 Audit and Supervisory Committee meetings.
- Masanori Miyagi attended 13 of the 14 Board of Directors meetings and 13 of the 14 Audit and Supervisory Committee meetings.
- Itsuro Hitosugi attended 14 of the 14 Board of Directors meetings and 14 of the 14 Audit and Supervisory Committee meetings.
- Akiko Ono attended 14 of the 14 Board of Directors meetings and 14 of the 14 Audit and Supervisory Committee meetings.
- Chiseko Baba attended 14 of the 14 Board of Directors meetings and 14 of the 14 Audit and Supervisory Committee meetings.

* As Tsukasa Murase retired upon the expiration of his term at the 85th Ordinary General Meeting of Shareholders held on May 29, 2026, his attendance counts the Board of Directors meetings and Audit and Supervisory Committee meetings held during his tenure.

- The Company has an auditing contract with Ernst & Young ShinNihon LLC as its Accounting Auditor and outsources its accounting audits to them. The Accounting Auditor formulates an audit plan that includes the audit items, audit system and audit schedule, hold a quarterly review report meeting each quarter from the first quarter to the third quarter, and at the end of the fiscal year, an accounting audit report meeting related to the year-end settlement, and reports to the Audit and Supervisory Committee. The above report meetings are attended by the General Manager of the Corporate Management Department, who is in charge of accounting. The consecutive audit period and the certified public accountants who have executed services are as follows, and they have been assisted in accounting auditing by four certified public accountants and 15 other persons.

(Consecutive audit period)
October 1969 and thereafter
(Certified public accountants who have executed business)
Daisuke Sumita
Katsuya Tanaka

- The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors for the purpose of enhancing corporate governance, having the appropriate composition of the Board

of Directors, fairly operating the nomination and compensation systems for Directors, etc., and increasing the transparency thereof. The committee consists of at least three members, a majority of whom are stipulated as Independent Outside Directors, chaired by an external director, and the selection of members is made by the Board of Directors.

- The Group Management Meetings are held at least once a month in principle, with Executive Directors and Group Officers in attendance, to make decisions on matters entrusted by the Board of Directors, as well as to deliberate, manage and decide on policies and plans for the overall management of the Group and its business segments.

- The Internal Control Committee, which is a body that builds and operates the internal control system based on the Companies Act and the Financial Instruments and Exchange Act, is chaired by the Representative Director and President, and is responsible for the compliance, risk management, information management and operational efficiency of the entire Group. In order to support the control activities of the Internal Control Committee, the Company has established internal rules and is providing training to its Directors, Group Officers, Segment Officers and employees.

- The Internal Audit Department conducts monitoring through the internal control system that includes subsidiaries for accounting matters, conducts audits independently through the internal control system required by the Companies Act for matters other than accounting, and reports the audit results to the Audit and Supervisory Committee.

- The Sustainability Committee comprises the persons responsible for each business segment (PRS), is chaired by the Representative Director and President and meets about twice per year. The Sustainability Committee cooperates with business divisions to set goals, monitors the progress of plans and evaluates the details of measures. The content of this committee makes a structure that can appropriately supervise the Board of Directors by reporting to the Board of Directors.

- The policies and procedures in nominating candidates for Directors and Audit and Supervisory Committee Members and determining compensation for senior management are as stated in [Principle 3.1 Full Disclosure] under I. 1. “Disclosure Based on the Principles of the Corporate Governance Code” in this report.

3. Reasons for Adoption of Current Corporate Governance System

The system has been adopted with the aim of enhancing the supervisory function of the Company’s Board of Directors, increasing management efficiency and further enhancing the Group’s corporate value.

[Translation]

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders to Avoid the Peak Period	The Company avoids the peak period to hold the General Meeting of Shareholders so as to invite many shareholders as possible.
Exercise of Voting Rights via Electromagnetic Means	Starting from the 76th Ordinary General Meeting of Shareholders held on May 30, 2017, the Company has adopted a system for the exercise of voting rights via electromagnetic means.
Participation in the Electronic Voting Platform and Other Efforts toward Improving the Environment for Institutional Investors to Exercise their Voting Rights	Starting from the 80th Ordinary General Meeting of Shareholders held on May 28, 2021, the Company has participated in the electronic voting platform operated by ICJ, Inc.
Provision of the Notices of the General Meetings of Shareholders (Summary) in English	Starting from the 81st Ordinary General Meeting of Shareholders held on May 31, 2022, the English version of the summary and the reference documents of the Notices of the Convocation of the General Meetings of Shareholders are posted on the Tokyo Stock Exchange website, the Company website and the electronic voting platform operated by ICJ, Inc. prior to the mailing of the notice of convocation.
Others	The Notices of the General Meetings of Shareholders are posted on the Tokyo Stock Exchange website, the Company website and the electronic voting platform operated by ICJ, Inc. prior to the mailing of the Notice. In addition, the Company works to provide explanations that are easy to understand at the General Meeting of Shareholders by presenting reports visually and using video and narration.

[Translation]

2. Status of IR-Related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Preparation and Publication of Disclosure Policy	The aim of the Company's IR activities is to have all stakeholders, including shareholders and investors, understand and appropriately evaluate the Company. To that end, the Company has a basic policy of making timely, accurate and fair and consistent disclosure of important information on the Company. The Company makes timely disclosure pursuant to the timely disclosure rules stipulated by the Tokyo Stock Exchange. In addition, the Company also discloses information deemed beneficial to shareholders and investors, including information not subject to the timely disclosure rules.	
Regular Investor Briefings held for Analysts and Institutional Investors	Briefing meetings are held for analysts and institutional investors by the Representative Director twice a year after the interim settlement and the year-end settlement in principle.	Yes
Posting of IR Materials on Website	The Company posts integrated reports, financial results, annual securities reports, semiannual securities reports, results summaries, financial results materials and others on the Company website (https://www.scroll.jp/ir/).	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company's department in charge of IR is the Corporate Planning Division, Corporate Management Department.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The initiatives for sustainability, etc. are as described in Supplementary Principle 3.1.3 under [Disclosure Based on the Principles of the Corporate Governance Code] of this corporate governance report. The details are posted on the Company website. The Company website: https://www.scroll.jp/ Integrated reports: https://www.scroll.jp/ir/annual/
Formulation of Policies, etc. on Provision of Information to Stakeholders	Pursuant to the information disclosure standard, the Company strives to communicate information fairly and promptly to more shareholders and investors by using various means such as registering information with the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange, distributing press releases and posting on the Company website. In addition, notices regarding the overall business, IR news, Sustainability-related news and other information are posted on the Company website.

[Translation]

IV. Matters Concerning the Internal Control System

1. Basic View on the Internal Control System and Status of the Development of the System Updated

The Company has established as follows a basic policy regarding the internal control system, that is, systems for ensuring that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems for ensuring the appropriateness of business operations of the Company and the corporate group consisting of the Company and its subsidiaries.

(a) System for ensuring that the execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

The Company strengthens its supervisory function over the execution of duties by directors and employees by ensuring that outside directors, who can supervise business execution from an independent standpoint, constitute more than half of the Board of Directors. Furthermore, we have established our corporate philosophy, the "Scroll Philosophy," which stipulates compliance with relevant laws and internal regulations, and we ensure that it is thoroughly communicated to all directors and employees. The Company has established the Internal Control Committee, which oversees the compliance and risk management system of the entire Group. It strives to strengthen internal controls based on the decisions of the committee, and provides training and education to Directors and employees as necessary. The Company has established and operates an internal reporting system (the Scroll Group Corporate Ethics Hotline) in which the Director responsible for compliance or an external lawyer is the recipient of information, as a means for Directors and employees to directly provide information on legal violations and other facts related to compliance. We strictly prohibit any disadvantageous treatment against individuals who make reports using this internal reporting system by reason of their reporting, and we will thoroughly ensure their protection. The Internal Audit Department evaluates the internal control system and its operation for the entire Group, and reports the results to the Internal Control Committee.

(b) System for retaining and managing information relating to the execution of duties by the Company's Directors

The Company retains information and documents relating to the execution of duties by Directors pursuant to its internal rules, and centrally manages such documents in paper form (including electromagnetic records) so that Directors may access such documents at any time.

(c) Rules and other systems for managing the risk of incurring losses of the Group

The Company specifies basic matters and systems related to the risk management of the entire Group in the Risk Management Rules, and the Internal Audit Department identifies the status of risks across the organization and takes appropriate measures. Furthermore, in the event of an emergency such as a major incident or natural disaster, we will establish a framework for rapid response, which includes setting up an emergency response headquarters. At the same time, by formulating a Business Continuity Plan (BCP), we aim to minimize losses and ensure the early recovery of business operations. The Internal Audit Department conducts audits of the appropriateness of the risk management system from an independent standpoint, and reports the results to the Internal Control Committee.

(d) System for the management of information security and information systems

The Group will establish regulations concerning information security and, under a promotion framework such as the Information Security Committee, build and operate an appropriate security management system to prevent the leakage and unauthorized use of confidential and personal information. In addition, we will strive for the secure operation of our internal information systems and the timely and appropriate review of our security measures. Through continuous education and training for directors and employees, we aim to ensure thorough company-wide information management and protect against cyber risks.

(e) System for ensuring the efficient execution of duties by the Group's Directors

The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary to determine important matters and supervise the status of business execution by Directors. The details of matters relating to business execution are carefully discussed at the Group Management Meetings consisting of Directors and Group Officers. Directors execute their duties in accordance with the rules clarifying the authority to make decisions relating to the execution of duties by Directors. Audits of the execution of duties by Directors are conducted by the Audit and Supervisory Committee.

(f) System for ensuring the appropriateness of business operations in the corporate group consisting of the Company, its parent company, and its subsidiaries

a. Pursuant to the Subsidiary Management Rules, the Company develops a system for ensuring the appropriateness of business operations of the Group as a whole. The Company will establish a system requiring its subsidiaries to seek prior approval from or submit regular reports to the Company regarding material matters related to their management.

b. Representative directors of subsidiaries participate in the Company's Internal Control Committee, and the Company ensures appropriate supervisory and reporting systems by implementing the internal control system for the entire Group based on the decisions by the Internal Control Committee. The department responsible for subsidiary management will provide appropriate guidance and support regarding the identification, assessment, and response to risks at subsidiaries, and will establish a system for managing the risk of loss at subsidiaries.
c. While respecting the autonomy of subsidiaries, we will maintain close collaboration with them. By introducing Group-wide common systems and clarifying authority, the Company will establish a system to ensure that the execution of duties by directors, etc., of subsidiaries is performed efficiently.
d. To ensure that the execution of duties by directors, etc., and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation, we will apply and promote the Group's code of conduct and compliance system to our subsidiaries. Furthermore, the Company's Internal Audit Department will conduct audits of the subsidiaries as necessary.

(g) Matters regarding employees to assist with the duties of the Company's Audit and Supervisory Committee upon the request by the committee

Upon the request by the Audit and Supervisory Committee, the Company will assign dedicated employees not subject to orders and instructions of Directors (excluding Directors who are Audit and Supervisory Committee Members) to the Audit and Supervisory Committee to assist with audit work.

(h) Matters regarding the independence of the employees in the preceding paragraph from Directors (excluding Directors who are Audit and Supervisory Committee Members), and matters regarding ensuring the effectiveness of instructions given to the employees in the preceding paragraph by the Audit and Supervisory Committee

The appointment, transfer, evaluation and other matters of employees who assist with the duties of the Audit and Supervisory Committee shall require the prior consent of the Audit and Supervisory Committee, and their independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be ensured.

(i) Systems for Directors and employees of the Company, and Directors, Corporate Auditors and employees of its subsidiaries to report to the Company's Audit and Supervisory Committee and other systems related to reporting to the Audit and Supervisory Committee

a. Directors and employees of the Company, and Directors, Corporate Auditors and employees of its subsidiaries shall report important matters that affect the Company's operations and performance to the Company's Audit and Supervisory Committee. Also, the Audit and Supervisory Committee may request reports from Directors and employees, and Directors, Corporate Auditors and employees of its subsidiaries, whenever necessary.
b. The Company shall take necessary measures to ensure that any person who reports pursuant to the preceding paragraph will not receive any disadvantageous treatment because of the reason of filing such a report.

(j) Other systems for ensuring the effective performance of audit by the Company's Audit and Supervisory Committee

a. The Audit and Supervisory Committee audits the status of the execution of duties by Directors by inspecting decision-making documents and attending important meetings such as the Board of Directors meetings and the Group Management Meetings. In addition, the Audit and Supervisory Committee receives explanations of the details of accounting audits from the Company's Accounting Auditor and ensures coordination with them such as by exchanging information.
b. When Audit and Supervisory Committee Members request the prepayment or reimbursement, etc. of expenses incurred in executing their duties (limited to those related to the execution of duties of Audit and Supervisory Committee Members), except when they are clearly recognized to be unnecessary for the execution of such duties, the Company will appropriately process such expenses or obligations in a prompt manner.

(k) System to ensure the reliability of financial reporting

To ensure the reliability of financial reporting of the Company and its subsidiaries, we will establish an internal control system over financial reporting based on the Financial Instruments and Exchange Act. Furthermore, we will establish a system to continuously evaluate the effectiveness of its design and operation, maintain and improve it, and implement necessary corrective measures.

(l) System for eliminating anti-social forces

The Company will be resolutely against anti-social forces and such organizations that threaten the order and safety of society and sever any relations with them, and will not engage in any activities that foster their activities nor use the power of anti-social forces. If any problem should occur with such anti-social forces, the Company will respond to them firmly by coordinating with legal experts, the police and others.

[Translation]

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

These matters are as described in “IV. Matters Concerning the Internal Control System 1. Basic View on the Internal Control System and Status of the Development of the System” (l).

[Translation]

V. Others

1. Adoption of Anti-Takeover Measures

Whether Anti-Takeover Measures are Introduced	None

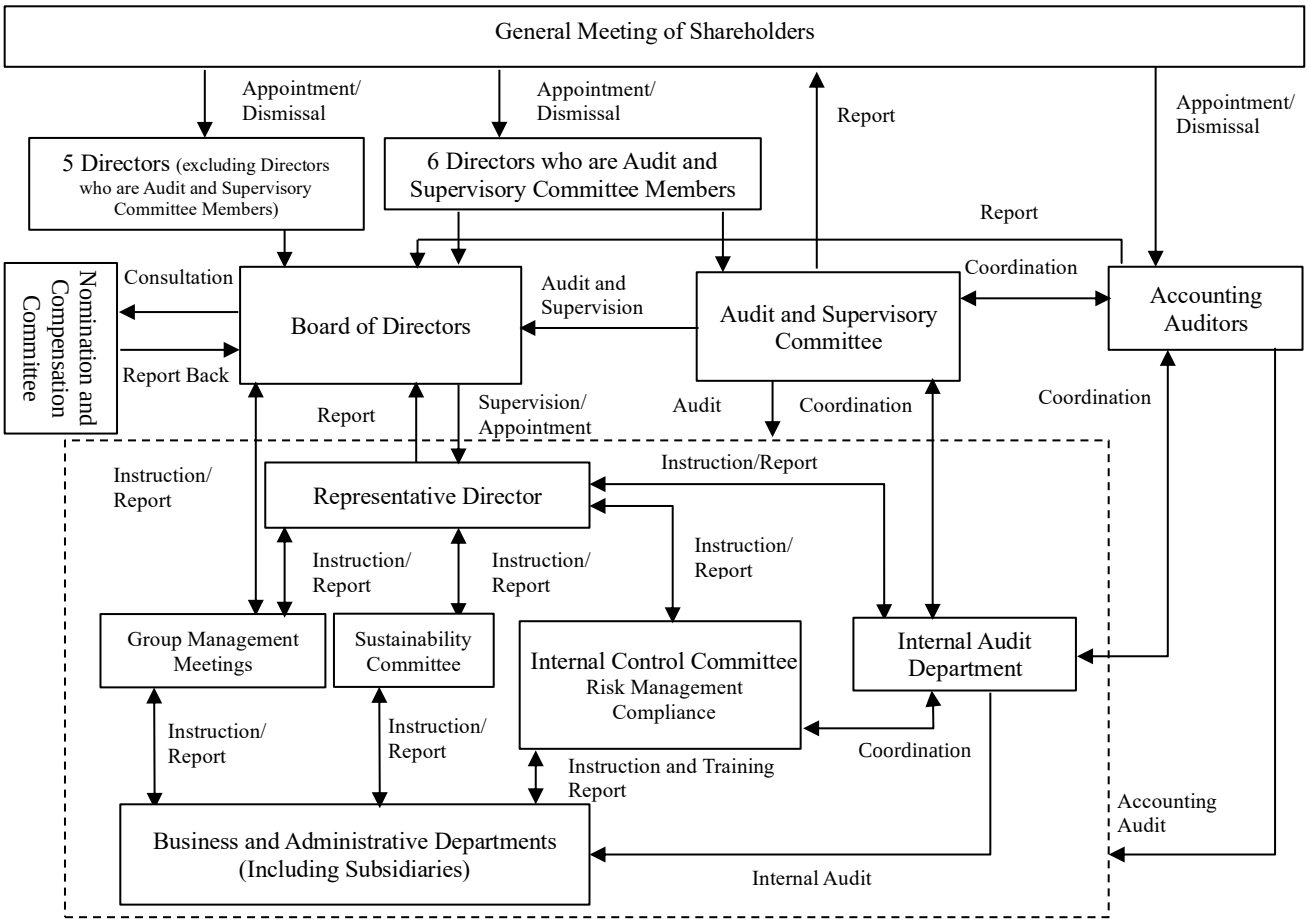
Supplementary Explanation of the Relevant Item

The effective period of the anti-takeover measures approved at the 76th Ordinary General Meeting of Shareholders held on May 30, 2017 expired as of the conclusion of the 79th Ordinary General Meeting of Shareholders held on May 29, 2020. However, the Company has established a basic policy regarding the way a party is to control the determination of the company's business policies, etc. as follows:
i) In the event that a party intends to carry out a large-scale purchase of the Company's shares, the Company shall work to secure time and gather sufficient information necessary for shareholders to make an appropriate judgment in addition to taking appropriate measures based on the opinions of the Board of Directors and laws and regulations. The Company shall give sufficient explanations regarding these efforts to shareholders.
ii) The Board of Directors shall not take any measures to unreasonably interfere with shareholders' right to respond to the tender offer.
iii) The Company shall investigate the necessity and reasonableness of capital policies that impose significant changes to existing shareholders' rights, and provide sufficient explanations to shareholders.

[Translation]

2. Other Matters Concerning the Corporate Governance System **Updated**

System Diagram of the Corporate Governance System



[Translation]

Overview of Timely Disclosure System (System Diagram)

