

Training for officers

Training policy

To ensure that Directors, including Outside Directors, appropriately fulfill the roles and responsibilities expected of them as part of the Company's important governance bodies, we provide opportunities for training, such as for acquisition and appropriate updating of necessary knowledge and deeper understanding of their roles and responsibilities.

Main training content

For the fiscal year ended March 31, 2024, internal and outside Directors and Audit & Supervisory Board Members attended a seminar conducted by an external lawyer on the responsibilities and duties of executives in listed companies, which deepened their understanding of their roles and responsibilities. In addition, internal Directors and Audit & Supervisory Board Members, like employees, completed compliance training covering 18 topics. Outside Directors and Audit & Supervisory Board Members, on the other hand, participated in a training program covering 13 topics, after receiving explanations from relevant departments about the Company's internal operations (such as site visits, cost management, and sales management systems). Through the program, they enhanced their understanding of the Daiei Kankyo Group's businesses.

For the fiscal year ending March 31, 2025, we will continue to provide compliance training with external instructors for both internal and outside Directors. Outside Directors will also receive explanations from relevant departments about the Company's internal operations (such as site visits, transportation business management systems, and human capital initiatives), and will participate

in a training program with 13 topics to further enrich their understanding of the Group's businesses.

Audits

The Company transitioned from the structure of a company with an audit and supervisory board to the structure of a company with an audit and supervisory committee on June 26, 2024. The auditing system is structured as follows.

Our audits involve the Audit Office and the Audit & Supervisory Committee (formerly the Audit & Supervisory Board) holding regular meetings with the accounting auditor. This enables the sharing of information regarding internal audit results, Audit & Supervisory Committee Members' audit findings, and accounting audit results (quarterly reviews and annual audits), facilitating complementary and effective audits.

The business audits conducted by the Audit & Supervisory Committee Members (formerly the Audit & Supervisory Board Members) are carried out by one Full-time Audit & Supervisory Committee Member and two Outside Directors who are Audit & Supervisory Committee Members. The Audit & Supervisory Committee meets monthly in accordance with the rules of the Audit & Supervisory Committee. In addition to attending important meetings, including meetings of the Board of Directors, Audit & Supervisory Committee Members review important documents and other information related to the execution of business operations, and receive reports from the officers and employees of the Company and its subsidiaries from time to time regarding information necessary for auditing. They also exchange views with the President and Representative Director on a regular basis.

Internal audits of the Daiei Kankyo Group are conducted by the Audit Office, which reports directly to the President and Representative Director. The Audit Office conducts audits of the business activities of each department and the operation of various systems in light of management objectives. The Audit Office regularly meets and coordinates with the Audit & Supervisory Committee (once a month) and the accounting auditor (twice a year), thereby ensuring efficient internal audits. The office also provides guidance, advice, and recommendations to the audited departments based on the internal audit results. Furthermore, once an audit is completed, an internal audit report is compiled after a comprehensive review and assessment of the audit findings and opinions of the department being audited, and this report is delivered to the Board of Directors, the President and Representative Director, and the Audit & Supervisory Committee.

Results of audit by the Audit & Supervisory Board Members for FY2024/3

Covered	26 locations (3 companies, 26 departments)
Result	No misconduct in the execution of duties by Directors or serious violation of laws and regulations or the Articles of Incorporation was found.

Results of internal audit for FY2024/3

Covered	51 locations (16 companies, 45 departments)
Result	No serious violations of relevant laws and regulations, such as the Waste Management and Public Cleansing Act and the Industrial Safety and Health Act, were found.

Results of internal audit for FY2024/3

Covered	GYOSEI & Co.
Result	Appropriate in all material respects (unqualified opinion)