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(Translation)

Corporate Governance Report

CORPORATE GOVERNANCE

Kanadevia Corporation

Last Update: July 14, 2025

Kanadevia Corporation

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Securities code: 7004

<https://www.kanadevia.com/english/>

The corporate governance of Kanadevia Corporation (the “Company”) is described below.

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

1. Basic Views

Based on the Corporate Philosophy, “We create value useful to society with technology and integrity to contribute to a prosperous future,” the Company recognizes that faithfully meeting the expectations of all stakeholders—including shareholders, customers, business partners, local communities, and employees—and ensuring the soundness, transparency, and efficiency of its management are indispensable for its sustainable growth and corporate value enhancement over the medium to long term. Accordingly, the Company will work to enhance its corporate governance as a key management priority.

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

The Company is implementing all principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code Update

[Principle 1.4: Cross-Shareholdings]

The Company strategically holds investment shares for the purposes of enhancing corporate value and expanding its business through the maintenance and strengthening of business alliances and transaction relationships, and keeps such holdings to the bare minimum. Regarding the appropriateness of continuing to hold such shares, the Company makes decisions after comprehensively considering factors such as business strategies and transaction relationships, and judging whether its holding contributes to the purpose of holding from a medium- to long-term perspective. If the Company deems the significance of holdings to have diminished, it endeavors to sell or reduce said holdings as soon as possible. The appropriateness of holding individual strategically held shares is determined by the Board of Directors after the Board verifies recent transaction statuses

and technical collaboration relationships, and considers future transaction relationships based on business policies. For the status of sales based on this verification, please refer to the Annual Securities Report (p. 75, Japanese version only).

When exercising the voting rights associated with strategically held shares, the Company makes a comprehensive judgment based on both the profits it can secure from medium- to long-term transactions as well as whether the vote will contribute to the medium- to long-term growth and development of the investee company.

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

[Principle 1.7: Related-Party Transactions]

When the Company engages in a conflict-of-interest transaction or competitive transaction with a Director, or a transaction with a major shareholder, said transaction is approved by the Board of Directors in accordance with laws, regulations, and internal rules after the Legal Department has reviewed the appropriateness and rationality of the transaction details in advance.

[Supplementary Principle 2.4.1: Ensuring Diversity in the Appointment of Core Human Resources]

<Ensuring diversity>

To become a “solution partner that contributes to the realization of a sustainable, safe, and secure society,” the Company is working to continue achieving sustainable global growth and creating new value by breaking down barriers related to organizations, gender, and nationality, having those who work at the Company respect diverse values, and proactively engaging in corporate activities.

Similarly, in appointing core human resources, the Company believes that ensuring diversity among the core human resources who will support future management talent is important for achieving sustainable growth, and the Company is actively working to appoint diverse human resources.

(1) Appointment of women to management positions

The Company actively recruits women for promoting their active participation as a key measure (with targets of 50% for administrative positions and 10% for technical positions in new graduate hires) and is working to create an environment where women can thrive.

While the Company actively appoints employees to management positions regardless of gender, it has set a target for the percentage of women in management positions of 4% or more by 2025, taking into account the disparity in assigned job types and its current labor composition.

As of April 1, 2025, the percentage of women in management positions is 4.2% (42 individuals), achieving the target.

(2) Appointment of foreign nationals to management positions

With regard to foreign nationals, based on the globalization of business as a management strategy, the Company is committed to creating an environment that supports their success as a measure to secure and develop global human resources, such as through in-house exchange meetings for foreign employees and career development support seminars.

As of April 1, 2025, the Company has 82 foreign employees, but since the majority are in the younger age group, the ratio of foreign employees in management positions is 0.8% (8 individuals). Among employees aged 40 and over, which for many employees is the cohort considered eligible for promotion to management, the ratio of employees in the management positions

for foreign administrative and technical employees is 42.1% (8 individuals), indicating that appointment to management positions occurs without regard to nationality. Going forward, the Company aims to maintain this indicator at the current level of approximately 40%. The Company believes that the number of foreign nationals in management positions will increase in the future as the number of foreign employees in the eligible cohort increases.

(3) Appointment of mid-career hires to management positions

The Company actively engages in mid-career hiring so that it can respond to the rapid changes in the business environment and have such individuals contribute to its growth by utilizing the experience, expertise, and differing values they have cultivated at other companies.

The ratio of mid-career hires in management positions is 24.8% (338 individuals) as of April 1, 2025. Given that the ratio of mid-career hires among all administrative and technical employees is 27.4% (997 individuals), the Company recognizes that it has been able to appoint employees to management positions regardless of whether they are mid-career or new hires. However, as it will be necessary to increase the number of mid-career hires in the future due to the declining birthrate and aging population, the Company aims to increase this ratio to around 30%.

<Human resource development and internal environment policies for ensuring diversity, and their statuses>

Sponsorship by managers with female subordinates and the career development of female employees themselves are being fostered through various initiatives aimed at empowerment, including a career planning system and dispatch of employees for external training.

In July 2024, the Company revised its management-level human resources system to promote and support the diverse success and autonomous career development of managers, as well as to aim for employee retention and rewarding compensation. In addition, in April 2025, the Company raised the mandatory retirement age from 60 to 65 and revised its human resources system, thereby creating an environment where each and every employee can demonstrate their abilities and take on challenges and grow, regardless of age or gender.

Going forward, by promoting career development support for female employees, dispelling unconscious biases among all employees across the company, promoting diversity management, and facilitating communication for mutual understanding between managers and female employees, the Company will further develop systems and a corporate culture that enable each and every individual at the Company to continue to fully demonstrate their abilities, regardless of attributes such as gender.

For foreign employees, in order to build a system where they can continue to work while pursuing career advancement amidst differing cultures, customs, and values, the General Affairs Department's Diversity Promotion Section leads diversity activities so that officers and employees can come to understand each other's cultures, customs, and values.

The Company posts its initiatives related to diversity on its website.

In addition, the Annual Securities Report (pp. 19, 29-31, Japanese version only) includes the percentage of female workers in management positions; the childcare leave acquisition rate for male workers; the difference in wages between male and female workers; and strategies, indicators, and targets related to human capital.

The Company's website: <https://www.kanadevia.com/english/sustainability/diversity.html>

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company has not introduced a corporate pension plan for which it is the asset owner.

However, it has introduced a corporate defined contribution pension plan in which the participants themselves manage their contributions. In addition, to improve participants' knowledge of asset management, the Company provides education to instill basic knowledge of the system and points to note regarding investment when employees get started with the defined contribution pension plan. The Company also works with the investment management company to provide ongoing investment education tailored to actual conditions, taking monitoring reports into account.

[Principle 3.1: Full Disclosure]

(i) Corporate philosophy, management plans, and management strategies

The Company discloses its Corporate Philosophy, Management Stance, Standards of Business Behavior, Long-term Vision, and Medium-term Management Plans on its website.

Corporate Philosophy, Management Stance, Standards of Business Behavior:

<https://www.kanadevia.com/english/company/company-idea.html>

Long-term Vision, Medium-term Management Plan: <https://www.kanadevia.com/english/ir/policy/medium-term.html>

(ii) Basic views and basic policies on corporate governance

The Company discloses its basic views, basic policies, and system, etc. concerning corporate governance in "I. 1. Basic Views" and "II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" in this report as well as on its website and in its Annual Securities Report (p. 54, Japanese version only).

The Company's website: <https://www.kanadevia.com/ir/policy/governance.html> (Japanese version only)

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

(iii) Policies and procedures for determining remuneration of senior management and directors

The policies and procedures for determining remuneration of the Company's Directors are disclosed in this report in "II. 1. Director Remuneration - Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

(iv) Policies and procedures for appointment and dismissal of senior management and nomination of Director and Corporate Auditor candidates

For senior management, the Company seeks individuals who possess the vision, capabilities, and drive suitable for leading the Kanadevia Group and realizing its Corporate Philosophy.

For Directors and Corporate Auditors, candidates are those who have outstanding character and insight, and who possess the knowledge, experience, and abilities to properly execute the responsibilities required of their respective positions. For Outside Directors and Outside Corporate Auditors, candidates are those who have extensive experience in corporate management, specialized knowledge, and broad insight, and who meet the Company's criteria for independence.

The appointment and dismissal of senior management and the nomination of Director and Corporate Auditor candidates are deliberated and decided by the Board of Directors, following consultation with the Nomination & Remuneration Advisory

Committee.

The criteria for consulting the Nomination & Remuneration Advisory Committee regarding the dismissal of senior management (consultation criteria) are decided by the Board of Directors, following consultation with the Nomination & Remuneration Advisory Committee.

(v) Explanation of individual appointments/dismissals and nominations based on (iv) above

When a decision is made to appoint or dismiss a member of senior management, the Company will provide an explanation of the reasons therefor by an appropriate method on each such occasion. For the nomination (appointment) of Director and Corporate Auditor candidates, such reasons will be explained in the Notice of the General Meeting of Shareholders, etc.

[Supplementary Principle 3.1.3: Sustainability Initiatives, etc.]

<Sustainability Initiatives>

The Kanadevia Group's mission is "taking on the challenge, through the power of technology, to create a world that lives in balance with nature." To acquire new business opportunities and grow the Group sustainably, we practice sustainability-focused management. We have established our Sustainable Vision, which is our goal for the Group in 2050, as "realize zero environmental impact" and "maximize people's well-being."

Furthermore, we have established seven "Pillars of Success (Materialities)," which are essential elements for realizing our Sustainable Vision, namely: "carbon neutrality," "complete circulation of resources," "maximization of the environment's recovery power," "response to intensifying natural disasters," "sustainable procurement," "maximization of people's well-being," and "enhancement of corporate governance." For each Pillar of Success, we have clarified our recognition of related social issues and measures to address them; formulated targets (KPIs) and a roadmap to 2050; and are carrying out various initiatives. For the content of our main initiatives, please refer to the Annual Securities Report (p. 26-, Japanese version only). The Board of Directors and the Sustainability Promotion Committee take the lead in setting strategies and targets to realize the Sustainable Vision, and supervise and direct the implementation statuses of strategies and measures for important issues related to the Group's sustainability.

When formulating the medium-term management plan, the Board of Directors and the Sustainability Promotion Committee deliberate to review the strategies and targets for realizing the Sustainable Vision. At this time, they consider "climate change risks and opportunities," "nature-related dependencies, impacts, risks, and opportunities," and other ESG-related risks and opportunities (hereinafter collectively referred to as "ESG Risks, etc."). The progress of sustainability initiatives is confirmed by the Sustainability Promotion Committee and reported to the Board of Directors twice a year. Upon receiving these reports, the Board of Directors supervises and provides instructions regarding implementation of measures for important issues and initiatives.

The Sustainability Promotion Committee is chaired by the President, and its members consist of the general managers of business headquarters, general managers of business sites, presidents of Group companies, and others. The Sustainability Promotion Committee confirms and discusses important issues and initiatives related to promoting sustainability within the Kanadevia Group, supervises risks and opportunities as well as social and environmental impacts, and is responsible for approving reported matters. The committee meets four times a year.

In addition, the Sustainability Promotion Department, as the secretariat of the Sustainability Promotion Committee, is

responsible for unified promotion of sustainable management, and also carries out activities such as formulating policies related to sustainability, executing and supporting various cross-group measures, and disseminating information. The Sustainability Promotion Department reports the performance and progress of businesses and locations that are high priority from the perspective of ESG Risks, etc. within the Kanadevia Group's businesses to the management team, and has a system in place for the management team to recognize and address issues in a timely manner.

<Investment in human capital and intellectual property, etc.>

The Company recognizes human capital and intellectual property to be important management resources for enhancing corporate value. Based on its management strategies and basic policies for portfolio management, the Company allocates management resources, including human capital, equipment, information technology, research and development, and commercialization promotion.

(Regarding human capital)

The Company defines the skills required of all its employees as “personnel who can understand the ‘Kanadevia Value’—which consists of the Corporate Philosophy, Management Stance, and Standards of Business Behavior—connect it to their own duties, and reflect it in their results.” Based on this, the Company supports its employees’ autonomous growth by providing the necessary training and placements to achieve the “ideal employee profile” established for each level, from new employees to senior management.

To strengthen human capital, based on the belief that a virtuous cycle of mutual growth between people and the organization is the driving force behind the Company's growth and enhanced corporate value, the Company is advancing initiatives, and the following are the key measures of its human resources strategy: recruitment and retention of the personnel necessary to realize the Company's management and business strategies (securing diverse human resources, providing diverse ways of working); appropriate placement and strategic development (career development support, global talent development, management talent development, reskilling, and human resource mobility); and employee retention (revision of human resource compensation systems, and restructuring of welfare benefit programs). To promote these initiatives, the Company established the position of CHRO (Chief Human Resources Officer) on April 1, 2025.

Through these measures, the Company aims to achieve its KPIs for the hiring rate of new female graduates, the employee engagement index, the childcare leave acquisition rate for male employees, and the average prevalence rate of lifestyle-related diseases.

For the details of strategies, indicators, and targets, etc., related to human capital, please refer to the Annual Securities Report (pp. 29-31, Japanese version only) and the Integrated Report.

(Regarding intellectual property)

In the Kanadevia Group, where engineering and manufacturing technologies, along with human resources, are a source of revenue, we consider investment in, utilization of, and legal protection of intellectual property to be important issues in our management strategy. Regarding intellectual property, our basic strategy is to build up and maintain intellectual property rights based on our business and development strategies to strengthen our market competitiveness, and we are working to discover and create inventions as well as to file applications and secure rights in accordance with our business models. In particular, we

are strengthening promotion of securing rights internationally in response to the globalization of our business, and securing intellectual property rights in response to the increase in added value of products and services through the use of IoT and AI. Going forward, we will continue to consider the optimal form of intellectual property. For the details of our initiatives related to intellectual property, please refer to the Integrated Report.

<TCFD>

The Company announced its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in March 2021.

In the TCFD scenario analysis, we analyzed our worldview in 2050 based on three patterns of temperature increase—4°C, 2°C, and 1.5°C—and analyzed the risks, opportunities, and impacts on revenue for three businesses that have significant impacts on environmental conservation: waste incineration power generation, biogas, and wind power generation. We disclosed the results and the statuses of our initiatives in the Integrated Report.

In addition, we announced our support for the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures) in December 2023. We analyzed the dependencies and impacts on natural capital of our Waste-to-Energy (WtE) businesses (waste incineration power generation and biogas power generation businesses) and our biomass power generation business, and we disclosed the results in our TNFD Report 2024.

Going forward, we will actively engage in activities to resolve issues related to sustainability and will disclose information in our Integrated Report and other publications.

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

The Company's website: <https://www.kanadevia.com/english/sustainability/>

Integrated Report: <https://www.kanadevia.com/english/ir/data/annual.html>

TNFD Report 2024: https://www.kanadevia.com/english/ir/data/pdf/tnfd2024_E.pdf

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

The Board of Directors makes decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation, in addition to matters that the Board of Directors deems important.

For decisions on the execution of other business matters, the Company makes prompt decisions by delegating decision-making authority to subordinate bodies such as the Management Strategy Committee, in accordance with the content and importance of the relevant matter.

[Principle 4.9: Independence Standards and Qualifications for Independent Directors]

The independence standards and qualifications for Outside Officers are disclosed in this report in “II. 1. Matters Concerning Independent Directors and Independent Corporate Auditors - Other Matters Concerning Independent Directors and Independent Corporate Auditors.”

[Supplementary Principle 4.10.1: Views on the Independence, Authority, and Roles, etc. of the Nomination & Remuneration Advisory Committee]

The Company has established the Nomination & Remuneration Advisory Committee as an advisory body to the Board of

Directors in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to nomination (including succession planning) and remuneration of senior management and Directors.

<Views on the independence of the Committee's composition>

The Nomination & Remuneration Advisory Committee is composed of internal Directors (the Chairperson of the Board of Directors, President, and CEO) and Independent Outside Directors. To enhance the independence and objectivity of the Committee, the majority of its members are Independent Outside Directors, and the chairperson is an Independent Outside Director selected by a resolution of the Nomination & Remuneration Advisory Committee. Independent Outside Corporate Auditors attend as observers.

(For the composition as of June 24, 2025, please refer to "II. 1. Organizational Composition and Operation - Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson" and the corresponding "Supplementary Explanation" section in this report.)

<Roles and authorities of the Committee>

Based on consultation from the Board of Directors, the Committee will deliberate on the following items and provide reports to the Board of Directors. The Board of Directors will respect the reports from the Committee.

- (1) Matters concerning the nomination of candidates for director and corporate auditor
- (2) Matters concerning the appointment and dismissal of the President
- (3) Matters concerning the appointment and dismissal of the Representative Director
- (4) Matters concerning the appointment and dismissal of directors with titles
- (5) Matters concerning succession development plan for the President
- (6) Matters concerning the total maximum amount of remuneration of Directors
- (7) Matters concerning the total actual amount of remuneration of Directors
- (8) Matters concerning calculation methods of the amount of remuneration of Directors
- (9) Matters concerning the basic policies, rules, and procedures required for deliberating the preceding items
- (10) Other important management matters deemed necessary by the Board of Directors

[Supplementary Principle 4.11.1: Views on the Balance, Diversity, and Size of the Board of Directors]

<Basic policy for composition of the Board of Directors>

With a view to effectively fulfilling its roles and responsibilities, the Company's Board of Directors is to be composed of executive directors with expertise in the business areas of the Company's group and independent outside directors with extensive experience, specialized knowledge and wide-ranging insight concerning corporate management, such that the necessary level of knowledge, experience and skills for the Board of Directors as a whole can be achieved in a well-balanced manner and both the diversity in light of gender, international outlook and background careers and appropriate size commensurate with the nature of business and other factors can be ensured.

Independent outside directors are expected to engage in the management of the Company by leveraging their extensive experience and expertise outside the Company. In order to enhance the supervisory function of the Board of Directors and the transparency of business management, the Company elects independent Outside Directors so that they comprise at least one-third of all the Directors and at least one of whom is a person with experience of management of another company.

Composition of the Board of Directors (as of June 24, 2025)

Of the eight Directors,

- Four are Independent Outside Directors
- Three are women (Independent Outside Directors Shinoi Sakata, Akiko Horiguchi, and Maki Miyazaki)

<Knowledge, experience and skills necessary for the Board of Directors as a whole>

With our mission of “taking on the challenge, through the power of technology, to create a world that lives in balance with nature,” the Group has selected “Sustainability and ESG” as one of the skills required of all Directors to make sustainability the key focus in its management practices. Furthermore, from the perspectives of the basic policies of the medium-term management plan “Forward 25” (sustainable growth of existing businesses, creation and expansion of growth businesses, and promoting sustainable management (enhancing corporate value)), the company has selected the following skills to be possessed by the Board of Directors as a whole: “Corporate Management,” “Global Experience,” “Sales, Marketing, and Business Strategy,” “Engineering, Manufacturing, SCM,” “ICT, DX, and Innovation,” “Human Resources and Human Resource Development,” “Finance and Accounting,” and “Legal Affairs, Risk Management, and Compliance” These categories will be reviewed as necessary.

<Skills matrix>

A skills matrix listing the knowledge, experience, and abilities of each Director is disclosed, together with those of the Corporate Auditors, in the Notice of the General Meeting of Shareholders (p. 26), and a skills matrix that includes the Executive Officers is disclosed in the Integrated Report. Going forward, we will also utilize the skills matrix from the perspective of developing Director candidates.

Notice of the General Meeting of Shareholders:

https://www.kanadevia.com/english/ir/stock/pdf/128th_soukai_info_r_E.pdf

Integrated Report: <https://www.kanadevia.com/english/ir/data/annual.html>

[Supplementary Principle 4.11.2: Concurrent Positions of Directors and Corporate Auditors]

The status of important concurrent positions held by Directors and Corporate Auditors is described annually in the Notice of the General Meeting of Shareholders and the Annual Securities Report. The Company believes that the status of these concurrent positions is within a reasonable range in terms of the time and effort required to carry out the duties of Directors and Corporate Auditors.

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

Please refer to the attachment at the end of this report.

[Supplementary Principle 4.14.2: Training Policy for Directors and Corporate Auditors]

The Company provides training tailored to various objectives to enable all Directors and Corporate Auditors to deepen their credentials and knowledge necessary to fulfill their roles and responsibilities. In addition, the Company provides information on and opportunities for the training that individual Directors and Corporate Auditors require, and provides financial support

for the costs thereof.

In addition, the Company provides opportunities for Outside Directors and Corporate Auditors to visit sites such as plants and Group companies to deepen their understandings of the Company's business.

[Principle 5.1: Policy on Constructive Dialogue with Shareholders]

The Company strives to enhance its corporate value sustainably by engaging in regular dialogue with shareholders and investors to ensure they have a full understanding of its management policies and plans, and by reflecting their opinions and requests concerning management obtained through such dialogue in its management.

(1) IR system

Regarding dialogue with shareholders and investors, the officer responsible for IR activities is the General Manager of the Corporate Planning Headquarters. Under the direction of this general manager, the Corporate Planning Department (the Publicity and IR Section), which oversees all PR and IR activities, works in conjunction with other departments to engage in constructive dialogue and to ensure timely, appropriate disclosure of information to shareholders and investors.

The opinions and requests obtained through such dialogue are shared among internal departments and reported to the Board of Directors as appropriate.

(2) Methods and initiatives for dialogue

To provide information to shareholders and investors in a prompt, fair, and accurate manner and to ensure their understanding of the Company's management policies, business, and performance, etc., the Company undertakes the following initiatives.

- For institutional investors and securities analysts, senior management and the officer responsible for IR activities hold IR briefings and conference calls both in Japan and overseas on an ongoing basis.
- For individual shareholders, in addition to responding to inquiries by telephone and email, etc., the Company conducts facility tours.
- On its website, the Company proactively provides its management policies, management plans, and materials and presentation videos (or audio recordings) from IR briefings as well as materials and report videos related to the General Meeting of Shareholders.

(3) Management of insider information

When engaging in dialogue with shareholders and investors, the Company manages insider information appropriately in compliance with its internal rules (the Insider Trading Management Regulations).

[Status of dialogue with shareholders, etc.]

For the status of dialogue with shareholders in fiscal year 2024, please refer to "III. 2. Status of IR-related Activities" in this report.

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

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update <u>Update</u>	May 12, 2025

Explanation of Actions **Update**

At its meeting on December 1, 2023, the Company's Board of Directors deliberated and decided on measures to realize management that is conscious of cost of capital and stock prices, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term. Based on this decision, the Company is implementing initiatives and has been disclosing its capital efficiency and cost of capital in its financial results presentation materials, starting with the results for fiscal year 2023.

The relevant materials are posted on the Company's website.

The Company's website:

Actions on Achieve Management Conscious of Cost of Capital and Stock Prices (Material released on December 1, 2023)

(J) https://www.kanadevia.com/ir/pdf/capital_and_stock_prices.pdf

(E) https://www.kanadevia.com/english/ir/pdf/capital_and_stock_prices.pdf

FY2024 Financial Results Briefing Materials (p. 41)

(J) https://www.kanadevia.com/ir/data/pdf/FY2024_Financial_Results_J.pdf

(E) https://www.kanadevia.com/english/ir/data/pdf/FY2024_Financial_Results_E.pdf

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders **Update**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,089,300	17.26
Custody Bank of Japan, Ltd. (Trust Account)	18,163,800	10.78
STATE STREET BANK AND TRUST COMPANY 505301	6,623,100	3.93
MUFG Bank, Ltd.	5,291,510	3.14
THE BANK OF NEW YORK MELLON 140042	4,060,674	2.41
HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND	4,035,100	2.39
STATE STREET BANK AND TRUST COMPANY 505223	3,262,896	1.94
JP MORGAN CHASE BANK 385632	2,861,501	1.70
Kanadevia Employee Shareholding Association	2,626,246	1.56
STATE STREET BANK AND TRUST COMPANY 505025	2,532,543	1.50

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

Supplementary Explanation Update

1. The above Status of Major Shareholders is based on the register of shareholders as of March 31, 2025.
2. A change report made available for public inspection on March 7, 2025 states that Rheos Capital Works Inc. held shares of the Company as of February 28, 2025; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, Rheos Capital Works Inc. has not been included in the above Status of Major Shareholders.
3. A large shareholding report made available for public inspection on February 7, 2025 states that Mizuho Securities Co., Ltd. and Asset Management One Co., Ltd. held shares of the Company as of January 31, 2025; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, Mizuho Securities Co., Ltd. and Asset Management One Co., Ltd. have not been included in the above Status of Major Shareholders.
4. A change report made available for public inspection on December 6, 2024 states that Nomura Securities Co., Ltd., Nomura International plc, and Nomura Asset Management Co., Ltd. held shares of the Company as of November 29, 2024; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, Nomura Securities Co., Ltd., Nomura International plc, and Nomura Asset Management Co., Ltd. have not been included in the above Status of Major Shareholders.
5. A change report made available for public inspection on September 6, 2024 states that M&G Investment Management Limited and M&G Investments (Singapore) Pte. Ltd. held shares of the Company as of August 30, 2024; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, M&G Investment Management Limited and M&G Investments (Singapore) Pte. Ltd. have not been included in the above Status of Major Shareholders.
6. A change report made available for public inspection on July 29, 2024 states that MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Asset Management Co., Ltd. held shares of the Company as of July 22, 2024 as joint holders; however, as the Company was unable to confirm the actual number of shares held by MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Asset Management Co., Ltd. as of March 31, 2025, with the exception of MUFG Bank, Ltd., they have not been included in the above Status of Major Shareholders.
7. A change report made available for public inspection on April 21, 2022 states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. held shares of the Company as of April 15, 2022 as joint holders; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. have not been included in the above Status of Major Shareholders.
8. A change report made available for public inspection on May 7, 2021 states that Lazard Asset Management LLC held shares of the Company as of April 30, 2021; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2025, Lazard Asset Management LLC has not been included in the above Status of Major Shareholders.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more but fewer than 300

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

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5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

The Company holds shares in Naikai Zosen Corporation (in which the Company has 39.5% ownership of voting rights; listed on the Standard Market of the Tokyo Stock Exchange) as a listed affiliated company.

Said company became a consolidated subsidiary of the Company in 1967 and was listed on the Osaka Securities Exchange and Hiroshima Stock Exchange in 1974 with the aim of enhancing its neutrality, independence, and social credibility (it was listed on the Second Section of the Tokyo Stock Exchange in 2000 due to the merger of the Hiroshima Stock Exchange with the Tokyo Stock Exchange, and transitioned to the Standard Market of the Tokyo Stock Exchange in 2022). As part of spinning-off its shipbuilding business in 2002 and promoting business structure transformation across the Group, the Company sold a portion of its shares in said company in 2006, and said company became an equity-method affiliate. Currently, said company's main business, the shipbuilding business, is not positioned as one of the business segments within the Kanadevia Group's business portfolio. From the perspective of maximizing corporate value, the Company regularly examines the appropriateness of continuing to hold shares in said company. At present, there are no plans for any other subsidiaries to be newly listed.

The Company dispatches one person to serve as a director of said company. While the Company requests prior consultation or ex-post facto reporting on said company's important resolutions, it respects said company's decision-making and does not unduly constrain it. In addition, the Company has a transactional relationship with said company involving the lease of land and buildings, etc., for the Innoshima Works and the sale of marine engines. When transacting with the Company, said company determines the transaction amount each time a purchase is made, calculating such amounts based on market prices, and conducts such transactions under the same terms as other general transactions.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with the Board of Corporate Auditors*
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*Referred to as “Company with *Kansayaku* Board” in the Corporate Governance Code reference translation and also as “Audit and Supervisory Board.”

Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board Update	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuya Shoji	From another company								△			
Shinoi Sakata	From another company								△			
Akiko Horiguchi	From another company								△			
Maki Miyazaki	Lawyer								△			

*Categories for “Relationship with the Company.”

(Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

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

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tetsuya Shoji	○	<p>Although there is a business relationship between the Company and NTT Communications Corporation, where Mr. Shoji currently serves as Corporate Advisor and was engaged in execution of business until June 2020, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of NTT Communications Corporation's consolidated operating revenue. Additionally, there is no business relationship between the Company and Nippon Telegraph and Telephone Corporation, where Mr. Shoji was formerly engaged in execution of business. Although there is a business relationship between the Company and Nippon Telegraph and Telephone West Corporation, where Mr. Shoji was formerly engaged in execution of business, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Nippon Telegraph and</p>	<p>Mr. Shoji has extensive experience and wide-ranging insight in corporate management, including having served as a representative member of the board of a telecommunications carrier. Mr. Shoji has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is promoting stronger corporate governance and the globalization of business and digital transformation (DX), and has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as Chair of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Mr. Shoji will continue to fulfill these roles.</p> <p>Mr. Shoji holds concurrent positions as Corporate Advisor at NTT Communications Corporation, and as Outside Director at circlace Inc., Sapporo Holdings Limited, Mitsubishi Logistics Corporation, and Japan Tobacco, Inc. However, since his appointment as Outside Director of the Company in June 2021, Mr. Shoji has attended all meetings of the Board of Directors and the Nomination & Remuneration Advisory Committee, fulfilling his duties as Outside Director of the Company through, among others, constructive discussions and exchange of opinions.</p> <p>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated him as an Independent Director.</p>

		Telephone West Corporation's consolidated operating revenue and the Company received no sales revenue from Nippon Telegraph and Telephone West Corporation.	
Shinoi Sakata	○	<p>Although there is a business relationship between the Company and SUMITOMO CHEMICAL COMPANY, LIMITED, where Ms. Sakata was engaged in execution of business in the past, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and there were no payments made to SUMITOMO CHEMICAL COMPANY, LIMITED. Additionally, there is no business relationship between the Company and Sumika Technical Information Service, Inc., Japan Chemical Industry Association or both where Ms. Sakata was formerly engaged in execution of business.</p>	<p>Ms. Sakata has extensive experience and wide-ranging insight into company management. Her experience encompasses working in the chemical industry as a researcher on safety, etc., involved in activities to evaluate technological strategies from a sustainability perspective as a manager, and serving as a Representative Director of an information company. Ms. Sakata has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance and digital transformation (DX). In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Sakata will continue to fulfill these roles.</p> <p>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated her as an Independent Director.</p>
Akiko Horiguchi	○	<p>Although there is a business relationship between the Company and Oki Electric Industry Co., Ltd., where Ms. Horiguchi was engaged in execution of business in the past, the average annual value of</p>	<p>Ms. Horiguchi has extensive experience and wide-ranging insight into company management and diversity-focused management. Her experience encompasses working as an executive officer and Head of Public Relations and Head of Human Resources Division at an information and communication equipment manufacturer, serving as a</p>

		<p>transactions between the two companies in the past three fiscal years was less than 0.1% of Oki Electric Industry's consolidated net sales and there are no sales from Oki Electric Industry. Additionally, there is no business relationship between the Company and any of Oki Workwel Co., Ltd., Oki Consulting Solutions Co., Ltd. or OKI Proserve Co., Ltd., where Ms. Horiguchi is or formerly was engaged in execution of business.</p>	<p>Representative Director of a special affiliate subsidiary, and serving as a Director of the Japan Institute for Women's Empowerment & Diversity Management. Ms. Horiguchi has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance, digital transformation (DX), diversity-focused management and human capital management. In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Horiguchi will continue to fulfill these roles.</p> <p>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated her as an Independent Director.</p>
<p>Maki Miyazaki</p>	○	<p>There is no business relationship between the Company and Law Offices of YUMOTO, OTA & MIYAZAKI, where Ms. Miyazaki currently serves as Managing Partner. Although there is a business relationship between the Company and Kelley Drye & Warren LLP, where Ms. Miyazaki formerly belonged, via the Company's subsidiary in the United States, the average annual value of transactions between the Company and the firm in the</p>	<p>Ms. Miyazaki served as Managing Partner of a law firm for many years and has extensive experience and expert knowledge in international corporate legal matters. As Outside Director, Ms. Miyazaki is providing appropriate opinions and advice from an independent standpoint to the Company, which is now promoting stronger corporate governance and the globalization of business. She is also fulfilling the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Miyazaki will continue to fulfill these roles.</p>

		past three fiscal years was less than 1 million yen.	While she does not possess prior experience in corporate management, the Company is confident in her ability to effectively carry out her duties as an Outside Director for the above-mentioned reasons. There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated her as an Independent Director.
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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 Chairperson [Update](#)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Advisory Committee	5	0	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Remuneration Advisory Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation [Update](#)

The Company established the Nomination & Remuneration Advisory Committee as an advisory body to the Board of Directors in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to nomination (including succession planning) and remuneration of senior management and Directors.

For the Company's views on the independence of the committee's composition, its roles, and authorities, etc., please refer to "I. 1. Disclosure Based on each Principle of the Corporate Governance Code - Supplementary Principle 4.10.1" in this report.

Composition of the Nomination & Remuneration Advisory Committee (1 Internal Director : 4 Outside Directors) (as of June 24, 2025)

Chairperson: Tetsuya Shoji, Outside Director

Members: Shinoi Sakata, Outside Director, Akiko Horiguchi, Outside Director, Maki Miyazaki, Outside Director

Michi Kuwahara, President & CEO (Chairperson of the Board of Directors)

* Observers: Hirofumi Yasuhara, Outside Corporate Auditor; Koji Inada, Outside Corporate Auditor

Activities during fiscal year 2024

The Committee met 12 times during fiscal year 2024 and deliberated on matters including a review of the management structure following inappropriate conduct in the marine engine business, treatment of *Sodanyaku* (senior corporate advisors) and *Komon* (corporate advisors), nomination of candidates for Director and Corporate Auditor, changes of Representative Directors, review of the composition of the Nomination & Remuneration Advisory Committee, remuneration of Directors, and development of management personnel.

For the attendance record of individual members, please refer to the Annual Securities Report (p. 58, Japanese version only).

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

Corporate Auditors *

*Referred to as “*kansayaku*” in Corporate Governance Code reference translation and also as “Audit and Supervisory Board Member.”

Establishment of Board of Corporate Auditors	Established
Number of Corporate Auditors Stipulated in Articles of Incorporation	No upper limit
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

For the purpose of conducting efficient audits, based on the Code of Auditing Standards for Corporate Auditors and other codes, the Corporate Auditors cooperate with the internal audit department and the Accounting Auditors by regularly exchanging information on audit plans, audit results, and other matters. They also monitor and verify that the Accounting Auditors conduct their audits appropriately.

Based on the Company’s Basic Policy on Internal Controls, the Code of Auditing Standards for Corporate Auditors Auditing Standards, and the Internal Audit Regulations, the internal audit department closely cooperates with the Corporate Auditors by providing them with audit plans for internal audits, audit reports, and necessary information obtained through audits as well as by holding regular information exchanges. Furthermore, with regard to audit results and other matters, the internal audit department also cooperates with the Accounting Auditors by holding regular information exchanges, thereby establishing a system for conducting efficient audits.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Corporate Auditors	2

Outside Corporate Auditors' Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hirofumi Yasuhara	From another company											
Koji Inada	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.)

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

Outside Corporate Auditors' Relationship with the Company (2) Update

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Hirofumi Yasuhara	○	—	Mr. Yasuhara has extensive experience and wide-ranging insight into company management, audit operations, and finance and accounting. His experience encompasses serving as a Senior Audit & Supervisory Board Member at an electronics and machinery manufacturer, and also as Representative Director and as the person responsible for accounting divisions at an affiliate of said company. The Company anticipates that Mr. Yasuhara will be able to contribute to strengthening its corporate governance and enhancing the auditing system, as Mr. Yasuhara has provided appropriate opinions and advice on the Company's management,

			<p>business operations and other matters from an independent standpoint as Outside Corporate Auditor.</p> <p>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated him as an Independent Corporate Auditor.</p>
Koji Inada	○	<p>Although there is a business relationship between the Company and The Kansai Electric Power Company, Incorporated, where Mr. Inada currently serves as an advisor and was engaged in execution of business, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.2% of the Company's consolidated net sales and less than 0.1% of the consolidated net sales of The Kansai Electric Power Company, Incorporated.</p>	<p>Mr. Inada has extensive experience and wide-ranging insight into the ICT and digital field, as well as company management.</p> <p>His experience encompasses serving as a person responsible for IT divisions and corporate planning, and Director and Representative Executive Officer at an electric power company. The Company anticipates that Mr. Inada will be able to contribute to strengthening its corporate governance and enhancing the auditing system by providing appropriate opinions and advice on the Company's management, business operations and other matters from an independent standpoint as Outside Corporate Auditor.</p> <p>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that there is no risk of a conflict of interest with general shareholders, and has designated him as an Independent Corporate Auditor.</p>

Matters Concerning Independent Directors and Independent Corporate Auditors

Number of Independent Directors and Independent Corporate Auditors

6

Other Matters Concerning Independent Directors and Independent Corporate Auditors

The Company determines that an outside director or an outside corporate auditor is independent if he/she does not fall into any of the following categories.

1. A major shareholder of the Company (a shareholder who holds 10% or more of the Company's voting rights on the last day of the most recent fiscal year), or one who executes business for that major shareholder
2. A major client of the Company, or one who has executed business at a major client of the Company during the past three years
* A major client of the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of the Company's average consolidated sales.
3. One whose major client is the Company, or one who has executed business for that party during the past three years
* One whose major client is the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of that party's average consolidated sales.
4. One who is a specialist or a consultant in a legal, accounting, or taxation field, and receives a large amount of money or other properties in addition to director's or corporate auditor's remuneration paid by the Company (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
* A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
5. One who executes business in an organization that receives a large amount of donation or grant from the Company
* A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
6. A relative within the second degree of kinship with a person who meets any of the categories below
 - (1) One falling into any of categories 1– 5 above (excluding one that is not material)
 - (2) One who was a Director, an Executive Officer, or an important employee of the Kanadevia Group during the past three years

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Remuneration for Directors (excluding Outside Directors) consists of fixed remuneration, a corporate performance-linked bonus, and corporate performance-linked share-based remuneration.

For the details of the corporate performance-linked bonus and corporate performance-linked share-based remuneration, please refer to “II. 1. Director Remuneration - Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items [Update](#)

The total amount of remuneration etc. for Directors and Corporate Auditors for fiscal year 2024 is as follows.

• Directors(of which, Outside Directors)

Number of Applicable Officers: 11 (5) persons

Total Amount of Remuneration, etc.: 338 (48) (Millions of yen)

Total Amount by Type of Remuneration etc. is as follows.

Fixed remuneration: 221 (48) (Millions of yen)

Corporate performance-linked bonus: 94 (—) (Millions of yen)

Corporate Performance-linked share-based remuneration: 22 (—) (Millions of yen)

• Corporate Auditors (of which, Outside Corporate Auditors)

Number of Applicable Officers: 5 (3) persons

Total Amount of Remuneration, etc.: 82 (19) (Millions of yen)

Total Amount by Type of Remuneration etc. is as follows.

Fixed remuneration: 82 (19) (Millions of yen)

Corporate performance-linked bonus: — (—) (Millions of yen)

Corporate Performance-linked share-based remuneration: — (—) (Millions of yen)

*1: The total amount of remuneration etc. for Directors does not include remuneration for duties as employees by Directors who also serve as employees. Among the above, Satoshi Kimura and Munenobu Hashizume, are Directors who also serve as employees. However, they are not paid salaries as employees.

*2: Corporate performance-linked share-based remuneration is the total amount expensed based on the corporate performance-linked share-based remuneration plan approved at the 127th Ordinary General Meeting of Shareholders held on June 20, 2024.

*3: As of March 31, 2025, there are eight (8) Directors (including four (4) Outside Directors) and four (4) Corporate Auditors (including two (2) Outside Corporate Auditors), and the difference from the above number of applicable persons is due to the inclusion of three (3) Directors (including one (1) Outside Director) and one (1) Outside Corporate Auditor, who retired at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 20, 2024.

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The outline of policy for determining the content of individual remuneration, etc. for Directors is as follows.

Said policy is decided by the Board of Directors, after consultation with the Nomination & Remuneration Advisory Committee voluntarily established by the Company.

In addition, the Nomination & Remuneration Advisory Committee regularly reviews the said policy and remuneration levels to ensure that the remuneration provides a healthy incentive for directors.

The said policy applies to the determination of remuneration from July 2024 onward.

The corporate performance-linked share-based remuneration plan was introduced by the resolution of the 127th Ordinary General Meeting of Shareholders held on June 20, 2024.

(Remuneration System)

- Remuneration for Directors consists of fixed remuneration, corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance, and corporate performance-linked share-based remuneration in order to raise their awareness of the need to contribute to improving medium to long term business performance and maximizing corporate value, and the remuneration of each Director is decided within the total remuneration limit determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.
- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.
- The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Kanadevia, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year. Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (0-9 months for the Chairman and President, 0-7 months for other Directors, and 5 months for both under the standard performance conditions) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.
- Corporate performance-linked share-based remuneration shall be calculated based on the medium to long-term corporate performance indicators, namely the level of target achievement in consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. in each fiscal year, which are of primary concern from the perspective of management strategy. For corporate performance-linked share-based remuneration, the share granting points for each Director shall be calculated based on the basic points determined for each executive position, according to the level

of target achievement against corporate performance targets for each fiscal year (calculated multiplying the basic points by the coefficient which is corresponding to level of target achievement in consolidated operating income margin and consolidated net sales (0-200% for the Chairman and President) and which is added or subtracted the adjustments based on the evaluation of non-financial value, etc.). Such share granting points shall then be converted to shares of common stock in the Company on a one share to one point basis, which shall later be granted to each Director through the Trust at a certain time in each year. A certain proportion of the shares to be granted shall remain in the form of shares, while the rest shall further be converted to cash, both of which shall later be granted or paid to each Director at a certain time in each year.

- The composition ratio of remuneration for individual Directors (excluding Outside Directors) varies according to the amount of corporate performance-linked bonus and corporate performance-linked share-based remuneration. The proportion between fixed remuneration, corporate performance-linked bonus and corporate performance-linked share-based remuneration for the Chairman and President's remuneration, etc., varies within a range between 100%: 0%: 0% (when there is no payment of corporate performance-linked bonus nor corporate performance-linked share-based remuneration) and 38%: 43%: 19% (when the number of months of payment is the full number of months and the assessment value of the individual Director is at maximum for the corporate performance-linked bonus, and corporate performance-indexation factor is at maximum in calculating corporate performance-linked share-based remuneration). Under the standard performance conditions, the ratio is 60%: 25%: 15%. Excluding the Chairman and President, the proportion for Directors' remuneration, etc., varies within a range between 100%: 0%: 0% (when there is no payment of corporate performance-linked bonus nor corporate performance-linked share-based remuneration) and 49%: 42%: 9% (when the number of months of payment is the full number of months and the assessment value of the individual Director is at maximum for the corporate performance-linked bonus, and corporate performance-indexation factor is at maximum in calculating corporate performance-linked share-based remuneration). Under the standard performance conditions, the ratio is 65%: 27%: 8%.

(Matters Concerning Procedures for Determining the Amount of Remuneration and Delegation)

- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors.
- With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board (or the President, if the position of Chairman of the Board is vacant), who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors.
- The amount of corporate performance-linked share-based remuneration for each Director shall be determined depending on the level of achievement of corporate performance targets for each fiscal year in accordance with the Share-Based Remuneration Rules established by a resolution of the Board of Directors.
- All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.

Support System for Outside Directors (and/or Outside Corporate Auditors)

As a support system for Outside Directors, the secretariat department for the Board of Directors provides explanations of agenda items and other information in advance of each Board of Directors meeting. Similarly, as a support system for Outside Corporate Auditors, a dedicated department has been established to assist them in their duties. This department provides explanations of agenda items and other information in advance of each Board of Directors and Board of Corporate Auditors meeting, and provides general assistance with Corporate Auditors' duties, thereby establishing a system that enables Outside Directors and Outside Corporate Auditors to fully perform their duties.

In addition, if an Outside Officer is unavoidably unable to attend a meeting of the Board of Directors or the Board of Corporate Auditors, the content of the meeting is reported to said Outside Officer on each such occasion, and their opinions are obtained as necessary.

Status 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. [Update](#)

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. [Update](#)

0

Other Related Matters [Update](#)

- The Company abolished the *Sodanyaku* (senior corporate advisor) system on June 24, 2025.
- The Company has a system whereby an officer who has served as Chairman or President may be commissioned as a *Komon* (corporate advisor) upon their retirement by a resolution of the Board of Directors.

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

The Company has a Board of Corporate Auditors and has appointed Corporate Auditors to supervise Directors' execution of their duties.

The Board of Directors is chaired by the President and consists of eight Directors (including four Outside Directors). In addition to regular meetings held once a month, extraordinary meetings of the Board of Directors are held as necessary to make decisions on matters stipulated by law as well as on important matters, including business execution and basic management policies, and to supervise business execution. The current system has been adopted because it enables the Company to ensure the effectiveness of its substantive management monitoring and supervisory functions by making decisions that give maximum

respect to the opinions of the Outside Directors, who have a neutral perspective.

In addition, the Company has established a Management Strategy Committee that is composed of the President and Executive Officers. For important matters related to the business activities of each business division, the Company has a system in place that enables it to make appropriate management judgments by carrying out business after thorough deliberation on issues and countermeasures. The Management Strategy Committee is chaired by the President and consists of fifteen Executive Officers, and it meets approximately twice a month to deliberate and make decisions on important matters. The Company has also introduced an executive officer system and delegates part of Directors' business execution functions to the Executive Officers, thereby aiming to both strengthen Directors' supervisory functions and speed up business execution.

The Company established the Nomination & Remuneration Advisory Committee as a voluntary advisory body to the Board of Directors in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to nomination (including succession planning) and remuneration of senior management and Directors. The Committee is composed of one internal director (the President & CEO) and four Outside Directors, and the chairperson is an Outside Director. In addition, two Outside Corporate Auditors attend as observers.

The Board of Corporate Auditors is composed of four Corporate Auditors (including two Outside Corporate Auditors). Each Corporate Auditor supervises Directors' execution of business by, among other activities, consistently attending meetings of the Board of Directors, after which the Board consolidates its audit opinions. To assist the Corporate Auditors in their duties, the Company has established a system to ensure the effectiveness of their audits by assigning one dedicated employee who is independent and does not receive direction or orders from Directors or other parties executing business. Yuichi Okura, a Full-time Corporate Auditor, and Hirofumi Yasuhara, an Outside Corporate Auditor, have a considerable degree of knowledge concerning finance and accounting.

The Company has established the Internal Auditing Department (Internal Audit Section) (10 personnel) as its internal audit department. Based on the Internal Audit Regulations, this department conducts internal audits of all management activities of the Kanadevia Group concerning accounting, business management and procedures, business risks, and compliance, etc., on an ongoing basis and provides advice for business improvement.

The Company has appointed KPMG AZSA LLC as its Accounting Auditor. The certified public accountants who carry out the Company's audit operations are Kenta Tsujii and Takehiro Nakamura, both of whom belong to said audit firm. The assistants for audit operations consist of 17 certified public accountants and 27 other personnel.

The Company has concluded liability limitation agreements with its four Outside Directors and four Corporate Auditors, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages under Article 423, Paragraph 1 of said Act. The maximum amount of liability for damages under these agreements is the minimum liability amount stipulated by laws and regulations.

In addition, the Company has established voluntary bodies such as the Compliance Committee to ensure thorough compliance and the Sustainability Promotion Committee to decide on plans, strategies, and various measures related to promoting sustainability within the Kanadevia Group, thereby strengthening its governance functions.

For the details of the status of corporate governance, please refer to the Annual Securities Report (p. 54-, Japanese version only).

Annual Securities Report: <https://www.kanadevia.com/ir/data/report.html> (Japanese version only)

In light of the series of instances of inappropriate conduct in the marine engine business and other areas, the Company has implemented measures such as reviewing its inspection and measurement systems and business processes and strengthening its quality control system in accordance with the specifics of each case. In addition to such measures, as common countermeasures for all instances of inappropriate conduct, the Company is making efforts to ensure top management's commitment, organizational culture and awareness reform, improvement of business processes, prevention of quality-related misconduct, securing of personnel for the quality assurance department, and strengthening of the supervisory functions of the Board of Directors. For risk management, the Company has established an Enterprise Risk Management (ERM) Department and introduced an enterprise-wide risk management system that comprehensively identifies group-wide risks, defines risk tolerance levels, and evaluates and addresses risks based on such levels. Furthermore, regarding quality assurance, the Company has strengthened its quality assurance system by consolidating the quality assurance departments, which were previously dispersed among various business divisions, into a Quality Assurance Unit under the direct control of the President. The Company has also established a Quality Compliance Committee as a subordinate body to the Compliance Committee to monitor the appropriateness of quality-related operations in each department and the implementation status of corrective measures related to inappropriate conduct.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted this system because it believes that the system achieves a balance between management efficiency and the effectiveness of audit and supervisory functions, and contributes to the Company's sustainable growth and the medium-to long-term enhancement of corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company endeavors to send out the Notice of the General Meeting of Shareholders early and to post it electronically on its website and elsewhere at an early stage. For the Ordinary General Meeting of Shareholders held this year (June 24), the Notice was made available electronically on May 27 and mailed on June 4.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company sets a date for its General Meeting of Shareholders so as to avoid peak days in order to enable as many shareholders as possible to attend.
Electronic Exercise of Voting Rights	To improve convenience for shareholders exercising their voting rights, the Company has adopted a system that allows for the exercise of voting rights via the Internet (via PC or smartphone).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	To improve the environment for institutional investors to exercise their voting rights, the Company participates in the electronic voting platform operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	To facilitate the exercise of voting rights by overseas investors, the Company prepares an English translation of the Notice of the General Meeting of Shareholders and makes this translation available electronically on its website and elsewhere. For the Ordinary General Meeting of Shareholders held this year, the translation was made available electronically on June 3.
Other	The Notice of the General Meeting of Shareholders is made available electronically on the Company's website and elsewhere. To expand opportunities for shareholders to participate in the General Meeting of Shareholders, the Company livestreams the meeting (hybrid-participation virtual General Meeting of Shareholders) and accepts questions in advance. In addition, for three months following each meeting, a video of the reporting portion of the meeting and the materials used for the reports are posted on the Company's website.

2. Status of IR-related Activities **Update**

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>Based on the Kanadevia Value (Corporate Philosophy, Management Stance, and Standards of Business Behavior), the Company conducts timely and appropriate information disclosure in accordance with laws and regulations. With the aims of engaging in highly transparent business activities; fulfilling its accountability to all stakeholders, including shareholders and investors; and contributing to the enhancement of corporate value from a long-term perspective, the Company established a Disclosure Policy and posted it on its website.</p> <p>The Company's website: https://www.kanadevia.com/english/disclosure.html</p>	
Regular Investor Briefings held for Analysts and Institutional Investors	<p>In addition to financial results briefings (including conference calls) held four times a year at the time of each quarterly and full-year financial results announcement, the Company holds briefings for analysts and institutional investors as appropriate, such as when management plans are announced. The Representative Director (the President) and the officer in charge of finance (the General Manager of the Corporate Planning Headquarters) provide explanations.</p> <p>Activities during fiscal year 2024 were as follows.</p> <ul style="list-style-type: none"> Financial results briefings: All are held remotely. For 2Q and 4Q, the President explained the management information and the officer in charge of finance explained the financial information. For 1Q and 3Q, the officer in charge of finance explained only the financial information. Small meetings for institutional investors: Meetings between the President and a small number of institutional investors were held after the financial 	Held

	<p>results briefings.</p> <p>Their themes were the overseas subsidiary Kanadevia Inova, ESG, and the environmental business.</p> <ul style="list-style-type: none"> • Site tours for institutional investors: <p>Tours were conducted at the Suginami Incineration Plant (waste-to-energy facility), the Southern Clean Center of Kyoto City (waste-to-energy facility), Kanadevia Inova (in Europe), and the Sakai Works (including presentations on related businesses).</p> <ul style="list-style-type: none"> • Other: Individual meetings were held for analysts and institutional investors (a total of 205 meetings, excluding those for overseas institutional investors). 	
Regular Investor Briefings held for Overseas Investors	<p>The Representative Director (the President) is scheduled to explain financial results and management plans, etc. to overseas institutional investors several times a year, primarily in Europe and the United States.</p> <p>In fiscal year 2024, the Company held dialogues with institutional investors in Europe, North America, and Australia (either in-person or remotely).</p>	Held
Online Disclosure of IR Information	<p>The Company posts materials such as its management plans, summary of financial results (<i>Kessan Tanshin</i>), financial results briefing materials, timely disclosure materials, annual securities reports, quarterly reports, and notices of the general meeting of shareholders on its website.</p> <p>The Company's website:</p> <p>https://www.kanadevia.com/english/ir/</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company's Corporate Planning Department (Publicity and IR Section) is in charge of IR.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Kanadevia Group's Corporate Philosophy is to contribute to a prosperous future society by broadly creating products and services that meet new social needs, with technology and sincerity as the foundation of its management.</p> <p>Based on this philosophy, our management stance, which is the basis of all our business activities, states that we should pursue the satisfaction of stakeholders, including shareholders, customers, and employees. In addition, the Kanadevia</p>

	<p>Group Charter of Ethical Behavior, a code of conduct that all officers and employees must observe, sets forth as one of its basic policies respect for stakeholders and coexistence with society as a good corporate citizen.</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>For the Company's initiatives related to sustainability, please refer to the following.</p> <ul style="list-style-type: none"> • [Supplementary Principle 3.1.3] in "I. Disclosure Based on each Principle of the Corporate Governance Code" in this report • The Company's website: https://www.kanadevia.com/english/sustainability/
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>In the Kanadevia Group Charter of Ethical Behavior, the Company clearly states that it will actively disseminate corporate information not only to stakeholders but to society at large.</p> <p>In addition, based on the Insider Trading Management Regulations, the Company is committed to disclosing important corporate information in a timely, appropriate manner in accordance with laws and securities exchange regulations.</p>
Other	<p>For the Company's initiatives related to human resource strategies, such as promotion of diversity, please refer to the following.</p> <ul style="list-style-type: none"> • [Supplementary Principle 2.4.1] in "I. Disclosure Based on each Principle of the Corporate Governance Code" in this report • The Company's website: https://www.kanadevia.com/english/sustainability/diversity.html <p>To realize a workplace where diverse human resources are healthy in mind and body and can fully demonstrate their individual abilities, the Company thoroughly respects human rights by prohibiting discrimination based on nationality, race, religion, age, gender, sexual orientation, gender identity, and disability, etc. as well as all forms of harassment. It also carries out initiatives aimed at ensuring diversity of human resources, providing diverse ways of working, ensuring appropriate placement and strategic development, and retaining personnel. In particular, regarding the promotion of health management, the President holds ultimate responsibility, sharing issues with parties such as occupational health physicians and the health insurance society, and promoting various measures, such as obtaining certification as a Certified Health and Productivity Management Outstanding Organization ("White 500").</p>

IV. Matters Concerning the Internal Control System

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

The Company's basic view is to enhance the effectiveness of its corporate governance and thereby increase its corporate value by developing an internal control system. Based on this view, the Company has determined the Basic Policy on Internal Controls, which is its fundamental policy on the development of its internal control system. An outline of the policy's content is as follows.

As announced on March 25 and April 30, 2025, inappropriate conduct occurred in connection with some of the Group's businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves. In response, to thoroughly prevent the recurrence of inappropriate conduct and to foster an organizational culture in which all Directors, Corporate Auditors, and employees have the ethical awareness to reject violations of laws, regulations, and corporate ethics, the Company partially amended its fundamental policy concerning the development of the internal control system (the "Basic Policy on Internal Controls") by a resolution of the Board of Directors on April 23, 2025.

The Company is committed to proactively continuing its efforts to develop various regulations based on its Basic Policy on Internal Controls and to enhance its corporate governance.

Development of the Internal Control System

To achieve the above objectives, the Company shall develop the following systems in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act.

1) Systems to Ensure that the Execution of Duties by Directors and Employees of the Company and Group Companies Complies with the Laws and Regulations and the Articles of Incorporation

a) The Company shall formulate the Charter of Ethical Behavior with which all Directors, Corporate Auditors, and employees must comply, and shall make this charter known to all Directors, Corporate Auditors, and employees. In addition, the President shall ceaselessly and clearly demonstrate the spirit of such charter to the Directors, Corporate Auditors, and employees, thus ensuring that compliance with laws and regulations and corporate ethics forms the basis of the Company's existence and the premise of all corporate activities.

b) The Company shall establish the Compliance Committee, with a President and Director of the Company as Chairperson. This Committee shall continuously implement measures with respect to compliance and shall make reports on its activities to the Board of Directors of the Company.

The Company shall establish a Marketing Compliance Committee under the Compliance Committee to provide guidance and oversight related to compliance with laws, regulations, and corporate ethics in marketing activities. The Committee shall report on its activities to the Compliance Committee. Similarly, the Company shall establish a Quality Compliance Committee under the Compliance Committee to strengthen the quality assurance framework and prevent quality-related misconduct. The Committee shall report on its activities to the Compliance Committee.

c) The Company shall work to prevent violations of laws and regulations, discover such violations at an early stage and deal with them promptly and effectively by establishing a whistle-blowing system that enables the opinions of Directors, Corporate Auditors, and employees regarding compliance to be reflected in company management.

- d) The Company shall have all Directors, Corporate Auditors, and employees of the Company and the Group companies enter into covenants regarding compliance with laws and regulations and corporate ethics and develop disciplinary measures to be taken against violators and those who are aware of violations but conceal them.
- e) Rules on the management of financial data and other important facts about the operations of the Company and the Group shall be formulated, and such facts shall be disclosed in a timely and appropriate manner.
- f) To ensure the reliability of its financial reporting on the basis of the Financial Instruments and Exchange Act, the Company shall establish a department in charge of this purpose, and shall regularly evaluate the development and management of financial reporting through a system of cooperation among departments of the Company and work to make improvements accordingly.

The results of evaluations and improvements regarding the development and management of these systems shall be reported to the Board of Directors.

- g) The department of the Company in charge of internal auditing shall perform audits of compliance and shall report to the Board of Directors.
- h) The Charter of Ethical Behavior shall be made known to Group companies, which shall develop structures for compliance with laws and regulations and corporate ethics based on the circumstances of each company with support from the Company. Furthermore, the Company's whistle-blowing system shall be made available for use by the Directors, Corporate Auditors, and employees of Group companies.
- i) Internal auditing performed by the department of the Company in charge of internal auditing shall also be applicable to Group companies, and the Company's rules regarding internal auditing shall apply mutatis mutandis to the guidelines for such auditing.
- j) The Company shall determinedly eliminate and block anti-social forces, and the department in charge of general affairs shall construct and develop a system for this purpose in cooperation with external specialist bodies such as law enforcement.

2) Systems to Retain and Manage Information Concerning the Directors' Execution of Duties

- a) Minutes of meetings of the Board of Directors and other management bodies holding meetings shall be prepared, retained, and managed appropriately by the administrative offices of each management body in accordance with laws and regulations and internal rules.
- b) Records of information concerning decision making and execution of duties by the Directors shall be retained and managed appropriately in accordance with the rules on the management of documents or electromagnetic records stipulated by the Company.
- c) Rules regarding the retention, management and operation of company secrets, significant matters that are not publicly disclosed, and personal information shall be formulated, and the relevant information shall be managed with due care.

3) Rules and Other Organizational Structures of the Company and Group Companies Concerning Management of Risk of Loss

- a) Risks that may occur in the course of business operations shall be evaluated and monitored continuously. Risks with

the potential to have a substantial impact on the financial position and business results shall be reported to the Board of Directors of the Company.

The above-mentioned risks shall be evaluated and monitored by the departments in charge at the Company and its Group companies in accordance with the type of risk. These departments shall also take timely and appropriate corrective action and provide education and guidance to facilitate such action. Furthermore, the department in charge of compliance, department in charge of quality assurance, and other administrative departments shall appropriately and clearly allocate responsibility for risks and continuously evaluate and monitor the risks inherent in each department in charge of the Company and its Group companies. These departments shall also implement corrective action and provide education and guidance, in the same manner as the departments in charge.

In addition, the Company shall establish a system to promptly report to the Board of Directors any risks identified in the initiatives of each department in charge or administrative department, or in the initiatives described in item (b) below, that may significantly affect the Company's financial condition or business performance, or seriously undermine stakeholder confidence.

Moreover, to oversee the above initiatives, the Company shall introduce and promote an enterprise risk management system that comprehensively identifies and assesses group-wide risks, including those related to compliance and fraud prevention, defines risk tolerance levels, and evaluates and addresses risks based on these risk tolerance levels.

- b) To prevent and eliminate risks related to earnings from individual products, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Risk Examination Committee, which is composed of relevant related departments.

To prevent and eliminate risks related to the return or recoverability of business investments, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Investment Committee, which is composed of relevant departments.

- c) To promptly and appropriately deal with such a serious risk that has emerged, systems shall be developed in advance including the formulation of rules on such matters as means of transmitting information, methods of handling such events, and structures for their management.
- d) The department of the Company in charge of internal auditing shall monitor risk management statuses at each department in charge of the Company and each Group company. It shall also perform audits of the effectiveness and adequacy of risk management and make reports on this to the Board of Directors of the Company.

In addition to the above, the department of the Company in charge of internal auditing shall provide feedback on the results of the audits to each department in charge. Furthermore, the department of the Company in charge of internal auditing shall ensure the effectiveness of the audits for the purpose of fraud prevention, and perform audits of the effectiveness and adequacy of the risk management, by having the administrative department share the details of their risk management with each department in charge.

- 4) Systems to Ensure that Directors of the Company and Group Companies Execute their Duties in an Efficient Manner
 - a) Meetings of the Board of Directors shall in principle be held once a month and extraordinary meetings of the Board of Directors shall be held as necessary to determine important matters and to supervise the execution of business. For meetings of the Board of Directors to be operated appropriately and efficiently, rules on the matters to be decided

- upon at the meetings and standards for submitting such matters for deliberation and reporting on them shall be formulated.
- b) The Company shall establish a Management Strategy Committee comprising the Company's key management personnel, including the President, at which sufficient advance deliberations on basic strategies and important matters shall be carried out, thus putting in place a system enabling accurate managerial judgment.
 - c) The Board of Directors of the Company shall determine the Group's medium-term management plans and plans for each year. Based on such plans, all Directors of the Company shall develop detailed measures and systems for efficient business execution, and make progress reports on these measures to the Board of Directors of the Company.
 - d) The Company shall establish the Management Plan Follow-Up Committee with the President and Director of the Company as Chairperson. This Committee shall monitor and inspect progress made with the measures and work towards the early discovery and prevention of problems, thus ensuring efficient business operations.
 - e) To efficiently achieve management targets, the Company shall formulate rules on organizational structure, division of duties, and decision-making authority, and clarify duties and authorities. The Company shall also formulate rules on the operation of information and communication systems and the protection of information assets, and shall utilize such rules effectively.
 - f) The department of the Company in charge of internal auditing shall perform audits to determine whether business operations at each department in charge of the Company and each Group company are carried out efficiently in accordance with laws and regulations, the Articles of Incorporation and other internal rules, and shall report to the Board of Directors on this matter.
- 5) Systems for Reporting to the Company on the Matters regarding Execution of Duties by Directors of Group Companies
To carry out deliberations on establishing internal control systems and to share information on Group management policies and other matters, the Company shall regularly hold conferences attended by the Directors of the Company and the President and Director of each Group company. Group companies shall report any material events at the conferences.
- 6) Other Systems to Ensure Appropriateness of Operations in the Group Consisting of the Company and the Group companies
- a) Regarding the management of Group companies, the Company shall supervise and monitor the appropriateness of operations at Group companies, while also respecting their autonomy, by assigning Directors and Corporate Auditors of the Company to work at each Group company, thus working to strengthen governance and supervisory functions under Group management.
 - b) The Company shall establish functional divisions in order to control and guide Group companies, thus advancing efficient Group management in accordance with the standards for Group control and management. The control division shall also provide support for the establishment of internal control systems at each Group company.
- 7) Matters Concerning Employees who are Requested by Corporate Auditors to Assist in the Duties of Corporate Auditors and Matters Concerning Ensuring the Independence from Directors of Such Employees and the Effectiveness of Directions to Such Employees

- a) The Company shall put in place the Assistant to the Corporate Auditors as a body to assist the Corporate Auditors of the Company in their duties.
 - b) Employees belonging to other departments shall not be precluded from serving concurrently as staff in the Assistant to the Corporate Auditors. However, if Corporate Auditors request the assignment of dedicated staff to the Assistant to the Corporate Auditors, this shall not be refused without rational grounds.
 - c) When performing duties in accordance with the directions of the Corporate Auditors, staff in the Assistant to the Corporate Auditors shall not be under the command of Directors or other business executives.
 - d) Personnel matters relating to staff in the Assistant to the Corporate Auditors shall be determined by the Directors after deliberations with the Corporate Auditors.
- 8) Systems for Reporting to Corporate Auditors of the Company by Directors and Employees of the Company and Group Companies, Other Systems Concerning Reporting to Corporate Auditors, and Systems to Ensure that Persons who Report to Corporate Auditors Are not Treated Unfavorably as a Result of Making Such Report
- a) If a Director of the Company discovers a matter with the potential to cause substantial harm to the Company and the Group, such Director shall report such matter to the Board of Corporate Auditors of the Company immediately.
 - b) To monitor important decision-making processes and the status of business execution, the Corporate Auditors of the Company shall be permitted to attend meetings of the Board of Directors and other important meetings of the Company, and shall be permitted to request explanations on such matters from Directors or employees. Furthermore, when they are unable to attend such meetings due to circumstances, Corporate Auditors shall be permitted to receive explanations of the contents of such meetings, and inspect minutes and other related documents.
 - c) Corporate Auditors of the Company shall be permitted to inspect important documents related to business execution, and to request explanations of such matters from Directors or employees of the Company and Group companies as necessary.
 - d) Representative Directors of the Company shall regularly hold talks with Corporate Auditors of the Company, make reports to the Corporate Auditors of the Company regarding important matters with an impact on the Company and the Group, and exchange opinions with the Corporate Auditors on such matters.
 - e) It is prohibited for Directors and employees of the Company or Group Companies who report to Corporate Auditors of the Company to be treated unfavorably as a result of making such report.
- 9) Matters Concerning the Policy Relating to Advance Payment of Expenses Accompanying Execution of Duties by the Corporate Auditors or Reimbursement thereof, or Other Treatments of Expenses or Liabilities Generated from Execution of those Relevant Duties
- When Corporate Auditors of the Company request advance payment of expenses and others on the basis of Article 388 of the Companies Act for executing their duties, those expenses or liabilities shall be processed immediately through deliberation within the department in charge, except as may be recognized as unnecessary for executing duties of the Corporate Auditor.

10) Other Systems to Ensure that Corporate Auditors Effectively Perform Audits

- a) The Directors of the Company shall cooperate with the Corporate Auditors of the Company to enable them to perform effective audits through cooperation with the Accounting Auditor, the department in charge of internal auditing, and the Corporate Auditors of Group companies.
- b) The Directors of the Company shall have an awareness and understanding of the importance and usefulness of auditing by the Corporate Auditors. They shall also inform employees of the rules relating to auditing operations and auditing standards and help to establish an environment in which the Corporate Auditors can perform their audits effectively.
- c) The department of the Company in charge of internal auditing shall provide internal audit plans, internal audit reports and other necessary information it receives in the course of performing internal auditing to the Corporate Auditors.

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

As part of its initiatives to eliminate anti-social forces, the Company has specified its basic policy for doing so in its Basic Policy on Internal Controls. In addition, in the Kanadevia Group Charter of Ethical Behavior, the Company clearly states that it will have no relationship with anti-social forces that threaten the order and safety of civil society, and resolutely vows to eliminate and prevent the development of any relationships with such forces.

The General Affairs Department is responsible for handling this matter as the internal point of contact. The department centrally manages information and responds in an organized manner while coordinating with external bodies, including the police.

Furthermore, to ensure the effectiveness of these initiatives, the Company established the Committee for Verifying Ethical Corporate Behavior in 1997, which is chaired by the Representative Director. This committee has conducted fact-finding investigations on the existence of relationships with anti-social forces, including regular comprehensive reviews of external expenditure items, and provided guidance and supervision. Even after this committee was developed and reorganized into the Compliance Committee in 2005, the Company has continued to thoroughly implement these initiatives.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
At present, the Company has not adopted any notable anti-takeover measures, but it will continue to implement initiatives aimed at maintaining and enhancing its corporate value and the common interests of its shareholders.	

2. Other Matters Concerning the Corporate Governance System

Outline of the Timely Disclosure System

(1) Basic Policy on Timely Disclosure

In the Kanadevia Group Charter of Ethical Behavior, which is the code of conduct that all officers and employees of the Kanadevia Group must observe, the Company clarifies its stance of striving to be a company that proactively disseminates corporate information not only to stakeholders but to society at large. The Company also recognizes that timely, appropriate disclosure of corporate information to shareholders, investors, and other parties is one of its important responsibilities as a listed company, and it ensures that timely disclosure of corporate information is carried out.

(2) Internal System for Timely Disclosure

The Company has established a system in which the Legal Department collects and centrally manages all corporate information of the Company and the Kanadevia Group that requires timely disclosure, such as important facts concerning decisions made and events that have occurred.

Specifically, for facts concerning decisions and events, the Legal Department works with the Corporate Planning Department (Planning Section), which serves as the secretariat for the Board of Directors and is the department in charge of internal approval procedures, to ensure that all facts requiring timely disclosure have been identified. In addition, the Insider Trading Management Regulations stipulate that if a material fact occurs, the head of the department where said fact occurred must immediately report it to the General Manager of the Legal Department, who is the person responsible for handling such information. Based on such reports, the Legal Department examines the necessity of disclosure in accordance with the Financial Instruments and Exchange Act, other related laws and regulations, and the securities exchange rules. As a result of these examinations, any corporate information requiring timely disclosure is, immediately after being approved by or reported to a decision-making body such as the Board of Directors and others, disclosed by the Legal Department via the securities exchange's timely disclosure system and on the Company's website, in cooperation with the Corporate Planning Department (Publicity and IR Section).

For financial results information, the Legal Department works with the Accounting Department to ascertain information related to the content of financial results and the occurrence of events that may affect business performance, and discloses this financial information in accordance with the procedure described above.



Effectiveness Evaluation of the Board of Directors for Fiscal Year 2024

Purpose and Background	Based on the belief that identifying issues related to the functions and operation of the Board of Directors and actively working on improvements will contribute to strengthening corporate governance and ultimately enhancing corporate value, the Company has been conducting evaluations of the effectiveness of the Board of Directors once per fiscal year since fiscal year 2016.	
Method of Effectiveness Evaluation	<p>The evaluation is conducted by means of a questionnaire targeting all Directors and Corporate Auditors.</p> <p>The specific evaluation procedure and schedule were as follows.</p>	
	(1) Early March 2025	The Board of Directors reviewed the operational status of the Board in fiscal year 2024 with respect to the issues identified in fiscal year 2023, and determined the implementation method (evaluation method and questionnaire items, etc.) for the fiscal year 2024 effectiveness evaluation.
	(2) Early March to early April 2025	A questionnaire was administered to all Directors and Corporate Auditors. The questionnaire's evaluation targets were the Board of Directors and the voluntary Nomination & Remuneration Advisory Committee. In addition, individual interviews were conducted separately with Outside Directors and Corporate Auditors.
	(3) Mid-April 2025	The secretariat of the Board of Directors (Corporate Planning Department) aggregated and analyzed the questionnaire and interview results.
	(4) Late April 2025	Based on the analysis results, current issues and points for improvement were identified, and key themes for discussion in fiscal year 2025 and a draft action plan were extracted. An interim report was presented to the Board of Directors.
	(5) May 2025	Based on (4) above, the Board of Directors discussed the current issues and points for improvement, and finalized the results of the effectiveness evaluation of the Board of Directors for fiscal year 2024 as well as the key themes and action plan for fiscal year 2025.
Questionnaire Items	<p>The questionnaire consisted of multiple questions for each of the following five categories, which were rated on a five-point scale and in an open-ended format. Questionnaire items were determined based on the ease of comparison with evaluations from past fiscal years as well as the Company's current challenges and changes in the external environment.</p> <p>(1) Roles and responsibilities of the Board of Directors, (2) Stimulation of discussions, (3) Board of Directors composition and structure, (4) Optimization of operations, (5) Roles of the Nomination & Remuneration Advisory Committee</p>	
Summary of Evaluation Results	<p>The evaluation found that the Company's Board of Directors discussed important agenda items such as enterprise-wide risk management (ERM), branding strategy, management personnel development, human resource strategy, business structure reform based on portfolio management, investment strategy, and reports and recurrence prevention measures related to inappropriate conduct in the marine engine business and other areas. It was also assessed that sufficient time for deliberation was secured and that materials and explanations were provided to stimulate active discussions. Although some improvements and innovations are needed in the operational methods of the Board of Directors, it was confirmed that, on the whole, the Board of Directors is fulfilling its roles effectively.</p>	

Initiatives to Address Past Issues and Future Initiatives	The status of initiatives in fiscal year 2024 in response to the issues identified in the effectiveness evaluation for fiscal year 2023 and the opinions of Outside Directors and Corporate Auditors are as follows.	
	(1) Enhancement of discussions on important themes by the Board of Directors	
	Action Plan for Fiscal Year 2024	<p>The Company will incorporate the following important themes into its annual operational plan and strive to discuss them while giving sufficient time for deliberation.</p> <ul style="list-style-type: none"> • Medium- to long-term group strategy (structure, organization, and governance), human resource strategy, and promotion of sustainability • Examination of risks involved in investment projects and the ideal form of the investment policy • Progress review of the Medium-term Management Plan “Forward 25”
	Main Implementation Items in Fiscal Year 2024	<p>Based on the annual operational plan, discussions were held on the above important themes while giving sufficient time for deliberation.</p> <p>(Main themes)</p> <ul style="list-style-type: none"> • Reports, recurrence prevention measures, and strengthening of internal controls related to inappropriate conduct in the marine engine business and other areas; introduction of ERM • Shareholder return policy • Officer remuneration system and remuneration determination policy; introduction of a share-based remuneration system • Promotion of sustainability (disclosure of the TNFD report) • Examination of the investment policy and examination of risks and investment feasibility for individual investment and M&A projects (e.g., waste-to-energy, renewable gas, water electrolysis equipment, and offshore wind power generation) • Promotion of portfolio management (sale of the press business and integration of subsidiaries) • Initiatives for management personnel development (selection and development of candidate personnel); human resource strategy (review of the management position system) • Promotion of DX and branding strategies
	Opinions of Outside Directors and Corporate Auditors	<ul style="list-style-type: none"> • The following themes should be discussed: Group governance (including ERM), overseas business strategies, internal controls, and investment policy and projects (including risk response)
	Action Plan for Fiscal Year 2025	<ul style="list-style-type: none"> • The next Medium-term Management Plan (overall goals and guidelines, key measures, cultural reforms, business domains, investment strategy, strategic human resource management, group governance, and DX) • ERM, internal controls, compliance, safety, and quality • Strategies related to overseas Group companies <p>The above will be positioned as key themes, incorporated into the annual operational plan,</p>

	and discussed.
(2) Strengthening of the Governance System	
Action Plan for Fiscal Year 2024	The Company will work to further stimulate discussions by the Board of Directors and the Nomination & Remuneration Advisory Committee. It will strengthen the governance system by promoting active discussions on themes such as risk management and the ideal form of corporate governance, the officer remuneration system, and the management-level human resources system.
Main Implementation Items in Fiscal Year 2024	The Board of Directors strove to strengthen the governance system through deliberations on important themes. The Nomination & Remuneration Advisory Committee met 12 times and submitted a report to the Board of Directors on the revision of the officer remuneration system (officer remuneration system and policy on determining remuneration; introduction of a share-based remuneration system). It also moved forward with examinations of the succession plan (management personnel development program), the management-level human resources system, and the ideal form of institutional design.
Opinions of Outside Directors and Corporate Auditors	<ul style="list-style-type: none"> • The Company's Board of Directors tends to be management-oriented rather than monitoring-oriented, and some agenda items are not suitable for discussion at the Board level. The Board of Directors tends toward micromanagement as an extension of the Management Strategy Committee, and should delegate more decision-making authority to focus on discussing key management issues. • Improving meeting efficiency is an issue. There are challenges in the selection of agenda items (e.g., centering on key issues) and in skill improvement of both questioners and responders (e.g., stating the purposes of questions concisely and presenting key points clearly). • The Board of Directors tends to function as a venue for obtaining approval on matters for deliberation, but it should elevate its perspective to become a place for discussing management issues. • Internal Directors share fewer spontaneous opinions compared to Outside Directors. The focus should be on discussions among all Directors. When a Director raises a point, it is good to elicit opinions from the other Directors.
Action Plan for Fiscal Year 2025	<ul style="list-style-type: none"> • To avoid discussions remaining an extension of those of the Management Strategy Committee, the Company will ensure that the progress of discussions by the Management Strategy Committee is included in Board of Directors materials and/or reported orally. It will also strive to introduce agenda items and materials with clear points of discussion (background, reasons, and strategy). This will shift the Board of Directors' discussions toward strategic areas and important matters. • For key themes, the Company will foster an atmosphere where members do not hesitate to express dissenting opinions, thereby stimulating discussions.

(3) Continued Implementation of Off-site Board Meetings (voluntary meetings attended by Directors, Corporate Auditors, and General Managers of Headquarters)	
Action Plan for Fiscal Year 2024	While improving the theme selection and content of materials, the Company will select themes requiring discussion in fiscal year 2024 and promote substantial discussions.
Main Implementation Items in Fiscal Year 2024	One meeting was held to discuss the themes of “Review of Kanadevia Value (the former Hitz Value)” and “Kanadevia group business domains,” and to share issues and response policies for the next Medium-term Management Plan.
Opinions of Outside Directors and Corporate Auditors	The open, active discussions at Off-site Board Meetings are being utilized in the deliberations of the Board of Directors. In addition to the Off-site Board Meetings, there is a desire to further enhance off-site meetings for discussing important themes, which are attended by Outside Officers, the secretariat of the Board of Directors, and relevant departments.
Action Plan for Fiscal Year 2025	As the Off-site Board Meetings are positioned as an important supplement to the Board of Directors, they will be held in fiscal year 2025 with the next Medium-term Management Plan as their theme. In addition, the Company will hold off-site meetings to further enhance opportunities for providing management information and exchanging opinions on important themes.
(4) Enhancement of the Support System for Outside Officers	
Action Plan for Fiscal Year 2024	To further stimulate deliberations by the Board of Directors, the Company will qualitatively enhance the advance briefings provided to Outside Officers. For particularly important and urgent themes, it will focus on ensuring the full understanding of Outside Officers by further enhancing their opportunities and time for explanations.
Main Implementation Items in Fiscal Year 2024	<ul style="list-style-type: none"> • Through advance briefings on the Board of Directors for Outside Officers and through other means, the Company endeavored to ensure their full understanding of the content of Board of Directors agenda items, including the background, issues and response policies, and other related information. • Separately from the Board of Directors meetings, information was shared and opinions were exchanged with Outside Officers regarding important and the latest management policies and information. • Meetings were held between senior management and Outside Officers to exchange opinions. • Site tours of plants and other facilities were conducted for Outside Officers.
Opinions of Outside Directors and Corporate Auditors	<ul style="list-style-type: none"> • There are opportunities to narrow down the points for discussion and make them easier to understand by shortening explanation times and further refining the materials. • There were requests to continue providing management policies and information and conducting plant tours, as well as for interaction with the management candidate pool.
Action Plan for Fiscal Year 2025	The Company will enhance provision of management information to Outside Officers, and will strive to stimulate and streamline deliberations through early submission of materials for

		the Board of Directors and the Nomination & Remuneration Advisory Committee, and through providing materials and explanations that focus on key points.
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