Last Update: June, 30, 2026
ALCONIX Corporation
Hiroshi Teshirogi, Representative Director, President and CEO
Contact: Business Management Dept.
03-3596-7455
Securities code: 3036
http://www.alconix.com

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The corporate governance of ALCONIX Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

In an increasingly volatile, uncertain, complex, and ambiguous ("VUCA") business environment, the Company has formulated its Purpose and Vision, as well as its Long-Term Management Plan 2030 in May 2025, in order to clarify the path toward further growth as a group and to enhance its corporate value over the medium to long term.

Purpose (The reason for the Group's existence)

Shaping a better future for someone, somewhere

Many of the materials, products and services that our Group provides may not reveal their purpose only by appearances, but, we take pride in knowing that each one is for the well-being and future of someone, somewhere.

* "Health is a state of complete physical, mental and social well-being." (WHO Constitution)

Vision (What the Group Aspires to Be)

Connecting people, Connecting things, Connecting technology

Our Group seeks to seize every opportunity to seamlessly connect people, things, and technology－for the future of someone, somewhere.

To realize this vision, the Company recognizes the enhancement of corporate governance as a key management priority. In order to fulfill its management and accountability responsibilities to shareholders and other stakeholders, the Company strives to establish a highly transparent, fair, and efficient management structure.

Specifically, the Company appoints multiple highly independent Outside Directors and incorporates external perspectives into the Board of Directors to ensure appropriate and swift decision-making. In addition, to ensure transparency and objectivity in matters concerning the nomination and remuneration of Directors, the Company has established the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Director, as an independent advisory body to the Board of Directors.

Furthermore, as a company with an Audit and Supervisory Committee, the Company has established an Audit and Supervisory Committee composed of a majority of Outside Directors. In addition, the Company has established a Management Committee to deliberate on important matters related to business execution, as well as several committees under the Management Committee, including the Internal Control Committee, the Risk Management Committee, and the Sustainability Committee. The Company has also established an internal audit function, the Audit Department. Through these initiatives, the Company is committed to enhancing its corporate governance.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all principles and supplementary principles of the Corporate Governance Code as revised in June 2021.

The Company's initiatives in response to each principle and supplementary principle of the Corporate Governance Code are disclosed on the Company's website.

■ "The Company's Initiatives for Each Principle of the Corporate Governance Code"

https://www.alconix.com/company/governance_organization/

Disclosure Based on each Principle of the Corporate Governance Code

Supplementary Principle 1-2-4

(Use of Electronic Voting Platform, etc.)

Taking into account that many of the Company's shareholders are institutional investors and overseas investors, the Company enables the exercise of voting rights via the Internet through the use of an electronic voting platform.

In addition, with respect to the English translation of the Notice of Convocation, the Company discloses English versions of the Notice of Convocation (in the narrow sense) and the Reference Documents for the General Meeting of Shareholders on the Company's website as well as on the website of the Tokyo Stock Exchange.

Principle 1-4

(Strategic Shareholdings)

The Company holds shares of several listed companies as strategic shareholdings, taking into account factors such as the facilitation of business relationships and the strengthening of business alliances. Details of such holdings are disclosed in the section "Status of Corporate Governance" in the Company's Annual Securities Report.

With respect to each listed share held for strategic purposes, the Company examines the issuing company's business performance and financial condition, and assesses whether the benefits of holding such shares are commensurate with the cost of capital. The Company also evaluates whether continued holding contributes to the enhancement of the Company's corporate value and sustainable growth over the medium to long term. Based on such assessments, the Management Committee conducts deliberations, and the Board of Directors engages in regular discussions. If it is determined that there is no reasonable justification for continued holding, the Company proceeds with the sale or other disposition of such shares after engaging in dialogue with the issuing company.

In addition, with respect to strategic shareholdings held by Group companies and recorded under "Investment Securities" in the consolidated balance sheet, the Management Committee and the Board of Directors continuously discuss the selection of shares to be sold and the timing of such sales, in accordance with the above policy.

Regarding the exercise of voting rights pertaining to strategic shareholdings, the Company carefully reviews the details of all proposals at the general meeting of shareholders of the issuing company and determines its voting position on each proposal based on whether it contributes to the enhancement of the issuing company's corporate value.

Principle 1-7

(Related Party Transactions)

With respect to transactions between the Company and its Directors, the Company stipulates in its Board of Directors Regulations that prior approval of the Board of Directors is required, including transactions involving Group companies. The relevant procedures are strictly defined in the Company's internal regulations, including the Authority Regulations and the Table of Authority.

In addition, the Company confirms that neither its directors nor the officers of all Group companies engage in related party transactions and obtains written confirmations from all relevant parties attesting that no such transactions have been conducted.

Furthermore, the Company has no major shareholders who qualify as controlling shareholders.

Supplementary Principle 2-4-1

(Ensuring Diversity in the Appointment of Core Human Resources)

The Company recognizes that it is important to achieve sustainable growth and enhance corporate value over the medium to long term by continuously reviewing and examining Group management from diverse perspectives. Accordingly, regardless of gender or nationality, the Company promotes the development of systems and initiatives that support the active participation of diverse talent, including through the recruitment of both new graduates and mid-career professionals, as well as the promotion of employees to managerial positions.

Across the domestic and overseas operations of the Company and its Group companies, employees with diverse backgrounds, including different nationalities, play active roles. The Company will continue to actively expand support programs tailored to employees' various life stages, while promoting the development and appointment of female managers.

With respect to the ratio of female managers, the Company has established a target of 10% by fiscal year 2026 under its General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The latest status is disclosed in the Company's Annual Securities Report.

The Company has not currently established numerical targets for foreign-national employees or mid-career hires. However, it will continue to consider the establishment of such targets in light of future circumstances.

Through these initiatives, the Company is committed to proactively developing talent capable of participating in management decision-making over the medium to long term.

Principle 2-6

(Demonstrating Functions as an Asset Owner of Corporate Pension Funds)

The Company transitioned to a fully defined contribution corporate pension plan in April 2025. As a result, the Company no longer accumulates or manages pension assets. However, the Company will continue to provide employees with education and training programs on asset management and financial planning on an ongoing basis.

Principle 3-1

(Enhancement of Information Disclosure)

The Company appropriately disseminates information, including disclosures required under applicable laws, regulations, and listing rules, through the Business Management Dept., which serves as the secretariat of the Board of Directors, in cooperation with the Corporate Communications Dept. and other relevant departments.

(i) The Company's Aspirations

As an expression of the Company's aspirations, the Company discloses its Our purpose and vision and Long-Term Management Plan 2030 through its website, Annual Securities Report, Integrated Report, and other communication materials.

- Our purpose and vision https://www.alconix.com/company/purpose/
- Long-Term Management Plan 2030 https://www.alconix.com/ir/plan/

(ii) Basic Approach to Corporate Governance

In an increasingly volatile, uncertain, complex, and ambiguous ("VUCA") business environment, the Company formulated its Our purpose and vision and Long-Term Management Plan 2030 in May 2025 in order to clarify the path toward further growth as a group and enhance corporate value over the medium to long term.

To realize these objectives, the Company recognizes the enhancement of corporate governance as a key management priority. In order to fulfill its management responsibilities and accountability to shareholders, business partners, employees, and other stakeholders associated with its business activities, the Company strives to establish a highly transparent, fair, and efficient management structure.

Accordingly, the Company appoints multiple Independent Outside Directors and incorporates external perspectives into the deliberations of the Board of Directors to ensure appropriate and timely decision-making. In addition, to ensure transparency and objectivity in matters relating to the nomination and remuneration of Directors, the Company has established the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Director, as an independent advisory body to the Board of Directors.

Furthermore, as a Company with an Audit and Supervisory Committee, the Company has established an Audit and Supervisory Committee composed of a majority of Independent Outside Directors. The Company has also established a Management Committee to deliberate on important matters relating to business execution, as well as the Internal Control Committee, Risk Management Committee, and Sustainability Committee under the Management Committee, and the Audit Dept. as its internal audit function, thereby enhancing its corporate governance framework.

(iii) Policies and Procedures for Determining the Remuneration of Directors and Senior Management

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers is determined by the Board of Directors following deliberation by the Nomination and Remuneration Advisory Committee, which is composed of the Representative Director, President and CEO and Independent Outside Directors, is chaired by an Independent Outside Director, and whose majority members are Independent Outside Directors.

In making its recommendations to the Board of Directors, the Committee comprehensively evaluates each individual's remuneration based on three performance indicators—ordinary profit, total shareholder return (TSR), and return on equity (ROE)—as well as the progress of the Long-Term Management Plan 2030 across the Group, the level of responsibility borne by the individual, and the extent of involvement in decision-making relating to investment projects.

Details are disclosed in "Director Remuneration – Disclosure of Policies for Determining Remuneration or Calculation Methods" in this Corporate Governance Report, as well as in the Company's Annual Securities Report and Notice of Convocation of the General Meeting of Shareholders.

Meanwhile, remuneration for Directors who are Audit and Supervisory Committee Members is determined through consultation among the members of the Audit and Supervisory Committee within the amount approved by the General Meeting of

Shareholders.

(iv) Policies and Procedures for the Appointment and Dismissal of Directors

The Company's policy is to appoint as Directors individuals from within the Company who possess broad knowledge and extensive experience in the management of the Company's business, and individuals from outside the Company who possess practical and objective perspectives as well as high levels of expertise and insight, and who satisfy the independence criteria for independent directors established by the Tokyo Stock Exchange as well as the Company's own independence standards.

With respect to the appointment and dismissal of Directors and the nomination of Director candidates, the Nomination and Remuneration Advisory Committee conducts a comprehensive review of candidates to determine whether they possess the knowledge, experience, abilities, performance record, and other qualifications required for their respective positions and are capable of appropriately fulfilling the roles expected of Directors. Final decisions are made by the Board of Directors.

(v) Reasons for the Nomination of Director Candidates

The Company discloses the reasons for the nomination of Director candidates in the Notice of Convocation of the General Meeting of Shareholders and the Annual Securities Report. In the event a Director is dismissed, the reasons for such dismissal will be disclosed in the Notice of Convocation of the General Meeting of Shareholders or other relevant disclosure documents.

Supplementary Principle 3-1-3

(Initiatives on Sustainability)

The Company’s Sustainability Committee, chaired by the Director, Senior Managing Executive Officer and Chief Strategy Officer (CSO) responsible for sustainability strategy, deliberates on policies and initiatives related to sustainability and reports the results to the Board of Directors through the Management Committee.

The Group formulated its Long-Term Management Plan 2030 in the previous fiscal year and, through deliberations by the Sustainability Committee, developed a new sustainability strategy, as well as established its Basic Sustainability Policy and key issues (materiality).

To promote measures addressing the identified materiality, the Sustainability Committee and its subordinate subcommittees are responsible for operating the PDCA cycle with respect to Environment (E) and Society (S), while the Internal Control Committee is responsible for Governance (G) and Human Resources (H). The two committees work closely together to ensure effective coordination.

The Group recognizes that the principal risks and opportunities associated with these key issues are, on the one hand, the risk of increased environmental impact, particularly greenhouse gas (GHG) emissions, resulting from the expansion of the Group’s business activities, and, on the other hand, the opportunity to contribute to meeting societal demands for the realization of a circular economy through the growth of its recycling business, which has been identified as a key business strategy.

With particular regard to the former, following its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the fiscal year ended March 31, 2024, the Group has worked to calculate GHG emissions across the Group, establish a methodology for measuring consolidated Scope 1 and Scope 2 emissions, and develop a framework for risk assessment and management.

In March 2026, the Group formulated and disclosed GHG emissions reduction targets and an action plan covering the entire Group. Going forward, the Company will continue to operate the PDCA cycle in accordance with the established plan.

Supplementary Principle 4-1-1

(Scope of Matters Delegated to Management)

The Company’s Board of Directors Regulations specify matters to be deliberated upon and resolved by the Board of Directors. In addition, among the matters delegated to the executive management for judgment and decision-making, important matters are designated as matters to be reported under the same regulations, thereby enabling the Board of Directors to appropriately supervise business execution.

The Company is a Company with an Audit and Supervisory Committee, and its Articles of Incorporation provide that all or part of decisions regarding important business execution may be delegated to Directors.

Principle 4-8

(Effective Utilization of Independent Outside Directors)

The Company has appointed six Independent Outside Directors (out of a total of ten Directors) who satisfy the independence criteria for independent directors established by the Tokyo Stock Exchange as well as the Company's own criteria for assessing independence (as described in Principle 4-9).

Independent Outside Directors are responsible for providing advice on the overall management of the Group from an independent standpoint, based on their diverse perspectives, experience, and extensive expertise.

To support active participation by Independent Outside Directors in discussions at meetings of the Board of Directors, the secretariat of the Board of Directors provides advance briefings on agenda items and matters to be reported prior to each meeting of the Board of Directors and has established other support measures to facilitate their effective contribution.

Principle 4-9

(Independence Criteria and Qualifications for Independent Outside Directors)

In appointing candidates for Independent Outside Directors, the Company applies its own independence criteria set forth below, in addition to the independence standards for independent directors prescribed by the Companies Act and the Tokyo Stock Exchange.

Independence Criteria for Outside Directors of ALCONIX CORPORATION

To be designated as an “Independent Director” by the Tokyo Stock Exchange, an Outside Director of the Company must not fall under any of the following categories:

1. A person who executes business for the Company or any of its subsidiaries*1
2. A major shareholder of the Company*2 or a person who executes business for such shareholder
3. A person for whom the Company Group is a major shareholder, or a person who executes business for such entity
4. A person who has the Company Group as a major business partner and a person who executes business for such person, or a major business partner of the Company Group and a person who executes business for such business partner*3
5. A major lender to the Company Group*4 or a person who executes business for such lender
6. A person who receives donations exceeding a certain amount from the Company Group*5
7. A person affiliated with the auditing firm that serves as the accounting auditor of the Company Group
8. A legal professional, accounting professional, consultant, or other expert who receives from the Company Group monetary or other economic benefits exceeding a certain amount, other than officer remuneration*6
9. A person who has fallen under any of items (1) through (8) during the past three years
10. A spouse or relative within the second degree of kinship of a person falling under any of items (1) through (9)
11. A person who executes business for a company that accepts Directors dispatched from the Company Group
12. A person whose tenure as an Outside Officer of the Company exceeds eight years

13. A person who, at any time during the ten years prior to appointment, executed business for the Company Group
14. A person who serves as a director or audit & Supervisory Board Menber of more than four other listed companies
15. A person whose independence is otherwise considered questionable due to circumstances such as a continuing conflict of interest with the Company Group or the Company's general shareholders

Notes

*1 Person who executes business means an executive director, executive officer, corporate officer, employee, or any person in a similar position at a corporation or other organization.

*2 Major shareholder means a person who directly or indirectly holds 10% or more of the total voting rights of the Company.

*3 A person whose transaction amount with the Company Group in the most recent fiscal year exceeded 2% of either the consolidated net sales of the Company Group or the consolidated net sales of such counterparty (whether as a supplier to or customer of the Company Group).

*4 Major lender means a lender from whom the Company Group has borrowed an amount exceeding 2% of its consolidated total assets in the most recent fiscal year.

*5 A person who has received donations or grants from the Company Group exceeding an annual average of ¥10 million over the most recent three fiscal years.

*6 A person who received, in the most recent fiscal year, monetary or other economic benefits exceeding ¥10 million per year, other than officer remuneration; provided, however, that where such benefits are received by a corporation, partnership, or other organization, a person affiliated with an organization that received an amount exceeding 2% of its consolidated net sales.

Supplementary Principle 4-10-1

(Authority and Roles of the Nomination and Remuneration Committee)

(1) Background to the Establishment of the Nomination and Remuneration Advisory Committee and Its Activities

The Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, with a majority of its members being Independent Outside Directors.

The Committee discusses matters including the selection of Director candidates, succession planning, and executive remuneration systems, while taking into consideration diversity, including gender diversity, and the skills required of Directors. In conducting these deliberations, the Committee receives appropriate advice based on the extensive knowledge and experience of the Independent Outside Directors.

(2) Roles and Authority of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee determines policies and prepares proposals concerning the nomination and remuneration of Directors with respect to matters for which the Companies Act requires final approval by the Board of Directors.

Specifically, the Committee is responsible for:

- Determining policies and procedures for the selection of Director candidates;
- Preparing proposals for the appointment and dismissal of Directors;
- Preparing proposals for candidates for senior management positions, including Executive Officers;
- Determining remuneration policies for Directors (excluding Directors who are Audit and Supervisory Committee Members); and
- Determining individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee

Members).

(3) Skills and Other Attributes Required of the Company's Directors

Please refer to Supplementary Principle 4-11-1.

Supplementary Principle 4-11-1

(Views on the Board of Directors' Overall Knowledge, Experience, Capabilities, Balance, Diversity, and Size)

As a diversified enterprise with both a trading company business engaged in global operations and manufacturing businesses possessing advanced technologies and strong competitiveness, the Company appoints Directors with broad business experience as well as diverse expertise and knowledge in order to establish an effective corporate governance structure that supports sustainable growth.

The skills matrix used as a criterion for the appointment of Directors is disclosed in the Notice of Convocation of the General Meeting of Shareholders.

■ Notice of Convocation of the 45th Annual General Meeting of Shareholders
https://www.alconix.com/ir/stock/meeting/

The Company will continue to review and update its skills matrix, including the addition of items deemed necessary from the perspective of enhancing corporate value and achieving sustainable growth across the Group.

Supplementary Principle 4-11-2

(Concurrent Positions Held by Directors at Other Listed Companies)

To ensure that Independent Outside Directors can effectively perform their duties at the Company, the Company does not permit them to concurrently serve as officers of more than four other companies.

The principal concurrent positions held by each Director are disclosed annually in the Annual Securities Report and the Notice of Convocation of the General Meeting of Shareholders.

Internal Directors do not concurrently serve as officers of other companies, except for Group companies.

■ Annual Securities Report
https://www.alconix.com/ir/library/securities_reports/

■ Notice of Convocation of the 45th Annual General Meeting of Shareholders
https://www.alconix.com/ir/stock/meeting/

Supplementary Principle 4-11-3

(Evaluation of the Effectiveness of the Board of Directors)

The Company evaluates the overall effectiveness of the Board of Directors based on the results of a questionnaire survey conducted for all Directors.

The questionnaire is administered by an external organization that directly collects responses from all Directors. Based on the survey results, issues that did not show improvement from the previous year's evaluation and items that received relatively lower evaluations compared with other survey items are identified and designated as issues to be addressed in the following fiscal year.

In addition, in order to share identified issues and improvement plans, the results of the questionnaire survey and the Company's policy for addressing the identified areas for improvement are reported and explained to the Board of Directors.

Supplementary Principle 4-14-2

(Policy on Training for Directors)

The Company provides Directors with opportunities to participate in external seminars and other training programs, taking into consideration the roles and responsibilities expected of Directors, as well as the knowledge, expertise, and qualifications required of them.

The Company also provides and shares with Directors the latest IR materials and other information necessary for the performance of their duties, including information relating to the Company's **Our purpose and vision**, code of conduct for officers and employees, internal regulations, and the Long-Term Management Plan 2030.

Furthermore, in order to enhance deliberations at meetings of the Board of Directors, the secretariat provides Outside Directors with Board materials in advance and explains agenda items prior to Board meetings.

The Company will continue to consider the implementation of ongoing training programs relating to sustainability and other matters from the perspective of enhancing corporate value over the medium to long term.

Principle 5-1

(Policy for Constructive Dialogue with Shareholders)

To promote constructive dialogue with shareholders, the Senior Managing Executive Officer and Chief Strategy Officer (CSO) oversees shareholder engagement and ensures effective coordination among the relevant departments that support such dialogue.

As opportunities for communication with shareholders and investors, the Company holds the General Meeting of Shareholders, financial results briefings at the interim and fiscal year-end reporting periods, and individual meetings with institutional investors.

At these meetings, the Representative Director, President and CEO, the Senior Managing Executive Officer and CSO, and the Managing Executive Officer and Chief Financial Officer (CFO) provide explanations regarding the Company's management policies, business performance, and business activities.

For individual investors, the Company conducts online meetings and hosts multiple IR seminars annually, primarily in the Tokyo metropolitan and Kansai regions. At these events, the Representative Director, President and CEO personally provides an overview of the Company and responds to questions from participants.

Opinions and requests received from shareholders that are considered important are reported to the Board of Directors and, where appropriate, shared with Executive Officers and employees.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	5/15/2025

Explanation of Actions

Details of the Company’s Long-Term Management Plan 2030, which covers the period from the fiscal year ending March 31, 2026 through the fiscal year ending March 31, 2031 and concludes in fiscal year 2030, are disclosed at the links below.

The Company recognizes its cost of capital (weighted average cost of capital (WACC)) to be in the mid-5% range. To achieve its specific management targets of a return on equity (ROE) of 12% or higher and a return on invested capital (ROIC) of 8% or higher, the Company is addressing the following key priorities:

- Strengthening and creating earnings capacity;
- Optimizing capital utilization and allocation;
- Enhancing the sustainability of the Group and society;
- Human resources development and productivity improvement; and
- Leveraging digital technologies.

Through these initiatives, the Company seeks to achieve both the realization of its Our purpose and vision and management that is conscious of the cost of capital and share price.

■ Long-Term Management Plan https://www.alconix.com/ir/plan/

■ Long-Term Management Plan (English Version) https://www.alconix.com/en/ir/plan/

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,909,700	12.83
FUJI CORPORATION	948,000	3.11
Custody Bank of Japan, Ltd. (Trust Account)	863,900	2.83
Mizuho Bank, Ltd.	792,000	2.60
STATE STREET BANK AND TRUST COMPANY 505223	734,611	2.41
MUFG Bank, Ltd.	520,000	1.71
KOBE STEEL, LTD.	500,000	1.64
ALCONIX CORPORATION Employee Shareholding Association	490,000	1.61
JP MORGAN CHASE BANK 385781	369,018	1.21
Taiji Iwasaki	335,000	1.10

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

—

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

—

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors’ Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	C	d	e	f	g	h	i	j	k
Yukino Kikuma	Lawyer											

Yukiko Imazu	Lawyer											
Hideki Matsuo	From another company											
Shinji Sato	From another company											
Shigeo Ogi	CPA											
Ryoko Takeda	Lawyer											

*Categories for "Relationship with the Company".
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yukino Kikuma		○	Lawyer	Ms. Kikuma possesses extensive professional expertise as an attorney, a high level of insight into corporate management, and substantial experience in corporate legal affairs. She also has experience in the mass media industry. The Company therefore believes that the wealth of knowledge and experience she has cultivated throughout her distinguished career will enable her to make a significant contribution to strengthening the supervisory function of the Board of Directors and considers her well qualified to serve as an Outside Director of the Company. As of the filing date of the Annual Securities Report, Ms. Kikuma holds 5,100 shares of the Company's stock. Other than such shareholding, she has no business relationship, transactional relationship, or other special interest relationship with the Company. The Company has designated her as an Independent Director pursuant to the

				regulations of the Tokyo Stock Exchange. Ms. Kikuma is the Representative Partner and Attorney at Law of Matsuo & Kosugi Law Office. She also serves as an Outside Director of KITZ Corporation and Money Forward, Inc., and as an Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. The Company has no special relationship with Matsuo & Kosugi Law Office, Money Forward, Inc., or Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. KITZ Corporation is both a customer and supplier of valve components and other products handled by the Company. As of March 31, 2026, the Company held 63,650 shares of common stock of KITZ Corporation. Other than this business relationship and shareholding, there is no special relationship between the two companies.
Yukiko Imazu		○	Lawyer	Ms. Imazu possesses extensive professional expertise in corporate legal affairs as an attorney, particularly with respect to human resources and labor matters, in which she has accumulated substantial experience and insight. The Company believes that the experience and expertise she has cultivated throughout her career will enable her to make a significant contribution to strengthening the supervisory function of the Board of Directors and therefore considers her well qualified to serve as an Outside Director of the Company. The Company has designated Ms. Imazu as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification with the Exchange. Ms. Imazu is a Partner Attorney-at-Law of Anderson Mori & Tomotsune and serves as a Director of the Ishibashi Foundation. The Company has no special relationship with Anderson Mori & Tomotsune or the Ishibashi Foundation.
Hideki Matsuo		○	—	Mr. Matsuo was involved in corporate management for many years at Mitsui Chemicals, Inc. and possesses extensive insight into corporate management. In the fields of manufacturing and technology, he has, in particular,

				substantial expertise in establishing safety management systems and foundations at manufacturing sites. The Company believes that his experience and knowledge will enable him to make a significant contribution to strengthening the supervisory function of the Board of Directors, particularly with respect to the Group's Manufacturing segment, and therefore considers him well qualified to serve as an Outside Director of the Company. The Company has designated Mr. Matsuo as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification with the Exchange. Mr. Matsuo serves as Chairman of the Center for Safety Enhancement, a specified non-profit organization (NPO). He also serves as an Outside Audit & Supervisory Board Member of Toyo Engineering Corporation and as an Outside Director of RYODEN CORPORATION. The Company has no special relationship with the Center for Safety Enhancement, Toyo Engineering Corporation, or RYODEN CORPORATION.
Shinji Sato		○	—	Mr. Sato was involved in corporate management for many years at Hitachi, Ltd. and Hitachi High-Tech Corporation. He possesses extensive insight into corporate management as well as substantial expertise in a wide range of fields, including mechanical and electrical systems, information technology, and other businesses serving the industrial and infrastructure markets. The Company believes that his experience and knowledge will enable him to make a significant contribution to strengthening the supervisory function of the Board of Directors, particularly with respect to the Group's Manufacturing segment, and therefore considers him well qualified to serve as an Outside Director of the Company. As of the filing date of the Annual Securities Report, Mr. Sato holds 300 shares of the Company's stock. Other than such shareholding, he has no business relationship, transactional relationship, or other special interest relationship with the Company.

				The Company has designated Mr. Sato as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification with the Exchange.
Shigeo Ogi	○	○	CPA	Mr. Ogi possesses advanced professional expertise and extensive international experience as a Certified Public Accountant, as well as broad insight into corporate management. Since June 2020, he has served as an Outside Audit & Supervisory Board Member of the Company and has appropriately fulfilled his responsibilities by leveraging his expertise and experience. The Company therefore believes that he is well qualified to serve as an Outside Director who is an Audit and Supervisory Committee Member. As of the filing date of the Annual Securities Report, Mr. Ogi holds 4,500 shares of the Company's stock. Other than such shareholding, he has no business relationship, transactional relationship, or other special interest relationship with the Company. The Company has designated Mr. Ogi as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification with the Exchange. Mr. Ogi serves as Representative of Ogi Certified Public Accountant Office and as an Outside Director who is an Audit and Supervisory Committee Member of Shibaura Machine Co., Ltd. The Company has no special relationship with Ogi Certified Public Accountant Office or Shibaura Machine Co., Ltd.
Ryoko Takeda	○	○	Lawyer	Ms. Takeda possesses advanced professional expertise as an attorney, extensive knowledge of corporate legal affairs, and broad insight into corporate management. Since June 2020, she has appropriately fulfilled her responsibilities as an Outside Audit & Supervisory Board Member of the Company by leveraging her expertise and insight. The Company therefore believes that she is well qualified to serve as an Outside Director who is an Audit and Supervisory Committee Member.

				The Company has designated Ms. Takeda as an Independent Director pursuant to the regulations of the Tokyo Stock Exchange and has filed the required notification with the Exchange. Ms. Takeda is a Partner Attorney at City-Yuwa Partners. She also serves as a Councilor of the International Civil and Commercial Law Centre Foundation, a Member of the Automobile Liability Insurance Council of the Financial Services Agency, a Member of the Contract Monitoring Committee of the Agriculture, Forestry and Fisheries Credit Foundations, an Outside Director who is an Audit and Supervisory Committee Member of Japan Airport Terminal Co., Ltd., an External Trustee of Komazawa University Educational Corporation, and an Outside Director of DOWA Holdings Co., Ltd. The Company has no special relationship with City-Yuwa Partners, the International Civil and Commercial Law Centre Foundation, the Financial Services Agency, the Agriculture, Forestry and Fisheries Credit Foundations, Japan Airport Terminal Co., Ltd., Komazawa University Educational Corporation, or DOWA Holdings Co., Ltd.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Company has established the Audit and Supervisory Committee Office, which is staffed by dedicated personnel, to assist the Audit and Supervisory Committee in the performance of its duties. The appointment, evaluation, transfer, and other personnel matters relating to such personnel are subject to prior consultation with the Audit and Supervisory Committee. The Company has established a system to ensure the independence of such personnel from Directors (excluding Directors who are Audit and Supervisory Committee Members).

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee receives explanations from the Accounting Auditor regarding audit plans, interim review results, and audit findings, and regularly exchanges information with the Accounting Auditor.
In addition, the Audit Dept., which serves as the internal audit function, conducts audit activities under the direction of the Audit and Supervisory Committee and reports the results of such audits to the Audit and Supervisory Committee.
Through close cooperation among the Audit and Supervisory Committee, the Accounting Auditor, and the internal audit function, the Company seeks to enhance the quality and efficiency of their respective audits, thereby improving the effectiveness of the overall audit process.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

Matters relating to the nomination and remuneration of Directors, Executive Officers, and other senior management are deliberated by the Nomination and Remuneration Advisory Committee, which has been established as an advisory body to the Board of Directors.
The Committee is composed of two Outside Directors (one of whom serves as Chairperson of the Committee) and one Internal Director. The Committee is authorized to determine policies and prepare proposals concerning the following matters. Matters deliberated by the Committee are subject to final approval by the Board of Directors.
(Nomination)
Determination of basic policies for CEO succession planning, determination of procedures for the selection and dismissal of Directors, Executive Officers, and other members of senior management, as well as preparation of proposals regarding their

appointment, assignment of responsibilities, and dismissal.

(Remuneration)

Determination of proposals regarding the maximum amount of remuneration and individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members).

Matters Concerning Independent Directors

Number of Independent Directors	6

Other Matters Concerning Independent Directors

(Reasons for Appointment as Independent Directors)

The Company has designated six Outside Directors—Yukino Kikuma, Yukiko Imazu, Hideki Matsuo, Shinji Sato, Shigeo Ogi, and Ryoko Takeda—as Independent Directors and has filed the required notification with the Tokyo Stock Exchange.

The reason for designating these six individuals as Independent Directors is that none of them had any business relationship with the Company prior to their appointment and, following their appointment, there is no risk of a conflict of interest arising with the Company's general shareholders. Accordingly, the Company has determined that they satisfy the independence criteria applicable to Independent Directors (as set forth in the Corporate Governance Report) and that their independence is adequately assured.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Introduction of Stock Options Scheme / Other / None

Supplementary Explanation for Applicable Items

■ Restricted Stock Compensation (Restricted Stock (RS))

To provide Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) with an incentive to sustainably enhance the Company's corporate value and to further promote value sharing with shareholders, the Company grants compensation for the allotment of restricted stock within the scope of the remuneration limit in Director Remuneration mentioned below. The total amount of such compensation shall not exceed ¥80 million per year (excluding the salary portion payable to Directors concurrently serving as employees), and all monetary compensation claims granted for this purpose shall be contributed in kind. The maximum number of shares of the Company's stock to be issued or disposed of by the Company under this plan shall be 50,000 shares per year.

■ Stock Options

The Company grants stock acquisition rights to its Directors without consideration in order to enhance their motivation and morale toward improving the Company's business performance.

■ Performance-Based Stock Compensation

Following approval at the 45th Annual General Meeting of Shareholders held on June 24, 2026, the Company has introduced a Board Benefit Trust (BBT) as a performance-based stock compensation plan for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members).

1. Overview of the Plan

Under this plan, shares of the Company are acquired through a trust using funds contributed by the Company. Pursuant to the Executive Share Benefit Regulations established by the Company, Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) receive shares of the Company and cash equivalent to the market value of such shares (collectively, the “Company Shares, etc.”) through the trust. This plan is designed as a performance-based stock compensation system.

2. Method for Calculating Points Granted to Directors (Excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)

For each fiscal year, Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) are granted a specified number of points on the date of the Annual General Meeting of Shareholders, in accordance with the Executive Share Benefit Regulations. The grant of points is subject to the achievement of predetermined performance targets.

The number of points to be granted is calculated by multiplying the base number of points determined according to the Director’s position by a coefficient reflecting the degree of achievement of performance targets for the preceding fiscal year.

As performance indicators, the Company utilizes specific performance metrics determined by the Board of Directors. Initially, consolidated ordinary profit will be used as the quantitative performance indicator, taking into consideration the management targets traditionally adopted by the Company, the interrelationship among performance indicators, and the simplicity of the evaluation framework.

The points granted to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) will be converted into Company Shares, etc. at a rate of one share of the Company's common stock for each point granted.

3. Timing of Delivery of Company Shares, etc. under the Plan

Points are granted on the date of each Annual General Meeting of Shareholders in accordance with the Executive Share Benefit Regulations.

The right to receive Company Shares, etc., which is obtained through the conversion of the granted points, vests on the date of the Annual General Meeting of Shareholders held three years after the date on which the points were granted.

Persons Eligible for Stock Options	Inside Directors / Employees / Subsidiaries’ Directors / Subsidiaries’ Employees

Supplementary Explanation for Applicable Items

Seventh Stock Acquisition Rights

(Approved at the Annual General Meeting of Shareholders held on June 20, 2018)

Eligible Recipients:

4 Directors / 140 employees, including Executive Officers

Number Granted:

60 stock acquisition rights to Directors / 717 stock acquisition rights to employees, including Executive Officers

- Each stock acquisition right represents 100 shares of common stock.
- Outstanding stock acquisition rights as of March 31, 2026: 20 stock acquisition rights held by Directors and 434 stock acquisition rights held by employees, including Executive Officers.

Eighth Stock Acquisition Rights

(Approved at the Annual General Meeting of Shareholders held on June 21, 2019)

Eligible Recipients:

5 Directors / 157 employees, including Executive Officers

Number Granted:

30 stock acquisition rights to Directors / 782 stock acquisition rights to employees, including Executive Officers

- Each stock acquisition right represents 100 shares of common stock.
- Outstanding stock acquisition rights as of March 31, 2026: 12 stock acquisition rights held by Directors and 426 stock acquisition rights held by employees, including Executive Officers.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 45th Annual General Meeting of Shareholders held on June 24, 2026, at no more than ¥500 million per year, including no more than ¥80 million per year for Outside Directors. At the same meeting, shareholders also approved remuneration for the allotment of restricted stock to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) in an amount not exceeding ¥80 million per year within the above remuneration framework.

In addition, at the 45th Annual General Meeting of Shareholders held on June 24, 2026, shareholders approved the introduction of a Board Benefit Trust (BBT) for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) as a separate compensation framework from the above remuneration limit.

The maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members was approved at the 45th Annual General Meeting of Shareholders held on June 24, 2026, at no more than ¥100 million per year.

(Results for Fiscal Year 2025)

The Company transitioned to a Company with an Audit and Supervisory Committee upon obtaining approval at the 45th Annual General Meeting of Shareholders held on June 24, 2026. Accordingly, the following remuneration amounts are those paid under the governance structure of a company with an Audit & Supervisory Board.

■ Four Directors (excluding Outside Directors)

Total remuneration: ¥254 million

(Basic remuneration: ¥171 million; Performance-linked remuneration: ¥58 million; Restricted stock compensation: ¥24 million)

■ One Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)

Total remuneration: ¥26 million

(All of which consisted of basic remuneration)

■ Seven Outside Officers

Total remuneration: ¥84 million

(All of which consisted of basic remuneration)

■ Persons whose total consolidated remuneration exceeded ¥100 million

There were persons whose total consolidated remuneration exceeded ¥100 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(Policies for Determining Executive Remuneration, etc.)

The Board of Directors has adopted a policy for determining the details of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members).

In adopting such policy, the Board of Directors has obtained recommendations from the Nomination and Remuneration Advisory Committee following its prior deliberation of the proposed resolution. In determining the details of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Nomination and Remuneration Advisory Committee conducts a comprehensive review of the proposed remuneration, including its consistency with the remuneration policy. Accordingly, the Board of Directors respects the recommendations of the Committee and has determined that the remuneration is in line with the established policy.

The policy for determining the details of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is as follows:

1. Basic Principles of Remuneration (Excluding Outside Directors)

(To support the sustainable creation of value by the Group)

1. Remuneration levels shall be set at an appropriate level that provides sound incentives for sustainable growth and the creation of corporate value over the medium to long term.
2. Performance-linked remuneration shall fairly and appropriately reflect both quantitative evaluations based on financial performance and qualitative evaluations relating to the degree of progress in addressing issues identified in the medium- to long-term strategy, the quality of decision-making regarding the appropriate allocation of management resources, and the effectiveness of decision-making relating to investments involving appropriate risk-taking (including M&A transactions and capital expenditures). Through such remuneration, accountability for annual Group management results shall be clearly defined.
3. Long-term incentives linked to the Group's medium- to long-term performance shall be granted on a continuous basis in order to promote sustainable corporate value creation.
4. Long-term share ownership by Directors during their tenure shall be encouraged in order to further align the interests of Directors with those of shareholders.

(To ensure objectivity and transparency in remuneration decisions)

1. The remuneration policy and individual remuneration amounts shall be deliberated by the Nomination and Remuneration Advisory Committee, whose principal members are Outside Directors.
2. Appropriate remuneration levels shall be established based on objective assessments, including comparisons with peer companies and companies of similar size, taking into account survey data published by external research organizations as well as the business characteristics of the Group.

2. Remuneration Structure

The remuneration structure for Directors (excluding Outside Directors) consists of base remuneration and performance-linked remuneration as monetary compensation, as well as a Performance-Based Stock Compensation Plan (Board Benefit Trust (BBT)) linked to sustainable corporate value creation and a Restricted Stock Compensation Plan designed to promote continuous value sharing with shareholders through long-term share ownership.

(1) Components of Base Remuneration

Supervisory Compensation	Fixed compensation reflecting the supervisory responsibilities of Directors (uniform for all Directors) and the level of responsibility associated with representative authority (applicable only to Representative Directors).
Executive Compensation	Fixed compensation determined according to the Director’s position, consisting of position-based compensation for executive duties and compensation reflecting responsibilities under the CxO structure.

(2) Components of Performance-Linked Remuneration

0% to 100% of Executive Compensation

To clarify accountability for annual business performance, the amount of performance-linked remuneration is determined within a range of 0% to 100% of Executive Compensation (compensation for executive duties), based on the degree of achievement of annual performance targets and qualitative contributions. The evaluation indicators include consolidated ordinary profit, total shareholder return (TSR), and return on equity (ROE), which are key management indicators of the Group.

(3) Structure of the Board Benefit Trust (BBT)

- Points are granted in accordance with the Executive Share Benefit Regulations established by the Company, based on the Director’s position and the degree of achievement of numerical performance targets during the performance evaluation period.
- The right to receive benefits becomes vested after the conclusion of the Annual General Meeting of Shareholders held following the end of the three-fiscal-year performance evaluation period.
- Treasury shares contributed by the Company and cash equivalent to the market value of such shares are delivered through the trust.

(4) Restricted Stock Compensation Plan

- This plan is designed to provide a long-term incentive for Directors (excluding Outside Directors) to enhance the Company’s corporate value. Within the predetermined overall compensation limits (in terms of both monetary amount and number of shares), all monetary compensation claims granted by the Company are contributed as property in kind, and shares of the Company’s common stock are issued or disposed of to eligible Directors.
- Restrictions on transfer are lifted upon expiration of the transfer restriction period or, where a Director retires or resigns from all positions as Director, Executive Officer, employee, or any other position designated by the Board of Directors before the expiration of the restriction period due to expiration of term of office, death, or any other reason recognized as legitimate by the Board of Directors.

(5) Target Remuneration Mix

Illustrative Model Case

Remuneration Element	Percentage
Base Remuneration – Supervisory Compensation	18%
Base Remuneration – Executive Compensation	34%

Performance-Linked Remuneration	18%
Performance-Based Stock Compensation (BBT)	22%
Restricted Stock Compensation	8%

Remuneration Limits

The maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 45th Annual General Meeting of Shareholders held on June 24, 2026, at no more than ¥500 million per year (including no more than ¥80 million per year for Outside Directors). Shareholders also approved remuneration for the allotment of restricted stock to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) in an amount not exceeding ¥80 million per year within the above remuneration framework.

The remuneration limit includes remuneration payable in respect of Executive Officer duties performed by Directors concurrently serving as Executive Officers.

In addition, at the 45th Annual General Meeting of Shareholders held on June 24, 2026, shareholders approved a Performance-Based Stock Compensation Plan (Board Benefit Trust (BBT)) for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) as a separate compensation framework from the above remuneration limits.

3. Remuneration of Directors (Excluding Outside Directors)

The remuneration of Directors (excluding Outside Directors) is determined in accordance with the remuneration determination process described above and within the limits approved by the General Meeting of Shareholders.

The remuneration framework includes remuneration payable in respect of Executive Officer duties performed by Directors concurrently serving as Executive Officers.

4. Basic Policy for Determining Remuneration of Outside Directors

As Outside Directors perform a supervisory function from an independent standpoint separate from business execution, their remuneration consists solely of base remuneration (Supervisory Compensation) in the form of fixed compensation. The remuneration level is determined with reference to objective benchmarks, including comparisons with peer companies of similar size.

The total remuneration payable to Outside Directors is deliberated by the Nomination and Remuneration Advisory Committee within the remuneration limits approved by the General Meeting of Shareholders, and the Board of Directors approves the proposal prepared by the Committee.

In principle, remuneration for Outside Directors is fixed at the same level regardless of years of service. However, additional committee allowances are paid to the Chairperson and members of the Nomination and Remuneration Advisory Committee.

Support System for Outside Directors

The Business Management Dept., which serves as the secretariat of the Board of Directors, is responsible for supporting the Outside Directors. The Business Management Dept. distributes materials relating to matters to be resolved, deliberated, and reported at meetings of the Board of Directors in advance and provides prior explanations of such matters before the meetings.

The Audit and Supervisory Committee Office, which serves as the secretariat of the Audit and Supervisory Committee, is responsible for supporting the Outside Directors who are Audit and Supervisory Committee Members. The Audit and Supervisory Committee Office supports the activities of the Audit and Supervisory Committee through such functions as the administration of the Committee, the planning and coordination of audits conducted by the Audit and Supervisory Committee, and the preparation and maintenance of audit records.

In addition, Audit and Supervisory Committee Members attend meetings of the Board of Directors, meet with the President and Directors (excluding Directors who are Audit and Supervisory Committee Members), and exchange opinions and share information with the Audit Dept. and the Corporate Sector. Full-time Audit and Supervisory Committee Members also attend important meetings, review significant documents, conduct on-site inspections, and carry out interviews. Through these activities, the Company audits the execution of duties by Directors (excluding Directors who are Audit and Supervisory Committee Members) and has established a framework that enables the effective conduct of audits conducted by the Audit and Supervisory Committee in coordination with the Outside Directors who are Audit and Supervisory Committee Members.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

■ Board of Directors

The Board of Directors is composed of ten Directors, including six Outside Directors. The Board holds regular monthly meetings as well as extraordinary meetings whenever necessary, and makes management decisions through thorough deliberations, including decisions regarding management policies and plans, the appointment and dismissal of senior management, and other important matters relating to business execution.

The Company's Articles of Incorporation provide that, unless otherwise provided by applicable laws and regulations, meetings of the Board of Directors shall be convened and chaired by a Director designated in advance by the Board of Directors.

During fiscal year 2025, the Board of Directors met 13 times. The attendance rates of both the Outside Directors and the Outside Audit & Supervisory Board Members were 100%.

■ Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is established as an advisory body to the Board of Directors and is composed of two Outside Directors (one of whom serves as Chairperson of the Committee) and one full-time Director. The Committee deliberates on CEO succession planning, the nomination of Directors, Executive Officers, and other senior employees responsible for business execution, as well as the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) and such senior employees.

■ Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three Directors, including two Outside Directors. The Committee holds regular monthly meetings and extraordinary meetings whenever necessary. Based on reports submitted by each Audit and Supervisory Committee Member, the Committee engages in deliberations and forms opinions as the Audit and Supervisory Committee.

The Audit and Supervisory Committee also exchanges opinions and shares information with the Accounting Auditor and the Audit Dept. as appropriate and works closely with them.

■ Management Committee

The Management Committee meets once a month and is attended by three Directors responsible for business execution, together with a Full-time Audit and Supervisory Committee Member serving as an observer. The Committee conducts prior deliberations on important matters relating to business execution, capital policy, corporate organization, strategic risks, and other matters that require resolution by, or reporting to, the Board of Directors.

■ Executive Committee

The Executive Committee is composed of three Directors responsible for business execution (all of whom concurrently serve as Executive Officers), eight Executive Officers, the General Managers of the Osaka and Nagoya Branches, and a Full-time Audit and Supervisory Committee Member serving as an observer. The Executive Committee meets once a month.

■ Risk Management Committee

The Risk Management Committee, which operates under the Management Committee, is chaired by the Managing Executive Officer and Chief Financial Officer (CFO). The Committee is composed of Directors responsible for business execution, Executive Officers and department heads within the Corporate Sector, and other members. The Committee oversees the responsibilities of the Chief Executive Officer (CEO) and other members of management with respect to the identification of significant risks facing the Group, the status of risk management measures, and the formulation and implementation of plans and countermeasures by the departments responsible for such risks.

To address a wide range of risks, the Company has established the following subcommittees. Each subcommittee is responsible for identifying, analyzing, evaluating, and determining appropriate countermeasures for risks within its respective area of responsibility.

(Credit Risk Subcommittee)

The Credit Risk Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to customer credit risks and country risks.

(Insurance Subcommittee)

The Insurance Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to the effectiveness of insurance as a risk-hedging tool for risks that may be transferred through insurance coverage.

(Market Risk Subcommittee)

The Market Risk Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to risks arising from fluctuations in market transaction prices, including foreign exchange risk, commodity price fluctuation risk, and interest rate risk.

(Business Succession Subcommittee)

The Business Succession Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to business continuity planning (BCP), including disaster risks such as earthquakes, typhoons, and fires, as well as infectious disease risks.

(Export Control and Protection of Personal Information Subcommittee)

The Export Control and Protection of Personal Information Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to risks associated with security export control.

(Investment Subcommittee)

The Investment Subcommittee is primarily responsible for identifying, analyzing, evaluating, and determining countermeasures relating to business investment risks and securities price risks (including policy shareholdings) through activities such as evaluating investment performance and monitoring investment projects, including new M&A transactions and capital expenditures.

■ Internal Control Committee

The Internal Control Committee, which operates under the Management Committee, is chaired by the Managing Executive

Officer responsible for Internal Control. The Committee manages matters relating to the development and operation of the overall internal control system, including internal controls over financial reporting and disclosure-related matters, and serves as the central body responsible for managing the following matters relating to internal control:

- Improvement of the effectiveness and efficiency of operations.
- Compliance with accounting standards and ensuring the reliability of financial reporting.
- Compliance with laws, regulations, and internal rules, including codes of conduct reflecting such laws and regulations.
- Safeguarding of corporate assets.

In addition, the following forums have been established under the Internal Control Committee.

◎ Compliance Session

The Compliance Session formulates and implements policies aimed at establishing and enhancing the Group's compliance framework. The Session deliberates on and reports matters including the identification of compliance issues, the reporting, analysis, and response to compliance-related cases (including whistleblowing cases), the promotion of compliance initiatives, and other compliance-related matters. Significant matters are submitted or reported to the Internal Control Committee.

◎ Information Management and Security Session

The Information Management and Security Session is responsible for identifying, evaluating, and improving issues relating to information management and security measures throughout the Group, as well as contributing to the promotion of DX initiatives across the Group. The Session deliberates on relevant matters and reports significant matters to the Internal Control Committee.

■ Internal Control Committee

The Internal Control Committee, which operates under the Management Committee, is chaired by the Managing Executive Officer responsible for Internal Control. The Committee is responsible for managing matters relating to the development and operation of the overall internal control system, including internal controls over financial reporting and related disclosures, and serves as the central body for managing the following matters relating to internal control:

- Improvement of the effectiveness and efficiency of operations.
- Compliance with accounting standards and ensuring the reliability of financial reporting.
- Compliance with laws and regulations and internal rules, including various codes of conduct reflecting such laws and regulations.
- Safeguarding of corporate assets.

The following forums have been established under the Internal Control Committee.

◎ Compliance Session

The Compliance Session is responsible for formulating and implementing policies aimed at establishing and enhancing the Group's compliance framework. The Session deliberates on and reports matters including the identification of compliance issues, the reporting, analysis, and response to compliance-related cases (including whistleblowing cases), the promotion of compliance initiatives, and other compliance-related matters. Significant matters are submitted or reported to the Internal Control Committee.

◎ Information Management and Security Session

The Information Management and Security Session is responsible for identifying, evaluating, and improving issues relating to information management and security measures throughout the Group, as well as contributing to the promotion of DX initiatives across the Group. The Session deliberates on relevant matters and reports significant matters to the Internal Control Committee.

■ Sustainability Committee

The Sustainability Committee, which operates under the Management Committee, is chaired by the Director, Senior Managing Executive Officer and Chief Strategy–Officer (CSO). From the perspective of corporate social responsibility (CSR), the Committee aims to enhance the Company's response to sustainability issues, with a particular focus on sustainability materiality, in accordance with the Basic Sustainability Policy.

With respect to the promotion of initiatives addressing materiality, the Sustainability Committee and its subordinate subcommittees operate the PDCA cycle for Environment (E) and Society (S), while the Internal Control Committee operates the PDCA cycle for Governance (G) and Human Resources (H). The two committees work in close coordination with each other.

■ Internal Audit

The Audit Dept., which is the department responsible for internal audits, conducts internal audits based on an annual audit plan approved by the Audit and Supervisory Committee. These audits evaluate compliance with laws, regulations, and internal rules, as well as the appropriateness and efficiency of business operations, and verify the status of internal controls.

In addition, the Audit Dept. conducts audit activities under the direction of the Audit and Supervisory Committee and reports the results of such audits to both the Audit and Supervisory Committee and the Board of Directors.

The Audit Dept. currently consists of ten members, including one General Manager and two members holding Certified Internal Auditor (CIA) qualifications. When additional personnel are required for internal audits, individuals designated by the President are assigned to assist the audit activities, and the matter is reported to the Audit and Supervisory Committee for its comments.

■ Accounting Audit

The Company has engaged Ernst & Young ShinNihon LLC as its Accounting Auditor. In addition to conducting periodic audits from an independent standpoint, the Accounting Auditor provides timely and appropriate advice on accounting-related matters.

The certified public accountants who performed the Company's accounting audit are Tetsuya Kawawaki and Mihoko Ariga, both of whom belong to Ernst & Young ShinNihon LLC, and the Company receives independent audit opinions from them.

The assistants involved in the Company's accounting audit consisted of six certified public accountants and twenty-three other professionals.

■ Number of Directors and Requirements for the Election of Directors

The Company's Articles of Incorporation state that the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed nine, and the number of Directors who are Audit and Supervisory Committee Members shall not exceed four. The Articles of Incorporation further provide that the election of Directors shall be effected by a majority of the voting rights represented at a meeting of shareholders at which shareholders holding at least one-third of the voting rights exercisable by all shareholders entitled to vote are present, and that cumulative voting shall not be used for the election of Directors.

■ Limitation of Liability of Directors

The Company has entered into agreements with all Outside Directors and Directors who are Audit and Supervisory Committee Members pursuant to Article 426, Paragraph 1 of the Companies Act to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to a certain extent. Under such agreements, the maximum amount of liability is the minimum liability amount prescribed by applicable laws and regulations.

The purpose of these agreements is to enable Outside Directors and Directors who are Audit and Supervisory Committee Members to fully perform the roles expected of them.

■ Matters Relating to the Determination of Remuneration for Directors (Excluding Outside Directors)

With respect to the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company has adopted a policy under which the amount of remuneration is determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, which is composed of the President and Outside Directors and takes into consideration the Company's performance and the individual evaluation of each Director.

■ Dividend of Surplus

To enable flexible returns of profits to shareholders, the Company's Articles of Incorporation provide that the Company may distribute dividends of surplus as interim dividends to shareholders or registered pledgees recorded as of September 30 of each year, pursuant to a resolution of the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

The Company has appointed multiple Outside Directors with extensive experience and broad, in-depth insight who can provide objective and comprehensive advice on management. By incorporating the views of these Outside Directors, who offer independent perspectives separate from the management team responsible for business execution, the Board of Directors is able to make appropriate and timely decisions while reflecting external viewpoints.

In addition, the Company has adopted the Company with Audit and Supervisory Committee structure in order to strengthen the supervisory function of the Board of Directors by including Directors who are Audit and Supervisory Committee Members as members of the Board of Directors and to further enhance its corporate governance through a stronger monitoring framework. The Company has appointed multiple Outside Directors who are Audit and Supervisory Committee Members and who possess a high degree of independence and expertise in legal, accounting, and business matters, thereby ensuring a highly transparent governance structure and appropriate supervision and oversight.

Based on the foregoing, the Company believes that its corporate governance framework functions appropriately and effectively.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation of the 45th Annual General Meeting of Shareholders was dispatched on June 9, 2026, providing shareholders with 14 days' notice as required by law. The matters subject to electronic provision were disclosed three weeks prior to the Annual General Meeting of Shareholders. In addition, the Company provides certain information by way of web disclosure, including the Notes to Consolidated Financial Statements, the Notes to Non-consolidated Financial Statements, and a portion of the Business Report.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 45th Annual General Meeting of Shareholders was held on June 24, 2026.
Electronic Exercise of Voting Rights	In addition to the conventional paper-based method of exercising voting rights, the Company allows shareholders to exercise their voting rights electronically

	through a dedicated voting website by scanning a QR code.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has made available an electronic voting platform for institutional investors to facilitate the exercise of voting rights. The Notice of Convocation of the General Meeting of Shareholders (in the narrow sense) and the Reference Documents for the General Meeting of Shareholders are also prepared in both Japanese and English.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepared English versions of the Notice of Convocation of the General Meeting of Shareholders (in the narrow sense) and the Reference Documents for the General Meeting of Shareholders and made them available on the Company's website and through the electronic voting platform.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has established a Disclosure Policy, which is available in both Japanese and English on the Company's website (https://www.alconix.com/ir/disclosure_policy/).	
Regular Investor Briefings held for Individual Investors	The Company held investor presentations for individual investors in Tokyo and other regional cities during the fiscal year ended March 31, 2025. The Company plans to continue holding such presentations during the fiscal year ending March 31, 2026.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds quarterly financial results briefings for institutional investors four times a year. Presentation materials, presentation scripts, questions and answers (in both Japanese and English), and video recordings of the financial results briefings are disclosed on the Company's website. In addition, the Company conducts one-on-one meetings with institutional investors on a quarterly basis and continues to engage in direct dialogue with them.	Held
Online Disclosure of IR Information	The Company maintains an IR website for shareholders and investors, which provides financial results information, timely disclosure materials other than financial results information, Annual Securities Reports, Integrated Reports, financial results presentation materials	

	and presentation videos, and information relating to the General Meeting of Shareholders. In addition, English versions of financial results information (including earnings reports and financial results presentation materials), the medium- and long-term management plan, and the Integrated Report are available on the Company's English-language website.
Establishment of Department and/or Placement of a Manager in Charge of IR	IR Officer: Senior Managing Executive Officer and Chief Strategy Officer (CSO) Department Responsible for IR**:** Corporate Communications Dept.: Corporate Communication Dept.
Other	In addition to its regularly scheduled investor briefings, the Company conducts one-on-one meetings with analysts and institutional investors as appropriate and strives to enhance dialogue with them. Information regarding the Company's engagement with shareholders and investors is available on the Company's website (https://www.alconix.com/ir/dialog/). In addition, the Company continuously undertakes initiatives to enhance the availability and quality of its English-language disclosure materials.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established the ALCONIX Compliance Manual for Officers and Employees. In addition, the Company has displayed Our purpose and vision in the workplace and on the Company’s website and has ensured that it is thoroughly communicated to all employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	To enhance awareness of environmental conservation, the Company has established an Environmental Policy, which is displayed internally and on the Company’s website, and has ensured that it is thoroughly communicated to all officers and employees. In addition, the Company has obtained ISO 14001 certification on a company-wide basis and conducts environmental conservation activities through the operation of its environmental management system. As part of its CSR initiatives, the Company discloses information on its website regarding efforts to address social issues through its business activities under

	the themes of 3R-related businesses, initiatives toward decarbonization, reduction of plastic waste, and coexistence with local communities.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Board of Directors resolved to revise the Basic Policy for the Internal Control System at its meeting held on June 24, 2026.

1. System to Ensure that the Execution of Duties by Directors and Employees of the Company and Its Subsidiaries Complies with Applicable Laws, Regulations and the Articles of Incorporation

a. The Company positions compliance as one of its key management priorities and establishes the ALCONIX Group Code of Conduct and other internal regulations as guidelines to ensure that Directors and employees of the Company and its subsidiaries (collectively, "all officers and employees") perform their duties with a high standard of ethics and in compliance with social norms, corporate ethics, laws and regulations, the Articles of Incorporation, and internal rules.

b. The Company distributes the ALCONIX Group Compliance Handbook to all officers and employees of the Company and its subsidiaries and provides compliance-related education and training.

c. The Company establishes the Internal Audit Regulations and Internal Audit Implementation Guidelines and monitors and improves the execution of duties by each organizational unit and subsidiary.

d. The Company maintains a whistleblowing system that enables all officers and employees, as well as other persons designated under applicable laws and regulations, to report concerns directly to the Company's internal reporting hotline or to an external organization.

2. System for the Preservation and Management of Information Relating to the Execution of Duties by Directors of the Company and Its Subsidiaries

a. The Company and its subsidiaries record and preserve information relating to the execution of duties by Directors, including minutes of important meetings such as meetings of the Board of Directors and documents approved by Directors in accordance with the Authority Regulations and the Individual Authority Standards Table, in the form of written documents or electronic media in accordance with applicable laws and regulations and internal rules. Directors of the Company and its subsidiaries may access and examine such documents at any time in accordance with internal rules.

3. Rules and Other Systems for Managing Risk of Loss at the Company and Its Subsidiaries

a. The Company and its subsidiaries identify various risks that may result in losses and establish internal rules and designate departments responsible for preventing losses and minimizing losses when they occur.

b. The Company and its subsidiaries establish risk management methodologies and reporting systems for the continuous assessment of significant risks, including credit risk, business investment risk, risks arising from market fluctuations, and country risk, and manage such risks from both comprehensive and individual perspectives.

c. The Company establishes policies concerning business continuity for the Company and its subsidiaries, formulates appropriate plans, and maintains systems for reporting and management.

d. The Company identifies risks and opportunities facing the Company and its subsidiaries based on generally accepted sustainability guidance and frameworks and strives to enhance corporate value through appropriate responses.

4. Systems to Ensure the Efficient Execution of Duties by Directors of the Company and Its Subsidiaries

a. The Company and its subsidiaries shall hold regular meetings of the Board of Directors once a month and extraordinary meetings of the Board of Directors whenever necessary.

b. The Company shall appoint Executive Officers pursuant to resolutions of the Board of Directors and shall improve the efficiency of the execution of duties by Directors by defining the scope of duties to be delegated to Executive Officers in the Regulations on Delegation of Executive Duties.

c. The Company shall establish the Management Committee and various committees for the purpose of ensuring efficient decision-making and business execution by the Company and its subsidiaries.

d. Based on the management plan and annual budget (including the statement of profit or loss and balance sheet) approved by the Board of Directors, the business execution divisions and subsidiaries shall formulate specific annual plans, establish targets for achieving such plans, and implement those plans. The Board of Directors shall receive regular reports on the progress of such plans.

e. In order to ensure efficient business execution by the business execution divisions and subsidiaries, the Company shall establish and operate, in addition to the Board of Directors Regulations, the Authority Regulations, the Individual Authority Standards Table, the Division of Duties Regulations, the Organization Regulations, and the Approval Regulations. The Board of Directors shall supervise the status of implementation. The Company shall also require its subsidiaries to establish organizational regulations, regulations on division of duties, and other rules equivalent to those of the Company, taking into account each subsidiary's size and risk profile.

5. Systems to Ensure the Proper Conduct of Business Operations within the Company and Its Subsidiaries

a. The Company shall dispatch its full-time Directors or Executive Officers to its subsidiaries as part-time officers, enabling them to participate directly in the management of the subsidiaries and provide advice.

b. In addition to the part-time officers dispatched to subsidiaries, the Company shall appoint management supervisors for each subsidiary, establish internal regulations for each subsidiary, and appropriately understand each subsidiary's operational status and provide necessary guidance through attendance at meetings of the subsidiary's Board of Directors.

6. Matters Relating to Employees Assisting the Audit and Supervisory Committee in the Performance of Its Duties

a. The Company shall establish a department composed of dedicated employees for the purpose of assisting the Audit and Supervisory Committee in the performance of its duties.

b. The Company shall ensure that the appointment, evaluation, transfer, and other personnel matters relating to such employees are subject to consultation with and the consent of the Audit and Supervisory Committee and shall establish a framework that ensures the independence of such employees from Directors (excluding Directors who are Audit and Supervisory Committee Members).

7. Systems for Reporting to the Audit and Supervisory Committee

a. Audit and Supervisory Committee Members shall be entitled to attend important meetings that the Audit and Supervisory Committee deems necessary and to inspect important documents, including internal approval documents. The Company shall establish the necessary framework to enable such attendance and inspection.

b. The Audit and Supervisory Committee may, whenever deemed necessary, request Directors (excluding Directors who are Audit and Supervisory Committee Members) or employees to provide explanations regarding the status of business execution or may express its opinions regarding such matters.

c. Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company and its subsidiaries shall immediately report to the Audit and Supervisory Committee when they become aware of any circumstance that may cause material damage to the Company or its subsidiaries.

d. The department responsible for the whistleblowing system of the Company and its subsidiaries shall report the status of whistleblowing matters to the Audit and Supervisory Committee in a timely and appropriate manner, either individually or through the Compliance Session.

e. The Audit Dept. shall conduct audit activities under the direction of the Audit and Supervisory Committee and shall report the results of such audits to the Audit and Supervisory Committee and the Representative Director.

f. The Company shall ensure that no person is subjected to any disadvantageous treatment on the grounds that such person has made a report to the Audit and Supervisory Committee.

8. Other Systems to Ensure the Effectiveness of Audits Conducted by the Audit and Supervisory Committee

a. The Audit and Supervisory Committee and Audit and Supervisory Committee Members shall establish appropriate cooperative relationships with the Audit Dept., other relevant departments, and the Accounting Auditor, and shall exchange information as necessary. All officers and employees shall respond appropriately and in good faith to requests for information gathering and investigations conducted by the Audit and Supervisory Committee and Audit and Supervisory Committee Members.

b. The Company shall bear the expenses necessary for the Audit and Supervisory Committee to perform its duties.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

As part of the ALCONIX Corporate Philosophy, the Company has established the ALCONIX Compliance Manual for Officers and Employees, which includes provisions concerning Responses to Anti-Social Forces and clearly stipulates that the Company shall have no relationship whatsoever with anti-social forces. The Company ensures that this policy is thoroughly communicated throughout the organization.

The Manual also provides that, in the event of unreasonable demands or other actions by anti-social forces, the General Affairs & Human Resources Dept. shall serve as the primary point of contact, and such matters shall be addressed on a company-wide basis under the leadership of top management.

In addition, the Company cooperates with the relevant authorities and industry organizations to eliminate anti-social forces. The Company also conducts investigations into any relationships with anti-social forces as a mandatory part of the due diligence process for all new business counterparties.

V. Other

1. Adoption of Anti-Takeover Measures

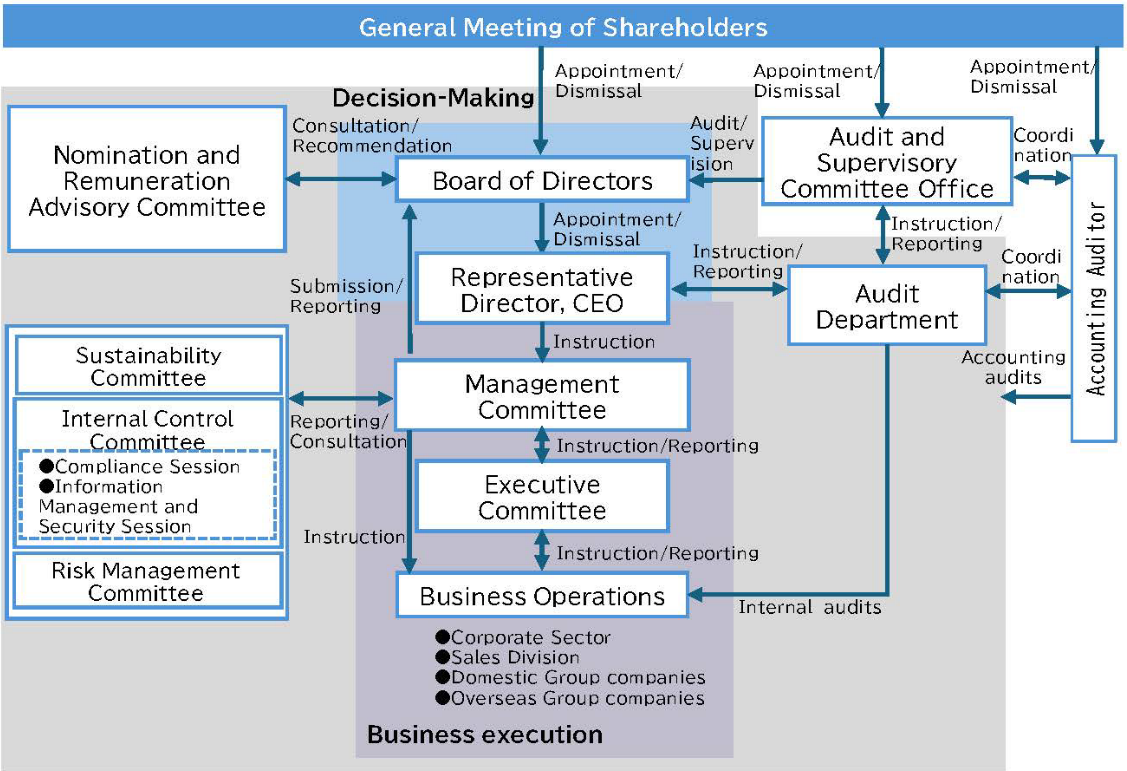
Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

—

2. Other Matters Concerning the Corporate Governance System

Structure and Institutional Design



END