

## Corporate Governance Report

Last Updated: December 21, 2023

### Meiwa Estate Company Limited

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Securities Code: 8869

[https://www.meiwajisyo.co.jp/corp/ir/index\\_en.html](https://www.meiwajisyo.co.jp/corp/ir/index_en.html)

The corporate governance of Meiwa Estate Company Limited (the “Company”) is described below.

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

### 1. Basic Views

The Company’s basic views on corporate governance are described in the Corporate Governance Policy. The Corporate Governance Policy is published on our corporate website ([https://www.meiwajisyo.co.jp/corp/ir/plan/index\\_en.html#governance](https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#governance)).

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

[Supplementary Principle 4.1.3] Succession Plan

At present, no specific succession plan has been formulated, however the Company will discuss the matter further, considering the characteristics of the Company with its founding family.

[Principle 4.2, Supplementary Principle 4.2.1] Remuneration of Directors

The remuneration of the management team is described in “II.1 [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods.”

The Company does not provide incentives such as stock options, etc., based on the belief that aiming for stable growth over the medium to long term is in the best interest for stakeholders. Going forward, the Company will consider the appropriate form of remuneration for Directors and Audit & Supervisory Board Members, including a mechanism for ensuring that such remuneration functions as a sound incentive.

The Company encourages its officers to acquire the Company's own shares through the officers' stock ownership association. Since each officer holds the Company's own shares, the Company believes that this serves as an incentive for the sustainable growth of the Company.

[Supplementary Principle 4.3.2 and 4.3.3] Appointment and Dismissal of the CEO

As described in [Principle 3.1 (4)]

[Principle 4.11] Preconditions for the Board of Directors and the Audit & Supervisory Board Effectiveness

Although the Company currently has no female or foreign Directors, its Directors and Audit & Supervisory Board Members come from a variety of backgrounds, and the composition of the members of the Board of Directors and the Audit & Supervisory Board is of an appropriate size and allows for multifaceted discussions. We do not consider it highly necessary to have foreign Directors since the Company does not conduct business outside of Japan. However, the Company recognizes that the perspective of diversity is becoming increasingly important and will consider it in the future.

The Company has appointed individual with sufficient knowledge of finance and accounting as a full-time Audit & Supervisory Board Member.

[Principle 5.2] Establishing and Disclosing Business Strategies and Business Plans

[Translation]

In addition to reassessing the current status of the Company's cost of capital, profitability, and the market's evaluation of these factors, the Company will advance thorough Board of Directors discussions regarding the consideration and formulation of improvement measures aimed at increasing corporate value. The Company has been analyzing our cost of capital and profitability using ROIC and WACC as indicators, and disclose the figures in “Financial Results for 1H FY 03/24” ([https://ssl4.eir-parts.net/doc/8869/ir\\_material\\_for\\_fiscal\\_ym3/145156/00.pdf](https://ssl4.eir-parts.net/doc/8869/ir_material_for_fiscal_ym3/145156/00.pdf)).

The Company will continue to deepen the discussion for increasing corporate value.

### **[Disclosure Based on the Principles of Corporate Governance Code]**

#### [Principle 1.4] Cross-Shareholdings

The Company does not, as a general rule, hold any cross-shareholdings except in cases where the significance of such holdings is recognized, and as of the date of submission, the Company does not hold any listed shares as cross-shareholdings.

#### [Principle 1.7] Related Party Transactions

In accordance with the Companies Act and the Regulations of the Board of Directors, the Company has placed conflict-of-interest and competing transactions by Directors on the agenda of the Board of Directors, and each such transaction requires prior approval by the Board of Directors and reporting on the results of the transaction. Transactions between major shareholders, etc. and the Company require internal approval procedures in accordance with the authorization rules.

#### [Supplementary Principle 2.4.1] Ensuring Diversity in the Appointment of Core Personnel

As of the end of the fiscal year ended March 31, 2023, women accounted for 20.1% of our employees and 8.1% of our core personnel (subsection chiefs and above), both of which improved from the previous year. In promoting the Company's business, it is important to have diverse perspectives regardless of gender. The Company will continue to improve the above ratio by hiring female personnel, both new graduates and mid-career employees. We are also making use of mid-career hires to secure diverse human resources. In fiscal year 2022, 30.6% of full-time recruits were mid-career hires, and at the end of the fiscal year ended March 31, 2023, 62.1% of managers were mid-career hires. We will continue to hire and promote personnel, regardless of whether they are new graduates or mid-career employees and create an environment in which each employee can maximize his or her abilities.

Currently, there are no results for the promotion of foreigners to management positions. As there are no restrictions imposed regarding race, ethnicity or nationality of origin, no specific numerical target, etc. has been set for the employment of non-Japanese nationals or their appointment to management positions.

Please refer to [Supplementary Principle 3.1.3] for human resource development and development of the internal environment.

#### [Principle 2.6] Exercising Functions as an Asset Owner of Corporate Pension

The Company's corporate pension plan consists of a defined-benefit corporate pension plan and a lump-sum retirement allowance plan. Although the Company does not have any special personnel assigned to these plans, to ensure the safe and efficient management of the corporate pension funds, we have formulated Investment Management Regulations, selected asset management and investment institutions, and entrusted the management of all funds to a general account.

#### [Principle 3.1] Full Disclosure

(1) We announced our corporate philosophy, ACTION POLICY (<https://www.meiwajisyo.co.jp/corp/company/vision/>), which was established on our 35th anniversary, and the new Five-Year Strategy ([https://www.meiwajisyo.co.jp/corp/ir/plan/index\\_en.html#managementPlan](https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#managementPlan)), for the five-year period from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2027.

(2) As described in “I-1. Basic Views.”

(3) As described in “II-1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof.”

(4) With respect to the nomination of candidates for Director, the President & CEO formulates a draft proposal based on the Board of Directors' internal regulations on the criteria for the appointment of Directors, and the draft proposal is deliberated and resolved by the Board of Directors and submitted to the Annual Shareholders Meeting.

[Translation]

With respect to the nomination of candidates for Audit & Supervisory Board Member, the President & CEO also formulates a draft proposal based on the internal regulations on the criteria for the appointment of Audit & Supervisory Board Members. After obtaining the consent of the Audit & Supervisory Board to the draft proposal, it is deliberated and resolved by the Board of Directors and submitted to the Annual Shareholders Meeting.

With respect to the dismissal of Directors, including the President & CEO, in accordance with the internal regulations on the criteria for dismissal, and if necessary, the dismissal proposal will be carefully deliberated and resolved by the Board of Directors.

For both (3) and (4), the Company will consider the establishment of a Nominating and Remuneration Committee and the processes in which the Committee is involved.

(5) If there is a proposal for nomination or dismissal of Director or Audit & Supervisory Board Member at the Annual Shareholders Meeting, the reason for each election or dismissal proposal shall be stated in the Notice of Convocation (<https://www.meiwajisyo.co.jp/corp/ir/information/>).

[Supplementary Principle 3.1.3] Initiatives for Sustainability

In April 2022, we established the Sustainability Committee, comprising directors and executive officers. The Committee is responsible for matters related to the sustainability of the entire Group and is responsible for the formulation of the Company's sustainability policies, the deliberation of initiatives, the development of structure to promote sustainability, and the management of risks. The activities of the Committee are reported to and monitored by the Board of Directors. In June of the same year, we established the Basic Sustainability Policy and selected our Materiality, which are the most important issues for us to address. Please refer to the company website for details ([https://www.meiwajisyo.co.jp/corp/ir/plan/index\\_en.html#sustainability](https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#sustainability)).

Basic Sustainability Policy

We the MEIWA ESTATE Group aim for the realization of a sustainable society together with our own growth, in accordance with trust, co-creation and empathy, which is the basis of our corporate philosophy. To this end, we engage in dialogue and foster collaboration with all stakeholders, including customers, business counterparties, shareholders and investors, employees, and local communities.

- We will contribute to the sustainable development of society through the provision of homes and the rendering of services that enrich people's lives.
- We will continue to undertake initiatives aimed at the revitalization of society and communities and the conservation of the environment.
- We will place importance on strengthening the corporate governance system and risk management and aim to be a trusted company.

(1) Response to Climate Change

We have examined and analyzed the risks and opportunities related to climate change in our business. The establishment of specific numerical targets for the reduction of CO2 emissions will be discussed further in the future and announced when a decision is made. For disclosure based on the TCFD recommendations, please refer to the company website (<https://www.meiwajisyo.co.jp/corp/sustainability/>).

(2) Human Capital Investment

- Initiatives related to human resource development

Based on the Basic Sustainability Policy, the Group considers the promotion of health management initiatives and the maximization of human resource value as priority issues and promotes human resource development. In order to maximize the value of human resources, based on the ACTION POLICY, which is the Group's action guideline, the Company strives to enhance employee training to achieve the following goals: (i) each employee acts independently; (ii) foster Group-wide awareness of the achievement of goals; (iii) each employee enhances his or her capabilities by cooperating with each other and sharing experiences; (iv) employees have a passion for their work and provide and return added value to society through it; and (v) employees who can be thanked for putting customer needs first.

- Efforts to improve the internal environment

The Company's basic stance is to ensure a workplace environment in which diverse human resources can play active roles without distinction based on gender, race, nationality, ethnicity, mid-career hires, etc. The Company promotes an evaluation system in which each employee can demonstrate his or her abilities to the fullest by conducting fair evaluations based on his or her role and performance.

(3) Intellectual Property

[Translation]

Our new Five-Year Strategy calls for the promotion of DX in each business, and we are working to create innovation by utilizing a variety of resources, including intellectual property. As an example, we have developed our own solution for condominium management, “kanri.online,” and introduced it to condominiums managed by Meiwa JisyoCommunity to accumulate intellectual capital as our own IP. For details, please refer to the Corporate Social Responsibility Report (<https://www.meiwajisyo.co.jp/corp/sustainability/imgs/pdf/spread2022.pdf>).

[Supplementary Principle 4.1.1] Scope of Delegation to Management

The Board of Directors formulates management strategies and plans based on the Company’s management philosophy, makes other important management decisions, and supervises the execution of business operations in accordance with laws, regulations, the Articles of Incorporation, and the related rules of the Company. Except for these matters, the authority for business execution is delegated to the executive officers in charge of each business to speed up decision-making processes concerning business execution.

[Principle 4.9] Independence Standards for Independent Outside Directors

The Company has established its own criteria for evaluating independence, as described in “II-1. [Independent Officers] Matters Relating to Independent Officers.”

[Supplementary Principle 4.10.1] Nominating Committee and Remuneration Committee

As a company with an Audit & Supervisory Board system, the number of Independent Outside Directors does not reach a majority in the Board of Directors. Therefore, to further strengthen the independency, objectivity, and accountability of the functions of the Board of Directors, in preparation for the establishment of a Nominating and Remuneration Committee the Company will consider the authority and roles of the Committee, with the majority of its members being Independent Outside Directors.

[Supplementary Principle 4.11.1] Diversity of the Board of Directors

The Company appoints an appropriate number of persons as described in [Principle 3.1 (4)] who have the appropriate knowledge, experience, and ability to deliberate and make decisions on important matters such as management policies. For Independent Outside Directors, the Company appoints persons who have experience in corporate management at other companies. For details on the skills of the Directors, please refer to the “Notice of Convocation of the Annual Shareholders Meeting” ([https://www.meiwajisyo.co.jp/corp/ir/news/index\\_en.html](https://www.meiwajisyo.co.jp/corp/ir/news/index_en.html)).

[Supplementary Principle 4.11.2] Status of Concurrent Positions Held by Directors and Audit & Supervisory Board Members

At present, the Company's Directors and Audit & Supervisory Board Members do not concurrently serve as officers of other listed companies other than the Company, and they are able to appropriately fulfill their roles and responsibilities. The status of concurrent posts held by Directors and Audit & Supervisory Board Members is disclosed every year in the Business Report and Reference Documents for the Annual Shareholders Meeting.

[Supplementary Principle 4.11.3] Evaluation of Effectiveness of the Board of Directors

The Company sent an anonymous questionnaire to all Directors and Audit & Supervisory Board Members to evaluate the effectiveness of the Board of Directors, and based on the results, the Board of Directors considered improvements.

<Summary of the Evaluation of Effectiveness>

The Board of Directors of the Company is an appropriate size and composed of Directors with various backgrounds, and although there is room for improvement in terms of the depth of discussions on individual themes and cooperation with the Internal Auditing Division, the Company promotes discussions through free and active exchanges of opinions. Directors are also appropriately supervised, and the Company judges that the Board of Directors is performing its functions adequately.

[Supplementary Principle 4.14.2] Training Policies for Directors and Audit & Supervisory Board Members

The Company provides all Directors and Audit & Supervisory Board Members with training opportunities suited to individual Directors and Audit & Supervisory Board Members, arranges such training, and provides financial support for the cost thereof, with the aim of providing opportunities for all Directors and Audit & Supervisory Board Members to acquire the necessary knowledge regarding the Company's business, finances, organization, etc. at the time of appointment, to fully understand the roles and responsibilities expected of

[Translation]

Directors and Audit & Supervisory Board Members, and to continuously renew such training during their terms of office.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

The Company has implemented the following measures to promote dialogue with shareholders, investors, and analysts (hereinafter referred to as “investors”) and to build medium- to long-term relationships.

(1)Promotion Framework

The Company has appointed an executive officer in charge of IR, and the Corporate Planning Department, which oversees and promotes IR in cooperation with related departments such as the Accounting Department and the General Affairs Department. In addition, while the Executive Directors play a central role in the basic response, the President & CEO also participates as speaker as much as possible and strives to deepen the understanding of the Company by directly explaining to investors and answering their questions.

(2)Details of Initiatives

- Hold briefings for investors after the full-year and second-quarter financial results (held in May and November in fiscal year2022)
- Briefing meetings for individual investors (initiative started from fiscal year 2022, held in February and May 2023)
- Hold individual meetings with investors (initiative started from fiscal year 2022, held five times between February and March 2023)
- Respond to inquiries by e-mail, telephone, etc. (10 instances in total between January and March 2023)
- Expand materials (to deepen understanding of the Company, expand the content of the financial results briefing materials and disclose materials in English to overseas investors)

(3)Feedback to Management and the Board of Directors

Opinions and inquiries from investors are reported by the officer in charge of IR at the Board of Directors meetings and other internal meetings on a case-by-case basis.

(4)Management of Insider Information

The Company manages material facts in accordance with the “Rules on Prevention of Insider Trading” and designates a certain period before the end of each quarter as a quiet period. We also comply with the Fair Disclosure Rules and disclose information in a fair and proactive manner. (For our disclosure policies please refer to [https://www.meiwajisyo.co.jp/corp/ir/material/index\\_en.html#disclosure\\_policy](https://www.meiwajisyo.co.jp/corp/ir/material/index_en.html#disclosure_policy))

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Hanabusa Kouhatsu Company Limited	8,751,000	37.32
The Nomura Trust and Banking Co., Ltd.	1,770,600	7.55
The Master Trust Bank of Japan, Ltd.	779,000	3.32
Hideaki Harada	700,000	2.98
Hitoshi Takasugi	700,000	2.98
Jun Takasugi	700,000	2.98
Custody Bank of Japan, Ltd.	489,500	2.08
Space P Co., Ltd.	400,000	1.70
JP Morgan Securities Japan Co., Ltd.	236,583	1.00
Koji Harada	200,000	0.85

[Translation]

Controlling Shareholder (except for Parent)	—
Parent Company	None

#### Supplementary Explanation

(Note 1) “Status of Major Shareholders” is based on the shareholders’ register as of March 31, 2023.

(Note 2) The number of shares held by The Nomura Trust and Banking Co., Ltd., The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are all related to trust business.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange StandardMarket
Fiscal Year-End	March
Type of Business	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	From 500 to less than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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

The Company has no listed subsidiaries.

[Translation]

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

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President & CEO
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Officers Designated From Among Outside Directors	2

#### Outside Directors' Relationship With the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Daisuke Kobayashi	From another company											
Masayuki Nakayama	From another company								○			

\* Categories for "Relationship with the Company"

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past;

“●” when a close relative of the director presently falls or has recently fallen under the category; and

“▲” when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiaries

b. Non-executive director or executive of the parent company of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major business partner is the Company or an executive thereof

e. Major business partner of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a business partner of the Company (which does not correspond to any of d., e., and f.) (the director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)

k. Others

[Translation]

Outside Directors' Relationship with the Company (2)

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Daisuke Kobayashi	○	—	<p>Daisuke Kobayashi has many years of extensive experience as a business executive, and we have determined that he will be able to use his knowledge and insight to provide advice on the Company's overall management and supervise the Company's management from a standpoint that is independent of those who execute the operations of the Company.</p> <p>We have also determined that he is qualified to serve as an independent officer because he does not conflict with the independence standards prescribed by the Tokyo Stock Exchange as well as the Company's own independence standards, and he does not have any interests that would cause a conflict of interest with shareholders.</p>
Masayuki Nakayama	○	<p>Previously worked for Nomura Real Estate Solutions Co., Ltd. and retired in March 2022. Although there is a business relationship between Nomura Real Estate Solutions Co., Ltd. and the Company, as the transaction amount is insignificant, the Company judges that it will not affect his independence.</p>	<p>Masayuki Nakayama has abundant experience and broad insight in the real estate industry and can provide advice from various perspectives on the overall management of the Company.</p> <p>We have also determined that he is qualified to serve as an independent officer because he does not conflict with the independence standards prescribed by the Tokyo Stock Exchange as well as the Company's own independence standards, and he does not have any interests that would cause a conflict of interest with shareholders.</p>

Establishment of Voluntary Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Not established
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[Translation]

**[Audit & Supervisory Board Members]**

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

**Cooperation among Audit & Supervisory Board Members, Financial Auditor and Internal Auditing Function**

Audit & Supervisory Board Members (Audit & Supervisory Board) receive reports and explanations from the Financial Auditor regarding audit plans and results of audit implementation, and discuss and exchange opinions on the contents of such reports and explanations. In addition, in order to conduct efficient audits in accordance with Internal Audit Rules, Audit & Supervisory Board Members work closely with the Internal Auditing Function (Audit Office) in formulating audit plans, and, if necessary for audits, Audit & Supervisory Board Members are able to give direct instructions to employees of the Internal Auditing Function and to employees of other divisions as deemed necessary, as well as to conduct hearings with the Internal Control Function to ensure efficient execution of audits. Furthermore, the results of audits conducted by the Internal Auditing Function are reported to Audit & Supervisory Board Members (Audit & Supervisory Board) for each audit to discuss their contents.

The results of activities in FY2022 were as follows:

		Board of Directors meetings (16 times held)	Audit & Supervisory Board meetings (14 times held)	Meetings with Financial Auditor (6 times held)	Regular meetings with President & CEO (4 times held)
Full-time Audit & Supervisory Board Member	Daisuke Yamamoto	16	14	6	4
Full-time Audit & Supervisory Board Member	Yusuke Mizuno	16	14	6	4
Outside Audit & Supervisory Board Member	Mitsuru Nakamura	10	9	1	4
Outside Audit & Supervisory Board Member	Shoji Koto	16	14	1	4

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	1

[Translation]

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship With the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Daisuke Yamamoto	From another company													
Mitsuru Nakamura	From another company													
Shoji Koto	From another company													

\* Categories for "Relationship with the Company"

"○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board Member fell under the category in the past;

"●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of the parent company of the Company
- d. Audit & Supervisory Board Member of the parent company of the Company
- e. Executive of a fellow subsidiary of the Company
- f. Party whose major business partner is the Company or an executive thereof
- g. Major business partner of the Company or an executive thereof
- h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a business partner of the Company (which does not correspond to any of f., g., and h.) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Daisuke Yamamoto		—	Daisuke Yamamoto has many years of business experience at financial institutions and has considerable knowledge of finance and accounting, and we have determined that he will be able to appropriately perform his duties as Audit & Supervisory Board Member.
Mitsuru Nakamura		—	Mitsuru Nakamura has a high degree of insight into the real estate and construction industries, and we have determined that he will be able to apply his many years of experience to the supervision of the Company's overall management.

[Translation]

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shoji Koto	○	—	Shoji Koto has a high degree of insight into the real estate and construction industries, and we have determined that he will be able to apply his many years of experience to the supervision of the Company's overall management. We have also determined that he is qualified to serve as an independent officer because he does not conflict with the independence standards prescribed by the Tokyo Stock Exchange as well as the Company's own criteria for evaluating independence, and he does not have any interests that would cause a conflict of interest with shareholders.

### [Independent Officers]

Number of Independent Officers	3
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#### Matters relating to Independent Officers

The Company has established its own criteria for evaluating independence in order to enhance objectivity in management decision-making and further improve the soundness and transparency of management. An outside officer with independence under the said standards shall be a person who satisfies the requirements under the Companies Act and who does not fall under any of the following categories.

- (1) Party whose major business partner (Note 1) is the Company or its consolidated subsidiaries (hereinafter referred to as the "Group") or an executive (Note 2) thereof
- (2) Major business partner of the Group or an executive thereof
- (3) Major shareholder of the Company (a person or company, etc. holding 10% or more of the total voting rights as of the end of the immediately preceding fiscal year) or an executive thereof
- (4) Attorney at law, judicial scrivener, patent attorney, certified public accountant, tax accountant, consultant, etc., who receives more than ¥10 million per year in cash or other assets from the Group, other than remuneration for officers
- (5) Executive of a corporation or organization, etc. that receives donations, etc. of more than ¥10 million per year from the Group
- (6) Executive of a major lender (Note 3) of the Group
- (7) Financial Auditor of the Group, or a person in charge of auditing the Group as its employee, etc.
- (8) Person who has fallen under any of the categories (1) through (7) above in the past three years
- (9) Spouse or relative within the second degree of kinship of a person who falls under any of the categories (1) through (8) above
- (10) Executive of a corporation to which outside officers are mutually appointed with the Group
- (11) In addition to the categories (1) through (10) above, a person who has special reasons that prevent him/her from fulfilling his/her duties as an independent officer, such as having a potential conflict of interest with the Company.

(Note 1) A major business partner shall mean a party whose amount of transactions exceeds 2% of the annual consolidated net sales of the Group or the group of the other party in the immediately preceding fiscal year.

[Translation]

(Note 2) An executive shall mean Director (excluding outside Director), Executive Officer (*Shikkoyaku*), Executive Officer, or employee.

(Note 3) A major lender shall mean a financial institution with which the Group has borrowings amounting to more than 2% of its consolidated total assets as of the end of the immediately preceding fiscal year.

#### [Incentives]

Implementation of Measures to Provide Incentives to Directors	None
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#### Supplementary Explanation

The Company does not provide incentives such as stock options, etc., based on the belief that aiming for stable growth over the medium to long term is in the best interest of each of its stakeholders. We will consider the appropriate form of remuneration for officers, including a mechanism to ensure that these remunerations function as a sound incentive.

Recipients of Share Options	
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#### Supplementary Explanation

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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#### Supplementary Explanation

The remuneration of officers for the fiscal year ended March 31, 2023, is as follows:

(i) Total amount of remuneration, etc. by category of officers, total amount of remuneration, etc. by type of remuneration, etc., and number of officers eligible for such remuneration, etc.

Category of Officers	Total amount of remuneration	Fixed remuneration	Performance-linked remuneration	Retirement benefits	Number of recipient officers
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Persons)
Directors (excluding outside Directors)	389	244	122	23	8
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	18	16	–	1	1
Outside officers	53	50	–	2	5

[Translation]

(ii) Total amount of consolidated remuneration, etc. by officer

Name	Category of Officers	Category of Companies	Fixed remuneration (Millions of yen)	Performance-linked remuneration (Millions of yen)	Retirement benefits (Millions of yen)	Total amount of remuneration (Millions of yen)
Hideaki Harada	President & CEO	Filing Company	84	70	7	161

(Note) Persons whose total amount of consolidated remuneration, etc. is ¥100 million or more are listed.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods
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The Company's Board of Directors, at its meeting held on February 10, 2021, resolved a Policy for Determining the Details of Remuneration, Etc. for Each Director.

The Board of Directors has also confirmed that the method of determining the details of remuneration, etc. for each Director for the current fiscal year and the details of remuneration, etc. as decided are consistent with the policy resolved by the Board of Directors, and determined that they are in line with such policy.

The contents of the Policy for Determining the Details of Remuneration, Etc. for Each Director are as follows:

1. Basic Policy

In determining the amount of remuneration, etc. for Directors, the basic policy is to enhance the Company's corporate value by promoting the motivation of Directors toward the expansion of the business performance and sustainable growth of the Company.

2. Policy on Fixed Remuneration

The fixed remuneration of the Directors of the Company shall consist of monthly remuneration and retirement benefits. The amount of monthly remuneration shall be determined by taking into consideration such factors as changes in economic conditions and the level of related industries, etc. as compensation for management decision-making and supervision of the operations of the divisions in charge. Retirement benefits shall be determined by adding or subtracting a certain amount for meritorious service, etc. during his/her term of office from the amount stipulated, taking into consideration his/her position and term of office. Outside Directors shall receive only monthly remuneration and retirement benefits.

3. Policy on Performance-Linked Remuneration

Bonuses are performance-linked, and the amount of remuneration is determined by taking into consideration the business results of the relevant fiscal year, the Director's position (scope of responsibility for management, etc.), and actual performance.

4. Policy on Non-monetary Remuneration

The Company has determined that the current remuneration system is appropriate and has not introduced stock options or other non-monetary remuneration. In the future, the Company will consider, if necessary, framework to ensure that these remunerations function as a sound incentive.

5. Policy on Ratio of Remuneration

The Company does not stipulate a specific ratio of fixed remuneration to bonuses for officers. The Company will consider the ratio in the process of reviewing the introduction of non-monetary remuneration in the future.

6. Policy on Timing and Conditions for Granting Remuneration

Monthly remuneration shall be paid on a specified date of each month, and the amount of remuneration shall be determined within the limit of remuneration decided at the Annual Shareholders Meeting. Bonuses

[Translation]

shall be paid after the Board of Directors meeting held following the Annual Shareholders Meeting, subject to the submission to and approval of the Annual Shareholders Meeting of the proposed amount of remuneration, which takes into consideration the business performance and other factors of the relevant fiscal year. Retirement benefits shall be paid in accordance with the Company's "Regulations on Retirement Benefits for Officers" based on their duties, years of service, etc., after obtaining a resolution of the Annual Shareholders Meeting allowing the Board of Directors to determine the specific amount, timing, method, etc. of such benefits.

7. Matters relating to Delegation of Determination of Remuneration  
Decisions on the details of remuneration, etc. for each Director shall be re-delegated to President & CEO by resolution of the Board of Directors. The details of such authority shall be the determination of the amount of the fixed remuneration of each Director and the allocation and evaluation of bonus based on the business performance for which he/she is responsible.
8. Other Matters Relating to Determination of Remuneration  
Not applicable

### **[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]**

Regarding the supporting system for outside Directors, the Corporate Planning Department and the General Affairs Department, which are the secretariat of the Board of Directors, provide necessary explanations and/or information, etc. appropriately. Furthermore, as well as conducting audits in cooperation with the Audit Office, outside Audit & Supervisory Board Members work to assess the status of financial audit in collaboration with the Financial Auditor. In addition, both outside Directors and outside Audit & Supervisory Board Members serve the supervisory function over Directors (Board of Directors) by conducting hearings with the Internal Control Function and other operating divisions as necessary, based on the outcome of internal control.

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

1. Overview of Corporate Governance Structure  
The Company is a company with Audit & Supervisory Board Members. In addition, the Company has adopted an Executive Officer System for the purpose of improving efficiency in management and speeding up decision-making to respond to a change in the business environment, as well as clarifying executive responsibilities and improving the execution functions. The Company thinks that supervision by the Board of Directors, Directors and Audit & Supervisory Board Members over Executive Officers' business execution clarifies responsibilities more. To develop such a system more expansively, a division system has been introduced from April 2016.  
The overview of the Company's bodies is as follows.
  - (1) Board of Directors  
The Company's Board of Directors consists of nine members including two Outside Directors as of the date of submission of the Securities Report.  
The Board of Directors meets regularly once a month and convenes extraordinary meetings if necessary. At meetings, the Board of Directors determines important matters of management and matters related to the execution of business, and conducts supervision of the execution of business. Audit & Supervisory Board Members attend the Board of Directors meetings and provide opinions whenever necessary.
  - (2) Monthly Strategy Meeting  
The Monthly Strategy Meeting, which comprises the Directors, full-time Audit & Supervisory Board Members, Executive Officers, Branch Managers, and General Managers, among others, and reports, discusses and examines important matters related to the overall management of the Company once a month.

[Translation]

- (3) General Managers Meeting  
The General Managers Meeting consists of Directors, Executive Officers, and General Managers, among others, and conducts progress report on business operations and monthly work achievements of each department and examination of countermeasures once a week.
- (4) Subsidiaries Meeting  
The Subsidiaries Meeting consists of President & CEO, the officer in charge of subsidiaries, full-time Audit & Supervisory Board Members and subsidiaries' responsible officers, and promotes the group management by conducting report, discussions and examination of important matters related to the overall management of each subsidiary.
- (5) Audit & Supervisory Board  
The Company's Audit & Supervisory Board consists of four members including three outside Audit & Supervisory Board Members as of the date of submission of the Securities Report.  
The Audit & Supervisory Board formulates audit guidelines and audit plans, and conducts audits in accordance with internal audit rules in cooperation with the Financial Auditor and the Audit Office.  
As stated above, by having the Audit & Supervisory Board Members attend the meetings of the Board of Directors, in conjunction with having the full-time Audit & Supervisory Board Members attend the Monthly Strategy Meeting and the Subsidiaries Meeting, the Company has established a system in which Audit & Supervisory Board Members are capable of grasping important matters related to the Group, including subsidiaries.
- (6) Internal Control Function  
Corporate Planning Department  
Judgment on organizational structure and function, formulation and supervision of strategic plans, supervision of subsidiaries, actions for corporate governance  
General Affairs Department  
Establishment of the Company's important in-house matters including shares and regulations/rules  
Human Resources Department  
Personnel management, including human resource development, development of in-house systems, and labor management  
Accounting Department  
Matters regarding closing of accounts (in cooperation with the Financial Auditor, etc.)  
Legal and Compliance Department  
Matters regarding compliance and internal control, and matters regarding business relationships (in cooperation with corporate lawyers, etc.)
- (7) Internal Auditing Function  
Audit Office  
Internal audits (in cooperation with Audit & Supervisory Board Members and the Financial Auditor)

As an organization to complement appropriate operation of the internal control structure, the following committee organizations have been set up and monitor business execution.

- (8) Risk Management Committee  
The Risk Management Committee, which consists of Directors, Executive Officers and General Managers, has been set up to build a system under which risk management can be implemented practically, and holds regular meetings once a month while convening extraordinary meetings if necessary. The Risk Management Committee establishes the basic policy and rules, etc., regarding risk management and oversees development and operation of risk management in each division. Furthermore, regulations, etc. are also developed at subsidiaries to respond to risks, and the Risk Management Committee is in charge of matters that are anticipated to affect the entire Group.
- (9) Compliance Committee  
The Compliance Committee consists of Directors, General Managers and subsidiaries' responsible officers to oversee matters regarding compliance related to the entire Group. The committee holds regular meetings once a month while convening extraordinary meetings if necessary. Moreover, under the committee, two standing special committees: the Internal Control Subcommittee, which handles matters regarding internal control, and the Personal Information Protection Subcommittee, which is in charge of matters regarding personal information, have been established.

[Translation]

In addition, the Company has set up the Sustainability Committee, which is in charge of matters regarding sustainability of the entire Group.

(10) Sustainability Committee

For the purpose of strategically undertaking issues related to sustainability, the Company has established a Sustainability Committee, comprising the Directors and Executive Officers, and holds regular meetings once a month while convening extraordinary meetings if necessary.

The Sustainability Committee formulates group-wide basic policy relating to sustainability, establishes a structure by which to promote sustainability initiatives, examines and analyzes risks and opportunities, discusses initiative policies and specific targets, and reports and proposes matters to the Board of Directors and the President & CEO.

Moreover, under the committee, a subcommittee related to ESG, climate change, TCFD and environmental activities among others is set up as needed to conduct more detailed consideration and the progress management for targets set with regard to matters determined by the Board of Directors.

2. Status of Financial Audit

The Company has concluded with Ernst & Young ShinNihon LLC an audit agreement for accounting audits in accordance with the Companies Act and the Financial Instruments and Exchange Act.

There are no special interests between the said audit firm and its engagement partners who are engaged in audit of the Company, and the Company.

3. Limited Liability Agreement

In accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company has an agreement with each outside Director and each outside Audit & Supervisory Board Member to limit liability for damages as stipulated in Article 423, paragraph 1 of the said act. The maximum amount of liability for damages based on this agreement shall be the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act.

This aims to develop an environment in which Directors and Audit & Supervisory Board Members can perform at their full potential and play an expected role in carrying out their duties.

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

The Company adopted a system with two outside Directors in June 2019, to strengthen corporate governance. This system, together with the Audit & Supervisory Board, which includes three Outside Audit & Supervisory Board Members, enhances the Company's supervisory function over Directors and other business execution bodies.

The Company's outside officers consist of one outside Director with extensive and advanced insight as a business executive, one outside Director with extensive insight into the real estate industry, one full-time Audit & Supervisory Board Member with considerable knowledge of finance and accounting, and two outside Audit & Supervisory Board Members with extensive knowledge of the real estate industry. In combination with the system described above, the Company believes that the soundness and transparency of management is sufficiently ensured.



[Translation]

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

#### 1. Measures to Vitalize Annual Shareholders Meeting and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanation
Exercising voting rights by electromagnetic means	From the 35th Annual Shareholders Meeting held in June 2021, the Company has allowed the exercise of voting rights via the Internet.
Participation in the Electronic Voting Platform Initiatives to Improve the Environment for Exercising Voting Rights by Other Institutional Investors	The Company has participated in the Voting Rights Exercise Platform since the 37th Annual Shareholders Meeting held in June 2023.
Provision of Notice of Convocation (Summary) in English	Since the 37th Annual Shareholders Meeting held in June 2023, the Company has disclosed a limited Notice of Convocation and reference materials in English.

#### 2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	Please refer to our website ( <a href="https://www.meiwajisy.co.jp/corp/ir/material/index_en.html#disclosure_policy">https://www.meiwajisy.co.jp/corp/ir/material/index_en.html#disclosure_policy</a> ).	
Regular Briefings for Individual Investors	Since the fiscal year ended March 31, 2022, we have been holding these briefings on an irregular basis. (Seminars were held in February and May 2023 and attended by the President & CEO.)	Yes
Holding Regular Investor Briefings for Analysts and Institutional Investors	After the full-year and second-quarter financial results, the Company holds a briefing attended by the President & CEO.	Yes
Posting IR Materials on Website	The Company provides IR contents on its website and posts disclosure materials, etc.	
Establishment of Department and/or Manager in Charge of IR	IR division: Corporate Planning Department Officer in charge of IR: Motomi Shimazu, Executive Officer Person responsible for IR-related administrative circular: Tamami Miyamoto, General Manager of Corporate Planning Department	
Other	The Company responds to individual inquiries from analysts and institutional investors in each case.	

[Translation]

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

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	In the “Corporate Governance Policy,” the Company has formulated the basic policy to establish smooth relationships with stakeholders.
Implementation of Environmental Activities, CSR Activities, etc.	The Company has established the Sustainability Committee to carry out consultation and promotion of sustainability measures. In June 2022, we established the Basic Sustainability Policy and selected Materiality, which are the most important issues for us to address. The Company discloses the details of its sustainability activities on its website and in its Corporate Social Responsibility Report ( <a href="https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#sustainability">https://www.meiwajisyo.co.jp/corp/ir/plan/index_en.html#sustainability</a> ).
Formulation of Policies for Information Provision to Stakeholders	The basic policy and information provision have been stipulated in the Company’s “Corporate Governance Policy.”

[Translation]

## IV Matters Related to Internal Control System

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

The Company considers that business operations being executed within the framework of compliance in an appropriate and efficient way and providing management and supervision to ensure that risk management functions effectively are internal control, and believes that managing such internal control in a practical manner leads to fulfillment of its responsibility to each stakeholder.

The Company is proceeding with the development of an internal system in line with the “Basic Policy for Establishment of Internal Control System” (final revision: December 11, 2015), which was resolved by the Board of Directors. In addition, the Company has received a clean opinion from the Financial Auditor as for “internal control over financial reporting.”

- (1) Systems to ensure that the execution of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation
  - 1) To ensure that the execution of duties by Directors, Executive Officers and employees comply with laws and regulations and the Articles of Incorporation, the Company establishes a system that enables practical operation of the “Corporate Governance Policy,” the “Meiwa Estate Group Code of Conduct” and others.
  - 2) The above system shall be established and operated by each division. The Company endeavors to develop and operate a company-wide compliance system through the Compliance Committee’s supervising those systems.
  - 3) Directors and Executive Officers take the initiative in practicing the above basic policy, etc., and continue to provide enlightening education to employees.
  - 4) If Directors, Executive Officers and employees recognize serious violation of laws and regulations or any other important fact related to compliance, they report the fact in accordance with the Helpline Operation Regulations. In addition, to ensure effectiveness, the Company secures whistle-blowing means in and out of the Company while assuring that there are no disadvantages for any Director, Executive Officer or employee who made a report.
  - 5) The Audit Office is positioned as the internal audit division that is independent from the divisions responsible for business execution and is under the direct control of President & CEO, and strives to identify problems in each division and make improvement.
- (2) System regarding storage and management of information related to the execution of duties by Directors
  - 1) Information related to the execution of duties by Directors (including electromagnetic records) such as minutes of the Board of Directors meetings is stored and managed appropriately in accordance with the Document Handling Regulations.
  - 2) If a request for inspection of such information is made by Directors or Audit & Supervisory Board Members, the Company stores the information in a way that enables it to be inspected promptly at the headquarters.
- (3) Regulations and other systems concerning management of risk of loss
  - 1) To ensure business continuity, the Company establishes a system under which management of risk of loss (hereinafter referred to as “risk management”) is exercised practically.
  - 2) The Risk Management Committee establishes the Risk Management Regulations including the basic policy for risk management, and supervises development and operation of risk management in each division.
  - 3) Directors and Executive Officers play a leading role in risk management, and continue to provide enlightening education to employees.
  - 4) If an accident, etc. occurs, the Risk Management Committee and the Board of Directors take measures in a prompt and appropriate manner based on reports from the division in charge.
- (4) Systems to ensure that the execution of duties by Directors is implemented efficiently
  - 1) The Board of Directors delegates authority to Executive Officers in accordance with the Division of Duties Regulations and the Administrative Authority Regulations and clarifies job roles and administrative authority. This system makes it possible to carry out operations efficiently.
  - 2) To increase effectiveness of cooperation among Directors, and consider and determine important managerial matters cross-sectorally, the Company has set up the Monthly Strategy Meeting which is

[Translation]

- comprised of Directors, Executive Officers and principal employees and the General Managers Meeting, and works to speed up decision-making and business execution.
- 3) Directors clarify management goals associated with assigned duties to Executive Officers and employees and disseminate these goals among them.
- (5) Systems to ensure appropriate operations of the corporate group consisting of the Company and subsidiaries (hereinafter referred to as the “Group”)
- 1) Systems to ensure that the execution of duties by Directors, employees who execute business and others (hereinafter referred to as “Directors, etc.”) and employees of subsidiaries comply with laws and regulations and the Articles of Incorporation
    - a. To ensure appropriate operations of subsidiaries, the Company shares “Corporate Governance Policy” and the “Meiwa Estate Group Code of Conduct” in the Group, and establishes a system in which the said policy and code of conduct, etc. are operated in a practical way based on actual circumstances of subsidiaries.
    - b. The Company’s Corporate Planning Department does integrated management, and the Company’s Audit Office conducts internal audits.
  - 2) Systems for reporting matters concerning execution of duties by Directors, etc. of subsidiaries to the Company
    - a. The Subsidiaries Meeting, which is comprised of President & CEO, the Executive Officer in charge of subsidiaries and full-time Audit & Supervisory Board Members of the Company and Directors, etc. of subsidiaries, is held regularly to report and discuss important matters regarding overall management of subsidiaries.
    - b. The Executive Officer in charge of subsidiaries reports operations of subsidiaries and execution of duties by their Directors, etc. and employees to the Company’s Board of Directors.
    - c. The Corporate Planning Department that is the supervisory division receives reports from subsidiaries, and deliberates and gives guidance as needed.
  - 3) Regulations and other systems concerning management of risk of loss of subsidiaries
    - a. The Board of Directors of subsidiaries establishes the Risk Management Regulations, and responds to risks in accordance with these regulations while consulting with the Corporate Planning Department that is the supervisory division.
    - b. The Company’s Risk Management Committee is in charge of matters that are anticipated to affect the entire Group and matters requiring the Group-wide measures, and responds to such matters in a unified manner.
  - 4) Systems to ensure that the execution of duties by Directors, etc. of subsidiaries is implemented efficiently
    - a. The Board of Directors of subsidiaries clarifies job roles and administrative authority of Directors, etc. in accordance with the Division of Duties Regulations and the Administrative Authority Regulations. This system makes it possible to carry out operations efficiently.
    - b. Consistent corporate operation as the Group is conducted by holding Subsidiaries Meeting regularly, sharing management information, and other means.
- (6) In the case where Audit & Supervisory Board Members request that employees be assigned to assist their duties, matters regarding these employees  
Audit & Supervisory Board Members may provide instructions necessary for auditing work to employees who belong to the Audit Office and employees in a division that Audit & Supervisory Board Members consider necessary for auditing work, and the Audit Office and employees who received instructions fully cooperate in this.
- (7) Matters regarding independence of employees of the preceding item from Directors
- 1) Employees who received instructions necessary for auditing work from Audit & Supervisory Board Members shall not be in the reporting line of Directors and others with regard to the instructions.
  - 2) For transfer, etc. of these employees, consent shall be obtained from Audit & Supervisory Board Members.

[Translation]

- (8) Systems for Directors and employees to report to Audit & Supervisory Board Members, and other matters regarding reporting to Audit & Supervisory Board Members
  - 1) Systems for Directors, Executive Officers and employees to report to Audit & Supervisory Board Members  
The Company develops a system in which Directors, Executive Officers and employees promptly report to Audit & Supervisory Board Members matters that have a significant impact on the Group, the status of performance of internal audits, etc. in addition to statutory matters.
  - 2) Systems for Directors, etc. and employees of subsidiaries or those who received a report from them to report to Audit & Supervisory Board Members of the Company  
When Directors, etc. and employees of subsidiaries find any matter that may have a significant impact on the Group, they report this fact to Audit & Supervisory Board Members or the Corporate Planning Department of the Company.
  - 3) Systems to ensure that persons who made the above report do not receive disadvantageous treatment for the reason of having made the report  
The Company assures that any disadvantageous treatment is not made to persons who made the report, pursuant to the Helpline Operation Regulations.
- (9) Matters related to procedures for advance payment or reimbursement of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members, or policies for processing of other expenses or liabilities incurred in connection with such execution of duties  
When Audit & Supervisory Board Members request advance payment, etc. of expenses incurred in connection with the execution of duties, the Company processes expenses or liabilities promptly.
- (10) Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively  
A regular meeting to exchange opinions is held between the Audit & Supervisory Board and President & CEO, and the Company asks Audit & Supervisory Board Members to attend the Board of Directors meetings and other important meetings such as Monthly Strategy Meeting, and in doing so, explains details of agenda in advance based on materials as needed.

## **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts**

- (1) Positioning compliance as one of its important management issues, the Group has provided in the “Meiwa Estate Group Code of Conduct” that the Group “shall respond resolutely to anti-social forces and groups that pose a threat to order and security of civil society.”
- (2) Progress of efforts for eliminating anti-social forces
  - 1) The Company has designated the General Affairs Department as the division responsible for handling matters relating to anti-social forces, cooperates with police authorities, corporate lawyers, etc., and takes measures according to cases.
  - 2) The Company works on internal educational activities such as providing information and training to all employees of the Meiwa Estate Group.
  - 3) The Company has joined the membership of Tokubouren (special anti-violence countermeasures federation) of the Metropolitan Police Department, and proactively participates in activities to eliminate criminal organizations.

[Translation]

## V Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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#### Supplementary Explanation

The Company thinks that, in the case where a purchase is made for the purpose of acquiring a large volume of shares, ultimately it should be left to the judgment of shareholders whether or not they accept the offer. In addition, the Company recognizes that as for a purchase for the purpose of acquiring a large volume of shares (or takeover offer), it is necessary to carefully consider and determine effects of the purchase (or takeover offer) on the Company's corporate value and shareholders' common interests based on the purchaser's business line, future business plans, past investment behaviors and other factors.

### 2. Other Matters Concerning Corporate Governance System

The Company has positioned timely disclosure of company information as one of its important management issues. The Company is confident that disclosing its decision information, occurrence information, financial results, etc. in prompt, accurate and fair manners in accordance with the Timely Disclosure Rules and the Financial Instruments and Exchange Act and other related laws and regulations results in receiving appropriate recognition from investors in markets and enhancing the Company's credibility.

The Company's internal system for timely disclosure of company information has been established as follows.

#### (1) Information-handling personnel and division in charge

The Corporate Planning Department (IR division) is in charge of the Company's timely disclosure. As the "person responsible for information management" of company information, the executive officer in charge of Corporate Planning Department has been appointed.

The Corporate Planning Department is the contact point for receiving information from each division and each subsidiary, while doing report to/consultation with the Board of Directors, the Audit & Supervisory Board and President & CEO, proposing disclosure, preparation of disclosure materials and coordination for disclosure work.

In addition, the department thoroughly disseminates compliance with rules for disclosure of company information stipulated in the Timely Disclosure Rules and the Financial Instruments and Exchange Act and other related laws and regulations throughout the Company, as well as conducting educational activities in relation to corporate governance, compliance, insider trading regulations, etc. Practical measures for compliance, personal information protection, etc. are taken with Legal and Compliance Department as the division in charge.

Major information management divisions (internal control function) are the General Affairs Department, the Human Resources Department, the Accounting Department and Legal and Compliance Department, in addition to the Corporate Planning Department. While the role of each division is basically as follows, the Company strives to ensure that timely and appropriate disclosure of company information is made by conducting close internal cooperation through exchange of information.

- Corporate Planning Department: Judgment on organizational structure and function, formulation and supervision of management plans, supervision of subsidiaries, actions for corporate governance
- General Affairs Department: Establishment of the Company's important in-house matters including shares and regulations/rules
- Human Resources Department: Personnel management, including human resource development, development of in-house systems, and labor management
- Accounting Department: Matters regarding closing of accounts (in cooperation with the Financial Auditor, etc.)
- Legal and Compliance Department: Matters regarding compliance and internal control, and matters regarding business relationships (in cooperation with corporate lawyers, etc.)

[Translation]

(2) Work flow

1) Occurrence information

In the stage where any matter that might fall under timely disclosure arises at each department of the Company or each subsidiary, or the stage where the department or subsidiary recognizes the possibility, the General Manager of each relevant department takes a measure to prevent any information leak outside the department and reports the fact to the Corporate Planning Department in writing. The Corporate Planning Department that received the report makes a report in writing to the Board of Directors, the Audit & Supervisory Board and President & CEO through the person responsible for information management after confirming the fact, and at the same time, considers whether the information falls under important facts stipulated in the Timely Disclosure Rules and the Financial Instruments and Exchange Act and other related laws and regulations. If the information falls under disclosure information, the person responsible for information management reports to the Board of Directors, the Audit & Supervisory Board and President & CEO details of company information that must be disclosed, and obtains approval of the Board of Directors for the disclosure. However, in the case of important matters of urgency, information is disclosed with final decision of President & CEO, and approval of the Board of Directors is obtained subsequently. In the absence of President & CEO, authority is delegated so that the person responsible for information management can make a final decision.

The Corporate Planning Department that is the IR division prepares disclosure materials and discloses information via TDnet after disclosure information is finalized. In addition, the Company announces information at a press conference, distributes materials to press clubs and posts information on its website as needed.

2) Decision information, financial results, etc.

If each department or each subsidiary determines any matter that falls under timely information, the General Manager of each relevant department takes a measure to prevent any information leak outside the department and reports the decision to the Corporate Planning Department in writing. The Corporate Planning Department that received the report makes a report in writing to the Board of Directors, the Audit & Supervisory Board and President & CEO as needed, and at the same time, the person responsible for information management consults the Board of Directors on information to be disclosed and obtains approval of the Board of Directors.

The Corporate Planning Department that is the IR division prepares disclosure materials and discloses information via TDnet after disclosure information is finalized. In addition, the Company announces information at a press conference, distributes materials to press clubs and posts information on its website as needed.

(3) Systems for checking company information management

1) Audit Office

The Company has set up the Audit Office that is independent from the divisions responsible for business execution and is under the direct control of President & CEO, as the internal audit function. The Audit Office investigates whether the information management system is in accordance with internal regulations and whether the system functions appropriately, and makes a report to President & CEO.

2) Audit & Supervisory Board Members (Audit & Supervisory Board)

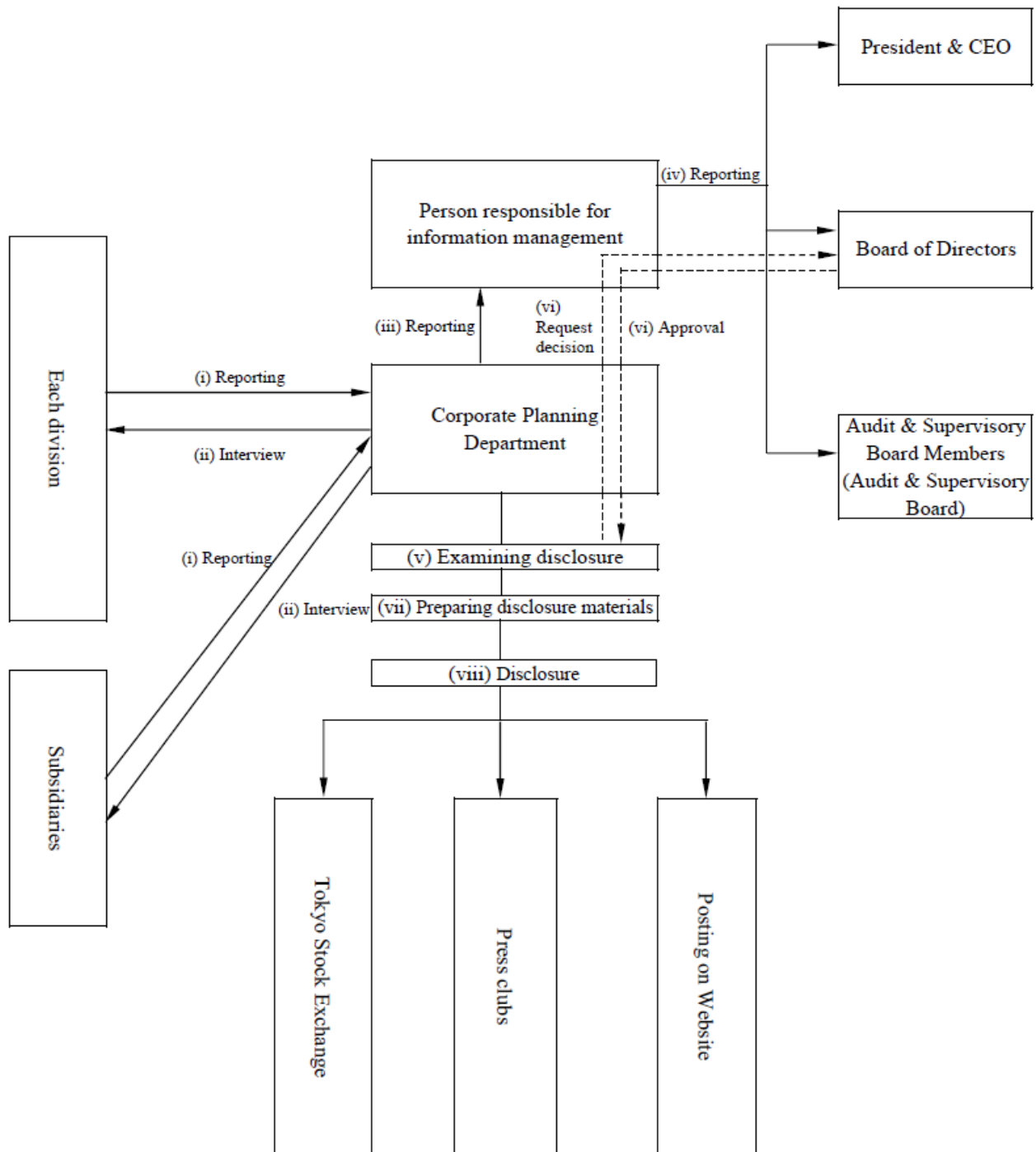
The Company's Audit & Supervisory Board is composed of four members consisting of three outside Audit & Supervisory Board Members and one internal Audit & Supervisory Board Member. Audit & Supervisory Board Members attend the Board of Directors meetings, and the full-time Audit & Supervisory Board Members also attend the Monthly Strategy Meeting and the Subsidiaries Meeting. The system enables Audit & Supervisory Board Members to understand important information of the Group through the attendance at such a meeting structure, and Audit & Supervisory Board Members fulfill the checking function for the Company's information management by expressing their opinions about information management and timely disclosure at the Board of Directors meetings as needed in consideration of investigations on the information management system by the Audit Office, hearings with the Corporate Planning Department that is the IR division, etc.

Refer to <Appendix> "Internal system for timely disclosure of company information"

[Translation]

Appendix

Internal system for timely disclosure of company information





[Translation]

▼ Corporate governance system

