

NOTE: This is a translation of a document published in Japanese based on information available as of March 27, 2024 and is prepared solely for the convenience of non-Japanese readers. In the event of any discrepancy between the translation and the Japanese original, the latter shall prevail.

## Corporate Governance Report

CORPORATE GOVERNANCE

D. Western Therapeutics Institute, Inc.

**Last Update:** March 27, 2024

**D. Western Therapeutics Institute, Inc.**

Yuichi Hidaka

President and CEO

**Contact:** Sayako Matsubara

Director

**Securities code:** 4576

<https://www.dwti.co.jp/>

The corporate governance of D. Western Therapeutics Institute, Inc. (the “Company”) is described below.

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

### 1. Basic Views

In order to maximize corporate value and become a company that is trusted by all stakeholders, including shareholders, we are aiming to strengthen corporate governance, improve management efficiency, instill corporate ethics, and ensure sound management.

We will continue to promote the fair and timely disclosure of information and aim to further improve management transparency.

We are also working to ensure that all officers and employees are fully aware of compliance as an important measure.

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

As a company listed on the Growth market of the Tokyo Stock Exchange, the Company has complied with all the basic principles of the Corporate Governance Code.

### 2. Capital Structure

Foreign Shareholding Ratio

Less than 10%

### Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
Hiroyoshi Hidaka	3,128,800	9.73%
Yuichi Hidaka	2,922,100	9.09%
Ueda Yagi Tanshi Co., Ltd.	817,700	2.54%
SBI SECURITIES Co., Ltd.	749,575	2.33%
Meat Planning Co., Ltd.	340,000	1.05%

Matsui Securities Co., Ltd.	326,900	1.01%
Kunie Hidaka	300,000	0.93%
Individual Investor	260,200	0.80%
Individual Investor	250,000	0.77%
au Kabucom Securities Co., Ltd.	238,400	0.74%

Name of Controlling Shareholder, if Applicable (excluding Parent Company)	—
Name of Parent Company, if Applicable	None

Supplementary Explanation

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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Growth Market, Tokyo Stock Exchange
Fiscal Year-End	December
Business Sector	Pharmaceuticals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Fewer than 100
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	Less than 10 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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## Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <b>Update</b>	5
Election of Outside Directors	Elected
Number of Outside Directors <b>Update</b>	3
Number of Independent Directors <b>Update</b>	3

### Outside Directors' Relationships with the Company (1) **Update**

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Satoshi Aoki	From another company												
Yoshiyuki Yamakawa	From another company												
Eisaku Nakamura	From another company												

Note: Categories for "Relationship with the Company".

("○" indicates that the director presently falls or has recently fallen under the category; "△" that the director has fallen under the category in the past; "●" that a close relative of the director presently falls or has recently fallen under the category; and "▲" that a close relative of the director has fallen under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding people categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationships with the Company (2) **Update**

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Satoshi Aoki	○	○	—	<p>He has extensive business experience at listed companies, broad insight into corporate management as a head of a business division, and experience as a corporate auditor of listed companies. Also, as a full-time external corporate auditor of the Company, he has been responsible for appropriate audits. He will continue to utilize his experience in auditing the Company and be a member of the Audit and Supervisory Committee and will be able to provide advice and recommendations on overall management. Therefore, he was elected as an outside director as a member of the Audit and Supervisory Committee. In addition, there is no risk of a conflict of interest with general shareholders in relation to the Company, and therefore, he has been designated as an independent director.</p>
Yoshiyuki Yamakawa	○	○	—	<p>He has extensive insight into the industry, extensive experience and track record in corporate management, etc., as well as experience as an outside auditor of other companies.</p> <p>He has played a sufficient role in making decisions on important management matters and supervising the execution of business operations of the Company from an independent and objective standpoint as an outside director. We have determined that he will continue to perform his duties as an outside director and have appointed him as an outside director who is a member of the Audit and Supervisory Committee. In addition, we have designated him as an independent director because there is no risk of a conflict of interest with general shareholders in relation to the Company.</p>

Eisaku Nakamura	○	○	—	He has been involved in venture investment for many years. He has not only a wealth of experience as a venture capitalist, but also a track record and insight in the management and operations of biotech ventures. He has played a sufficient role in making decisions on important management matters and supervising the execution of operations of the Company from an independent and objective standpoint as an outside director of the Company. We have determined that he will continue to perform his duties as an outside director and have appointed him as an outside director who is a member of the Audit and Supervisory Committee. In addition, we have designated him as an independent director because there is no risk of a conflict of interest with general shareholders in relation to the Company.
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## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson **Update**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed
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### Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

Currently, no employee is assigned to assist the Audit and Supervisory Committee in its duties, but an employee will be assigned if the Audit and Supervisory Committee requests such an employee in the future.

### Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee members, accounting auditors, and internal audit staff regularly exchange opinions and collaborate with each other.

## Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Not Established
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## Matters Concerning Independent Directors

Number of Independent Directors **Update** 3

*Other Matters Concerning Independent Directors*

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## Incentives

Implementation Status of Measures related to Incentives Granted to Directors Other

Supplementary Explanation for Applicable Items **Update**

The Company has introduced a restricted stock compensation plan for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors) in order to share the benefits and risks of stock price fluctuations with shareholders and to further increase their motivation to contribute to the increase in stock price and corporate value.

People Eligible for Stock Options

Supplementary Explanation for Applicable Items

N/A

## Director Remuneration

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

Supplementary Explanation for Applicable Items **Update**

In the Annual Securities Report and Business Report, the total amount of remuneration for each category of officers is shown.

The total amount of remuneration for officers for the fiscal year ended December 31, 2023 is as follows

- Three directors, 64,669 thousand yen (basic compensation of 51,045 thousand yen, restricted stock compensation of 13,624 thousand yen)
- Five outside officers, 18,900 thousand yen (basic compensation only)

(Note) The above includes the amount of remuneration for one director (excluding outside officers) and one outside officer who retired at the conclusion of the 25th Annual General Meeting of Shareholders held on March 30, 2023, and one outside officer who resigned as of December 14, 2023.

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

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Remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) is determined by the board of directors, and remuneration for directors who are members of the Audit and Supervisory Committee is determined through discussions by the Audit and Supervisory Committee. These decisions are made within the limit of the total amount of remuneration decided at the General Meeting of Shareholders, taking into consideration the balance with the market standards, management details and employees' salaries.

The company's board of directors has determined the policy of individual compensations, etc. for directors (excluding directors who are members of the Audit and Supervisory Committee).

For the current fiscal year, the board of directors has confirmed that the method of determining the details of remuneration and the details of the determined remuneration are consistent with such determination policy, and the board of directors has determined that such determination policy is in line with such determination policy.

Its policy is as follows.

(a) Basic Policy

The basic policy regarding the remuneration of directors (excluding directors who serve as the Audit and Supervisory Committee members) is to adopt basic, fixed remuneration as monetary remuneration and restricted stock remuneration as non-monetary remuneration and a long-term incentive. The restricted stock compensation is set separately from the basic compensation. Outside directors shall receive only fixed remuneration.

(b) Policy on basic remuneration

Basic remuneration for directors (excluding directors who serve as the Audit and Supervisory Committee members) shall be determined within the limit of the total amount of remuneration decided at the General Meeting of Shareholders, taking into consideration the balance with the market standards, management details, and employee salaries. The basic remuneration is based on an annual salary, and one-twelfth of the annual salary amount shall be a monthly fixed remuneration.

(c) Policy on Non-monetary Remuneration, etc.

Non-monetary compensation shall be issued restricted stock as an incentive to continuously increase the Company's corporate value. Restricted stock shall, in principle, be delivered at a certain time each year, within the limit of the total amount of compensation determined at the General Meeting of Shareholders, in a number of shares of the Company's common stock determined in accordance with the position.

(d) Policy on the Ratio of Compensation, etc.

The payment ratio of base remuneration and restricted stock compensation shall be set in consideration of the management environment and other factors, and from the viewpoint of sufficiently functioning as an incentive to continuously improve the Company's corporate value, by considering the position, job responsibilities, etc. of each director (excluding directors who are members of the Audit and Supervisory Committee or similar). The ratio of restricted stock compensation shall be around 30% of the amount of basic compensation for each individual.

(e) Matters concerning decisions on the details of compensation, etc., by individual

The details of remuneration, etc. for each individual director (excluding directors who serve as the Audit and Supervisory Committee members), shall be determined by the president and representative director based on a resolution of delegation by the Board of Directors and in reference to the remuneration table set forth in the Remuneration Regulations for Directors, and after consultation with the outside directors, taking into consideration their position, job responsibilities, and level of contribution, among others.

The scope of such authority shall be the amount of base remuneration and non-monetary remuneration for each individual director (excluding directors who serve as the Audit and Supervisory Committee members).

The maximum amount of remuneration as resolved at the General Meeting of Shareholders is as follows, and as of the date of submission of this Annual Securities Report, the number of directors as stipulated in the Articles of Incorporation is 10 or fewer, of which the number of directors who serve as the Audit and Supervisory Committee is five or fewer.

<Basic Remuneration>

Directors (excluding directors who serve as Audit and Supervisory Committee members): 200 million yen per year  
(Resolution of the Ordinary General Meeting of Shareholders held on March 30, 2023. At the closing of the General Meeting of Shareholders, the number of directors (excluding directors who serve as Audit and Supervisory Committee members) is two.

Directors who are members of the Audit and Supervisory Committee: 50 million yen per year  
(Resolution of the Ordinary General Meeting of Shareholders held on March 30, 2023. At the closing of the General Meeting of Shareholders, the number of directors who are Audit and Supervisory Committee members is four).

<Non-monetary compensation (restricted stock compensation separate from the above compensation)>

Directors (excluding those who are members of the Audit and Supervisory Committee and outside directors): 60 million yen per year  
(Resolution of the Ordinary General Meeting of Shareholders held on March 30, 2023. The number of directors (excluding directors serving as Audit and Supervisory committee members and outside directors) at the conclusion of the General Meeting of Shareholders is two people).

## Support System for Outside Directors **Update**

The Board of Directors Secretariat (Corporate Management Dept.) is responsible for coordinating the schedule and sending out convocation notices of the Board of Directors meetings, distributing materials of the Board of Directors meetings in advance, and other information transmission. In addition, the Company has established a system to support such directors by providing them with access to approval documents and other important documents related to business execution, necessary information and materials, and individual hearings.

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

The Company has adopted a company with an Audit and Supervisory Committee. The Company aims to further enhance corporate governance by strengthening the supervisory function of the Board of Directors through the voting rights of Audit Committee members, who are responsible for auditing and supervising the execution of duties by directors, at the Board of



Directors meetings.

(a) Board of Directors

The Board of Directors, consisting of two non-Audit and Supervisory Committee members and three Audit and Supervisory Committee members (including three outside directors), makes decisions on important management matters and matters required by law, and supervises the execution of business operations. All three directors who serve as members of the Audit and Supervisory Committee are appointed as outside directors to supervise the execution of business operations and ensure management transparency and objectivity by providing a management oversight function. The Board of Directors will hold regular meetings once a month, and extraordinary meetings will be held as necessary. The chairman of the Board of Directors is the president and representative director, and business reports are presented by the director in charge.

(b) Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three directors (including three outside directors) who are Audit and Supervisory Committee members. Each Audit and Supervisory Committee member audits the execution of duties by directors through attending the Board of Directors meetings and other important meetings and by examining the status of operations and assets, etc., in accordance with the audit policy, and allocation of duties established for each fiscal year. The Audit and Supervisory Committee will hold regular meetings once a month, and extraordinary meetings will be held as necessary. The Audit and Supervisory Committee is chaired by a full-time Audit and Supervisory Committee member.

(c) Internal Auditing Manager

The Internal Audit Manager (one person) of the Corporate Management Department conducts audits of the operations of each department in accordance with the Internal Audit Regulations and the internal audit plans, etc., established for each year. In addition, the president and representative director appoints internal auditors from divisions other than the Corporate Management Department as needed to conduct audits of the Corporate Management Department to which the internal auditor belongs, thereby establishing a system of mutual checks and balances.

The results of internal audits and points to be improved are reported to the President and Representative director and full-time Audit and Supervisory Committee member, and if there are any points to be improved, instructions for improvement are issued to the audited department to continuously confirm the status of improvement.

(d) Compliance Committee

The Company has established a Compliance Committee to promote and strengthen compliance-oriented management. The committee is chaired by the president and comprises full-time directors, the general managers of each business unit, and legal counsel. The committee examines and consults on internal and external issues in order to realize appropriate management in accordance with internal regulations and various laws and regulations.

In addition, the Company has established a reporting desk to appropriately handle reports from employees regarding violations of laws and regulations, etc., and is building a strengthened compliance system through the early detection and correction of misconduct, etc.

(e) Accounting Auditor

Regarding accounting audits, the Company is audited by Taiyo LLC under its contract with the audit corporation and has received accounting audits based on the Companies Act and the Financial Instruments and Exchange Act. The names of the certified public accountants who performed audit services and the composition of assistants for audit services in fiscal 2023 are as follows.

Name of the certified public accountants who performed the audit:

Designated and Engagement Partner: Kenji Furuta

Designated and Engagement Partner: Daisuke Hanawa

Composition of assistants for auditing services:

Three certified public accountants

Nine other assistants

The Company and each outside director(Audit and Supervisory Committee Member) have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. and the Company's Articles of Incorporation.

The maximum amount of liability based on the said agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### 3. Reasons for Adoption of Current Corporate Governance System **Update**

The Company has appointed three outside directors who are members of the Audit and Supervisory Committee to supervise the execution of business operations and ensure transparency and objectivity in management by providing a management monitoring function. In addition, we believe that the objectivity and neutrality of the management oversight function is ensured through systematic audits by the Audit and Supervisory Committee, which enables appropriate and rigorous audits of directors' business execution. Furthermore, the outside directors will strive to ensure the adequacy and appropriateness of decision-making by the Board of Directors from their objective and professional viewpoints based on their abundant knowledge and experience as corporate managers and executives.

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	We try to send out the documents as early as possible, approximately three weeks before the General Meeting of Shareholders. The 26th Ordinary General Meeting of Shareholders held on March 27, 2024 was dispatched on March 6, 2024.
Scheduling of the General Shareholders Meeting During Non-Peak Days	We try to set the date of the General Meeting of Shareholders to avoid peak days so that many shareholders can attend the meeting.
Electronic Exercise of Voting Rights	Exercise of voting rights by electromagnetic means (Internet) is permitted from the 17th Ordinary General Meeting of Shareholders.

## 2. Status of IR-related Activities **Update**

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Formulation and Publication of Disclosure Policies	The information is published on the Company's website.	
Regular Investor Briefings held for Individual Investors	We believe that company briefings for individual investors are important for many investors to understand our business, and we are committed to holding such briefings.  In the fiscal year ended December 31, 2023, we held six company briefings for individual investors to explain the business outline and progress.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold biannual financial results briefings for analysts and institutional investors in conjunction with the full-year and second quarter financial results, and provide explanations of our business and business progress as appropriate in response to requests for interviews, etc.	Held
Online Disclosure of IR Information	We have established a website for shareholders and investors on our website. Based on the principle of fair, timely, and appropriate information disclosure, the site provides information on financial results, other timely disclosure information, financial information such as annual securities reports, corporate presentation materials, shareholder newsletters, and other corporate information.	
Establishment of Department and/or Placement of a Manager in Charge of IR	We have appointed an IR manager in the Corporate Management Dept.	

## 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Formulation of Policies, etc. on Provision of Information to Stakeholders	Our code of conduct stipulates that we respect the position of our stakeholders and build relationships of trust.

## IV. Matters Concerning the Internal Control System

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

The Board of Directors has resolved the following basic policies regarding the internal control system.

(1) System to ensure that the execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

The Company recognizes that for the continuation and development of the Company and its subsidiaries, it is essential for all directors and employees to act fairly and with high ethical standards in the spirit of compliance with laws and regulations.

①Directors, as members of society, conduct themselves in accordance with corporate ethics and social norms and work to ensure sound corporate management.

②Directors who are not members of the Audit and Supervisory Committee execute the duties entrusted to them based on appropriate decision-making by the Board of Directors, and report the status of business execution to the Board of Directors.

③The Board of Directors has established rules for the execution of duties, including the Rules of the Board of Directors, Rules on Division of Duties, Rules on Administrative Authority, and Rules on Management of Affiliated Companies, etc.

Directors and employees who are not Audit and Supervisory Committee members execute their duties in accordance with the established rules.

④Internal audits are conducted regularly to ensure that operations are properly conducted in compliance with laws, the Articles of Incorporation, and internal regulations, and the results are reported to the Representative director.

(2) System for storage and management of information related to the execution of duties by directors of the Company and Subsidiaries

Information related to the execution of duties by directors is stored safely and appropriately in accordance with the Document Management Regulations and other regulations. Directors have access to these documents and information at any time.

(3) Regulations and other systems for managing risk of loss of the Company and its subsidiaries

In the event of a serious incident in business activities, the Company and its subsidiaries establish a task force under the direction of the Company's representative director to respond promptly and appropriately and to minimize losses and damage.

In addition, the Company has entered into a legal advisory contract with a law firm to receive advice on important legal issues in a timely manner to reduce legal risks.

(4) System to ensure the efficient execution of duties by directors of the Company and its subsidiaries

The Company and its subsidiaries hold regular Board of Directors meetings, as well as extraordinary Board of Directors meetings as needed, to make decisions on important matters, in compliance with the requirement that all matters stipulated by the Board of Directors' Regulations and the criteria for submission of such matters to the Board of Directors are submitted to the Board of Directors. The Board of Directors also regularly receives reports from each director on the status of the execution of duties and supervises the appropriateness and efficiency of the execution of duties.

With regard to the execution of daily duties, authority is delegated in accordance with the Rules of Administrative Authority and other regulations to clarify authority and responsibilities and ensure prompt execution of duties, and the rules are reviewed as necessary to establish a system to ensure that directors execute their duties appropriately and efficiently.

(5) Matters related to reporting to the Company on matters concerning the execution of duties by directors, etc. of subsidiaries  
For the purpose of appropriate management of subsidiaries and accurate understanding of their management details, the Company allows the secondment of directors or employees who are not members of the Company's Audit and Supervisory Committee. In addition, the Company has established a system whereby the director in charge of management, as stipulated in the Company's "Affiliate Company Management Regulations," reports to the Company's Board of Directors, as necessary, regarding the operating results, financial conditions, and other important information of the subsidiaries.

(6) System to ensure the appropriateness of operations in the corporate group consisting of the Company, its parent company and subsidiaries

In accordance with the "Affiliated Companies Management Regulations," the Company holds timely meetings of concerned parties to promote smooth exchange of information and group activities while respecting the autonomy of subsidiaries. The director in charge of management as stipulated in the "Regulations for Management of Affiliated Companies" is responsible for the management of subsidiaries through the approval and reporting system to the Company based on the regulations, implements measures to enhance the effectiveness of internal control, and provides guidance and support to subsidiaries as necessary.

(7) Matters concerning directors and employees who assist the duties of the Audit and Supervisory Committee

In cases where the Audit and Supervisory Committee requests the assignment of an employee to assist in its duties, employees ("Audit and Supervisory Committee Staff") will be assigned as necessary upon consultation with the Audit and Supervisory Committee.

(8) Matters related to the independence of the directors and employees in the preceding item from directors who are not Audit and Supervisory Committee members

In the event that employees are assigned as Audit and Supervisory Committee staff at the request of the Audit and Supervisory Committee, the prior consent of the Audit and Supervisory Committee shall be obtained with respect to the transfer, performance evaluation, etc. of such employee in order to ensure the independence of such Audit and Supervisory Committee staff.

(9) Matters related to ensuring the effectiveness of instructions to directors and employees in Item 7

With regard to the Audit Committee staff who are to assist the Audit and Supervisory Committee in its duties, the Company shall ensure that the Company's directors and employees are informed that they are subject to the Audit and Supervisory Committee's instructions and orders.

(10) Systems for reporting to the Audit and Supervisory Committee by directors, employees, etc. of the Company and its subsidiaries, and other systems for reporting to the Audit and Supervisory Committee, and systems to ensure that people making such reports are not treated disadvantageously because of their having made such reports

①The Company has established a system whereby directors who are Audit and Supervisory Committee members may attend meetings of the Board of Directors and other important meetings as necessary, inspect approval documents and other important documents related to business execution, and request explanations from directors or employees who are not Audit and

Supervisory Committee members.

②The Company has established a system whereby directors who are not Audit and Supervisory Committee members regularly report the status of business execution for which they are responsible at Board of Directors meetings.

③The Company has established a system whereby directors, employees, and others who are not members of the Audit and Supervisory Committee promptly report to the Audit and Supervisory Committee when they become aware of a serious violation of laws, regulations, or the Articles of Incorporation, a fact of misconduct, or a fact that may cause significant damage to the Company in connection with the execution of duties by directors.

④Directors and employees who are not members of the Audit and Supervisory Committee shall be thoroughly informed that the person making such a report shall not be treated unfavorably in any way by reason of the fact that he/she made the report to the Audit and Supervisory Committee. The Company also stipulates the protection of whistleblowers in its “Regulations Concerning Whistleblowing.

(11) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit and Supervisory Committee Members of the Company and other policies concerning the treatment of expenses or liabilities incurred in the performance of such duties

With respect to the treatment of expenses, etc. incurred in the performance of duties by Audit and Supervisory Committee members, the Company shall promptly dispose of such expenses, etc., unless it is proven that such expenses, etc. are not necessary for the performance of duties by such Audit and Supervisory Committee members.

(12) Other Systems to Ensure Effective Audits by the Company’s Audit and Supervisory Committee

①The Audit and Supervisory Committee holds regular meetings with the Representative director to exchange opinions on issues to be addressed by the Company, the status of the environment for Audit and Supervisory Committee audits, and important auditing issues.

②The Audit and Supervisory Committee has a system in place to ensure the effectiveness of audits by collaborating and exchanging information with the accounting auditors and internal audit staff as necessary.

(13) System to Ensure Reliability of Financial Reporting

To ensure the reliability of financial reporting and the effective and appropriate submission of internal control reports as stipulated in Article 24-4-4 of the Financial Instruments and Exchange Act, the Company and its subsidiaries, under the direction of the President and Representative director, have established an internal control system, continuously evaluate that the system is functioning effectively and appropriately, and take necessary corrective actions.

(14) System for Eliminating Antisocial Forces

The Company and its subsidiaries shall not have any relationship with antisocial forces or groups that threaten the order and safety of society, and in the event of unjustified demands, the Company and its subsidiaries shall take a resolute attitude as an organization and respond promptly as a whole in close cooperation with specialized agencies such as legal advisors and local police departments.

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

The Company and its subsidiaries shall sever all relationships with antisocial forces and groups that threaten the order and safety of society, and in the event of unjustified demands, the Company and its subsidiaries shall take a resolute stance as an organization and respond promptly as a whole, in close cooperation with specialized agencies such as legal advisors and local police departments.

## V. Other

### 1. Adoption of Anti-Takeover Measures

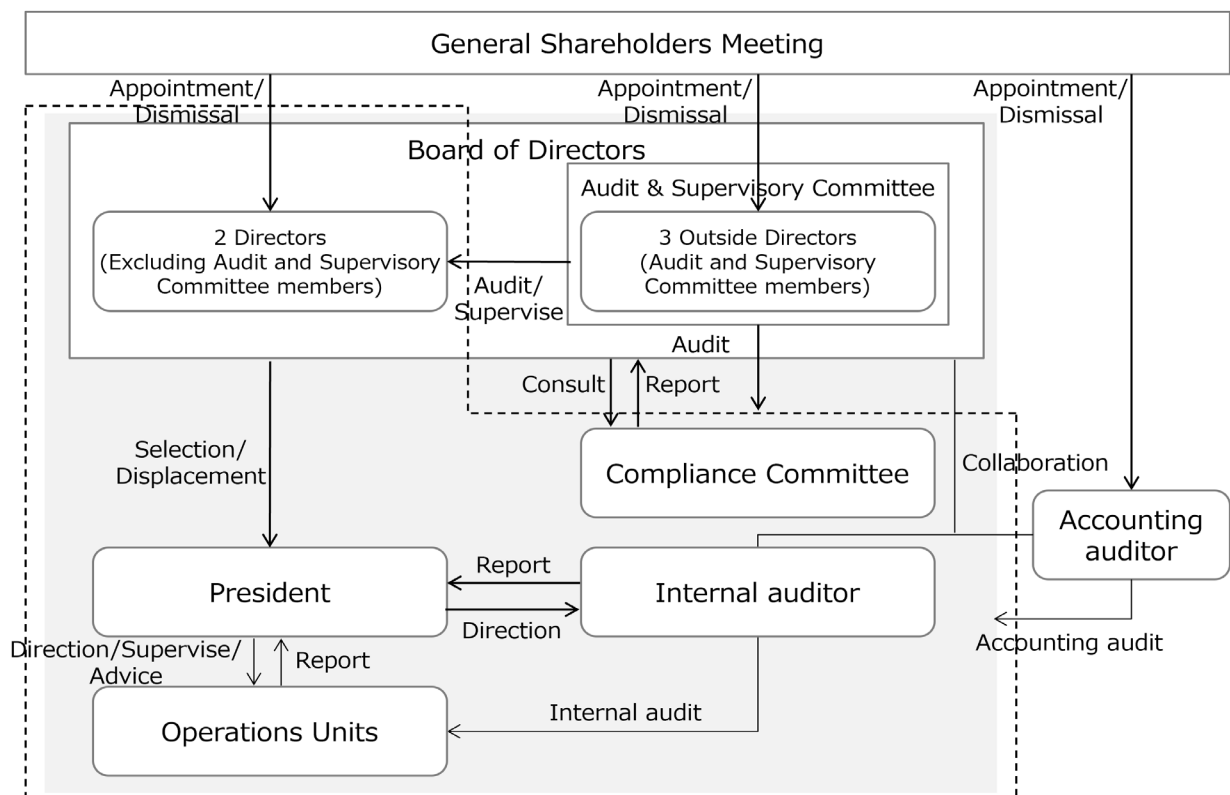
Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

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### 2. Other Matters Concerning the Corporate Governance System Update

#### Corporate governance system including internal control system (schematic diagram)

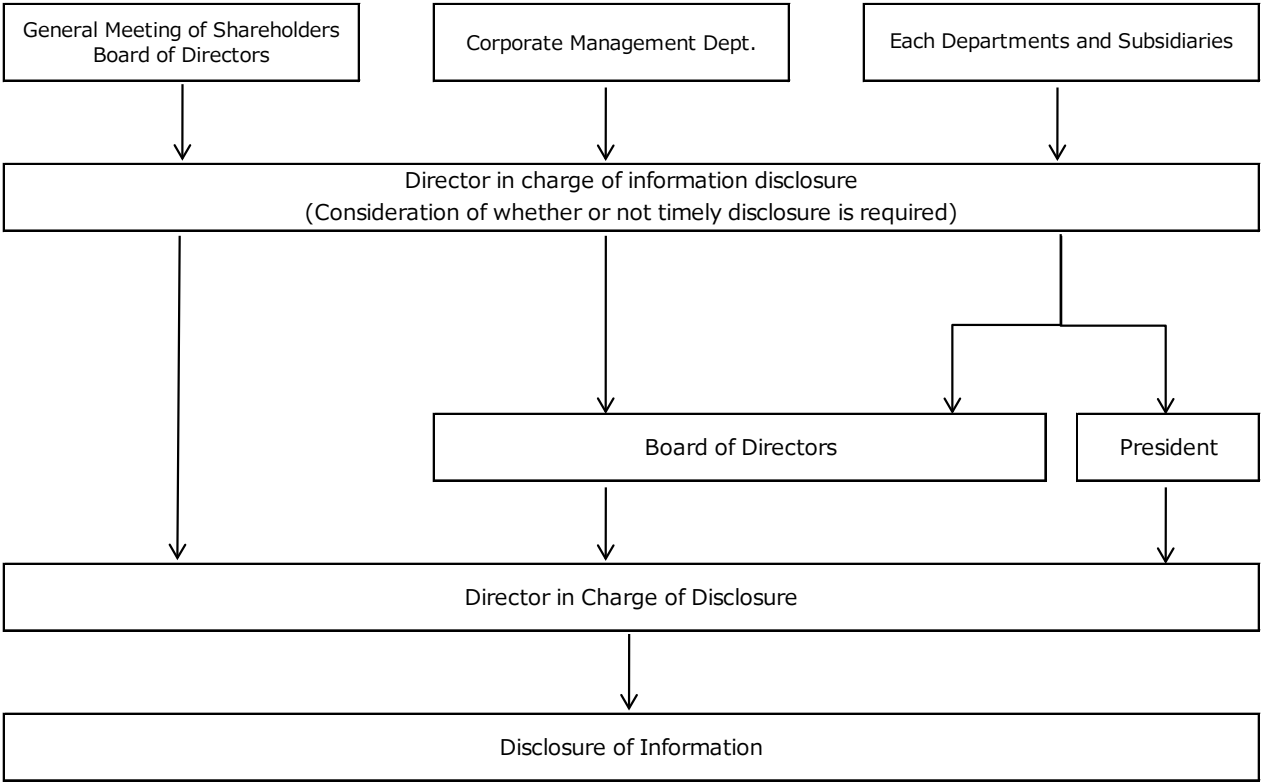


**Overview of Timely Disclosure System (schematic diagram)**

Disclosure of information on the facts of the decision

Disclosure on Financial Results

Facts of Occurrence/Decision  
Disclosure of information



END