

Diversity in the Board of Directors and officers

Our Board of Directors consists of five men and two women, including three Outside Directors with expertise as lawyers, certified public accountants, and tax accountants, ensuring a diverse Board composition. In the Board of Directors' meetings, these Independent Outside Directors provide valuable advice from multifaceted perspectives and with specialized knowledge, leading to very active discussions.

We maintain a policy of ensuring that at least one-third of the Directors are Independent Outside Directors. While the specific timing and selection of individuals have yet to be determined, we are considering, as part of our medium- to long-term strategy, the additional appointment of Independent Outside Directors with business management experience to further strengthen governance and enhance diversity.

Policy on appointment of Directors and Outside Directors, and nomination of candidates

When appointing and nominating Directors, decisions are made by the Board of Directors based on deliberations by a voluntary Nomination & Compensation Advisory Committee, which is composed of a majority of Independent Outside Directors and follows the selection criteria established by the Company.

Outside Directors are determined through a similar process based on the selection criteria and independence criteria established by the Company.

CEO succession plan

The qualifications required of a CEO are set out below. The President recommends candidates for succession, and after deliberation by the Nomination & Compensation Advisory Committee, the committee reports to the Board of Directors, which then makes a decision by resolution of the Board.

Qualifications required of a CEO

- (1) Meet the requirements set out in the criteria for appointment of Directors
- (2) Possess the ability to formulate plans and execute them on their own, as well as the ability to exercise leadership in order to achieve the Group's sustainable growth and enhance its corporate value over the medium to long term

Training for officers

To ensure that Directors, including Outside Directors, appropriately fulfill the roles and responsibilities expected of them as key members of the Company's governance bodies, we provide training opportunities to acquire and update necessary knowledge and deepen their understanding of these roles and responsibilities.

For the fiscal year ended March 31, 2025, Inside and Outside Directors 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, Inside Directors, like employees, completed compliance training covering 18 topics. Outside Directors participated in a training program covering 13 topics, following explanations from relevant departments about the Company's internal operations, including site visits, transportation business management systems, and employment of persons with

disabilities. Through this program, they enhanced their understanding of the Daiei Kankyo Group's businesses.

For the fiscal year ending March 31, 2026, we will continue providing compliance training led by external instructors for both Inside and Outside Directors. Outside Directors will also receive explanations from relevant departments regarding the Company's internal operations, including site visits, Group consolidated budget policies, and technical support for new facilities and businesses. This will be followed by participation in a training program covering 13 topics to further deepen their understanding of the Group's businesses.

Management of affiliated companies

The Daiei Kankyo Group is composed of 51 companies, including Daiei Kankyo Co., Ltd. and its 38 consolidated subsidiaries, 2 non-consolidated subsidiaries, 6 affiliated companies accounted for by the equity method, and 5 affiliated companies not accounted for by the equity method. (As of March 31, 2025)

We have established the Basic Policies for Internal Control and have built a system to ensure the appropriateness of operations within the Group. Regarding the control of affiliated companies, we have established the Affiliate Company Management Rules, and the Company's Business Administration Division takes the lead in guiding and supporting the smooth operation of affiliated companies in accordance with the Basic Policies on the Management of Subsidiaries.

Important management matters are decided at the Group Management Meeting. To enhance internal checks and balances, we not only dispatch Directors and Audit & Supervisory Committee Members from the Company but also conduct internal audits by the Audit Office and business audits by the Audit & Supervisory Committee Members.

Audits

Audits are conducted through regular exchanges of opinions among the Audit & Supervisory Committee, the Audit Office, and the accounting auditor. By sharing information on the Audit & Supervisory Committee's findings, internal audit results, and accounting audit outcomes (including quarterly reviews and annual audits), they facilitate complementary and effective audits. Operational audits by the Audit & Supervisory Committee 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 business execution, 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 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 (four times 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

Audit & Supervisory Committee audit results for FY2025/3

Covered	30 locations (3 companies, 30 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 FY2025/3

Covered	52 locations (21 companies, 49 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.

Accounting audit results for FY2025/3

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

department being audited, and this report is delivered to the Board of Directors, the President and Representative Director, and the Audit & Supervisory Committee.

Compliance

We recognize that compliance is of the utmost importance for the Group to enhance business continuity and continue to evolve as a company with the power to create better environments. We formulated the Daiei Kankyo Group Business Conduct Guidelines as a specific code of conduct that all officers and employees of the Group must comply with. By putting these guidelines into practice, we aim to build a group that is trusted and needed by society, and one in which people can take pride in working.

Whistleblowing system

To quickly detect and rectify misconduct and strengthen compliance management, the Group has established both internal and external whistleblowing channels accessible to all officers, employees, contracted employees, part-timers, temporary workers (hereinafter, "personnel"), as well as business partners.

The internal contact point is set up in the Audit Office, which is an independent organization. If the matter relates to the Audit Office, it may be reported to the Company's General Affairs Department Manager or Full-time Audit & Supervisory Committee Member, and if the matter relates to a Director of the Company, it may be reported to an Audit & Supervisory Committee Member of the Company. We also address consultations regarding organizational or individual violations of internal regulations and compliance issues from all personnel. The external whistleblowing channel is handled by an independent external lawyer with no conflicts of interest with the Company.

No. of whistleblowing reports

(Fiscal year ended March 31)

	2022	2023	2024	2025
Internal contact point	14	10	24	25
External contact point	1	5	5	4
Total	15	15	29	29

Overview of whistleblowing cases

(Fiscal year ended March 31)

	2022	2023	2024	2025
Misconduct, etc.		1	1	5
Violation of rules and regulations	2	4	8	5
Harassment, etc.	9	9	15	10
Work improvement, etc.	3	1	1	4
Dissatisfaction with personnel affairs	1		4	5
Total	15	15	29	29