Corporate Governance

Date of final changes: April 14, 2026
Sumitomo Forestry Co., Ltd.
Representative Director and President: Toshiro Mitsuyoshi
For inquiries: General Administration Department, 03-3214-2250
Securities code: 1911
URL: https://sfc.jp/english/

The Company's corporate governance overview is as follows.

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

1. Basic Philosophy

The Company seeks to ensure management transparency as well as appropriateness and legality of its business and strives to promote expeditious decision-making and business execution under Sumitomo Forestry Group's corporate philosophy: "The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on the "Sumitomo's Business Spirit" which places prime importance on fairness and integrity for the good of society." By further enhancing and strengthening its corporate governance through these efforts, the Company aims to continuously increase its corporate value and conduct management that lives up to expectations of various stakeholders around the Group.

The Company's Basic Philosophy regarding corporate governance and its basic policies have been set out in its Basic Policy on Corporate Governance and is published on the Company's website for your reference.
https://sfc.jp/english/corporate/corporate_governance.html

[Reasons for Not Implementing Specific Principles of the Corporate Governance Code]
The Company complies with all Principles of the Corporate Governance Code.

[Disclosure Based on Specific Principles of the Corporate Governance Code] **REVISED**
[Principle 1-4] (Strategically Held Shares)
Article 5 of the Basic Policy on Corporate Governance makes stipulations on strategically held shares, as indicated below.

1. The Company may acquire and hold shares in its business partners and counterparties when the Company determines that such shareholdings will contribute to mid- to long-term enhancement of the Company's corporate value from the perspective of, among others, maintenance and reinforcement of long-term and stable business relationships with those

partners and counterparties as well as expansion of the Company's business as a result of such closer ties with those parties.

2. At meetings of the Board of Directors, the Company will regularly examine whether the holdings of the shares under the preceding paragraph (the "Strategically-held Shares") lead to the improvement of its corporate value through analyzing the relationship between the profits/risks associated with such holdings and the cost of capital, and will verify the purpose and rationale of such holdings. When the Company judges that the rationale and necessity of such holdings cannot be confirmed, it will reduce the number of such Strategically-held Shares.
3. The Company will appropriately exercise its voting rights pertaining to the Strategically-held Shares in accordance with its voting criteria and based on its comprehensive judgment from the perspective of the improvement of its corporate value.

In addition, to verify the rationality and necessity of cross shareholdings, the Board of Directors compared the returns of each of the strategically-held shares to the hurdle rates set by the Company and confirmed whether the holdings of such shares led to higher corporate value by verifying the status of transactions with the companies of the strategically held shares.
If a business partner or counterparty of the strategically held shares company suffers a long-term slump in business performance or seriously violates laws or causes scandal, the Company will judge how to exercise its voting rights pertaining to the strategically held shares by gathering information through dialogue with such counterparties.

[Principle 1-7] (Conflict of Interest Transactions)
Article 6 of the Basic Policy on Corporate Governance makes stipulations on conflict-of-interest transactions, as indicated below.

1. In the case where the Company enters into a material or irregular transaction involving a conflict of interest with any Director of the Company, the Company shall obtain prior approval of the Board of Directors to ensure that such transaction does not harm the interests of the Company or the common interests of the shareholders.
2. The outcome of any transaction involving a conflict of interest under the preceding paragraph shall be reported to the Board of Directors.

[Supplementary Principle 2-4-1] (Securing Diversity in the Promotion and Other of Core Personnel)
The Company hires diverse and highly capable human resources regardless of gender, nationality, newly graduated or mid-career, and conducts human resources development that is tailored to individual career orientation, qualifications, experience, skills and other factors. In addition, we emphasize specialization, management skills and other qualifications when promoting employees to management level. Please refer to Section III-3 of this report for the current situation regarding the promotion of women to management-level positions. In addition, actual numbers of foreign (non-Japanese) and mid-career employees who were

promoted to management-level positions are as follows, and the Company will continue to hire and promote such individuals on an ongoing basis.

The actual ratio of managers who are mid-career employees is as follows.
2023/12/31 (35.0%) 2024/12/31 (34.0%) 2025/12/31 (34.0%)
*With the January 2024 revision in our Human Resources Policy, the definition of managers was redefined as managerial supervisors. Prior-year figures have been restated to reflect the new definition.

At our overseas subsidiaries, there are 44 full-time foreign (non-Japanese) Directors. The ratio of foreigners (non-Japanese) who are full-time Directors at our overseas subsidiaries is 46.3%.

The Company actively supports employees who have childcare or elderly care responsibilities at home and with the aim to create a work environment where senior citizens can maintain and work with a high level of motivation, we have implemented a human resources system that allows flexible work hours and are continuously working to build an IT infrastructure and in-house environment that enables remote work and other workstyles.

For information about our human resources development policy to ensure diversity and other details, please refer to the Company's website (https://sfc.jp/english/sustainability/social/).

[Principle 2-6] (Exercising the Functions of Corporate Pension Asset Owner)
The Company invests pension assets through the Sumitomo Forestry Group Corporate Pension Fund to ensure the payment of pension benefits and others for executives and employees in the future. The Fund has established a governing body and a board of representatives in accordance with its terms, has stipulated management regulations of pension assets and has entrusted the management of pension assets to investment trustees based on the basic policy and the guidelines for pension management.
Furthermore, the Asset Management Committee has been established as an advisory body to the governing body and the board of representatives. The committee formulates and reviews the basic policy and the guidelines for pension management and the strategic asset composition ratios and selects and evaluates such investment trustees. Members of the governing body, the board of representatives and the Asset Management Committee are selected from among the specialists with expertise and experience related to the Company's Finance Department and Personnel Department, and the Company has developed and maintained a system to properly verify appropriate management of pension assets.

[Principle 3-1] (Enhancement of Information Disclosure)
(1) The Company's goals (corporate philosophy, etc.), management strategy and management plan
For details regarding the Company's goals, please refer to the Company's website.
https://sfc.jp/english/corporate/philosophy/

In addition, regarding management strategies and management plans, the Company disclosed its Long-Term Vision Mission TREEING 2030 in February 2022 and its three-year Medium-Term Management Plan Mission TREEING 2030 Phase 2 (December 2025 term ~ December 2027 term) in February 2025. For details, please refer to the IR information on the Company's website.
https://sfc.jp/english/ir/

(2) The Company's Basic Philosophy and its basic policies regarding corporate governance have been set out in its Basic Policy on Corporate Governance, which is published on the Company's website for your reference.
https://sfc.jp/english/corporate/corporate_governance.html

(3) Article 14 of our Basic Policy on Corporate Governance outlines the policy behind determining remuneration for Directors and Executive Officers, per below.

1. The amount of the remuneration for Directors and Executive Officers will be determined at a Board of Directors meeting taking into account the views of the Nomination and Remuneration Advisory Committee within the remuneration cap specified by resolution of a General Meeting of Shareholders based on the following policy:
   (i) The remuneration plan should be highly linked not only to short-term performance but also to medium- to long-term performance and improvement of corporate value;
   (ii) The plan should be linked to the value to be newly created and provided in the course of promoting the ESG integrated management;
   (iii) The plan should be designed to be linked to shareholder value of the Company;
   (iv) The remuneration level should be such that the Company can secure and maintain the human resources necessary to achieve its long-term vision; and
   (v) The plan should ensure transparency and objectivity in the remuneration determination process.
2. The remuneration of Directors (excluding Outside Directors) and Executive Officers shall be as follows. However, remuneration of Outside Directors shall only be fixed remuneration.
   (i) fixed remuneration commensurate with its responsibilities and roles
   (ii) annual performance-based bonus as a short-term incentive
   (iii) performance-based restricted stock remuneration as a medium- to long-term incentive
3. From the perspective of ensuring objectivity and appropriateness, the level of remuneration for the Company will be set with reference to the levels of other companies as surveyed by outside professional organizations, with the aim of achieving the mid-to high level of remuneration in companies of similar size. The Company will revise the remuneration levels as necessary in response to changes in the external environment.

(4) Article 13 of the Basic Policy on Corporate Governance makes stipulations regarding the qualifications, appointment policy and others of candidates for Director, Audit & Supervisory Board Member and Executive Officer, as indicated below.

1. The Board of Directors determines the candidates for Director and Audit & Supervisory Board Member, and Executive Officer from among persons of upstanding character and insight who are valuable to the management of the Company, taking into consideration the opinions from the Nomination and Remuneration Advisory Committee.
2. Candidates for Director shall be selected from those who meet the following criteria.
   (i) Possess a high standard of ethics
   (ii)Be capable to embodying the Group's corporate philosophy
   (iii) Have the management capability (skills) necessary to enhance the Company's corporate value over mid- to long-term
3. When Directors, Audit & Supervisory Board Members and Executive Officers violate laws, regulations and the Company's articles of incorporation or other grounds considered to be difficult to appropriately perform their duties occur, the Board of Directors will determine removal of the position of relevant Director, Audit & Supervisory Board Member and Executive Officer, other disposition or the submission of the proposal to dismiss the relevant Director, Audit & Supervisory Board Member and Executive Officer to the Company's general meeting of shareholders, taking into consideration the opinions from the Nomination and Remuneration Advisory Committee.

(5) For individual explanations regarding the selection and appointment of candidates for Director and Audit & Supervisory Board Member and regarding the dismissal of Directors and Audit & Supervisory Board Members, please refer to the Reference Documents for the Notice of Convocation for the General Meeting of Shareholders.

[Supplementary Principle 3-1-3 (Sustainability Initiatives and Other)
The Company discloses online its sustainability initiatives every year in the Sustainability Report, which it considers an important tool to communicate to all types of stakeholders, including investors. In addition to information about sustainability management, E (environment report), S (social report) and G (governance), details about our human resources policy and intellectual property policy are disclosed on the Company's website. The Company also publishes both online and as a booklet a Highlight Pamphlet with details about noteworthy sustainability initiatives. Regarding the impact of climate change, the Company announced its support of TCFD in July 2018 and discloses relevant information based on the TCFD framework in the Sustainability Report as well as the Integrated Report.

*Sustainability Report:	https://sfc.jp/english/sustainability/
Human resources policy:	https://sfc.jp/english/sustainability/social/
Intellectual property policy:	https://sfc.jp/english/sustainability/governance/intellectual-property.html
TCFD framework disclosure:	https://sfc.jp//english/sustainability/environment/tcfd-tnfd/

[Supplementary Principle 4-1-1] (Summary of Scope of Delegation by Top Management)
The Company has implemented the Executive Officer system and by dividing decision-making and supervisory functions from operational functions, it has reinforced the ability of the Board

of Directors to oversee and supervise Executive Officers. Specifically, in accordance with the Regulations of the Board of Directors, in addition to matters set out in laws and regulations, the Board of Directors makes decisions regarding important operational matters, such as items related to the management plan and other. For matters other than important operational matters, in accordance with the Regulations of Administrative Authority, authority is delegated to the President, the Executive Officer in charge or other.

[Principle 4-9] (Standards to Determine the Independence and Qualifications of Outside Directors)
The Company has established standards regarding the independence of outside officers and has disclosed them in this report under Section II.1 Independent Officers.

[Supplementary Principle 4-10-1] (Thinking Regarding the Independence of the Composition of Voluntary Committees, Authority, Role, etc.)
To secure transparency and ensure fairness, the Board of Directors has established the Nomination and Remuneration Advisory Committee as an advisory body that gives opinions regarding decisions on candidates for Director and Audit & Supervisory Board Member and Executive Officer appointments, Director, Audit & Supervisory Board Member and Executive Officer dismissals, Chief Executive Officer and Executive Officer evaluations, and Director and Executive Officer compensation.
The composition of the Nomination and Remuneration Advisory Committee in terms of the composition of internal and Outside Directors has been set as two internal Directors and four Outside Directors, with Outside Directors being the majority. However, the Company has also added Outside Audit & Supervisory Board Members (three people) as members with the thinking that including Outside Audit & Supervisory Board Members, who oversee the execution of duties by Directors from an independent perspective, would ensure greater fairness and transparency. As a result, while Outside Directors do not constitute a majority of the membership, a majority of the committee are outside officers, either an Outside Director or an Outside Audit & Supervisory Board Member. In addition, with the committee chairperson of the Nomination and Remuneration Advisory Committee being an Outside Director, the Company has determined that the committee is sufficiently independent and that its monitoring function has been enhanced.

[Supplementary Principle 4-11-1] (Balance of Knowledge, Experience and Capabilities of the Board of Directors as a Whole, Thinking Regarding Diversity and Size, and Policy and Procedures for Appointing Directors)
Article 11 of the Basic Policy on Corporate Governance specifies the composition of the Board of Directors, as indicated below.

The Board of Directors is constituted by not more than seventeen (17) members. In order to effectively discharge the Board of Directors’ roles and responsibilities, consideration will be given to the diversity of its members in terms of gender, nationality or otherwise. The Board members should also be comprised of persons with professional and diverse knowledge, experience and capability, including:

(i) those with extensive experience and track record regarding the Group's business;

(ii) those with extensive experience and track record in corporate management, industries, policies or the like; and

(iii) those with expertise in law, accounting or the like.

Furthermore, Article 13 of the Basic Policy on Corporate Governance stipulates the qualifications and appointment of candidates for Director and Audit & Supervisory Board Member and Executive Officer (refer to [Principle 3-1] (4)).

In addition, please refer to the attached materials at the end of this report for the Skills Matrix and reasons for selection of the skills.

[Supplementary Principle 4-11-2] (Concurrent Board Positions Held by Company Directors and Audit & Supervisory Board Members)
Please refer to the Notice of Convocation of the General Meeting of Shareholders and others for information regarding concurrent Board positions held by the Company's Directors and Audit & Supervisory Board Members at other listed companies.

[Supplementary Principle 4-11-3] (Summary of Analysis/Evaluation and Results of Overall Effectiveness of the Board of Directors)

1. Evaluation method

(1) Evaluation process

This fiscal year, the effectiveness of the Board of Directors (including the Nomination and Remuneration Advisory Committee) was evaluated through a self-evaluation and analysis. With guidance from an outside organization, a survey covering the following evaluation categories was submitted by each of the Directors and Audit & Supervisory Board Members (the method of response was anonymous with responses sent directly to an outside organization, which maintained anonymity) and an outside evaluation of the survey results. In addition, an evaluation was conducted based on the implementation status of the role of the Board of Directors as set out in the Company's Basic Policy on Corporate Governance and an exchange of opinions with Directors and Audit & Supervisory Board Members.

(2) Evaluation items

- Composition, etc., of the Board of Directors
- Operation of the Board of Directors
- Management strategy, management plan
- Internal control, risk management
- Nomination, remuneration, and monitoring functions
- Performance of Outside Directors
- Support system for Directors and Audit & Supervisory Board Members
- Training
- Dialogue with shareholders (investors)

- One's own initiatives
- Evaluation of the Nomination and Remuneration Advisory Committee
- Summary

2. Evaluation results

(1) Summary

As a result of the evaluation described in 1., the Company believes that the Board of Directors is functioning effectively.

(2) Initiatives to address areas cited for improvement in the previous fiscal year

1. In terms of "the need to provide appropriate oversight to ensure that plans to nurture successor candidates are effective," the Nomination and Remuneration Advisory Committee raised the selection criteria for directors as an agenda item and made clear what those selection criteria are and the thinking behind them. In addition, the Committee worked to deliberate fully about succession plans and shared the contents of these deliberations with the Board of Directors.
2. In terms of "the need to provide more thorough feedback of the status of discussions with investors to further enhance the quality of shareholder (investor) dialogue," thorough feedback was achieved through timely sharing of information about the status of discussions. At the same time, various ideas about how to conduct dialogue and other points were considered.

(3) Main future challenges and policies behind the initiatives

To further improve the operation of the Board of Directors, reevaluations regarding the delegation of authority, how discussions are carried on during the Board of Directors meetings, the content of materials, and other points will be conducted.

The Company will continue to work on improving these recognized issues to further enhance the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2] (Policy on Director/Auditor Training)

Article 15 of the Basic Policy on Corporate Governance sets out training for Directors, Audit & Supervisory Board Members and Executive Officers, as indicated below.

1. The Company will develop a training system required for its Directors, Audit & Supervisory Board Members and Executive Officers to appropriately fulfill their roles and responsibilities.
2. The Company will provide its Directors, Audit & Supervisory Board Members and Executive Officers with information and training opportunities upon initial appointment and continuously thereafter.
3. The Board of Directors will verify whether the provision of information and training opportunities under the preceding paragraph has been performed appropriately.

[Principle 5-1] (Policy Regarding Constructive Dialogue with Shareholders)

Article 18 of the Basic Policy on Corporate Governance stipulates policies on dialogue with shareholders, as indicated below.

1. Upon receipt from any shareholders of a proposal for dialogues, the Company will engage in constructive dialogues with the shareholders to a reasonable extent which is considered beneficial to a sustainable growth and mid- to long-term improvement of its corporate value.
2. The policy for dialogues with the shareholders is as follows:
   (i) Dialogues with the shareholders in general are overseen by the Divisional Manager of Corporate Division.
   (ii) While engaging in dialogues with the shareholders, the Corporate Communications Department will play a central role, while the Corporate Planning Department, the Finance Department, the General Administration Department, the Personnel Department, the Sustainability Department and other relevant business divisions will appropriately exchange information with each other and cooperate organically.
   (iii) The Company will pursue enhanced dialogues with the shareholders by such means as holding financial results briefings and developing investor relations (IR) activities in Japan and abroad.
   (iv) Any information or opinions obtained through dialogues with the shareholders will be reported as necessary to the Board of Directors.
   (v) When engaging in a dialogue with the shareholders, the Company will appropriately control important information including insider information in accordance with its internal rules and others.

3. In order to prevent the leakage of financial results and to ensure fairness in information disclosure, the Company designates a certain period prior to the scheduled announcement date of financial results as a "silent period." During the period, the Company refrains from making comments or responding to inquiries related to its financial results. However, if it becomes likely that there will be a significant change in the earnings forecast during the silent period, the Company will disclose such information appropriately in accordance with the timely disclosure rules.

[Implementation Status of Dialogues with Shareholders]

1. Number of times implemented
   Financial results presentations: 4 times (in-person/online hybrid – 2 times, online – 2 times)
   Specific-themed presentations: 5 time
   Meetings with investors: 662 times (of which 79 meetings were attended by top management and 82 meetings were held overseas)
2. Report to the Board of Directors about IR activities
   Twice yearly
3. Main content of dialogues with investors

- Status of orders and sales of our main business operation, the US single family homes business, and mid- to long-term financial results forecasts
- Market environment and future earnings forecasts of our US real estate development business
- Market environment and future earnings forecasts of our housing business and real estate development business in Australia and countries in Asia
- Market environment, strategies to increase orders and measures to improve profitability of our domestic custom-built housing business
- Medium-Term Management Plan, Long-Term Vision and other mid- to long-term business strategies and progress
- Thinking and policies regarding our financial capital strategies based on our thinking regarding M&As and the balance of financial soundness, growth investments and shareholder return
- Decarbonization initiatives centered around our goals to "Acceleration of Circular Forest Business", "Promotion of Wood Change" and "Standardization of Decarbonized Design "
- ESG initiatives

[Actions to Realize Management that is Mindful of Equity Cost and Share Prices]

Description **REVISED**	Disclosure of initiatives (updated)
English disclosure (yes/no)	Yes
Date of update **REVISED**	February 13, 2026

Explanation **REVISED**

(1) The Company prioritizes return on equity (ROE) as an indicator of equity efficiency. For the December 2025 term, ROE was 11.1% (13.9% for the December 2024 term, 14.8% for the December 2023 term). In our Medium-Term Management Plan Mission TREEING 2030 Phase 2, which began in the December 2025 term, we set out a goal to achieve ROE of at least 15% by the December 2027 term. The Company recognizes that the cost of equity is approximately 7.4% as of the time of the disclosure of our Medium-Term Management Plan in February 2025 and that ROE has remained well above the cost of equity.

(2) To increase ROE and ROIC, the Company utilizes IRR (internal rate of return) as an indicator to measure the efficiency of each division and new investment project. Through such measures as monitoring and screening based on a comparison of these figures with our weighted average cost of capital (WACC) and cost of equity, we are working to optimize where to invest our capital.

(3) In terms of capital procurement, we procure capital in the best means possible with the view to secure medium- to long-term financial stability, etc., by paying close attention to market interest rate trends based on a change in fundamentals in each country, an increase in the demand for capital, and other factors.

2. Capital Structure

Ratio of shares owned by foreigners (non-Japanese)	10%~20%

[Situation Regarding Major Shareholders] **REVISED**

Name or Designation	Number of Shares Held (Shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	85,474,300	13.84
Custody Bank of Japan, Ltd. (trust account)	44,896,200	7.27
Sumitomo Metal Mining Co., Ltd.	30,330,948	4.91
The Iyo Bank, Ltd.	17,548,773	2.84
Kumagai Gumi Co., Ltd.	15,592,500	2.52
Sumitomo Corporation	13,149,600	2.13
Sumitomo Life Insurance Company	12,681,000	2.05
The Hyakujushi Bank, Ltd.	12,593,370	2.04
Sumitomo Forestry Group Employee Shareholding Association	9,504,932	1.54
The Nomura Trust and Banking Co., Ltd. (trust account)	8,142,500	1.32

Controlling Shareholders (other than parent company)	---
Parent Company	None

Supplementary Information **REVISED**

On March 7, 2025, SMBC Nikko Securities and two joint owners submitted an Amendment to the Statement of Large-Volume Holdings and while we received reports from each of these companies regarding their shareholdings, we were unable to confirm the actual number of shares beneficially owned by each company as of December 31, 2025. Hence, their holdings are not taken into consideration in the above table of major shareholders.

3. Corporate Attributes

Stock exchange listings and market classification	Prime Market, Tokyo Stock Exchange
Fiscal year-end	December
Industry	Construction
Number of employees as of previous fiscal year-end (consolidated)	More than 1,000

Total revenues in previous fiscal year-end (consolidated)	More than 1 trillion yen
Number of consolidated subsidiaries	More than 300

4. Policy for Measures to Protect Minority Shareholders When Conducting Transactions and Other with the Controlling Shareholder

- -

5. Other Exceptional Circumstances that May Have a Material Impact on Corporate Governance

- -

II. Situation Regarding Corporate Governance Structure in Terms of Managerial Decision Making, Management Organization Related to Execution and Oversight, and Others.

1. Composition of institutions, items related to organizational operation

Organizational configuration	Company with Audit & Supervisory Board

[Board of Directors]

Number of Directors stipulated in the Articles of Incorporation	12
Term of Directors stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (except in situations where the chairman is also the president)
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Outside Directors designated as Independent Directors	4

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

Name	Attributes	Relationship with the Company*
Mitsue Kurihara	From another company	h. △

Yuko Toyoda	Attorney at Law	h. ○
Toshio Iwamoto	From another company	
Kenji Sukeno	From another company	

*Selection items related to Relationship with the Company
*A circle indicates that the item applies to the individual “currently or in the recent past” and a triangle indicates it applies to the individual “in the past.”
*A filled-in circle indicates an item applies to a close family member “currently or in the recent past” and a filled-in triangle indicates an item applies to a close family member “in the past.”

a. Is an executive of the listed company or its subsidiary
b. Is an executive or a non-executive Director of the parent company of the listed company
c. Is an executive of a subsidiary company of the parent company
d. Is a person or an executive of a party whose major customers include the listed company
e. Is a person or an executive of a party who is a major customer of the listed company
f. In addition to Director remuneration, receives from the listed company a large sum of money or other assets as a consultant, accounting specialist, legal specialist
g. Is a major shareholder of the listed company (when the shareholder is a corporate entity, an executive of that corporate entity)
h. Is an executive of the listed company’s client company (and does not apply to either d, e or f; applies to the individual in question only)
i. Is an executive of a company with which there is a reciprocal arrangement to appoint an outside officer (applies to the individual in question only)
j. Is an executive of a party to whom the listed company makes contributions to (applies to the individual in question only)
k. Other

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

Name	Independent officer	Supplementary information related to the criteria	Reasons for appointment

Mitsue Kurihara	Yes	While the Company has borrowings from the Development Bank of Japan Inc., which Ms. Kurihara was formerly affiliated with, the borrowing amount is less than 0.2% of the Company's consolidated total assets. Given the scale and type of transaction and based on our determination that it would not influence shareholder or investor decisions, the Company has omitted an overview.	Based on an abundant experience in the financial industry and deep insight into corporate management, fulfills an important role in reinforcing our corporate governance. In addition, she has no relationship with any of our affiliated companies, major shareholders, major business transaction companies, and others; nor has she received large remuneration or other types of financial gain and is therefore considered sufficiently independent.
Yuko Toyoda	Yes	While the Company has dealings with City Yuwa Law Office, which Ms. Toyoda is affiliated with, the transaction amount is less than 0.01% of the Company's consolidated total assets. Given the scale and type of transaction and based on our determination that it would not influence shareholder or investor decisions, the Company has omitted an overview.	Based on experience and insight as a lawyer well versed in corporate legal practices, fulfills an appropriate role in reinforcing our corporate governance. In addition, she has no relationship with any of our affiliated companies, major shareholders, major business transaction companies, and others; nor has she received large remuneration or other types of financial gain and is therefore considered sufficiently independent.

Toshio Iwamoto	Yes	———	Based on an abundant experience in the IT industry and deep insight into corporate management, fulfills an important role in reinforcing our corporate governance. In addition, he has no relationship with any of our affiliated companies, major shareholders, major business transaction companies, and others; nor has he received large remuneration or other types of financial gain and is therefore considered sufficiently independent.
Kenji Sukeno	Yes	———	Based on an abundant experience in the financial accounting field and deep insight into corporate management, fulfills an important role in reinforcing our corporate governance. In addition, he has no relationship with any of our affiliated companies, major shareholders, major business transaction companies, and others; nor has he received large remuneration or other types of financial gain and is therefore considered sufficiently independent.

Voluntary advisory body comparable to a Nomination Committee and Remuneration Committee	Exists

Situation Regarding Voluntary Advisory Bodies, Composition of Members, and Affiliation of the Chairman

	Name of committee	Total number of members	Full-time members	Number of internal Directors	Number of Outside Directors	Number of Outside experts	Other	Chairman

Voluntary advisory body comparable to a Nomination Committee	Nomination and Remuneration Advisory Committee	9	0	2	4	0	3	Outside Director
Voluntary advisory body comparable to a Remuneration Committee	Nomination and Remuneration Advisory Committee	9	0	2	4	0	3	Outside Director

Supplementary Information

To secure transparency and ensure fairness, the Board of Directors has established the Nomination and Remuneration Advisory Committee as an advisory body to call on opinions regarding decisions on candidates for Director and Audit & Supervisory Board Member, Executive Officer appointments, Director, Audit & Supervisory Board Member and Executive Officer dismissals, Chief Executive Officer and Executive Officer evaluations, and Director and Executive Officer remuneration. The Nomination and Remuneration Advisory Committee is composed of the Chairman, the President and all Outside officers (four Outside Directors and three Outside Audit & Supervisory Board Members), and a majority of the committee members are Outside officers and one of the Outside Directors serves as the committee chairperson.

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Member stipulated in Articles of Incorporation	The maximum number is not stipulated.
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department **REVISED**

Audit & Supervisory Board Members oversee the independence of the Accounting Auditors and scrutinize the opinions of the Accounting Auditors to examine and to determine whether financial reports, accounting policies, accounting processing methods and others are in accordance with fair accounting principles. In addition, Audit & Supervisory Board Members and Accounting Auditors hold meetings and exchange information when needed, including discussions on key audit matters (KAM), as well as institute three-way audits involving the Internal Audit Department, and other measures, to conduct smooth, effective audits.

The Internal Audit Department is responsible for internal audits and conducts audits of the entire Group on the appropriateness and legality of daily business operations. Specifically, the Internal Audit Department checks the status of business execution and administrative management, including compliance, and reports the results to the President, the Divisional Manager of Corporate Division, full-time Audit & Supervisory Board Members as well as the manager, the Executive Officer and the Director in charge of the business site in question. In addition, plans and results of internal audits are directly reported at the Board of Directors meetings and opportunities for Outside Directors to exchange opinions on internal audits are provided.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members designated as Independent Auditor	3

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

Name	Attributes	Relationship with the Company*
Yoshimasa Tetsu	Certified Public Accountant	
Takashi Kawachi	Other	
Naoko Munakata	Other	j. ○, l. ○

*Selection items related to Relationship with the Company
A circle indicates that the item applies to the individual “currently or in the recent past” and a triangle indicates it applies to the individual “in the past.”
*A filled-in circle indicates an item applies to a close family member “currently or in the recent past” and a filled-in triangle indicates an item applies to a close family member “in the past.”
a. Is an executive at the listed company or its subsidiary
b. Is a non-Executive Officer or an accounting advisor of the listed company or its subsidiary
c. Is an executive or a non-Executive Officer of a parent company of the listed company
d. Is an Audit & Supervisory Board Members of the parent company of the listed company
e. Is an executive of a subsidiary company of the parent company
f. Is a person or an executive of a party whose major customers include the listed company
g. Is a person or an executive of a party who is a major customer of the listed company
h. In addition to Audit & Supervisory Board Member remuneration, receives from the listed company a large sum of money or other assets as a consultant, accounting specialist, legal specialist
i. Is a major shareholder of the listed company (when the shareholder is a corporate entity, an executive of that corporate entity)
j. Is an executive of the listed company’s client company (and does not apply to either f, g or h; applies to the individual in question only)

k. Is an executive of a company with which there is a reciprocal arrangement to appoint an Outside officer (applies to the individual in question only)
l. Is an executive of a party to whom the listed company makes contributions to (applies to the individual in question only)
m. Other

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

Name	Independent officer	Supplementary information related to the criteria	Reasons for appointment
Yoshihisa Tetsu	Yes	————	As a certified public accountant, has a high level of specialized knowledge and a wealth of experience in financial and accounting matters, which the Company has determined are being utilized for the Company's audit operations. In addition, he has no relationship with the Company's affiliated companies, major shareholders, main transaction parties or other, and is not receiving large monetary compensation or other types of financial gain and is therefore considered sufficiently independent.
Takashi Kawachi	Yes	————	Having held key positions in local and central government, has a high level of insight and a wealth of experience in public administration, which the Company has determined are being utilized in the Company's audit operations. In addition, he has no relationship with the Company's affiliated companies, major shareholders, main transaction parties or other, and is not receiving large monetary compensation or other types of financial gain and is therefore considered sufficiently independent.

Naoko Munakata	Yes	While the Company has made donations, conducted joint research, and had other transactions with the University of Tokyo, which Ms. Munakata is affiliated with, the total amount of donations and transaction value represent less than 0.01% of the Company's consolidated net sales and is considered not likely to influence the judgment of shareholders or investors in light of its scale and nature. Hence, a description of the details has been omitted.	Having held key positions in central government ministries and agencies, has a high level of insight and a wealth of experience in administration fields, such as economics, international trade and intellectual property, which the Company has determined are being utilized in the Company's audit operations. In addition, she has no relationship with the Company's affiliated companies, major shareholders, main transaction parties or other, and is not receiving large monetary compensation or other types of financial gain and is therefore considered sufficiently independent.

[Independent Officers]

Number of independent Directors	7

Other Items Related to Independent Officers

[Criteria for independence]

If none of the below criteria apply, an individual will be considered independent.

1. An executive of the Company
   An Executive Officer, operating officer, manager or other type of worker (hereinafter, executive) of the Company, its subsidiary or affiliate
2. Consultant and other
   (1) An employee, partner or other type of worker of a financial auditing company that conducts financial audits for the Company or its subsidiary and is in charge of auditing the Company or its subsidiary.
   (2) A lawyer, certified public accountant, tax attorney or other type of consultant who has received from the Company or its subsidiary outside of officer's remuneration an annual average of 10 million yen or more in money or other types of financial gain in the past three fiscal years.
   (3) An employee, partner, associate or other type of worker of a law office, audit company, tax accountant office, consulting firm or other type of advisory firm that is a major transaction party to the Company or its subsidiary (has received from the Company or its subsidiary payment equivalent to 2% or more of average consolidated total revenues of the past three fiscal years).
3. Major shareholder (fiduciary owner)

An individual (or in the case of a corporate entity, an executive of that entity) who directly or indirectly owns at least 10% of the Company's total voting rights.

4. Major shareholder (owner)

   An executive of a corporate entity that the Company or its subsidiary owns at least 10% of their total voting rights.

5. Transaction parties

   (1) Customers (major transaction parties): An individual (or in the case of a corporate entity, an executive of that entity) to whom our sales amount to that individual or corporate entity is 2% or more of the Company's total consolidated revenues.

   (2) Suppliers (major transaction parties of the Company): An individual (or in the case of a corporate entity, an executive of that entity) to whom our purchase amount from that individual or corporate entity is 2% or more of their company's total consolidated revenues.

6. Lenders

   Lenders (or in the case of a corporate entity, an executive of that entity) who have lent the Company 2% or more of total consolidated assets.

7. Contribution recipients

   An individual (or in the case of a corporate entity, an executive of that entity) that the Company or its subsidiary has contributed an average 10 million yen a year or 2% of total income, whichever is higher, over the past three fiscal years.

8. Family

   A spouse or relative within the second degree of an individual who cannot be declared independent according to this standard (excluding persons of no importance*).

9. Past requirements

   An individual for which item 1 within the past ten years, or item 2 or 7 within the past five years, applies.

10. Outside officer reciprocal appointments

    An executive or full-time Auditor of a company that has an Outside Director who is an executive Director or full-time Auditor of the Company or its subsidiary.

*Persons of no importance, in line with the independence standards stipulated by the Financial Instruments Exchange, is defined as follows.

- For each company, an individual who is not an executive director, operating officer, manager or general manager level employee.
- For advisory firms such as law offices, audit companies or other, an individual who is not the firm's employee, partner or associate.

Furthermore, all outside officers who have fulfilled the criteria for independent officers shall be designated independent officers.

[Incentives]

Status of implementation of measures to grant incentives to Directors	Implementation of a financial-performance-linked compensation system, stock option system, and other

Supplementary Information

The Company has implemented annual performance-based Bonus and a performance-based restricted stock remuneration. For details, please refer to the Director Remuneration section below.

Grantees of stock options	Internal Directors, others

Supplementary Information

Stock-based compensation stock options in the form of new stock acquisition rights are granted to Directors (excluding Outside Directors) and Executive Officers.
In fiscal 2015, 285 options to eight Directors (excluding Outside Directors) and 103 options to 11 Executive Officers were granted.
In fiscal 2016, 295 options to eight Directors (excluding Outside Directors) and 119 options to 13 Executive Officers were granted.
In fiscal 2017, 273 options to eight Directors (excluding Outside Directors) and 112 options to 12 Executive Officers were granted.

From fiscal 2018, the Company has decided to no longer issue new stock options.

[Director Remuneration]

Disclosure status (of individual Director remuneration)	We disclose remuneration for some individuals only

Supplementary Information REVISED

For the December 2025 fiscal term, total Director remuneration was 581 million yen, of which 371 million yen was basic remuneration, 80 million yen was stock remuneration, and 129 million yen was bonus remuneration. Information about individuals whose total remuneration and other was 100 million yen or over is indicated in the annual securities report.

Policy for determining amount and calculation method of remuneration	Exists

Disclosure of Policy for Determining Amount and Calculation Method of Remuneration

1. Basic policies

The remuneration for Directors of the Company is designed in accordance with the following policies:

i. The remuneration plan should be highly linked not only to short-term performance but also to medium- to long-term performance and improvement of corporate value;
ii. The plan should be linked to value to be newly created and provided in the course of promoting ESG integrated management;
iii. The plan should be designed to be linked to the shareholder value of the Company;
iv. The remuneration level should be such that the Company can secure and maintain the human resources necessary to achieve its long-term vision; and
v. The plan should ensure transparency and objectivity in the remuneration determination process.

2. Remuneration level

From the perspective of ensuring objectivity and appropriateness of the executive remuneration, the level of remuneration for Directors of the Company will be set with reference to the levels of other companies as surveyed by outside professional organizations, with the aim of achieving the mid-to-high level of remuneration in companies of similar size. The Company will revise the remuneration levels as necessary in response to changes in the external environment.

3. Composition of remuneration

The remuneration for Directors of the Company comprises (i) fixed remuneration commensurate with the Director's responsibilities and roles, (ii) annual performance-based Bonus as a short-term incentive, and (iii) performance-based restricted stock remuneration as a medium- to long-term incentive. Thus, the remuneration plan is designed to encourage management efforts from a short-term, and medium- to long-term perspective and to appropriately reward the results of such efforts. The remuneration for Outside Directors, who are responsible for management supervision from an independent standpoint and not in a position to execute business, is composed solely of fixed remuneration.
The outline of each type of remuneration is as follows:

<Fixed remuneration>

(i) The Company will determine the amount of fixed remuneration for each position of Director in accordance with their responsibilities and roles. The fixed remuneration will be on a monthly basis, and a fixed monthly amount will be paid in cash on a fixed date of each month.
(ii) The amount of remuneration for Outside Directors, consisting only of monthly remuneration as fixed remuneration, will be determined in accordance with their responsibilities and roles.

< Annual performance-based Bonus >

(i) The amount of annual performance-based Bonus is determined through comprehensive judgment based on the amount obtained by multiplying the standard bonus amount determined for each position by the payment rate (the payment rate range will be from 0% (lower limit) to 180% (upper limit)) which varies in proportion to the base profit for each business year (the amount obtained by deducting actuarial differences regarding employees' retirement benefit obligation, and net income attributable to non-controlling interests from consolidated recurring income for the fiscal year covered).

(ii) The Company adopts the method of amortizing actuarial differences regarding employees' retirement benefit obligation in a lump sum in a single business year. Accordingly, any significant fluctuation in such actuarial differences due to stock price fluctuations, interest rate conditions, or otherwise at the end of the business year will have a significant impact on the business performance. Therefore, for the calculation of the base profit, the Company uses the consolidated recurring income after deducting actuarial differences regarding employees' retirement benefit obligation.

(iii) The payment of annual performance-based Bonus will be determined by the Board of Directors based on the view of the Nomination and Remuneration Advisory Committee chaired by an Outside Director, in which outside officers constitute a majority of its members.

<Performance-based restricted stock remuneration>

(i) The performance-based restricted stock remuneration is structured to reflect the Company's performance during each period (three years) of the medium-term management plan in the level of vesting. The standard stock remuneration amount prescribed for each position consists of: (i) a portion linked to the growth rate of the Company's market capitalization relative to TOPIX (one-third of the Standard Stock Remuneration Amount by Position), and (ii) a portion linked to the achievement rate of the greenhouse gas emission reduction targets based on SBT (Science Based Targets) (two-thirds of the Standard Stock Remuneration Amount by Position), each during the subject period.

Under the plan for performance-based restricted stock remuneration as a medium- to long-term incentive remuneration, in order to promote management that emphasizes medium- to long-term enhancement of shareholder value, restricted shares in a number corresponding to the achievement status of the medium-term management plan are granted to the Subject Directors after the end of the final business year of the three-year medium-term management plan period as an incentive for improving the Company's corporate value during the medium-term management plan period. The coverage period for the Medium-Term Management Plan Mission TREEING 2030 Phase 2 will be the three years from January 1, 2025, to December 31, 2027 (hereinafter, the "Coverage Period").

The amount of performance-based restricted stock remuneration to be vested is calculated using two indicators. The calculation formulas are as follows:

A. Remuneration linked to market capitalization growth rate

Remuneration linked to the market capitalization growth rate is designed to compare the Company's market capitalization growth rate with the TOPIX appreciation rate to objectively measure the Company's relative valuation in the stock market and reflect it in remuneration.

<Calculation Formula>
Remuneration linked to the market capitalization growth rate = amount equivalent to one-third of the Standard Stock Remuneration Amount by Position × vesting rate (the Company's market capitalization growth rate during the medium-term management plan period / TOPIX appreciation rate during the same period) (*)
* The vesting rate range will be from 0% (lower limit) to 140% (upper limit).

B. Remuneration linked to the sustainability index achievement rate
Since the maximum vesting rate is set at 100%, if the Company fails to achieve the emission reduction target (*1) that it has set based on the SBT (Science Based Targets) (*2), the amount of remuneration vested in proportion to the target achievement rate will be reduced accordingly from the Standard Stock Remuneration Amount by Position, thereby providing a strong incentive to achieve the target.
<Calculation Formula>
Remuneration linked to the sustainability index achievement rate = amount equivalent to two-thirds of the Standard Stock Remuneration Amount by Position × vesting rate (achievement rate of the SBT-based emission reduction target under the medium-term management plan) (*3)
*1 The emission reduction target (Scope 1 and 2) for the Coverage Period has been set at –31.4% compared to the Company's figures in FY 2021.
*2 "SBT" refers to the emission reduction targets set by companies and to be achieved in five to fifteen years in consistency with the level required by the Paris Agreement that was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and took effect in 2016 (which sets a goal of limiting global temperature increase to well below 2℃ above pre-industrial levels and pursuing efforts to limit the increase to 1.5℃).
*3 The vesting rate range will be from 0% (lower limit) to 100% (upper limit).

(ii) The stock remuneration amount to be vested in each subject Director will be determined by the Board of Directors after the end of the subject period by calculating the cumulative amount of stock remuneration during the subject period based on the actual value of each evaluation index, taking into account the views of the Nomination and Remuneration Advisory Committee.

4. Remuneration composition ratio

The plan has been designed so that the ratio of fixed remuneration to variable remuneration for Directors should be 60 to 40 when the base profit is 150 billion yen. Specifically, fixed remuneration accounts for 60%, annual performance-based Bonus (variable) accounts for 25%, and performance-based restricted stock remuneration (variable) accounts for 15% of the total remuneration, respectively. The remuneration for Outside Directors consists solely of fixed remuneration.

5. Remuneration governance

The matters regarding executive remuneration, such as the amount of individual remuneration for Directors, will be determined at the Board of Directors meeting taking into account the views of the Nomination and Remuneration Advisory Committee chaired by an Outside Director, in which outside officers constitute a majority of its members.

6. Forfeiture of remuneration
   In the event that the Board of Directors confirms any illegal or wrongful action or other misconduct by a subject Director, the Company may demand restriction of the vesting of remuneration in such subject Director or return of the remuneration paid to such subject Director.

[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

Regarding Outside Directors' attendance of Board of Directors and Outside Audit & Supervisory Board Members' attendance of Audit & Supervisory Board and Board of Directors, the General Administration Department and Secretarial Department act as secretariat in managing meeting schedules, providing materials and giving briefings beforehand to Outside Directors and Outside Audit & Supervisory Board Members to enable them to fulfill their oversight functions.

[Situation Regarding the Retirement of the Representative Director and President, and Others]

Names and other information of corporate advisors, advisors, and other who were former Representative Director and President, or other REVISED

Name	Title/Position	Work content	Work arrangements/conditions (full time, part time, paid or unpaid, other)	Retirement day of president or other	Term
Ryu Yano	Honorary Advisor	Appointed to serve as a director or other executive of business and philanthropic organizations	Part time with pay	March 31, 2020	Not prescribed

Total number of corporate advisors, advisors, and other who were former Representative Director and President, or other	1

Other items REVISED

1. The Honorary Advisor will under no circumstances be involved in management decision making.
2. When necessary to raise corporate value and after taking the necessary procedures, the Company may assign a former Director to conduct business activities, social contribution

activities and other such duties. However, under no circumstances may he/she be involved in management decision making.

2. Items Related to Functions of Business Execution, Audits and Supervision, Nomination and Decisions on Compensation, etc. (Overview of the Current Corporate Governance System) **REVISED**

The Company has a Board of Directors comprised of ten Directors (eight males, two females), including four Outside Directors (two males, two females), and an Audit & Supervisory Board comprised of five Audit & Supervisory Board Members (three males, two females), including three Outside Audit & Supervisory Board Members (two males, one female). With this system, we have implemented the corporate Executive Officer system to clearly separate "decision-making / supervision functions" from "business execution functions."

(1) Decision-making / Supervision Functions
"Decision-making / Supervision Functions" are exercised at the Board of Directors meetings generally held once a month. Specifically, Directors make decisions on important items, review and confirm financial performance and other information and monitor the execution of job duties. In addition, before the Board of Directors meetings, also attended by Executive Officers who concurrently serve as Directors (as of the date of submission of the annual securities report, five Directors (five males)) and full-time Audit & Supervisory Board Members (one male, one female), are generally held twice a month to enable sufficient discussion and deliberation about important issues.

(2) Business execution functions
Regarding "business execution functions," the Board of Executive Officers, comprised of all Executive Officers (20 as of the date of submission of the annual securities report (19 males, one female)), generally meets once a month to report progress on business execution matters and receive direction and information from the president about policies related to business execution.

(3) Situation regarding initiatives to reinforce the capabilities of the Audit & Supervisory Board Members, including cooperation with Outside Directors

- Regarding auditing, in accordance with the Auditors' Auditing Standards compiled by the Japan Auditors Association, Audit & Supervisory Board Members Auditing Rules and Audit & Supervisory Board Regulations have been created to secure an effective corporate system of governance.
- The Company has assigned full-time employees to assist Audit & Supervisory Board Members in their audit duties and auditing inspectors who concurrently hold positions of senior management of major departments as support staff to the Audit & Supervisory Board Members to help reinforce the capabilities of Audit & Supervisory Board Members,

especially in terms of actual audit tasks. In addition, to ensure the support staff's independence, any transfer, performance assessment or disciplinary measure of the support staff requires the permission of the Audit & Supervisory Board Member.

- Audit & Supervisory Board Members attend Board of Directors, Executive Committee and other important meetings, and create a system that facilitates the acquisition of accurate and timely information regarding management decision processes. To enhance the effectiveness of Audit & Supervisory Board Members' Audits, cooperation with Accounting Auditors and Internal Audit Department is promoted. In addition, Audit & Supervisory Board Members receive regular reports from Audit & Supervisory Board Members, the Internal Audit Department, and people in charge of risk management, compliance, accounting and labor, to monitor and verify internal management. Audit & Supervisory Board Members are given the opportunity, when necessary, to express their opinion to Directors on their execution of duties, which we believe provides sufficient objectivity regarding management.
- In addition to monthly Audit & Supervisory Board Meetings, a system has been put in place where the Deputy Divisional Manager of Corporate Division, which oversees Corporate Planning, and others are given the opportunity to explain the Executive Committee agenda to enable all Audit & Supervisory Board Members and Outside Directors to grasp the details of important items. Audit & Supervisory Board Members also regularly exchange opinions with Representative Directors.

With the above-mentioned procedures and practices, the Company has created a system that allows Outside Directors and Audit & Supervisory Board Members to reinforce supervision/monitoring functions of the Directors in their execution of duties from the perspective of shareholders.

(4) Nomination and Remuneration Advisory Committee

To secure transparency and ensure fairness, the Board of Directors has established the Nomination and Remuneration Advisory Committee as an advisory body to call on for opinions regarding decisions on candidates for Director and Audit & Supervisory Board Member, Executive Officer appointments, Director, Audit & Supervisory Board Member and Executive Officer dismissals, Chief Executive Officer and Executive Officer evaluations, and Director and Executive Officer remuneration. The Nomination and Remuneration Advisory Committee is composed of the chairman, the president and all Outside officers (four Outside Directors and three Outside Audit & Supervisory Board Members), and a majority of the committee members are Outside officers and one of the Outside Directors serves as the committee chairperson (Mitsue Kurihara as of the most recent business year).

(5) Internal Audit

Internal audits are the responsibility of the Internal Audit Department (currently 15 members as of the date of submission of the annual securities report), which regularly conducts audits of the Company and each of the Group operations, audits documents and provides feedback to relevant parties after the audit to seek rectification and ensure the appropriateness of operations. In addition, through cooperation with Audit & Supervisory Board Members, it conducts audits of the appropriateness and legality of day-to-day operations of the entire Group. Specifically, the Internal Audit Department checks the status of business execution and administrative management, including compliance, and reports the results to the President, the Divisional Manager of Corporate Division, the Audit & Supervisory Board Members as well as the manager, the Executive Officer and the Director in charge of the business site in question. In addition, plans and results of internal audits are directly reported at the Board of Directors meetings and opportunities for Outside Directors to exchange opinions on internal audits are provided.

(6) Accounting Audit

Regarding accounting audits, the names and affiliated auditing companies of the certified public accountants in charge are as follows:

- Names of Certified Public Accountants
    Designated and Engagement Partner
    Masato Nakagawa (three consecutive years as Auditor)
    Natsuki Saiki (six consecutive years as Auditor)
    Keiichiro Ochi (two consecutive years as Auditor)
- Name of Affiliated Auditing Company
    Ernst & Young ShinNihon LLC

(7) Contracts for Limitation of Liability

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract with each Outside Director and each Outside Audit & Supervisory Board Members that limits liability for damages as indicated in Article 423, Paragraph 1 of said Act. The maximum liability for damages based on this contract is the total sum specified in Article 425, Paragraph 1 of said Act.

(8) Liability Insurance Policy for Directors and Others

The Company has made a contract with an insurance company Directors and officers liability insurance. This liability insurance is to cover damages that may arise if the insured, in the execution of duties, is deemed liable or is being held accountable. The insured parties in this liability insurance are Directors, Audit & Supervisory Board Members and Executive Officers of the Company (including subsidiaries of the Company), and the insured does not pay insurance premiums. In addition, as a measure to ensure that the appropriateness of the insured’s execution of duties is not compromised, the liability insurance does not cover damages caused by illegally obtained personal gains or favors, or by criminal or other acts that are in violation of laws or regulations committed by the insured person with the knowledge that such acts are in violation of laws or regulations.

3. Reasons for Adopting Current Corporate Governance System REVISED

Our Group is engaged in business activities that promote the Sumitomo Forestry Wood Cycle, our upstream-to-downstream value chain centered on wood, a renewable natural resource. In addition to technologies and know-how related to wood, we harness our domestic and overseas networks, housing brand strength, and other unique strengths and organically align our Group management resources to create synergies between business divisions in an effort to continuously increase corporate value.

Under this business structure, we believe it is important that the Board of Directors makes important business execution decisions from a comprehensive perspective, taking into account coordination across the entire Group, while also providing effective oversight of each Director. Furthermore, we believe it is important that the Audit & Supervisory Board is fully able to exercise its audit functions from a position that is separate and independent of the Board of Directors. As independent statutory officers, the Audit & Supervisory Board is expected to perform its audit functions with a medium- to long-term, ongoing perspective throughout their four-year term. For these reasons, the Company has adopted a Company with Audit & Supervisory Board structure. In addition, the Company has introduced the Executive Officer system to separate management decision-making and supervision functions from business execution functions. With this framework, the Company seeks to reinforce the monitoring/supervision of business execution by the Board of Directors and clarify business execution responsibilities.

With this current structure, which combines management decision-making and supervisory functions by the Board of Directors with ongoing independent audits by the Audit & Supervisory Board Members, the Company believes that the corporate governance system is effective for the Group.

III. Status of Implementation of Measures Related to Shareholders and Other Stakeholders

1. Measures to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights REVISED

	Supplementary Information
Prompt delivery of the Notice of Convocation of the General Meeting of Shareholders	To deepen understanding of shareholders, the Company strives every year for the early disclosure of the convocation notice. For the 86th Ordinary General Meeting of Shareholders held on March 27, 2026, the Company electronically disclosed the notice of convocation on the Company website and on TDnet on March 2nd, seven days prior to mailing out the convocation notice (on March 9th of the same year).
Setting the date of the General Meeting of Shareholders to avoid overlap	Held in March when there are few general shareholder meetings of other companies.
Exercise of voting rights by electromagnetic means	Voting rights can be exercised by electromagnetic means (Internet, mobile phones and other).
Participation in a platform to exercise voting rights by electromagnetic means and other measures to enhance the environment for institutional investors to exercise voting rights	Since the 70th Ordinary General Meeting of Shareholders held in 2010, the Company has been using an electronic voting rights platform operated by ICJ Co., Ltd., to enable institutional investors to exercise voting rights.
Provision for Notice of Convocation (summary) in English	Available on the Company website (https://sfc.jp/english/ir/stockholder/information/)

Other	The Notice of Convocation, Notice on the Outcome of the Voting by Shareholders with Voting Rights and Notice of Resolutions are available on the Company's website. (https://sfc.jp/english/ir/stockholder/information/)

2. IR Activities REVISED

	Supplementary Information	Explanation by Representative
Creation and disclosure of Disclosure Policy	To enhance the transparency of management, and from a CSR (corporate social responsibility) perspective, the Company discloses not only information required by the Companies Act, the Financial Instruments and Exchange Act and other laws and regulations, but also proactively discloses in a speedy and fair manner any information judged to be socially useful to shareholders and investors. In addition, the Company strives to improve management by communicating with a diverse range of stakeholders, starting with the capital markets, and reflecting information and opinions gained from them in management.	
Holding regular meetings for individual investors	We participate in company explanation meetings aimed at individual investors. -Host: Director and Managing Executive Officer, Deputy Divisional Manager of Corporate Division (Head of Corporate Planning and Finance) and General Manager of the Corporate Communications Department -Content: Company introduction, business explanation, financial results explanation, etc. *For the December 2025 term (January ~ December), we participated in two online explanation meetings for individual investors.	No

Holding regular meetings for analysts and institutional investors	1) Financial results and policy explanation (held for the 2nd quarter and year-end financial results) -Recent dates: August 7, 2025, February 13, 2026 -Hosts: President, and Director and Managing Executive Officer, Deputy Divisional Manager of the Corporate Division (Head of Corporate Planning and Finance) -Content: Explanation of financial results for the December 2025 term (2nd quarter) and explanation of financial results for the December 2025 term (year-end), progress on the Medium-Term Management Plan and initiatives for the future 2) Financial results explanation (held for the 1st quarter and 3rd quarter financial results) - Recent dates: April 30, 2025, October 31, 2025 - Host: Director and Managing Executive Officer, Deputy Divisional Manager of Corporate Division (Head of Corporate Planning and Finance) - Content: Explanation of the December 2025 (1st quarter) financial results, December 2025 (3rd quarter) financial results and other	Yes
Holding regular meetings for overseas investors	The Company regularly publishes its "Integrated Report" for overseas institutional investors. In addition, in December 2025, we met with overseas investors in Europe and conducted online IR meetings with management and overseas institutional investors throughout the year. We also participated in IR conferences organized by securities companies throughout the year, where we met with many overseas investors. Additionally, as needed, we meet directly with overseas institutional investors who are visiting Japan, or upon request, hold online meetings.	Yes
Posting IR materials on the Company website	The annual securities report, notices of convocation of the General Meeting of Shareholders, notices of resolutions, earnings summaries, presentation materials for financial results announcements and business explanatory meetings, monthly order information and other are disclosed on the Company website (https://sfc.jp/english/ir/).	

Establishment of an IR department (person in charge)	The department that specializes in IR is part of the Corporate Communications Department and there are seven people specifically involved in IR activities. (1) Executive Officer in charge of IR: Tatsumi Kawata, Representative Director and Executive Vice President (2) Department Responsible for IR: IR Group of the Corporate Communications Department (3) Contact: icom@sfc.co.jp	
Other	The Company is conducting IR activities that consciously target individual investors, such as hosting explanatory meetings for individual investors, revamping the IR website and other. In addition, when updating the website or publishing printed materials, a conscious effort is made to utilize financial and non-financial information to deepen understanding about the Group's operations.	

3. Measures that Consider the Interests of Stakeholders REVISED

	Supplementary Information
Provisions made in internal regulations and other in consideration of stakeholders' interests	In 2017, the Company newly created the Sumitomo Forestry Group Code of Conduct by bringing together all its existing ethics-related guidelines. In the Sumitomo Forestry Group Code of Conduct, the Company states that the Company conducts business activities while proactively seeking out opportunities to communicate with a diverse range of stakeholders.
Promotion of environmental protection, corporate social responsibility (CSR) and other activities	Sumitomo Forestry Group conducts business activities in accordance with its Corporate Philosophy, Action Guidelines and the Sumitomo Group Code of Conduct. Our Corporate Philosophy is as follows: "The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society." To realize a decarbonized society by 2050, the Company formulated in February 2022 its long-term vision Mission TREEING 2030, which sets out what kind of company it wants to be over the long term. By providing value for the global environment, for people and society, and for the market economy through our business activities, we are striving to make our planet safer and more secure for current and future generations of people and all living beings.

	By promoting the Wood Cycle, Sumitomo Forestry Group's wood-centric value chain that includes forest management, wood products processing and distribution, wooden construction, and biomass power generation, we are seeking to contribute to the environment, society and the economy through our businesses. The Mid-Term Sustainability Targets as part of the Medium-Term Management Plan, our business operation plan that began in fiscal 2019, was restructured and operates to promote the further integration of business and ESG initiatives. As we further expand our operations globally with our Wood Cycle as our axis, we are also giving greater consideration to our contributions to local communities and regional social welfare, such as nurturing the next generation of human resources (experiential learning), promoting post-disaster natural regeneration, providing societal infrastructures in areas where afforestation projects are being developed, etc. We have also created a work environment that encourages individual employees to take part in local community volunteer activities by implementing a volunteer leave system. A summary of our Group's sustainability initiatives, including environmental conservation activities, is reported in the Sustainability Report, which is published once a year.
Establishment of policy concerning disclosure of information to stakeholders	The Group's ethical action guidelines are summarized in the Sumitomo Forestry Group Code of Conduct, which sets out the Company's thinking regarding the handling and disclosure of information.

Other	(Promotion of Women’s Involvement) The Company is committed to creating a work environment where motivated employees can be actively involved regardless of nationality, age, gender, race, religion or disability. In an endeavor to engage female employees in particular, the Company has sought to improve its systems related to childcare, education and training, and others, and at the same time, has taken a proactive stance on promoting the use of these systems. In the Mid-Term Sustainability Targets as part of 2025 Medium-Term Management Plan, the numerical target of women in managerial posts (ratio of female employees who are managerial supervisors) was set to 5.0% or higher by December 31, 2027 (4.2% as of December 31, 2025) (actual figures are indicated below). In addition to a mentorship program with a focus on management-position promotions and participation of female employees, the Company organized Women’s Conference 2020, a learning seminar targeted to young female employees to explore careers, job satisfaction and unconscious biases. In addition, the Company held seminars for management-level employees who have female subordinates and is actively promoting employee participation in internal and external training programs. Through these and other efforts, the Company is working to promote the active involvement of female employees to achieve its goals. The Company is also implementing initiatives to support career path building that balances work with child care. For example, for employees taking child-care leave, employees who have just returned to work from child-care leave and their supervisors, the Company holds online seminars to exchange opinions and discuss career paths. As of April 2020, the Company abolished the clerical staff position and newly created the office planning position. This system better enables female employees to envision their mid- to long-term career future and creates a path to appointment as managers. In 2024, the Company formulated the Sumitomo Forestry Group DEI Declaration and is implementing initiatives for greater women’s involvement as an element of its DEI promotion. The Company’s ratio of female employees is as follows: 2023.12.31: 23.7% / 2024.12.31: 24.3% / 2025.12.31: 25.1% The Company’s ratio of females promoted to manager is as follows: 2023.12.31: 3.2% / 2024.12.31: 3.7% / 2025.12.31: 4.2%

The Company’s ratio of female employees:

2023.12.31	2024.12.31	2025.12.31
23.7%	24.3%	25.1%

The Company’s ratio of females promoted to manager:

2023.12.31	2024.12.31	2025.12.31
3.2%	3.7%	4.2%

	*With the January 2024 revision in our Human Resources Policy, the definition of managers was redefined as managerial supervisors. Prior-year figures have been restated to reflect the new definition. As of March 27, 2026, female executives comprise of two Outside Directors, one Audit & Supervisory Board Member and one Executive Officer. (Maintaining and improving employee health) On October 1, 2021, the Company formulated the Sumitomo Forestry Group Declaration on Health Management with the belief that working to maintain and promote employee health contributes to the happiness of each and every employee, which in turn, raises productivity and work efficiency. Based on the results of regular checkups and stress check surveys, the Workstyle Diversification Department of the Personnel Department formulates concrete plans and promotes health management initiatives working with branch offices and Group companies. The organizational diagram is available using the following link. https://sfc.jp/english/corporate/philosophy/pdf/organization_diagram.pdf In addition, the Workstyle Diversification Department of the Personnel Department has on staff a clinical psychologist and a public health nurse to respond to employee requests for consultation, to take preventative measures and to provide support for employees returning to work from sick leave.

IV. Items Related to the Internal Control System

1. Basic Philosophy and operational status regarding the internal control system

The Company has made the following resolutions regarding the Board of Directors.

1. Basic Philosophy regarding the internal control system
   (1) Since its establishment in the Genroku Era (1688-1704), the Sumitomo Business Spirit, as exemplified by such phrases as "placing prime importance on integrity and sound management" and "under no circumstances shall Sumitomo pursue easy gains or act imprudently," has been the core of our management. Along with our philosophy of national gratitude, where we aim to be a corporate entity that is truly essential to nations and society, our business stance to create sustainable forestry, where we nurture and manage forests continuously in an environmentally conscious manner, and the Sumitomo Business Spirit, where we benefit society by placing emphasis on fairness and integrity, the Company aims to contribute to a sustainable and prosperous society through all types of lifestyle-related services that utilize healthy and environmentally friendly wood. To realize these goals, the following five Action Guidelines have been set:
   - We provide high-quality products and services that bring joy to our customers.
   - We create new jobs that lead to happiness for generations to come with a fresh perspective.
   - We promote a free and open corporate culture that respects diversity.
   - We set and strive to achieve ambitious goals through ongoing effort.
   - We do work that wins us the trust of society with fair and honest conduct.

   (2) The Company's ethics guidelines and values, which all Group executives and employees must observe and which we are sincerely striving to fulfill, have been set forth as the Group Code of Conduct and other rules.

   (3) Maintaining an uncompromising stance against anti-social activities is part of the Group's basic policy and one that we adhere to.

2. Operational Status of the Internal Control System
   (1) System to Ensure Compliance by Executives and Employees to Laws, Regulations and the Articles of Incorporation
      1) The Company, as part of the Group's basic policy, has positioned the promotion of compliance as an important management issue and is working to implement the systems and environment to secure this.
      2) For the complete and thorough management of compliance, the Company has formulated relevant regulations and established a Company-wide compliance system with the aim to reinforce internal control functions and enhance remedial

capacity across the entire Group on an ongoing basis. It has done so by creating a horizontal, Group-wide compliance promotion committee and an internal reporting system (compliance counter) that can be used by the Group's and subcontractor's executives and employees, which reports to an outside law firm and the general manager of the General Administration Department.

3) For a system to adequately and appropriately protect financial and accounting statements and other information, the Company will formulate documents with relevant rules and the standardization of operational procedures. The Company has created a system where major departments verify the appropriateness of the financial reporting process and the effectiveness of internal control systems, which is then evaluated by the Internal Audit Department. The Company continues to work to improve the quality of internal control-related functions associated with the appropriateness of financial reporting.

(2) System for the Storing and Maintaining Information Related to Director Duties

1) The Company, in accordance with regulations regarding the storage and maintenance of documents and information, appropriately records and stores important documents, such as minutes of the General Meeting of Shareholders, minutes of the Board of Directors meetings and other legal documents, and other important documents related to decision making, such as requests for management approval.
2) The Company will work to improve the storage, viewing and sharing functions of information using IT.

(3) Regulations Concerning the Management of the Risk of Loss or Other Relevant Risk Management System at the Company and its Subsidiaries

1) With the aim to establish unified internal control and risk management systems, the Company has formulated regulations regarding risk management and at the same time, has created a committee on risk management, which grasps and assesses Group risks and formulates countermeasures. In such ways, the Company puts into place and reinforces in an ongoing manner the Group's risk management system.
2) The committee on risk management monitors the progress of countermeasures to various risk scenarios and makes regular reports to the Company's Board of Directors and Audit & Supervisory Board Members.
3) For serious emergency situations that occur within the Group, Group employees must strive to appropriately apply the "two-hour rule" and report to Company top management in a timely manner. The Company works in an ongoing manner to reinforce the ability to avoid or reduce risk.
4) In preparation for large-scale disasters, pandemics and other emergencies, the Company promotes business continuity management (BCM) including the formulation of business continuity planning (BCP) to mitigate losses from continuing

business operations and thus creates a structure to handle emergency situations. Furthermore, the Company is providing the necessary guidance and advice on promoting BCM to subsidiaries.

(4) System to Ensure the Effective Execution of Business Duties of Company Directors, Subsidiary Directors and Others

1) With the implementation of the Executive Officer system, the Company has separated decision-making and supervisory functions from operational functions, and with a Board of Directors made up of a small number of members, has created a structure that allows for speedy decision making. Each of the Executive Officers, as the person in charge of the execution of operations, must effectively perform the duties of the operation he/she is responsible for under the guidance and supervision of the Board of Directors.
2) To enable speedy decision making in response to changes in the operating environment and the optimal assignment of authority, the Company reevaluates in an appropriate manner the Board of Directors agenda criteria, administrative authority regulations and other.
3) Based on the Group's long-term management plan, the Company formulates a medium-term management plan as well as annual fiscal budget goals and concrete strategies for each business segment and strives to optimally and effectively allocate management resources to fulfill them.
4) In compliance with internal regulations, the Company assigns a department with primary responsibility for each of the individual subsidiaries. The Company has officers and employees of the departments with primary responsibility assume the position of Director at the subsidiaries and so on to appropriately manage the progress of management measures and policies and to effectively promote the execution of business duties at the subsidiaries.

(5) System Regarding the Reporting by Directors and Others of the Subsidiaries on the Execution of Duties and System to Ensure the Appropriateness of Operations of the Corporate Entity Comprising of the Company and its Subsidiaries

1) The Company, through the primary departments in charge, requires important subsidiary management issues to be brought up and the execution of duties to be reported to the Board of Directors, and in doing so, exercises a system of control, checks and balances for the entire corporate entity.
2) The Company, to ensure effective internal controls of the entire corporate entity, formulates regulations for each of the subsidiaries. In addition, taking into account each company's situation, the Company puts in place an internal audit department and other efforts to promote an environment for autonomous, internal control at each company.

3) The Company, through the Internal Audit Department, the primary departments in charge, etc., reinforces the checks and balances system and strives in an ongoing manner to raise the quality of oversight and supervision functions, including enhancing compliance systems, of each of the subsidiaries.

(6) In Situations Where the Company's Audit & Supervisory Board Members Request Support Staff to Aid in Their Duties, Matters Concerning Support Staff to Audit & Supervisory Board Members, the Independence of Support Staff from the Directors and Ensuring the Effectiveness of Audit & Supervisory Board Members' Instructions to Support Staff.

1) The Company's Representative Directors and Directors, upon discussion with the Audit & Supervisory Board Members, may assign appropriate personnel as support staff to the Audit & Supervisory Board Members, and in the event of a transfer, assessment or disciplinary action of such personnel, will seek the approval of the Audit & Supervisory Board Members.
2) As needed, the Company's Audit & Supervisory Board Members will conduct audit work by directing support staff.
3) The Company's Audit & Supervisory Board Members, to ensure that the support staff's independence is not unfairly controlled, will make any necessary requests to the Company's Representative Directors or the Board of Directors. The Representative Directors or the Board of Directors will take the necessary measures in regard to these requests.

(7) System for Reporting to Audit & Supervisory Board Members by the Company's Directors and Support Staff, the Company's Subsidiary Directors and Others, Auditors, Staff and People Who Receive Reports from Them, and Other Systems Related to Reporting to Audit & Supervisory Board Members.

1) The Company's Audit & Supervisory Board Members, to grasp the decision-making process of important items and the execution of duties by Directors, attend the Company's Board of Directors meetings and as needed, Executive Committee meetings and other important meetings.
2) The Company's executives and employees, when requested by the Audit & Supervisory Board Members to report on items related to their execution of duties, will do so in a timely manner. In addition, the Company's executives and employees, in the event they become aware of a situation that could cause grave damage to the Company, unethical behavior or a serious incident that is in violation of laws or regulations, must report to the Company's Audit & Supervisory Board Members.
3) The Company's Audit & Supervisory Board Members receive regular reports from the Company's Internal Audit Department and others regarding the Group's compliance, status of risk management activities and internal audit results, and supervise and verify that they are all functioning effectively.

4) The Company's Representative Directors regularly exchange opinions with the Company's Audit & Supervisory Board Members and at the same time, work to secure an audit environment that ensures the effectiveness of audits.
5) The Company appoints appropriate personnel as Audit & Supervisory Board Members for the major subsidiaries and regularly holds Group Board of Auditor meetings to improve the effectiveness of audits at each company and to exchange information.

(8) System to Ensure that People Who Have Made Reports Under the Provisions Listed Above Are Not Subjected to Disadvantageous Treatment

The Company, in the event that an executive or employee makes a report to the Audit & Supervisory Board Members under the provisions listed above, will formulate rules and systems to ensure that the reporter is not subjected to disadvantageous treatment and in addition, will create a strict information management system for that reporter and the content of the report, and will ensure the full understanding of this to the subsidiaries.

(9) Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties as Audit & Supervisory Board Members and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

The Company's Audit & Supervisory Board will accommodate for expenses required by Audit & Supervisory Board Members for the execution of duties in the Company's budget. In addition, for emergency or extraordinary expenditures required by the Company's Audit & Supervisory Board Members in the execution of duties, the Audit & Supervisory Board Member may request a reimbursement from the Company after the fact. The Representative Directors or the Board of Directors will take the necessary measures in regard to these requests.

(10) Other Relevant Systems to Ensure the Proper Functioning of Audits

1) The Company's Audit & Supervisory Board will strive to ensure the effectiveness of audits by exchanging information and closely coordinating with the Company's Board of Directors during the process of important decision making.
2) The Company's Audit & Supervisory Board will regularly exchange information with Accounting Auditors to ensure more effective audits.

2. Basic Philosophy and Status of Efforts to Exclude Anti-Social Elements

The Company's Group basic policy is that anti-social elements will be met with a resolute attitude, and no compromises will be tolerated.

The General Administration Department as the division in charge coordinates overall responses and systematically cooperates with external expert bodies, such as the police and lawyers, to gather information about anti-social elements, and when required, give guidance in issuing warning notices.

In addition, in accordance with the enforcement of laws of each prefecture for the exclusion of crime syndicates, the Company takes appropriate measures, such as having all contracts that Group companies enter with third parties standardized to include a clause to exclude anti-social elements.

V. Other

1. Adoption of Takeover Defense Measures

Adoption of takeover defense measures	None

Supplementary Information

2. Other Items Related to Corporate Governance System, etc.

1. Internal system for the timely disclosure of corporate information

(1) Basic Policy

The Company, in the Sumitomo Forestry Group Code of Conduct, has stipulated that necessary information be disclosed in a timely and fair manner. In addition, with systems to manage and disclose concrete corporate information clearly regulated in the Regulations to Prevent Insider Trading, the Company works to create a structure to maintain and elevate the Company's social credibility in the stock markets.

(2) Disclosure System

The Company, in accordance with Regulations to Prevent Insider Trading, has appointed a person in charge of information handling (the Divisional Manager of Corporate Division). An information management system has been put into place, with the Corporate Communications Department in charge of duties related to disclosing corporate information and the General Administration Department in charge of duties related to the management of corporate information and the appropriate and smooth enforcement of Regulations to Prevent Insider Trading. Furthermore, in compliance with Regulations to Prevent Insider Trading and internal decision-making procedures, the Company's disclosure system is as follows (refer to the afterword diagram for an organizational chart).

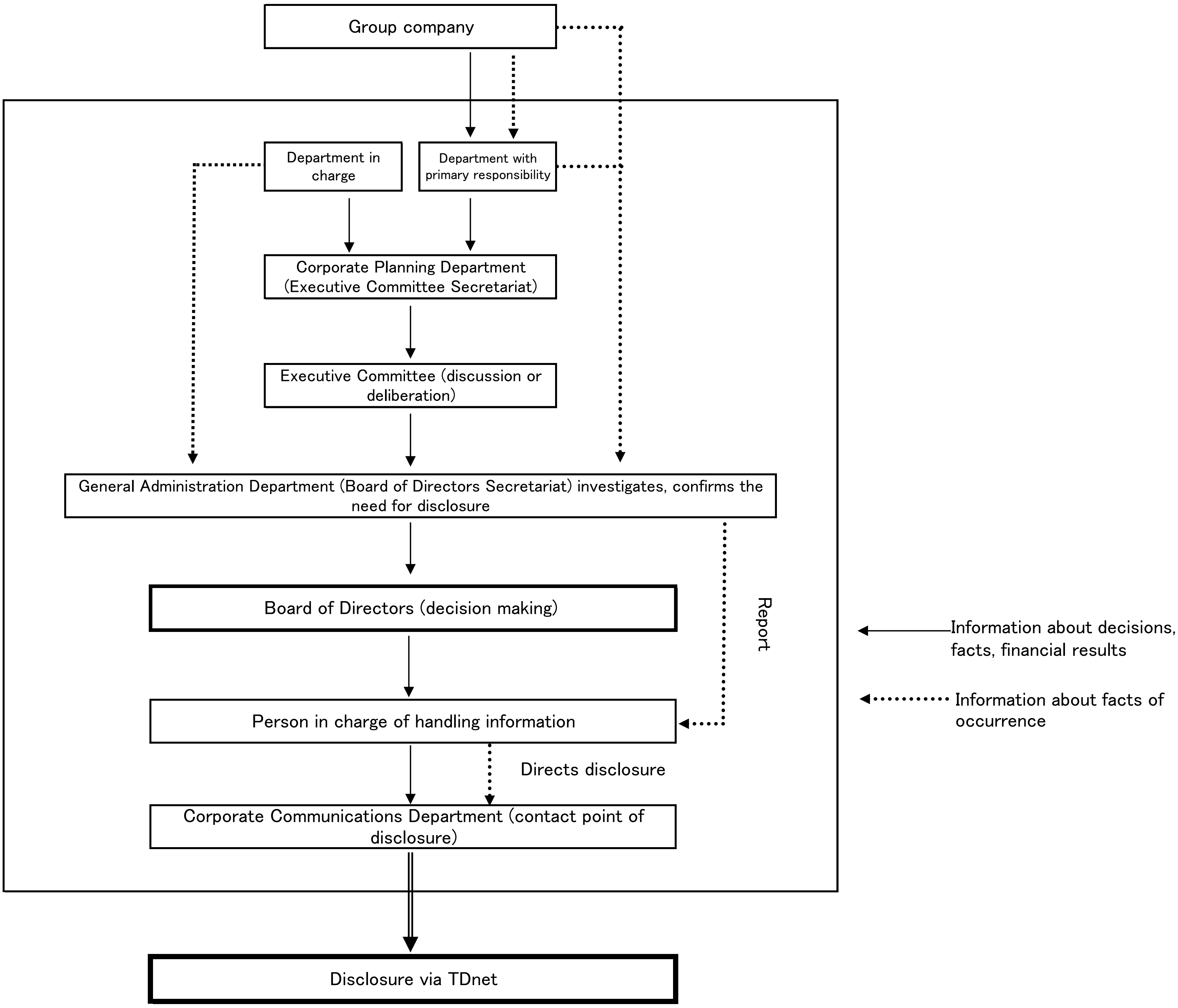
1) In the event of the emergence of information (important insider information) that applies to criteria set out in the Regulations to Prevent Insider Trading that may have an important impact on investment decisions by investors regarding the Company, Group companies, or other companies' operations, the head of the division in charge according to the nature of the information must report in a timely manner to the person in charge of handling information and the General Administration Department.
2) In the event of the emergence of important insider information related to a Group company, each Group company president must quickly relay this information to the head of the primary department in charge, as set out in the internal regulations.
3) Except for financial results information prepared by the Corporate Planning Department, the primary departments in charge or the primary departments in charge at each of the Group companies must report all important internal information to the General Administration

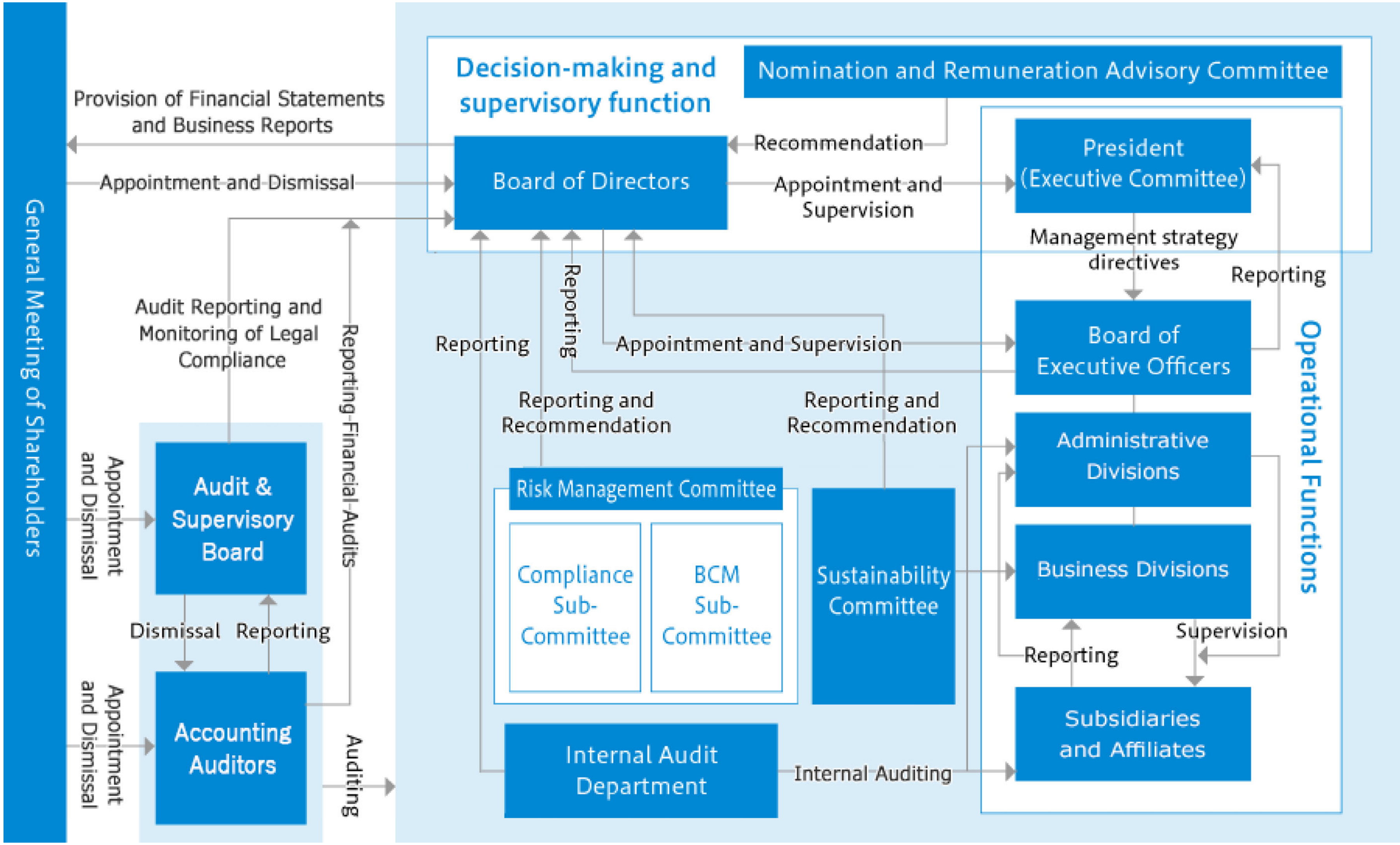
Department, which will then conduct a detailed examination regarding the need for timely disclosure. Upon confirmation, with the guidance of the person in charge of handling information, the Corporate Communications Department, which assumes the Company's corporate communications function, will prepare disclosure materials (however, the Corporate Planning Department will prepare disclosure materials about financial results) and release them in a timely manner.

2. Check Function of Internal System Related to Timely Disclosure

For the appropriate disclosure of corporate information about the Company's Group, the Company has created a system where departments that handle important internal information closely discuss the need and method of timely disclosure with the General Administration Department, which serves as the secretariat for the Board of Directors, and with the Corporate Planning Department, which serves as the secretariat for the Executive Committee.

<Reference> The Company's and the Group's System for Timely Disclosure of Information




General Meeting of Shareholders
Provision of Financial Statements and Business Reports
Appointment and Dismissal
Decision-making and supervisory function
Nomination and Remuneration Advisory Committee
Recommendation
Board of Directors
Appointment and Supervision
President (Executive Committee)
Management strategy directives
Reporting
Audit Reporting and Monitoring of Legal Compliance
Reporting-Financial-Audits
Reporting
Reporting
Appointment and Supervision
Board of Executive Officers
Operational Functions
Reporting and Recommendation
Reporting and Recommendation
Administrative Divisions
Appointment and Dismissal
Audit & Supervisory Board
Risk Management Committee
Compliance Sub-Committee
BCM Sub-Committee
Sustainability Committee
Business Divisions
Dismissal
Reporting
Supervision
Reporting
Appointment and Dismissal
Accounting Auditors
Auditing
Internal Audit Department
Internal Auditing
Subsidiaries and Affiliates

The expertise and experience (Skills Matrix) of directors and auditors related to Supplementary Principle 4-11-1

		Title	Corporate management	Resources/ Environment	Construction /Real estate development	Global	Finance/ Accounting	Human resource development /DEI	Legal affairs/Risk management	IT・DX	Industrial policy
Directors	Akira Ichikawa	Representative Director, Chairman of the Board	●			●	●	●	●	●	●
	Toshiro Mitsuyoshi	Representative Director, President and Representative Director, President and Executive Officer	●	●	●	●					
	Tatsumi Kawata	Representative Director, Executive Vice President	●	●		●	●	●	●	●	
	Atsushi Kawamura	Director, Senior Managing Executive Officer	●	●	●	●					
	Nobuyuki Otani	Director, Managing Executive Officer	●	●		●	●				
	Kenji Inui	Director, Managing Executive Officer			●	●					
	Mitsue Kurihara	Outside Director	●	●		●	●				●
	Yuko Toyoda	Outside Director				●			●		
	Toshio Iwamoto	Outside Director	●			●		●		●	
	Kenji Sukeno	Outside Director	●			●	●	●	●		
Audit & Supervisory Board Members	Toshio Kakumoto	Audit & Supervisory Board Member				●			●		
	Junko Saishu	Audit & Supervisory Board Member			●			●	●		●
	Yoshimasa Tetsu	Outside Audit & Supervisory Board Member					●				
	Takashi Kawachi	Outside Audit & Supervisory Board Member			●			●			●
	Naoko Munakata	Outside Audit & Supervisory Board Member				●			●	●	●

Reasons for selection of the skills

Corporate management	To achieve further growth of existing businesses, which cover a wide variety of aspects of people's lifestyles, such as forestry management, timber and building materials distribution and manufacturing, housing construction, etc. and to fulfill our Long-Term Vision amidst a global movement toward decarbonization, the Company needs board members who have experience in corporate management.
Resources/Environment	In our Long-Term Vision, the Company has set out to enhance the value of "forests" and "trees" through sustainable forestry management, to create the new value of forests that are properly managed forests and expand sustainable forests. To implement measures based on recommendations made by TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Task Force on Nature-related Financial Disclosures) and to steadily implement initiatives to achieve our SBT-based greenhouse gas emissions reduction targets, the Company needs board members who have expertise and experience in resources and the environment.
Construction/Real estate development	To establish a revenue base early on for the Company's medium- and large-scale wooden construction operations as stated in its Long-Term Vision and Medium-Term Management Plan, and to turn its real estate development operations into operations that sustainably contribute to the realization of the wood cycle, the Company needs board members who have expertise and experience in construction and real estate development.
Global	"Advancing globalization" is one of the business policies of the Company's Long-Term Vision. To promote the expansion of the business areas and scale of its overseas group operations, the Company needs board members who have global experience.
Finance/Accounting	To achieve sustainable and steady profit growth by executing strategic investments that are conscious of capital costs while ensuring financial soundness, the Company needs board members who have expertise and experience in finance and accounting.
Human resource development/DEI	In the Company's Long-Term Vision, it has set out to enhance "Value for people and society." To reinforce its ability to continually retain and nurture human resources that transform and create businesses, to promote a free and open-minded organizational culture that maximizes employee performance and initiatives to maintain and promote health and wellness, the Company needs board members who have expertise and experience in human resource development and DEI (diversity, equity, and inclusion).
Legal affairs/Risk management	To create a corporate governance structure for sustainable growth and mid- and long-term improvement of corporate value, and to build a risk management system for the global growth of the Company's business operations and other activities, the Company needs board members who have expertise and experience in legal affairs and risk management.
IT/DX	In our Long-Term Vision, the Company has set out to enhance "Value for the market economy." To revamp the business base through the use of IT and digitalization, to transform operations and improve efficiency by promoting DX (digital transformation), and to enhance the mid- and long-term competitiveness of the business by leveraging new IT technologies, the Company needs board members who have expertise and experience in IT and DX.
Industrial policy	In our Long-Term Vision, the Company has set out to enhance "Value for the market economy." To draw attention to the value of sustainable products and services that contribute to decarbonization, and promote their market penetration, the Company must create policy frameworks in relation to society and hence needs board members who have knowledge of industrial policy.

- End -