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## Corporate Governance Report

CORPORATE GOVERNANCE

Nisshinbo Holdings Inc.

**Last Updated: April 14, 2025**

**Nisshinbo Holdings Inc.**

Yasuji Ishii,

President and Representative Director

Securities code: 3105

<https://www.nisshinbo.co.jp/english/>

The corporate governance of Nisshinbo Holdings Inc. (the “Company” or “Nisshinbo”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views **Updated**

Nisshinbo believes that it is necessary to enhance corporate value over the medium to long term by improving the quality of its organizational culture, including corporate governance, based on global management and cash flow management, while simultaneously achieving quantitative growth in terms of numerical and business performance by improving profitability with an emphasis on the return on investment (ROE) and stock price-oriented management. Based on the principles of risk management and the appropriate decision-making process, Nisshinbo will work to establish corporate governance based on a corporate philosophy that ensures both increased management efficiency and transparency by strengthening accountability and thoroughly adhering to corporate ethics through a prompt and decisive decision-making process.

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

Nisshinbo has implemented the Principles of the Corporate Governance Code.

### Disclosure Based on the Principles of the Corporate Governance Code **Updated**

[Principle 1-4. Cross-Shareholdings]

The Company shall establish the Policy for Cross-Shareholdings and periodically review the significance and economic rationale for each issue in light of the cost of capital and other indicators. The Board of Directors will receive reports on the results of the review and deliberate on the policy for continuing to hold or to sell shares. As established, the Board of Directors will not prevent the sale of the Company’s shares by business partners or other entities who possess such shares, although the Board of Directors may inform them of the Company's position on the matter. With regard to transactions with policy-holding counterparties, the Company will periodically confirm the size and details of such transactions and verify their economic rationality.

### (1) Policy for Cross-Shareholdings

Of the stocks of business partners and other entities acquired for the purpose of maintaining and strengthening business alliances, Nisshinbo will engage in the gradual and systematic sales of stocks whose strategic usefulness has diminished.

### (2) Criteria for the Exercise of Voting Rights

Voting rights as defined under Policy for Cross-Shareholdings shall be exercised from the perspective of improving the corporate value of the Company and the relevant business partners and other entities and shall be determined on an individual basis in light of the purpose for holding the shares. Therefore, the rationality and the necessity of proposals that have a significant impact on corporate value, such as the election or dismissal of directors or the introduction or extension of anti-takeover measures, will be carefully checked.

### [Principle 1-7. Related Party Transactions]

In the event of a transaction between directors and the Company, the Company shall obtain the approval of the Board of Directors and report the results of the transaction to the Board of Directors in accordance with the conflicts of interest regulations set forth in the Companies Act.

### [Supplementary Principle 2-4-1 Ensuring diversified core human resources in promotion]

Always changing!” - Nisshinbo Group takes it for granted that values and behavior be updated in a timely manner and aims to create an organization where every employee can vividly work as being himself / herself. For realization of that, Nisshinbo Group is working on three fronts: ①the desirable situation of the organization, ② the desirable situation of the employees, and ③the desirable situation of better working environments and systems. As for confirmation of progress evaluation, engagement surveys are conducted to analyze the status quo referring to both score of satisfaction level and general comments fed back from employees, and to lead to continuous improvement of corporate culture.

#### ① Desirable situation of the organization

Nisshinbo Group aims to foster a corporate culture, that respects diversity, does not hesitate to take on challenges, and increase job satisfaction based on psychological safety. For realizing that, we are working on such key issues as “building open and fair relationships among employees” and “cultivating leadership that makes the most of diverse employees.”

#### ② Desirable situation of the employees

Nisshinbo Group believe that enabling each employee to work autonomously, while feeling a sense of fulfillment and satisfaction in their work, and being able to demonstrate their individuality and strengths, is the driving force behind increasing the vitality of the entire organization. That is why our group is working on such key issues as “supporting the realization of diverse career views” and “cultivating the sensitivity of each employee to accept diversity.”

As values regarding work become more diverse, Nisshinbo Group will create better working environments and

systems that can balance the growth of both individuals and organizations and provide an environment where each employee works vividly with high engagement and good performance.

### ③ Desirable situation of better working environments and systems

In order to make the most of diversity, it is essential to have supportive better working environments and systems. Although so far, the Company has introduced new or revised systems such as flextime and hourly paid leave, there still seems to remain negative atmospheres in the workplace. For instance, male employees might feel it too much to take childcare leave without hesitation. Nisshinbo Group will continuously review current working environments and strive to arrange better systems with the aim of “realizing working styles diversified.”

In addition, in order to attract and make the most of a diverse range of human resources regardless of their attributes, Nisshinbo Group has set the targets and are focusing on initiatives to ensure diversity on recruitment and promoting the active participation of female employees for the purpose of eliminating the gender gap, which is a key indicator of diversity. As for foreign managers, considering the situation where the number of foreign domestic employees in Nisshinbo Group is still few, specific targets are not set for the moment.

Targets to be achieved in FY 2027 (the Company)

Ratio of female in managerial position: 10% or more (results: FY2023: 7.4%, FY2024: 7.8%)

Ratio of mid-career employees in managerial positions: 20% or more (results: FY2023: 14.7%, FY2024: 18.8%)

### [Principle 2-6. Exercise Functions as an Asset Owner of a Corporate Pension plan]

In order to ensure the safe and appropriate management and administration of the pension plan and the safe and efficient investment of pension assets, the Company shall establish the Asset Management Committee, which shall engage in the necessary deliberations and adjustments to avoid any conflicts of interest with the beneficiaries. In addition, the committee will assign and train the managers and personnel in charge of the finance, accounting, and human resources departments as members of the Asset Management Committee.

### [Principle 3-1. Enhancement of information disclosure]

#### (1) Management Philosophy, Management Strategy, and Management Plan

Nisshinbo makes it its mission to contribute to society through business activities. Under its corporate philosophy: “Change and Challenge! For the creation of the future of Earth and People,” Nisshinbo aims to “create value through connecting technology (Connect Everything, Create Value)” in response to medium-to long-term changes in the business environment and business chances such as the growing demand for coping with climate change, demographic changes and the development of a digital society. Nisshinbo Group will continuously provide society with solutions toward social issues, using its technologies of sensing, wireless communications, and information processing. So as to realize the above aim, Nisshinbo will take following priority measures:

- Pursue a transformation of the business portfolio.
- Build a business model that looks to future growth and invest management resources in a focused manner.
- Reduce management risk by further strengthening the management base.

For the purpose of accelerating growth with leveraging its core businesses domains, i.e., wireless communication and microdevice, growth investing including merger and acquisition will be considered strategically and flexibly. Furthermore, with a view of continuously strengthening its management base, Nisshinbo will strive to respect human rights, develop business with consideration for environmental impact, securing diverse human resources to have them bring their best, build a responsible supply chain and enhance the effectiveness of corporate governance.

## (2) Basic Views and Policies on Corporate Governance

Established in "1. Basic Views" above.

## (3) Policies and Procedures for Determination of Remuneration for Directors and Managing Officers

The Company's policies and procedures for determining the remuneration of its directors are described in section II paragraph 1 of this report under [Director Remuneration] (1) "Basic Policy and Procedures for Determining Remuneration for Directors" in "Matters concerning the composition of governing bodies and organization management." The same policy also applies to the determination of remuneration for managing officers.

## (4) Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Managing Officers

- The Nomination Committee is established as an advisory body to the Board of Directors in order to enhance the transparency and objectivity of the process of nominating and dismissing directors.
- The Board of Directors shall adopt resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee. The Nomination Committee also adopts resolutions regarding the policies for the nomination and election and dismissal of directors formulated by the Nomination Committee.
- In order to ensure independence, the Nomination Committee consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors, a majority of whom shall be outside directors. The committee members appoint the chairperson of the committee by mutual vote.

## < Appointment of Directors >

- The Nomination Committee reports to the Board of Directors on candidates for directors who have an outstanding management track record and the strong desire and the skills to commit to the realization of the corporate philosophy and the enhancement of corporate value. The Nominating Committee also recommends to the Board of Directors those directors with particularly outstanding qualifications, aptitude, and performance as

candidates for top management position.

- Based on the deliberations of the Nomination Committee, the Board of Directors nominates candidates for directors and selects representative directors and directors for management positions.

#### < Dismissal of Directors >

- If the Nomination Committee determines through its deliberations that a director, including members of top management, lacks the qualifications and aptitude for management, the Nomination Committee shall report to the Board of Directors on the dismissal of the director with the reasons for its decision.

- The Board of Directors, based on the deliberations of the Nomination Committee, decides on the dismissal of the representative director or directors in management positions or on the submission of a proposal for the dismissal of directors to the general shareholders' meeting.

#### < Appointment of Managing Officers >

- The Nomination Committee shall recommend to the Board of Directors candidates for managing officers from among representatives of subsidiaries and managers of the Company who are highly ambitious and bold and who have particular expertise and who excel in management.

- Based on the deliberations of the Nomination Committee, the Board of Directors appoints the managing officers and selects the managing officers for management positions.

#### < Dismissal of Managing Officers >

- The Nomination Committee shall report to the Board of Directors on the dismissal or removal of managing officers who lack the qualifications and aptitude to serve as executive officers with the reasons for its decision.

- The Board of Directors, based on the deliberations of the Nomination Committee, decides on the dismissal of business or the removal of managing officers in management positions.

#### < Appointment of Audit and Supervisory Board members >

- Based on the deliberations of the Nomination Committee, the Board of Directors shall nominate candidates for the Audit and Supervisory Board with the consent of the Audit and Supervisory Board members who have a broad management perspective, management experience, and knowledge of finance, accounting, and legal affairs.

#### (5) Reasons for Nomination or Dismissal of Directors, Audit and Supervisory Board Members, and Managing Officers

The reasons for the appointment or the dismissal of individual directors and the reasons for the appointment of individual Audit and Supervisory Board members (including substitute Audit and Supervisory Board members) will be stated in the Notice of Convocation of the general shareholders' meeting.

(Convocation notice)

[https://www.nisshinbo.co.jp/nish/english/news/pdf/news20250303\\_1\\_en.pdf](https://www.nisshinbo.co.jp/nish/english/news/pdf/news20250303_1_en.pdf)

### [Supplementary Principle 3-1-3 Initiatives for Sustainability]

#### (1) Sustainability Initiatives

The Company has been promoting sustainability initiatives based on respect for human rights with the aim of realizing a sustainable society. Nisshinbo has identified three materiality issues that must be addressed in order for the Group's business to grow sustainably together with society: global compliance, contribution to the environmental and energy fields, and the creation of a safe and secure society. In addition, climate change has become a global issue that transcends national and regional boundaries, and greenhouse gas reduction has become a common long-term goal worldwide. The Nisshinbo Group believes that it is important to capture business opportunities arising from climate change and to respond appropriately to the risks. Centering on Corporate Strategy Department of the Company, Nisshinbo Group has been striving to promote initiatives to accelerate “sustainability management,” which aims for sustainable growth with society. Specifically, Nisshinbo Group sets its Sustainability Promotion Plan and KPIs to monitor the progresses. The Nisshinbo Group's sustainability initiatives are disclosed in the Integrated Report and on the corporate website.

(Integrated Report)

[https://www.nisshinbo.co.jp/english/ir/library/annual\\_report.html](https://www.nisshinbo.co.jp/english/ir/library/annual_report.html)

(Sustainability)

<https://www.nisshinbo.co.jp/english/sustainability/index.html>

(Nisshinbo Group Human Rights Statement)

<https://www.nisshinbo.co.jp/english/sustainability/human-rights/statement.html>

#### (2) Investment in Human Capital

Nisshinbo Group constructs the framework for training systems that will seamlessly cultivate human resources capable of contributing to the realization of its business strategies, with the aim of achieving sustainable growth and development of the Group.

① Implementation of leadership development programs for those employees very selective.

Nisshinbo Group sets its ideal profile of an employee as a “co-creation leader” who could be a drive force for the creation of customer value. For realizing that, leadership development programs for employees very selective are provided.

(i) Programs: Advanced (for officers) and Executive (for senior managers)

Advanced (for officers) consists of management courses and practical business courses that provide participants with management knowledge, mindsets, and role-based behavior.

On the other hand, Executive (for senior managers) provides, aiming for cultivating business leaders filled with technical knowledge and management skills, opportunities for participating in Master of Management of Technology (MOT) or practical workshops, in addition to the above courses, to acquire skills of business creation and breaking through barriers.

Both programs are provided by linking their candidates with the list of employees supposed for key posts that is renewed each year and based on the Group's common global job grade.

(ii) Programs: Middle (for managers) and Basic (for supposed next generation leader)

Both programs are provided based on the recommendation from core business companies.

Middle (for managers) consists of both external programs on basic management, finance and marketing and in-house programs on workshops for cultivating capabilities of strengthening business competitiveness.

On the other hand, Basic (for supposed next generation leader) provides leadership programs.

## ② Implementation of other programs

Nisshinbo Group provides special strengthening programs on specific or general job skills and digital literacy. E-learning systems, distant learning program, on-line English conversation course and assistance for language examination fees are available for employees. E-learning systems, in particular, contain a variety of learning materials with no restrictions so that employees could have many opportunities for their growth and career development.

## (3) Investment in Intellectual Property

Nisshinbo Group is focusing on the development of competitive products and technologies in such three core fields as sensing, wireless communications, and information processing. In addition to research and development in each business, Nisshinbo conducts group-wide research and development activities with the aim of creating innovation by integrating diverse technologies and providing new value that contributes to a sustainable society. Nisshinbo discloses its intellectual property activities on the corporate website.

(Information on Intellectual Property)

[https://www.nisshinbo.co.jp/english/sustainability/intellectual\\_property.html](https://www.nisshinbo.co.jp/english/sustainability/intellectual_property.html)

## (4) Risks and Opportunities Related to Climate Change

In June 2022, Nisshinbo expressed its endorsement with the Declaration of Carbon Neutrality to support for the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) and completed climate change scenario analysis for all its businesses by March 2024. In accordance with the TCFD recommendations, Nisshinbo Group has been disclosing information on its website regarding the four pillars of “Governance,” “Strategy,” “Risk management,” and “Indicators and Targets.” “Strategy” explains the risks and opportunities to have been identified by the climate change scenario analysis.

(Information disclosure based on TCFD recommendations)

<https://www.nisshinbo.co.jp/english/sustainability/tcf.html>

## [Supplementary Principle 4-1-1 Scope of delegation to the Board of Directors]

The Board of Directors deliberates and makes decisions on important management matters through its resolutions, including decisions on management strategies and management plans, changes in business portfolios and group structures, and the execution of M&A and investment projects, in accordance with the Company Law and other laws and regulations, as well as the agenda criteria stipulated in the internal Regulations of the Board of Directors and Regulations on the Authority to Make Decisions. On the other hand,



the Board of Directors delegates a part of its authorities to Managing Officers to make judgments and decisions on important matters concerning the execution of business, except for matters brought before the Board of Directors. The president makes decisions on the execution of delegated matters and determines the matters to be brought up for discussion by the Board of Directors after deliberation by the Board of Management, which is composed of managing officers. The Board of Directors receives reports from Managing Officers on the status of the execution of decisions by the Board of Directors and the matters delegated to it and monitors these reports.

[Principle 4-9. Criteria for Independence and Qualifications of Independent Outside Directors]

The Board of Directors carefully assesses the eligibility of each director as an independent outside director in light of the external requirements set forth in the Companies Act and the independence standards set forth by the financial instrument's exchanges, and with the consent of the individual, appoints the director.

[Supplementary Principle 4-10-1 Policies, authorities, roles and so forth on independence of committee structure]

In order to enhance transparency and objectivity in the process of determining the remuneration of directors and managing officers and in the nomination and selection and dismissal processes for directors, Audit and Supervisory Board members, and managing officers, the Company shall establish an Independent Nomination Committee and Remuneration Committee in which outside directors shall participate as advisory bodies to the Board of Directors. The Board of Directors shall pass resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee and Remuneration Committee. In order to ensure independence, the Nomination Committee and the Remuneration Committee shall consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors with the majority of the members being outside directors. In addition, the committee members shall appoint a chairperson by mutual vote. The authority and roles of the Nomination Committee are described in section I, paragraph 1 [Principle 3-1] (4) "Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Managing Officers" and the authority and roles of the Remuneration Committee are described in section II, paragraph 1 [Director Remuneration] (1) "Basic Policy and Procedures for Determining Remuneration for Directors".

[Supplementary Principle 4-11-1 Policies on balancing directors' acquired skills, experiences, and capabilities in the Board of Directors as a whole]

In order to develop each of the Group's businesses globally along the environmental and energy axis, the Board of Directors shall nominate management personnel with outstanding management achievements and the strong desire and the skills to commit to the realization of the corporate philosophy and the enhancement of corporate value as candidates for the Board of Directors; furthermore, the Board shall seek to enhance the diversity of the Board of Directors, including gender, internationality, professional work experience, and age. In addition, the Nomination Committee, which includes outside directors, shall deliberate on the combination of skills



possessed by members of the Board of Directors, including experience, knowledge, and expertise, as well as the skills possessed by each director. The current composition of the Board of Directors is 9 directors, including 5 independent outside directors (including 2 women and 1 non-Japanese). A skills matrix listing the experience and expertise of each director is included in Appendix 3 of this document. The procedures for the appointment of directors are described in "Appointment of Directors" in section I, paragraph 1 [Principle 3-1] (4) "Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Managing Officers".

[Supplementary Principle 4-11-2 Status of concurrent positions on directors and statutory auditors]

To ensure that outside directors and Audit and Supervisory Board members appropriately fulfill assigned roles and responsibilities, the Company shall ascertain the concurrent positions of candidates at other listed companies or equivalent companies or organizations during the nomination process and shall confirm that such positions would not hinder attendance at meetings of the Board of Directors and Audit and Supervisory Board or the performance of assigned duties. The status of concurrent positions of directors and Audit and Supervisory Board members, including outside directors, is stated in the notice of convocation of the general shareholders' meeting.

[Supplementary Principle 4-11-3 Analysis and evaluation of the effectiveness of the Board of Directors as a whole]

#### (1) Evaluation Policy

Nisshinbo places importance on establishing effective governance that contributes to sustainable growth and the enhancement of corporate value over the medium to long term in accordance with the Nisshinbo Corporate Governance Policy. Nisshinbo evaluates the effectiveness of the Board of Directors every year and publishes a summary of the results.

#### (2) Evaluation Process

Nisshinbo conducts evaluations using the expertise of an outside consultant in order to ascertain the awareness of issues considered important for the Board of Directors and Audit and Supervisory Board members to effectively fulfill their roles and responsibilities\* and to objectively confirm whether the Board of Directors is functioning effectively under its fiduciary responsibility to shareholders. The external consultant conducted questionnaire surveys for all directors and corporate auditors and discussed the results based on the compiled analysis.

\* Composition and operation of the Board of Directors and deliberations on strategy

#### (3) Summary of Evaluation Results

The Board of Directors is made up of members with diverse backgrounds, and the candid comments of each director stimulate and invigorate discussions. The Nomination Committee was highly evaluated by an outsourced consultant for its effective functioning, as it was able to hold numerous opportunities for

constructive discussions on important topics for deliberation, with sufficient time for discussion, which came from proposals of committee members.

The following three initiatives were top priorities for the previous fiscal year.

- The Board of Directors share each company's business targets and measures and fully monitor them in order to attain better productivity and profitability of each business and to lead to strengthen earning power as a whole Nisshinbo Group.

- The Board of Directors regularly and continuously discuss themes on sustainability in order to enhance sustainability management throughout Nisshinbo Group.

- The Board of Directors strive to increase the effectiveness of deliberations in the Board of Directors meetings by means of improvements of their operations and setting up opportunities for discussions and exchanging views between officers and outside directors on the occasions other than the Board of Directors Meetings.

Those initiatives were highly evaluated by an outsourced consultant from the viewpoint that there are plenty of opportunities for discussion and exchanging views between officers and outside directors on the occasions other than the Board of Directors Meetings to increase effectiveness of deliberations in the Board of Directors Meetings. On the other hand, it was also pointed out that more efforts had better be made to keep communication two-way.

In addition, Nisshinbo Group has been working on attaining better productivity and profitability of each business and leading to strengthen earning power as a whole Nisshinbo Group and will promote initiatives with consideration of fiduciary responsibility owed to shareholders. For this fiscal year, Nisshinbo Group will foster the following initiatives.

- The Board of Directors will support the Company to formulate and promote group management strategies and show its leaderships to group companies, with the aim of enhancing the corporate value of Nisshinbo Group.

- The Board of Directors will contribute to the sustainable growth of Nisshinbo Group through understanding issues to be solved and considering fundamental countermeasures, in addition to sharing its status quo and risks.

- The Board of Directors will appropriately obtain necessary available information as an input on both the business environment and managerial issues to be solved and will strengthen its alliance with officers.

[Supplementary Principle 4-14-2 Policies on training directors and auditors]

The Company provides training for directors and Audit and Supervisory Board members on the selected topics of sustainability management, compliance, business strategy, and R&D, as well as opportunities for newly appointed directors and Audit and Supervisory Board members to participate in external training programs. Outside directors and Audit and Supervisory Board members are provided with opportunities to attend external training programs. To promote a better understanding of the Company's business activities, the top managers of the business divisions provide an overview of the Company's operations and visit major business sites and research laboratories.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

Nisshinbo believes that only by listening to stakeholders and gaining their understanding and trust will the

Company be able to achieve sustainable growth and increase its corporate value over the medium to long term. Nisshinbo will deepen communication with the shareholders and investors through the implementation of the following various measures.

(Measures for communication)

- The director in charge of investor relations oversees all measures related to communication with shareholders and investors. The director in charge of IR is responsible for the IR team, which consists of personnel from Corporate Communications, Finance & Accounting, Legal, and other departments, and is responsible for the centralized collection of internal information, as well as the accurate and fair dissemination of information outside the company.
- The IR team will strive to enrich the general shareholders' meeting, where top management can directly communicate with shareholders, the regular investor meetings for top management to explain management strategies and plans in person, and overseas investors' meetings. The team also plans and holds individual meetings with domestic and overseas investors throughout the year.
- The person in charge of Corporate Communications division is the point of contact for requests for meetings from shareholders and investors, and when deemed necessary, the director in charge of IR and other directors, Audit and Supervisory Board members, and managing officers will join the meeting.
- The status of IR activities, including the different measures for communication with shareholders and investors, shall be regularly shared with Directors.
- The IR team ensures that insider information is not communicated to shareholders and investors, but in order to prevent leaks of financial information and to ensure fairness, a quiet period is observed from the day following the settlement date to the day of the announcement of financial results.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price] (updated on April 14, 2025)

Concerning initiatives in implement management that is conscious of cost of capital and stock price, Nisshinbo Group disclosed them in the “Medium-Term Management Plan 2026” and explained to transform our business portfolios and accelerate growth investments. Nisshinbo Group has been working on the following key initiatives: ①accelerating transformation of business portfolios, ②setting new business models for future growth and weighted allocation of resources to selective investments, and ③reducing managerial risks with reinforcement of business structure. Although Return on Equity (ROE) has improved year-on-year basis due to the recovery of net income, Nisshinbo Group has not yet attained the targets set out in the Medium-Term Management Plan 2026. Nisshinbo Group will strive to improve its profitability and increase corporate value including improvement of Price Book-value Ratio (PBR). For further information and the state of progress, please refer to the following URLs.(medium-term management plan (February 9, 2024))

[https://www.nisshinbo.co.jp/english/ir/management/mid\\_managementplan.html](https://www.nisshinbo.co.jp/english/ir/management/mid_managementplan.html)

(Financial Results for the Fiscal Year Ended December 2024 (February 12, 2025))

[https://www.nisshinbo.co.jp/nish/ir/library/pdf/presentation/2024\\_0212\\_full.pdf](https://www.nisshinbo.co.jp/nish/ir/library/pdf/presentation/2024_0212_full.pdf)

[Status of Dialogue with Shareholders]

The director in charge of IR manages to oversee initiatives on communication with shareholders and investors, where active engagement such as providing IR information in accurate and fair manners and pursuing direct dialogues with them.

For further information on dialogue with shareholders, please refer to “2. Status of IR-related Activities” in “III. Implementation of Measures for Shareholders and Other Stakeholders.”

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,430,000	14.91
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	9,000,000	5.73
Custody Bank of Japan, Ltd. (Trust Account)	7,098,000	4.52
State Street Bank and Trust Company 505001 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	5,910,831	3.76
Teijin Limited	3,158,356	2.01
Shikoku Kasei Holdings Corporation	2,600,000	1.65
Nisshinbo Group Employee Stock Ownership Plan	2,325,861	1.48
The Japan Wool Textile Co., Ltd.	2,282,000	1.45
DFA Intl Small Cap Value Portfolio (Standing proxy: Citibank, N.A., Tokyo Branch)	2,090,374	1.33
Nisshinbo Business Partners Shareholding Association	1,770,700	1.13

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

### Supplementary Explanation Updated

- (1) 12,079,169 shares of treasury stock that the Company holds are excluded from the above major shareholders. Percentage is calculated by excluding the number of treasury stock.
- (2) The large shareholding report (change report Form) made available for public inspection on December 18, 2024, submitted by Nomura Securities Co., Ltd, states that two companies own shares shown below as of December 13, 2024. However, the Company is still unable to confirm the exact number of shares owned as of December 31, 2024, so that shares owned by two companies are

excluded from the above major shareholders as well. Details are as follows.

- ① Name or Company Name: Nomura International PLC  
Address: 1 ANGEL LANE, LONDON EC4R 3AB, UNITED KINGDOM  
Number of Shares Owned: 248 (thousand shares), Ratio of Shares Owned: 0.15 (%)
- ② Name or Company Name: Nomura Asset Management Co., Ltd.  
Address: 2-2-1, Toyosu, Koto-ku, Tokyo  
Number of Shares Owned: 7,496 (thousand shares), Ratio of Shares Owned: 4.43 (%)

Total of ① to ②

Number of Shares Owned: 7,744 (thousand shares), Ratio of Shares Owned: 4.58 (%)

- (3) The large shareholding report (change report Form) made available for public inspection on December 20, 2024, states that Marathon Asset Management Limited owns shares shown below as of December 13, 2024. However, the Company is still unable to confirm the exact number of shares owned as of December 31, 2024, so that shares owned by the company are excluded from the above major shareholders as well. Details are as follows.

- ① Name or Company Name: Marathon Asset Management Limited  
Address: Orion House, 5 Upper St. Martin's Lane, WC2H 9EA London, UK  
Number of Shares Owned: 9,322 (thousand shares), Ratio of Shares Owned: 5.51 (%)

### 3. Corporate Attributes

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

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

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### 5. Other Special Circumstances which May have Material Impact on Corporate Governance

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

## 1. Organizational Composition and Operation

Corporate Governance System

Company with Audit and Supervisory Board

### Directors

Number of Directors Stipulated in Articles of Incorporation	14
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board <b>Updated</b>	Chairman
Number of Directors <b>Updated</b>	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Keiji Taga	From another company					△						
Hiroaki Yagi	Lawyer											
Naoko Tani	From another company											
Richard Dyck	From another company											
Yuki Ikuno	From another company											

\*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.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Keiji Taga	○	Mr. Taga was affiliated with the Development Bank of Japan Inc. (DPJ), one of the major lenders for Nisshinbo Group, where he worked from the period of April 1973 to June 2009, and served as an executive director from the period of June 2004 to September 2008, and as a director and executive managing officer from the period of October 2008 to June 2009. However, he has not been involved in the management or business execution of DPJ since his resignation.	(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his extensive business and management experience at government-affiliated financial institutions, management track record at operating companies, and high level of insight. (Reason for designation as independent officer) Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.
Hiroaki Yagi	○	—	(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his professional knowledge of the law, his wealth of experience in the legal profession, and his high level of insight. (Reason for designation as independent officer) Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.
Naoko Tani	○	—	(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent



			<p>standpoint by utilizing his expertise in the semiconductor industry, abundant management experience, and high level of insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.</p>
Richard Dyck	○	—	<p>(Reason for appointment)</p> <p>Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his extensive management experience, deep insight into capital markets and corporate governance, specialized knowledge of the semiconductor industry in Japan and abroad, and high level of insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.</p>
Yuki Ikuno	○	—	<p>(Reason for appointment)</p> <p>Nisshinbo believes that she will supervise group management from an independent standpoint by utilizing her expertise, high level knowledge and deep insights into financial and capital markets, acquired through enriched experiences of a variety of investment banking operations at foreign financial institutions.</p> <p>(Reason for designation as independent</p>

			<p>officer)</p> <p>Since she does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede her independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) **Updated**

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	7	0	2	5	0	0	Other
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	7	0	2	5	0	0	Other

(as of last update date first above written)

Supplementary Explanation **Updated**

In order to enhance transparency and objectivity in the process of determining the remuneration of directors and managing officers and in the process of nominating and appointing directors, Audit and Supervisory Board members, and managing officers, the Company has established an Independent Nomination Committee and Remuneration Committee, both of which are advisory bodies to the Board of Directors and include outside directors. The Board of Directors also adopts resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee and Remuneration Committee. In order to ensure independence, the Nomination Committee and Remuneration Committee are composed of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors, the majority of whom are outside directors. The chairpersons of the Nomination Committee and Remuneration Committee will be appointed at a later date by mutual vote of committee members.

[Activities of the Nomination Committee]

The Nominating Committee held four meetings during the fiscal year ended December 31, 2024 (in May, July, September and November 2024) to deliberate on personnel matters of directors, corporate auditors, and

managing officers of the Company and its major subsidiaries, and to formulate drafts of candidates to be submitted to the Board of Directors. The composition of the Nominating Committee, its committee chairperson, the number of meetings held, and the attendance of each member during the fiscal year are as follows.

Name	Number of Attendances/Number of Meetings
Keiji Taga (committee chairperson) *	4/4 times (100%)
Hiroaki Yagi *	4/4 times (100%)
Naoko Tani *	4/4 times (100%)
Richard Dyck *	4/4 times (100%)
Yuki Ikuno *	4/4 times (100%)
Masahiro Murakami	4/4 times (100%)
* Outside Director	

[Activities of the Remuneration Committee]

The Remuneration Committee held two meetings during the fiscal year ended December 31, 2024 (in October and December 2024). The committee reviewed and analyzed the remuneration levels and remuneration structure of benchmark companies obtained through the databases of external research organizations. Verified the remuneration table\* applicable to the Company's directors and managing officers and considered whether a review was necessary or not and determined the individual remuneration amounts (base remuneration and standard bonus amount) to be received by each director and managing officer based on the remuneration table. The Remuneration Committee's composition, committee chairperson, status of meetings, and attendance by each committee member during the fiscal year under review are as follows.

\*The remuneration composition ratio for directors (excluding outside directors) as stipulated in the current remuneration table is 67% to 70% for fixed remuneration (base remuneration) and 30% to 33% for variable remuneration (standard bonus amount and stock-based remuneration), depending on their position in the Company.

Name	Number of Attendances/Number of Meetings
Keiji Taga (committee chairperson) *	2/2 times (100%)
Hiroaki Yagi *	2/2 times (100%)
Naoko Tani *	2/2 times (100%)
Richard Dyck *	2/2 times (100%)
Yuki Ikuno *	2/2 times (100%)
Masahiro Murakami	2/2 times (100%)
* Outside Director	

## Audit and Supervisory Board Member

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Audit and Supervisory Board members hold regular meetings with Certified Public Accountants of Deloitte Touche Tohmatsu LLC, to receive reports on the status of accounting audits, and to discuss and confirm whether any correction or rectification ought to be implemented or not. Besides, Audit and Supervisory Board members strive to enhance the effectiveness of their audits by cooperating with Certified Public Accountants to witness the inventory of Nisshinbo Group companies together. Furthermore, regarding the audit of financial results, the Company receives reports on audit methods and audit results from Certified Public Accountants.

Nisshinbo has the Internal Audit Department that is independent of business lines. The Internal Audit Department periodically conducts internal audits of the group's domestic business sites and reports to the Audit and Supervisory Board members and obtain feed-backs of the results of internal audits conducted by Audit and Supervisory Board members as well at regular meetings.

On the other hand, the Internal Audit Department collaborates with Certified Public Accountants. They exchange information obtained from their respective audit operations and establish a mutually complementary audit system.

Liaison meetings for three types of audits (those conducted by Internal Audit Department, Audit and Supervisory Board members, and Certified Public Accountants) are held every month to exchange opinions and promote mutual collaboration.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

#### Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Atsushi Yamashita	Lawyer													
Noriko Ichiba	CPA									△				

\*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.)

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the

- corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
  - k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
  - l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
  - m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Atsushi Yamashita	○	—	<p>(Reason for appointment)</p> <p>He has practical experience as a lawyer and specialized knowledge of international legal affairs, and Nisshinbo believes that he can audit group management from an independent standpoint by utilizing his high level of expertise, abundant experience, and insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.</p>
Noriko Ichiba	○	Ms. Ichiba worked for Deloitte Touche Tohmatsu LLC, the Company's financial auditor, from October 1992 to December 1995.	<p>(Reason for appointment)</p> <p>She has practical experience as a certified public accountant and tax accountant, as well as specialized knowledge of finance and accounting, and Nisshinbo believes that she can audit group management from an independent standpoint by utilizing her high level of expertise and wealth of experience and insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since she does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company concludes that there is no risk of a conflict of interest with general shareholders.</p>

## Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent  
Audit and Supervisory Board Members

7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company designates all outside directors who meet the qualifications for independent officers as independent officers.

## Incentives

Implementation Status of Measures related to  
Incentives Granted to Directors

Introduction of Performance-linked Remuneration, Other

Supplementary Explanation for Applicable Items

The 175th General Shareholders' Meeting held on June 28, 2018, adopted a resolution to introduce a restricted stock remuneration plan in order for directors (excluding outside directors) to further share the benefits and risks of stock price fluctuations with shareholders and to motivate them to contribute more to increasing the stock price and raising corporate value.

Persons Eligible for Stock Options

—

Supplementary Explanation for Applicable Items

—

## Director Remuneration

Status of Disclosure of Individual Directors'  
Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items **Updated**

Number of officers covered by each category of officers and total amount of remuneration (total amount of remuneration by type of remuneration)

Type	Total amount of Remuneration (Millions of yen)	Total amount of Remuneration by type (Millions of yen)			Number of eligible directors
		Base Remuneration (Fixed Remuneration)	Bonus (Performance-linked remuneration)	Restricted transferable stock	
Directors (Excluding Outside Directors)	178	127	38	13	6

Audit and Supervisory Board members (Excluding Outside Audit and Supervisory Board members)	39	39	-	-	3
Outside directors and outside Audit & Supervisory Board members	73	73	-	-	7

Notes: 1. Maximum amount of remuneration for directors

- Up to ¥400 million per year  
(Resolution passed at the 162nd General Shareholders' Meeting held on June 29, 2005)
- The total amount of monetary remuneration to be paid to directors (excluding outside directors) as remuneration related to restricted transferable shares, which is separate from the above: Up to ¥40 million per year  
(Resolution passed at the 175th General Shareholders' Meeting held on June 28, 2018)

2. Maximum amount of remuneration for Audit and Supervisory Board members

- Maximum amount of remuneration for corporate auditors: ¥70 million per year  
(Resolution passed at the 145th General Shareholders' Meeting held on July 22, 1988)

3. The total amount of remuneration for directors does not include the amount equivalent to salaries paid to directors who concurrently serve as employees.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

#### Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

##### (1) Basic Policy and Procedures for Determining Remuneration for Directors

- The Company shall establish the Remuneration Committee as an advisory body to the Board of Directors in order to enhance transparency and objectivity in the process of determining remuneration for directors.
- The Board of Directors shall adopt resolutions to revise or abolish the operating rules governing the composition and duties of the Remuneration Committee. The Remuneration Committee also adopts resolutions on the policy for determining remuneration formulated by the Remuneration Committee.
- In order to ensure independence, the Remuneration Committee shall consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors with a majority of the members being outside directors. The chairperson of the Remuneration Committee is appointed by mutual vote of the Committee members.
- The Remuneration Committee shall establish a remuneration table for directors (to determine the composition, amount, and percentage of remuneration) and bonus calculation criteria (company-wide performance targets for net sales, income before income taxes, and operating cash flow, and the same shall apply hereinafter), taking into consideration the remuneration levels and percentages of other companies and the position of the Company in order to secure excellent management talent and appropriate treatment of such



talent.

- Remuneration for directors shall consist of base remuneration (monthly remuneration), bonuses, and stock-based remuneration (restricted stock). However, outside directors shall receive only base remuneration (monthly remuneration).
- Each director shall be paid the basic remuneration (monthly remuneration) for each position as set forth in the remuneration table determined by the Remuneration Committee.
- Each director (excluding outside directors) shall receive a bonus once a year as a performance-based incentive. The actual amount of bonus is determined by applying the bonus calculation standards based on the standard amount of bonus for each position as stipulated in the remuneration table determined by the Remuneration Committee.
- The Company allocates restricted stock as stock remuneration to each director (excluding outside directors) in order to further share the benefits and risks of stock price fluctuations with shareholders and to motivate them to contribute to the increase in the stock price and the enhancement of corporate value.
- Remuneration for directors will be determined within the range of the total amount of remuneration determined by the adoption of a resolution at a general shareholders' meeting. The amount and timing of the payment of monetary remuneration claims for restricted stock will be determined by the Board of Directors after deliberation by the Remuneration Committee and within the total amount and total number of shares separately determined by a resolution adopted at a general shareholders' meeting.
- No retirement benefits shall be paid to directors.

## (2) Basic Policy for Determining Remuneration for Audit and Supervisory Board Members

- Remuneration for Audit and Supervisory Board members is determined within the maximum amount of total remuneration set by a resolution adopted at a general shareholders' meeting.
- Remuneration for each Audit and Supervisory Board members is determined through discussions among the Audit and Supervisory Board members.
- Bonuses and retirement benefits are not paid.

## (3) Method of Determining Policy

- The basic policy for the determination of remuneration for directors is set by a resolution adopted by the Board of Directors.
- The basic policy for determining remuneration for Audit and Supervisory Board members is determined by a resolution adopted by the Audit and Supervisory Board.

## Support System for Outside Directors and/or Outside Audit and Supervisory Board Members Updated

Materials for meetings of the Board of Directors are distributed to outside directors and outside Audit and Supervisory Board members in advance (usually three business days prior to the meeting) to enable full discussion at meetings of the Board of Directors.

## Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)  
After Retiring as Representative Director and President, etc.

0

Other Related Matters

The Company already abolished the system of commissioning advisors and counselors.

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

### (1) Oversight and Execution of Business

#### [Board of Directors]

The Board of Directors of the Company is responsible for making decisions on important management matters and oversight of the execution of business by directors of the Company. In principle, the Board of Directors meets once a month, and ad hoc board meetings are held as necessary. In the fiscal year ended December 31, 2024, the Board of Directors held its meetings 16 times. All directors attended all 16 meetings.

#### [Board of Management]

The Board of Management, consisting of directors, managing officers, and other executives, deliberates on important matters related to the execution of business. In principle, the Board of Management shall meet once a month.

#### [Directors]

Nine directors, including five outside directors, are elected. The term of office of directors is set at one year in order to clarify management responsibility for each fiscal year. One Representative director is elected by a resolution adopted by the Board of Directors and consist of the president and representative director.

#### [Managing Officers]

Nisshinbo introduced the managing officer system to separate the decision-making and oversight functions of Group management from the execution of business functions with the aim of strengthening both functions. Nisshinbo has 12 managing officers (including those of 3 concurrently acting as directors). The term of office for managing officers is one year.

### (2) Audit System

Nisshinbo established the Audit and Supervisory Board to oversee the conduct of audits, appointed financial auditors to conduct the accounting audits, and set up the Internal Audit Department, the Company's internal

audit division, to conduct internal audits. The Company strives to improve corporate governance by promoting mutual cooperation among the audit functions. In addition, the Company conducts audits in the specialized areas of occupational safety, the environment, and information systems.

[Audit and Supervisory Board]

The Audit and Supervisory Board consists of four members, including two outside members. Based on the audit policy and audit plan established by the Audit and Supervisory Board, the Audit and Supervisory Board members audit the management and execution of business of the Company and its subsidiaries by attending important meetings of the Board of Directors and the Board of Management and by interviewing executives on the status of business operations.

[Financial Auditors]

The Company has contracted with Deloitte Touche Tohmatsu LLC to conduct audits, which are conducted from a fair and impartial standpoint.

[Internal Audit Department]

The Internal Audit Department is independent of the execution of business function. The Internal Audit Department continuously conducts on-site audits of the Company and business execution by its subsidiaries and offers advice and suggestions for improvement from the viewpoint of legality and rationality, thereby protecting the Company's assets and improving management efficiency.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the current system because it believes that outside directors, who possess a wealth of experience and deep knowledge, can monitor the Company's management from an objective and neutral perspective, while the outside and full-time Audit and Supervisory Board members from the Company work together with the Internal Audit Department, the internal audit division, to ensure the appropriateness of the Company's operations.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Scheduling of the General Shareholders Meeting During Non-Peak Days	Voting rights can be exercised via the Internet.
Electronic Exercise of Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	An English translation of the notice of convocation (reference documents) has been prepared and posted on the Company's website.
Other	For the fiscal year ended December 31, 2024, the Company posted the electronic provision measures matters (information that is the

	contents of the reference documents for the general shareholders' meeting) on its website on February 28, 27 days prior to the date of the general meeting. In addition, after the general shareholders' meeting, the results of the exercise of voting rights, including the number of votes for and against each proposal, with English translation, are posted on the Company's website.
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## 2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Details of the contents of the Disclosure Policy, including the Basic Stance on IR Activities and Information Disclosure Methods, are posted in the "IR Policy" section of the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings (twice a year) are held for analysts and institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	The Company actively conducts individual meetings (including online meetings) with overseas investors throughout the year.	Not Held
Online Disclosure of IR Information	Various IR materials are posted on the corporate website, including the Integrated Report, notice of convocation and resolutions adopted at the ordinary General Shareholders' Meeting financial statements, financial results briefing materials, corporate governance reports, business reports, annual securities reports, and press release materials.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The IR & Corporate Communications Group in the Corporate Strategy Department is responsible for investor relations.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Nisshinbo has established "VALUE" as the value and attitude for realizing the Group Corporate Philosophy and the Business Conduct Guidelines as the code of conduct for each individual based on this philosophy. This was established to earn the trust of customers, business partners, local communities, employees, shareholders, and other stakeholders through business activities and to contribute to the sustainable development of society, including the protection of the global environment, in cooperation with them. Established behind this is the concept that a company exists for the benefit of its stakeholders, and that it is committed to integrity in its business activities, enhancing ESG, and the promotion of sustainability management.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Nisshinbo established a group in charge of sustainability in the Corporate Strategy Department and has been implementing initiatives while sharing the direction of sustainability management with its group companies. Specific initiatives, policies, and systems for environmental protection, respect for human rights, D&I, and occupational health and safety are detailed in the Integrated Report and on the Sustainability website. (Integrated Report) <a href="https://www.nisshinbo.co.jp/english/ir/library/annual_report.html">https://www.nisshinbo.co.jp/english/ir/library/annual_report.html</a> (Sustainability) <a href="https://www.nisshinbo.co.jp/english/sustainability/index.html">https://www.nisshinbo.co.jp/english/sustainability/index.html</a> (Nisshinbo Group Human Rights Statement) <a href="https://www.nisshinbo.co.jp/english/sustainability/human-rights/statement.html">https://www.nisshinbo.co.jp/english/sustainability/human-rights/statement.html</a>
Other	Nisshinbo views the health of its employees and organization as an important issue and thus established the Nisshinbo Group Health Management Policy in January 2019. (Promoting Health Management) <a href="https://www.nisshinbo.co.jp/english/sustainability/health.html">https://www.nisshinbo.co.jp/english/sustainability/health.html</a>

## IV. Matters Concerning the Internal Control System

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

Based on the Nisshinbo Group Corporate Philosophy, the Company fosters a sound corporate culture throughout the Group. In the execution of business, Nisshinbo has established a system for problem detection and improvement within the business execution process and has built and is operating the internal control system as described below.

1. System to Ensure the Execution of Business by Directors and Employees in Compliance with Laws, Regulations, and the Articles of Incorporation

(1) Directors and managing officers take the initiative in following the Nisshinbo Group Business Conduct Guidelines, which aim to establish compliance within the Group and to ensure compliance with laws, the Articles of Incorporation, and internal regulations. In addition, employees are repeatedly educated on the

importance of compliance with this guideline to ensure full awareness.

(2) The president is the chief compliance officer, and the Corporate Ethics Committee, which reports directly to the president, is responsible for the development and operation of the Group's corporate ethics systems and regulations. The Corporate Ethics Committee members and the outside legal counsel serve as contact points for the Corporate Ethics Reporting System, which is used for the early detection and correction of violations of laws and regulations. The president reports important matters related to corporate ethics to the Board of Directors and the Audit and Supervisory Board members.

(3) The participation of outside directors enhances the oversight function of the Board of Directors and improves the transparency of management. By adopting a managing officer system, the Company separates the management decision-making and oversight functions from the execution of business functions to strengthen each component.

(4) The Internal Audit Department, which is independent from the execution of business function, has been established as the organization in charge of internal audits for the Nisshinbo Group. The Internal Audit Department conducts internal audits of the status of the execution of business in each division to ensure proper and rational business execution.

(5) The Company has no relationship with the Antisocial Forces that threaten the order and safety of civil society. The Company works closely with relevant organizations to deal with these Antisocial Forces in a resolute and organized manner as a group, regardless of the reasons for their actions.

## 2. System for Storage and Management of Information Related to Execution of Business by Directors

(1) In accordance with laws, regulations, and internal rules, the Company prepares and keeps minutes of important meetings, such as general shareholders' meeting and the Board of Directors, records related to important management decisions-making and the Execution of Business, and accounting records, such as accounting books.

## 3. Regulations and Other Systems for Managing Risk of Loss

(1) Directors and managing officers establish systems and regulations for risk management in order to respond in a timely and appropriate manner to all risks that may hinder the maintenance and improvement of the Group's corporate value and the sustainable growth of business by implementing risk management, including risk forecasting, planning and verification of countermeasures, and emergency response.

(2) The president is the chief risk management officer, and the chief executive officer and the person in charge of each department have been appointed to implement risk management. The Risk Management Department that serves as the center for group under the chief executive officer initiatives oversees risk management administration, operation, and educational support.

(3) Policies for dealing with important management and other risks are thoroughly discussed at the Board of Management and other meetings, and particularly important matters are reported to the Board of Directors.

(4) Each division selects risks that should be addressed as a priority with respect to the operations for which it is responsible, determines specific countermeasures, and implements appropriate risk management. The

Administration Division provides cross-sectional support for risk management implemented by the business units with regard to the matters for which they are responsible.

(5) For individual risks common to each division, such as violations of laws and regulations, environment, product safety, occupational health and safety, information security, and natural disasters, the Company has established corresponding regulations and implements risk management in accordance with these regulations.

#### 4. System to Ensure the Effective Execution of Business by Directors

(1) The Company maintains the size of the Board of Directors at an appropriate level to accelerate decisions with regard to management strategies and policies. In addition, the term of office of directors is set at one year, and the evaluation of directors by shareholders is confirmed at the annual general shareholders' meeting to clarify responsibilities regarding the business year.

(2) The Company adopted a managing officer system to speed up decision-making in the execution of business.

(3) The division of duties and the distribution of authority based on business rules and decision-making authority regulations are used to improve the efficiency of the execution of business.

#### 5. System to Ensure the Appropriateness of Business Operations of the Nisshinbo Group

(1) The Nisshinbo Group established systems and regulations for business operations and risk management, and by appropriately operating these systems and regulations, the Group strives to improve the soundness and efficiency of its operations.

(2) Nisshinbo respects the autonomy and independence of each group company and receives regular reports and communications from each company regarding business operations in accordance with the affiliate company management rules.

(3) Transactions among group companies are conducted appropriately in light of laws and regulations, accounting principles, tax laws, and other social norms.

(4) To ensure the reliability of the Nisshinbo Group's financial reporting, a system for internal control over financial reporting has been established, and evaluation, maintenance, and improvement activities are continuously conducted in accordance with the Financial Instruments and Exchange Law and other relevant laws and regulations.

(5) The directors and Supervisory Board members are dispatched to each Group company to oversee and audit the execution of business.

#### 6. Matters Concerning Employees to Assist Audit and Supervisory Board Members and Matters Concerning Independence of such employees from directors

(1) Audit and Supervisory Board members may instruct employees in the Auditing Department and other departments to assist with matters necessary for auditing duties.

(2) Employees who receive instructions from Audit and Supervisory Board members regarding audit duties are subject solely to the direction and orders of the Audit and Supervisory Board members with respect to the matters instructed by the Audit and Supervisory Board members.



(3) With respect to employees who receive instructions from Audit and Supervisory Board members regarding the audit work, directors and supervisors of the department to which the employee belongs shall provide the necessary environment for the employee to carry out the instructions of the members.

#### 7. Systems for Reporting to Audit and Supervisory Board Members and Systems to Ensure the Effective Implementation of Audits by Audit and Supervisory Board members

(1) The Audit and Supervisory Board members shall attend meetings of the Board of Directors and other important meetings of the Group, express their opinions as necessary, and receive reports from Directors, Audit and Supervisory Board members, managing officers, and employees of the Company and Group companies on the status of business execution or auditing operations. They also have access to the minutes of the meetings of the Board of Directors and other business-related records.

(2) Directors, managing officers, Audit and Supervisory Board members, and employees of the Company and its group companies shall promptly report to the Audit and Supervisory Board members, either directly or through their positions, any significant deterioration in the credibility of the Nisshinbo Group, any serious adverse effect on business performance, or any serious act that violates corporate ethics or the threat of such an event. In addition, the persons responsible in the Finance and Accounting Department shall report to the Audit and Supervisory Board members in accordance with the nature of their duties.

(3) Directors, managing officers, and employees of the Company and its group companies shall not treat nor engage in any disadvantageous treatment of employees of the Company or its group companies who report to Audit and Supervisory Board members regarding their audit duties.

(4) Liaison meetings between Audit and Supervisory Board members are held on a regular basis at which the Audit Department reports important matters related to internal audits to the members, thereby promoting cooperation between the members and the Audit Department.

(5) The Company shall bear the expenses necessary for Audit and Supervisory Board members to perform their duties.

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

### 1. Basic Views

As stated in Section 1 of "Basic Views on Internal Control System," the Company has established a system to systematically and resolutely confront any Antisocial Forces that threaten the order and safety of civil society, to cooperate with relevant organizations, and will not accept any unreasonable demands, irrespective of the reason.

### 2. Status of Maintenance

- The contents of Basic Views are included in the Code of Conduct, and all employees of the Group are trained in the Code of Conduct.
- In the event of occurring unjustified demands from Antisocial Forces, Nisshinbo Group cooperate with police authorities and other related organizations so as to properly cope with them.

## 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 **Updated**

The status of the Company's internal systems for timely disclosure of corporate information is as follows.

#### 1. Corporate Philosophy and Code of Conduct as the Basis for Timely Disclosure

Based on the Nisshinbo Group Corporate Philosophy, the Group has established a Code of Conduct, one of which is high quality communication. The content conforms to the Charter of Corporate Behavior of the Japan Business Federation (Keidanren), which stipulates as Basic Views on Timely Disclosure of Corporate Information that "Disclose corporate information actively, effectively and fairly and engage in constructive dialogue with a wide range of stakeholders, with a purpose of enhancing corporate value".

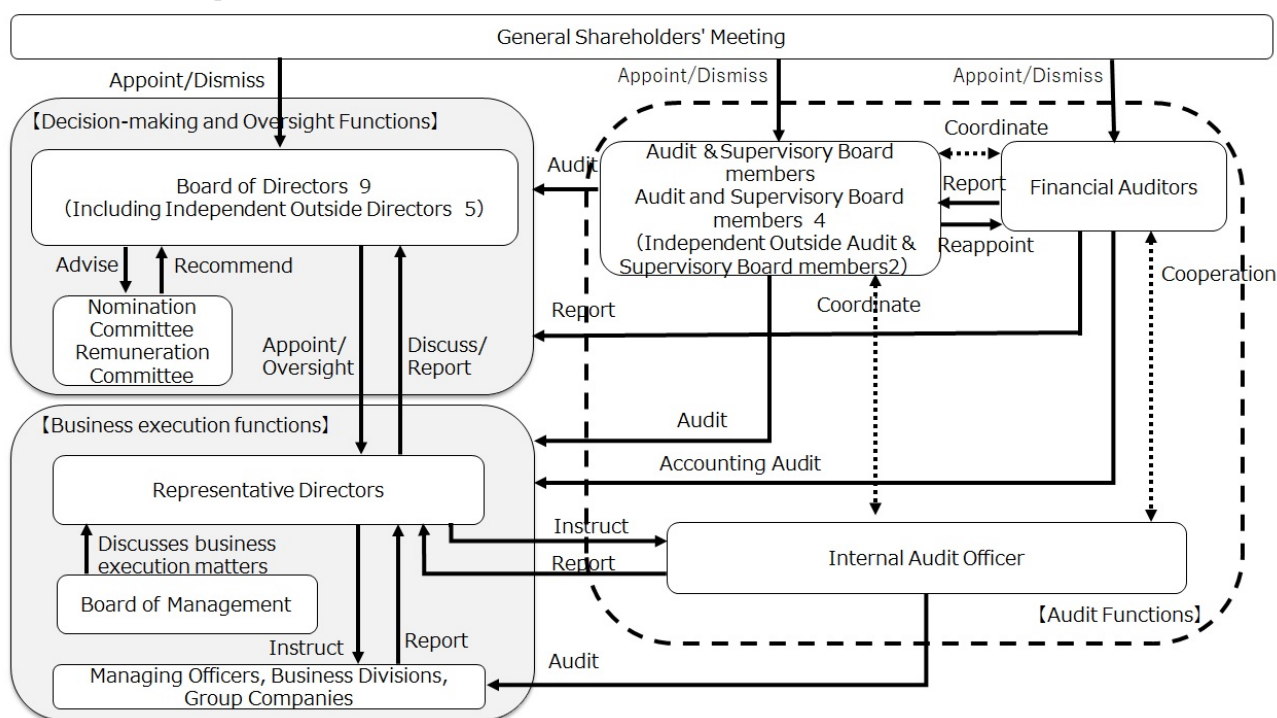
#### 2. Management of Important Information

To manage important information and prevent insider trading, the Group has established regulations for the management of insider information and has appointed an information manager and information management persons in charge of information management. The information manager, who is the person in charge of handling information registered in the stock exchange, oversees to control significant information of the entire group. The information management persons, who are appointed out of the heads of each major subsidiary and manage important information for the entire group.

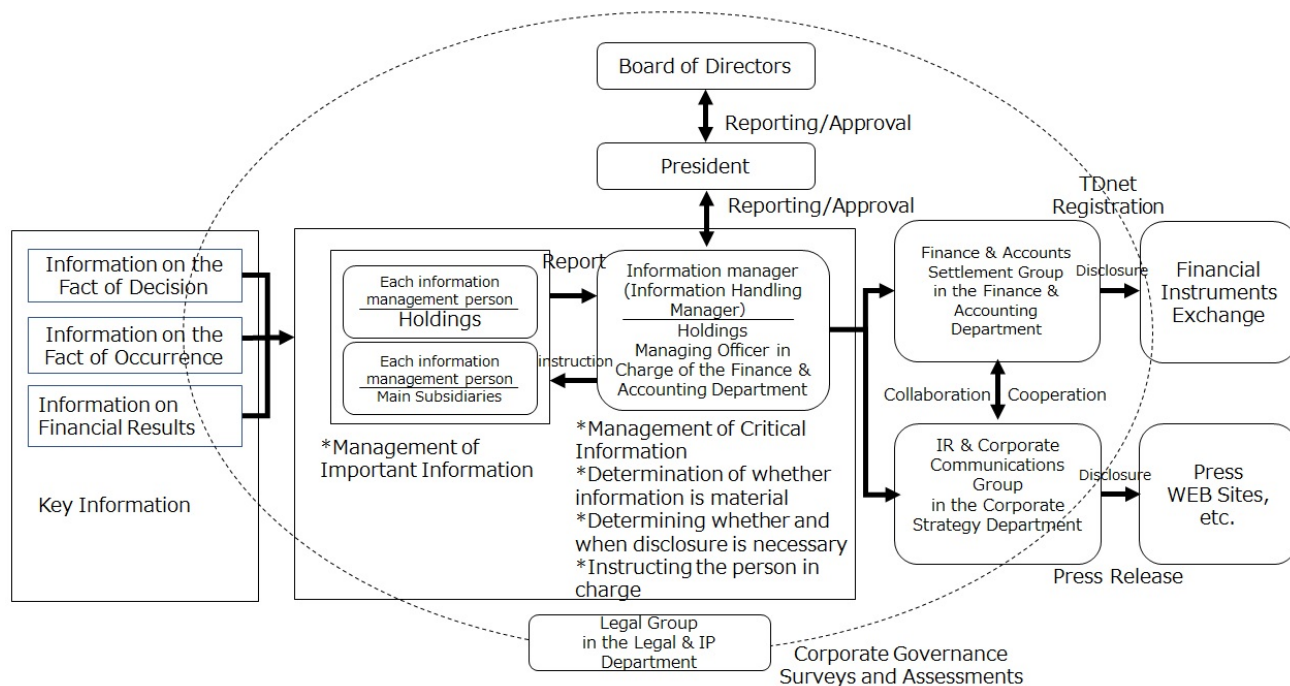
#### 3. Disclosure of Material Information

After a resolution adopted by the Board of Directors, the Finance & Accounts Settlement Group in the Finance & Accounting Department submits disclosure materials via the Timely Disclosure network (TDnet) under the direction of the information handling manager, and then the IR & Corporate Communications Group in the Corporate Strategy Department distributes the information to the media and posts it on the Company's website and intranet to ensure that the information is well known.

(Attachment 1) Corporate Governance Structure



(Attachment 2) Overview of Timely Disclosure System



(Attachment 3) Expertise and Experience Required as Directors of the Company (Skills Matrix)

Skill Name	Management Experience	International Experience/ Knowledge	Business/ Industry Knowledge	ESG	Technology/ Innovation	Legal/ Risk Management	Finance/ Accounting
Masahiro Murakami	○		○	○			○
Yasuji Ishii	○	○	○		○		
Takeshi Koarai	○		○		○		
Shuji Tsukatani	○	○	○				○
Keiji Taga	○					○	○
Hiroaki Yagi				○		○	
Naoko Tani	○	○	○				
Richard Dyck	○	○	○		○		
Yuki Ikuno		○				○	○

\*The main skills of each director are shown up to a maximum of four. Not all skills are shown.

END