

Governance

Corporate Governance

TS TECH's philosophy is to be "A company sincerely appreciated by all," including every stakeholder, ranging from shareholders and investors to customers, business partners, local communities, and employees. Under our corporate philosophy, we are working hard to enhance corporate governance as an important step toward fulfilling our social responsibility and achieving continuous business growth and increasing corporate value over the medium to long term.

Basic Policies

(1) Securing the Rights and Equal Treatment of Shareholders

We respect the rights of all stockholders, who are important stakeholders, and shall maintain an environment that ensures that all shareholders, including non-controlling interests, are treated equally and can fully exercise their rights.

(2) Appropriate Cooperation with Stakeholders

We shall cooperate appropriately with all stakeholders while working to achieve sustainable growth and an increase in mid- to long-term corporate value.

(3) Ensuring Appropriate Information Disclosure and Transparency

We shall actively disclose information in order to be a company sincerely welcomed by all of our stakeholders, and we shall manage our business with transparency and good faith.

(4) Responsibilities of the Board

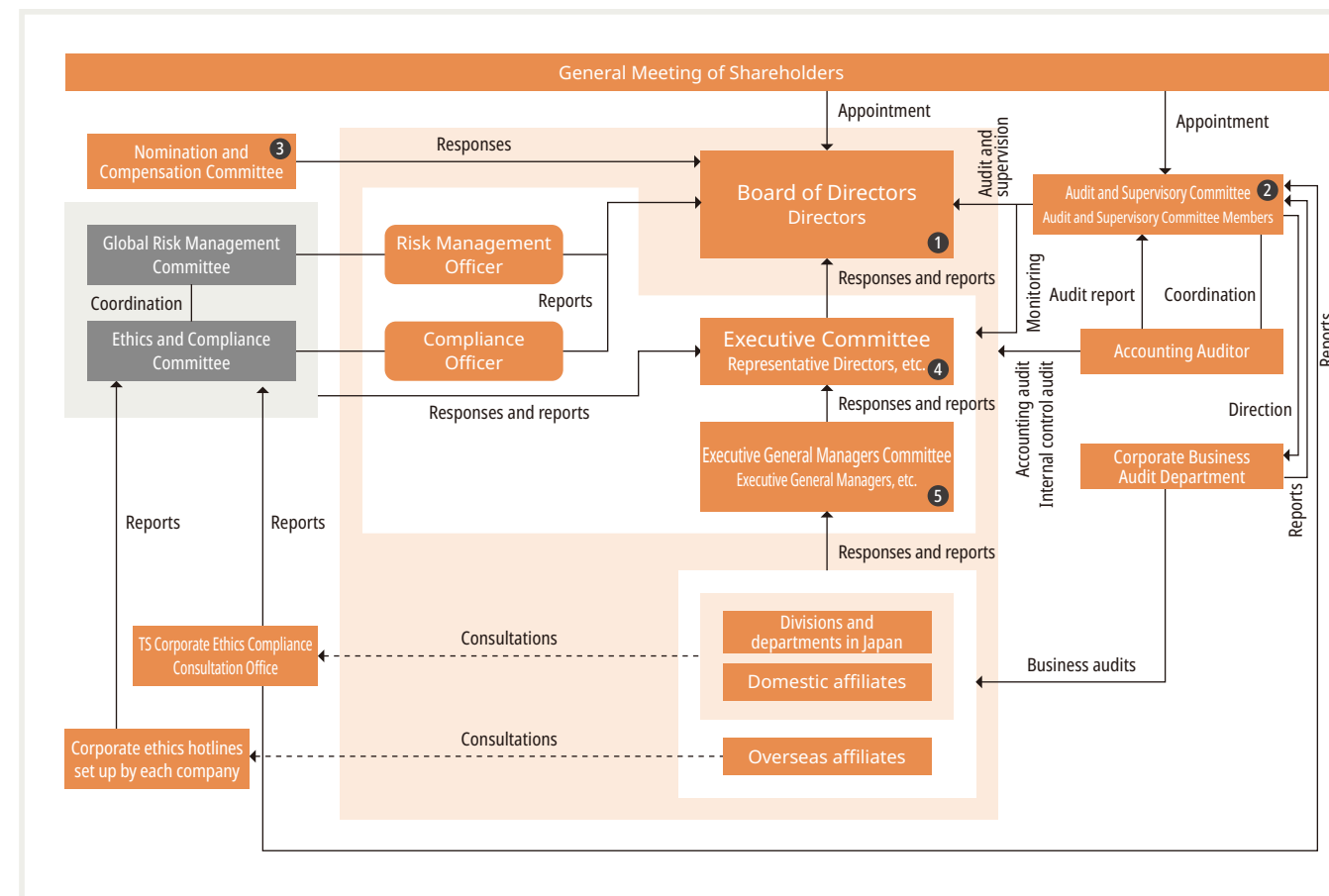
The Board shall take appropriate responsibility for the establishment of mid- to long-term management policies and oversight of directors, and it shall work to build systems to enable transparent, fair, and resolute decision-making.

(5) Dialogue with Shareholders

The company shall engage in constructive dialogue with shareholders and investors through the annual General Meeting of Shareholders and other avenues with respect to management principles and other issues as it works to achieve sustainable growth and an increase in mid- to long-term corporate value.

November 2015, Resolution of the Board of Directors

Governance System Diagram



Operation of Internal Control System

The Board of Directors passed a resolution on the basic policies of TS TECH's internal control system to meet the requirement to formulate regulations on internal controls stipulated in the amendment to Japan's Companies Act in 2006. Since then, the Board of Directors has reviewed the implementation of this system each fiscal year and passed resolutions on changes to these policies as necessary at Board of Directors' meetings. Additionally, in accordance with Japan's Financial Instruments and Exchange Act, the TS TECH Group has established an internal control system to ensure the reliability of its financial reporting. The effectiveness of this system is maintained and internal control is enhanced through regular evaluations of improvements and operations and corrective actions when necessary.

Group Governance Structure

The TS TECH Group shares the TS TECH Philosophy, including its vision statement and mission statement, its basic policies on corporate governance and its approach to establishing internal control systems, and its management targets, striving to enhance its corporate governance structure.

Additionally, based on the standards stipulated by TS TECH, important management issues at subsidiaries must be reported to and approved by TS TECH and subsidiaries must also regularly report their earnings and financial status.

Furthermore, subsidiaries have established policies concerning organizational structure, division of duties, and authority, enabling swift decision-making and efficient execution of duties. We also conduct routine risk and compliance verification measures, and other risk mitigation activities alongside compliance promotion initiatives. Should the risk of losses materialize, we promptly collaborate with the company to minimize the impact.

The TS TECH Audit and Supervisory Committee, when necessary, collaborates with the internal audit departments and Audit and Supervisory Committee members of major subsidiaries to audit the execution of duties by directors of subsidiaries. Furthermore, our internal audit department conducts operational audits of major subsidiaries and evaluates internal controls related to financial reporting in accordance with the Audit and Supervisory Committee's instructions and internal regulations, reporting its findings to the Audit and Supervisory Committee.

Tax Policy

The TS TECH Group follows the TS TECH Group Tax Policy based on the TS TECH Philosophy, seeking to minimize tax risks while maintaining transparency and to fulfill appropriate tax obligations and social responsibilities, and in so doing, to contribute to the development of the communities in which the Group operates.

Cross-Shareholdings

The TS TECH Group does not hold shares solely for the purpose of securing stable shareholders. To further enhance corporate value, the company shall own cross-shareholdings if deemed necessary from the perspective of strengthening relations with business partners, maintaining smooth business operations, and similar considerations. Each responsible department examines the rationale behind cross-shareholdings and assesses whether or not to hold each individual cross-shareholding from perspectives such as the objective behind the cross-shareholding and returns, the financial risks, and the economic rationale. It then submits the results of said examination to the Board of Directors, which deliberates on whether the purpose is appropriate. This examination and deliberation are conducted annually for all cross-shareholdings, and the company will promptly reduce any cross-shareholdings which are not considered to be meaningful. The significant cross-shareholdings currently held by the company were judged necessary following the aforementioned deliberation by the Board of Directors.

Furthermore, regarding the exercise of voting rights for shares held, we respect the management policies of the relevant companies while confirming for each proposal whether it contributes to the TS TECH Group's medium- to long-term corporate value, and make a comprehensive determination. We also note that the exercise of voting rights is implemented following internal approval procedures and upon the final decision of the Representative Director, President.

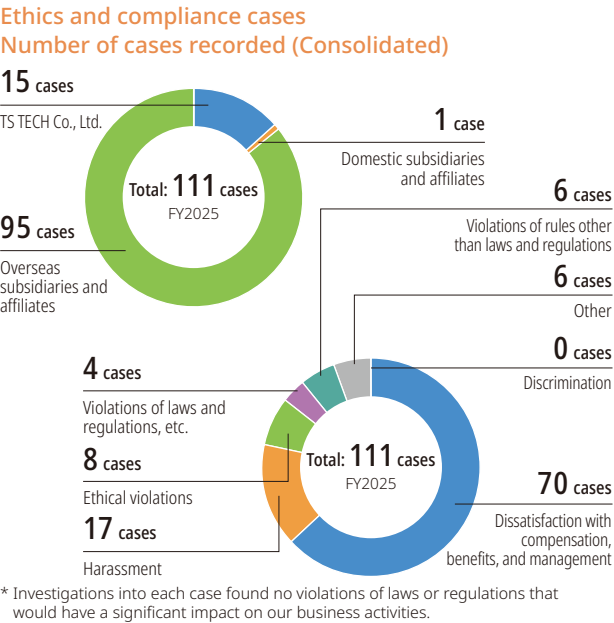
Compliance Framework

Based on the TS TECH Philosophy, the Group established the TS Standards for Conduct (TS TECH's norms and ideals as an organization) and TS Guidelines for Conduct (expectations for day-to-day conduct for individual executives, officers, and employees). Regular education is provided to ensure the entire Group is familiar with these concepts.

A director or executive officer is appointed as a Compliance Officer in order to promote compliance initiatives, and steps are continually taken to prevent legal violations before they occur through regular TS TECH Corporate Governance (TSCG) self-verifications and deliberations of important ethics and compliance issues by the Ethics and Compliance Committee.

Additionally, we have established Corporate Ethics Hotlines as whistleblowing channels, operated by both an internal department and an external organization independent of TS TECH. When issues are identified, we promptly conduct fact-finding investigations and provide corrective guidance under the direction of the Compliance Officer. Anonymous reporting is permitted, and in accordance with the Whistleblower Protection Act, the confidentiality of reported information is strictly maintained. Disadvantageous treatment based on whistleblowing or cooperation with investigations is prohibited and violations of these provisions will result in disciplinary action. Furthermore, all inquiries and reports submitted to the hotlines are shared with the Ethics and Compliance Committee. The method for using the Corporate Ethics Hotlines is communicated internally to all employees through the Concept Manual distributed to all staff, posting on the company intranet, and rank-specific training programs. We are raising awareness among our business partners through poster displays.

During fiscal 2025, the Group received a total of 111 ethics and compliance cases, including inquiries made to our contact points, across all domestic and overseas subsidiaries and affiliates.



Accordingly, we appropriately implement corrective measures and disciplinary actions for all cases, including harassment, while maintaining continuous operations to foster self-cleansing within the company.

Risk Management Framework

Important management issues are carefully deliberated upon by TS TECH's Executive Committee as well as various advisory committees. Ultimately, after deliberation by the Audit and Supervisory Committee, matters are reported to the Board of Directors, and TS TECH makes every effort to avoid and mitigate business risks.

In addition, a Risk Management Officer is appointed from among the directors and placed in charge of risk management, and we have also established the Global Risk Management Committee, comprising directors and other officers. To prevent risks from materializing, we have implemented a management framework based on the "three lines of defense" model. Through the results of routine compliance and risk verification measures (hereinafter referred to as TSCG self-verification) and discussions on responses to serious risks affecting management that have been identified, we ensure that efforts are continually made to mitigate potential risks.

Additionally, we regularly conduct training sessions for all directors, led by outside legal counsel, covering risk management, compliance, and other relevant topics. Furthermore, for outside directors, we provide regular opportunities to explain the latest risk-related information, including the Group's business activities, recent risk trends, and technological developments as well as the status of countermeasures for identified risks and the results of risk reviews. This ensures they can provide appropriate advice on risk management. As a related initiative, we are implementing e-learning programs such as risk management courses aimed at enhancing risk awareness for all employees.

Moreover, findings obtained through TSCG self-verifications are shared with internal audit departments so that they can be applied in risk approach auditing.

Global Risk Management Committee

The Global Risk Management Committee was established as an advisory committee to the Executive Committee to help ensure appropriate identification and control of the various risks affecting global business activities in the 13 countries around the world where TS TECH operates, based on their likelihood of occurrence (expected frequency) and impact (potential magnitude) and to solidify the sustainability and stability of the business.

Specifically, each functional headquarters and regional headquarters conducts self-assessments once a year at the first line, reporting the results to the Global Risk Management Committee at the second line. The Global Risk Management Committee reviews the implementation status of risk countermeasures in the previous fiscal year, identifies ongoing and new risks, and selects material risks after

conducting a phased assessment of the identified risks (initial assessment/secondary assessment, countermeasures/progress confirmation, etc.).

In addition, by forming regional risk management committees in each region, risk specific to those geographic segments are identified and risk mitigation measures are promptly implemented. TS TECH has also worked to conduct emergency response training that anticipates a range of risks, such as the most frequently occurring natural disasters in each geographic region, or the outbreak of an infectious disease. The Corporate Business Audit Department, as the internal audit function, serves as the third line of defense. Operating independently from the first and second lines, it objectively verifies risk management systems and initiatives, including their frameworks and implementation status. For fiscal 2025, we identified five major risks and advanced risk mitigation measures.

Risk identification process

- Self-assessment implementation
 - (1) Identify risks within each department and company
 - (2) Evaluate identified risks (likelihood of occurrence × impact)
 - (3) Aggregate post-countermeasure evaluations as "residual risks"
- Residual risk organization & identification of Group material risks
 - (4) Organize by causal factors
 - Risks stemming from internal factors such as the environment of each Group company
 - Risks stemming from external factors including social conditions
 - (5) Primarily for risks stemming from external factors, identify "Regional risks" requiring response based on regional characteristics and "Material risks" requiring response across the entire Group

Likelihood of occurrence

	Level	Frequency
5	Short term	Once in a year
4	Medium term	Once in three years
3		Once in 10 years
2	Long term	Once in 20 years
1		Once in more than 20 years

Impact

Level		Priority standards	Supplemental standards				
		Economic impact	Scope of impact	Human loss	Production impact	Reputational impact	Human rights impact
5	Extremely large	10 billion yen or more	Global scale impact	Death	Extremely large-scale customer production suspension	Loss of reputation from society at large	Irrecoverable, resulting in disability, lasting aftereffects, or fatality
4	Large	1 billion yen to 10 billion yen	Country scale impact	Long-term loss time	Large-scale customer production suspension	Loss of reputation from multiple stakeholders	Time required for recovery
3	Medium	1 billion yen to 100 million yen	Impact beyond TS TECH	Medium-term loss time	Medium-scale customer production suspension	Loss of reputation from certain stakeholders	Issues clearly exist
2	Small	100 million yen to 10 million yen	Impact inside TS TECH	Short-term loss time	Small-scale customer production suspension	Slight loss of reputation	Some impact
1	Extremely small	Less than 10 million yen	Impact in a portion of TS TECH	No loss time	No customer production suspension	No impact	Minor impact

Five Major Risks

- 1. Crisis Management in Emergencies**
[Target]
Communicable & infectious diseases/virus/wind or flood damage/earthquake/conflict/riots or terrorism
[Main measures]
 - Continuous implementation of natural disaster response training
 - Survey of disaster preparedness supplies stockpile status and replacement of supplies
- 2. IT Security**
[Target]
Leakage or loss of information and cyberterrorism
[Main measures]
 - Continuous implementation of security education and drills for responding to targeted email attacks
 - Cybersecurity countermeasures (Enhanced monitoring systems, strengthening initial response, establishment of Computer Security Incident Response Team (CSIRT) structure)
- 3. Stoppage of Parts Supply**
[Target]
Raw material supply shortages/production capacity shortages/supplier bankruptcy
[Main measures]
 - Strengthen supply chain management to ensure stable procurement of components
 - Enhance monitoring of supplier-side financial risks
- 4. Stoppage of Production**
[Target]
Machinery and equipment failure/trade-related, import-export issues
[Main measure]
 - Strengthen production equipment management system
- 5. Fires**
[Target]
Fire sources:
Welding/electric leakage or current surge/hazardous materials
[Main measures]
 - Inspection based on Group-wide integrated items and crosscutting management by the department responsible
 - Expert validation and implementation of on-site education

Board of Directors



REPRESENTATIVE DIRECTOR, PRESIDENT
Masanari Yasuda
Director in Charge of Quality Assurance, Development, Manufacturing, and Business Administration
Number of shares of the company held: 92,534 shares
Meetings of the Board of Directors attended: 100% (17/17 times)



REPRESENTATIVE DIRECTOR, SENIOR MANAGING OFFICER
Eiji Toba
Director in Charge of New Business, Sales, Purchasing, and Administration, Corporate Development and Engineering Division
Executive General Manager, Compliance Officer
Number of shares of the company held: 24,649 shares
Meetings of the Board of Directors attended: 100% (17/17 times)



DIRECTOR, SENIOR MANAGING OFFICER
Yasushi Suzaki
Americas Segment Executive General Manager, President of TS TECH AMERICAS, INC.
Number of shares of the company held: 19,842 shares
Meetings of the Board of Directors attended: 100% (17/17 times)



DIRECTOR, MANAGING OFFICER
Satoru Munemura
Corporate Sales and Purchasing Division Executive General Manager
Risk Management Officer
Number of shares of the company held: 10,121 shares
Meetings of the Board of Directors attended: Not applicable



DIRECTOR, OPERATING OFFICER
Hiroshi Naito
Corporate Business Administration Division Executive General Manager
Number of shares of the company held: 7,956 shares
Meetings of the Board of Directors attended: 100% (14/14 times)



DIRECTOR (Outside Director)
Kaori Matsushita
Representative Director, President of K&L Consulting Co., Ltd., Outside Director and Audit & Supervisory Committee Member of Taisei Oncho Co., Ltd.
Number of shares of the company held: 1,846 shares
Meetings of the Board of Directors attended: 100% (17/17 times)



DIRECTOR (Outside Director)
Hiromi Wada
Representative Director of HIROZ Co., Ltd., Outside Director of SHIMANO INC., Outside Director of NTN Corporation
Number of shares of the company held: Not applicable
Meetings of the Board of Directors attended: Not applicable



DIRECTOR, AUDIT AND SUPERVISORY COMMITTEE MEMBER
Yoshikazu Ariga
Number of shares of the company held: 12,715 shares
Meetings of the Board of Directors attended: Not applicable
Meetings of the Audit and Supervisory Committee attended: Not applicable



DIRECTOR, AUDIT AND SUPERVISORY COMMITTEE MEMBER (Outside Director)
Hajime Hayashi
Chairperson of the Nomination and Compensation Committee, TS TECH Representative of Sazanka Law Office
Number of shares of the company held: 2,093 shares
Meetings of the Board of Directors attended: 100% (17/17 times)
Meetings of the Audit and Supervisory Committee attended: 100% (17/17 times)



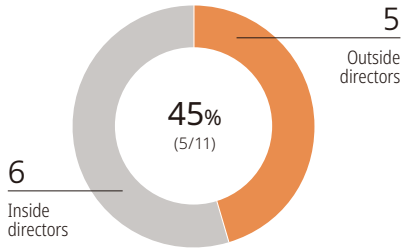
DIRECTOR, AUDIT AND SUPERVISORY COMMITTEE MEMBER (Outside Director)
Tomoko Nakada
Representative of Tokyo Heritage Law Firm, Outside Director and Audit & Supervisory Committee Member of ADVANTEST CORPORATION
Number of shares of the company held: 2,454 shares
Meetings of the Board of Directors attended: 100% (17/17 times)
Meetings of the Audit and Supervisory Committee attended: 100% (17/17 times)



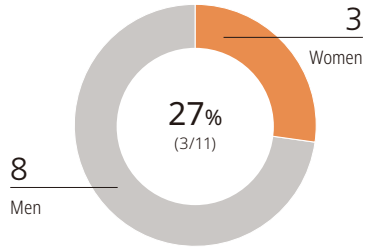
DIRECTOR, AUDIT AND SUPERVISORY COMMITTEE MEMBER (Outside Director)
Kenichi Naito
Number of shares of the company held: 592 shares
Meetings of the Board of Directors attended: 100% (17/17 times)
Meetings of the Audit and Supervisory Committee attended: 100% (17/17 times)

Note: Positions and number of shares of the company held: As of June 20, 2025 (Date of Appointment as Director at the 79th Annual General Meeting of Shareholders)
Attendance of each meeting: April 1, 2024–March 31, 2025

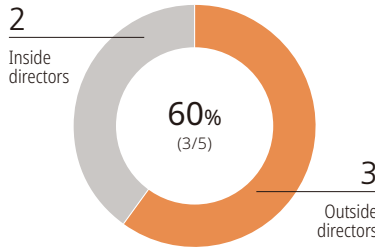
Percentage of outside directors on the Board of Directors



Percentage of women on the Board of Directors



Percentage of outside directors on the Nomination and Compensation Committee



Name	Experience and expertise									
	Management strategy	Corporate management	Knowledge about international business and overseas conditions	Financial accounting	Technology development	Manufacturing and quality	Environment	Sales and procurement	HR development and diversity	Legal issues and risk management
Masanari Yasuda Representative Director, President	●	●	●		●	●				
Eiji Toba Representative Director, Senior Managing Officer	●	●	●		●	●		●		●
Yasushi Suzaki Director, Senior Managing Officer		●	●			●	●			●
Satoru Munemura Director, Managing Officer		●	●			●		●		●
Hiroshi Naito Director, Operating Officer	●	●	●	●			●			
Kaori Matsushita Director		●	●						●	
Hiromi Wada Director		●			●				●	●
Yoshikazu Ariga Director, Audit and Supervisory Committee Member		●	●			●		●		
Hajime Hayashi Director, Audit and Supervisory Committee Member										●
Tomoko Nakada Director, Audit and Supervisory Committee Member			●						●	●
Kenichi Naito Director, Audit and Supervisory Committee Member		●	●	●						●

■ Nomination and Compensation Committee ■ Outside directors ■ Independent directors

Selection of Directors

The regulations for candidates for director positions stipulate that candidates should have strong leadership abilities, decision-making skills, vision and planning abilities, and should also have the personal qualities and insight fitting a director, among other qualities. Additionally, current directors who are up for reelection cannot have an attendance rate at Board of Directors' meetings below 85% without a legitimate reason. In addition, when selected as a candidate, a specific skill matrix should be considered to identify the skills required for directors, in light of the Group's management strategies and business characteristics. The Board of Directors also strives for a balanced structure that reflects gender, global, cultural, and other types of diversity in order to facilitate appropriate, swift decision-making and promote supervisory functions.

Individuals meeting the requirements who have the skills and who qualify as candidates for director are proposed as official candidates to the Board of Directors after their eligibility and the overall balance of the Board of Directors, among other factors, have been discussed by the Nomination and Compensation Committee. The Board of Directors holds discussions on the candidates for director in light of these reports and the views of the Audit and Supervisory Committee and presents the candidate proposals at the General Meeting of Shareholders.

Appointments of Outside Directors

The company selects persons with extensive experience in corporate management or expertise in various fields as outside directors in order to provide advice and supervision on management from an independent standpoint, taking into account the characteristics of the company's business.

When selecting outside directors, in addition to satisfying the criteria for independence set forth in the Companies

Act, the Ordinance for Enforcement of the Companies Act, and by Tokyo Stock Exchange, Inc., the company makes its decisions in accordance with its regulations for candidates for directors and Independence Standards for Outside Directors it has set forth. The regulations stipulate that directors may concurrently serve as officers for up to three listed companies including TS TECH.

Remuneration Policy

TS TECH's basic policy on executive compensation is to ensure that it is transparent and reasonable, with the aim of further motivating sustained business growth.

We established the Nomination and Compensation Committee, chaired by an outside director and composed of three outside directors and two internal directors, as an advisory body to the Board of Directors. When reviewing the level and calculation method of compensation in consideration of the basic policy and social conditions, revising the compensation structure, or determining the individual compensation for directors for each fiscal year, the Board of Directors makes resolutions based on consultations with the Nomination and Compensation Committee and the deliberations of the Audit and Supervisory Committee.

Officer compensation consists of basic fixed compensation, performance-linked remuneration as a short-term incentive, and non-monetary stock-based compensation as a medium- to long-term incentive to enhance the Group's corporate value over the medium to long term and further share value with shareholders. The composition of annual compensation is approximately 60% base compensation, 25% performance-linked compensation, and 15% stock-based compensation.

Outside directors and directors who are Audit and Supervisory Committee members are paid basic compensation only given that their role is to audit and supervise management from an independent perspective.

Overview of the Compensation System

The company determines the amount of each form of compensation according to a compensation table, in accordance with rank, individual performance, and other factors.

Performance-linked compensation is linked to the indicators of average rates of growth in consolidated revenue and consolidated operating income over the past three terms and the rates of change in amounts of dividends and number of months' salary paid as employee bonuses, to incorporate the perspective of value sharing with shareholders and employees.

Specifically, the company calculates the compensation amounts by multiplying a performance-linked compensation index coefficient calculated using the formula below by the amounts for each rank in the compensation table.

Method Used to Determine the Amount of Compensation

The company calculates individual compensation amounts and numbers of shares in accordance with each compensation table, based on individual evaluation by the representative directors. The advice of the Nomination and Compensation Committee is then sought regarding these amounts. For performance-linked compensation, compensation amounts are calculated using the method above, and the advice of the Nomination and Compensation Committee is then sought regarding these amounts.

The Nomination and Compensation Committee deliberates on the appropriateness and suitability of the amounts of base compensation, performance-linked compensation, and stock compensation for each individual, reports the results to the Audit and Supervisory Committee, and reports to the Board of Directors.

The final decision is made by the Board of Directors based on the content of the report by the Nomination and Compensation Committee and the results of deliberation by the Audit and Supervisory Committee. The base compensation for

directors who are Audit and Supervisory Committee members is determined based on discussions among directors who are Audit and Supervisory Board members.

Compensation Limits

The maximum amount of compensation (not including stock compensation) for directors (excluding directors who are Audit and Supervisory Board members) is 750 million yen per year (of which the maximum amount for outside directors is 30 million yen), as resolved at the 75th Annual General Meeting of Shareholders on June 25, 2021.

The maximum amount of stock compensation for directors (excluding directors who are Audit and Supervisory Board members) is 150 million yen per year, and the maximum number of shares is 50,000 shares, as resolved at the 75th Annual General Meeting of Shareholders on June 25, 2021.

The maximum amount of compensation for directors who are Audit and Supervisory Board members is 90 million yen per year, as resolved at the 75th Annual General Meeting of Shareholders on June 25, 2021.

Development and Selection of Successors

The TS TECH Group has set out the qualities, skills, and experience we seek in the people who will take on responsibility for management as directors and executive officers. We offer selective training and other programs to develop the successors who will drive the company's future success.

In our step-by-step selective training programs for managers and general managers, we aim to nurture human resources with advanced interpersonal skills, dignity, and management capabilities. We do this by enhancing the skills and knowledge required of managers, such as skills in management strategy and financial accounting, as well as broadening perspectives, using various curricula.

At the stage where we select our successors, the Nomination and Compensation Committee, chaired by an outside director, determines director and executive officer candidates' suitability as next-generation management personnel, including their career background, areas of expertise, and personal qualities. Following a careful deliberation, the final decision is made by the Board of Directors.

Reasons for appointments of outside directors

Name	Reasons for appointment
Kaori Matsushita	Ms. Matsushita has extensive experience and insight gained through the planning and promotion of new business and corporate alliance strategy at a comprehensive IT vendor, and diversity management support at a consulting company. We selected her as an Outside Director, in the expectation that she will continue to contribute to enhancing diversity and ensuring the soundness of management of the company. She has served as Chairman of the Board of Directors from June 2025.
Hiromi Wada	Ms. Hiromi Wada has extensive experience and insight centered on development and technology domains at a general electric manufacturer, currently serving as an outside director at other companies, which provides her with management experience. We selected her as outside director, in the expectation that she can contribute to ensuring the soundness of management of the company.
Hajime Hayashi	Mr. Hayashi has broad insight and extensive experience as an attorney. Since his appointment as an outside director of the company, he has appropriately performed audits, such as by giving advice on the management of the company as necessary. We selected him as an outside director who is an Audit and Supervisory Committee member, in the expectation that he can continue to contribute to ensuring the soundness of management, and the audit and supervision of the company's management.
Tomoko Nakada	Ms. Nakada has extensive overseas experience and broad insight as an attorney. Since her appointment as an outside director of the company, she has appropriately performed audits, such as by giving advice on the management of the company as necessary. We selected her as an outside director who is an Audit and Supervisory Committee member, in the expectation that she can continue to contribute to ensuring the soundness of management, and the audit and supervision of the company's management.
Kenichi Naito	Mr. Naito has extensive experience and insight through financial accounting, domestic and international sales, supervising sales of Group companies, corporate management at a major general chemicals manufacturer as well as auditing duties as an auditor. We selected him as an outside director who is an Audit and Supervisory Committee member, in the expectation that he can contribute to ensuring the soundness of management, and the audit and supervision of the company's management.

Overview of the compensation system

Performance-linked compensation coefficient

Average percentage for the past three terms for consolidated revenue

+

Average percentage for the past three terms for consolidated operating income

+

Rate of change in dividend amount

+

Rate of change in number of months of employee bonuses

) / 4

Notes: 1. Each performance indicator is equally weighted.
2. The performance-linked compensation index coefficient is limited to a maximum of 150%, and there is no minimum.

Reference: The performance-linked compensation index coefficient as determined for fiscal 2025 is detailed below.

Average percentage for the past three terms for consolidated revenue: 130.1%

Average percentage for the past three terms for consolidated operating income: 76.8%

Rate of change in dividend amount: 127.4%

Rate of change in number of months of employee bonuses: 100.0%

Analysis and Evaluation of the Board of Directors' Effectiveness

In an effort to maintain and improve the Board of Directors' functions, we evaluate its overall effectiveness annually. These evaluations of effectiveness have been conducted continuously since fiscal 2019. This is the seventh of these evaluations.

Fiscal 2025 evaluation process

1. Each director conducts a questionnaire-based self-evaluation (March 2025)

- Subjects: All directors
- Aggregation method: Anonymous questionnaire responses. External organization commissioned to perform aggregation.
- Evaluation items: The structure of the questions was completely revised to identify new issues from the perspective of continuously improving the Board of Directors.

Board of Directors' composition
Board of Directors' composition, level of diversity, agenda items, etc.

Management strategy and business strategy
Supervision of management strategy/Appropriate allocation of management resources/Appropriate supervision of human resource strategy, etc.

Corporate ethics and risk management
Compliance with corporate ethics and supervision/Monitoring of material risks/Whistleblower system, etc.

Monitoring business performance and evaluating and compensating management
Relationship between business performance and management indicators/Details of executive compensation and the process for its determination/Process for appointment and dismissal of officers, etc.

Dialogue with shareholders
Sharing value with stakeholders/Disclosure of non-financial information, etc.

2. Board of Directors conducts discussions and summarization (June 2025)

The overall effectiveness of the Board of Directors is analyzed and evaluated on the basis of the questionnaire results, as well as comparisons with the previous fiscal year's evaluation results, and trends seen in responses to each of the questions. Deliberations are held on policies to be taken to further increase effectiveness.

Evaluation results and future initiatives

Overall evaluation results

- Our Board of Directors was evaluated as making progress in ensuring diversity in its composition, as holding active discussions in which each director makes use of their respective expertise and experience, and as generally maintaining its effectiveness.
- Although we have consistently refined our methods for providing advance explanations of Board of Directors' meeting agenda items and ongoing information to outside directors, there remains a gap in the evaluations given by inside and outside directors regarding the provision of more specialized industry trends and market information relevant to our business, as well as the state of discussions on human resources strategy. This indicates room for improvement in the methods of information provision and the expansion of Board of Directors' meeting deliberation topics.

Future initiatives

- Following the evaluation results, conduct discussions among directors to align the perspectives between internal and outside directors (three sessions in total were held between June and July 2025).
- To further leverage the expertise of outside directors and enable the Board of Directors to focus on discussions regarding long-term strategy, we will review the methods for conducting Board of Directors' meetings and provide advance explanations to deepen understanding of each agenda item.
- Review processes to evolve into a more effective committee by clarifying the roles of the Nomination and Compensation Committee.

Officer Training

We provide opportunities for directors to attend external specialist seminars when they first take up their posts. In addition, we hold study sessions once a year for all directors in principle, including corporate officers, to deepen their knowledge and insight regarding legal affairs, finance, and management.

Even after their appointment, we provide opportunities for directors to attend external training to enhance their knowledge. For directors who are members of the Audit and Supervisory Committee, we offer opportunities to gain a deeper understanding of the company's operations by conducting on-site inspections to confirm the conditions and management status of each division and subsidiary.

Support System for Outside Directors

For outside directors to effectively fulfill their roles and responsibilities at Board of Directors' meetings, prior to the deliberations at such meetings, the responsible executives provide advance briefings of the agenda items and exchange opinions, and the legal department also shares information on important compliance, risk management, whistleblowing, and other relevant topics.

Furthermore, based on the results of the evaluation of the effectiveness of the Board of Directors' meetings, we are working to build internal systems, such as promoting the participation of outside directors in meetings related to business strategy, to enhance the provision of information.