

Basic concept

To live up to the trust placed in us by our customers and society, as well as to enhance our corporate value, the Daiei Kankyo Group is committed to improving fairness and transparency in management and enhancing the supervisory function of the Board of Directors and the Audit & Supervisory Committee. By doing so, we are working to improve our corporate competitiveness, ensure prompt and rational decision-making, and achieve transparent and sound management.

We have also established the Basic Policies for Internal Control. Through the development of an internal control system, we have built a system to execute business legally and efficiently.

Form of institutional design and reason for adoption

The Company transitioned from the structure of a company with an Audit & Supervisory Board to the structure of a company with an Audit & Supervisory Committee on June 26, 2024. This transition aims to enhance the supervisory function of the Board of Directors by granting members of the Audit & Supervisory Committee who are also directors voting rights on the Board. Additionally, the committee, where the majority are outside directors, performs not only legality audits but also validity audits.

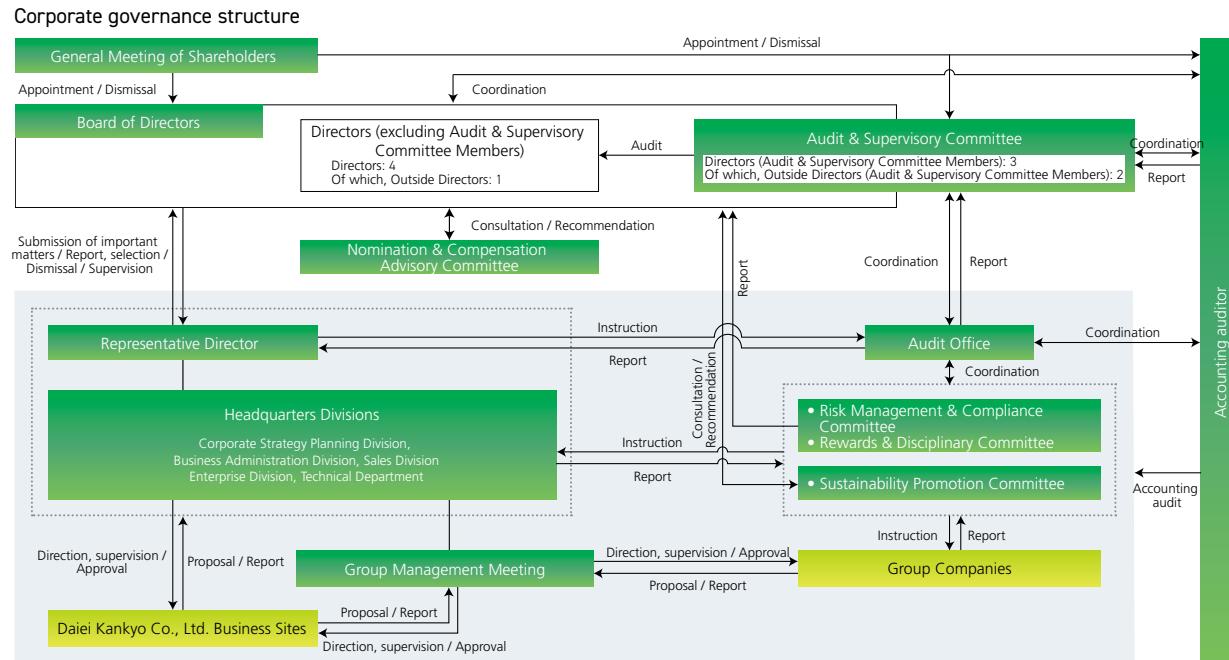
In addition, to strengthen our corporate governance structure, we have established the Risk Management & Compliance Committee and other committees as well as the Group Management Meeting to facilitate prompt decision-making, agile business execution, and Group management.

Corporate governance structure at a glance

Form of institutional design	Company with an audit and supervisory committee
Chair of the board of directors	President and Representative Director / Executive Officer
No. of directors	4
Of which, outside directors	1
No. of outside directors designated as independent officers	1
No. of directors (audit & supervisory committee members)	3
Of which, outside directors (audit & supervisory committee members)	2

Corporate Governance Report https://www.dinsgr.co.jp/english/csr/pdf/Corporate_Governance_Report_en_20250630.pdf

No. of directors (audit & supervisory committee members) designated as independent officers	2
Term of office of directors	1 year
Term of office of directors (audit & supervisory committee members)	2 years
Adoption of executive officer system	Adopted
Establishment of voluntary advisory committee	Nomination & Compensation Advisory Committee
Adoption of performance-linked remuneration system	Adopted
Accounting auditor	GYOSEI & Co.



Overview of corporate governance structure

Meeting body	No. of members	Chair / Committee Chair	Members	Purpose and contents
Board of Directors Frequency: In principle, once a month	7 4 inside 3 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, 1 Outside Director, Director (Full-time Audit & Supervisory Committee Member), 2 Outside Directors (Audit & Supervisory Committee Members)	Makes decisions on important management matters and ensures management transparency through the appointment of independent Outside Directors. Furthermore, the Company's Articles of Incorporation allow us to delegate all or part of the decision-making authority for important business executions to Directors. This delegation of authority enables us to achieve swift and accurate decision-making.
Audit & Supervisory Committee Frequency: In principle, once a month	3 1 inside 2 outside	Akira Minemori Director (Full-time Audit & Supervisory Committee Member)	Director (Full-time Audit & Supervisory Committee Member), 2 Outside Directors (Audit & Supervisory Committee Members)	In addition to sharing information and exchanging opinions on the status of Directors' performance of their duties, the Full-time Audit & Supervisory Committee Member reports on the status of audits at important meetings and the results of internal document inspections, and also discusses cooperation with the Audit Office and accounting auditor.
Nomination & Compensation Advisory Committee Frequency: At least once a year	3 1 inside 2 outside	Kazumasa Murai Outside Director (Audit & Supervisory Committee Member)	1 Outside Director (Audit & Supervisory Committee Member), President and Representative Director / Executive Officer, 1 Outside Director	To strengthen the fairness, transparency, and objectivity of the procedures related to nomination and remuneration, and to enhance corporate governance, deliberates on matters raised by the Board of Directors, such as the policy and standards for the election and dismissal of Directors, the remuneration system for Directors, and the policy for determining remuneration, and reports back to the Board of Directors.
Group Management Meeting Frequency: In principle, once a month	12 12 inside 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Corporate Strategy Planning Division, Executive Officer / Executive Assistant to President, Executive Officer / General Manager of Business Administration Division, Executive Officer / General Manager of Enterprise Division, Executive Officer / Deputy General Manager of Business Administration Division / Manager of General Affairs Department, Executive Officer / Deputy General Manager of Business Administration Division / Manager of Accounting Department, Executive Officer / Manager of Technical Department, Executive Officer / Deputy General Manager of Sales Division	To optimize the Group management, makes relevant decisions from a Companywide perspective. Relevant parties, including Group subsidiaries, also attend as needed.
Risk Management & Compliance Committee Frequency: At least once a quarter	5 5 inside 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Business Administration Division, Executive Officer / Deputy General Manager of Business Administration Division / Manager of General Affairs Department, Manager of Audit Office	By establishing standard procedures for risk management, strives to minimize losses and enhance the credibility of the Group by preventing the occurrence of risks and ensuring compliance. Additionally, under the committee, an Information Security Committee has been established to strengthen the management system and reduce the risk of information leaks.
Rewards & Disciplinary Committee Frequency: Occasional	5 5 inside 0 outside	Hitoshi Wanibe Executive Officer General Manager of Business Administration Division	Executive Officer / General Manager of Business Administration Division, Director (Full-time Audit & Supervisory Committee Member), Human Resources Department Manager, Executive Officer / Deputy General Manager of Business Administration Division / Manager of General Affairs Department, Manager of Audit Office	Strives to ensure sound management through the strict and proper application of the regulations regarding discipline stipulated in the employment regulations.
Sustainability Promotion Committee Frequency: At least twice a year	8 8 inside 0 outside	Fumio Kaneko President and Representative Director / Executive Officer	President and Representative Director / Executive Officer, Director and Senior Managing Executive Officer, Director and Junior Managing Executive Officer, Director (Full-time Audit & Supervisory Committee Member), Executive Officer / General Manager of Corporate Strategy Planning Division, Executive Officer / General Manager of Business Administration Division, Executive Officer / General Manager of Enterprise Division, IR/Sustainability Promotion Department Manager	Formulates and revises the Basic Policy on Sustainability, identifies material issues (materiality), and sets goals and manages progress toward resolving social issues. When receiving a consultation from the Board of Directors, discusses management plans from the perspective of promoting sustainability and reports back to the Board.

Transition to a stronger governance structure

April 2020 Established Risk Management & Compliance Committee	June 2020 Established Group Management Meeting	June 2021 Established Audit & Supervisory Board	December 2021 Established Nomination & Compensation Advisory Committee	September 2022 Established Sustainability Promotion Committee	June 2024 Transitioned to a company with an audit and supervisory committee	April 2025 Established Information Security Committee under the Risk Management & Compliance Committee
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