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CORPORATE GOVERNANCE

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Inabata & Co., Ltd.

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The corporate governance of Inabata & Co., Ltd. (the “Company”) is described below.

I. Corporate governance (basic views), capital structure, corporate attributes, and other basic information

1. Basic views

The Company's Mission is to “contribute to the development of society based on the humanitarian spirit of ‘ai (love)’ and ‘kei (respect).’” Based on this Mission, we believe that in order to meet the expectations of our shareholders, business partners, employees, and all other stakeholders who support our corporate activities, and in order to enhance our corporate value in a sustainable manner, it is essential to develop and establish a strong corporate governance system that will ensure the transparency and fairness of the Company's management and provide a foundation for prompt and determined decision-making.

[Reasons for non-compliance with the principles of Japan's the corporate governance code]

The Company complies with all the principles of the corporate governance code.

[Disclosure based on the principles of Japan's corporate governance code] Updated

[Principle 1-4. Strategically held shares]

1. Policy on strategic holding of listed shares

(1) Basic views

Close business and cooperative relations with various companies are valuable assets to the Company, and the Company believes the establishment, maintenance and development of these relations improve the Company's corporate value in the medium and long term and lead to the benefit of shareholders and investors.

Also, as the Company believes the strategic holding of shares of such companies continues to be an effective way to establish, maintain and develop good cooperative relations, the Company owns strategically held shares.

(2) Policy related to holding and reducing strategically held shares

The Company forms a judgment concerning the pros and cons of strategically held shares based on whether holding them contributes to the establishment of cooperative relations, enhances the Company's corporate value in the medium and long term and leads to the benefit of shareholders and investors.

Specifically, at the meetings of the board of directors, the Company annually conducts a comprehensive review of the reasons backing the suitability of holding each stock, considering the financial status, liquidity of shares of investees, changes in trading volume and income from business with such investees or investee groups, as well as outlook thereof in the medium and long term, and economic rationality such as whether risk and return is proportionate to the capital cost and other qualitative information.

The Company follows a policy of reducing the shares that the holding of which is not considered significant, while considering timing and the effect on the market and the business.

In addition, the Company has set forth the financial strategy in the mid-term management plan “New Challenge 2026” (“NC2026”), which ends in the fiscal year ending March 31, 2027, to “improve asset efficiency and generate investment funds by reducing cross-shareholdings” and to steadily implement the announced policy of “reducing cross-shareholdings by approximately 80% compared to the balance as of March 31, 2021 by March 31, 2027.”

2. Criteria for exercise of voting rights for strategically held shares

In principle, the Company exercises voting rights for all agendas in order to exercise its rights as a shareholder.

The Company reviews the merits and demerits of each agenda and exercises voting rights based on the judgment criteria of whether sustainable growth of the held company and improvement of its corporate value in the medium and long term can be expected.

[Principle 1-7. Related party transactions]

The Company shall obtain approval of the board of directors in accordance with the Rules of the Board of Directors when directors conduct a conflict-of-interest transaction or a competitive transaction. The Company judges that the board of directors is providing appropriate supervision through these operations. In addition, the Company annually reviews whether there is any related party transaction which involves directors.

Regarding any transaction with major shareholders, the Company determines a price and other terms and conditions in consideration of general transactions after individual negotiation and discloses details of such transactions in securities reports, etc.

[Principle 2-4. Ensuring diversity in companies, including active participation of women]

Supplementary Principle 2-4-1

As global competition intensifies, we recognize the importance of diverse values for the sustainable development of our business. Group employees come from a diverse range of backgrounds and are active on a global scale. We are focusing on implementing measures and enhancing systems to ensure fairness in recruitment, assignment, evaluation, treatment, and promotion regardless of race, religion, nationality, age, gender, sexual orientation, or disability so that each employee can fully demonstrate their abilities. We respect the individuality and abilities of each employee and strive to foster an organizational culture that embraces and makes the most of this diversity and allows employees to work together with a sense of unity.

We also recognize that human resources are our greatest asset, and human resource development is an important management issue. Our human resource and skills development is based on the humanitarian spirit of ‘ai (love)’ and ‘kei (respect)’ and our Mission. Our human resource development is simply to nurture human resources who share our IK Values and are able to realize our Vision.

We develop human resources with expertise and the ability to lead our organization and business both domestically and internationally by providing diverse work experiences and growth opportunities as well as implementing role-based training programs. The development of global human resources who can coexist with the international community and create new value from a global

perspective, regardless of national borders, is an important issue for the Group conducting businesses on a global basis.

The Group's materiality is "fostering and strengthening of human capital that contributes to value creation," and we are promoting new work style reforms, diversity and inclusion, employee engagement, human resource and skills development, occupational health and safety, and other initiatives to further expand our systems and enhance our training among other efforts. In addition, in our "Sustainability Medium-term Plan 2026" formulated in 2024, we set two to five KPIs and targets related to human capital for each of our four strategies: "improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth," "foster diversity and inclusion that makes the most of diverse individuals," "further advance health and productivity management," and "focus on investment in human capital." The Sustainability Committee monitors the progress of the Medium-term Plan, while the board of directors oversees the steady implementation of these initiatives.

We have formulated a General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children and are actively promoting it in order to create work environments where women can more actively participate as well as to support the work-life balance of employees for both men and women in areas such as childcare and long-term care.

In the four-year plan from April 1, 2024 to March 31, 2028, we set two targets: "(1) establish a system and training environment for career building so that the ratio of female managers will be 8% or more by March 2028 and 10% or more by 2030 at the latest" and "(2) maintain (and continue to maintain) the percentage of women new college graduates hired for Staff positions at the current level of 20% or more." As of March 31, 2026, we have made smooth progress with figures (1) 7.3% and (2) 46.7% respectively.

We will continue to further implement various initiatives to address recognized issues and achieve these targets.

We are also focusing on hiring mid-career employees and promoting them to managerial positions. We hired 31 mid-career employees in the fiscal year ended March 31, 2026 and the ratio of mid-career hires among total permanent employees hired during the year was 51.7%. The ratio of mid-career employees among total employees is 34.6%, and the ratio of mid-career employees among managers is 33.2%, and the number of appointments is progressing. In addition, mid-career hires account for two of the three executive directors, and five of the 15 general managers who are executive managers. We also appoint mid-career hires in senior management to ensure diversity.

We also consider the development of national staff at our overseas subsidiary and their promotion to senior management (President, directors) to be an important issue that we are working on. As part of the "Sustainability Medium-term Plan 2026," we have set a KPI and target to "encourage managerial appointments for local employees at overseas subsidiaries," and we are advancing initiatives such as the improvement of the system. In the fiscal year ended March 31, 2026, one national staff member was appointed as a director at the local subsidiary in Malaysia, marking the third instance of senior management appointment at overseas subsidiaries, following Taiwan and the United States.

[Principle 2-6. Execution of function as asset owner of company pension]

The Company has set a policy for the operation of the pension assets and a basic policy regarding the operation of pension assets which focus on the management of all operational risks in order to secure payments of the company pension for the future.

The Company delegates all operation of the pension assets to third parties due to expertise required of such operations. All third parties operating the pension have accepted the stewardship code.

Decisions regarding the investees and the execution of voting rights are delegated to the third parties operating the pension assets. As a result, the pension operation liaison committee, which is comprised of responsible persons of the finance, accounting, and human resources departments, regularly discusses and verifies pension finance and the operation of the pension. The committee strives to maximize the interest of the beneficiaries and ensure proper management of transactions involving conflicts of interest.

[Principle 3-1. Enhancement of information disclosure]

- (i) With the Mission of contributing to the development of society based on the humanitarian spirit of "ai" (love) and "kei" (respect), which is the Corporate Principle, as the basis of corporate management, the Company operates its businesses with its Vision of continually evolving, serving clients and society through global operations, and meeting their changing needs. The Company discloses its management strategy and plan on the website and in securities report, etc.
- (ii) The Company's Mission is to "contribute to the development of society based on the humanitarian spirit of 'ai (love)' and 'kei (respect).'" Based on this Mission, we believe that in order to meet the expectations of our shareholders, business partners, employees, and all other stakeholders who support our corporate activities, and in order to enhance our corporate value in a sustainable manner, it is essential to develop and establish a strong corporate governance system that will ensure the transparency and fairness of the Company's management and provide a foundation for prompt and determined decision-making. Based on the Mission, the Company establishes continuous improvement of corporate governance as its basic policy from the perspective of maintaining healthy corporate management and improving transparency as well as efficiency of operations, supported by the view that sustainable improvement of corporate value is important to all stakeholders.
- (iii) The board of directors determines remuneration of directors (excluding directors who are audit and supervisory committee members) within the total remuneration approved at a general meeting of shareholders. The Nominating and Remuneration Committee first reviews the details before the board of directors makes the decision. The board of directors works to ensure objectiveness, fairness and transparency by giving sufficient respect to its opinions. In addition, the Nominating and Remuneration Committee is chaired by the head independent director, and the majority of the members of the committee are independent directors. Remuneration for directors who are audit and supervisory committee members is determined upon deliberation of directors who are audit and supervisory committee members within the total remuneration approved at a general meeting of shareholders. Remuneration for directors is disclosed in [Incentives] and [Director remuneration] in this corporate governance report and in securities reports.
- (iv) When the board of directors elects executives and appoints candidates for directors and executive officers, the Nominating and Remuneration Committee takes measures, for instance, such as interviewing candidates, to examine credentials and aptitude which would contribute to the improvement of corporate value in the medium and long term and to ensure the objectivity, fairness and transparency of any decision the board of directors makes. The Company has the "criteria for independence of independent directors" independently in place for the election of independent directors and elects them in accordance with the criteria. When the board of directors dismisses executives, the matter is first deliberated by the Nominating and Remuneration Committee. Then, while giving adequate consideration to the results of the deliberations by the Nominating and Remuneration Committee, the board of directors will decide on the dismissal of the executives by resolution, working to ensure that objectiveness, fairness and transparency is reflected in this resolution. Decisions regarding the nomination of candidates for directors who are Audit and Supervisory Committee members are made by the board of directors after receiving consent from the Audit and Supervisory Committee based on the opinions of the Nominating and Remuneration Committee.
- (v) With respect to each of the reasons for the election or dismissal or nomination when carrying out election or dismissal of executives or nomination of candidates for directors, the reasons for the election or dismissal the board of directors makes in accordance with the principle mentioned in (iv) above are included in notices of convocation of general meeting of shareholders.

Supplementary Principle 3-1-3

In October 2021, the Group established the Sustainability Committee, chaired by Director, President, to address various issues surrounding the global environment and society such as climate change and human rights as important management matters.

The committee members are the senior managing executive officer in charge of sustainability who serves as the vice-chair, one director and two executive officers in charge of the four business segments, and six selected heads of administrative offices. In addition, seven independent directors and two non-executive directors also participate as observers to verify fair and effective

discussions and make recommendations as necessary. All directors participate in the Sustainability Committee, and the board of directors fulfills its supervisory function through the committee.

Convened at least once a year (plus extraordinary meetings as needed) in principle, the committee formulates, authorizes, and monitors the Group's sustainability policies and measures.

To promote sustainability activities across the Group, sustainability-related matters resolved by the Sustainability Committee and reported to and supervised by the board of directors are implemented and managed through collaboration between the dedicated Sustainability Promotion Department and the Sustainability Committee Secretariat that comprises members appointed from selected administrative offices. To support meaningful discussions at the Sustainability Committee, the Sustainability Promotion Department collates and provides Group-wide sustainability information, working together with Sustainability Promotion Members appointed from the sales divisions and selected administrative offices.

The main sustainability-related issues that have been discussed by the Sustainability Committee and reported to and supervised by the board of directors are as follows.

[FY03/2022] Establishment of Sustainability Basic Policy and Code of Conduct / Establishment of Human Rights Policy

[FY03/2023] Participation in the United Nations Global Compact / Identification of materiality / Carbon Neutrality Declaration 2050 / Information disclosure in accordance with TCFD recommendations / Status of evaluations by FTSE and MSCI / GHG emissions (Scopes 1, 2, and 3) calculation / TCFD-compliant scenario analysis / Progress on human rights due diligence

[FY03/2024] Endorsement of TCFD and TCFD Consortium / Disclosure of information in line with TCFD recommendations / GHG emissions (Scopes 1, 2, and 3) calculation / Progress on human rights due diligence

[FY03/2025] Formulation of the Sustainability Medium-term Plan 2026 / Carbon neutral transition plan / Status of external ESG evaluations (FTSE, MSCI, etc.) / Revision of Human Rights Policy and formulation of Sustainable Supply Chain Policy / FY2023 performance figures against Sustainability Medium-term Plan 2026 / Renewable energy certificates procurement plan

[FY03/2026] FY2024 performance figures against Sustainability Medium-term Plan 2026 / On-site survey in Vietnam for human rights due diligence / Status of external ESG evaluations (FTSE, MSCI, etc.) / Current status of GHG emissions of the consolidated Group / Substantial renewable energy transition for the Company and domestic group companies / Obtaining third-party assurance for GHG emissions / Purchase of renewable energy certificates at overseas group companies / Monitoring of products with potential human rights risks / Implementation plan for human rights risk survey

In June 2022, the Group identified six kinds of materiality related to "sustainable value creation" and the "base for business continuity." Based on this, in May 2024, we formulated the "Sustainability Medium-term Plan 2026," a three-year plan covering FY2024 to FY2026. In addition to clarifying the basic approach to sustainability, we have organized the strategies, KPIs, and targets related to each materiality. Furthermore, to achieve carbon neutrality in 2050, we have set an interim GHG emissions reduction target (Scopes 1 and 2) of "25% reduction by FY2026 and 42% by FY2030 compared to FY2022." This target has been set consistent with the 1.5°C scenario target set forth in the Paris Agreement.

The Sustainability Committee monitors the progress of the Medium-term Plan, while the board of directors oversees the steady implementation of these initiatives.

Please visit the Company's website for more information on the "Sustainability Medium-term Plan 2026."

https://www.inabata.co.jp/archives/002/202406/20240605_SustainabilityMedium-termPlan2026.pdf

Based on recognition that human assets are the most important asset for the Group with the trading business serving as a core business, we are further strengthening active use of human capital.

In addition to the materiality of "fostering and strengthening of human capital that contributes to value creation," we have also established strategies, KPIs, and targets related to human capital in the "Sustainability Medium-term Plan 2026" described above. We have set two to five KPIs and targets for each of our four strategies: "improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth," "foster diversity and inclusion that makes the most of diverse individuals," "further advance health and productivity management," and "focus on investment in human capital."

Please refer to Principle 2-4 for our initiatives towards greater diversity for stronger human capital.

We position intellectual property as a complement to our trading business's function and work to strengthen it, operating facilities for R&D in Japan and overseas.

The Group provides timely and appropriate disclosure of information related to sustainability and maintain transparency and accountability. Comprehensive information related to sustainability, including performance data, is published on the Company's website. (<https://www.inabata.co.jp/english/sustainability/>)

The Group also recognizes the importance of climate-related financial risk disclosure and endorses the recommendations issued in June 2017 by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We also appropriately identify and disclose the impact of climate change-related events on our own business activities.

The Inabata Group Sustainability Basic Policy, Inabata Group Sustainability Code of Conduct, Inabata Group Human Rights Policy, Inabata Group Sustainable Supply Chain Policy, information disclosure based on TCFD recommendations, and Internal Whistleblowing System are described in the latter part of this report.

[Principle 4-1. Roles and responsibilities of the board of directors (1)]

Supplementary Principle 4-1-1

The board of directors makes decisions about important matters related to foundation of management including formulation of a management plan and preparation of an annual budget in addition to matters to be decided by the board of directors stipulated by laws, regulations or the articles of incorporation. Decisions on execution of duties other than these shall be made by the representative director and other executives to the maximum extent that is appropriate in light of the actual business conditions, etc., of the Company.

In addition, the board of directors exercise its supervisory function over the company executives appropriately by stipulating matters that are required to monitor the executives' decision-making and the execution of decided matters and receiving reports thereof.

Matters to be decided by the board of directors and matters that must be reported by the executives are designated clearly in the Rules of the Board of Directors.

[Principle 4-9. Criteria for independence and qualification of independent directors]

The Company has the "criteria for independence of independent directors" independently in place and posts them on its website (https://www.inabata.co.jp/themes/english@inabata/pdf/company/independence_20220622.pdf). In electing an independent director, the Company aims to appoint a candidate who has abundant experience and knowledge of corporate management, the ability to oversee decision-making and business execution of the board of directors of the Company conducting businesses on a global basis, and the ability to provide appropriate advice from an objective perspective.

[Principle 4-10. Use of optional approach]

Supplementary Principle 4-10-1

In order to ensure objectivity, fairness and transparency when appointing and removing senior management, nominating candidates for director and executive officer and resolving remuneration, etc. for directors, the Company has established the voluntary Nominating and Remuneration Committee, which is chaired by the head independent director, and the majority of the members of the committee are independent directors. In appointing executives and determining remuneration for directors, the Nominating and Remuneration Committee deliberates prior to the decision of the board of directors. The board of directors works to grant objectiveness, fairness and transparency by giving sufficient respect to the opinions (including succession plans and the

perspective of diversity and skills) of the Nominating and Remuneration Committee. The Nominating and Remuneration Committee is described in the section titled [Voluntary committees].

[Principle 4-11. Prerequisite for securing viability of the board of directors]

Supplementary Principle 4-11-1

There are twelve incumbent directors, of whom seven are independent directors. Three of independent directors have management experience at other companies.

The Company elects directors after considering matters of diversity and appropriate scale in order to produce a board that is balanced in terms of knowledge, experience, and ability. In electing a new candidate for director, the board of directors makes a decision after discussion by the Nominating and Remuneration Committee while considering the knowledge, experience and views of each candidate.

The expertise and experience required of the Company's directors (skill matrix) is described in the Notice of Convocation of the 165th Ordinary General Meeting of Shareholders on page 21.

(https://www.inabata.co.jp/themes/english/inabata/investor/event/shareholder_meeting/file/notification_en_165.pdf)

[Our way of thinking about the skill matrix]

Management philosophy of Inabata & Co., Ltd. is "People come first, based on the spirit of "love (ai)" and "respect (kei)," and together we strive towards contributing to the development of society," and our vision is "To continually evolve, serving clients and society, through global operations and meeting their changing needs." In addition, with around 2030 in mind, we have set "IK Vision 2030" as a long-term vision that envisions our future status, and have positioned the mid-term management plan "NC2026" as a step toward that long-term vision.

In identifying the skills expected of directors, we have decided from the viewpoint of the kind of skills that are required to build systems that enable the Board of Directors of the Company to fulfill the functions relating to decision-making and the supervision of business execution, as we expand globally, based on this management philosophy, vision, the long-term vision "IK Vision 2030," and the mid-term management plan "NC2026." From this point of view, we have specifically identified the following skills and formulated a skill matrix.

(Global Management)

We are expanding our business globally, and in particular, in our long-term vision "IK Vision 2030," we anticipate that the overseas business ratio will be 70% or greater. From this point of view, in order to plan the future growth of Inabata & Co., Ltd., we believe that it is extremely useful to appoint those who have knowledge of global corporate management as directors. Therefore, especially when inviting independent directors, we make sure to include managers of companies that are developing business globally, especially top management, or those with equivalent experience. The Global Management item in the skill matrix is based on top management of a company that is developing business globally or whether the candidate has experience equivalent to this.

When judging the candidates under this requirement, Messrs. Katsutaro Inabata, Osamu Chonan, and Hisayuki Suekawa all have abundant experience as executive managers in global companies, demonstrating their global management skills.

(Business and Industry Knowledge)

In managing a specialized trading firm like ours, first and foremost, vast expertise and experience in each business field is indispensable. In particular, regarding executive directors who are in charge of business execution, it is extremely important in practice to the development of the business of a trading firm like ours to hold a wide range of knowledge, experience and personal connections in each of our business fields, and when appointing executive directors, we give consideration to balance among those who have knowledge of the Company's business fields. More specifically, Mr. Katsutaro Inabata has long been engaged in the Company's plastics segment, while Mr. Yutaka Takahashi has long been engaged especially in the chemicals segment, and then, after being appointed executive officer, he supervised the life industry segment. These two executives possess knowledge and experience concerning different businesses of the Company.

When inviting independent outside directors, we give consideration to their broad knowledge and experience in various business fields, and aim to include individuals capable of providing supervision and opinions on business strategies from an objective perspective. We consider each of the candidates for independent outside director to have skills relevant to business or industry knowledge, particularly in cases where they have business experience in the same or adjacent industry to that of the products handled by the Company, or a related industry, based on their experience at other companies and industry background.

(Finance and Accounting)

Financial strategy (corporate finance) in corporate management is of course important, and we believe that we need someone among executive directors who is responsible for financial strategy and can lead efforts to improve corporate value through various dialogues with investors. Mr. Kenichi Yokota has long served in management positions in the finance, accounting, and IR departments, and as part of his duties, he has held dialogues with various investors and provided valuable feedback to Company management as part of his consistent efforts to strengthen corporate governance and enhance corporate value. Mr. Noriaki Takeshita has held the position of CFO at a comprehensive chemicals manufacturer's large-scale joint venture in Saudi Arabia. He has extensive knowledge and experience in finance and accounting.

In addition, in order to strengthen the supervisory function for business execution, we believe that it is useful to always include those who are familiar with finance and accounting among directors who are audit and supervisory committee members. Mr. Nobukazu Kuboi has long been engaged in the Company's finance and accounting operations. After being appointed full-time audit & supervisory board member and full-time audit and supervisory committee member, he was engaged in the Company's audit operations. Mr. Noriya Yokota has held the position of CFO at a major global alcoholic beverages and soft drinks manufacturer. He has extensive knowledge and experience in finance, accounting, and IR operations. Ms. Shiho Ito has specialized expertise as a certified accountant. She has many years of experience in accounting audits at various companies, and this experience will be valuable in strengthening the Company's supervisory function for business execution.

(Legal/Risk Management/Internal Control)

At Inabata & Co., Ltd., which is expanding its business globally, there are various risks such as credit risk of business partners, risk related to business investment, latent risk associated with overseas activities, foreign exchange fluctuation risk, and the product market fluctuation risks. Therefore, risk management is extremely important for management. As director, Mr. Katsutaro Inabata has had direct control over the internal audit department, and in that capacity he has been closely involved with risk management and internal controls. In addition, he has served for many years as chair of the Compliance Committee. Mr. Kenichi Yokota has served for many years as chair of the Company's Internal Control Committee while being directly involved in the establishment of internal control systems. After being appointed director, he has been in charge of the legal and risk management departments.

In addition, we are committed to management that emphasizes compliance above all else, and in order to strengthen the supervisory function for business execution, we believe it is useful to include those who are familiar with the law among directors who are audit and supervisory committee members without fail. Ms. Keiko Shindo is a registered attorney at law with valuable expertise accumulated through her service at a law firm and overseeing a legal department at a manufacturer with global business operations mainly in the field of electronics.

Additionally, we have chosen to be a company with an audit and supervisory committee with the aim of expediting management decision-making and strengthening the supervisory function for business execution. Companies with an audit and supervisory committee are required to make effective use of the company internal control system to conduct systematic audits. From this point of view, we believe that it is essential to include those who have specialized knowledge and experience in internal control and auditing

among directors who are audit and supervisory committee members. Mr. Nobukazu Kuboi has been engaged in the establishment of internal control systems since the rollout of the J-SOX system. Ms. Shiho Ito has extensive expertise and experience in internal control and auditing after having been engaged in internal controls and audits of various companies over many years as an employee of major audit firms. Mr. Yoshikazu Yasui served at a global general materials manufacturer which provides a broad array of products, where he was involved in audits and related operations as a director of the board and full time member of the audit committee. He has abundant practical experience in internal controls and auditing.

(HR/Labor)

In a trading firm like ours, human resources are our greatest asset, and human resource development is an important management issue in the medium to long term. The mid-term management plan “NC2026” places a priority on improving the well-being of employees who support our sustainable growth, promoting diversity and inclusion (D&I), further expanding health and productivity management initiatives, and making greater investments in our human capital. To implement this strategy, we believe it desirable for directors to include those who have experience and skills in HR and labor, and we place great importance on this perspective when inviting independent directors. During his experience as director, Mr. Katsutaro Inabata has been in charge of the human resources department. Mr. Kenichi Yokota currently is in charge of the human resources department and has extensive experience reforming various personnel systems. Mr. Noriaki Takeshita has experience in the human resources department of a petrochemicals department at a comprehensive chemicals manufacturer.

Additionally, Ms. Mari Ikegaki held positions of responsibility for many years in the human resources division at a foreign company that expands its business globally to provide financial services, and has broad experience in relation to human resources and labor. Therefore, the Company expects that she will provide advice particularly in the areas of human resources strategy, the promotion of diversity, etc. Mr. Noriya Yokota has extensive experience in human resources and labor, having served as director of group-wide human resources and general affairs at a major alcoholic beverages and soft drinks manufacturer. Mr. Yoshikazu Yasui has been in charge of human resources and general affairs as head of the human resources department and as a managing executive officer at a global general materials manufacturer which provides a broad array of materials and products, and he has extensive knowledge in human resources and labor. Therefore, the Company expects that he will provide advice on human capital management, the promotion of D&I, etc.

(IT/Digital)

The Company's mid-term management plan “NC2026” includes a medium-term digital strategy as one of the core management strategies. The basic policy behind the digital strategy is to enhance the management information infrastructure and strengthen group-wide security. To implement the digital strategy and promote data-driven management and digital transformation initiatives, we need specialized expertise in IT and digital technology. In addition, threats to information security have been increasing year by year, and we believe that IT/digital skills are necessary to strengthen countermeasures against these.

Mr. Kenichi Yokota holds multiple national certifications in the IT and digital fields for information technology engineers and other experts. With that specialized knowledge, he has led many initiatives aimed at strengthening the Group's overall information security. Additionally, both Mr. Noriaki Takeshita and Mr. Noriya Yokota have served as CIO or in equivalent positions at a major company with global operations, attesting to their wide range of knowledge in the IT and digital fields.

(ESG)

Inabata & Co., Ltd. established the Sustainability Committee in October 2021 and considers the promotion of sustainability to be an important management issue. We also consider improving the external evaluation of ESG as an important issue. From this point of view, we believe that it is necessary to include those who have knowledge of sustainability and ESG in corporate management among directors, and we take these points into consideration when inviting independent directors.

Mr. Katsutaro Inabata has expertise in all areas of ESG, having served as chair of the Company's Sustainability Committee. Mr. Kenichi Yokota has led initiatives to improve corporate governance, and while in charge of human resources, he implemented employee engagement surveys and health and productivity management programs. Through these initiatives, he has developed particular expertise in the Governance and Society aspects of ESG. Mr. Nobukazu Kuboi was closely engaged in worksite-level initiatives to introduce a corporate governance code. He has developed particular expertise in the Governance aspect of ESG.

Additionally, Ms. Mari Ikegaki has extensive experience in human resources strategy and the diversity promotion. She is expected to take a leading role in making recommendations in the Society area of ESG. Mr. Noriya Yokota has been in charge of management strategies at a major alcoholic beverages and soft drinks manufacturer that has demonstrated leadership among Japanese companies for its advanced initiatives in the environmental area. He is expected to take a leading role in making recommendations in the Environment area of ESG. Mr. Yoshikazu Yasui has extensive experience in human resources and labor management. He is expected to use his extensive experience in human resources and labor management to make recommendations in the Society area of ESG. This includes guidance on human capital management and the promotion of D&I. Ms. Keiko Shindo has experience in overseeing a corporate governance department at a manufacturer with global business operations mainly in the field of electronics as executive officer. She is expected to take a leading role in making recommendations in the Governance aspect of ESG.

Supplementary Principle 4-11-2

The approval of the board of directors shall be obtained in accordance with the Rules of the Board of Directors when an internal director of the Company serves concurrently as a director or an audit & supervisory board member of another company.

In electing an independent director, the Company checks concurrent positions each candidate holds and focuses on whether it is realistically possible for each candidate to perform the functions and duties required as an independent officer of the Company.

The Company discloses the status of significant concurrent positions directors hold in securities reports [Company Officers], etc.

Supplementary Principle 4-11-3

Based on the idea that enhancement of effectiveness of the board of directors is important, the Company annually conducts board of directors evaluation utilizing an outside consultant. An outline of the board of directors evaluation is posted on the Company's website(https://www.inabata.co.jp/themes/english@inabata/investor/library/governance/file/evaluation202604_en.pdf). The Company's policy will be to take appropriate response based on the self-evaluation results and to continuously implement such evaluation of the board of directors.

[Principle 4-14. Training of directors]

Supplementary Principle 4-14-2

When an internal director assumes their posts, the Company provides opportunities to them to understand the legal obligations and roles and responsibilities that they are required to follow as director. For independent directors, the Company provides opportunities to them to have meetings with general managers of each internal department and for overseas visits as appropriate so that they can fully understand the businesses of the Group.

The Company provides opportunities to directors for training after they assume their posts so that they can acquire the required knowledge and further understand their roles and responsibilities. The Company reimburses any director for any required expenses for training.

The implementation status of training of directors is reported once a year to the board of directors.

[Principle 5-1. Policy on constructive dialog with shareholders]

The Company actively holds a dialog with shareholders and investors to contribute to sustainable growth of the Company and improvement of the medium- and long-term corporate value.

The policy on development of a system which facilitates a constructive dialog with shareholders and investors and relevant efforts are as follows:

(1) IR system

- Under the IR system of the Company, the president serves as the responsible person, and the director in charge of IR has also been appointed. Dialog with shareholders and investors is mainly led by the president and the director in charge of IR, and a section dedicated to IR.
- The section dedicated to IR (IR Department) has been established within the Financial Management Office to serve as a point of contact for shareholders and investors.
- IR Department has a system in place for the collection/analysis of various management information and timely and adequate information provision externally by collaborating with relevant divisions such as Financial Management Office, General Affairs Office and sales divisions.

(2) IR activities

- The Company handles requests for individual meetings in an active manner to a reasonable extent.
- The Company handles requests for individual meetings for independent directors to a reasonable extent.
- The Company holds a briefing on financial results twice a year to explain the progress of the mid-term management plan and overview of financial results.
- The Company creates an occasion for a dialog with individual shareholders and investors through participation in IR events, etc.
- The Company actively works to provide information through its website, company brochure, shareholder news and notices of general meeting of shareholders and so forth.
- The Company creates opportunities for dialog with shareholders and investors abroad by holding IR events overseas.

(3) Compliance with Fair Disclosure Rules

- The Company discloses information in a timely and fair manner, and complies with fair disclosure rules.

(4) Feedback

- The Company stipulated in its Rules of the Board of Directors that a report regarding shareholder opinions and concerns ascertained through dialog with shareholders should be included in the business execution report of the director in charge of IR at least once a year. In the fiscal year ended March 31, 2025, IR-related matters were reported at the meetings of the board of directors held in July and August 2025 and January 2026.

(5) Management of insider information

- The Company carries out thorough control of insider information in accordance with the "rules for information disclosure," one of the internal rules. In addition, the Company establishes a period between the day after each quarterly closing date and the announcement date as a silent period.

(6) Understanding of shareholder structure

- The Company conducts shareholder identification twice a year in principle to understand the holding of the Company's shares by substantial shareholders.

[Measures to realize management conscious of cost of capital and share prices]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update Updated	June 17, 2026

Supplementary explanation Updated

After discussions at the board of directors meeting held in May 2023, the Company announced measures in the briefing on financial results for the fiscal year held in early June of the same year, with explanations by the president. Since then, we have been providing explanations on progress, updated measures, etc. at briefings on financial results for the fiscal year held in early June every year.

[Content summary]

Target and plan period: Increase the share price so that PBR stays above 1x at all times, as soon as possible

Response policies:

1. Firmly implement growth strategies to drive sustainable growth in business value, and foster expectations for future profit growth
2. Maintain ROE of 10% or above
3. Control and/or curtail the cost of capital, including by utilizing financial leverages
4. Continue buying back shares

Based on the aforementioned target, plan period, and response policies, we conduct a comparison and analysis of cost of capital and return on capital as well as changes in share price and market valuation each year, and provide an explanation of the content and progress of specific initiatives.

In addition to the response policies 1 to 4 mentioned above, we have added the following as a new policy starting from the fiscal year ending March 31, 2027.

■ Enhance shareholder return measures, such as the introduction of DOE (Dividend on Equity), and strive to improve capital efficiency

Additionally, we proactively engage in dialogues based on these with investors, compile the main content as "Implementation Status of Dialogue with Shareholders," and disclose it in May each year. Furthermore, the integrated report issued every September also contains an overview, a dialogue with an external expert on this theme, etc.

Documents related to this theme are provided on a dedicated page of the Company's website.

(<https://www.inabata.co.jp/english/investor/library/costofcapital/>)

2. Capital structure

Foreign shareholding ratio

From 20% to less than 30%

[Status of major shareholders] Updated

Name	Number of shares owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,992,600	13.04
Sumitomo Chemical Co., Ltd.	5,591,400	10.42
Custody Bank of Japan, Ltd. (Trust account)	3,445,200	6.42
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	843,162	1.57
RE FUND 107-CLIENT AC	798,500	1.49
STATE STREET BANK AND TRUST COMPANY 505001	725,013	1.35
INABATA Employee Shareholding Association	711,661	1.33
STATE STREET BANK AND TRUST COMPANY 505223	668,246	1.25
JP MORGAN CHASE BANK 385781	641,968	1.20
Custody Bank of Japan, Ltd. (Trust Account 4)	636,700	1.19

Controlling shareholder (except for parent company)

Parent (Listed Stock Market)

N/A

Supplementary explanation Updated

1. Treasury shares held by the Company (77,714 shares) are omitted from the above calculations of percentages (excluding the 254,500 shares of the Company's shares held by Custody Bank of Japan, Ltd. (trust E account) as trust assets in the Board Benefit Trust (BBT) system).
2. The English names of the above shareholders are based on the "Notice to all shareholders" notified by Japan Securities Depository Center, Inc.

3. Corporate attributes

Listed stock market and market section

Prime Market of the Tokyo Stock Exchange

Fiscal year-end

March

Type of business

Wholesale trade

Number of employees (Consolidated) at the end of the previous fiscal year

1,000 or more

Net sales (Consolidated) for the previous fiscal year

From ¥100 billion to less than ¥1 trillion

Number of consolidated subsidiaries at the end of the previous fiscal year Updated

From 50 to less than 100

4. Policy for measures to protect minority shareholders in conducting transactions with controlling shareholder

5. Special circumstances which may have material impact on corporate governance

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 and supervisory committee

[Directors]

Maximum number of directors stipulated in articles of incorporation	12 directors
Term of office stipulated in articles of incorporation	1 year
Chairperson of the board	President
Number of directors	12 directors
Appointment of outside directors	Appointed
Number of outside directors	7 directors
Number of independent officers designated from among outside directors	7 directors

Outside directors' relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Osamu Chonan	From another company											
Hisayuki Suekawa	From another company											
Mari Ikegaki	From another company											
Noriya Yokota	From another company											
Shiho Ito	Certified public accountant											
Yoshikazu Yasui	From another company											
Keiko Shindo	Attorney											

* 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 (meaning a person who executes business; hereinafter, the same) of the Company or its subsidiary

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

c Executive of a fellow subsidiary company of the Company

d A party whose major client or supplier is the Company or an executive thereof

e Major client or supplier 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 in addition to 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 client or supplier of the Company (which does not correspond to any of d, e, or 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 outside director himself/herself only)

k Other

Name	Designation as audit and supervisory committee member	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Osamu Chonan		○	—	Osamu Chonan has served as representative director, president and chief executive corporate officer of Kewpie Corporation. He currently serves as an outside director of Lotte Co., Ltd. He held positions of responsibility for many years in the sales division of a food manufacturer with a global presence centered in China and Southeast Asia, in addition to which he has also served in management, and accordingly has extensive knowledge and experience. Based on the above, the Company appointed him once more as an independent director. The Company expects that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of duties from an objective perspective. As he satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints him as independent officer.
Hisayuki Suekawa		○	—	Hisayuki Suekawa has served as representative director, president and CEO of Shiseido Company, Limited, and currently serves as an unaffiliated director of Morishita Jintan Co., Ltd., and a member of the board of trustees of Showa Women's University. He has held positions of responsibility in the corporate planning department of a manufacturing company with a global reach extending to some 120 countries and regions, mainly in cosmetics business, in addition to which he has also served in management, and accordingly has extensive knowledge and experience. Based on the above, the Company appointed him once more as independent director. The Company expects that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of duties from an objective perspective. As he satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints him as independent officer.
Mari Ikegaki		○	—	Mari Ikegaki has held key leadership roles including director and head of the human resources department at Morgan Stanley Group Co., Ltd., representative director of Morgan Stanley Japan Business Group Co., Ltd., and managing director at Morgan Stanley. She currently serves as the trustee of Ferris Jogakuin and outside director (audit & supervisory committee member) of COMTURE CORPORATION. She had a career at a foreign-affiliated company offering a wide range of financial services in global markets, including investment banking, securities, and asset management. She developed a broad range of expertise and experience, having managed the company's human resources department for many years and participated in corporate management as a managing director. Based on the above, the Company appointed her once more as independent director. The Company expects that she will provide advice based on her experience, especially in such areas as the Company's human resources strategy and the promotion of diversity. As she satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints her as independent officer.
Noriya Yokota	○	○	—	Noriya Yokota has served as director of the board and senior executive officer of Kirin Holdings Company, Limited, director of the board of Kirin Business System Company, Limited, and director of the board of Kirin Brewery Company, Limited. He currently serves as Senior Advisor of Japan Activation Capital, Inc. He has served as a factory manager and head of the

Name	Designation as audit and supervisory committee member	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
				production department at a manufacturer that manufactures and sells alcoholic beverages, beverages, and pharmaceuticals around the world, and after serving as manager of an overseas subsidiary of the company, he has been in charge of human resources, finance, IT, and management strategy as an executive officer, and has a great degree of insight and extensive experience. Based on this, the Company has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and appointed him once more as an independent director who is an audit and supervisory committee member. As he satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints him as independent officer.
Shiho Ito	○	○	—	Shiho Ito has served as a partner at Chuo Aoyama Audit Corporation (later MISUZU Audit Corporation) and Shin Nihon & Co. (now Ernst & Young ShinNihon LLC), and currently serves as an external director of Japan Display Inc., a certified public accountant at Shiho Ito certified public accountant's office, a supervisory director of Nomura Real Estate Private REIT, Inc., and director, audit & supervisory committee member (part-time) of The Master Trust Bank of Japan, Ltd. She is qualified as a certified accountant and has experience as a partner at major Japanese audit firms, and she serves as outside director of a major global LCD panel manufacturer. She therefore possesses extensive business knowledge in addition to her specialized expertise in accounting. Based on this, the Company has determined that she can be expected to provide accurate audit and supervision for the overall management of the Company and appointed her once more as independent director who is an audit and supervisory committee member. As she satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints her as independent officer.
Yoshikazu Yasui	○	○	—	Yoshikazu Yasui served as director of the board, full-time member of the audit committee, member of the nomination committee of Mitsubishi Materials Corporation. He had a career at a global general materials manufacturer which provides a broad array of products. He has participated in the management of its group company as director, while also having served as the parent company's managing executive officer (in charge of human resources and general affairs) and director of the board, full-time member of the audit committee, member of the nomination committee. He therefore has deep insight and abundant experience. Based on this, the Company has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and appointed him as independent director who is an audit and supervisory committee member. As he satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints him as independent officer.
Keiko Shindo	○	○	—	Keiko Shindo held positions at several companies, then registered as an attorney at law and served at a legal firm, after which she served as a fixed-term national government official at the Consumer Affairs Agency of Japan. Subsequently, she served as executive officer and head of corporate governance unit of Fujikura Ltd. and currently serves as executive advisor. She served as an executive officer in charge of corporate governance at a manufacturer with global business operations mainly in the field of electronics. She therefore has deep insight as a legal affairs specialist as well as abundant experience. Based on this, the Company has determined that she can be expected to

Name	Designation as audit and supervisory committee member	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
				provide accurate audit and supervision for the overall management of the Company and appointed her as independent director who is an audit and supervisory committee member. As she satisfies the requirements of the independence standards stipulated by the Tokyo Stock Exchange as well as the "criteria for independence of independent directors" separately established by the Company, the Company appoints her as independent officer.

[Audit and supervisory committee]

Committees composition and chairperson's attributes

	Total committee members	Full-time members	Internal directors	Outside directors	Chairperson
Audit and supervisory committee	5	1	1	4	Independent director

Appointment of directors and/or employees to support duties of the audit and supervisory committee Appointed

Matters related to the independence of such directors and/or employees from executive directors

The Company has assigned personnel to support the duties of the Audit and Supervisory Committee (hereinafter referred to as "assistant employees").

Assistant employees shall perform their duties under the direction of the Audit and Supervisory Committee. The appointment, dismissal, and merit rating of assistant employees shall be determined after obtaining the approval of the Audit and Supervisory Committee. When selecting assistant employees, ample consideration shall be given to their experience, knowledge, and initiative. Directors (excluding directors who are audit and supervisory committee members) and employees shall not unreasonably restrict the execution of duties by assistant employees.

Cooperation among audit and supervisory committee, independent auditor and the internal audit

The Audit and Supervisory Committee, the independent auditor and the Internal Audit Office collaborate with one another on a regular basis through reporting of audit results and consultation.

When investigating operations and assets of the Company and performing other audit duties, the Audit and Supervisory Committee strives to audit systematically and efficiently in close cooperation with the Internal Audit Office. The Audit and Supervisory Committee receives reports on the audit plan and audit results from the Internal Audit Office on a regular basis, requests an investigation when necessary, and instructs specifically on its duties.

While the Audit and Supervisory Committee and the Internal Audit Office hold meetings periodically with the independent auditor for reporting of financial audits and interim reviews and receive reports on the audit in a timely manner and when required, they work to collaborate with the independent auditor by sharing information that is recognized as useful for or as having an influence on the auditing of the independent auditor.

[Voluntary committees]

Voluntary establishment of committee(s) equivalent to nominating committee or remuneration committee Established

Committee's name, composition, and chairperson's attributes

	Committee's name	All committee members	Full-time members	Internal directors	Outside directors	Outside experts	Other	Chairperson
Committee corresponding to nominating committee	Nominating and Remuneration Committee	5	0	1	4	0	0	Independent director
Committee corresponding to remuneration committee	Nominating and Remuneration Committee	5	0	1	4	0	0	Independent director

When the board of directors resolves to elect or dismiss executives, appoint candidates for directors and executive officers, or determine the remuneration for directors (excluding directors who are audit and supervisory committee members) or other matters, the resolution shall first be deliberated by the Nominating and Remuneration Committee, which is chaired by the head independent director, and the majority of the members of which are independent directors.

The board of directors works to ensure objectiveness, fairness and transparency by giving sufficient respect to the deliberations (including succession plans and the perspective of diversity and skills) of the Nominating and Remuneration Committee.

At present, the Nominating and Remuneration Committee consists of four independent directors and one internal director as below.

Independent director	Osamu Chonan (Chairperson of the Nominating and Remuneration Committee, head independent director)
Independent director	Hisayuki Suekawa
Independent director	Mari Ikegaki
Independent director, audit and supervisory committee member	Noriya Yokota (Chairperson of the audit and supervisory committee)
Director, President	Katsutaro Inabata

[Independent officers]

Number of independent officers 7 officers

Other matters related to independent officers

The Company designates all outside officers who satisfy the requirements of independent officers as such.

[Incentives]

Incentive policies for directors Performance-linked remuneration system

Supplementary explanation Updated

The Company's policies for determining the amount and calculation methods for remuneration for directors and audit and supervisory committee members are as follows.

a. Directors (excluding directors who are audit and supervisory committee members)

Remuneration for directors (excluding directors who are audit and supervisory committee members) comprises 1) fixed remuneration, 2) performance-linked remuneration, and 3) a Board Benefit Trust (BBT).

However, remuneration for non-executive directors comprises only fixed remuneration.

Within this remuneration for directors (excluding directors who are audit and supervisory committee members), 1) and 2), which are monetary remuneration, are determined by the board of directors within the total remuneration approved at a general meeting of shareholders. Details, such as calculation method, regarding 1) were resolved at a meeting of the board of directors held on June 23, 2016 and details, such as calculation method, regarding 2) were resolved at a meeting of the board of directors held on June 21, 2023. Details, such as calculation method, regarding 3) were resolved at meetings of the board of directors held on July 30, 2018 and June 17, 2025, keeping within the total remuneration approved at a general meeting of shareholders. Furthermore, other matters shared between all types of remuneration for directors (excluding directors who are audit and supervisory committee members) were resolved at a meeting of the board of directors held on February 25, 2021. In this way, the policy for determining the content of remuneration for each individual director of the Company has been made clear.

Individual remuneration for directors (excluding directors who are audit and supervisory committee members) does not consider qualitative factors, but is rather designed to be calculated automatically according to the formula and coefficients determined by the provisions resolved at the meeting of the board of directors mentioned above. The Human Resource Office of the Company calculates this according to these provisions. The results of this calculation are deliberated by the Nominating and Remuneration Committee, which is chaired by the head independent director, and the majority of the members of which are independent directors. The board of directors determines remuneration for directors (excluding directors who are audit and supervisory committee members) while giving sufficient respect to the deliberation results of the Nominating and Remuneration Committee.

Through these procedures, the Company is ensuring that objectiveness, fairness and transparency are reflected in the decisions regarding individual remuneration for directors (excluding directors who are audit and supervisory committee members), and the decisions regarding individual remuneration, etc. are not delegated to specific directors, etc.

Additionally, the details regarding the calculation method for remuneration types 1), 2), and 3) as mentioned above are as follows.

1) Fixed remuneration

Set at the minimum guaranteed amount for the position of each director (excluding directors who are audit and supervisory committee members) of the Company.

2) Performance-linked remuneration

Performance-based compensation is calculated by multiplying the fixed remuneration for each position mentioned in 1) above by each of the following coefficients: Profit before income taxes (excluding gain on sales of investment securities), returns on capital (ROIC and ROE), stock price, and ESG scores from multiple external evaluation organizations (FTSE Russell and MSCI).

Directors (excluding directors who are audit and supervisory committee members, independent directors and non-executive directors), are responsible for all business activities, such as sales and financial activities of the entire Group, including group companies. The Company expects the results to be shown as consolidated profit before income taxes and designated this as an indicator. In addition, the Company uses ROIC as an indicator because we set "Accelerate growth through proactive investment" as one of our key strategies in the mid-term management plan "NC2026" and believe that capital efficiency and investment yield should be considered based on the demands of capital markets and the trends in listed companies. In addition, as part of our measures to realize management conscious of cost of capital and stock prices, we use ROE and stock price (specifically, the difference between the year-on-year growth rate of TOPIX and the year-on-year growth rate of our stock price) as indicators. Furthermore, since we recognize addressing sustainability as an important management issue, we use the ESG scores provided by external evaluation agencies as an indicator.

3) Board Benefit Trust (BBT)

The Company has introduced a Board Benefit Trust (BBT) as a performance-linked share-based remuneration system in order to further clarify the linkage of the remuneration for directors (excluding directors who are audit and supervisory committee members, independent directors and non-executive directors), the Company's business performance, and the stock value, and enhance their motivation to contribute to the improvement of the Company's business performance in the medium and long term and to boost corporate value by sharing not only the benefit of the rise in stock prices but also the risks of a decline in stock prices with the Company's shareholders.

Board Benefit Trust (BBT) is a system in which directors earn points during their term which are exchanged for shares and cash upon resignation.

(The calculation method for points to be granted to directors)

Half of the basic points established by role are continuous service points (fixed points). These, along with performance points (continuous service points x performance coefficient), make up the yearly granted points.

Performance coefficients are determined based on the achievement rates of the consolidated operating profit target and the Group engagement survey. The achievement rate of the consolidated operating profit target is the performance compared to the rate externally announced in the medium-term management plan, and the achievement rate of the Group engagement survey is the achievement rate against the average value of the employee engagement survey KPI set under the Sustainability Medium-Term Plan. The performance coefficient for the 165th fiscal year was 0.96 and three directors were granted 11,368 points, converted to 44 million yen based on the market price of the Company's shares (as of March 31, 2026).

4) Policy concerning the ratio of each remuneration type

In regard to the 1) fixed remuneration, 2) performance-linked remuneration, and 3) Board Benefit Trust (BBT) mentioned above, each type of remuneration is calculated automatically based on their respective performance indicators and calculation formulas and it is not possible to arbitrarily increase or decrease any of the types of remuneration. Therefore, there is no set ratio for the proportion of each type of remuneration in the overall remuneration of an individual director.

5) Policy concerning the timing and conditions for granting remuneration

Within this remuneration for directors (excluding directors who are audit and supervisory committee members) of the Company, the above-mentioned 1) fixed remuneration, 2) performance-linked remuneration are divided into 12 equal installments and paid as cash on a monthly basis from July to June of the following year.

b. Directors who are audit and supervisory committee members

Remuneration for directors who are audit and supervisory committee members consists only of fixed remuneration.

Remuneration for directors who are audit and supervisory committee members is determined upon deliberation of directors who are audit and supervisory committee members within the total remuneration approved at a general meeting of shareholders.

Additionally, remuneration for directors who are audit and supervisory committee members is divided into 12 equal installments and paid as cash on a monthly basis from July to June of the following year.

Recipients of stock options

Supplementary explanation

[Director remuneration]

Disclosure of individual directors' remuneration

No disclosure of individual remuneration

Supplementary explanation **Updated**

Total remuneration paid to directors of the Company during the fiscal year ended March 31, 2026 is as follows.

- Directors (excluding audit and supervisory committee members): Nine directors Fixed remuneration of 139 million yen, performance-linked remuneration of 108 million yen, and Board Benefit Trust (BBT) of 24 million yen, totaling 272 million yen (of which, independent directors: Four directors Fixed remuneration of 31 million yen, totaling 31 million yen)
- Directors (audit and supervisory committee members): Five directors Fixed remuneration of 71 million yen, totaling 71 million yen (of which, independent directors: Four directors Fixed remuneration of 41 million yen, totaling 41 million yen)

(Notes)

1. The above includes one director who is not an independent and audit and supervisory committee member, and one independent director who is not an audit and supervisory committee member, all of whom retired at the conclusion of the 164th Ordinary General Meeting of Shareholders held on June 17, 2025.
2. At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (excluding audit and supervisory committee members) was approved at up to 430 million yen (of which 50 million yen is for independent directors). As of the conclusion of the General Meeting of Shareholders, the Company had seven directors (including two independent directors; excluding audit and supervisory committee members). In addition, at the same General Meeting of Shareholders, remuneration limits for the Board Benefit Trust (BBT), the introduction of which was approved at the 157th Ordinary General Meeting of Shareholders held on June 22, 2018, were reapproved. As of the conclusion of the General Meeting of Shareholders, four directors were eligible for the remuneration program.
3. At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (audit and supervisory committee members) was approved at up to 80 million yen. As of the conclusion of the General Meeting of Shareholders, four directors (all of whom are audit and supervisory committee members and independent directors) were eligible for the remuneration program.
4. The Board of Directors has checked that the determination method for, and the details of, the individual remuneration for directors in the fiscal year under review are consistent with the determination policy approved by the Board of Directors, and has deemed that they are in accordance with such determination policy.

Policy on determining remuneration amounts and calculation methods

Established

The Human Resource Office of the Company calculates individual remuneration for directors (excluding directors who are audit and supervisory committee members) according to established provisions. The results of this calculation are deliberated by the Nominating and Remuneration Committee, which is chaired by the head independent director, and the majority of the members of which are independent directors. The board of directors determines remuneration for directors (excluding directors who are audit and supervisory committee members) while giving sufficient respect to the deliberation results of the Nominating and Remuneration Committee. Through these procedures, the Company is ensuring that objectiveness, fairness and transparency are reflected in the decisions regarding individual remuneration for directors (excluding directors who are audit and supervisory committee members), and the decisions regarding individual remuneration, etc. are not delegated to specific directors, etc.

Remuneration for directors who are audit and supervisory committee members consists only of fixed remuneration. Remuneration for directors who are audit and supervisory committee members is determined upon deliberation of directors who are audit and supervisory committee members within the total remuneration approved at a general meeting of shareholders.

[Supporting system for outside directors]

Independent directors who are not audit and supervisory committee members obtain information mainly via the Secretarial Department from relevant departments and directors in charge. Independent directors who are audit and supervisory committee members obtain information mainly from the internal director who is a full-time audit and supervisory committee member, or via the internal director who is a full-time audit and supervisory committee member from relevant departments and directors in charge. The Secretarial Department provides various support to independent directors, including information gathering by independent directors.

[Status of former director and president of the Company]

Name, etc. of advisor or counselor who is a former director and president of the Company

Name	Position	Responsibilities	Work status/conditions (full-time, part-time, remuneration status, etc.)	Date of retirement as president, etc.	Term
-	-	-	--	-	-

Number of advisor or counselor who is a former director and president of the Company 0

Other notes

The Company abolished the counselor and adviser system in June 2022.

2. Matters on functions of business execution, auditing, oversight, nominating and remuneration decisions (overview of current corporate governance system) Updated

[Board of directors]

The board of directors of the Company currently consists of a total of 12 directors, 7 of whom are directors (excluding directors who are audit and supervisory committee members) and 5 of whom are directors who are audit and supervisory committee members, and performs its decision-making function for management policies and strategies as well as oversight of executives by holding a regular monthly meeting and ad hoc meetings.

The Company adopts an executive officer system. The Company believes that clearly separating the business execution function of executive officers from the management decision making function of the board of directors and the oversight of executives allows for swift response to changes in the business environment as well as accurate decision making and appropriate supervision concerning management policies and strategies, and strengthens and energizes these functions. Currently, there are 12 executive officers of whom three serve concurrently as directors.

The Company believes that the above stated functions of the board of directors will be strengthened further by having independent directors who possess abundant experience and extensive knowledge make up the majority of the board of directors (seven out of 12 directors).

[Nominating and Remuneration Committee]

The Nominating and Remuneration Committee is described in a section titled "[Voluntary committees]."

[Audit and supervisory committee]

The audit and supervisory committee consists of five directors (four of whom are independent directors), and audits the execution of business by directors in accordance with the audit policy, audit plan, etc. established by the audit and supervisory committee.

The directors who are audit and supervisory committee members possess expertise in finance, accounting and laws, etc., and a high degree of independence. Director Nobukazu Kuboi, a full-time audit and supervisory committee member and independent director Shiho Ito, an audit and supervisory committee member, are certified public accountants and have considerable knowledge of finance and accounting. Independent director Keiko Shindo, an audit and supervisory committee member, is qualified as an attorney-at-law.

Specific efforts for enhancement of the functions of the Audit and Supervisory Committee are described in sections titled "Cooperation among the Audit and Supervisory Committee, independent auditor and the internal audit," "Appointment of outside directors," and "Supporting system for outside directors" within this report.

[Internal audits]

The Company has established an Internal Audit Office under the direct control of the president. The Internal Audit Office is staffed

with nine personnel, including certified internal auditors and other qualified professionals. The Internal Audit Office is responsible for compliance with the internal control reporting system related to financial reporting based on the Financial Instruments and Exchange Act, audits to improve group governance of the Company's domestic and overseas group companies, and audits compliance with the "Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices" and economic security-related laws and regulations, etc. The results of audits conducted by the Internal Audit Office are reported not only to the president, but also to the board of directors and the audit and supervisory committee.

[Independent auditor]

The independent auditor of the Company is KPMG AZSA LLC. Certified public accountants who performed account closing operations for the fiscal year ended March 31, 2026 are Masanobu Kono (designated limited partner) and Yoshinori Nishi (designated limited partner). There are 18 certified public accountants, 14 people who have passed the certified public accountants examination, etc. and 35 staff members serving as assistants for audit work. Fees (less consumption tax) for the work stipulated by Article 2, paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948) paid to KPMG AZSA LLC total 92 million yen.

[Summary of the Liability Limitation Agreement]

The Company has concluded an agreement that limits the total amount of liability for damages prescribed by Article 423, paragraph 1 of the Companies Act in accordance with Article 425, paragraph 1 of the Companies Act if each of the directors (excluding executive directors) have acted in good faith and without gross negligence in performing their duties

3. Reasons for adoption of current corporate governance system

The Company believes that the functions to oversee executives have strengthened as we established the audit and supervisory committee and comprised the majority of the board of directors of independent directors who have extensive knowledge and experience as well as high expertise and independence, and that the speed of decision-making for corporate management has improved by authorizing executive officers to decide on important business execution. In addition, we ensure objectiveness, fairness and transparency for important decision-making, including the nomination of officers and determination of remuneration, by establishing the Nominating and Remuneration Committee, which is chaired by the head independent director and the majority of whose members are independent directors. The Company believes that the most suitable corporate governance system has been established through these efforts.

III. Implementation of measures for shareholders and other stakeholders

1. Measures to vitalize the general meeting of shareholders and smooth exercise of voting rights

Updated

	Supplementary explanation
Early notification of general meeting of shareholders	The Company annually sends a notice of convocation approximately three weeks prior to the date of a general meeting of shareholders. For the 165th Ordinary General Meeting of Shareholders held on June 16, 2026, the Company sent the notice of convocation on May 29, 2026.
Scheduling general meeting of shareholders avoiding the peak day	The Company avoids the peak day when setting a date for its general meeting of shareholders to allow constructive dialog with shareholders by enabling a greater number to attend the meeting. The Company held the Hybrid Virtual Shareholder Meetings for the 165th Ordinary General Meeting of Shareholders to enable shareholders to participate from homes and other locations.
Allowing electronic exercise of voting rights	Voting rights of the Company may be exercised via the internet through a computer, smartphone, or tablet.
Efforts for improvement of environment for exercise of voting rights by institutional investors such as participation in the platform for electronic exercise of voting rights	The platform for electronic exercise of voting rights for institutional investors managed by Investors Communications Japan, Inc. is available.
Providing notice of convocation (summary) in English	The Company prepared an English translation of the summary of the Notice of Convocation of the 165th Ordinary General Meeting of Shareholders and posted on its English website (https://www.inabata.co.jp/themes/english@inabata/investor/event/shareholder_meeting/file/notification_en_165.pdf), as well as on the websites of Japan Exchange Group, Inc. and the platform for electronic voting, on May 22, 2026.
Others	Prior to the sending of the Notice of Convocation of the 165th Ordinary General Meeting of Shareholders on May 29, 2026, the Company posted it on its Japanese website (https://www.inabata.co.jp/themes/inabata/investor/event/file/notification_165.pdf), as well as on the websites of Japan Exchange Group, Inc. and the platform for electronic voting, on May 22, 2026.

2. IR activities

Updated

	Supplementary explanation	Explanation by representative
Preparation and announcement of disclosure policy	The Company has a policy on information disclosure in place and has posted it on its website (https://www.inabata.co.jp/english/investor/management/disclosure/).	
Regular investor briefings for individual investors	The Company provided one briefing on company information for the fiscal year ended March 31, 2026.	Established
Regular investor briefings for analysts and institutional investors	The Company provides financial results meetings for analysts and institutional investors via online distribution twice a year in the second quarter and at fiscal year-end.	Established
Regular investor briefings for overseas investors	The Company holds individual meetings online and in-person for overseas investors in Europe, the United States, and Asia.	Established
Posting of IR materials on website	The Company posts IR materials on its website (https://www.inabata.co.jp/english/investor/) such as financial results, information subject to timely disclosure other than financial results, operation overview/shareholder news, securities reports, semiannual reports, integrated report and company brochure.	
Establishment of department and/or person in charge of IR	- The section dedicated to IR (IR Department) has been established within the Financial Management Office to serve as a point of contact for shareholders and investors. - IR Department has a system in place for the collection/analysis of various management information and timely and adequate information provision externally by collaborating with relevant divisions such as Financial Management Office, General Affairs Office and sales divisions. - IR Department handles requests for individual meetings in an active manner to a reasonable extent. - For inquiries: inabata-ir@inabata.com	

3. Measures to ensure due respect for stakeholders

	Supplementary explanation
Formulation of policies for provision of information to stakeholders	The Company has a policy on information disclosure in place and is posted on its website (https://www.inabata.co.jp/english/investor/management/disclosure/).

IV. Matters related to internal control system Updated

1. Basic views on internal control system and the progress of system development

(Basic views on internal control system and the progress of system development)

The Company sets forth the following basic policy on development and improvement of the internal control system based on the Companies Act and the Ordinance for Enforcement of the Companies Act.

1. System to ensure that performance of duties by directors and employees complies with laws and regulations as well as the articles of incorporation

- (1) Corporate Principle, Management Philosophy/Mission, Vision, and IK Values shall be established.
- (2) Executive directors or executive officers shall be appointed as persons in charge of internal control and the Internal Control Committee shall be established.
- (3) Executive directors or executive officers shall be appointed as persons in charge of compliance and the Compliance Committee shall be established.
- (4) Executive directors or executive officers shall be appointed as persons in charge of internal audits and Internal Audit Office shall be established.
- (5) Executive directors or executive officers shall be appointed as persons in charge of privacy and a system to ensure compliance with the Act on the Protection of Personal Information shall be established.
- (6) An internal whistleblowing system shall be established, reports shall be received on incidents of violations of compliance, and a system to protect internal whistleblowers shall be established.
- (7) A director who has discovered an incident of a violation of compliance shall report to the board of directors and the Audit and Supervisory Committee in an immediate manner.
- (8) The Audit and Supervisory Committee, when it has recognized problems with the operation of compliance system or internal whistleblowing system, shall state opinions and request improvements.
- (9) Matters relating to office regulations and disciplinary action shall be established in the rules of employment, and measures shall be taken to ensure the execution of duties by employees comply with laws and regulations and the articles of incorporation.

2. System to store and manage information on performance of duties by directors of the Company

For performance of duties by directors, reports are made at the meetings of the board of directors, and the contents are recorded in the minutes of such meeting, which are properly stored and managed. Moreover, other records concerning the performance of duties are properly stored and managed in accordance with the rules for document management.

3. System including rules for management of the risk of loss of the Company

For the risk of loss of the Company, the rules for the management of each risk (including systems) are established and appropriately implemented by the office in charge of supervising matters relating to the risk of loss for each risk category (risks such as finance, legal affairs, environment, quality, credit and natural disaster, etc.).

4. System to ensure that duties are performed efficiently by directors of the Company

- (1) The meetings of the board of directors will be held regularly, in principle once a month and ad hoc meetings shall be held as necessary.
- (2) The Management Council and the *shinsa kaigi* (organization which reviews credit and individual important cases) consisting of executive directors and specific executive officers discuss important matters for the Company's management policies and strategies prior to submitting such matters to the board of directors.
- (3) The omission of resolutions at the meetings of the board of directors (approval by documents) is provided for in the articles of incorporation to promote efficiency.
- (4) The Company may, by resolution of the board of directors, delegate all or part of decisions on execution of important duties to directors.
- (5) Decision criteria are established to promote efficiency of performance of duties by directors by delegating authority.

5. System to ensure appropriateness of operations of Inabata Group (the Group)

- (1) Efforts shall be taken for all officers and employees of the Group to familiarize themselves with Corporate Principle, Management Philosophy/Mission, Vision, and IK Values of the Company.
- (2) Executive directors and employees of the Company shall be dispatched to subsidiaries as necessary as officers.
- (3) Subsidiaries shall be under obligation to report sales results, financial position and other important information to the Company on a regular basis in accordance with the rules for group company management. Moreover, concerning important matters arising at subsidiaries, subsidiaries shall be under obligation to seek permission from the Company beforehand and receive approval for the matter.
- (4) An organization to oversee subsidiaries shall be established, and such organization shall have a system established to supervise and guide the subsidiaries' management.
- (5) Internal audits of the subsidiaries shall be conducted in accordance with the rules for internal audits.
- (6) The internal whistleblowing system of the Company shall have a system established to enable whistleblowing by officers or employees of subsidiaries.

6. Matters relating to directors and employees assisting the Audit and Supervisory Committee's duties

- (1) The Company shall assign personnel to support the duties of the Audit and Supervisory Committee (hereinafter referred to as "assistant employees").
- (2) Assistant employees shall perform their duties under the direction of the Audit and Supervisory Committee.
- (3) Appointment, dismissal, and merit rating of assistant employees shall be determined after obtaining the approval of the Audit and Supervisory Committee.
- (4) When selecting the assistant employees, ample consideration shall be given to their experience, knowledge and initiative.
- (5) Directors (excluding directors who are audit and supervisory committee members) and employees shall not unreasonably restrict the execution of duties by assistant employees.

7. System for report to the Audit and Supervisory Committee

To provide a system for reporting to the Audit and Supervisory Committee, internal company rules providing for the following content will be established and appropriately put into operation.

- (1) Officers and employees of the Group shall make prompt and appropriate reports when the Audit and Supervisory Committee of the Company has requested a report on matters relating to the execution of business.
- (2) Officers and employees of the Group shall provide reports to the Audit and Supervisory Committee of the Company whenever deemed appropriate when the Group has incurred significant loss or is at risk thereof.
- (3) Departments inside the Group that have the management responsibility for internal audits, compliance, risk management, subsidiary management, and so forth shall conduct report meetings at the Audit and Supervisory Committee of the Company on a regular basis or as deemed necessary.
- (4) The department in charge of the internal whistleblowing system of the Company shall report to the Audit and Supervisory Committee.

Committee of the Company on a regular basis on the status of whistleblowing incidents from officers or employees of the Group.

- (5) Officers and employees of the Group shall be forbidden from treating a person who reported information to the Audit and Supervisory Committee of the Company disadvantageously because of such action.
8. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
 - (1) The representative director shall hold meetings with the Audit and Supervisory Committee on a regular basis, and at such meetings, opinions shall be exchanged on management policies, issues that require the Company's action, major risks surrounding the Company, the status of establishment and operation of internal controls in the Group, the provision of environments for audits, etc., and important issues concerning audits
 - (2) When the Audit and Supervisory Committee requests the assistance of a lawyer, certified accountant or other outside professional to assist in the execution of his/her duties, or claims for the cost required to commission investigations, appraisals, or other professional services, the Company shall not be in a position to refuse these requests except in cases when the costs related to the aforesaid claims are deemed not to be necessary for the Audit and Supervisory Committee's execution of duties.
 - (3) In order to make audits by the Audit and Supervisory Committee systematic and efficient, a system to ensure the Audit and Supervisory Committee has close cooperation with the Internal Audit Office shall be established. The Internal Audit Office shall formulate an annual internal audit plan and obtain confirmation from the President and the Audit and Supervisory Committee. The same applies when there are significant changes to the plan. The Internal Audit Office shall give reports on audit results to the Audit and Supervisory Committee and follow requests to conduct an investigation or any specific instructions from the Audit and Supervisory Committee. If the instructions of the President are inconsistent with those of the Audit and Supervisory Committee, the Internal Audit Office shall respect the instructions of the Audit and Supervisory Committee.
 - (4) Appointment, dismissal and merit rating of the General Manager of the Internal Audit Office shall be determined after obtaining the approval of the Audit and Supervisory Committee.
 - (5) Amendments to or abolition of the rules for internal audits and implementation rules for internal audits shall require the consent of the Audit and Supervisory Committee.

(Outline of operational status of internal control system)

Based on the basic policy of establishing an internal control system, the Company operates as follows.

1. System to ensure that performance of duties by directors and employees complies with laws and regulations as well as the articles of incorporation

The Company has taken steps to ensure that it can rapidly become aware of information relating to compliance and deal with it, setting up subcommittees (for compliance, information security, privacy, and management of pharmaceuticals, etc.) within the Compliance Committee chaired by the president. In addition, the Company has set up an internal whistleblowing system consisting of two separate routes: The "compliance hotline" is primarily for reporting violations of laws and regulations, such as bribery and other types of corrupt activities, and incidents of serious breaches of compliance, including organizational fraud. The "counseling desk" provides mediation and coordination to help employees resolve issues related to the work environment and work relationships.

Furthermore, the Company has established principles including Inabata Declaration of Compliance and the compliance guideline and conducts related initiatives on a company-wide basis. At the same time, it works to enhance its internal control, having set up the Internal Control Committee to establish, maintain, and promote the internal control system. It has also taken steps to ensure that the Internal Audit Office conducts assessments and operational audits of internal control, that internal control is conducted to a higher standard, and that corporate governance requirements are observed at all times.

The details on the internal whistleblowing system are described in the last page of this report.

2. System to store and manage information on performance of duties by directors of the Company

With regard to performance of duties by directors, related reports are made at the meetings of the board of directors, and the contents are recorded in the meeting minutes. The minutes of meetings of the board of directors and other records concerning the performance of duties are properly stored and managed in accordance with the rules for document management and their detailed provisions.

3. System including rules for management of the risk of loss of the Company

With regard to the risk of loss, the Company has set up subcommittees (for compliance, information security, privacy, and management of pharmaceuticals, etc.) within the Compliance Committee, and has also set up an internal whistleblowing system. In addition, rules for the management of each risk are established and appropriately implemented by Risk Management Office, Business Process Management Office, Financial Management Office, and General Affairs Office.

4. System to ensure that duties are performed efficiently by directors of the Company

The board of directors comprises twelve directors, including seven independent directors, and it met 16 times during the fiscal year ended March 31, 2026. The Management Council or the shinsa kaigi (organization which reviews credit and individual important cases), etc. consisting of executive officers in positions of managing executive officer or higher, discuss important matters relating to the Company's management policies and strategies first, and following their deliberations, the board of directors makes decisions on the performance of duties.

The Company has set rules and regulations on decision-making authority, such as rules for request for approval and regulations on divisional decision-making, to promote efficiency in directors' performance of their duties by delegating authority.

5. System to ensure appropriateness of operations of the Group

The Group's subsidiaries report sales results, financial position and other important information to the Company on a regular basis in accordance with the rules for group company management. Moreover, subsidiaries seek permission from the Company and receive approval before executing important matters.

While executive directors and employees of the Company are dispatched to subsidiaries as officers, Financial Management Office supervises and provides guidance. Internal audits including audits of internal control are conducted throughout the entire Group, including subsidiaries.

Subsidiaries have been made aware of the Company's internal whistleblowing system, enabling whistleblowing from subsidiaries to the Company.

6. Matters relating to directors and employees assisting audit and supervisory committee duties

The Company appoints assistant employees subject to the direction of the audit and supervisory committee. The merit rating of the assistant employees is subject to the consent of the audit and supervisory committee.

7. System for report to audit and supervisory committee

The Company has established rules on reports to audit and supervisory committee, which it implements appropriately.

Audit and supervisory committee works to gather information, communicating with directors, executive officers, Internal Audit Office, and other employees. Directors who are audit and supervisory committee members attend meetings of the board of directors, and receive reports from directors, executive officers, employees, and others regarding the performance of their duties, requesting

explanations as necessary. The Director who is a full-time audit and supervisory committee member attends important meetings such as the Management Council and the *shinsa kaigi* (organization which reviews credit and individual important cases) and reports the contents of such meetings to the audit and supervisory committee. With regard to subsidiaries, the Company's audit & supervisory committee members also communicate and exchange information with their directors, audit & supervisory board members, and others, receiving business reports from subsidiaries as necessary.

The department in charge of the Company's internal whistleblowing system reports to the audit and supervisory committee regarding contact or requests for advice received via the internal whistleblowing system on a regular basis.

8. Other systems to ensure that audit by the audit and supervisory committee is conducted effectively

The representative director holds meetings on a regular basis with audit and supervisory committee, to exchange opinions.

The Company reimburses audit and supervisory committee members if they claim for reimbursement of costs required for performance of their duties.

The Internal Audit Office formulates an annual internal audit plan and obtain confirmation from the president and the audit and supervisory committee.

The Internal Audit Office reports audit results to the audit and supervisory committee.

The appointment, dismissal, and merit rating of the General Manager of the Internal Audit Office shall be determined after obtaining the approval of the audit and supervisory committee.

(Status of development and improvement of risk management system)

Of risks which may affect the Company, credit risk of business partners and risk for legal regulations are monitored and overseen by Risk Management Office. In order to avoid risk for legal regulations, the Company appropriately receives advice from six lawyers with whom the Company signs an advisory contract.

2. Basic views on eliminating anti-social groups and the progress of related efforts

In Inabata Declaration of Compliance, the Company declares that "We never give in to antisocial groups, we refuse unreasonable demands and avoid easy monetary compromises." In addition, in order to work on the elimination of anti-social groups on a company-wide basis, the Company posts the Inabata Declaration of Compliance as well as the compliance guideline on its internal website and holds training sessions on compliance to keep officers and employees of the Company informed about the importance of eliminating anti-social groups.

General Affairs Department of General Affairs Office is in charge of handling responses to anti-social groups and a manual is established to respond to a situation. In addition, the Company collects information on anti-social groups in collaboration with the anti-organized crime section of Metropolitan Police Department and Tokuboren (association of special violence prevention measures) under the authority of Metropolitan Police Department.

Inabata Declaration of Compliance is available on its website

(<https://www.inabata.co.jp/english/sustainability/governance/compliance/>)

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

-

Supplementary Explanation

-

2. Other matters related to corporate governance system Updated

The Company is ISO9001 and ISO14001 certified to improve customer satisfaction, and is making efforts for its maintenance and management.

(Overview of timely disclosure system)

The Company believes that timely and appropriate disclosure of important company information leads to trust from the financial markets, which in turn contributes to the medium- to long-term maintenance and enhancement of corporate value. Based on this belief, the Company is continuously working on the development and operation of a timely disclosure system in accordance with the Tokyo Stock Exchange (hereinafter referred to as "TSE").

1. Basic policy

The Company strives to achieve highly transparent management through timely and appropriate information disclosure, aiming to form a fair evaluation by society and the market, and to continuously enhance corporate value.

This basic policy is published on the Company's website as a guideline for information disclosure, including timely disclosure, and is thoroughly communicated both internally and externally.

2. Department in charge / responsible person

The department in charge of timely disclosure is the Financial Management Office (hereinafter referred to as the "department in charge of timely disclosure"), and the "officer in charge of information disclosure" (director or executive officer) is designated as the person responsible for information disclosure, including timely disclosure.

3. Collection / determination of information

The department in charge of timely disclosure collects information promptly and comprehensively from the Company and its subsidiaries, either directly or through requests for approval (matters presented based on the rules for request for approval), matters presented to the *shinsa kaigi* (organization which reviews credit and individual important cases) and the Management Council (organization which advises systems, etc.). The department in charge of timely disclosure examines the collected information to determine whether it constitutes important information subject to timely disclosure based on relevant laws and regulations, listing regulations, etc., and the person responsible for information disclosure makes the final decision on the necessity of timely disclosure. Even if it is determined that there is no obligation to disclose, voluntary disclosure from the perspective of timely and appropriate company information disclosure is considered.

4. Planning / drafting of disclosure materials

If the information is subject to timely disclosure, the department in charge of timely disclosure plans and drafts disclosure materials based on relevant laws and regulations, listing regulations, etc. In planning and drafting, TSE personnel and external experts such as lawyers are consulted as necessary.

5. Check / monitoring

The Risk Management Office, as the office in charge, checks the content of requests for approval and reports related to timely disclosure matters. These requests for approval and reports are notified to the Internal Audit Office and the Audit and Supervisory Committee, where monitoring is conducted.

6. Procedure for disclosure / timing of disclosure

For important decisions and financial information subject to timely disclosure, approval is obtained from the Director, President through a request for approval and, in principle, disclosed without delay after a resolution by the Board of Directors. However, even before a resolution by the Board of Directors, if it can be evaluated that a decision has been made substantially as the Company's intention, the necessity of disclosure at that stage is considered and disclosure is made as necessary. Additionally, for matters where the decision-making authority of the Board of Directors is delegated to the Director, President based on the Articles of Incorporation or Rules of the Board of Directors, the information is disclosed without delay after approval by the Director, President through requests for approval.

Disclosure is also made for important facts which occurred subject to timely disclosure without delay after consultation with management as necessary. If, due to the nature of the facts which occurred, the President's approval through requests for approval or reporting to the Board of Directors occurs after disclosure, the necessary internal procedures will be carried out promptly after disclosure.

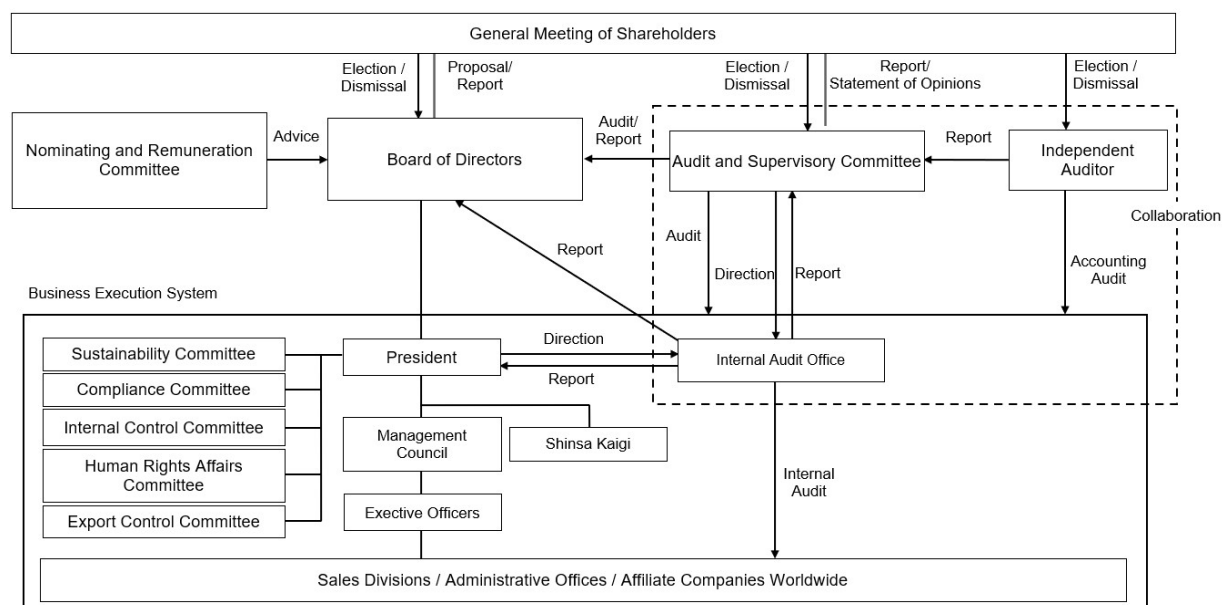
7. Disclosure method

Timely disclosure is conducted through the TSE's "Timely Disclosure Network (TDnet)," and the Company strives for fair and prompt dissemination of information.

8. Information management

In handling information related to timely disclosure, the Company ensures strict information management to prevent internal and external parties from leaking important information to third parties before timely disclosure. The Company also strives to prevent information leakage when consulting with external experts.

The chart of the corporate governance system of the Company is as below.

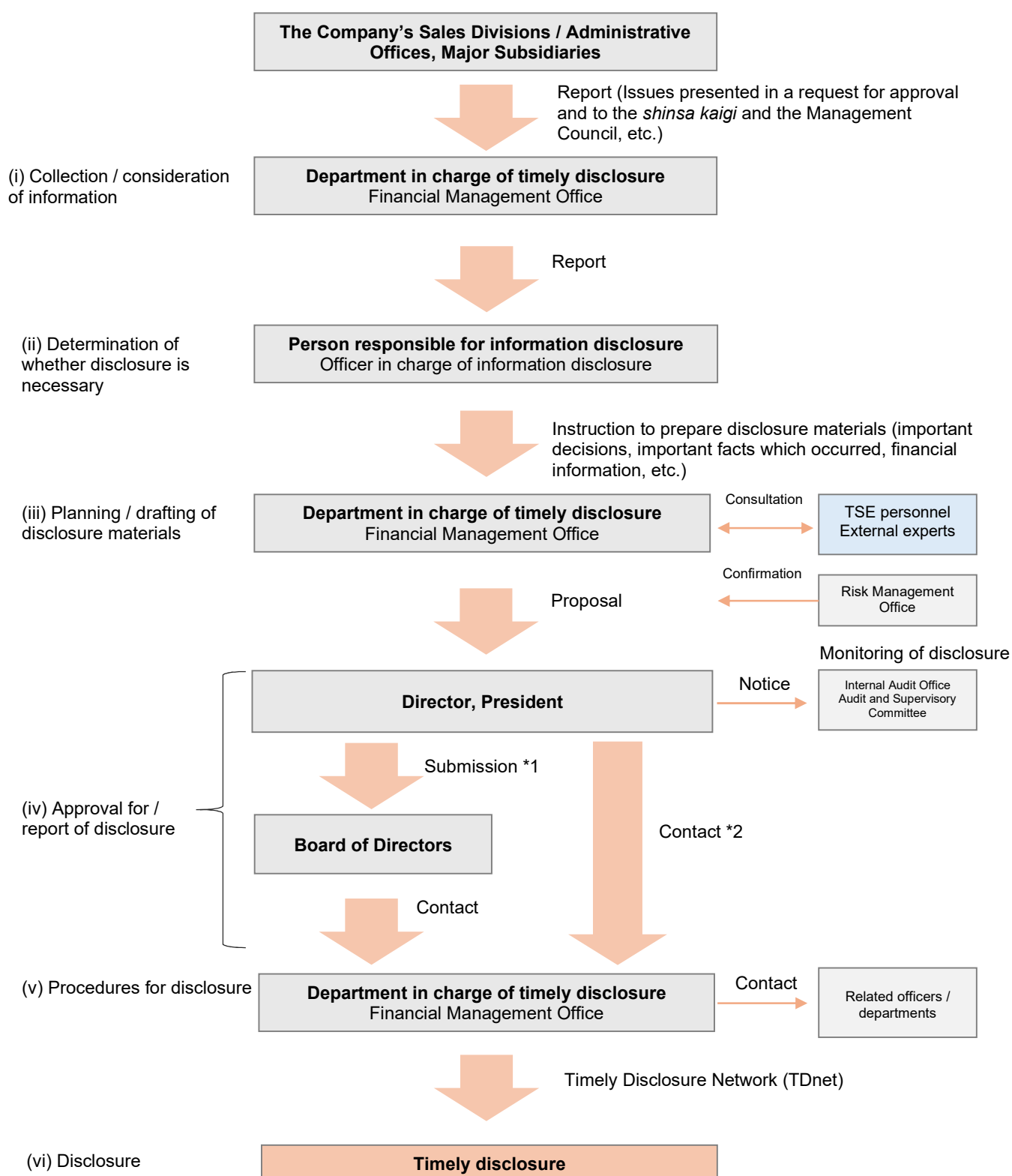


Board of Directors: Of the 12 directors, 7 directors are independent directors.

Audit and Supervisory Committee: Of the 5 directors who are audit and supervisory committee members, four directors are independent directors.

Nominating and Remuneration Committee: Of the 5 directors, 4 directors are independent directors.

Chart of the Company's timely disclosure system



*1 Important decisions, financial information, etc., for which the Board of Directors holds decision-making authority (in principle)

*2 Important decisions, financial information, etc., for which the decision-making authority of the Board of Directors has been delegated to the Director, President

Inabata Group Sustainability Basic Policy

The Inabata Group's corporate mission is to value people and contribute to society with a spirit of *love* and *respect*. Under this mission, we will also make it a management priority to address various environmental and social issues.

We will continue to respond to society's evolving needs in all the Group's business activities, as we aim to enhance our long-term corporate value and contribute to building a sustainable society.

Inabata Group Sustainability Code of Conduct

1. Respect for Human Rights

We will respect human rights and adhere to international norms that protect them. We will not tolerate any human rights infringement, including discrimination or harassment concerning race, nationality, ethnicity, religion, beliefs, gender, age, disabilities, social status, or sexual orientation. Nor will we tolerate inhumane acts, such as forced labor, child labor, and slavery.

We will conduct human rights due diligence to ensure that our business activities avoid causing or contributing to infringements on human rights.

2. Healthy, Safe, and Secure Working Conditions

We will strive to maintain a working environment where all employees can continue to work in healthy, safe, and secure conditions. We will actively seek to identify and eliminate all conditions that could negatively impact the health and safety of our employees.

We will respect the rights of workers and comply with all labor laws and regulations in each of the countries where we do business.

3. Fostering an Open Culture for Active Participation by Diverse Staff

We will continually provide opportunities for all employees to pursue their interests and develop their strengths according to their capabilities. We will create a working environment that encourages interaction, where diverse people respect each other's unique characteristics and abilities and feel a sense of unity as they work. Our goal is to foster a culture of open and active participation.

4. Environmental Conservation

We will earnestly address climate change and other environmental issues and take active steps to protect the environment. Recognizing that our business activities affect the environment, we are implementing a comprehensive range of protective measures. These measures include reducing greenhouse gas emissions and other steps to respond to and mitigate climate change, managing energy usage, using resources efficiently, reducing waste, preventing pollution, managing chemical substances, conserving water resources, and preserving biodiversity.

We utilize an environmental management system to ensure that we comply with all environmental laws and regulations and take steps to appropriately monitor and manage the environmental impact of our activities.

We will contribute to environmental conservation through our business activities, such as by developing and selling products that help reduce the environmental footprint of our customers and society.

5. Crisis Management

The fundamental objectives of our crisis management are first and foremost to protect people's lives and then to ensure business continuity and reestablish normal operations as quickly as possible in the event of a natural disaster, such as a major earthquake, typhoon, or flood, as well as a pandemic, terrorist action, accident or incident, cyber attack, or security incident. We regularly review our business continuity plan to confirm that it is up to date. When a crisis event occurs, the plan ensures that we can quickly resume operations to minimize the impact on our customers and suppliers, which is essential to maintaining trust in our company.

In the event of a major disaster, our business sites will participate in the restoration and reconstruction efforts of local communities.

6. Constructing a Sustainable Supply Chain

We will construct a sustainable supply chain by working together with all of our supply chain's stakeholders to address environmental issues such as climate change, as well as human rights and other social issues. We will share the Inabata Group Sustainable Supply Chain Policy with our suppliers, and based on that

policy, we will communicate closely with them and strive to strengthen our partnerships.

We will endeavor to be just and equitable in our business transactions, and we will not abuse our dominant bargaining position. We will conduct fair business in compliance with each country or entity's regulations governing fair competition and transactions, including antitrust laws.

7. Compliance

We will engage in fair and honest business practices that comply with all laws and regulations on business activities. We will implement thorough anti-bribery and corruption measures to avoid conflicts of interest and to ensure the appropriate handling of information. In addition, the Inabata Declaration of Compliance sets high ethical standards for the behavior of everyone working in the company.

We will maintain an internal whistleblowing system through which we accept and respond to anonymous and confidential reports of non-compliance issues.

We will continue to strengthen the Group's risk management and compliance systems through regularly scheduled internal audits as well as those conducted by Audit & Supervisory Board members.

8. Collaboration with External Stakeholders

We will engage in ongoing dialogue through various platforms with stakeholders, including customers, suppliers, shareholders, investors, industry groups, and local communities to discuss and understand underlying issues and communicate our corporate policies and intentions.

We will use information obtained through that dialogue to improve our business efficiency, enhance our corporate value, and form action strategies to address environmental and social issues. We will also work with stakeholders when implementing our strategies to improve their effectiveness.

We will fulfill our duty as a good corporate citizen by actively contributing to the development of the local community.

9. Sustainability Information Disclosure

We will provide timely and appropriate disclosure of information related to sustainability and maintain transparency and accountability. We will actively monitor and act on international sustainability initiatives, including disclosing information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures. We believe these are essential for us as a company to maintain our stakeholders' trust and fulfill their expectations.

Established in November 2021

Revised in June 2022

Revised in December 2024

Inabata Group Human Rights Policy

The Inabata Group has a corporate mission of respecting people and contributing to the development of society in the spirit of love (*ai*) and respect (*kei*). The values we hold most dear are the spirit of love (*ai*) and respect (*kei*), which have been passed down as the IK values since the group's founding. We realize that people are our true business partners, and we have cherished the attitude of respecting people for over 130 years. As we expand our business globally, there are an increasing number of situations in which diverse cultures and values intersect. This makes our attitude of respecting people even more important. We recognize that protecting the dignity and rights of all people is an important responsibility of a corporation.

The Inabata Group is working to promote human rights initiatives throughout our entire group. As a guideline for fulfilling this responsibility, we hereby establish the Inabata Group Human Rights Policy (hereinafter, "the Policy") based on the United Nations Guiding Principles on Business and Human Rights and the Inabata Group Sustainability Basic Policy and Code of Conduct. We have positioned the Policy as the highest level policy of all documents and rules related to human rights efforts in our business activities. The Inabata Group recognizes that all activities in value chains in all business segments can directly or indirectly impact human rights. We will continue to promote efforts to respect human rights in our business processes. It is difficult to ascertain all of the ways in which the products and services we provide are used. However, as society continues to change, we will work toward fostering more responsible and beneficial applications.

Respect for human rights is a fundamental premise for expanding our business domain worldwide and developing together with global society. The Inabata Group fulfills our responsibilities as a member of the international community.

1. Scope of Application

All officers and employees of the Inabata Group (including employees working on a fixed-term contract and temporary employees) are directly protected and are expected to act in accordance with the Policy. We also expect our business partners and other related parties to support the Policy and encourage them to respect human rights.

2. Support for and Respect of International Norms / Compliance with Laws and Regulations

We have declared our support for the Ten Principles of the UN Global Compact in four areas: human rights, labor, environment, and anti-corruption. We support and respect international norms regarding human rights, such as the International Bill of Human Rights^{*1}, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work^{*2}, the Convention on the Rights of the Child. Furthermore, we promote initiatives for respecting human rights based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. We also comply with the laws and regulations of the relevant countries and regions in our business activities. Where internationally recognized human rights and national law are in conflict, we will seek ways to respect internationally recognized human rights principles to the greatest extent possible.

^{*1} The International Bill of Human Rights is a collective term for three documents: the Universal Declaration of Human Rights and its codified covenants; namely, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. The International Bill of Human Rights is currently considered the basic framework for the protection of human rights as recognized internationally.

^{*2} The ILO Declaration on Fundamental Principles and Rights at Work sets out five areas as minimum standards to be observed in the workplace (core labor standards): freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment.

3. Governance

The Board of Directors oversees compliance with and implementation of the Human Rights Policy. Important decisions regarding human rights are made based on reports from the Sustainability Committee and the Human Rights Affairs Committee. The Sustainability Committee, chaired by the President, formulates human rights policies, strategies and plans, and monitors the progress of plans and goals. The Human Rights Affairs Committee, chaired by the officer in charge of the Human Resources Office, provides education to deepen knowledge and understanding of human rights among employees.

In addition, the Sustainability Promotion Department and the Human Resources Office take the lead in promoting human rights practices while cooperating with related divisions and group companies both in Japan and overseas.

4. Human Rights Due Diligence

Based on the United Nations Guiding Principles on Business and Human Rights, the Inabata Group will establish a system of human rights due diligence, including in our supply chain, and will continually work to identify, evaluate, and prevent or mitigate any negative effects on human rights that may result from our business activities. We also evaluate the effectiveness of these efforts and use the evaluation results to continually improve our efforts for respecting human rights.

5. Remedies and Corrections

The Inabata Group will establish appropriate and effective grievance mechanisms for use by internal and external stakeholders to raise concerns about our business activities. If it becomes clear that we have caused or contributed to an adverse impact on human rights, we will undertake remedies and corrections through appropriate procedures. Furthermore, for cases in which we are directly linked to adverse impact on human rights, we will endeavor to prevent or mitigate the impact by, for example, working together with other companies that caused or contributed to the impact.

6. Education and Awareness-Raising Activities

The Inabata Group provides appropriate education to all officers and employees of our group and works to raise awareness of human rights so that the Policy is understood and effectively implemented. We also share the Policy with our business partners and relevant stakeholders to promote the understanding and consideration of the policy.

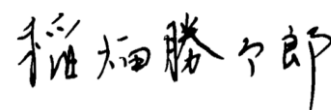
7. Information Disclosure

The Inabata Group reports on our initiatives to respect human rights through communication channels such as our website and integrated report.

8. Dialogue with Stakeholders

The Inabata Group seeks to build trust by engaging in sincere dialogue and discussion with relevant stakeholders and external experts in all processes related to respecting human rights, including human rights due diligence.

Established in March 2022
Revised in December 2024



Katsutaro Inabata
President

< Appendix >

Basic Stance on Human Rights Issues Recognized as Salient by the Inabata Group

As a corporation that conducts sustainable business activities in a diverse society, the Inabata Group recognizes the following human rights issues as important and clarifies our corporate stance on those issues.

We will proceed with initiatives based on our Human Rights Policy. Furthermore, we will appropriately review the policy by considering individuals and groups who are in socially vulnerable positions and at high risk of exclusion, and by regularly reviewing in response to our business domain and social conditions.

Prohibition of Forced Labor

The Inabata Group does not tolerate any form of forced labor, including human trafficking and slave labor, in our business activities. In particular, we do not tolerate inhumane treatment of foreign workers, migrant workers, etc.

Prohibition of Child Labor

The Inabata Group does not tolerate child labor (in principle, labor by children under the age of 15 or children who have not reached the minimum working age set by the laws of each country) in our business activities. Moreover, we do not tolerate young people under the age of 18 (young workers) to engage in hazardous work.

Ensuring the Health and Safety of Workers

The Inabata Group provides a safe and healthy working environment in accordance with the laws, regulations, and rules regarding workplace safety and health applicable in the countries and regions in which we conduct our business activities.

We prioritize protecting the lives of workers and ensuring their safety and health, and do not tolerate dangerous or violent behavior in the workplace. We also prohibit the consumption of alcohol and drugs that interfere with safe work.

We will maintain a work environment that is rewarding and allows employees to concentrate on their duties with peace of mind.

Prohibition of Discrimination and Harassment

The Inabata Group prohibits all forms of discrimination based on race, color, nationality, language, religion, ideology, age, gender, gender identity and sexual orientation, ethnicity, occupation, disability, property, employment status, etc.

We do not tolerate any conduct that impair the dignity of others, whether psychological or physical, nor do we tolerate any other form of harassment.

Respect for Freedom of Association and the Right to Collective Bargaining

The Inabata Group respects freedom of association and the right to collective bargaining, which are basic rights of workers, in accordance with the laws and regulations applicable in the countries and regions in which we conduct our business activities.

Payment of Fair Wages and Management of Working Hours

The Inabata Group complies with all laws and regulations regarding working hours and wages applicable in the countries and regions in which we conduct our business activities.

We strive to ensure the payment of a living wage necessary to ensure a decent standard of living for employees and their families. Furthermore, we will appropriately manage working hours.

Protection of Personal Information and Respect for Privacy

The Inabata Group protects the personal information of people associated with our group and respects their privacy in accordance with the laws and regulations applicable in the countries and regions in which we conduct our business activities.

Respect the Rights of Vulnerable People in the Local Community

The Inabata Group gives special attention to respecting the human rights of women, children, persons with disabilities, ethnic minorities, indigenous peoples, and other socially vulnerable people.

Inabata Group Sustainable Supply Chain Policy

1. Commitment to a sustainable supply chain

The Inabata Group has set “providing value through resilience in procurement and supply functions” as one of our materialities. We view the supply chain as the foundation of creating sustainable value as a trading company. Our important mission is to utilize our global supply chain network to meet the changing needs of our clients and society, and to contribute to solving problems.

We, as a group, firmly believe that building a sustainable supply chain that considers issues such as the environment, human rights, and working conditions is our responsibility as a member of society and will also become yet another advantage offered by our group.

The Inabata Group has established this policy as a common set of values for our supply chain partners. We aim to create useful value for society by working together with all business partners* to build relationships of coexistence and mutual prosperity.

*Suppliers who provide goods and services, business contractors, etc.

2. Scope

This policy applies to all officers and employees (including employees working on a fixed-term contract and temporary employees) of the Inabata Group, as well as to all business partners with whom we work together to build a sustainable supply chain.

3. Supply Chain Sustainability Promotion Guidelines

The Supply Chain Sustainability Promotion Guidelines define the values that the Inabata Group and our business partners should share in transactions, and the matters that we should promote together. These Guidelines serve as the foundation for all transactions with our group. We ask both our group and our business partners to understand and implement these Guidelines.

We aim to work with our business partners to build a sustainable supply chain that continues to create value while considering the environment and society.

Supply Chain Sustainability Promotion Guidelines

1) Compliance with Laws and Regulations and Support for and Respect of International Norms

- In business transactions, the Inabata Group complies with the relevant laws and regulations of each country and region, as well as international rules, and supports and respects international norms*.

* These include The Ten Principles of the UN Global Compact in four areas: human rights, labor, environment, and anti-corruption, the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (covering five areas: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced labor, the effective abolition of child labor, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment), the Convention on the Rights of the Child, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

2) Fair Transactions and Anti-Corruption

- The Inabata Group thoroughly engages in fair transactions, including preventing conflicts of interest, money laundering, and other illegal activities, and preventing anti-competitive practices.
- We also prevent all forms of corruption, including extortion and bribery.

3) Respect for Human Rights

- The Inabata Group does not tolerate any form of forced labor, including human trafficking and slave labor.
- We do not tolerate child labor (in principle, labor by children under the age of 15 or children who have not reached the minimum working age set by the laws of each country).
- We seek to provide a safe, hygienic, and healthy working environment. We prepare emergency response measures for disasters, accidents and other unforeseen incidents, and raise awareness for those measures.
- We do not tolerate discrimination of any kind, including at the time of recruitment and employment.
- We do not tolerate any form of harassment, and do not engage in inhumane treatment including abuse and corporal punishment.
- We respect employees' right to organize and right to collective bargaining, and promote smooth discussion between management and workers.
- We appropriately manage employees' working hours, holidays and vacations in accordance with applicable laws and regulations, and prohibit excessive overtime work.
- We comply with the statutory minimum wage and seek to ensure the payment of a living wage. We do not make unjust deductions from wages.

4) Environmental Conservation

- The Inabata Group undertakes environmental conservation activities by establishing an environmental management system and aiming for continuous improvement.
- We seek to reduce greenhouse gas emissions and promote the realization of a decarbonized society.
- We improve the efficiency of resource and energy use and seek to reduce waste.
- We work to reduce and properly dispose of hazardous waste and pollutants, and seek to prevent environmental pollution.
- We appropriately manage chemical substances and seek to replace them with less harmful alternatives.
- We work to conserve water resources by effectively using water and reducing water usage in water-stressed regions.
- We evaluate the impact on biodiversity and seek to achieve Nature Positive.

5) Quality Control

- We seek to maintain and ensure the quality and safety of products and services.

6) Information Management

- The Inabata Group appropriately manages and protects confidential information and personal information obtained in transactions, and does not infringe on the intellectual property rights of third parties.

7) Coexistence with the Local Community

- As a member of society, the Inabata Group strives to coexist with the local community.

8) Partnerships

- The Inabata Group encourages our upstream suppliers to comply with these Guidelines.

9) Information Disclosure

- The Inabata Group discloses information on the above information in a timely and appropriate manner.

4. Engagement with Business Partners

The Inabata Group engages with our business partners in various ways, aiming to build relationships for continual growth together with partners as we work toward the same goals. In order to ascertain the status of compliance with these Guidelines, we will deeply communicate with our business partners and seek to understand the actual conditions.

If a serious violation of these Guidelines is confirmed, we will ask the business partner in question to take corrective action. If we determine that correction is difficult even after providing continuous guidance and support, we will take measures that include reviewing the appropriateness of transactions with that business partner.

If an employee or business partner of the Inabata Group violates these Guidelines in a transaction involving our group, or if there is any suspicion of such a violation, please report it through the inquiry desk. We will ensure the confidentiality of the reporter and the content of the report. A person reporting a violation will not be subject to any disadvantageous treatment.

5. Policies for Specific Fields

Responsible Minerals Sourcing Policy

- 1) The Inabata Group does its best to responsibly procure minerals that are not involved with human rights violations (including forced labor and child labor) in high-risk areas such as conflict zones, funding to armed groups, illegal transactions, complicity in conflicts, or environmental destruction.
- 2) In response to client requests, we will collaborate with suppliers to conduct investigations in accordance with international frameworks.

Wood Procurement Policy

- 1) With the cooperation of our suppliers, the Inabata Group seeks to ensure the traceability of the wood we source.
- 2) We seek to procure properly managed sustainable forest resources that conserve forest resources and consider the conservation of ecosystems and biodiversity.
- 3) We seek to prevent and reduce adverse human rights impact caused by deforestation and wood processing.
- 4) We seek to expand our procurement of wood products that have obtained internationally trusted forest certification.

Established in November 2024

Information Disclosure Based on TCFD Recommendations

(June 17, 2026)

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1 Policy and Basic Approach to Climate Change

Climate change is one of the most important issues affecting the global economy, society, and environment, and is already having tangible impacts on business activities and people's lives through the increasing frequency and severity of extreme weather events. As policies, regulations, and market structures shift toward decarbonization in countries and regions around the world, companies are expected to address climate change strategically and systematically as a medium- to long-term management issue. The Paris Agreement aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Inabata Group will continue to address climate change in alignment with this international goal.

The Inabata Group fully recognizes the impact of climate change on the business environment and society as a whole, as well as the importance of responding to it. In its Sustainability Basic Policy and Code of Conduct and Declaration of Compliance, the Group states its commitment to contributing to the conservation of the global environment through its business activities. The materiality identified in 2022 includes "contributing to a decarbonized and circular society," and the Group positions climate change as one of its key management issues. To translate this approach into concrete action, the Group formulated the Sustainability Medium-term Plan 2026 in 2024, setting out its desired future state and specific targets for key themes including climate change, and is implementing measures in a planned manner.

Climate change represents business risks for the Group, including physical and transition risks, while also creating new business opportunities associated with the progress of decarbonization. The Group seeks to reduce GHG emissions from its own business activities and to achieve both solutions to social issues and business growth by providing products and solutions that contribute to the realization of a decarbonized society.

Based on the concepts set out by the Task Force on Climate-related Financial Disclosures (TCFD), and taking into account trends in sustainability disclosure in Japan and overseas, the Group identifies and analyzes the impact of climate change on its business and finances from the perspectives of both risks and opportunities. Going forward, we will continue to enhance and advance our climate-related disclosures in light of trends in international disclosure standards, and strive to improve corporate value sustainably through constructive dialogue with stakeholders.

2 TCFD's Core Elements of Recommended Climate-related Financial Disclosures and a Summary of Responses by the Inabata Group

Core elements	Description	Inabata Group response	Relevant section
Governance	Disclose the organization's governance around climate-related risks and opportunities.	Sustainability issues, including climate change, are deliberated and examined by the Sustainability Committee, which is chaired by the President and Representative Director. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee. The Board of Directors receives periodic reports from the director in charge of sustainability on the status of initiatives addressing sustainability issues, in accordance with the Regulations of the Board of Directors. Matters deliberated and examined by the Sustainability Committee are also appropriately reported to and overseen by the Board of Directors.	Section 3
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Based on scenario analysis using multiple scenarios, including 1.5°C and 4°C scenarios, the Group evaluates the impact of climate change on its business and finances from the perspectives of both risks and opportunities. Under the 4°C scenario, the Group's locations in Japan and overseas are assumed to be affected by increasingly severe extreme weather events. However, at present, we recognize that the risk is not at a level that would significantly threaten business continuity. In terms of opportunities, demand for products adapted to climate change is expected to increase, and we assess that the Group's business resilience can be maintained. Under the 1.5°C scenario, an increase in operating costs due to carbon pricing and higher electricity prices is assumed, while medium- to long-term revenue opportunities are expected through the expansion of technologies and products that contribute to low-carbon and environmentally friendly solutions. Based on these findings, we position the expansion of environment-related business and contribution to the global environment through business as important growth strategies in the progress toward a decarbonized society.	Section 4
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	The Inabata Group identifies, assesses, and manages climate-related risks and opportunities mainly through the Sustainability Committee. Risks and opportunities identified from both qualitative and quantitative perspectives based on scenario analysis and other methods are assessed for materiality by the committee and reported to and overseen by the Board of Directors as necessary.	Section 5

		The Board of Directors oversees Group-wide risks of high importance in an integrated manner, taking into account reports from the Sustainability Committee as well as other risks reported by the Risk Management Office, the Financial Management Office, the Compliance Committee, and other units.	
Metrics and Targets	Disclose the metrics and targets used to assess and manage climate-related risks and opportunities.	The Inabata Group has set the long-term target of achieving carbon neutrality by FY2050, covering Scope 1 and Scope 2 emissions of the consolidated Group, in alignment with the 1.5°C goal of the Paris Agreement. In the Sustainability Medium-term Plan 2026, the Group has also set medium-term targets of reducing GHG emissions by 25% by FY2026 and 42% by FY2030 compared with FY2022 levels, covering Scope 1 and Scope 2 emissions of the consolidated Group, and manages progress toward these targets. Since FY2021, the Group has calculated Scope 3 emissions in order to understand emissions across the entire supply chain, and plans to expand the scope of calculation in stages going forward.	Section 6

3 Governance

3.1 Overall Governance Structure

The Group positions sustainability issues as important management issues and has established a structure to address them systematically and continuously under management oversight.

Overview of governance structure

Function	Responsible body	Main role
Oversight function	Board of Directors	Oversight of the status of responses to sustainability issues
Implementation function	Sustainability Committee	Deliberation, approval, and monitoring of policies and measures
Planning, implementation, information gathering, and analysis functions	Sustainability Promotion Department and relevant divisions	Planning and execution of measures, information gathering and analysis, and Group-wide deployment

3.2 Implementation Structure through the Sustainability Committee

In October 2021, the Group established the Sustainability Committee, chaired by the President and Representative Director, to promote Group-wide initiatives addressing sustainability issues. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee.

Composition and operation of the committee

Chairperson	Director, President
Vice-chairperson	Director, Senior Managing Executive Officer in charge of sustainability
Members	● One Director, Senior Managing Executive Officer and two Managing Executive Officers in charge of sales divisions (3 members in total) ● Three Executive Officers and three heads of administrative offices (6 members in total)
Observers	● Independent directors (7 members) ● Non-executive directors (2 members)
Frequency	At least once a year in principle, with extraordinary meetings held as necessary; currently held twice a year
Key matters discussed	● Sustainability policies and key initiatives ● Progress on responses to materiality ● Review and monitoring of progress on key issues, including climate change

3.3 Oversight by the Board of Directors

In accordance with the Regulations of the Board of Directors, the Board of Directors receives reports from the director in charge of sustainability at least once a year on the status of initiatives addressing sustainability issues, including climate change. In addition, the Board receives quarterly reports on the status of sustainability initiatives through business execution reports. Matters deliberated and examined by the Sustainability Committee are also reported to the Board through these processes and are subject to its oversight.

Through this mechanism, the Group ensures the effectiveness of its sustainability response in conjunction with its management strategy.

3.4 Effectiveness through Linkage with Remuneration Systems

Because the Company positions its response to sustainability as an important management issue, it incorporates sustainability-related indicators into director remuneration systems to enhance the effectiveness of initiatives.

Linkage with director remuneration

Indicators for performance-linked remuneration ¹	ESG scores by multiple external evaluation organizations (FTSE Russell and MSCI)
Indicator for calculating the performance coefficient for the Board Benefit Trust (BBT) ²	Group engagement survey achievement rate

Notes:

¹ Performance-linked remuneration is calculated by multiplying position-specific fixed remuneration by a coefficient based on profit before income taxes (excluding gain on sale of investment securities), capital profitability (ROIC and ROE), stock price, and ESG scores by multiple external evaluation organizations (FTSE Russell and MSCI).

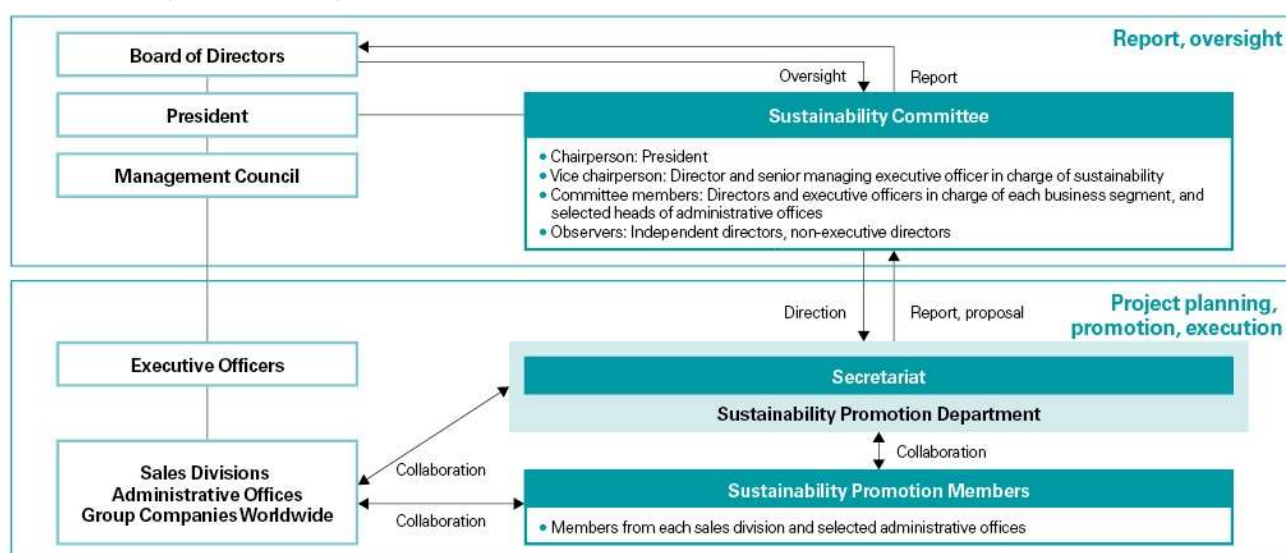
² Points bestowed for the fiscal year are determined by adding service points, which are fixed at 50% of the base points specified for each position, and performance points, which are calculated by multiplying service points by the performance coefficient. The performance coefficient is determined by the consolidated operating profit target achievement rate and the Group engagement survey achievement rate. The consolidated operating profit target achievement rate refers to results compared with the target publicly announced in the medium-term management plan. The Group engagement survey achievement rate refers to the achievement rate compared with the average KPI for employee engagement surveys defined in the Sustainability Medium-term Plan.

3.5 Implementation and Operating Structure

Matters resolved by the Sustainability Committee are implemented and operated through collaboration between the dedicated Sustainability Promotion Department and the Sustainability Committee Secretariat, which consists of members from major administrative divisions.

The Sustainability Promotion Department also compiles Group-wide sustainability-related information together with Sustainability Promotion Members from each sales division and major administrative divisions, and provides this information to the committee to support effective discussions and decision-making.

Sustainability promotion system



Main sustainability-related matters discussed by the Sustainability Committee and reported to the Board of Directors

FY2021	Establishment of the Sustainability Basic Policy and Code of Conduct; establishment of the Human Rights Policy
FY2022	Participation in the United Nations Global Compact; identification of materiality; Carbon Neutrality Declaration 2050; information disclosure in accordance with TCFD recommendations; status of external ESG evaluations; Calculation of GHG emissions (Scopes 1, 2, and 3); progress on TCFD scenario analysis; Progress on human rights due diligence
FY2023	Endorsement of TCFD and the TCFD Consortium; information disclosure based on TCFD recommendations; calculation of GHG emissions (Scopes 1, 2, and 3); progress on human rights due diligence
FY2024	Formulation of the Sustainability Medium-term Plan 2026; Carbon Neutrality Transition Plan; Status of external ESG evaluations (FTSE, MSCI, etc.); revision of the Human Rights Policy and establishment of the Sustainable Supply Chain Policy; FY2023 results against the Sustainability Medium-term Plan 2026; plan to purchase renewable energy certificates
FY2025	FY2024 results against the Sustainability Medium-term Plan 2026; on-site human rights due diligence survey in Vietnam; status of external ESG evaluations (FTSE, MSCI, etc.); current status of consolidated Group GHG emissions; effective shift to renewable energy at the Company and domestic Group companies; obtaining third-party assurance for GHG emissions; purchase of renewable energy certificates by overseas Group companies; monitoring of products with potential human rights risks; plan for human rights risk surveys

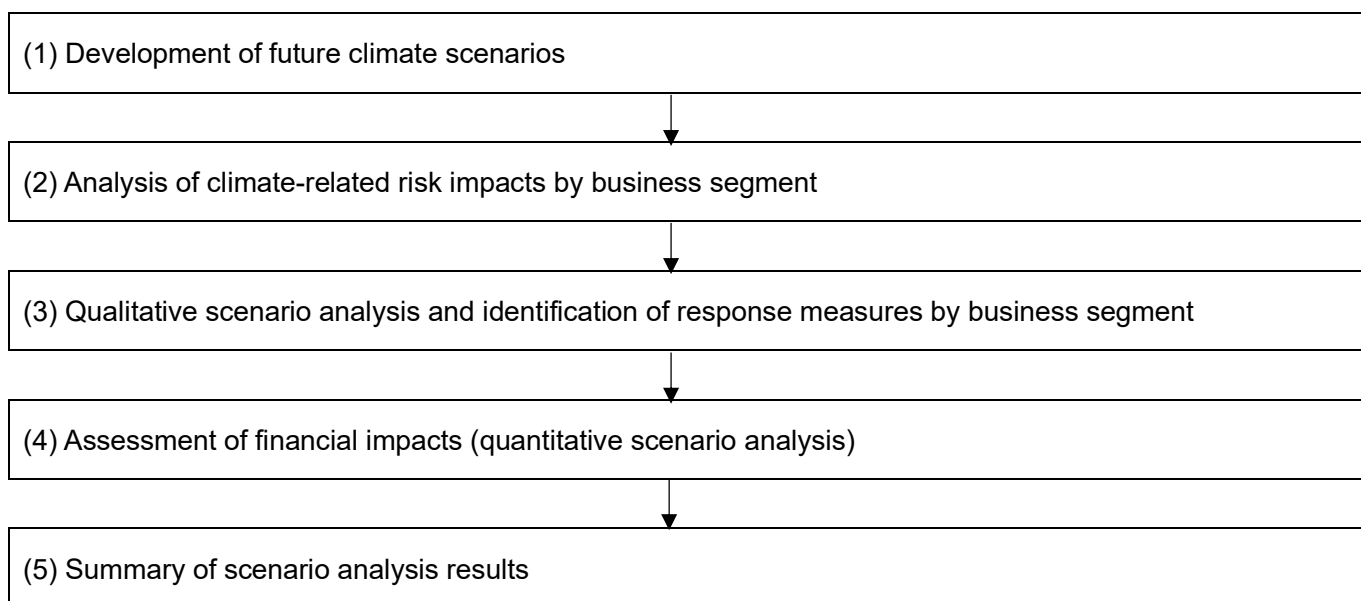
4 Strategy

The Inabata Group strives to understand the risks and opportunities for its business arising from the transition risks and physical risks associated with climate change, and to reflect the results in the formulation of climate change countermeasures and business strategies.

In this analysis, we set 2030, the target year of the Group's long-term vision IK Vision 2030, and 2050, the target year for achieving carbon neutrality, as time horizons. We conducted scenario analysis from both qualitative and quantitative perspectives with reference to the 4°C scenario, which assumes no climate change measures beyond the current level and more frequent and severe extreme weather events, and the 1.5°C scenario, which assumes the implementation of more ambitious climate change measures toward decarbonization, partially incorporating the 2°C scenario as necessary.

Reference scenarios		
1.5°C scenario	IEA Net Zero Emissions by 2050	
2°C scenario (partial)	IEA Sustainable Development Scenario	RCP2.6
4°C scenario	IEA Stated Policies Scenario	RCP8.5

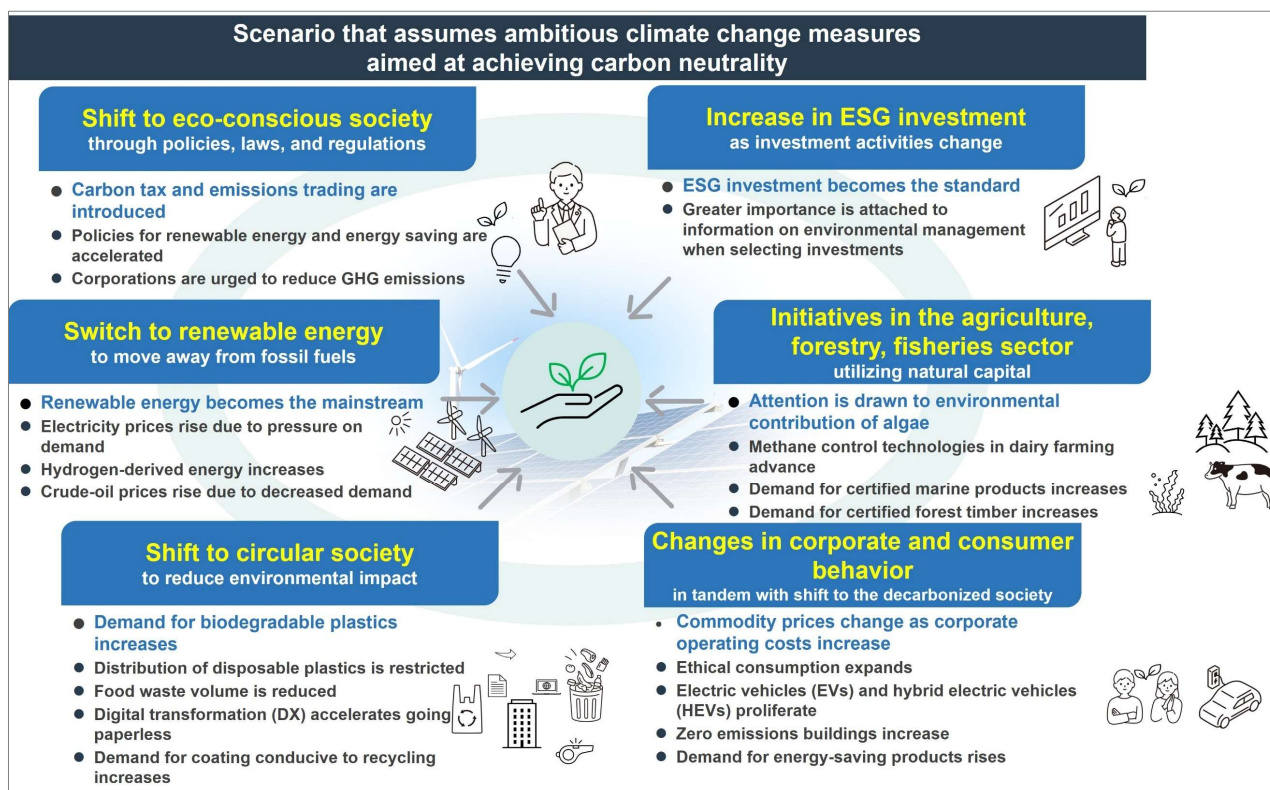
Scenario analysis was conducted using the following process.



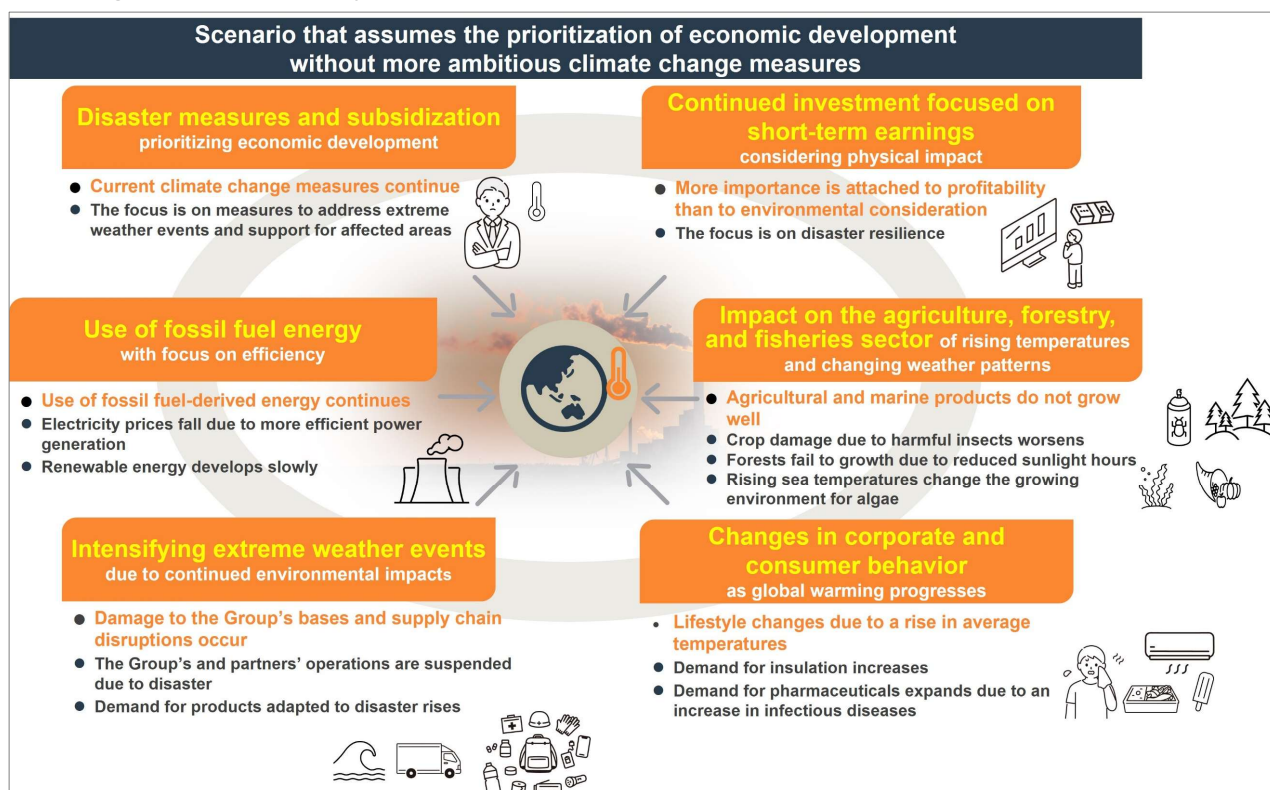
4.1 Development of Future Climate Scenarios

Before conducting qualitative and quantitative analysis, we first visualized the future world. Based on the above scenarios, we prepared images of future society under the 1.5°C and 4°C scenarios, as shown below.

➤ Image of future society under the 1.5°C scenario



➤ Image of future society under the 4°C scenario



4.2 Analysis of Climate-related Risk Impacts by Business Segment

Next, assuming the 1.5°C and 4°C scenarios, we examined the scale of the impact that climate change risks could have on the Group's four business segments: Information & Electronics, Chemicals, Life Industry, and Plastics. Under the 1.5°C scenario, we mainly evaluated the impact of transition risks, while under the 4°C scenario, we mainly evaluated the impact of physical risks.

Because each segment differs significantly in terms of the products it handles, sales markets, and supply chain structure, the nature and degree of impact of climate change risks also vary. Accordingly, the following summarizes the main risks assumed for each segment and their degree of impact.

◎: Significant impact ○: Impact
△: Minor impact ×: No direct impact expected

1.5°C		Information & Electronics	Chemicals	Life Industry	Plastics
		Display components, semiconductor materials, internet of things (IoT) products, etc.	Functional chemicals, coating materials, construction materials, etc.	Pharmaceuticals, home products, agricultural products, processed marine products, etc.	Plastic compounds, film, sheets, etc.
Policies and regulations	Introduction of carbon pricing	○	○	○	○
	Plastics regulations	○	△	△	◎
	Recycling regulations	○	◎	○	◎
	Regulations on use of renewable energy	◎	○	△	○
	Energy-saving regulations	◎	△	△	△
Tech	Diffusion of renewable energy technologies	◎	△	×	×
	Diffusion of low-carbon technologies	◎	◎	△	○
Market	Change in energy costs	△	△	△	△
	Change in raw materials costs	○	○	○	◎
	Change in demand for important products	◎	○	○	◎
	Change in customer behavior	○	○	○	○
Reputation	Change in the Group's reputation among customers	○	○	○	○
	Change in the Group's reputation among investors	△	△	△	△

4°C		Information & Electronics	Chemicals	Life Industry	Plastics
		Display components, semiconductor materials, IoT products, etc.	Functional chemicals, coating materials, construction materials, etc.	Pharmaceuticals, home products, agricultural products, processed marine products, etc.	Plastic compounds, film, sheets, etc.
Acute problem	Intensifying extreme weather events	○	○	○	◎
Chronic problems	Rise in average temperatures	△	○	◎	○
	Changes in rainfall and weather patterns	△	○	○	△
	Decline in biodiversity	×	×	○	×
	Poor growth of raw materials	×	○	○	×
	Changing ocean environment	×	×	○	△
	Proliferation of harmful insects	×	△	○	△
	Increase in infectious diseases	×	×	◎	△
Reputation	Change in the Group's reputation among customers	○	○	○	○
	Change in the Group's reputation among investors	△	△	△	△

4.3 Qualitative Scenario Analysis and Identification of Response Measures by Business Segment

We then conducted qualitative scenario analysis for each business segment. Based on the reference scenarios and the analysis organized in steps (1) and (2), we analyzed the assumed business environment, main risks, and main opportunities under each of the 1.5°C and 4°C scenarios. We also identified future responses to address risks and capture opportunities.

The Group's four business segments—Information & Electronics, Chemicals, Life Industry, and Plastics—develop diverse business models by combining ancillary functions tailored to customer needs, while trading remains their core function. Their markets and supply chain structures also differ by segment. We therefore recognize that they share certain common risks and opportunities related to climate change, while also facing segment-specific risks and opportunities.

➤ 1.5°C scenario

	Information & Electronics	Chemicals	Life Industry	Plastics
Projected business environment	Green transformation (GX) and eco-friendly products will progress in a wide range of fields. In particular, advances in renewable energy and energy-saving technologies, including electrified vehicles (xEVs) and hydrogen technology, will lead to significant market expansion.	GX and eco-friendly products will progress in a wide range of fields, resulting in increased demand for new products and technologies.	Local production for local consumption will be more needed to reduce GHG emissions from transport. Laws and regulations will be adopted to reduce food loss and waste. GHG emissions from livestock will be deemed problematic. Poor growth and insufficient yields of agricultural and marine products will occur due to changing weather patterns.	The distribution volume of plastics derived from fossil fuels will be regulated from an eco-friendly perspective. There will be a gradual shift to biomass or recycled plastics (post-consumer, post-industrial, and chemically recycled plastics) and biodegradable plastics.
Main risks	- Introduction of carbon pricing - Gradual reduction of existing products derived from fossil fuels resulting in less demand for related products - Rising raw materials prices due to shift to decarbonized society - Damage to supply chain due to increased frequency of extreme weather events - Operating costs up due to rising electricity prices - Costs incurred to respond to energy-saving regulations at the Group's bases - Increased disclosure of climate-related information			
Main opportunities	- Proliferation of xEVs leading to increased demand for related products - Higher demand for domestically produced raw materials as need for local production for local consumption, and ethical consumption, grow - Increased demand for products related to renewable energy and energy-saving technologies - Diffusion of DX and hydrogen technologies resulting in higher demand for related products	- Proliferation of xEVs leading to increased demand for related products - Increased demand for non-fossil and recycling technologies	- Poor growth and insufficient yields of agricultural and marine products causing procurement costs to rise - Higher demand for domestically produced raw materials as need for local production for local consumption, and ethical consumption, grow	- Proliferation of xEVs leading to increased demand for related products - Increased demand for biomass or recycled plastics, and biodegradable plastic materials
Responses	- Shift to renewable electricity at high-emission manufacturing bases - Electrification and switch to more energy-efficient equipment at manufacturing bases - Introduction of power consumption systems - Pass-through of higher raw materials prices to selling prices - Enhancement of resilience to extreme weather events, such as by drawing up business continuity plans (BCPs) and diversifying suppliers - Preemptive development of new and alternative low-carbon technologies, and formation of partnerships - Fulfillment of orders with stock and management of multi-location inventory by leveraging financial resources - Gathering of information about alternative low-carbon technologies, new low-carbon materials and services, etc. - Preemptive development of low-carbon and decarbonized businesses including mergers and acquisitions			
	Construction and operation of biomass power plant in Sakaminato City, Tottori Prefecture (planning to go into operation in May 2026)		Formation of partnerships to develop domestically made products with the aim of reducing transport CO ₂ emissions through local production for local consumption	Planning to obtain biomass certification from the International Sustainability and Carbon Certification

➤ 4°C scenario

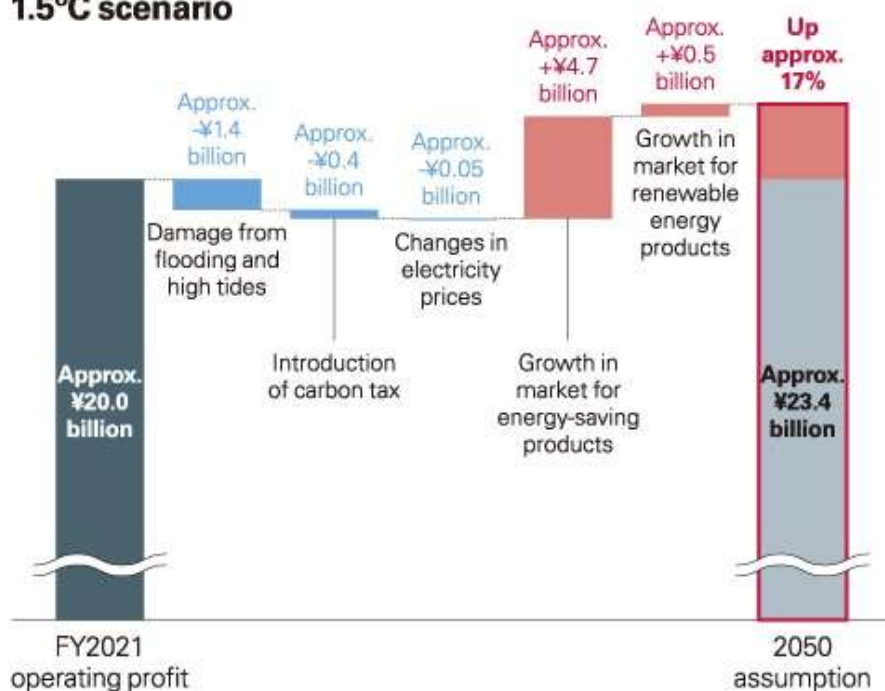
	Information & Electronics	Chemicals	Life Industry	Plastics
Projected business environment	Some renewable energy markets (e.g., solar and biomass) will not grow due to a decrease in sunlight hours as a result of changing weather patterns and continued use of fossil fuel-derived energy.	Trees will not grow well due to changes in weather patterns. Meanwhile, demand for products adapted to climate change will increase in a wide range of fields due to rising temperatures.	Poor growth and insufficient yields of agricultural and marine products will occur due to changing weather patterns. Rising temperatures and changing rainfall patterns will also lead to fewer opportunities for consumers to go out and more hot spots for malaria and other infectious diseases.	The Group's resin compound manufacturing business bases will be hit by intensifying extreme weather events and forced to shut down. Meanwhile, demand for products adapted to climate change will increase in the agricultural sector due to changing weather patterns.
Main risks	- The Group's bases hit by intensifying extreme weather events - Losses due to business shutdowns - Increased disclosure of physical resilience information - Damage due to supply chain disruptions - Sharp rise in fire insurance premiums - Intensifying competition over the sale and procurement of products adapted to climate change - Transport costs up due to sharp rise in fossil fuel prices			
Main opportunities	Increased demand for products adapted to climate change	Increased demand for insulated glass and other products adapted to rising temperatures	- Higher procurement costs caused by poor growth and insufficient yields of agricultural and marine products - Decline in the food service industry due to fewer opportunities for consumers to go out - Fewer hospital visits by people with minor illnesses due to the spread of infectious diseases	- Increased demand for greenhouses and other products that help farms control the quality of agricultural products - Increase in processing contracts at the resin compound manufacturing business bases due to advances in BCP measures by plastic manufacturers
Responses	- Development and expansion of products and services adapted to climate change - Enhancement of resilience to extreme weather events, such as by drawing up BCPs and diversifying suppliers - Review of raw materials, and diversification of, and strengthening of relationships with, suppliers - Fulfillment of orders with stock and management of multi-location inventory by leveraging financial resources - Greater localization, such as by outsourcing processing locally			
			Expansion to upstream businesses (cultivation and aquaculture) to stably secure agricultural and marine resources	Expansion to upstream businesses (cultivation and aquaculture) to stably secure agricultural and marine resources

4.4 Assessment of Financial Impacts (Quantitative Scenario Analysis)

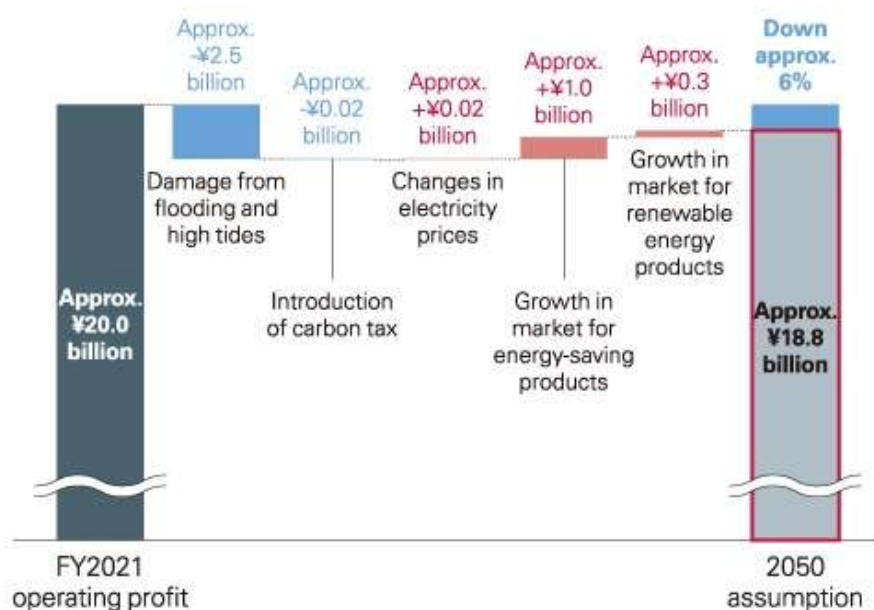
In addition to qualitative analysis, we conducted quantitative scenario analysis. Based on the matters organized and considered in steps (1) to (3), we selected climate-related risks and opportunities that could be calculated, and collected the Group's performance data as well as future forecast information, or parameters, published by external organizations. Using this information, we calculated the financial impact of risks and opportunities under both the 1.5°C and 4°C scenarios.

These financial impact estimates were calculated by narrowing the scope of analysis and setting certain assumptions based on the limited information and data available at this point in time, and do not indicate future results.

1.5°C scenario



4°C scenario



Formula for estimates	
Physical damage from flooding and high tides	Estimates of disaster damage for each location are based on the <i>Manual for Economic Evaluation of Flood Control Investment</i> issued by the Ministry of Land, Infrastructure, Transport and Tourism. Damage information, including damage rates and business suspension periods, was identified for each location using hazard maps. The assessment covered all domestic and overseas consolidated Group company locations and outsourced warehouses (299 overseas and 223 domestic locations), representing 100% coverage of the consolidated Group.
Carbon tax	Estimates based on the Group's GHG emissions and future carbon prices*¹. *¹ Based on the carbon price assumptions under the Net Zero Emissions by 2050 Scenario in the <i>IEA World Energy Outlook 2021</i>.
Electricity prices	Estimates based on the Group's electricity consumption and future electricity prices*². *² Based on electricity price assumptions under the Stated Policies Scenario and Sustainable Development Scenario in the <i>IEA World Energy Outlook 2019</i>.
Diffusion of renewable energy and energy-saving products	Estimates based on projections of sales of the Group's related products, as well as future installed capacity and market size for clean energy technologies*³. *³ Based on assumptions under the Stated Policies Scenario, Sustainable Development Scenario, and Net Zero Emissions by 2050 Scenario in the <i>IEA World Energy Outlook 2021</i>.

4.5 Summary of Scenario Analysis Results

Based on the results of the analyses described above, we summarized the Group's climate-related risks and opportunities.

Under the 4°C scenario, damage to the Group's locations in Japan and overseas is assumed due to increasingly severe extreme weather events. However, based on the current analysis, we recognize that these risks are not at a level that would immediately and significantly threaten the Group's business continuity. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. We have reaffirmed the potential to contribute to society as a whole in adapting to global warming while maintaining the Group's own business resilience.

Under the 1.5°C scenario, we identified increased operating costs due to the introduction of carbon pricing and higher electricity prices as risks. At the same time, the analysis indicated that medium- to long-term revenue opportunities can be expected through the spread of technologies and products that contribute to low-carbon and environmentally friendly solutions. This has reaffirmed that the expansion of environment-

related business, a growth strategy set out in the New Challenge 2026 medium-term management plan, and contribution to the global environment through business, as set out in the Sustainability Medium-term Plan 2026, are important initiatives closely linked to the Group's growth as society advances toward decarbonization.

Regarding environment-related business, the Group has positioned expansion of environment-related business as one of its companywide growth strategies in New Challenge 2026, and has set a numerical target of achieving net sales of 100 billion yen in environment-related business by FY2026 in the Sustainability Medium-term Plan 2026, formulated at the same time. The Group is advancing initiatives across all business segments toward achieving this target. Net sales of environment-related business are compiled and reported over time as shown below.

Environment-related business fields and net sales

(Billions of yen)

Field	Main items	Net sales				
		FY2021	FY2022	FY2023	FY2024	FY2025
Energy & Power	Renewable energy- and battery-related items	13.4	17.5	24.4	22.5	13.7
Resources & Environment	Sustainable raw materials, recycling, and water-related items	4.2	7.5	10.7	13.8	14.4
Materials & Chemicals	Low-carbon materials and reduction of environmental pollutants	0.7	1.5	3.1	6.6	8.2
Agriculture & Food	Food waste reduction and soil improvement	—	—	—	—	—
Transportation & Logistics	EV charging and green logistics	—	—	—	—	—
Environmental Certification	Forestry certifications and marine product certifications	0.3	0.3	0.1	0.5	0.2
Total (simple sum)		18.7	26.9	38.6	43.5	36.8

Notes:

- Figures are rounded down to the nearest 0.1 billion yen (100 million yen), so individual figures and totals may not match.
- Scope: Inabata Group (domestic and overseas consolidated companies).
- No sales results for Agriculture & Food and Transportation & Logistics.

This analysis is based on currently available information and certain assumptions, and the results may change due to future shifts in the external environment or regulatory trends.

5 Risk Management

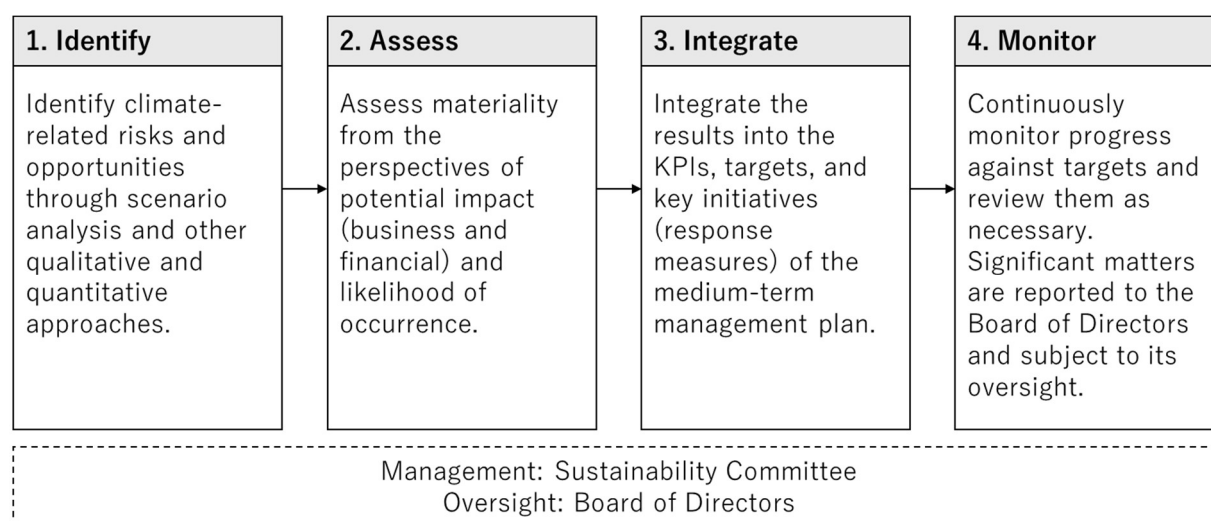
5.1 Basic Approach

The Group recognizes that the impacts of climate change involve a high degree of uncertainty and may materialize over the medium to long term, and that conventional risk management methods alone may not always be sufficient to manage them.

Accordingly, sustainability-related risks and opportunities, including those related to climate change, are identified, assessed, and managed mainly by the Sustainability Committee under the oversight of the Board of Directors.

5.2 Management Process for Climate-related Risks and Opportunities

Based on scenario analysis and other methodologies, the Group identifies and examines climate-related risks and opportunities from both qualitative and quantitative perspectives, and operates an integrated process that covers materiality assessment, incorporation into plans, and progress monitoring. The management process for sustainability-related risks and opportunities, including climate change, is as follows.



Important risks and opportunities identified and assessed through these processes are reflected in the Group's business strategies and medium-term plan indicators and targets, and are used for progress management and decision-making.

5.3 Promotion Structure

The Sustainability Committee manages sustainability-related risks and opportunities, including those related to climate change. Risks and opportunities identified and examined based on scenario analysis and other methods are assessed and prioritized by the committee, reflected in the indicators and targets of the medium-term plan, and managed through monitoring of progress against targets.

The Sustainability Committee is convened at least once a year in principle, with extraordinary meetings held as necessary. Currently, it is held twice a year. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee.

5.4 Management through the Sustainability Medium-term Plan 2026

In the Sustainability Medium-term Plan 2026, the Group has organized risks and opportunities for each material issue, together with the main initiatives to address them, and reflected these in indicators and targets. Progress is monitored and managed by the Sustainability Committee. The following is an excerpt of risks and opportunities related to climate change. For further details, please refer to the Sustainability Medium-term Plan 2026 posted on the Company's website.

(https://www.inabata.co.jp/sustainability/about/midterm_plan/) Japanese Only

Materiality-related risks, opportunities, and main initiatives (excerpt of matters related to climate change)

Creating Sustainable Value	Contributing to a decarbonized and circular society / Sustainable use of natural capital			
Risks and Opportunities		Main Initiatives	Risk response	Opportunity response
Risks ● Rising costs associated with stricter policies, laws, and regulations for climate change ● Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics ● Lower earnings associated with changes in production areas, yield, quality, etc. of agricultural and marine products due to climate change ● Reputational decline and exclusion from supply chains due to inadequate disclosure of climate change impacts and natural capital use ● Damage to Company locations and supply chain disruptions due to intensifying extreme weather events ● Reputational decline due to greenwashing		Promote activities to reduce GHG emissions toward carbon neutrality	◎	◎
		Introduce renewable energy	◎	◎
		Appropriate information disclosure, including TCFD-related disclosure	○	○
		Expand sales from environment-related businesses, including clean technology		◎
Opportunities ● Growing demand for renewable energy and batteries ● Growing demand for products adapted to changing corporate and consumer behavior associated with global warming ● Growing demand for biomass, recycled, and biodegradable plastics and the like ● Growing demand for sustainable agricultural and		Acquire sustainability-related certifications		○
		Formulate, review, and operate BCPs	○	○
		Diversify suppliers and outsourcing	◎	◎

marine products ● Higher corporate evaluation owing to the consistent promotion of environmental activities and appropriate information disclosure	partners, and decentralize inventories		
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Note: The symbols in the Response columns indicate the importance of the initiatives (◎ > ○).

5.5 Relationship with Group-wide Risk Management

To prevent the occurrence of diverse risks that could affect the entire Group and to respond appropriately when they do occur, dedicated organizations such as the Risk Management Office and the Financial Management Office continuously identify, assess, and manage individual risks according to their respective areas of expertise, including risks related to business partners, products, import and export operations, finance, and compliance.

Relevant committees and forums, including the Compliance Committee, also collaborate to establish a management structure capable of appropriate responses. Important matters are reported to and overseen by the Board of Directors as necessary.

Sustainability-related risks and opportunities, including those related to climate change, are identified, assessed, and managed mainly by the Sustainability Committee while maintaining consistency with this Group-wide risk management framework, and are reported to the Board of Directors as appropriate.

5.6 Oversight by the Board of Directors

The Board of Directors oversees Group-wide risks in an integrated manner, taking into account sustainability-related risks and opportunities reported by the Sustainability Committee as well as other risks reported by relevant committees and responsible organizations. The status of sustainability initiatives is reported to the Board of Directors through annual regular reports and quarterly business execution reports, and matters deliberated by the Sustainability Committee are also overseen through these reports.

5.7 Risk Assessment in the Evaluation of the Effectiveness of the Board of Directors

In the annual evaluation of the effectiveness of the Board of Directors, the Company assesses each risk from two perspectives: assumed impact on business performance and likelihood of occurrence.

Main risks assessed in the evaluation of the effectiveness of the Board of Directors conducted in FY2025

Impact on business performance ↑	Large		Risk related to business restructuring Risk related to quality Risk of fluctuations in commodities markets	Potential risks of overseas activities Risk related to business investment Credit risk of clients
	Medium		Risks related to personnel training and retainment Risk related to information systems and information security Environment-related risks	Risk of fluctuations in foreign exchange rate
	Small	Risk of natural and other disasters Risk of decline in market value of securities held Risk of fluctuations in retirement benefit obligations	Risk related to laws and regulations Risk related to interest rates	
		Low	Medium	High
				Possibility of occurrence

5.8 Positioning of Materiality, Risks, and Opportunities

In June 2022, the Inabata Group identified materiality, or key issues, for sustainable growth. In identifying materiality, the Group assessed importance based on both risks and opportunities. Contributing to a decarbonized and circular society has been positioned as one of the Group's important material issues. For details on the process of identifying materiality (Steps 1 to 4), as well as materiality-related risks, opportunities, and main initiatives, including matters related to climate change, please refer to "Materiality" and the Sustainability Medium-term Plan 2026 posted on the Company's website.

[\(https://www.inabata.co.jp/sustainability/about/materiality/\)](https://www.inabata.co.jp/sustainability/about/materiality/) Japanese Only

[\(https://www.inabata.co.jp/sustainability/about/midterm_plan/\)](https://www.inabata.co.jp/sustainability/about/midterm_plan/) Japanese Only

6 Metrics and Targets

6.1 Long-term Target (FY2050)

In June 2022, in order to contribute to the international goal set out in the Paris Agreement of limiting the increase in global average temperature to below 1.5°C, the Group established the long-term target of achieving carbon neutrality by FY2050, covering Scope 1 and Scope 2 emissions of the consolidated Group.

This target clearly demonstrates the Group's commitment to viewing climate change measures as a management issue and continuously promoting initiatives toward decarbonization.

6.2 Medium-term Targets (FY2026 and FY2030)

As milestones toward the long-term target, the Sustainability Medium-term Plan 2026, formulated in May 2024, sets the following intermediate targets. These targets are aligned with the 1.5°C goal of the Paris Agreement.

GHG emissions reduction targets

Scope	Base year	Target year	Reduction rate
Scopes 1 and 2 (consolidated)	FY2022	FY2026	25% reduction
		FY2030	42% reduction

6.3 Main Initiatives

The Group promotes a combination of the following initiatives to reduce GHG emissions.

- **Promoting energy conservation**

Reducing power consumption through conversion to LED lighting, replacement with energy-efficient equipment and machinery, and improvement of business process efficiency

- **Introducing renewable energy**

Effectively shifting electricity used at the Group's domestic and overseas operations to renewable energy through the use of nonfossil certificates and other measures

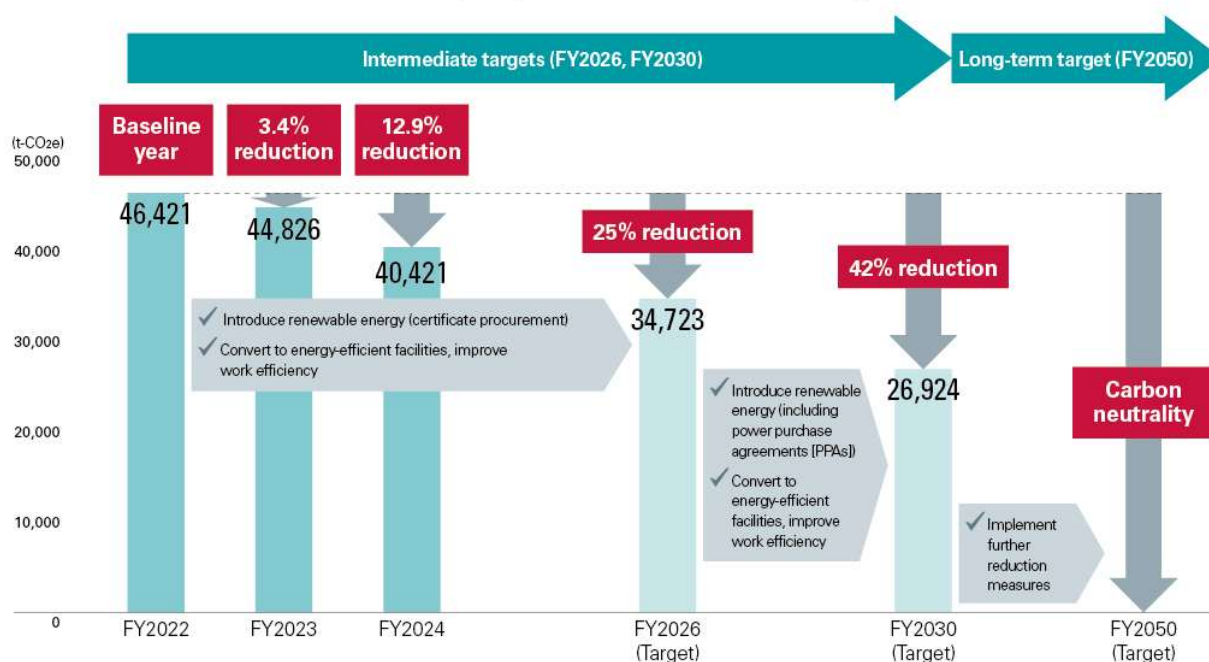
6.4 Initiatives and Results in FY2024 and FY2025

In addition to continuing energy-saving measures, the Group is introducing renewable energy certificates to effectively shift electricity used at business locations in Japan and overseas to renewable energy.

Fiscal year	Initiatives	Results
FY2024	• Continuation of energy-saving measures • Introduction of electricity derived from renewable energy through the use of nonfossil certificates for almost all electricity used in Japan by Inabata & Co., Ltd. and 11 domestic consolidated subsidiaries, effectively reducing Scope 2 GHG emissions to nearly zero	12.9% reduction compared with FY2022

FY2025	- Continuation of energy-saving measures - Continuation of renewable electricity introduction in Japan, as in the previous fiscal year - Overseas, two Group companies in Vietnam began effectively introducing renewable electricity through the use of I-REC, an international renewable energy certificate	Reduction expected; results scheduled for disclosure around summer 2026.
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GHG emissions reduction targets (covering Scope 1 and 2 emissions of the Group)



6.5 Initiatives for Scope 3

The Group began calculating Scope 3 emissions in FY2021. The current scope covers the parent company, and we will expand the calculation scope in stages going forward.

Supply chain emissions (FY2024)

Scope	GHG emissions [t-CO ₂ e]	
	FY2022 Base year	FY2024
Scope 1	2,755	★3,630
Scope 2 (market-based)	43,666	★36,791
Scopes 1 and 2 total	46,421	40,421
Scope 3	1,960,235	1,925,467
Scopes 1, 2, and 3 total	2,006,656	1,965,888

Scope 3 breakdown by category			GHG emissions [t-CO ₂ e]	
			FY2022 Base year	FY2024
Upstream	Category 1	Purchased goods and services	1,435,020	★1,610,161
	Category 2	Capital goods	2,984	4,804
	Category 3	Fuel- and energy-related activities not included in Scope 1 or 2	71	40
	Category 4	Upstream transportation and distribution	55,189	★39,681
	Category 5	Waste generated in operations	53	8
	Category 6	Business travel	2,377	2,271
	Category 7	Employee commuting	234	257
	Category 8	Upstream leased assets	Not applicable because this category is included in Scopes 1 and 2	
	Subtotal (upstream)		1,495,928	1,657,222
Downstream	Category 9	Downstream transportation and distribution	Excluded from calculations because it is difficult to ascertain actual conditions and make reasonable estimates due to the wide variety of products sold and transportation destinations	
	Category 10	Processing of sold products	Excluded from calculations because it is difficult to ascertain actual conditions and make reasonable estimates due to the wide variety of products sold and transportation destinations	
	Category 11	Use of sold products	Not applicable because there are no activities in this category	
	Category 12	End-of-life treatment of sold products	464,242	268,172
	Category 13	Downstream leased assets	64	73
	Category 14	Franchises	Not applicable because there are no activities in this category	
	Category 15	Investments	Not applicable because there are no activities in this category	
	Subtotal (downstream)		464,306	268,245
	Total (upstream + downstream)			1,960,235

Notes:

1. Scope of calculation: Scopes 1 and 2: Inabata & Co., Ltd. and domestic and overseas consolidated subsidiaries; Scope 3: Inabata & Co., Ltd.

2. Data marked with a star (★) have received third-party assurance from LRQA Limited, an independent assurance provider, in accordance with ISO 14064-3:2019.
3. Please refer to the Company website for past performance data.
4. FY2025 results are scheduled to be disclosed in or around the summer of 2026.

6.6 Metrics and Targets for Environment-related Business

In the Sustainability Medium-term Plan 2026, the Group has set a target of achieving net sales of 100 billion yen in environment-related business by FY2026, with the aim of contributing to a decarbonized society through business activities while achieving sustainable growth. The assumed composition of environment-related business by field in the final year of the plan is as follows.

This target was set based on the opportunities identified through the scenario analysis described in Section 4, Strategy.

Composition of environment-related business by field (FY2026 assumption)

Field	Main content	Composition ratio (assumption)
Energy & Power	Renewable energy-related items, battery-related items, etc.	Approx. 70%
Resources & Environment	Sustainable raw materials, recycling, water-related items, etc.	Approx. 20%
Other	Materials & Chemicals, Agriculture & Food, Transportation & Logistics, Environmental Certification, etc.	Approx. 10%

Notes: For trends in net sales of environment-related business from FY2021 to FY2024, please refer to Section 4.5 Summary of Scenario Analysis Results.

■Internal Whistleblowing System

Inabata's internal whistleblowing system consists of two separate routes. The "compliance hotline" is primarily for reporting violations of laws and regulations, such as bribery and other types of corrupt activities, and incidents of serious breaches of compliance, including organizational fraud. The "counseling desk" provides mediation and coordination to help employees resolve issues related to the work environment and work relationships.

Inabata operates its internal whistleblowing system in accordance with the Internal Whistleblowing Rules. As regulations common to the above two whistleblowing routes, the rules clearly stipulate that persons engaged in responding to whistleblowing are obliged to keep the provider anonymous, and that any attempts to identify the provider or any adverse treatment of the provider or those who cooperate with the investigation are strictly prohibited, ensuring that employees who use the system to provide information do not suffer consequences for whistleblowing.

The compliance hotline also allows for anonymous reporting to an external contact, specifically a designated lawyer or an English or Chinese speaking specialist, all of whom are independent of company management, or to an internal contact, including the director who is a member of audit and supervisory committee.

The rules stipulate that in the case of the whistleblowing route where one of the directors who is a member of the audit and supervisory committee is serving as an internal contact, an outside officer or independent specialist may be designated to act as an investigating body to investigate matters, such as a conflict of interest concerning an executive director, for which the Audit and Supervisory Committee determines that Inabata's standard investigative procedures would be unsuitable.

When information is received, the rules provide clear procedures for communicating and verifying the information promptly and appropriately. The president of Inabata, who chairs the Compliance Committee, regularly reports the operational status of the internal whistleblowing system to the board of directors.