

Sustainability in the MORITO Group

The MORITO Group is committed to addressing environmental and social issues through our business operations to improve our corporate value as we strive for sustainable management.

Sustainability Policy

In line with our management policies, we look at environmental and social issues that are important to our business with an eye to creating a sustainable society (social value) through our operations. At the same time, we work to realize our own sustainable growth and enhance our corporate value (economic value), all with the aim of creating shared value (CSV).

Initiatives

Protecting the global environment and fighting climate change

We will conduct all business activities while considering their impact on the environment as we aim for corporate growth while fighting climate change.

Doing business in harmony with people and their communities

We will promote diversity and work with individuals and communities to enhance our corporate social identity and improve our corporate value.

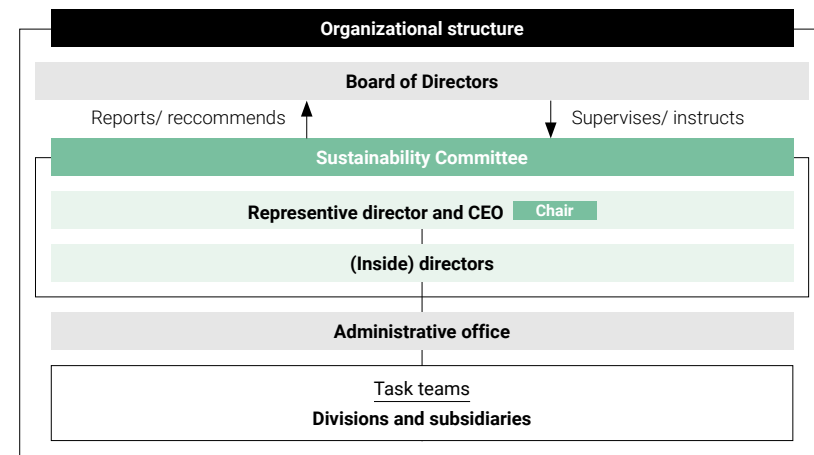
Strengthening the business foundation for continuous growth

We will develop and strengthen management systems so that they can keep pace with business developments well into the future while adapting to changes in the external environment, all with an eye to corporate growth.

Organizing for Sustainability

We have organized the Sustainability Committee consisting of directors and chaired by the representative director and CEO. Working to sustain our operations into the future in the face of a dramatically changing operating environment, we will promote sustainable management as we address risks and opportunities related to environmental, social, and governance issues over the long run. The chair will invite non-members to attend Sustainability Committee meetings in order to get input from those in relevant departments and seek advice from outside experts, etc. as needed.

Sustainability Committee



Material Issues

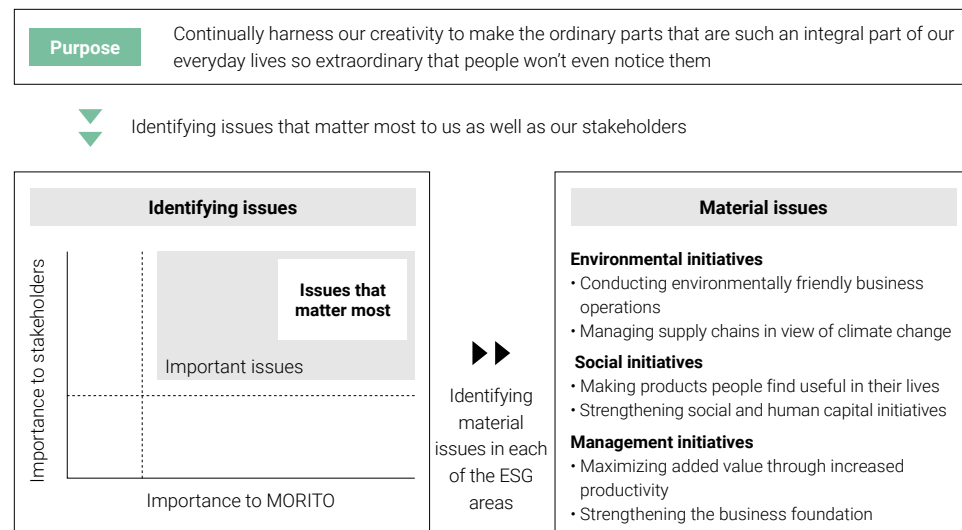
We are committed to fulfilling our fundamental corporate social responsibility of meeting the needs and expectations of society and solving the problems humanity faces through our business activities. At the same time we are working to build a stronger business foundation to increase our corporate value. That's why we have reviewed environmental, social, and governance issues most relevant to our business, and identified the areas we should focus on in addressing them.

Identifying Material Issues

We identified material issues with an eye to realizing our vision for sustainable management. In identifying these issues, we first reviewed and categorized ESG issues that are most relevant to our business. The Sustainability Committee and the Board of Directors then discussed these issues while referring to opinions and suggestions from stakeholders both inside and outside the company, including investors, business associates, and Group employees, and in light of environmental trends, SDGs, TCFD recommendations, and other assessment guidelines.

We will draft an outline of initiatives and specific targets (KPIs) for each material issue after careful consideration.

Material Issues Assessment Process



Addressing Material Issues

| | Material Issues | Focus Areas | Initiatives |
|-------------|--|--|---|
| Environment | Conducting environmentally friendly business operations | <ul style="list-style-type: none"> • Building a recycling-oriented society • Reducing waste | <ul style="list-style-type: none"> • Preventing marine pollution • Cutting material waste and boosting product yield • Streamlining office operations (reducing resource consumption) • Increasing green purchasing ratio |
| | Managing supply chains in view of climate change | <ul style="list-style-type: none"> • Sustainable procurement of raw materials • Improving procurement and supply stability • Strengthening resilience in logistics | <ul style="list-style-type: none"> • Supply chain management (SCM) strategies for natural disasters • Overhauling order, inventory, warehousing, and shipping functions |
| Society | Making products people find useful in their lives | <ul style="list-style-type: none"> • Developing high-value-added products • Improving reliability through stable quality • Developing safe, secure, and useful products | <ul style="list-style-type: none"> • Creating safe, secure, and useful products to help improve people's lives • Quality management |
| | Strengthening social and human capital initiatives | <ul style="list-style-type: none"> • Engaging in and contributing to local communities • Human resources strategy for a competitive edge • Placing a diverse range of people in positions that are a good fit for them in order to cultivate an environment where everyone can thrive | <ul style="list-style-type: none"> • Building stronger ties with communities and organizations • Acquiring self-motivated workers and providing skills development training • Promoting diversity and accommodating different work styles to enhance employee engagement |
| Governance | Maximizing added value through increased productivity | <ul style="list-style-type: none"> • Establishing a management system that enables us to respond to changes in the business environment quickly and appropriately • Focus on growth investing to improve capital efficiency | <ul style="list-style-type: none"> • Adopt a holding company framework to transform functions and operations as well as optimize the Group structure • Restructuring business portfolio |
| | Strengthening business foundation | <ul style="list-style-type: none"> • Strengthening governance • Boosting public trust and reputation through ESG disclosure | <ul style="list-style-type: none"> • Internal control/risk management/compliance • Corporate management aimed at securing overall stakeholder satisfaction |

Environment

The MORITO Group will work to create new value so we can pass on our beautiful planet and its resources to future generations as we join hands with people and companies across all industries who share this same dream.

Environmental Philosophy

Recognizing global environmental issues as one of our most important management problems, we implement initiatives to protect the global environment and strive for continuous improvement.

Environmental Policy

We sell a wide range of parts and products around the world that people use in their lives every day. By conducting environmentally friendly sales and office activities, we aim to achieve harmony with the global environment while making society more livable and prosperous.

1 Consideration to and protection of the environment

In addition to striving to conserve resources and energy in our business activities and prevent environmental pollution, we will take the initiative to engage in activities aimed at protecting the global environment.

2 Waste reduction and prevention

We will strive to reduce the amount of waste products and waste generated from our business activities.

3 Contribution to a recycling-oriented society

We will promote recycling and reuse to make effective use of resources.

4 Promotion of environmentally friendly products

We will promote the development, procurement, and sales of environmentally friendly products that take into account the entire product lifecycle, from development to consumption and disposal.

5 Compliance with laws and other requirements

We will comply with environmental laws, regulations, ordinances, agreements, and other requirements that we have agreed to.

6 Setting and reviewing environmental goals

We will set and implement environmental goals, review them, and continuously improve our environmental management system.

7 Promotion of environmental education and awareness-raising activities

We will promote education and awareness-raising activities in order to improve environmental awareness and related activities.

Green Procurement

MORITO promotes green procurement. We use X-ray fluorescence spectrometers to meet the requirements of the RoHS Directive and ELV Directive.

Features of X-ray fluorescence spectrometers

- Rapidly analyzing element type and amount using a non-destructive method.
- Comprehensively analyzing various elements (from 16S to 92U) from a few ppm to 100%.

Environmental Initiatives

Rideeco®: Bringing MORITO's commitment to sustainability to the world

Rideeco® was launched not simply as a way to do what we can, but as a movement to transcend industry and sector boundaries, connecting individuals and companies that want to contribute to the environment. The goal is to pass on a beautiful planet and its resources to future generations.

Rideeco



The Meaning behind Rideeco®

Ride for Eco: It sums up our commitment to sustainability

| | |
|------------|---|
| Relation | Build relationships and collaborate with various businesses and industries to create new value |
| Initiative | Take action to build a sustainable society instead of being a bystander |
| Devote | Devote our wisdom not only to the pursuit of short-term profits but also to the future of society |
| Energy | Act with perseverance and energy |

Rideeco® initiative examples

Recycling discarded fishing nets, one of the main causes of ocean plastic waste

According to a 2016 survey on marine debris by Japanese Ministry of the Environment, discarded fishing nets and ropes account for approximately 40% of the total weight of plastic waste that washes ashore in Japan. MORITO addresses ocean pollution by transforming discarded fishing nets into everyday products. These items represent a groundbreaking initiative that allows recycled materials to be continuously reused as resources.



A rebirth and evolution in paper

We propose new ways to enjoy and use paper through items like ASUKAMI®, a recycled paper made by collecting and pulverizing synthetic fiber scraps manufactured during apparel production and mixing them with virgin pulp.



Environment

TCFD

Following the TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board at the request of the G20. In June 2021, it issued recommendations encouraging Prime Market-listed companies to identify and disclose climate-related risks and opportunities.

As part of promoting sustainability management, MORITO recognizes climate change response as one of its key material issues. Accordingly, we have established a company-wide organizational body and introduced a management mechanism that allows us to systematically respond while accurately identifying risks and opportunities.

We also analyze the impact of climate change on our business and finances in consideration of our unique characteristics, develop strategies and response measures, and work to set activity targets and indicators in the future.

Governance

We have established a sustainability committee*¹ under the Board of Directors in order to study and address various medium- to long-term issues related to our operations. The committee consists entirely of directors and is chaired by the representative director and CEO. The chair will invite non-members to attend Sustainability Committee meetings and seek advice from outside experts, etc. as needed.

The functions of the Sustainability Committee include formulating basic policies on sustainability for the entire group covering issues related to the environment, society, and governance (including climate change) as well as establishing frameworks, examining initiatives, and setting targets and indicators. The committee also conducts status surveys within the Group, and initiatives deliberated by the committee are subject to oversight and direction by the Board of Directors.

*1 Please see p30 for more about the Sustainability Committee.

Strategies

Since we are primarily a trading company, climate change due to global warming is likely to have multiple effects on the Group's operations, such as a hike in the cost of procuring materials and products and supply chain disruptions caused by natural disasters. We evaluate these potential impacts through scenario analysis and consider countermeasures to address the risks and opportunities.

1 Scenario analysis

In identifying the risks and opportunities that climate change poses to the Group and drawing up medium- to long-term strategies for these risks and opportunities, we use the following internationally recognized climate change scenarios as a reference for the period up to 2030. These scenarios are based on the assumptions

that the global average temperature by 2100 will either increase by less than 1.5°C or rise 4°C. The scenario for keeping global warming below 1.5°C is substituted with a scenario for keeping global warming below 2.0°C when it's not available.

1. Period covered

Up to 2030

2. Scenarios used

- **A world with global warming of 1.5°C and elevated transition risks**
Reference scenario: Net Zero Emissions by 2050 Scenario (NZE)
(Alternative scenario used in part: Sustainable Development Scenario (SDS))
Published by: International Energy Agency (IEA)
- **A world with global warming of 4°C and elevated physical risks**
Reference scenario: Representative Concentration Pathways (RCP8.5)
Published by: Intergovernmental Panel on Climate Change (IPCC)

Identification of risks and opportunities and MORITO's response policy

| Category | | Opportunity/ risk | Time frame* ² | Severity of impact | | Description | Major initiatives/ response policy |
|-----------------|----------------------|----------------------|-----------------------------|--------------------|-----|--|---|
| | | | | 1.5°C | 4°C | | |
| Transition risk | Laws and regulations | Opportunity | Long term | Low | Low | • Emergence of demand for new products associated with the use of new materials that are not subject to regulations | • Strengthen sales of products made using less energy or with renewable energy |
| | | Risk | Long term | High | Low | • Increase in business costs due to the introduction of policies to reduce greenhouse gas emissions (carbon tax, etc.) • Increased costs due to restrictions on product materials | • Work toward carbon neutrality • Promote a shift to next-generation materials |
| | Markets | Opportunity | Medium term | Low | Low | • Emergence of demand for sustainable products in response to environmental changes • Promoting the development of functional materials • Increased preference for and value placed on environmentally friendly products | • Develop and use materials designed to reduce environmental impact • Expand line of eco-friendly products and share information with an eye to promoting sustainability |
| | | Risk | Medium term | High | Low | • Increased costs due to higher fuel prices for transportation, etc. • Decrease in the demand for current products • Rising costs due to the need for alternative manufacturing methods | • Build an efficient distribution system • Promote a shift to products using next-generation materials |
| Physical risk | Urgent | Opportunity | Medium term | Low | Low | • Increasing demand for functional products that withstand inclement and extreme weather conditions | • Develop and sell new products with improved functionality for risk management |
| | | Risk | Long term | Low | Low | • Costs incurred due to damage to business locations and disruption of supply routes caused by extreme weather • Increased costs due to higher energy usage for temperature control from rising or falling temperatures | • Strengthen flood control measures and management of company assets through BCP • Implement comprehensive supply chain risk management |

*2 Time frame before risks and opportunities are materialized (Short term: up to 3 years, Medium term: 3 to 7 years, Long term: 7 years or more)

Environment TCFD

2 Financial impact assessment

In the scenario analysis, we have examined and analyzed climate-related risk factors that are expected to affect the Group in the future. In fiscal 2022, we assessed the financial impact on the Apparel business, the bedrock business upon which we were founded, covering all domestic and overseas group companies (excluding subsidiaries that are subject to only minor impacts). We plan to expand the analysis to other business areas in the future.

► 1.5°C scenario

We examined the introduction of a carbon tax due to the full-scale implementation of greenhouse gas control policies. Using the IEA's NZE scenario and assuming that a carbon tax will be introduced in the countries where we operate, we assessed the financial impact based on our current GHG emissions (scopes 1 and 2). In light of the assessment results, we believe that the financial impact will be minimal. In addition, since we are primarily a trading company, we believe that the financial impact of increased fuel prices, including electricity prices, will be minimal and that we are resilient to climate-related risks.

► 4°C scenario

In this scenario where the introduction of measures for decarbonization is gradual, we estimated the resulting impact of possible damage from floods and storm surges caused by intensifying weather-related disasters. Due to the nature of our business as a trading company, we have limited business assets, and we do not expect a significant financial impact on our company. We are making ongoing efforts to enhance our BCP in light of disaster risks and are strengthening supply chain management in order to minimize the possibility of damage. We also believe that swift and flexible business operations, such as those where we have switched gears to focus on developing functional products that can withstand extreme weather conditions, will enable us to expand our business horizons.

Risk Management

The risk management system we have put in place covers all business activities across the Group. We have also established a

compliance committee to oversee risk management. The committee is chaired by the representative director and CEO and consists of the general managers of administrative divisions, the general manager of the Legal Department, and the general manager of the Internal Audit Department.

The Compliance Committee uses a PDCA cycle to manage risks. It assesses company-wide risks through annual interviews conducted at all divisions and subsidiaries. The committee references that assessment in conducting analysis that uses a risk matrix for the probability of the risk's occurrence and its impact. It reports to the Board of Directors twice a year on the results of the measures taken against the risks identified and evaluated as well as improvement plans.

The Compliance and Sustainability Committees share information and work together to identify risks related to climate change. The Sustainability Committee is responsible for formulating policies and strategies as well as monitoring initiatives to enhance corporate value by minimizing risks and maximizing opportunities related to climate change.

Indicators and Targets

In FY2023, we calculated greenhouse gas (GHG) emissions only for Scope 1 and Scope 2, but from FY2024, we have decided to align our direct emissions (Scope 1 and Scope 2) with the fiscal year in which we disclose our business results, calculating them up to FY2024. For Scope 3, which are GHG emissions within the supply chain, we are first calculating the actual results for some major companies in Japan from 2022 to 2024.

We will continue to broaden the scope of Scope3 calculations and establish indicators and targets for GHG reduction in order to establish a system that enables us to consider carbon neutrality throughout the entire supply chain. (t-CO₂)

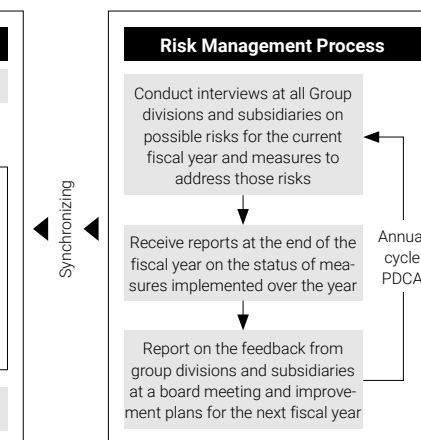
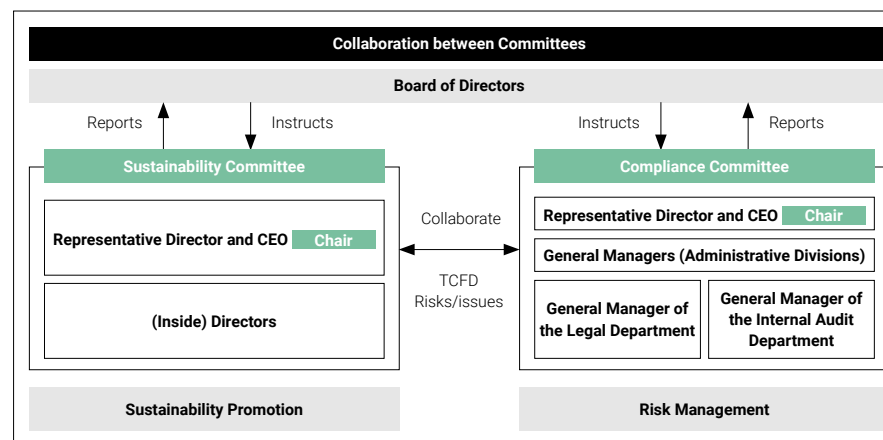
| GHG emissions | FY2022 | FY2023 | FY2024 |
|---------------|---------|--------|--------|
| Scope1*1 | 2,256 | 1,783 | 1,940 |
| Scope2*2 | 5,004 | 3,785 | 3,543 |
| Scope3*3 | 96,913 | 93,291 | 86,231 |
| Total | 104,173 | 98,859 | 91,714 |

*1 Direct greenhouse gas emission from resources owned and controlled by an organization

*2 Indirect emissions associated with purchased electricity, heat, and steam used by the organization

*3 Indirect emissions other than Scope 1 and Scope 2 emissions (emissions from activities of other companies that are related to the organization's activities)

Risk Management Structures



Society

In line with our corporate principle, “Design Your Bright Future with Our Various Parts,” we look at what the MORITO Group can do for people, communities, and the future of society through its business activities and promote community engagement.

Social and Community Engagement

Over the years, we at the Group have put together an extensive tool box that we draw upon to help fix the problems facing local communities and society as a whole.

Beach cleanup activities

In connection with the Group's efforts to utilize discarded fishing nets, we regularly conduct beach cleanups in Kami, Hyogo Prefecture, and elsewhere.



Industry-university collaboration

We work together with various universities on developing creative production technologies as well as initiatives that utilize environmentally friendly parts and materials.

Past collaboration partners: Osaka Institute of Technology, Otsuma Women's University, Kansai University, Kindai University, Kobe Women's University, and Hosei University.



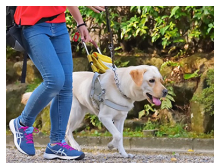
Wild Bird Society of Japan

The Group, which handles binocular cases and straps, helps support the Wild Bird Society of Japan.



Kansai Guide Dogs for the Blind Association

The Group, which handles harnesses and leashes for dogs, helps support the Kansai Guide Dogs for the Blind Association.



Outreach classes

To encourage children to take part in building a sustainable future, we offer outreach classes that introduce the current state of marine pollution and textile waste as well as specific recycling and environmental conservation initiatives undertaken through Rideeco®.



Initiatives to Promote Sports

The Group, which has long been involved in sports-related parts and products, works on activities to promote sports with an eye to expanding the sports market.

Support for developing countries through skateboarding

We donate skateboard decks and shoes handled by the Group in order to share the joy and culture of skateboarding to children in developing countries.

We also support professional skateboarder and YouTuber, Shimon Iwazawa, in his project to promote skateboarding in developing countries.



TOKYO VERDY HOCKEY TEAM

MORITO is a corporate partner of the TOKYO VERDY HOCKEY TEAM.

We work with the players on product development as well as our environmental conservation efforts while supporting exciting hockey activities that really put a smile on people's faces.



Happy Parts Day

Aligning with the wordplay “8 (Pa) 2 (tsu),” August 2 has been designated as “Happy Parts Day” (recognized by the Japan Anniversary Association), and we carry out activities to promote the MORITO parts. In 2024, following 2023, we hosted a hands-on crafting experience using MORITO parts at an Orix Buffaloes baseball game. We also carried out sustainable initiatives such as creating upcycled items from used baseball caps and uniform pants.



Chiba Lotte Marines

MORITO is an official sponsor of the Chiba Lotte Marines. Our company name and corporate logo are displayed at the team's home playing field, the ZOZO Marine Stadium.



Society

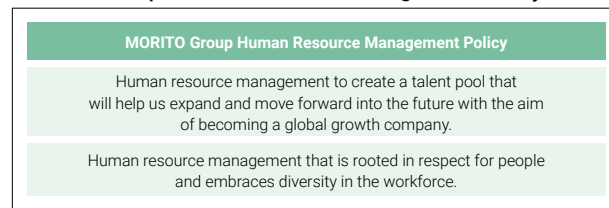
Diversity

Human Resource Management Policy

The MORITO Group aims to grow steadily while adding new value to its existence, beyond the added value its products already have.

We have developed the Group Human Resource Management Policy in order to ensure that all group companies around the world are on the same page. Covering the six categories of recruitment, human resource development, labor management, placement and careers, evaluation, and compensation and benefits, the policy provides a clear picture of the direction in which the Group is headed.

MORITO Group Human Resource Management Policy



Strategic direction

| | |
|-------------------------------------|--|
| a Recruitment | <ul style="list-style-type: none"> Securing candidates who meet the various employment requirements for the global job market Securing candidates who share a similar sense of values and ideas with us |
| b Human resource development | <ul style="list-style-type: none"> Adhering to our fundamental belief in "self-growth and self-development" Providing opportunities to employees who have the ability or the motivation to excel |
| c Labor management | <ul style="list-style-type: none"> Ensuring full compliance Providing a comfortable working environment where employees can realize their full potential |
| d Placement and careers | <ul style="list-style-type: none"> Giving people an equal opportunity, regardless of nationality, race, or religion, to work in positions where they can make the best use of their abilities and contribute to the company Providing opportunities for career development according to the employee's role and aptitude |
| e Evaluation | <ul style="list-style-type: none"> Evaluating employees based on the quality and degree of their contribution in their roles as well as the relative value of their jobs Ensuring fair and consistent evaluations |
| f Compensation and benefits | <ul style="list-style-type: none"> Providing adequate compensation commensurate with performance Maintaining a highly controllable labor cost structure |

Creating a Comfortable Work Environment

Career development

MORITO has a variety of programs to help employees continuously build their career while keeping their level of satisfaction and motivation up.

► Re-employment Program

We have implemented a re-employment program for those who have retired upon reaching retirement age. This program provides opportunities for employees who still want to work to continue their careers.

► Employee Stock Ownership Plan (J-ESOP)

J-ESOP grants MORITO shares or cash equivalents to their employees who have met certain requirements in accordance with the stock benefit regulations. Each year, MORITO employees earn points that are calculated on the basis of their qualifications, target achievement rates, and other factors. Upon retirement, they receive MORITO shares or cash through a trust, in the amount equivalent to the value of points they have earned.

Education and support

MORITO's basic educational policy is one of "self-growth and self-development." This policy implicitly conveys a message that each employee should be self-motivated, be the best possible version of themselves, and remain disciplined with a strong desire to fulfill their aspirations. We provide such highly motivated employees with opportunities to develop their abilities, as well as educational and support programs that will nurture their personal growth.

► Assessments/Job-specific educational programs/ Special training

We provide employees with various opportunities to build on their professional skill foundation. These include assessments that are vital to charting career paths, educational programs designed for employees in different job classifications and grades to improve their business skills, and special training programs for selected employees to develop managerial skills at an early stage in their career.

► Support for taking CASEC tests

CASEC is a test of English language proficiency for non-native speakers. Our Employees have an opportunity to take this test once a year.

More information can be found here.

Action plans and initiatives

https://www.morito.co.jp/sustainability_en/society/diversity/action_plan_and_measures/

Childcare and Family Care

Individual briefings before maternity leave, etc.

We provide employees with individual briefing sessions before their maternity or childcare leave starts. These meetings are designed to provide employees with information about childbirth-related programs and benefits available to them so they can feel more at ease and give them an overall picture of what they can expect until they return to work. We have also made a manual and distributed it to the relevant employees and their supervisors to help them better understand how the leave works.

Maternity and childcare leave and support programs (excerpt)

| | | Childbirth | After reinstatement | |
|------------------|------------------------------------|---|------------------------|--------------------------------|
| | | Before childbirth | During childcare leave | Preschool Elementary school |
| Leave | Child nursing care leave, etc. | Until graduation from elementary school 5 days a year (10 days if an employee provides care for two or more children)* | | |
| | Shortened work hours for childcare | Until the child starts elementary school | | |
| Work Arrangement | Regular part-time employee | Until end of the child's third school year | | |

Family care leave and support programs (excerpt)

| Programs | Description |
|--------------------------------------|--|
| Time off for family care | 5 days a year (10 days if an employee provides care for two or more family members)* |
| Family care leave | 120 days in total (Leave can be taken in full-work-day increments.) |
| Shortened work hours for family care | 3 years from start (up to 2 times) |
| Regular part-time employee | For individuals deemed as being in need of assistance, it is possible to work with reduced prescribed working hours during the certification period. |

* Leave can be taken in half-day or hourly increments.

Society **Diversity**

Time Management

No overtime day

We have designated every Wednesday as “No Overtime Day” and encourage employees to leave the office on time. We intended to promote work-life balance as they can allocate the time saved from overtime work to their family matters or personal lives. This program also helps employees to learn and develop their skills to separate work from private life, thus improving their work efficiency.

Staggered work hours and flextime

To support flexible and autonomous working styles, we’ve adopted staggered work hours as well as flextime for select employees in the sales department.

Telecommuting

Employees meeting certain requirements can work from home or other places up to eight times a month under the telecommuting program for all or part of their working hours. This program aims to help employees develop a work style that will help them balance their work and personal life. It will also ensure the continuity of our operations while fulfilling our corporate social responsibility to reduce our environmental footprint.

Optimization of working hours

MORITO is taking various steps to reduce total working hours.

► Example initiatives

- Strictly managing overtime work (requires pre-approval)
- Generally prohibiting late-night work (requires pre-approval)
- Encouraging employees meeting with a client to go directly to the client and straight home after the meeting
- Providing e-learning on improving work efficiency

Encouraging usage of paid annual leave

MORITO encourages employees in all departments to take paid annual leave. We have introduced a system that allows employees to take their paid annual leave in hourly increments, enabling them to use their leave more flexibly.

Accumulated annual leave

Employees may accumulate up to 60 days of unused paid annual leave, which cannot be carried over. They can take their accumulated leave when they need long-term medical treatment or intermittent outpatient treatment or rehabilitation due to non-work-related injuries or illnesses.

Commitment to Quality

We monitor the quality, effectiveness, and safety of products and services we offer and look at ways to improve them throughout all processes from planning and development to sales and after-sale services. As part of our efforts to maintain and improve the quality management system, we conduct regular quality monitoring that includes ensuring compliance with regulatory requirements, setting quality targets, and responding to management review outputs.

Our commitment to quality

MORITO products are used not only in our own products but also in a wide range of areas where they meet our customers’ needs. That’s why we conduct risk assessments from the planning, design and development stages and carry out activities (i.e., design reviews) to minimize risk.

We also audit our suppliers’ quality assurance systems and processes to manage risks. When we are informed of a defect, we immediately investigate the cause and take countermeasures along with steps to prevent a recurrence.

Employee training

At MORITO, we provide employees with quality training that goes well beyond just informing them of our quality policy. We work hand in hand with our Legal Affairs Department to ensure that we develop and provide products that conform to all regulatory and quality requirements.

Equipment to ensure quality

► ZTS-500N force gauge / MX2-500N motorized stand

These devices are used to measure force, such as shear force, bending strength, and piercing force.



► LHU-114 / SH-242 constant temperature and humidity chambers

These devices provide different temperature and humidity settings and are used to test how a sample is affected by the environment.



► EDX-7000 X-ray fluorescence spectrometer

This device analyzes the energy (wavelength) and intensity of X-ray fluorescence generated when focusing X-rays on a sample to determine its elemental composition.



Governance

We are moving toward realizing the vision incorporated in our corporate principle and continually working to strengthen corporate governance with an eye to forging a more transparent, fair, and prompt decision-making process as we aim to achieve sustainable growth and increase corporate value over the medium to long term.

Basic Approach

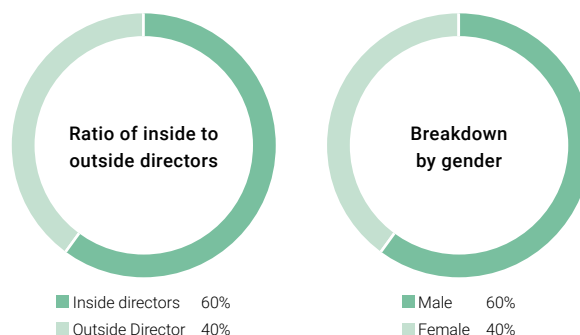
In accordance with our corporate principle and the code of conduct that outlines the principles all officers and employees should follow, we adopt the perspective of our stakeholders and regard the enhancement and strengthening of corporate governance as one of the most important management issues for achieving long-term and sustainable enhancement of corporate value. We believe it's essential to maintain a sincere attitude toward stakeholders, ensure timely disclosure, clarify roles and responsibilities to enable prompt decision-making, and strengthen objective oversight functions.

We've adopted the governance structure of a company with a board of corporate auditors, reflecting our belief that the oversight of business execution by outside directors and the auditing by auditors, including outside auditors, is an effective means of corporate oversight.

Governance System

Board of Directors

The Board of Directors holds regular meetings once a month and is composed of three internal directors and two outside directors. It makes decisions on matters stipulated by law and other important matters related to the company's management strategy and supervises the execution of duties by the directors.



Corporate Management Committee

The Corporate Management Committee convenes once a month, with participation from the full-time auditor in addition to the executive directors. During the meeting, participants share reports on the execution of operations within the Group and discuss management issues to facilitate policy formulation.

Compliance Committee

A Compliance Committee has been established to put in place and maintain a compliance framework and to respond to the requirements of the internal control system.

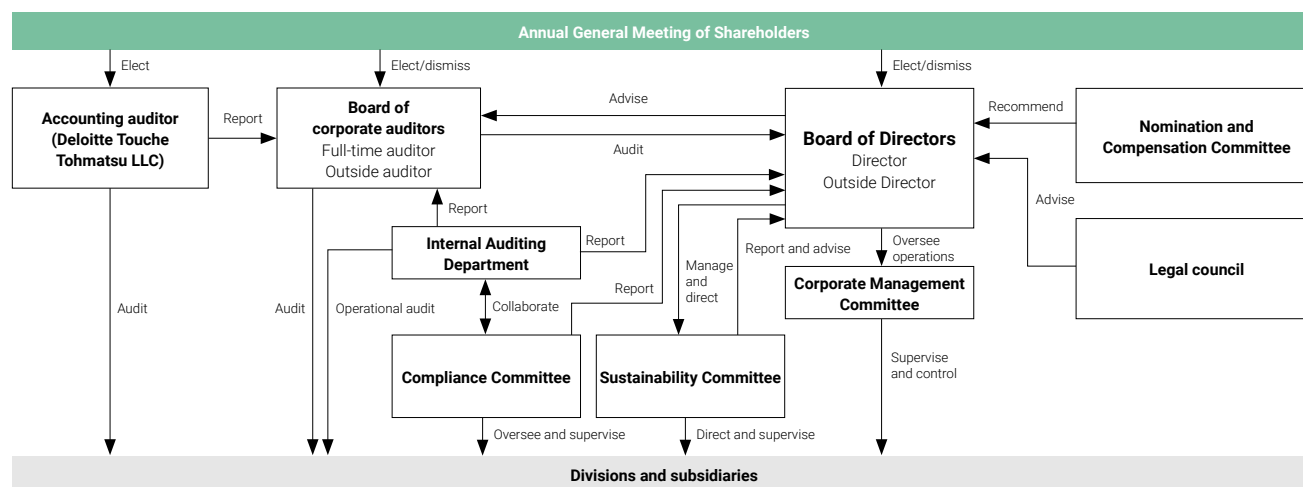
Evaluation of the Effectiveness of the Board of Directors

Between December 2024 and January 2025, we conducted an evaluation of the effectiveness of the Board of Directors based on meetings held during FY2024. Following a questionnaire on board effectiveness conducted by the Board Secretariat for all directors and auditors, discussions on Board effectiveness were held by the chair of the Board, all outside directors, and all outside auditors.

The average score across all questionnaire items was 4.2 out of 5.0, and the overall evaluation, based on the discussions, concluded that there were no major issues.

Outside directors noted that it would be beneficial to provide opportunities for one-on-one dialog between inside directors and outside directors and auditors, with the goal of deepening understanding of inside directors' perspectives. Additionally, a comment regarding the revision of the Mid-term Management Plan requested insight into the strategies and direction being considered by key subsidiaries. We plan to address these points and make improvements accordingly.

Corporate governance system diagram



Governance

Officer skills and compensation

Skills and Roles of Directors

The Board of Directors determines candidates for director positions with consideration for the Group's organizational structure, ensuring a balanced and diverse mix of knowledge, experience, and abilities. We've appointed two outside directors and two outside auditors to enhance transparency in decision-making and strengthen supervisory functions. Among the outside directors, we've included individuals with experience in corporate management at other companies.

For more information about the skills held by directors and auditors, please refer to the skills matrix on the right.

Executive Compensation

In accordance with the executive compensation system put in place by the Board of Directors, the compensation amounts for senior management and directors are decided after thorough discussion based on deliberations by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is composed with a majority of outside directors. To ensure transparency and objectivity in deliberations, the committee is chaired by an independent outside director.

For details, please refer to the Corporate Governance Report (in Japanese only).
<https://www.morito.co.jp/sustainability/governance/img/governance.pdf>

Skills matrix

| Position and name | Directors | | | | | Auditors | | |
|---|------------------|------------|-------------|---------------------------|---------------------------|------------------|----------------------------|-----------------------------|
| | Takaki Ichitsubo | Bunki Yano | Kiyomi Akui | Mayumi Ishihara (outside) | Motoo Matsuzawa (outside) | Kiyoshi Ichikawa | Kosuke Matsumoto (outside) | Motoshi Ishibashi (outside) |
| Corporate management | ○ | ○ | ○ | | ○ | | | |
| Global business | ○ | ○ | | | ○ | | | |
| Branding, marketing, and sales | ○ | ○ | | | | | | |
| Finance, accounting, and M&A | ○ | ○ | ○ | | ○ | | | ○ |
| Personnel and HR development | | | ○ | | | ○ | | |
| Risk management, legal affairs, and ESG | ○ | ○ | ○ | ○ | | ○ | ○ | |

The above table shows the areas in which individual board members have expertise (e.g., have worked in a relevant department), which are indicated by a circle, but does not cover all the knowledge and experience each individual possesses.

Governance

Compliance

MORITO Group Basic CSR Policy

In line with its founding principles of being “Active and Steadfast,” MORITO and its subsidiaries (collectively, the “MORITO Group”) must work to build good relationships with customers, suppliers, shareholders, and other diverse stakeholders in the MORITO Group.

We have formulated the MORITO Group Basic CSR Policy (the “Policy”). We ensure that the Policy is implemented throughout the Group so we remain a good corporate citizen.

The Policy is designed for not only the MORITO Group but also its business partners. We expect all companies that do business with us to understand its purpose and act in accordance with it.

For details, please refer to the MORITO Group Basic CSR Policy.
MORITO Group Basic CSR Policy
https://www.morito.co.jp/sustainability_en/governance/csr.php

Basic Anti-Bribery Policy

Working in line with its founding principles of being “Active and Steadfast,” MORITO Group address anti-corruption under the Basic Anti-Bribery Policy.

The MORITO Group has established this policy in order to implement anti-bribery measures and will make group-wide efforts to prevent bribery.

For details, please refer to the Basic Anti-Bribery Policy.
Basic Anti-Bribery Policy
https://www.morito.co.jp/sustainability_en/governance/preventing_bribery.php

Compliance

We make active efforts to ensure compliance, identify risks, and maintain a system to manage those risks.

Compliance structures



Compliance Committee activities

(fiscal year ended November 30, 2024)

The Compliance Committee uses a PDCA cycle to manage risks. It assesses company-wide risks through annual interviews conducted at all divisions and subsidiaries. The committee references that assessment in conducting analysis that uses a risk matrix for the probability of the risk's occurrence and its impact. It reports to the Board of Directors twice a year on the results of the measures taken against the risks identified and evaluated as well as plans for improvement.

Initiatives

► Whistleblower Program (Hotline)

We have set up a point of contact for direct consultation and reporting by employees who become aware of acts that constitute compliance violations or acts that may constitute violations. One internal report was received by the Company during the fiscal year ended November 30, 2024.

► Anti-harassment Program

We will take strict disciplinary action in accordance with the rules of employment, should any act of harassment be committed by an employee. We also hold regular seminars aimed at preventing harassment.

► Introduction of a Safety Reporting System

We have implemented a Safety Reporting System, which can be used via computer or smartphone, to ensure lines of communication between employees and the company remain open in the event of a major earthquake similar to those that have struck Japan in the past.

List of Executives

Executive profiles can be found here.

<https://en.morito.co.jp/ir/management-policy/directors-auditors/>



Takaki Ichitsubo
Representative Director,
CEO

During my student years, I was deeply involved in soft tennis, through which I developed perseverance and a strong drive to win. Since I dislike losing, I no longer play tennis and instead enjoy taking walks with my beloved dog. I spent 11 years overseas on assignment in the Netherlands starting in 1985, and that experience helped me develop the ability to adapt to different cultures. I felt like a stranger when I returned to Japan, but those years gave me a fresh perspective on my current environment. Since November 2013, I've been serving as representative director, CEO, and I place great value on integrity and staying true to principles while working to ensure that our employees and their families can live with peace of mind as they contribute to the growth of the MORITO Group.



Bunki Yano
Director

I spent 13 years on assignment in the Netherlands and five years in Hong Kong. Currently, I also serve as CEO of our subsidiary, MORITO SCOVILL AMERICAS, LLC, and divide my time between Japan and the U.S. Through many years of global experience, I have developed multifaceted thinking and decision-making skills by working with people who hold different values from my own. Lately, I make a conscious effort to view things from a broad perspective, always striving to grasp the essence of matters while reflecting on my work and the Company's future. I hope to continue contributing to the growth and new challenges of the MORITO Group.



Kiyomi Akui
Director

While searching for a company where women can build long-term careers, I was drawn to a job posting from our company for "New Graduate / HR Department Staff." Guided by a strong intuition that this was the company for me, I was fortunate to join the Company, and since then, I have continued to learn about various aspects of management centered around the theme of people. As those before us have taught, a company is its people. With the renewed focus on the importance of human capital in recent years, I aim to seize this momentum and work to maximize the value of people, as I strive to deliver outcomes that bring joy to everyone connected with the Company.



Mayumi Ishihara
Director (Outside)

After graduating from the faculty of law, I began my professional career as a court clerk, but resigned after two years upon getting married. While moving around Japan due to my husband's job transfers, I studied for the bar exam and passed. Since then, while raising children—and more recently, grandchildren—I've spent nearly 30 years as a lawyer specializing in corporate legal affairs. I've served as an outside officer for other listed companies for nearly 20 years, but I feel that the energy of the MORITO Group is truly exceptional. To keep pace, I will draw on both my legal expertise and my perspective as a homemaker and consumer to contribute to strengthening governance.



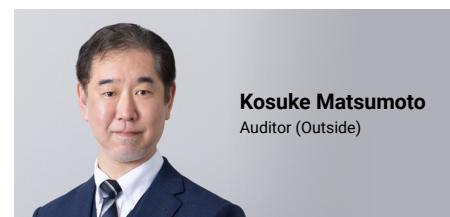
Motoo Matsuzawa
Director (Outside)

Drawing on 25 years of experience in financial services at a bank, eight years of hands-on experience as CFO and director of a foreign-affiliated company's Japan office, and my role as a full-time auditor at a pharmaceutical manufacturer, I provide input as an outside director particularly in the areas of finance, legal compliance, and corporate governance. With sincerity, I carry out my duties by seeking sound judgment grounded in a broad societal perspective and by upholding fairness and integrity, all in order to contribute to the realization of medium- to long-term corporate value creation for the MORITO Group.



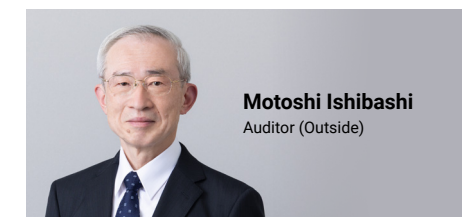
Kiyoshi Ichikawa
Auditor (Full-time)

Over the 42 years since joining the Company, I've worked in areas such as human resources, general affairs, and legal affairs while building a unique career within MORITO that does not involve handling products and money. Drawing on this rare perspective, I hope to contribute to establishing a sound and sustainable corporate governance system that supports the healthy growth of the Group and the creation of medium- to long-term corporate value, in order to meet society's expectations. To that end, I take to heart the words of a respected former auditor at the Company: "Divinity resides on the front lines." Guided by this principle, I strive to conduct audit activities with a keen focus on the facts found in the field.



Kosuke Matsumoto
Auditor (Outside)

It has been 25 years since I registered as a lawyer, and 14 years since I assumed the role of outside auditor for MORITO. While recent Western management perspectives increasingly argue that outside officers should not serve long terms, my personal experience tells me that it takes many years for someone from outside a company to truly grasp the essence of the role and to gain a nuanced understanding of the voices of employees working on the front lines. Drawing on the insight I have gained through domestic and international site visits over the years, I look forward to continuing to fulfill my responsibilities to the Group.



Motoshi Ishibashi
Auditor (Outside)

After more than 10 years of service in international affairs at the Osaka Regional Taxation Bureau and other public duties, I've built a career as a certified tax accountant. In corporate management today, maintaining and improving compliance in accounting and taxation is essential. Against this backdrop, I'm honored to apply the knowledge and expertise I have developed to the global MORITO Group. As an auditor, I'll continue contributing to the further growth of the Group both in Japan and abroad as it aims to become a global niche top company.

Message from the Outside Directors



I'll contribute to realizing a management approach that connects with consumers and leads to the future.

Mayumi Ishihara
Outside Director

For nearly 30 years, I've worked as a lawyer specializing in corporate legal affairs while also fulfilling my roles as a wife and mother, never easing up in either responsibility. Beyond my legal expertise, I believe the perspective I've gained through daily life as a consumer is one of my strengths. Since the end-users of MORITO Group's products are ultimately consumers, I'll continue to offer various observations and recommendations to ensure that the Company never loses sight of the importance of staying connected with them.

Looking back on when I first assumed my position, I recall feeling that the Group's Board of Directors needed to go deeper into financial statements and adopt a broader view of medium- to long-term business prospects. However, over time, the Company has taken external opinions and feedback seriously, steadily working to make improvements. Once a goal is set, the Company's drive to achieve it is remarkable, as demonstrated by its designation to the First Section of the Tokyo Stock Exchange and later its transition to the Prime Market. These were moments when I truly witnessed the underlying strength of MORITO as a 100-year company. Even after transitioning to a holding company structure, the Group has continued to steadily expand its business. Recently, the Company has been receiving advice from experts on IR and governance enhancement, but what is truly commendable is its continued commitment to thinking and acting independently.

Looking ahead, I believe consumer needs will continue to diversify, and developing products that connect to the future will be essential. To maintain and advance its position as a global niche top company, it will be key to further strengthen employee engagement, especially among those who support the company from within. Furthermore, given that the Group's companies operate worldwide, it is critical to both meet global standards and respond swiftly to country-specific risks. In addressing these various challenges, I'll continue to approach my role as a director with the spirit of "Active and Steadfast" and do my utmost to help MORITO become a sustainable and enduring corporate group.

Supporting the sustainable growth of the MORITO Group with a proactive mindset

Motoo Matsuzawa
Outside Director



With integrity as my foremost principle, I strive to base my judgments on a broad societal perspective and to ensure that my proposals are fair and impartial, drawing on my experience as an auditor and in other roles. As an outside director, I believe that supporting the healthy and sustainable growth of the MORITO Group requires not only a defensive stance, but also an active approach. In recent years, I've provided timely advice such as positive evaluations of large-scale investments and requests for progress reports on cost-reduction efforts.

From the perspective of protecting the interests of general shareholders, it's the responsibility of outside directors to speak out in board meetings and raise issues with the representative director when necessary. The Group has fostered a culture of open and candid dialog between outside directors and inside executives, including the president. Outside directors embody a wide range of knowledge and experience, and I believe they are fully equipped to oversee corporate management from an external perspective. This structure allows us to engage in lively discussions about management issues, and I believe it's helped the Board of Directors maintain its effectiveness. Furthermore, the advance distribution of materials, preliminary briefings and opportunity for advance confirmation contribute to more meaningful discussions during Board meetings.

As a part of its preparations for further growth toward 2030 and beyond, the Group has announced its 8th Mid-term Management Plan. This plan outlines the vision through which MORITO, with its 117-year history, will continue creating new value over the next 100 years as a global niche top company. I believe that considering M&A opportunities is essential for the creation of medium- to long-term corporate value. To that end, visualizing synergies such as financial impact is crucial for discussions and deliberations at the Board of Directors level. Going forward, I will continue to offer proposals that contribute to the realization of medium- to long term sustainable value creation by encouraging the concrete presentation of such factors.