

**Last updated: July 1, 2025**

## **Daiwabo Holdings Co., Ltd.**

Yukihiro Nishimura, Representative Director, President and Chief Executive Officer

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Securities Code: 3107

<https://www.daiwabo-holdings.com/en/index.html>

### **The status of the corporate governance of Daiwabo Holdings Co., Ltd. (hereinafter, “we,” “us,” “our” or the “Company”) is as follows:**

#### **I. Basic views on corporate governance, capital structure, corporate attributes, and other basic information**

##### **1. Basic views**

We regard corporate governance as one of our highest management priorities. Our basic management policy is to strengthen the business management of Group companies and to improve the management efficiency of, and ensure thorough governance of, the entire Group by improving our audit system. We also strive to ensure the transparency and soundness of our management through sufficient, appropriate and timely disclosure.

The Company holds up the Daiwabo Group Charter of Corporate Behavior. Through prompt, appropriate decision-making and our internal control function, we intend to build good trusting relationships with our shareholders, customers, employees, local communities, and other stakeholders and to fulfill our corporate social responsibility.

#### **[Reasons for not implementing certain principles of Japan’s Corporate Governance Code]**

[Principle 2-6: Exercise of the functions as the asset owner of corporate pension funds]

Our Group’s corporate pension funds are managed in different ways by different Group companies.

Each Group company entrusts the management of contributions, either directly or through funds, to fund management organizations in Japan and abroad. By leaving the selection of individual investments and the exercise of voting rights to the discretion of its fund management organizations, each Group company prevents conflicts of interest between beneficiaries of its corporate pension funds and the company.

Each Group company checks the soundness of the general management of its corporate pension funds through deliberation at regular meetings of its asset management committee, etc. For future consideration, the Company considers it an issue to train personnel with expertise in finance and human resources who will provide instructions regarding investment and other matters, fulfilling expected functions such as monitoring pension investment institutions. To this end, the Company will consider the systematic implementation of human resource development for each of its Group companies.

#### **[Disclosure based on certain principles of the Corporate Governance Code] Updated**

[Principle 1.4: Cross-Shareholdings]

Our holding of any shares for purposes other than investment is subject to our Board of Directors’ determination that the shareholding will contribute to the maintenance and improvement of our Group’s corporate value over the medium to long term, after the Board’s deliberation. This is done by taking comprehensively into consideration: the qualitative side of the purposes of the shareholding, such as securing, enhancing or expanding a business relationship, or facilitating or stabilizing financing; and the quantitative side of purposes such as dividends, profits from related transactions, and other related income, a comparison between return on investment and capital cost, investment risk, and the relevant company’s growth potential.

Every year, our Board of Directors checks our individual cross-shareholdings in terms of their purposes, economic rationality, etc. to review whether or not the shareholdings should be continued, and the number of shares held. If it is determined that any shareholding will not lead to an increase in our corporate value over the medium to long term based on the determination criteria described above, we intend to reduce the shareholding through sufficient dialogue with the other company.

As for our voting rights, we will exercise them after fully investigating the reasons, purposes, etc. of all proposals that we deem to require careful consideration in order to increase both our corporate value and that of the company we invest in over the medium to long term, and after checking also from the viewpoint of corporate governance and our social responsibility.

[Principle 1.7: Related Party Transactions]

When we engage in related party transactions, such as with our directors or with corporations substantially controlled by our directors, our Board of Directors secures the soundness and appropriateness of the transactions by informing our directors of the fact that the

transactions are related party transactions and conducting careful deliberation and by seeking advice from our outside directors and Audit & Supervisory Board. This is done to ensure that such transactions do not harm our interests or the common interests of our shareholders.

[Supplementary Principle 2-4.1: Ensuring Diversity within the Group including Promotion of Women's Active Participation]

In our Medium-Term Management Plan from the fiscal year ended March 2025 to the fiscal year ending March 2027, our policy for developing human resources who will support our continuous growth is based on the promotion of well-being management and includes: making strategic investments in active promotion of employees and educational and training programs; utilizing human resources through cooperation across the Group; and creating working environments that allow our employees to work energetically.

Pursuant to the aforementioned policy, we have, with the intention of creating working environments that will allow active participation of women: worked on the active promotion of female employees through training and fair evaluation processes that are free from sexual discrimination; and improved our maternal protection and childcare leave programs, among other things.

In addition, we employ human resources with diverse job experiences and non-Japanese nationals as the need arises and are actively promoting mid-career recruitment from the perspective of securing core personnel, especially in specialized fields, and appointing them to important positions.

Regarding these efforts to ensure diversity in our human resources, in our integrated report published in November 2023, we developed target values to promote our efforts for each materiality item, together with our Group's human capital strategy, and set a target of raising the proportion of female managers to 3% or higher by FY2030. We have already adopted a policy of hiring and promoting employees regardless of gender and will continue to encourage the participation and improve the retention rate of women. We anticipate, however, that it will take roughly 15 years to see a significant improvement in the percentage of women in managerial positions since most of the female employees in the Group are relatively young. Besides promoting internal recruitment of female managers, we are also reforming our corporate culture and implementing a step-by-step process of building an environment that will encourage female employees to focus on career development and advancement, as well as actively recruiting female talent from outside the company. Positioning our targets for 2030 as only a milestone on the way to further progress in this area, from a longer-term perspective, we will be undertaking further discussion aimed at realizing steady, continued growth in the share of managers who are women and will be implementing further measures to promote women's participation.

The ratio of mid-career hires to new hires in the fiscal year ended March 31, 2025 was 15.0%. We aim to increase this ratio by strengthening career hiring. In addition, regarding the employment of non-Japanese nationals, the number of employees of non-Japanese nationality among our domestic workforce as of the fiscal year ended March 2025 remained at nine. We will work to increase this number from the current level.

Various ESG performance figures, including human resource diversity, are available on our website.

<https://www.daiwabo-holdings.com/en/sustainability/esgdata.html>

[Principle 3.1: Improvement of the Quality of Information Disclosure]

(1) An outline of our business principles is disclosed on our website. An outline of our business strategies and business plans is disclosed in our securities reports.

<https://www.daiwabo-holdings.com/en/company/philosophy.html>

On May 9, 2024, we also announced and published our Medium-Term Management Plan from the fiscal year ended March 2025 to the fiscal year ending March 2027 on our website.

<https://www.daiwabo-holdings.com/en/ir/strategy.html>

(2) As for our basic views on corporate governance, we have established and published on our website the Daiwabo Holdings Corporate Governance Guidelines.

<https://www.daiwabo-holdings.com/en/sustainability/governance.html>

(3) The remuneration of our directors is described under the heading, "Disclosure of the policy for determining the amounts of, or the method of calculating the amounts of, remuneration" under the heading "Remuneration of directors" in part II of this report.

(4) Our policy for appointing directors and Audit & Supervisory Board Member (hereinafter referred to as "ASBM") is to appoint from candidates who accept management responsibility entrusted by shareholders, have extensive experience and knowledge in management, and are capable of fulfilling the duties and responsibilities of directors. Our policy for appointing is to appoint from candidates who have extensive knowledge and advanced expertise and are capable of fulfilling the duties and responsibilities of ASBM.

Pursuant to these policies, when we nominate director candidates or appoint or dismiss our president or other members of the management team, we prepare an original proposal by taking into consideration the knowledge, experience, and abilities required of Directors in light of the management strategy based on the continuous evaluation of the candidates' past performance records, knowledge, qualifications, etc. and the Nomination Committee carries out deliberation, followed by submission to and a decision by the Board of Directors. When we nominate candidates for ASBM or dismiss ASBM, we not only conduct examinations as with director candidates but also take fully into consideration opinions expressed during discussions with the Audit & Supervisory Board and, upon the consent of the Audit & Supervisory Board, the Nomination Committee carries out deliberation, followed by submission to and a decision by the Board of Directors. In addition, if a director or an ASBM violates any law or regulation or our Articles of Incorporation or if any other event arises that is considered to make it difficult for a director or an ASBM to perform their duties appropriately, we will decide on their dismissal from their post or on any other action or on the submission of a proposal for their dismissal to the General Meeting of Shareholders after the Nomination Committee carries out deliberation, followed by submission to and a decision by the Board of Directors.

(5) The grounds for the individual appointments or nominations of director or ASBM candidates are described in the reference materials for the relevant general meeting of shareholders attached to the notice of convocation of the meeting.

<https://www.daiwabo-holdings.com/en/ir/stock/meeting.html>

[Supplemental Principle 3-1.3: Disclosure of Sustainability Initiatives, etc.]

Our Group's basic views on sustainability are disclosed on our website.

<https://www.daiwabo-holdings.com/en/sustainability/group.html>

As the advisory body to our Board of Directors, the ESG Promotion Committee, chaired by the Representative Director, President and Chief Executive Officer, has been established. The Committee's basic policy is consistent with our business strategies and business issues, and lists priority topics including not only "defensive ESG," which will lead to a reduction in business risk, such as CO2 emission reduction or occupational health and safety in business activities, but also "aggressive ESG," which will lead to an increase in business opportunities, such as providing

goods and services intended to help solve social problems. The Committee plans, approves, and checks the progress of various activities including our climate change action. As for our response to the TCFD, we have been analyzing the risks and opportunities that climate change poses to the business of the Company. We endorse its aims and have made disclosures on our company website based on the framework.

<https://www.daiwabo-holdings.com/en/sustainability/tcf.html>

(Investments in human capital and intellectual property rights)

Our Medium-Term Management Plan aims to increase our return on invested capital (ROIC) in excess of the capital cost over the medium to long term through capital-efficiency-conscious management, thereby striving to increase our corporate value continuously.

In that plan, our investments in human capital include, under our basic policy for promoting well-being management, making strategic investments in the active promotion of certain human resources and in educational and training programs. They also include striving to utilize human resources through cooperation across the Group and to create working environments that will allow our employees to work energetically.

<https://www.daiwabo-holdings.com/en/sustainability/human/engagement.html>

As for investments in intellectual property rights, we have focused on not only research and development to lead to the provision of goods and services that help solve social problems but also the promotion of efficient measures utilizing information and communications technology (ICT). We intend to conduct effective monitoring to ensure that the efficient utilization of these management resources will contribute to our continuous growth and to increasing our corporate value.

#### [Supplementary Principle 4.1.1: Scope of Delegation to the Management]

Our Board of Directors establishes business strategies, business plans, and other business policies, creates an environment where appropriate risk-taking by the management is supported, and carries out effective oversight of the management.

The Board of Directors leaves daily management tasks that are not subject to the Board's resolution to the executive directors and receives reports from them on the status of their respective tasks and on business issues. The directors provide feedback and opinions on these reports, while outside directors provide advice, etc. from their independent stance.

#### [Principle 4.9: Criteria for Independence of Independent Directors (Outside)]

Our basic requirements for appointing independent officers are having an excellent personality and knowledge; being expected to fulfill such functions and roles as conducting objective and appropriate supervision and audit from a professional perspective; and being unlikely to cause conflicts of interest with general shareholders.

Our independence criteria have been established and are disclosed on our website as part of the Daiwabo Holdings Corporate Governance Guidelines, based on the Tokyo Stock Exchange's criteria.

<https://www.daiwabo-holdings.com/en/sustainability/governance.html>

#### [Supplementary Principle 4.10.1: Involvement of and Advice from Independent Directors (Outside) regarding Nomination, Remuneration, etc]

Currently, we have five independent outside directors out of a total of eight, with the former forming a majority. The Company has established the Remuneration Committee and the Nomination Committee as voluntary advisory committees to the Board of Directors, with a majority of the total number of committee members being independent outside directors. The Remuneration Committee is required to provide the Board of Directors with reports and recommendations for determining, among other things, the amount of performance-based monetary remuneration and performance-based stock remuneration, etc., and the Board of Directors is to make determinations pursuant to the content of these reports. The Nomination Committee shall submit reports and recommendations on the election of Directors or ASBMs, etc., and the Board of Directors shall decide such proposals pursuant to the content of these reports.

#### [Supplementary Principle 4.11.1: Diversity and Balance among Knowledge, Experience, etc. of the Board of Directors as a Whole]

The Company's Board of Directors shall consist of persons who are well versed in the relevant businesses and have knowledge of management. The number of members of the Board shall be no more than 10, with no less than one-third of the members appointed being outside directors. As stated in the "Daiwabo Holdings Corporate Governance Guidelines," we intend to appoint directors who can accept management responsibility entrusted by shareholders, have extensive experience and knowledge of management, and are capable of fulfilling the duties and responsibilities of directors.

<https://www.daiwabo-holdings.com/en/sustainability/governance.html>

In nominating directors, etc., the Board of Directors deliberates and determines candidates based on the Nomination Committee's report and recommendations regarding the proposal for their election. The skills matrix, which lists the knowledge, experience and abilities of each director, is disclosed in the Notice of the Ordinary General Meeting of Shareholders and in the Integrated Report 2024.

<https://www.daiwabo-holdings.com/en/ir/stock/meeting.html>

[https://www.daiwabo-holdings.com/en/ir/library/integrated\\_report.html](https://www.daiwabo-holdings.com/en/ir/library/integrated_report.html)

#### [Supplementary Principle 4.11.2: Status of Concurrent Appointment of Directors and ASBMs]

None of our officers concurrently serves as an executive director of any other listed company. This provides a framework that allows our officers to concentrate on their respective duties at our organization.

The status of concurrent service of our officers is disclosed every year in the notices of convocation of general meetings of shareholders and the securities report, and they indicate that the status of concurrent service of our officers other than as executive directors of other listed companies is within a reasonable extent.

Any such concurrent service by any of our officers is decided on subject to approval of the Board of Directors.

#### [Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors]

The Company sends a questionnaire to all directors and ASBMs each year to evaluate and analyze the effectiveness of the Board of Directors as a whole and discusses the tally results at meetings of the Board of Directors. The contents of the questionnaire include "Composition of the Board of Directors," "Management and business strategies," "Corporate ethics and risk management," "Management evaluation and remuneration," and "Dialogue with shareholders, etc.," with separate questions attached to each content. Last year, in addition to this, individual interviews were conducted with each of the officers in order to delve deeper into the issues. For the purpose of obtaining candid opinions from each officer and ensuring objectivity, we outsource the compilation of questionnaire survey results, interviews with officers, and their analysis to a third-party organization. The survey results showed that the Company's Board of Directors is steadily improving the problem areas, although there is room for continued consideration and improvement. The Board has initiated improvement

measures, such as reviewing the Board's discussion items and the operation of Board meetings to discuss important issues, with respect to expanding discussion time for improving medium- and long-term corporate value, such as business portfolio management. On the other hand, "initiatives for developing managerial talent," "initiatives for succession planning for the Representative Director, President and Chief Executive Officer," "the roles and functions of the Nomination Committee and Remuneration Committee," and other issues were identified as areas requiring attention. Similarly, through discussions at Board meetings, the Company strives to make improvements by ensuring adequate time for discussion and enhancing the quality of reports provided by the executive side. The number of members on the Board of Directors, the composition of the Board, the frequency at which the Board meets, the support system for the Board, etc. were positively evaluated overall. We understand that we have secured the effectiveness of our Board of Directors as a whole. Based on these results, discussions and evaluations are conducted by the Board of Directors, which is composed of a majority of outside directors. Key issues and future initiatives are then reported and proposed, and reflected in the operations of the Board of Directors by incorporating them into the themes for the following fiscal year. Through these efforts, we will continue working to revitalize the Board of Directors and strengthen its oversight functions to contribute to sustainable growth and medium- and long-term improvement of corporate value.

[Supplementary Principle 4.14.2: Policy for Training Directors and ASBMs]

When new directors and ASBMs assume their positions, we provide them with opportunities to participate in internal and external training programs intended for them to acquire knowledge necessary to appropriately fulfill their roles and responsibilities.

To our outside directors and outside ASBMs, we continuously provide company information such as the details of our Group's businesses and our Group's business issues, etc. Similarly, after our directors and ASBMs have assumed their positions, we continuously provide them with, among other things, information to help them to appropriately fulfill the respective roles and responsibilities expected of them. We also strive to provide them with opportunities to attend meetings, inspect business offices, and do other activities that allow them to acquire the necessary knowledge or to otherwise receive training.

[Principle 5.1: Policy on Constructive dialogue with Shareholders]

As for dialogue with our shareholders and investors, the director for IR is responsible and promotes smooth information disclosure through organic cooperation among the IR Promotion Group, Corporate Planning, Legal, and Financial Management departments, as well as each of the operating companies. Individual meetings are conducted, as necessary, by the Representative Director, President and Chief Executive Officer, the senior management and/or the director for IR. In addition, semi-annual financial results briefings are held for institutional investors and analysts to provide opportunities for Q&A sessions and other activities to deepen understanding of the Group's and the Company's business activities. For the 2024 Integrated Report, we held a roundtable discussion involving analysts, outside directors, the Representative Director, President and Chief Executive Officer, and senior management to exchange views on the Company's medium- and long-term growth strategy. For individual investors, we participate in events held several times a year in major cities, actively holding company information seminars and engaging in direct dialogue at exhibitor booths. The contents of dialogues with shareholders and investors are reported to the Boards of Directors of the Company and the operating companies to reflect them in future management. Through these efforts, we strive for sustainable growth and the enhancement of corporate value. Furthermore, in order to provide fair and equitable information to overseas shareholders and investors, we have prepared English versions of financial statements and timely disclosure materials, and strive to disclose such information in a timely manner.

<https://www.daiwabo-holdings.com/ja/ir/library/dialogue.html> (in Japanese)

## [Action to Implement Management That is Conscious of Cost of Capital and Stock Price]

Contents	Disclosure of initiatives only (updates)
Availability of English disclosure	Available
Updated date	July 01, 2025

The Company believes that the efficient use of management resources leads to medium- and long-term corporate value and sustainable growth. Accordingly, the entire group, including the operating companies, is committed to management that is conscious of the cost of capital. We emphasize ROE and ROIC as performance indicators of management through efficient use of capital. Especially regarding ROIC, we set specific and practicable KPIs for each operating company and department, tailored to the nature of their business. This promotes the implementation of specific action goals and plans by each employee, thereby improving capital efficiency and corporate value for the entire group. In addition to achieving our goal through profitability growth, we also recognize the importance of reducing the cost of capital and are addressing this issue. In our Medium-Term Management Plan, we disclose our cost of shareholders' equity and WACC to promote understanding of our cost of capital both internally and externally. In addition, through dialogue with investors and analysts, we also strive to understand how our cost of capital is actually perceived by external stakeholders. We believe that by developing a system to understand and remain aware of the cost of capital, recognizing an appropriate cost of capital and striving for efficient capital utilization in management will lead to the creation and growth of corporate value. Through these initiatives, we will continue to work toward appropriate shareholder returns and the provision of social value to our stakeholders.

<https://www.daiwabo-holdings.com/en/ir/strategy.html>

## 2. Capital structure

Foreign shareholding ratio	30% or more
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### [Status of major shareholders]

Name	Number of shares held	Percentage
The Master Trust Bank of Japan, Ltd. (trust account)	14,724,300	16.38
Custody Bank of Japan, Ltd. (trust account)	7,211,100	8.02
STATE STREET BANK AND TRUST COMPANY 505001	3,304,443	3.68
MUFG Bank Ltd.	3,080,640	3.43
JP MORGAN CHASE BANK 380055	2,968,200	3.30
Daiwabo Employees Shareholding Association	2,697,381	3.00
BBH FOR FIDELITY LOW-PRICED STOCK FUND	1,666,281	1.85
The Nomura Trust and Banking Co., Ltd. (trust account)	1,613,200	1.79
STATE STREET BANK AND TRUST COMPANY 505103	1,422,421	1.58
JP MORGAN CHASE BANK 385632	1,330,806	1.48

Controlling shareholders  
(excluding parent company)

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Parent company

None

Supplementary explanation

Updated

The status of major shareholders is as of March 31, 2025.

The Company holds 6,446,797 shares of treasury stock but is excluded from the above list of major shareholders. The shareholding ratio is calculated by dividing the number of shares held by the number of shares issued less treasury stock.

## 3. Corporate attributes

Exchange and market section listed on	Tokyo Prime
Fiscal year end	March
Industry	Wholesale
Number of (consolidated) employees as of the end of the preceding fiscal year	1,000 or more
Sales (consolidated) for the preceding fiscal year	1 trillion yen or more
Number of consolidated subsidiaries at the end of the preceding fiscal year	No less than 10 and no more than 50 companies

## 4. Guidelines on measures to protect minority shareholders in transactions with controlling shareholders

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## 5. Other special circumstances that may have a significant impact on corporate governance

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## II. Status of the governing body and other corporate governance system for management decision-making, execution and supervision

### 1. Matters related to organizational structure and operation

Form of organization	Company with Audit & Supervisory Board Members
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#### [Directors]

Number of directors specified in the Articles of Incorporation	10
Term of office of directors specified in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of directors	8
Status of appointment of outside directors	Appointed
Number of outside directors	5
Number of outside directors designated as independent officers	5

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yukiko Yoshimaru	From another company											
Takako Fujiki	From another company											
Tetsuro Hori	From another company											
Misawa Kishinami	From another company											
Shigeru Dohno	From another company											

\* Options to choose from regarding each director's relationship with the Company

\* A circle ("○") indicates that the director is in the position stated in the option at present or has been recently. A triangle ("△") indicates that the director was in the position stated in the option in the past.

\* A circle ("●") indicates that any of the director's close relatives is in the position stated in the option at present or has been recently. A triangle ("▲") indicates that any of the director's close relatives was in the position stated in the option in the past.

a An executive of a listed company or its subsidiary.

b An executive or a non-executive director of the parent company of a listed company.

c An executive of a sister company of a listed company.

d An entity whose main customer is a listed company, or an executive of such entity.

e A main customer of a listed company, or an executive of such main customer.

f A consultant, accounting professional or legal professional who receives a large amount of money or other assets from a listed company in addition to his/her remuneration as an officer of the listed company.

g A major shareholder of a listed company (or, if the major shareholder is a corporation, an executive of the corporation).

h An executive of a customer of a listed company (who is not in any of the positions stated in d, e, and f above) (this option applies to a director only).

i An executive of a company whose employee has been assigned to us as our outside director and to which our employee has been assigned as its outside director (this option applies to a director only).

j An executive of an entity that receives donations from a listed company (this option applies to a director only).

k Other



Name	Independent officer	Supplementary explanation about the applicable options, if any	Reasons for appointment
Yukiko Yoshimaru	○	---	<p>We believe that Ms. Yoshimaru will be able to reflect the broad insight she has developed through her experience as a corporate officer in Japan and overseas, and her extensive experience in promoting diversity and strengthening governance in the management and financial operations of the Company. We expect her to use her expertise to provide oversight and advice, particularly with respect to the development and progress of our management plans, management strategy, strengthening of governance, and social issues such as diversity promotion, ESG, and SDGs that the Company addresses. Ms. Yoshimaru does not meet any of the negative independence criteria set by the exchange, based on which we believe that she is unlikely to cause any conflicts of interest with our general shareholders.</p>
Takako Fujiki	○	---	<p>We believe that Ms. Fujiki will be able to apply her extensive experience and broad knowledge acquired at companies with a major global presence in the ICT industry to our business and financial management. We expect her to use her expertise to provide oversight and advice, particularly with respect to the development and progress of our management plans, the Group's growth strategy centered on our core IT infrastructure distribution business, the promotion of diversity, and the ICT and DX promotion of business management for the entire Group. Ms. Fujiki does not meet any of the negative independence criteria set by the exchange, based on which we believe that she is unlikely to cause any conflicts of interest with our general shareholders.</p>
Tetsuro Hori	○	----	<p>Mr. Hori has extensive knowledge and experience in corporate planning, legal and intellectual property matters, and finance and accounting as a manager of a globally listed company, and we believe that he will be able to bring his broad insight to the management and financial operations of the Company. We expect him to use his expertise to provide oversight and advice, particularly with respect to the development and progress of our management plans, business selection and concentration, growth strategy, strengthening of governance, and shareholder return policy in consideration of appropriate capital allocation.</p> <p>Mr. Hori does not meet any of the negative independence criteria set by the exchange, based on which we believe that he is unlikely</p>

			to cause any conflicts of interest with our general shareholders.
Misawa Kishinami	○	----	With extensive experience in providing her companies with support from the viewpoint of strategic management at major financial institutions, Ms. Kishinami has broad knowledge and advanced skills in finance and capital markets in particular, which we believe that she will be able to reflect in the management and financial operations of the Company. We expect her to use her expertise to provide oversight and advice, particularly with respect to the development of our management plans, and growth strategies and shareholder return policy in consideration of appropriate capital allocation. She does not meet any of the negative independence criteria set by the exchange, based on which we believe that she is unlikely to cause any conflicts of interest with our general shareholders.
Shigeru Dohno	○	----	Mr. Dohno played a central role in business management at a major electronics manufacturer and possesses extensive experience and expertise in formulating and executing growth strategies, including business restructuring and M&A. We believe that his extensive experience and deep insights will contribute to the management and financial operations of the Company. We particularly expect him to provide oversight and advice in areas such as the development of growth strategies, the formulation of management plans, and the approach to shareholders return, taking into account appropriate capital allocation. He does not meet any of the negative independence criteria set by the exchange, based on which we believe that he is unlikely to cause any conflicts of interest with our general shareholders.

Any voluntary committees corresponding to a nomination committee and/or a remuneration committee?

Yes

Status of establishment, composition of members, and attribute of the chairperson of each voluntary committee

	Committee name	All members (persons)	Full-time members (persons)	Inside directors (persons)	Outside directors (persons)	Outside experts (persons)	Other (persons)	Chairperson
Voluntary committee corresponding to nomination committee	Nomination Committee	3	0	1	2	0	0	Outside director
Voluntary committee corresponding to remuneration committee	Remuneration Committee	3	0	1	2	0	0	Outside director



## Supplementary explanation

The Nomination Committee and the Remuneration Committee are advisory bodies to the Board of Directors and each Committee consists of at least three members, including the president & representative director and outside directors.

The Nomination Committee is required to provide the Board of Directors with reports and recommendations for the nomination and dismissal of Directors and ASBMs, among other things, and the Board of Directors is to make determinations pursuant to the content of these reports.

The Remuneration Committee is required to provide the Board of Directors with reports and recommendations for determining, among other things, the amount of performance-based monetary remuneration and performance-based stock remuneration, etc., and the Board of Directors is to make determinations pursuant to the content of these reports.

The Nomination Committee and Remuneration Committee currently consists of the following members:

(Nomination Committee)

Chairperson: Tetsuro Hori

Member: Yukihiro Nishimura

Member: Misawa Kishinami

(Remuneration Committee)

Chairperson: Tetsuro Hori

Member: Yukihiro Nishimura

Member: Misawa Kishinami

**[Audit & Supervisory Board Member]**

Has an Audit & Supervisory Board been established?	Yes
Number of ASBM specified in the Articles of Incorporation	5
Number of ASBM	3

Our ASBM and audit corporation have meetings with each other where necessary during regular business and accounting audits, and exchange information and opinions with each other in order to maintain close contact between them.

Status of appointment of outside ASBM	Appointed
Number of outside ASBM	2
Number of outside ASBM designated as independent officers	2

## Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	M
Masuji Ueda	A certified public accountant													
Saeko Kakuishi	An attorney-at-law													

\* Options to choose from regarding each ASBM's relationship with the Company

\* A circle ("○") indicates that the ASBM is in the position stated in the option at present or has been recently. A triangle ("△") indicates that the ASBM was in the position stated in the option in the past.

\* A circle ("●") indicates that any of the ASBM's close relatives is in the position stated in the option at present or has been recently. A triangle ("▲") indicates that any of the ASBM's close relatives was in the position stated in the option in the past.

a An executive of a listed company or its subsidiary.

b A non-executive director or an accounting advisor of a listed company or its subsidiary.

c An executive or a non-executive director of the parent company of a listed company.

d An ASBM of the parent company of a listed company.

e An executive of a sister company of a listed company.

f An entity whose main customer is a listed company, or an executive of such entity.

g A main customer of a listed company, or an executive of such main customer.

h A consultant, accounting professional or legal professional who receives a large amount of money or other assets from a listed company in addition to his/her remuneration as an officer of the listed company.

i A major shareholder of a listed company (or, if the major shareholder is a corporation, an executive of the corporation).

- j An executive of a customer of a listed company (who is not in any of the positions stated in f, g, and h above) (this option applies to an ASBM only).
- k An executive of a company whose employee has been assigned to us as our outside director and to which our employee has been assigned as its outside director (this option applies to an ASBM only).
- l An executive of an entity that receives donations from a listed company (this option applies to an ASBM only).
- m Other

#### Relationship with the Company (2)

Name	Independent officer	Supplementary explanation about the applicable options, if any	Reasons for appointment
Masuji Ueda	○	---	We believe that Mr. Ueda will be able to apply his extensive experience and broad knowledge to auditing of our accounts from a fair and impartial standpoint by utilizing his advanced expertise acquired as a certified public accountant and licensed tax accountant. Mr. Ueda does not meet any of the negative independence criteria set by the exchange, based on which we believe that he is unlikely to cause any conflicts of interest with our general shareholders.
Saeko Kakuishi	○	---	We believe that Ms. Kakuishi will utilize and reflect her high level of expertise in all aspects of corporate legal affairs, which she has developed as an attorney at law in her audit opinions on the Company from a fair and neutral standpoint. Ms. Kakuishi does not meet any of the negative independence criteria set by the exchange, based on which we believe that he is unlikely to cause any conflicts of interest with our general shareholders.

#### [Independent officers]

Number of independent officers	7
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#### Other matters concerning independent officers

Our independence criteria have been established and are disclosed on our website as part of the Daiwabo Holdings Corporate Governance Guidelines, based on the Tokyo Stock Exchange's criteria.  
<https://www.daiwabo-holdings.com/en/sustainability/governance.html>

#### [Incentives]

Status of implementation of measures to provide incentives to directors	Introduction of a performance-based remuneration scheme
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#### Supplementary explanation about the applicable matters, if any

We have introduced a performance-based compensation scheme, under which our directors other than outside directors receive performance-based monetary remuneration and performance-based stock remuneration in addition to base (fixed) remuneration. The details of the performance-based monetary remuneration scheme and performance-based stock remuneration scheme are described under the heading, "Disclosure of the policy for determining the amounts of, or the method of calculating the amounts of, remuneration" under the heading "Remuneration of directors" in part II of this report.

## Persons eligible to receive stock options

Supplementary explanation about the applicable matters, if any

### [Remuneration for directors]

#### Status of disclosure (of remunerations of individual directors)

Remunerations of individual directors are not disclosed.

Supplementary explanation about the applicable matters, if any **Updated**

The total amount of remuneration paid to our Company's directors for the fiscal year ended March 31, 2025, is as follows. (Amounts in parentheses indicate remuneration paid to outside directors: 1 million yen)

Base remuneration: 183 (50)

Performance-based monetary remuneration: 40 (-)

Performance-linked stock remuneration: 39 (-)

Total: 264 (50)

Number of eligible officers: 10 (6)

Note: The above amounts do not include employee salaries of directors who concurrently serve as employees.

Note: The Individual whose total consolidated remuneration, etc., exceeds 100 million yen is disclosed individually in the securities report.

Please refer to our website for the securities report.

<https://www.daiwabo-holdings.com/ja/ir/library/securities.html> (in Japanese)

#### Is there a policy for determining the amounts of, or the method of calculating the amounts of, remuneration?

Yes

Disclosure of the policy for determining the amounts of, or the method of calculating the amounts of, remuneration

We resolved the "Policy for Determining Details of Remunerations, etc. for Individual Directors" at the Board of Directors meeting held on May 9, 2024, as outlined below:

##### (1) Basic policy

The basic policy for the Company's remuneration scheme for its directors is: to increase their incentives to improve the Company's performance and increase the Company's corporate value over the medium to long term; to maintain a level of remuneration that allows the Company to acquire and maintain excellent human resources; and to ensure the transparency and objectivity of remuneration for directors. Specifically, the remuneration for executive directors shall consist of base (fixed) remuneration, performance-based monetary remuneration, and performance-based stock remuneration, pursuant to the basic policy described above

The remuneration for outside directors shall consist only of base (fixed) remuneration, in light of their role of providing supervision and advice to the management from an objective, independent standpoint.

The Board of Directors shall establish a remuneration committee consisting of a total of at least three members, including the president & representative director and outside directors. The remuneration committee shall provide the Board of Directors with reports and recommendations for determining, among other things, the amounts of performance-based monetary remuneration and performance-based stock remuneration.

##### (2) Policy for determining the amounts of base (fixed) remuneration for individual directors (including policy for determining the timing or terms of payment of remuneration, etc.)

Base (fixed) remuneration shall be in amounts appropriate for directors' respective positions and responsibilities and shall be paid on a monthly basis in the form of fixed amounts of money.

The level of remuneration shall be determined by the Representative Director, President and Chief Executive Officer, through a resolution to leave the decision entirely to the Representative Director, President and Chief Executive Officer, at a Board of Directors meeting, based on the economic and social condition and the Company's business environment and performance and after checking each year whether the level of remuneration for each position is in line with the basic policy described above based on, among other things, external specialized agencies' objective survey data on remuneration.

##### (3) Policy for determining the nature of, and the method of calculating the amounts or numbers of, performance-based monetary remuneration and performance-based stock remuneration (including policy for determining the timing or terms of payment of remuneration, etc.)

Performance-based monetary remuneration is paid in the form of money at a certain time(s) each year.

Indices shall be set for the amount of remuneration, including the level of achievement against target values for consolidated sales, consolidated operating profit, etc. The amount of remuneration shall be calculated based on the performance of the previous fiscal year and shall be no less than 70% and no more than 130% of the reference amount.

Performance-based stock remuneration shall be paid in the form of stocks upon retirement as compensation linked to the achievement of performance targets and the enhancement of corporate value over the medium to long term. The compensation shall consist of the non-performance-based portion and the performance-based portion, and the non-performance-based portion shall be set at approximately 30% of the total amount of stock-based remuneration.

For the performance-based portion, the maximum amount shall be set at approximately 70% of the total amount of stock-based remuneration. Indices shall be set for the amount of remuneration, including the level of achievement against target values for consolidated sales, consolidated operating profit, etc. The amount of remuneration shall be calculated based on the performance of the previous fiscal year and shall range between 100% and 0%.

When determining the amount, etc., of performance-based monetary remuneration and performance-based stock remuneration, the Remuneration Committee shall provide the Board of Directors with reports and recommendations after discussion at the committee, and the Board of Directors shall make determinations pursuant to the content of these reports and recommendations.

(4) Policy regarding the determination of the ratio of the amount of base (fixed) remuneration, the amount of performance-based monetary remuneration, or the amount of performance-based stock remuneration, etc. to the amount of remuneration, etc. for each director Regarding the ratio between different kinds of remuneration of executive directors, the ratios between (i) base (fixed) remuneration, (ii) performance-based monetary remuneration, and (iii) performance-based stock remuneration shall be set at approximately 50 to 35 to 15 if amounts of both performance-based monetary remuneration and performance-based stock remuneration are set to be the highest and shall be determined by the Board of Directors based on, among other things, external specialized agencies' objective survey data on remuneration.

(5) Matters concerning determination of the nature of remuneration for individual directors

Specific details about the amounts of remuneration for individual directors shall be left to the president & representative director by a resolution of the Board of Directors. The president and representative director shall be authorized to determine the amount of base (fixed) remuneration for each director and to develop the original draft of the evaluation of executive directors in terms of performance-based monetary remuneration and performance-based stock remuneration.

To ensure that the above authority is exercised appropriately, the president & representative director authorized to take the action described above shall develop the original draft of the evaluation of executive directors in terms of performance-based monetary remuneration and performance-based stock remuneration. Then the Board of Directors shall seek advice from, and receive reports and recommendations from, the Remuneration Committee, and shall determine the amounts, etc., of performance-based monetary remuneration and performance-based stock remuneration pursuant to the content of these reports and recommendations.

## [Support system for outside directors (outside ASBM)]

The Company distributes agenda materials for Board of Directors meetings to outside directors through the Board of Directors Secretariat and provides them with advance briefings as necessary and provides them with necessary support in performing their duties by appointing a secretary in charge of them. The Company distributes agenda materials for a Board of Directors meeting to outside ASBM through the Audit Department, which reports directly to the full-time ASBM and the Audit & Supervisory Board; provides them with advance briefings as necessary; and provides them with necessary support in performing their duties by providing necessary corporate information through the Audit Department.

## 2. Matters concerning execution of operations, auditing and supervision, designation, determination of remuneration, and other functions (outline of the current corporate governance system) Updated

We transitioned to a pure holding company system on January 1, 2006, under which the function of executing operations was transferred to Group companies and Group management has been promoted.

The Board of Directors of the holding company is engaged exclusively in the "development of Group strategies," "optimal allocation of the Group's management resources," and "supervision of execution of the Group's operations." Meanwhile, directors of Group companies assume the role and responsibility of executing operations based on the Group strategies. Through this system, we intend to speed up management decision-making and to strengthen supervisory functions, thereby working on the development of an efficient and agile management structure.

We also strive to keep track of the status of execution of operations and take prompt and necessary action by holding regular meetings of the Management Strategy Meeting, in addition to monthly meetings of the Board of Directors and regular meetings of the Audit & Supervisory Board. On top of that, in order to enhance the set of internal control functions, we hold meetings of the specialized committees where necessary, as well as promoting fair corporate activities while securing high transparency with respect to issues common to Group companies, with support from the Management Staff Unit. Furthermore, we strive to ensure that the management policies for the entire Group are known to all members of the Group, by holding the annual "Meeting to Present Management Policy" attended by executive members of Group companies.

On the other hand, ASBMs contribute to the enhancement of corporate governance by always attending, and making statements at, Board of Directors meetings and other important meetings, and by conducting specific interviews with, and auditing the execution of operations at, sales and management departments and major business offices of relevant Group companies.

In addition, the Audit Department, which is responsible for the internal control function across the Group, conducts systematic internal audits, actively works on checking the maintenance and other handling of records, rules, etc. and, where necessary, assists in the audit activities of ASBMs.

As for accounting audits, the Company has executed an audit agreement with Ernst & Young ShinNihon LLC. Mr. Yoshihiro Moritani and Mr. Ryoichi Hayama execute audit services as designated limited liability partners and managing members. As their assistants, other certified public accountants, etc. engage in audit services.

### 3. Reasons for selecting the current corporate governance system

We are a company with an Audit & Supervisory Board. Regarding outside ASBM, we strive to enhance the audit function by appointing persons who are highly independent, such as persons with advanced expertise acquired as legal professionals, certified public accountants and/or licensed tax accountants, and by having them monitor and provide advice on management activities from a fair and impartial standpoint.

As for outside directors, we appoint such persons as those who have extensive experience and broad knowledge acquired as members of the management teams of other companies and have them provide advice on management activities from external viewpoints.

We believe that our corporate governance works through cooperation between the Board of Directors, including outside directors, and the Audit & Supervisory Board.

## III. Status of implementation of measures with respect to shareholders and other stakeholders

### 1. Status of efforts to activate the General Meeting of Shareholders and to facilitate the exercise of voting rights

	Supplementary explanation
Early dispatch of notices of general meetings of shareholders	A notice of convocation of a general meeting of shareholders is dispatched three weeks before the meeting date.
Exercise of voting rights by electronic or magnetic means	We accept the exercise of voting rights via the Internet.
Participation in platform for online exercise of voting rights and other efforts to improve the environment where institutional investors exercise voting rights	The Company participates in the platform for online exercise of voting rights by institutional investors run by ICJ, Inc.
Provision of English version (summary) of notices of convocation	We prepare and publish on our website English version of notices of convocation (in the narrow sense) and reference materials for general meetings of shareholders.

### 2. Status of IR activities Updated

	Supplementary explanation	Explanation directly by representative?
Development and publication of disclosure policy	We have developed and disclosed our "IR Policy." Please visit the following URL: <a href="https://www.daiwabo-holdings.com/en/ir/policy.html">https://www.daiwabo-holdings.com/en/ir/policy.html</a>	
Holding regular information sessions for personal investors	We regularly hold seminars for individual investors.	Yes
Holding regular information sessions for analysts and institutional investors	We hold these sessions semiannually. <a href="https://www.daiwabo-holdings.com/en/ir/library/results.html">https://www.daiwabo-holdings.com/en/ir/library/results.html</a>	Yes
Publication of IR documents on website	We publish notices of convocation, notices of resolutions, summary of financial results, securities reports, briefing materials for financial results, etc.	
Establishment of IR-related department (contact person)	We have established IR Promotion Group, Investor Relations Dept.	

### 3. Status of efforts to respect stakeholders' positions

	Supplementary explanation
Implementation of environment conservation activities, CSR activities, etc.	<p>We have established the ESG Promotion Committee, through which we strive to manage, and increase awareness of, activities related to the environment, social contributions, and governance in the Group. Starting in 2020, we have identified key sustainability issues (materialities). Together with the identification of materialities, we have developed the "Daiwabo Sustainable Action" as a measure to contribute to addressing social issues around the axes of ESG and SDGs, and these categories and items are linked to the Group's action items. Through the ESG Promotion Committee, we are checking the progress of our activities and periodically reviewing them. As the achievements of the Committee's activities, we have disclosed our basic views on human rights and diversity, as well as various pieces of ESG-related data since 2022. As for our response to the TCFD, we have been analyzing the risks and opportunities that climate change poses to the business of the Company. We endorse its aims and have made disclosures on our company website based on the framework.</p> <p>For our sustainability activities, please visit the following URL: <a href="https://www.daiwabo-holdings.com/en/sustainability.html">https://www.daiwabo-holdings.com/en/sustainability.html</a></p>

## **IV. Matters concerning internal control systems, etc.**

### 1. Basic views on internal control systems and status of their development

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, we have developed systems to ensure appropriate operations of the Company and the company group consisting of the Company and its subsidiaries ("Internal Control"), as described below.

1. Systems for ensuring that performance of duties of directors and employees of the Company and its subsidiaries complies with laws and the Articles of Incorporation

(1) In order to spread legal compliance and corporate ethics to all directors and employees of Group companies, we established the Group Charter of Corporate Behavior and strive to make relevant laws and regulations known to all directors and employees, develop internal rules and manuals, and provide training to employees.

(2) The Auditing Department, which is responsible for internal audit, audits the compliance of each unit's execution of operations with applicable laws and the Articles of Incorporation, while developing Risk Management Rules and establishing the Risk Management Committee chaired by the Representative Director, President and Chief Executive Officer. In this way, we promote and control across the Group the efforts for legal compliance and corporate ethics compliance across the Group.

(3) We strive to prevent problems by establishing and operating a Daiwabo Helpline overseen by the Legal/Compliance Department, as a means for employees to provide information on legally questionable acts, etc.

2. Systems for storing and managing information on our directors' performance of duties

(1) By developing the Document Handling Regulations, we will record and store information on directors' performance of their duties in the form of documents or electronic or magnetic media (hereinafter, "Documents").

(2) Directors and ASBMs will have access to these Documents at any time.

3. Rules and other systems for managing risk of loss of the Company and its subsidiaries

(1) We have developed the Risk Management Manual and classify risks into three categories—management risk, operational risk, and environmental, safety & quality risk. In this way, we intend to enhance the management functions through the sharing of understanding of, and methods for management of, common risks between units. In addition, by developing the Crisis Management Manual, we will strive to minimize the impact of, and prevent the recurrence of, any significant loss.

(2) In order to control and promote across the Group the efforts for risk management within the Group, we will establish a Risk Management Committee chaired by the Representative Director, President and Chief Executive Officer. By having the committee promptly determine policies for dealing with various risks that have newly arisen, we will ensure the effectiveness of our risk management systems.

4. Systems for ensuring the efficient performance of duties of the Company's and its subsidiaries' directors

(1) As a pure holding company, the Company dedicates its Board of Directors' function to the development of Group strategies and the supervision of execution of the Group's operations and has the directors of Group companies execute and be responsible for operations based on the Group strategies, and clarifies the division of their respective responsibilities. By doing the above, the Company intends to speed up management decision-making and to strengthen supervisory functions, thereby developing an efficient and agile management structure.

(2) The Group will establish three-year medium-term management plans and annual business plans and will thoroughly manage performance by conducting monthly reviews and proposing remedial measures at monthly meetings of the Board of Directors, based on an IT-based management accounting system.

(3) Matters that will have a significant impact on management will be deliberated by the Management Strategy Meeting, etc. The directors of the Company and Group companies will, for themselves, determine specific measures based on the Group strategies and policies as



well as systems for performing duties based on operational regulations.

5. Systems for ensuring appropriate operations of the company group consisting of the Company and its subsidiaries

(1) We will carry out appropriate management of business operations that gives top priority to the overall optimality of the Group, by developing Group Business Management Regulations that divide the Group companies into categories and set forth the companies' basic authority.

(2) The Group companies will carry out appropriate management of business operations for themselves. The Company will appoint directors to supervise such management and will give them authority and responsibility to comply with laws and the Articles of Incorporation and to develop a risk management structure. In addition, the Company's staff units will provide support to these activities in a cross-functional manner.

6. Matters concerning employees (if any) requested by the Company's ASBM to be assigned to assist their duties and matters

concerning ensuring these employees' independence from directors and the effectiveness of ASBM's instructions given to the employees

(1) Where necessary, an ASBM may order employees belonging to the Audit Department to assist the duties of ASBM.

(2) If employees belonging to the Audit Department receive from ASBM any order necessary for audit activities, these employees shall not receive directions or orders from directors in connection with that order.

7. Systems for the Company's directors and employees and subsidiaries' directors, ASBMs, and employees to make reports to ASBM and other systems for reporting to ASBM

(1) The Company's directors and employees and the Group companies' directors and employees will report to ASBMs from time to time on the status of execution of the operations that the directors and employees are in charge of and on the following matters, at Board of Directors meetings and/or other important meetings:

A. Any matter that is likely to considerably compromise the reputation of the company.

B. Any matter that is likely to cause significant damage to the company.

C. Any serious violation of any applicable law or regulation or the Articles of Incorporation or any other important matter.

(2) If any of the Company's directors or employees or a Group company's directors, ASBMs or employees discovers any fact related to any of the matters specified in the preceding item, the relevant director, employee or ASBM shall make a report to ASBM pursuant to the Daiwabo Helpline Operation Regulations.

(3) If ASBM deem it necessary to perform their duties, the ASBM may at any time request a report from any of the Company's directors or employees or a Group company's directors, ASBMs or employees, in which case the relevant director, ASBM or employee must meet the request.

8. Systems for ensuring that the Company's directors and employees and subsidiaries' directors, ASBMs, and employees will not receive unfavorable treatment by reason of making a report to an ASBM

(1) Pursuant to the Daiwabo Helpline Operation Regulations, any dismissal or other unfavorable treatment of a reporter is prohibited.

9. Matters concerning the policy for processing costs or debts arising from the performance of duties of the Company's ASBM

(1) If ASBMs request from the Company advance payment, etc. of any cost that will arise from the performance of their duties, the Company will promptly process such cost or debt unless the Company proves that the cost or debt relevant to the request is not necessary for the performance of their duties.

10. Other systems for ensuring the effective conduct of audits by ASBM

(1) ASBMs attend Board of Directors meetings and other important meetings and make statements there from an independent standpoint. ASBM also visit Group companies' departments to execute their operations.

(2) ASBM must conduct regular business audits with, and otherwise maintain close cooperation with, external auditors. In addition, ASBM hold regular opinion exchange meetings with the Representative Director, President and Chief Executive Officer.

## **2. Basic views on, and the status of development of systems for, eliminating antisocial forces**

We have developed systems for eliminating antisocial forces as follows:

Pursuant to the Group Charter of Corporate Behavior, the Company as a whole, from the top on down, adopts a firm attitude in dealing with antisocial forces and groups that pose a threat to the order and safety of civil society, and firmly rejects any unreasonable demand from them.

The Personnel General Affairs Department is responsible for dealing with antisocial forces. The department must strive to maintain close cooperation with the police and other relevant external organizations under normal circumstances to collect information, and must develop a system that allows prompt action in the event of an incident.

**1. Have anti-takeover measures been introduced?**

Have anti-takeover measures been introduced?	None
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Supplementary explanation about the applicable matters, if any

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**2. Other matters related to the corporate governance system** Updated

Outline of timely disclosure structure

As the Group Charter of Corporate Behavior states, "We strive to increase our corporate value by disclosing corporate information in a timely and appropriate way and having constructive dialogue with a wide range of stakeholders," we assume a fair and serious attitude in providing our company information to investors.

Based on this view, the Company conducts management and operational activities for information disclosure by appointing the director in charge of the IR/PR Department as the Information Management Officer and the representatives of the organizations in the Management Staff Unit and of subsidiaries as Information Managers, pursuant to internal regulations called the "Guidelines for Regulations on Insider Trading."

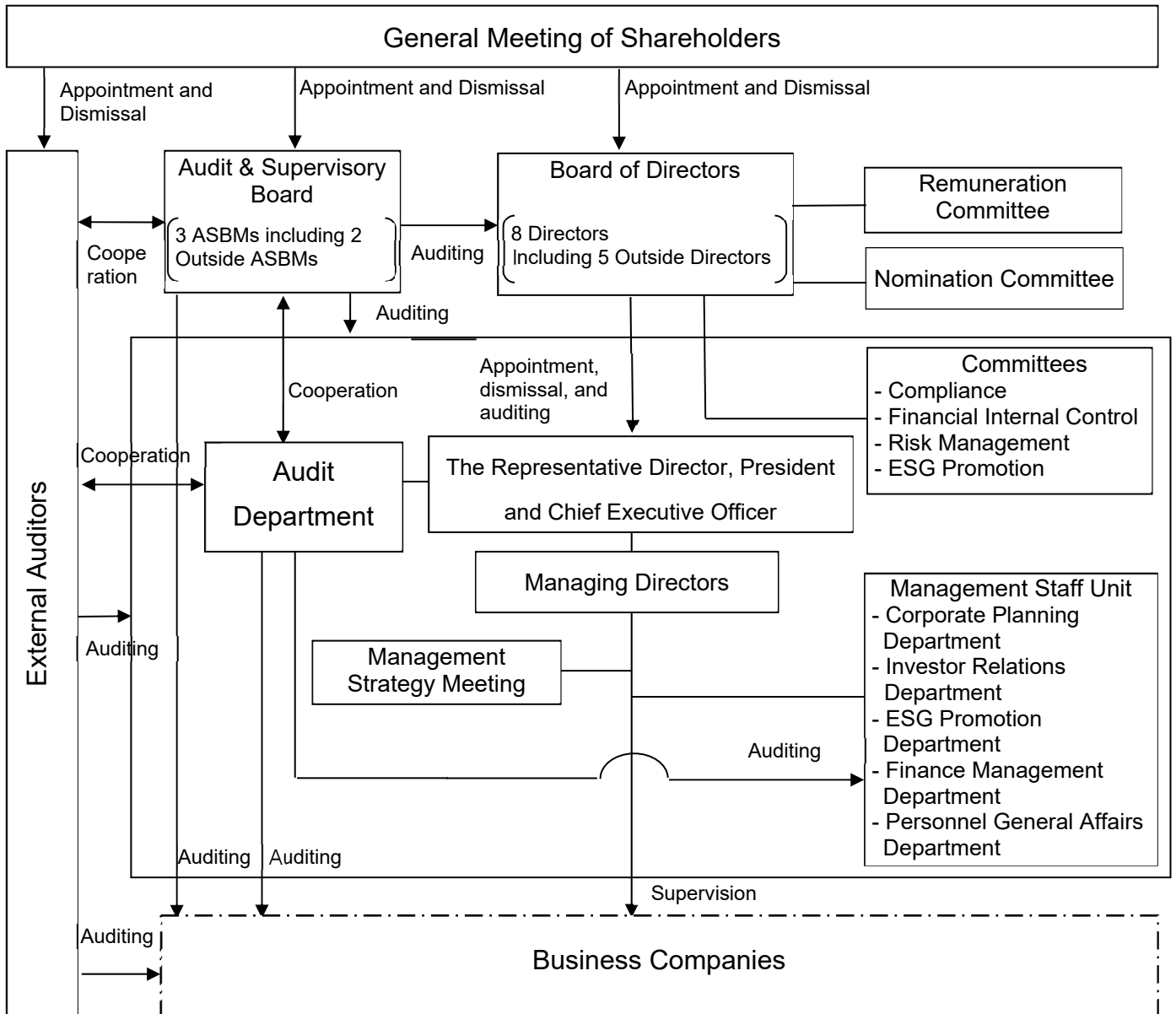
Any material fact, i.e., financial information, determined fact or occurring situation, is reported by the Information Manager of the department in charge to the Information Management Officer. The Information Manager and the Legal/Compliance Unit will decide if the information or fact needs to be disclosed. If so, the Information Management Officer will report it to the Representative Director, President and Chief Executive Officer, and a vote will be taken and a report will be made at a Board of Directors meeting.

Immediately after the vote and report at the Board of Directors meeting, the Legal/Compliance and IR/PR Departments will submit disclosure materials to the relevant stock exchanges, etc. and will distribute materials at press clubs and otherwise disclose the information.

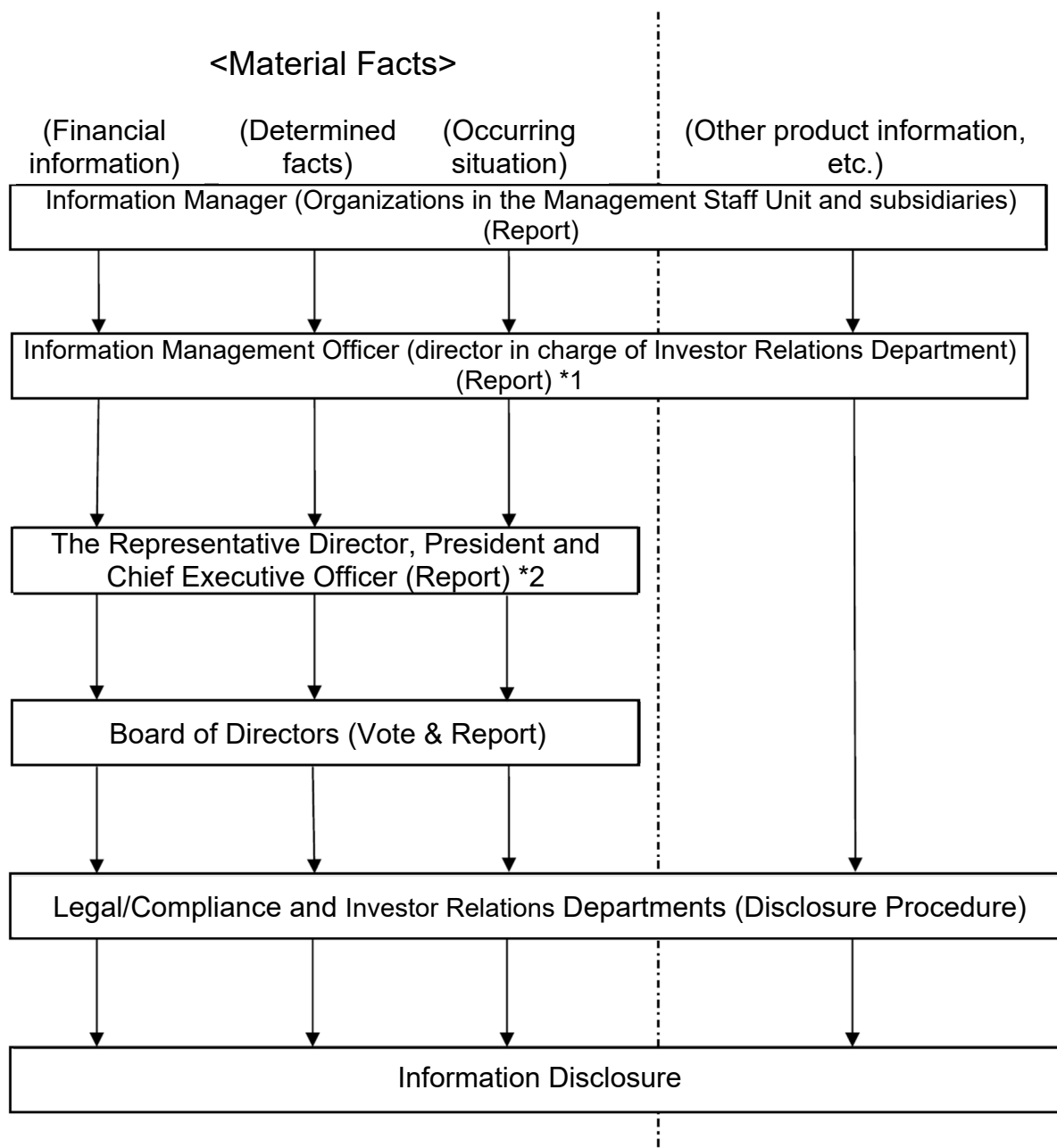
Regarding disclosure materials, we have put in place a system for making active disclosure to investors, such as promptly posting the materials on our website.

A schematic presentation showing the internal system for timely disclosure of company information is found in the Schematic Diagram of Timely Disclosure System attached hereto.

## [Corporate Governance System]



## [Schematic Diagram of Timely Disclosure System]



\*1 The necessity of timely disclosure is determined through consultations between the Information Management Officer and the Disclosure Procedures Department.

\*2 Certain financial information and information on urgent matters may be disclosed without a resolution or report by the Board of Directors at the discretion of the Representative Director, President and Chief Executive Officer. After the information is disclosed, a report will be submitted to the Board of Directors.