

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 addressing climate change.

Doing business in harmony with people and their communities

We will promote diversity and harmony with people and society, thereby strengthening our role and responsibility as a corporate citizen and enhancing our corporate value.

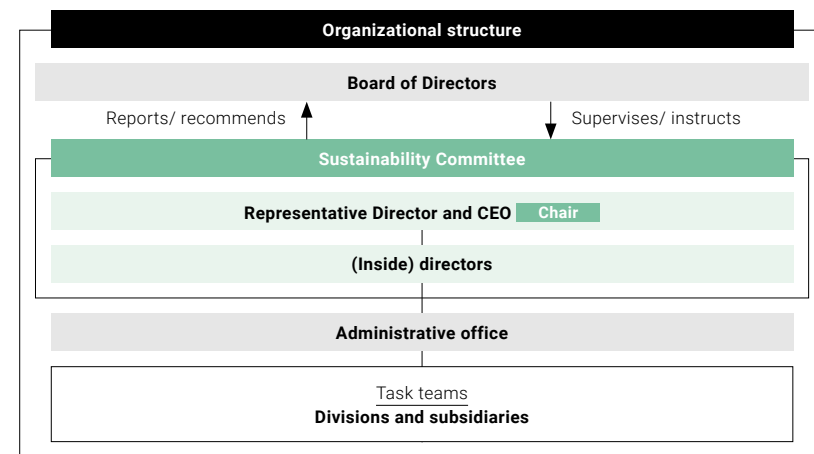
Strengthening the business foundation for continuous growth

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

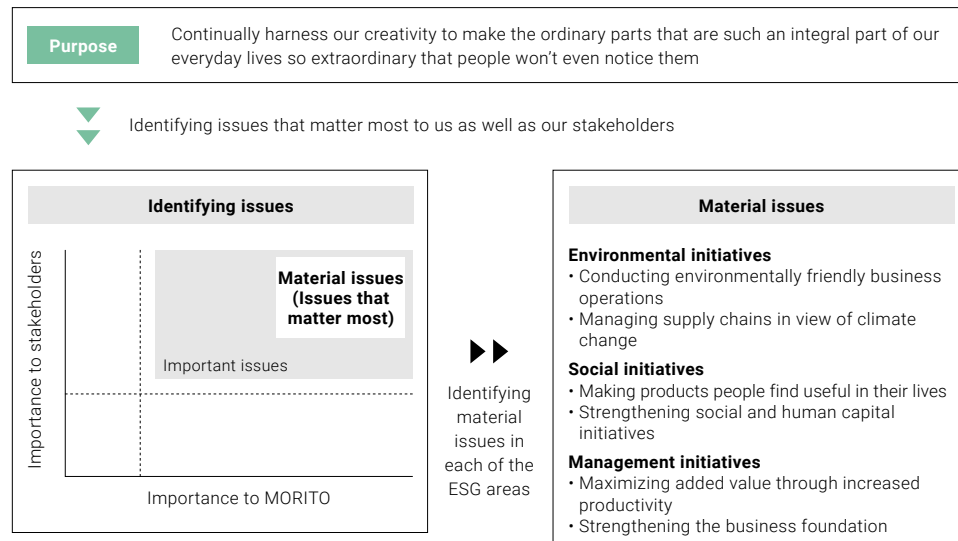
We are committed to fulfilling our fundamental corporate social responsibility of meeting the needs and expectations of society and solving the problems humanity faces through our business activities. At the same time, we are working to build a stronger business foundation to increase our corporate value. 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 MORITO 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	• Building a recycling-oriented society • Reducing waste	• 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	• Sustainable procurement of raw materials • Improving procurement and supply stability • Strengthening resilience in logistics	• Supply chain management (SCM) strategies for natural disasters • Overhauling order, inventory, warehousing, and shipping functions
Society	Making products people find useful in their lives	• Developing high-value-added products • Improving reliability through stable quality • Developing safe, reliable, and convenient products	• Creating safe, secure, and useful products to help improve people's lives • Quality management
	Strengthening social and human capital initiatives	• 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	• 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	• 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	• Adopt a holding company framework to transform functions and operations as well as optimize the Group structure • Restructuring business portfolio
	Strengthening business foundation	• Strengthening governance • Boosting public trust and reputation through ESG disclosure	• Internal control/risk management/compliance • Corporate management aimed at securing overall stakeholder satisfaction

Environment

We at 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
- Analyses a wide range of elements, from sulfur (atomic number 16) to uranium (atomic number 92), at concentrations ranging 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 products such as ASUKAMI®, a recycled paper made by collecting and pulverizing synthetic fiber scraps generated during apparel production, blending them with virgin pulp, and making them into paper.





Rideeco Championing Authentic Sustainability for the Future

We view our environmental initiatives as one of our key growth drivers, and under the Rideeco® concept, we operate businesses aimed at realizing a sustainable society.



Hiroyoshi Mori

MORITO CO., LTD.
Director, Senior Executive Officer,
General Manager of Apparel Business
Management Department, and
Representative Director and CEO of
MORITO APPAREL CO., LTD.

By remaining committed to authenticity and aiming for global expansion, we will achieve both business growth and the creation of social value.

At MORITO, we believe that, in order for environmental initiatives to remain truly sustainable, they must be CSV initiatives that are directly linked to our business operations. We have long been working to reduce water and electricity consumption and using manufacturing processes that do not emit harmful substances for the environmentally friendly creative production. In 2021, we stepped up our efforts and launched our environmental initiative, Rideeco®.

Leveraging the expertise in development, procurement, and sales we have cultivated over the years, this initiative helps our partner companies and organizations turn their environmental efforts into concrete products and business opportunities.

Under our 8th Mid-term Management Plan, we have been promoting environmental initiatives as one of our growth strategies. In developing new products, we have always prioritized authenticity. We have established internal standards, such as blending ratios for raw materials, and have been

developing products in a way that ensures accountability, including with respect to quality.

A prime example of this initiative is MURON®, a recycled yarn made entirely from discarded fishing nets collected in Japan. MURON® offers traceability that allows users to track the product back to its source region, making it environmentally friendly while ensuring quality. We also developed our first fabric using MURON®. Our environmental initiatives have served as a catalyst for venturing into new areas while also contributing to the growth of our existing businesses.

Our group company MATEX INC. developed ASUKAMI®, a paper made by blending fabric scraps from sewing factories into the pulp. In collaboration with World Co., Ltd., we are moving forward with an initiative to utilize fabric scraps generated at World Group factories, which are blended into the paper, to produce tags, business cards, envelopes, and other items.

Under our new Mid-term Management Plan, ACTION 1000, we will evolve our environmental initiatives into a group-wide effort. We will leverage MITSUBOSHI CORPORATION's sales channels and overseas network with the aim of expanding our sales regions and target industries and bringing our products to the global market. At the same time, we will expand our product lineup by utilizing HISANAGA SEISAKUSHO's technology and developing new products. We aim to make environmentally friendly products the industry standard rather than just one option, establishing our position as a leader in the industry.

Expo 2025 Osaka, Kansai Reaching the World through Our Employees' Voices

MORITO presented its Rideeco® initiative at Expo 2025 Osaka, Kansai. We created a space where visitors could experience first-hand the potential of resource recycling through an exhibition of materials, products, and artworks made from discarded fishing nets and fabric scraps from sewing factories. During the Expo period, employees from different departments came to staff the booths at the event site, engaging in conversations with visitors while providing explanations in their own words to actively share information about our Rideeco® initiative. Exhibiting at a global event like the Expo has become a source of great pride for our employees and a driving force for advancing our environmental initiatives.



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 p. 36 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 formulating our medium- to long-term strategies, we use the following internationally recognized climate change scenarios as a reference for the period up to 2030, assuming either a rise in the global average temperature of less than 1.5°C by 2100 or approximately 4°C by 2100. 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 ⁴²	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 addition to calculating the Group's Scope 1 and 2 emissions, we expanded the scope of our greenhouse gas (GHG) emissions calculations to include Scope 3 emissions from our domestic subsidiaries in fiscal 2024. In fiscal 2025, we expanded the scope of calculating Scope 3 emissions to include all* subsidiaries, including those in Japan and overseas, thereby establishing a system for calculating Scope 1, 2, and 3 emissions for the entire Group. Going forward, we will use these emissions data to reduce GHG emissions throughout our supply chain.

We will work toward achieving net zero GHG emissions by reducing our Scope 1 and 2 emissions, in line with the Japanese government's goal of achieving carbon neutrality by 2050.

* Excluding new subsidiaries acquired through M&A and companies undergoing liquidation procedures

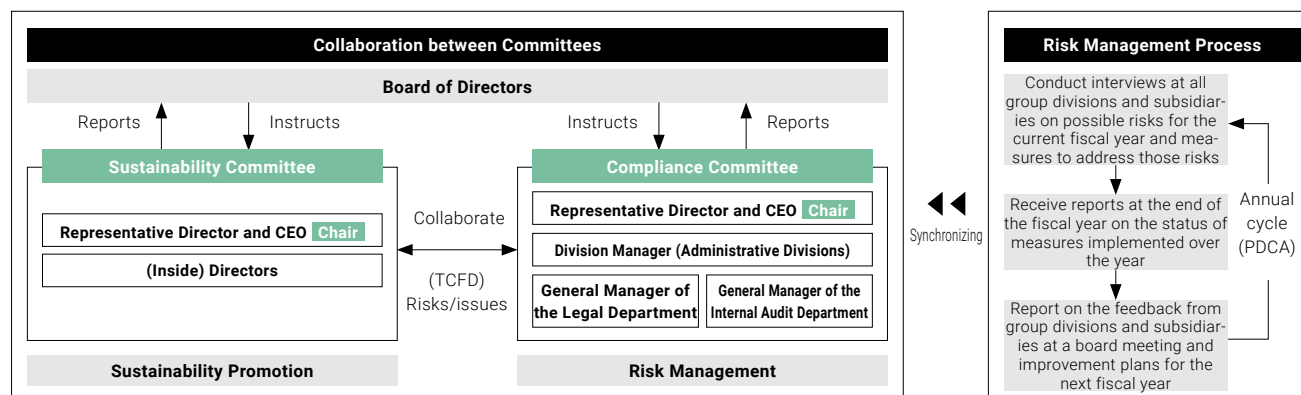
GHG emissions	2022	2023	2024	2025	(t-CO ₂) FY2025 vs. FY2022
Scope1* ¹	2,256	1,783	1,940	1,919	85%
Scope2* ²	5,004	3,785	3,543	3,672	73%
Total for Scope 1 and 2	7,260	5,567	5,483	5,591	77%
Scope3* ³	186,822	175,594	166,663	174,733	94%

*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

Contributing to society by connecting people, communities and the future through our business

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.

Outreach classes

In line with the focus areas of our material issues: building a recycling-oriented society, reducing waste, and contributing to local communities, we offer outreach classes to encourage students to think about the SDGs.

Centered on our Rideeco® environmental initiatives, the classes cover topics including product development using discarded fishing nets to address marine pollution issues and the ASUKAMI® mixed paper made from recycled synthetic fiber scraps generated during apparel production to provide students with opportunities to learn about SDG 12: Responsible Consumption and Production and SDG 14: Life Below Water.

We have conducted outreach classes at a total of 25 elementary, middle, and high schools for 1,296 students since we started offering them in 2023. (As of April 30, 2026)



Beach cleanup activities

Ever since we've been developing products made from discarded fishing nets, we have been conducting regular beach cleanups in Kami, Hyogo Prefecture, and elsewhere. In addition to contributing to the local community, cleaning up discarded fishing nets and marine debris gives employees an opportunity to view environmental issues as something that directly affects them.

Special Class Passing on the Memory of the Great Hanshin-Awaji Earthquake to the Next Generation

In 2025, we held a special class about the Great Hanshin-Awaji Earthquake at an elementary school in Kobe. We were operating in Kobe when the earthquake occurred, and many employees experienced the disaster firsthand. We organized the class out of a desire to pass on our memories of the earthquake that hit the region as well as the lessons we learned from it to the next generation before they faded away forever.

On the day of the class, employees took the stage together with former professional baseball player Sou Taguchi to share their personal experiences directly with the children. On top of that, we upcycled BlueWave throwback uniform pants actually worn by Orix Buffaloes players into amulets and gave them to the children as gifts.

We also view this initiative as a concrete step toward reducing waste.



More information on our social contribution and community outreach activities can be found here.
https://www.morito.co.jp/sustainability_en/society/social_initiatives/



Society

Diversity

MORITO Group Human Resource Management Policy

We have developed the MORITO 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 we are headed.

MORITO Group Human Resource Management Policy	
Human resource management to create a talent pool that will help us expand and move forward into the future with the aim of becoming a global growth company.	
Human resource management that is rooted in respect for people and embraces diversity in the workforce.	
▼ Strategic direction ▼	
a Recruitment	- 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	- 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	- Ensuring full compliance - Providing a comfortable working environment where employees can realize their full potential
d Placement and careers	- 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	- 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	- Providing adequate compensation commensurate with performance - Maintaining a highly controllable labor cost structure

Human resource and career development

We actively provide skill development opportunities and programs to help employees continuously build their career while keeping their level of satisfaction and motivation up.

► Training programs

We provide employees with numerous opportunities to build on their professional skills. These include assessments that are vital to charting career paths, educational programs designed for employees in

different job classifications and grades to improve their skills, and special training programs for selected employees aimed at developing the next generation of managers.

► Support for taking CASEC tests

We provide employees with an opportunity to take CASEC, a test of English language proficiency available on the internet for non-native speakers, once a year.

► 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.

► Alumni hiring program

We offer opportunities for former employees to put the new knowledge and experience they gained after leaving MORITO to good use and return to the MORITO Group as an asset who can contribute immediately.

► Employee Stock Ownership Plan (J-ESOP)

To boost employee motivation and morale with a view to improving our share price and business performance, we have introduced a scheme under which company shares or an equivalent cash amount are granted through a trust based on performance evaluations.

Creating a Comfortable Work Environment

► Staggered work hours and flextime

To support flexible and autonomous working styles, we've adopted staggered work hours as well as flextime for employees in some departments.

► Telecommuting

Employees meeting certain requirements can work from home or other places 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.

► Optimization of working hours

We are 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
- No overtime day

► Encouraging usage of 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 paid annual leave that would otherwise expire. This accumulated leave may be used for long-term medical treatment or intermittent outpatient treatment and rehabilitation for non-work-related illness or injury.

Childcare and Family Care

► Individual briefings

We provide employees with individual briefing sessions before their 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 also distribute a manual 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			
		Before childbirth	During child-care 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 Arrangements	Regular part-time employee	Until end of fiscal year in which child was a third-grader			

Family care leave and support programs (excerpt)

Programs	Description
Time off for family care	5 days per year (10 days if caring 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.

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.

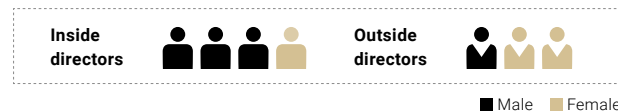
Governance System

Management and Executive Structure

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.

1 Board of Directors

The Board of Directors holds regular meetings once a month and is composed of seven directors (including three outside directors). In addition, three corporate auditors (including two outside auditors) also attend these meetings. 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.



2 Nomination and Remuneration Committee

We have established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors to enhance the fairness, transparency, and objectivity of the procedures for nominating directors and determining their remuneration, thereby further strengthening corporate governance across the Group.

At the request of the Board of Directors, the Committee deliberates on matters including the appointment and dismissal of directors and executive officers, directors' remuneration, and the formulation and implementation of succession plans for directors and other key personnel, and submits its recommendations to the Board of Directors.

A majority of the committee members are independent outside directors, and the committee is chaired by an independent outside director to ensure the transparency and objectivity of its deliberations.

3 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.

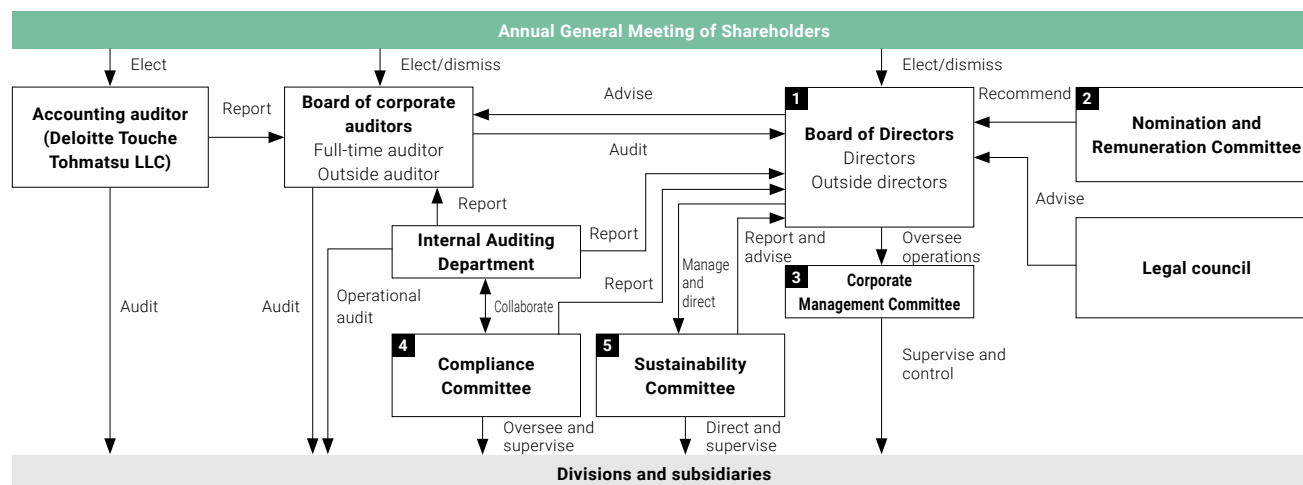
4 Compliance Committee

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.

5 Sustainability Committee

The Sustainability Committee formulates basic policies on sustainability, reviews initiatives, sets targets and indicators, and conducts status surveys for the entire Group. 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.

Corporate governance system diagram



Governance

Board of Directors and Committee Activities

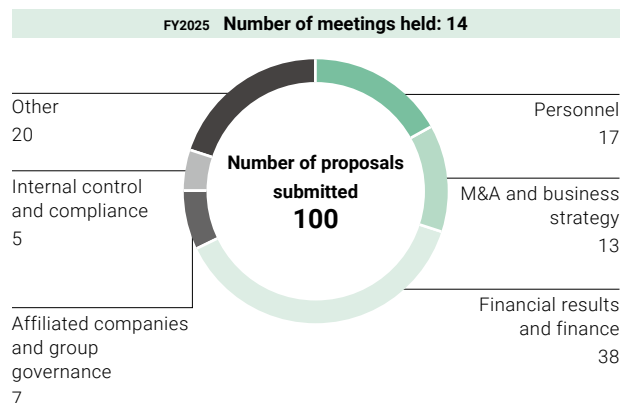
Board of Directors and Committee Meetings

The number of meetings held by the Board of Directors and the Nomination and Remuneration Committee during the fiscal year ended November 30, 2025, together with the principal matters discussed, are summarized below. Between January 2026 and February 2026, we evaluated the effectiveness of the Board of Directors meetings held during the fiscal year ended November 30, 2025. After conducting a questionnaire survey among all directors and auditors on the board's effectiveness, the Board Secretariat held individual interviews with all outside directors and all outside auditors to evaluate board effectiveness from multiple perspectives.

Board of Directors

In the fiscal year ended November 30, 2025, the Board of Directors met 14 times. The main topics of discussion were as shown below.

Board meetings are characterized by active participation and robust discussion among all members, including outside directors and outside corporate auditors. To ensure effective oversight and decision-making, the Board also revisits significant management strategy matters through multiple rounds of deliberation where appropriate.

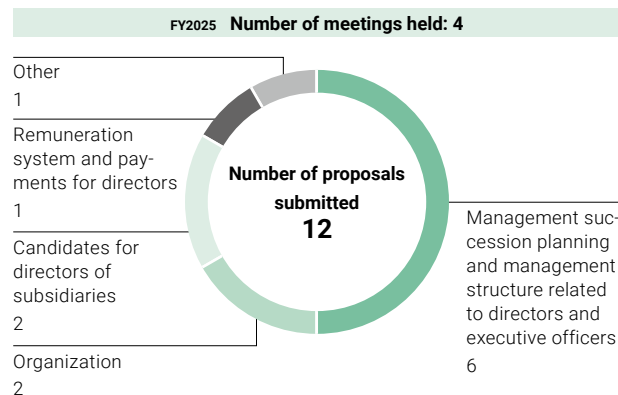


Nomination and Remuneration Committee

In the fiscal year ended November 30, 2025, the Nomination and Remuneration Committee met 4 times. The main topics of discussion were as shown below.

Topics of discussion concerning nomination included management succession planning, the composition of directors and executive officers, the future direction of the organization, and candidates for directors at subsidiaries. Matters discussed in relation to remuneration included the policy for determining directors' remuneration, the methodology for calculating remuneration, and the aggregate amount of directors' remuneration.

The Committee will continue to deliberate on the appropriate management structure and remuneration framework while ensuring objectivity and transparency.



Evaluation based on questionnaire and interviews

Between January 2026 and February 2026, we conducted a questionnaire survey and individual interviews with outside directors and outside corporate auditors to evaluate the effectiveness of the Board of Directors for the fiscal year ended November 30, 2025 from multiple perspectives.

The results are shown on the right.

Questionnaire for board members

► Summary

Target	5 directors and 3 auditors (8 in total)
Timing	January 2026
Evaluation	A total of 27 questions comprising five-point rating scales and open-ended questions.
Scope of survey	Composition, operation and process of the Board of Directors, provision of information, quality of discussions, oversight and collaborative functions, etc.

► Evaluation result

Score	4.2 (average score of all 27 questions)
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The average score was broadly in line with the previous year's level. The area receiving the lowest relative score was the timing of advance distribution of meeting materials. Going forward, we will review the Secretariat's processes to ensure directors have sufficient time to examine materials before discussions.

Individual interviews with outside officers

► Summary

Target	2 outside directors and 2 outside auditors (4 in total)
Timing	January 2026
Evaluation	Individual interviews covering a total of 14 questions were conducted.
Scope of survey	Board operations and the quality of discussions, the adequacy of information provided, governance and oversight functions, the role of outside officers and opportunities for dialogue, and the balance of skills and composition of the Board.

► Comments received

- The Nomination and Remuneration Committee engages in meaningful discussions on succession planning and talent development.
- Outside directors are fulfilling their governance role effectively, and discussions are open and candid.
- Discussions are open and inclusive, with active participation from all members, including the President.
- There is scope for creating additional opportunities for information sharing among directors.

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 three 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 below.

Executive Compensation

In order to raise awareness among our directors about enhancing corporate value, promote initiatives with a long-term perspective, and motivate them to achieve their goals, we have established a compensation structure that clearly links compensation to performance and is aligned with global standards.

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

Skills matrix

Position and name	Directors							Auditors		
	Takaki Ichitsubo	Bunki Yano	Kiyomi Akui	Hiroyoshi Mori	Mayumi Ishihara (outside)	Motoo Matsuzawa (outside)	Yoshiko Iwata (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,” 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,” the MORITO Group addresses 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

MORITO Group Human Rights Policy

The MORITO Group supplies a broad array of parts and products throughout the world with a commitment to creative production that will enrich people's lives as it continues to create new kinds of value for the future. We believe that the creation of new value is made possible by the support of all our stakeholders, including our shareholders, employees, customers, business partners, and local communities. Firmly dedicated to this belief, we have established the MORITO Group Human Rights Policy and promote efforts to respect human rights in order to fulfill our responsibility to respect the human rights of all individuals affected by our business activities.

For details, please refer to the MORITO Group Human Rights Policy.
MORITO Group Human Rights Policy
https://www.morito.co.jp/sustainability_en/governance/human_rights.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, 2025)

The Compliance Committee uses a PDCA cycle to manage risks. It assesses company-wide risks through semiannual 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 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, 2025.

► 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 and 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 surroundings. Since November 2013, I've served as Representative Director and CEO, placing great value on integrity and staying true to my principles while working to ensure that our employees and their families can live with peace of mind and contributing 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.



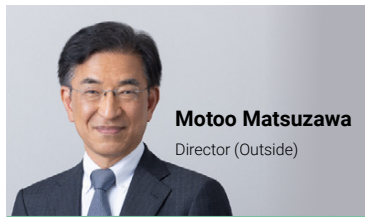
Hiroyoshi Mori
Director

I spent 17 years overseas in Singapore and Hong Kong working in the apparel industry. Currently, I oversee global operations as general manager of the Apparel Business Management Department while concurrently serving as Representative Director and CEO of MORITO APPAREL CO., LTD. I believe that the source of our corporate value lies in the respect we have for diverse countries, cultures, and ethnic groups, and our commitment to investing in people across the globe. As a company that places people at the heart of its business, we will continue to build on our unique strengths as we strive to become a global niche top 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.



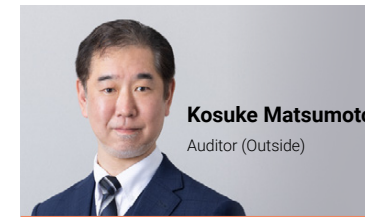
Yoshiko Iwata
Director (Outside)

I began my career at a foreign financial institution, where I experienced the dynamism of the capital markets firsthand. I've found new insights and surprises in the differences between foreign and Japanese companies. After seeing Japanese companies from both the outside and the inside, I strive to offer suggestions that draw on the strengths of both perspectives. I will look for MORITO's hidden strengths and think of ways to put its best foot forward in the capital market. "Purely, Honestly, Gracefully and Strongly" is the motto I live by. I look forward to working with everyone in the MORITO Group to enhance its corporate value.



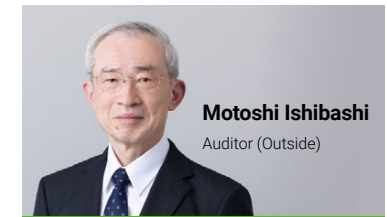
Kiyoshi Ichikawa
Auditor (Full-time)

Over the 43 years since joining MORITO, I've worked in areas that do not involve handling products and money, such as human resources, general affairs, internal audit, and legal affairs, while building a unique career within the company. 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: "The truth lies 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 26 years since I registered as a lawyer, and 15 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



**Staying true to my principles
as I ask what lies ahead over
the long run**

Mayumi Ishihara
Outside Director

MORITO's strength lies in its drive to face obstacles head on as everyone pulls together to move steadily forward toward its goals that lie ahead. That's why it's important to take a careful look at the road ahead from a medium- to long-term perspective and then decide whether the direction or goal you're headed toward is truly the right one.

In the past year, MORITO has carried out a series of major M&A deals. While I believe these were all necessary decisions, I also felt it was important to examine them from multiple angles and ask questions such as, "Why are we doing this now?", "What kind of MORITO do we aspire to become beyond the synergies?", and "How will this contribute to the happiness of our shareholders, customers, and employees?" This applies not only to M&A but also to MORITO's overall business strategy.

Since I was appointed as an outside director, MORITO has continued to grow steadily. But we are no longer in an era where growth alone is enough to please people. I hope that everyone, across departmental boundaries, will continue to make time to ask themselves what they should aim to achieve and how they can contribute to the satisfaction and happiness of all stakeholders and society as a whole. The environmental initiatives, such as products made from discarded fishing nets and ASUKAMI®, are wonderful businesses that were born from taking the time to ask this question.

In terms of governance, MORITO should focus on improving its governance by adopting the good practices of other companies and tailoring them to fit MORITO's unique style. The company should not only draw on external insights but also set a clear direction in which it will move forward.

Personally, as the outside director who has observed MORITO the longest, I am careful not to become overly sympathetic to the Company's perspective simply because I know it so well. In addition, applying my experience as a lawyer, I will continue to communicate in a way that is both principled and empathetic, thereby elevating the quality of discussions.

*ASUKAMI® is a mixed paper made partially from recycled fabric waste.



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

Motoo Matsuzawa
Outside Director

As an outside director, I strive to base my opinions on a broad societal perspective while placing great importance on integrity. I try to express my view by prioritizing fairness and impartiality, drawing on my experience as an auditor and other roles. I'm also committed to providing timely and appropriate advice so that MORITO can live up to the trust placed in it by society and pursue sound and sustainable growth and the creation of corporate value over the medium to long term.

At present, the most important issue for the MORITO Group is improving profitability. The Group has set a target of achieving an ROE of 12% by 2031 under the new Mid-term Management Plan, ACTION 1000, and I have been actively contributing to discussions at Board of Directors meetings with a focus on improving profit margins.

When it comes to protecting the interests of general shareholders, it's vital that outside directors fulfill their responsibility and speak up in board meetings and raise issues with the representative director whenever necessary. The board meetings are a place where outside directors can candidly exchange opinions with the president and other inside executives, fostering active discussions on various topics including how to address issues. In light of this, I believe the effectiveness of the Board of Directors is adequately ensured. I was particularly impressed by the recent board discussions on the two M&A transactions completed last year involving Ms.ID and MITSUBOSHI CORPORATION. Drawing on my experience in the financial industry, I asked questions and offered suggestions regarding the benefits of the acquisitions from a financial and cash flow perspective.

The MORITO Group, with its 118-year history, has a vision to continue creating new value over the next 100 years as a global niche top company. I expect the management team to continue to focus on strengthening sales in the B2C business while maintaining a proactive approach to M&A. I will contribute to creating corporate value over the medium to long term by effectively utilizing cash flow and improving capital efficiency.



**Beginning from a place of sincerity
in embarking on a new adventure
with MORITO**

Yoshiko Iwata
Outside Director

Since before I became an outside director, I've always had the impression that MORITO was an honest company. That impression has only grown stronger since I began attending board meetings. I feel that the term "sincere" is more fitting for this company than "honest," and I believe this is clearly reflected in the leadership of Mr. Ichitsubo, who is at the helm of the company.

Over the years, I've observed how different companies approach corporate governance and how they engage with capital markets in so many different ways. Because of this experience, I strongly feel the value of sincerity that MORITO possesses. I am convinced that this is the company's greatest strength and the source of its long-term competitive advantage.

On the other hand, I think the company could be a little more adventurous. I had a chance to visit the U.S. the other day. It seems that business leaders in the U.S. are now required to steer their businesses while keeping a close eye on the political situation. What I saw there, however, were leaders who dared not to read too much into political trends and took bold steps to develop their company's growth strategy and business model. In Japan, there remains a deep-rooted tendency to follow government policy and wait to see what other companies do before taking action. I'm concerned that such an attitude may cause companies to fall behind in the global arena.

The same is true in terms of capital markets and investor relations. Rather than putting up barriers by thinking that investors probably won't be interested in this, actively communicating to them that something interesting is about to happen will lead to meaningful dialogue with investors. I have observed boards of directors at many companies over the years and have also worked for overseas companies for a long time. Drawing on the experience I have gained, I hope to support the MORITO Group's spirit of adventure by sharing examples and best practices from boards of directors, businesses, capital markets, organizational structures, and other areas.