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(Translation)
# Corporate Governance Report

CORPORATE GOVERNANCE Kanadevia Corporation

Last Update: July 7, 2026

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 (pp. 70-71, 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 2029, taking into account the disparity in assigned job types and its current labor composition.

As of April 1, 2026, the percentage of women in management positions is 4.5% (51 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, 2026, the Company has 112 foreign employees. Since the majority are in the younger age group, 17 of them hold management positions, a significant increase from 8 in the previous year. Among foreign employees aged 40 and over—a group that, for many employees, represents the typical age range for promotion to management—47.2% (17 individuals) hold management positions. Going forward, the Company aims to maintain this indicator at approximately its current level of around 40%. The Company promotes qualified employees regardless of nationality and also actively appoints mid-career foreign hires to management positions. The Company expects the number of foreign employees in management positions to continue increasing.

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

The Company actively utilizes mid-career hiring as a recruitment strategy for flexibly securing talent capable of making an immediate contribution to its business strategy.

As of April 1, 2026, mid-career hires accounted for 30.5% (463 individuals) of the Company's management positions. The Company will continue to target a ratio of approximately 30%, maintaining the current level.

Since July 2024, the Company has revised its managerial personnel system by shifting to role-based criteria that evaluate contributions according to each position while establishing multi-track career paths. In addition, by incorporating behavioral evaluations alongside performance evaluations and implementing a differentiated compensation system together with a competitive remuneration structure, the Company seeks to enable a diverse array of managers to excel in their roles and pursue autonomous career development. Accordingly, regardless of whether employees joined the Company as new graduates or through mid-career recruitment, the Company promotes to management positions those who are expected to lead its growth areas.

<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 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.

In May 2026, the Company launched a cross-mentoring program in collaboration with Yanmar Holdings Co., Ltd. and SCREEN Holdings Co., Ltd. The program is designed to support women's career development by providing opportunities to gain exposure to diverse values and experiences through dialogue with mentors and mentees from other companies. Through this approximately seven-month program, the Company will continue to promote this initiative as an opportunity for participants to gain new perspectives and insights beyond the boundaries of their own organizations.

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. 21-22, 73, Japanese version only) includes strategies, indicators, and targets related to human capital; the percentage of female workers in management positions; the childcare leave acquisition rate for male workers; and the difference in wages between male and female workers.

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

Against the backdrop of the Company's discussion towards a business integration with Nippon Steel Engineering Co., Ltd., as announced on February 5, 2026, and its acceleration of business portfolio management, the Company has decided to postpone the announcement of its Medium-term Management Plan for the time being. For fiscal year 2026, the Company will continue to promote the priority measures in line with the basic policies of its previous Medium-term Management Plan, "Forward 25."

Information regarding the Company's latest financial results, the progress of its businesses, and its assessment of challenges and strategic responses for achieving medium- to long-term growth is provided in the financial results briefing materials.

This information is available on the Company's website below. Please refer to it.

Corporate Philosophy, Management Stance, Standards of Business Behavior:
https://www.kanadevia.com/english/company/company-idea.html

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

Financial Results Briefing Materials:
https://www.kanadevia.com/english/ir/data/pdf/FY2025_Financial_Results_E.pdf

(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. 48, 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 Company discloses information regarding its sustainability initiatives based on the following framework.

First, the Company positions sustainability as a key issue for achieving sustainable growth and enhancing corporate value over the medium to long term and has adopted a basic policy of promoting sustainability as an integral part of its management strategy.

In addition, in advancing these initiatives, the Company has established a sustainability framework under the supervision of the Board of Directors and reports key initiatives and their progress to the Board of Directors as appropriate.

Furthermore, taking into account the characteristics of its businesses and their relationship to social issues, the Company recognizes environmental issues, including climate change, as well as human resources (human capital) and human rights, as key themes (materiality) categorized under its "Pillars of Success." For these key themes, the Company organizes risks and opportunities in light of changes in the external environment and societal expectations and advances its initiatives while ensuring alignment with its management strategy from the perspective of enhancing corporate value over the medium to long term.

Details regarding specific initiatives for each theme are disclosed in the Company’s Annual Securities Report (pp. 16-22, Japanese version only), Integrated Report, and on its website.

<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).

The Company established the following KPIs for these initiatives: the rate of female new graduate hires, the employee engagement index, the rate of male employees taking childcare leave, and the average rate of abnormal health check findings related to lifestyle diseases. The Company has achieved its targets in several of these areas. Looking ahead to 2028, the Company will focus on developing female candidates for management positions, analyzing and addressing the factors contributing to the gender pay gap, promoting men’s participation in family life, supporting women’s health, and fostering an organizational culture.

For the details of strategies, indicators, and targets, etc., related to human capital, please refer to the Annual Securities Report (pp. 21-22, 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 / TNFD>

In March 2021, the Company endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD framework—covering Governance, Strategy, Risk Management, and Metrics and Targets—the Company collects and analyzes data necessary to assess the business and financial impacts of climate change and discloses the results.

From a strategic perspective, the Company conducts scenario analyses using multiple climate scenarios (1.5°C, 2°C, and 4°C) to examine climate-related risks and opportunities, as well as their financial impacts, focusing on its core businesses of waste-to-energy, biogas power generation, and wind power generation.

In addition, the Company identifies, assesses, and manages climate-related risks within its enterprise risk management framework. With respect to metrics and targets, it monitors greenhouse gas emissions and other relevant indicators.

Details of these initiatives, together with the results of the scenario analyses, are disclosed in the Company's Integrated Report.

In December 2023, the Company also endorsed the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) and has been advancing initiatives to analyze and disclose information relating to natural capital. In 2025, the Company published its TCFD & TNFD Integrated Report based on both frameworks.

Going forward, the Company will continue to enhance its disclosures in line with internationally recognized disclosure frameworks.

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

TCFD & TNFD Integrated Report 2025: https://www.kanadevia.com/english/ir/data/pdf/tcfdtnfd2025_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 23, 2026, 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.
As of June 23, 2026, independent outside directors constitute a majority of the Board of Directors.

Composition of the Board of Directors (as of June 23, 2026)
Of the nine Directors,

- Five 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, in order to realize value creation based on the management strategy "2030 Vision," and from the perspectives of achieving sustainable growth of existing businesses, creation and expansion of growth businesses, and promotion of 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. 22), 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/129th_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.

The following basic policies have been adopted by the Board of Directors and the status and future direction of related initiatives are reported to the Board annually.

(1) IR system

Regarding dialogue with shareholders and investors, the officer responsible for IR activities is the General Manager of the Corporate Strategy Headquarters. Under the direction of this general manager, the Public Relations and IR Department, in collaboration with relevant departments, engages in constructive dialogue and ensures timely and appropriate disclosure of information to shareholders and investors.

The opinions and requests obtained through such dialogue are shared across relevant 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, the Company's senior management and IR Department will continue to hold IR briefings, including financial results briefings, and respond to requests for individual meetings both in Japan and overseas.
- For individual shareholders and individual investors, the Company responds to inquiries via telephone and email and other means, and also 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 2025, 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 Update | May 12, 2026 |

Explanation of Actions Update

To achieve sustainable growth and enhance corporate value over the medium to long term, the Company is committed to promoting management with an awareness of its cost of capital and stock price. Based on its understanding of capital profitability and the cost of capital, the Company analyzes and evaluates its capital profitability relative to its cost of capital while promoting initiatives to enhance earning power, optimize its business portfolio, and improve capital efficiency.

The Company discloses these initiatives together with capital profitability indicators, such as ROE and ROIC, through its financial results briefing materials and other disclosures and is committed to further enhancing the quality of this information.

Going forward, the Company will continue to refine these initiatives and enhance its disclosures in light of the business environment and market feedback.

For further details, please refer to the financial results briefing materials (explanation of the capital policy and capital efficiency) available on the Company’s website.

FY2025 Financial Results Briefing Materials (p. 33)

(J) https://www.kanadevia.com/ir/data/pdf/FY2025_Financial_Results_J.pdf

(E) https://www.kanadevia.com/english/ir/data/pdf/FY2025_Financial_Results_E.pdf

## 2. Capital Structure

| | |
|---|---|
| Foreign Shareholding Ratio | 30% or more |

### Status of Major Shareholders Update

| Name or Company Name | Number of Shares Owned | Percentage (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 29,082,400 | 17.26 |
| Custody Bank of Japan, Ltd. (Trust Account) | 8,980,900 | 5.33 |
| STATE STREET BANK AND TRUST COMPANY 505301 | 5,556,300 | 3.30 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 5,370,751 | 3.19 |
| MUFG Bank, Ltd. | 4,013,940 | 3.14 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 3,100,000 | 2.38 |
| HSBC-FUND SERVICES HSBC – 006 MF EFM | 3,086,200 | 1.84 |

| | | |
|---|---|---|
| HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND | 4,035,100 | 1.83 |
| Kanadevia Employee Shareholding Association | 2,636,246 | 1.56 |
| THE BANK OF NEW YORK MELLON 140042 | 2,621,265 | 1.56 |

| | |
|---|---|
| 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, 2026.
2. A change report made available for public inspection on April 7, 2026 states that Nomura Securities Co., Ltd., Nomura International plc, and Nomura Asset Management Co., Ltd. held shares of the Company as of March 31, 2026 as joint holders; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2026, Nomura Securities Co., Ltd., Nomura International plc, and Nomura Asset Management Co., Ltd. have not been included in the above Status of Major Shareholders.
3. A change report made available for public inspection on December 12, 2025 states that Mizuho Securities Co., Ltd. and Asset Management One Co., Ltd. held shares of the Company as of November 28, 2025 as joint holders; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2026, 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 September 19, 2025 states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Amova Asset Management Co., Ltd. held shares of the Company as of September 15, 2025 as joint holders; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2026, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Amova 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 July 23, 2025 states that Rheos Capital Works Inc. held shares of the Company as of July 15, 2025; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2026, Rheos Capital Works Inc. has not been included in the above Status of Major Shareholders.
6. 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 as joint holders; however, as the Company was unable to confirm the actual number of shares held as of March 31, 2026, M&G Investment Management Limited and M&G Investments (Singapore) Pte. Ltd. have not been included in the above Status of Major Shareholders.
7. 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, 2026, with the exception of MUFG Bank, Ltd., they have 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 Update

(Listed Affiliated Company)

The Company holds shares in Naikai Zosen Corporation, an affiliated company listed on the Standard Market of the Tokyo Stock Exchange.

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.

Personnel of The Company serve as directors 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.

(Discussion of a Business Integration)

The Company is currently discussing a business integration with Nippon Steel Engineering Co., Ltd. (a wholly owned subsidiary of Nippon Steel Corporation).

The Company is proceeding with its consideration on the basis of a business integration through an absorption-type merger in which the Company would be the surviving company. Depending on the merger ratio to be determined in the future, the integrated company may become either a listed affiliated company or a listed subsidiary of Nippon Steel Corporation. However, the integrated company is expected to maintain its listing on the Prime Market of the Tokyo Stock Exchange after the business integration becomes effective and, consistent with the spirit of the Corporate Governance Code, will ensure independent decision-making as a listed company and continue to operate autonomously.

For details, please refer to the "Notice Concerning Commencement of Discussions Toward a Business Integration Between Kanadevia Corporation and Nippon Steel Engineering Co., Ltd." dated February 5, 2026, below.

"Notice Concerning Commencement of Discussions Toward a Business Integration Between Kanadevia Corporation and Nippon Steel Engineering Co., Ltd."

https://www.kanadevia.com/english/newsroom/news/assets/pdf/FY2025-118.pdf

# 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* |

*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 | President |
| Number of Directors Update | 9 |
| Election of Outside Directors | Elected |
| Number of Outside Directors Update | 5 |
| Number of Independent Directors Update | 5 |

Outside Directors' Relationship with the Company (1) Update

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

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

Outside Directors' Relationship with the Company (2) Update

| Name | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---|---|---|---|
| Shinoi Sakata | ○ | 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 purchases from 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. | 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.<br>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. |
| Tetsuya Shoji | ○ | Although there is a business relationship between the Company and NTT DOCOMO BUSINESS, Inc., where Mr. Shoji currently serves as Corporate Advisor and was engaged in execution of business until June 2020, the average | 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 |

| | | | |
|---|---|---|---|
| | | 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 DOCOMO BUSINESS, Inc.'s consolidated operating revenue. Although there is a business relationship between the Company and NTT WEST Inc., 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 NTT WEST Inc.'s consolidated operating revenue and the Company received no sales revenue from NTT WEST Inc. Additionally, there is no business relationship between the Company and NTT Inc., where Mr. Shoji was formerly engaged in execution of business. | transformation (DX), and has fulfilled the role of strengthening supervisory functions regarding business execution through None 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.<br><br>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. |
| Akiko Horiguchi | ○ | There is no business relationship between the Company and Oki WorkWel Co., Ltd., where Ms. Horiguchi currently serves as Advisor. 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, | 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 Representative Director of a special affiliate subsidiary, and serving as a Director of the Japan Institute for Women's Empowerment & Diversity |

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| | | the average annual value of 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 the Company received no sales revenue from Oki Electric Industry. Additionally, there is no business relationship between the Company and Oki Consulting Solutions Co., Ltd., OKI Proserve Co., Ltd. or both where Ms. Horiguchi was formerly engaged in execution of business. | 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.<br>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. |
| Hideki Miyazaki | ○ | Although there is a business relationship between the Company and Nomura Securities Co., Ltd., where Mr. Miyazaki 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 Nomura Securities Co., Ltd.'s operating revenue and the Company received no sales revenue from Nomura Securities Co., Ltd. Although there is a business relationship between the Company and JSR Corporation, where Mr. | Mr. Miyazaki has worked for many years at a securities company and served as Director and Executive Vice President and CFO at a global consumer goods manufacturer and as CFO at a chemical manufacturer, and possesses extensive experience and wide-ranging insight into corporate management, finance and accounting, and business structure reform. As Outside Director, he is expected to provide appropriate opinions and advice from an independent standpoint to the Company, which is promoting stronger corporate governance and business structure reform. In addition, he is expected to fulfill 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.<br>There are no personal or business relationships that |

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| | | Miyazaki 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 the Company's consolidated net sales and there were no payments made to JSR Corporation. Additionally, there is no business relationship between the Company and JAPAN TOBACCO INC., where he was formerly engaged in execution of business. | 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. |
| Maki Miyazaki | ○ | 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 past three fiscal years was less than 1 million yen. | 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.<br>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.<br><br>There are no personal or business relationships that conflict with the Company's criteria for independence, the Company has determined that |

| | | | |
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| | | | there is no risk of a conflict of interest with general shareholders, and has designated her as an Independent Director. |

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson 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 | 6 | 0 | 1 | 5 | 0 | 0 | Outside Director |
| Voluntarily Established Committee Equivalent to Remuneration Committee | Nomination & Remuneration Advisory Committee | 6 | 0 | 1 | 5 | 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 : 5 Outside Directors) (as of June 23, 2026)

Chairperson: Tetsuya Shoji, Outside Director

Members: Shinoi Sakata, Outside Director

Akiko Horiguchi, Outside Director

Hideki Miyazaki, Outside Director

Maki Miyazaki, Outside Director

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

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

Activities during fiscal year 2025

The Committee met 12 times during fiscal year 2025 and deliberated on matters including a review of the management structure following inappropriate conduct in the marine engine business, abolition of *Sodanyaku* (senior corporate advisors), nomination of candidates for Director and Corporate Auditor, remuneration of Directors.
For the attendance record of individual members, please refer to the Annual Securities Report (p. 52, 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, 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)

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

| Name | Designation as Independent Corporate Auditor | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---|---|---|---|
| Koji Inada | ○ | 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. | Mr. Inada has extensive experience and wide-ranging insight into the ICT and digital field, as well as company management.<br>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.<br>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. |
| Hirofumi | ○ | — | Mr. Yasuhara has extensive experience and wide- |

| | | | |
|---|---|---|---|
| Yasuhara | | | ranging insight into company management, audit operations, and finance and accounting.<br>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, business operations and other matters from an independent standpoint as Outside Corporate Auditor.<br>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. |

## Matters Concerning Independent Directors and Independent Corporate Auditors

| | |
|---|---|
| Number of Independent Directors and Independent Corporate Auditors Update | 7 |

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 2025 is as follows.

・Directors(of which, Outside Directors)
Number of Applicable Officers: 10 (4) persons
Total Amount of Remuneration, etc.: 226 (48) (Millions of yen)
Total Amount by Type of Remuneration etc. is as follows.
Fixed remuneration: 187 (48) (Millions of yen)
Corporate performance-linked bonus: 30 (—) (Millions of yen)
Corporate Performance-linked share-based remuneration: 8 (—) (Millions of yen)

・Corporate Auditors (of which, Outside Corporate Auditors)
Number of Applicable Officers: 6 (2) persons
Total Amount of Remuneration, etc.: 82 (20) (Millions of yen)
Total Amount by Type of Remuneration etc. is as follows.
Fixed remuneration: 82 (20) (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 attributable to their services as employees of Directors who concurrently serve as employees. Directors Hitoshi Kogi and Munenobu Hashizume, and Hiroshi Miyazaki (who retired at the conclusion of the 129th Ordinary General Meeting of Shareholders held on June 23, 2026) fall under this category; however, no employee compensation has been paid to them.

*2: Due to the inappropriate conduct in relation to some of our businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves announced on March 25 and April 30, 2025, three Directors have returned 10% to 30% of their monthly fixed remuneration for a period of two to three months. Two Corporate Auditors have also voluntarily returned 10% to 20% of their monthly fixed remuneration for a period of two months. The returned remuneration is not included in the total amount in the above.

*3: 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.

*4: As of March 31, 2026, 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 two (2) Directors (including zero (0) Outside Director) and two (2) Corporate Auditors (including zero (0) Outside Corporate Auditor), who retired at the conclusion of the 128th Ordinary General Meeting of Shareholders held on June 24, 2025.

| | |
|---|---|
| Policy on Determining Remuneration Amounts and Calculation Methods Update | Established |

## 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.

(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; however, for remuneration determined from July 2026 onward, it is 5.5 months for the Chairman and President, while remaining 5 months for other Directors.) 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; however, for remuneration determined from July 2026 onward, the ratio is 35%: 39%: 26%). Under the standard performance conditions, the ratio is 60%: 25%: 15%. (However, for compensation determined from July 2026 onward, the ratio is 55%: 25%: 20%.) 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.

| 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

- 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 nine Directors (including five 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 nineteen Executive Officers (eighteen as of July 1, 2026), 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, Group CEO) and five 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 two dedicated employees who are independent and do 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) and Global Audit Section (three 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 Sung-Jung Hong and Takehiro Nakamura, both of whom belong to said audit firm. The assistants for audit operations consist of 24 certified public accountants and 61 other personnel.

The Company has concluded liability limitation agreements with its five 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. Such limitation of liability applies only where the relevant Outside Director or Corporate Auditor has acted in good faith and without gross negligence in the performance of the duties giving rise to the liability.

In addition, the Company has established voluntary bodies such as the Risk Management Committee to formulate and implement risk management policies, 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 and risk management etc., please refer to the Annual Securities Report (p. 54-, Japanese version only).

Annual Securities Report: https://www.kanadevia.com/ir/data/report.html (pp. 23-28 and 48-71, Japanese version only)

### 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 23), the Notice was made available electronically on May 26 and mailed on June 3. |
| 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 | 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.<br>The Company's website:<br>https://www.kanadevia.com/english/disclosure.html | |
| Regular Investor Briefings held for Analysts and Institutional Investors | In addition to financial results briefings 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. Group CEO and Group CFO provide explanations.<br>Activities during fiscal year 2025 were as follows.<br>• Financial Results Briefings:<br>Held four times during the year, primarily featuring the President and the officer in charge of finance, who provided updates on the Company's management and financial performance.<br>• Business Division Briefings (IR Day):<br>Held once during the year for analysts and institutional investors and featured presentations by the heads of each business division. In fiscal year 2025, the CEO of the Company's overseas subsidiary, Kanadevia Inova AG, also participated.<br>• Small Meetings for Institutional Investors:<br>Held twice during the year to promote constructive | Held |

| | | |
|---|---|---|
| | dialogue between the President and institutional investors.<br>• Individual Meetings with Analysts and Institutional Investors:<br>Individual IR meetings with analysts and institutional investors were held following the financial results briefings (184 meetings in total, excluding meetings with overseas investors).<br>In addition, the Company held Shareholder Relations (SR) meetings with those responsible for exercising voting rights on behalf of its major shareholders (institutional investors) (25 meetings in total, excluding meetings with overseas investors). | |
| Regular Investor Briefings held for Overseas Investors | Primarily in Europe and the United States, the Group CEO held roadshows and individual meetings (including web conferences) several times during the year to present the Company's financial results, management plans, and other related matters to overseas institutional investors.<br>In fiscal year 2025, the Company held dialogues with institutional investors in Europe, North America, and Australia. | Held |
| Online Disclosure of IR Information | The Company posts materials such as its management plans, summary of financial results (*Kessan Tanshin*), financial results briefing materials, timely disclosure materials, annual securities reports, quarterly reports, and notices of the general meeting of shareholders on its website.<br>The Company's website:<br>https://www.kanadevia.com/english/ir/ | |
| Establishment of Department and/or Placement of a Manager in Charge of IR | The Company's Public Relations and IR Department 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 | 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. Based on this philosophy, our management stance, which is the basis of all our |

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| | business activities, states that we should pursue the satisfaction of stakeholders, including shareholders, customers, and employees. In addition, the Kanadevia 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. |
| Implementation of Environmental Preservation Activities and CSR Activities, etc. | For the Company's initiatives related to sustainability, please refer to the following.<br>• [Supplementary Principle 3.1.3] in "I. Disclosure Based on each Principle of the Corporate Governance Code" in this report<br>• The Company's website: https://www.kanadevia.com/english/sustainability/ |
| Formulation of Policies, etc. on Provision of Information to Stakeholders | 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.<br>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. |
| Other | For the Company's initiatives related to human resource strategies, such as promotion of diversity, please refer to the following.<br>• [Supplementary Principle 2.4.1] in "I. Disclosure Based on each Principle of the Corporate Governance Code" in this report<br>• The Company's website: https://www.kanadevia.com/english/sustainability/diversity.html<br>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"). |

# IV. Matters Concerning the Internal Control System

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

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.

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

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|---|---|
| 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

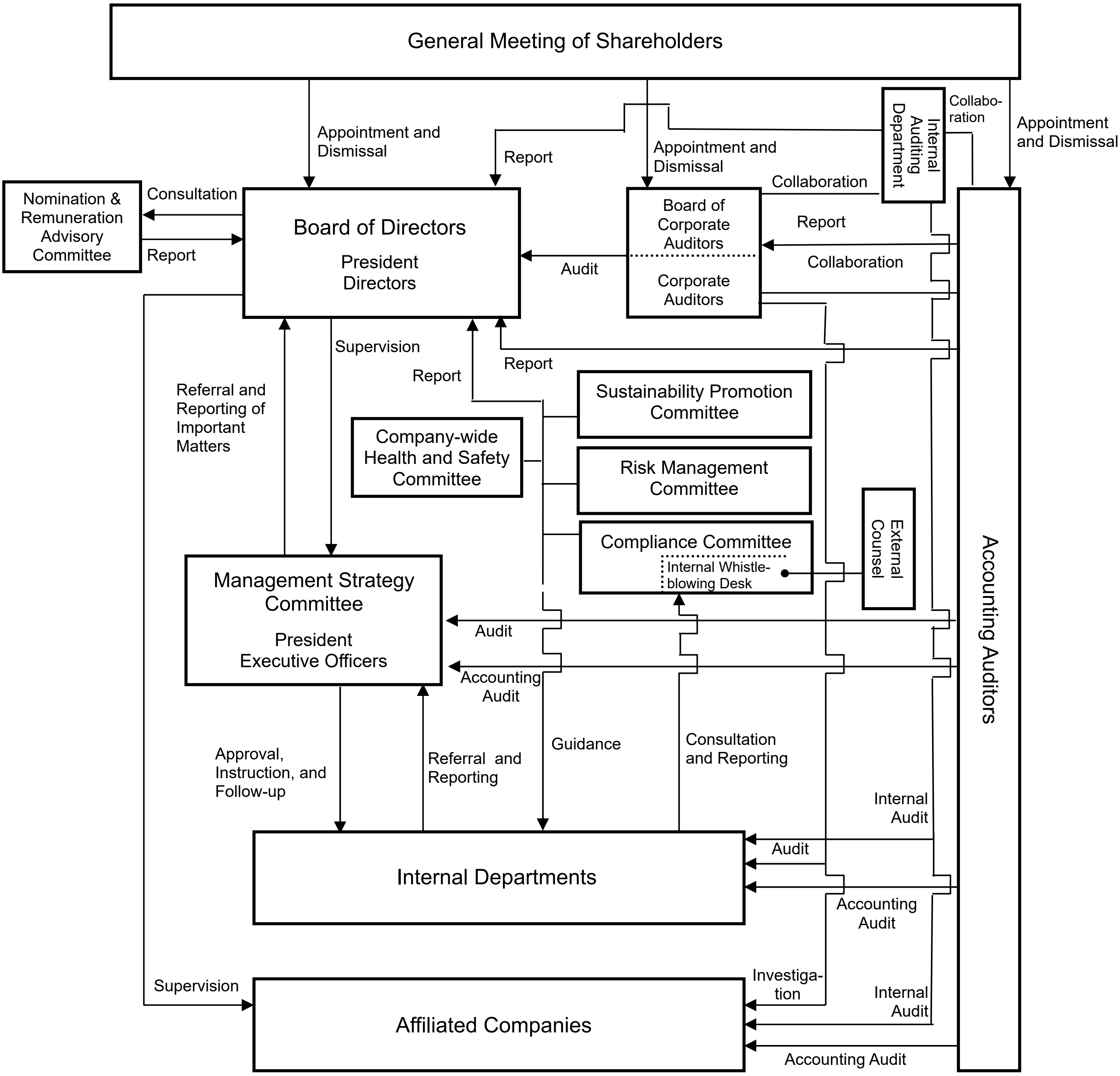
In the Kanadevia Group Charter of Ethical Behavior, which is the code of conduct that all officers and employees of the Kanadevia Group must observe, the Company clarifies its stance of striving to be a company that proactively disseminates corporate information not only to stakeholders but to society 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 Public Relations and IR Department.

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.


General Meeting of Shareholders
Appointment and Dismissal
Report
Appointment and Dismissal
Internal Auditing Department
Collabo-ration
Appointment and Dismissal
Nomination & Remuneration Advisory Committee
Consultation
Report
Board of Directors
President
Directors
Audit
Board of Corporate Auditors
Corporate Auditors
Collaboration
Report
Collaboration
Supervision
Report
Report
Referral and Reporting of Important Matters
Sustainability Promotion Committee
Company-wide Health and Safety Committee
Risk Management Committee
Compliance Committee
Internal Whistle-blowing Desk
External Counsel
Accounting Auditors
Management Strategy Committee
President
Executive Officers
Audit
Accounting Audit
Approval, Instruction, and Follow-up
Referral and Reporting
Guidance
Consultation and Reporting
Internal Audit
Audit
Internal Departments
Accounting Audit
Investiga-tion
Internal Audit
Supervision
Affiliated Companies
Accounting Audit

Effectiveness Evaluation of the Board of Directors for Fiscal Year 2025

| | | |
|---|---|---|
| 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 | The evaluation is conducted by means of a questionnaire targeting all Directors and Corporate Auditors.<br>The specific evaluation procedure and schedule were as follows. | |
| | (1) Late February to early April 2026 | 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. |
| | (2) Mid-April 2026 | The secretariat of the Board of Directors (Corporate Planning Department) aggregated and analyzed the questionnaire and interview results. |
| | (3) Late April 2026 | Based on the analysis results, current issues and points for improvement were identified, and a draft action plan for fiscal year 2026 was extracted. An interim report was presented to the Board of Directors. |
| | (4) Late May 2026 | Based on (3) 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 2025 as well as the action plan for fiscal year 2026. |
| Questionnaire Items | 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.<br>(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 | |
| Summary of Evaluation Results | To strengthen its oversight function, the Company's Board of Directors focused its discussions on enterprise-wide issues, including Enterprise Risk Management (ERM), internal controls, compliance, safety, quality, risks associated with major investments, and the Company's approach to business selection and concentration. The Board was also evaluated as operating efficiently through enhanced advance briefings. Although further improvements and refinements are needed in agenda setting and meeting operations, it was confirmed that the Board is functioning effectively overall. | |
| Initiatives for Fiscal Year 2025 | The status of initiatives in fiscal year 2025 in response to the issues identified in the effectiveness evaluation for fiscal year 2024 and the opinions of Directors and Corporate Auditors are as follows. | |
| | (1) Roles and Responsibilities of the Board of Directors | |
| | Action Plan for Fiscal Year 2025 | Establish an appropriate governance framework: (1) partially delegate the Board's decision-making authority to the executive organization (through revisions to the approval authority |

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| | | regulations); and (2) shift the Board's focus toward decision-making on management and strategic matters.<br>Designate the following as priority themes:<br>a. the next Medium-term Management Plan; b. ERM, internal controls, compliance, safety, and quality; and c. risks associated with major investments (particularly those involving overseas group companies). |
| | Main Implementation Items in Fiscal Year 2025 | The partial delegation of authority to the executive organization is currently under consideration in conjunction with establishing an appropriate organizational structure for the executive organization.<br>In addition, through an increase in agenda items relating to the priority themes, among other things, progress was made in shifting the Board's focus toward decision-making on management and strategic matters, thereby advancing the establishment of an appropriate governance framework. (The proportion of deliberation time devoted to management and strategic matters increased to 49%, compared with 36% in fiscal year 2024.) |
| | Opinions of Directors and Corporate Auditors | • Discussion is insufficient regarding growth strategies from a global perspective, including social and technological trends, as well as the securing and allocation of the management resources needed to support such strategies.<br>• Discussions on the Group strategy should be further enhanced. |
| | (2) Stimulation of discussions | |
| | Action Plan for Fiscal Year 2025 | Clarify the discussion points for each agenda item. In addition, for important discussion points, encourage all directors to express their views and foster an atmosphere in which directors do not hesitate to voice differing opinions. |
| | Main Implementation Items in Fiscal Year 2025 | The proposing departments clarified the discussion points in the summaries of each agenda item and sought to share the background, strategic context, and content of the discussions held at the Management Strategy Committee relating to each agenda item. In addition, the Chairperson facilitated proceedings in a manner that encouraged directors to express their views on important discussion points. |
| | Opinions of Directors and Corporate Auditors | • There is a perception that too much time is spent on detailed, case-specific, or operational questions and answers rather than on substantive discussion.<br>• Internal directors and Corporate Auditors are encouraged to participate more actively in discussions. |
| | (3) Board of Directors composition and structure | |
| | Action Plan for Fiscal Year 2025 | Discuss the composition of the Board of Directors in light of the directors' skills matrix, diversity, and other relevant considerations. |
| | Main Implementation Items in Fiscal Year 2025 | Conduct evaluations (peer reviews) of individual directors through an external advisor. |

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| | Opinions of Directors and Corporate Auditors | • The Board lacks members with experience and expertise in areas such as global business and finance.<br>• Consideration may be given to the governance structure, including the possibility of transitioning to a Company with an Audit and Supervisory Committee under which those responsible for audit functions proactively participate in the Board's decision-making and undertake deliberation and oversight. |
| | (4) Optimization of operations | |
| | Action Plan for Fiscal Year 2025 | Enhance pre-meeting briefings to improve the efficiency of Board operations. In addition, strive to improve the quality of briefing materials and share them earlier. |
| | Main Implementation Items in Fiscal Year 2025 | By substantially completing the explanations of agenda items and related Q&A during the pre-meeting briefings, the Company sought to enable the Board of Directors to focus its meeting time on deliberations. |
| | Opinions of Directors and Corporate Auditors | • Efficiency has improved significantly by eliminating duplicate explanations of materials between the pre-meeting briefings and Board meetings and by sharing the key points arising from the Q&A conducted during the pre-meeting briefings with the Board meetings.<br>• One factor contributing to micromanagement by the Board is the practice of submitting Management Strategy Committee materials directly as Board materials. If the materials were prepared with greater focus on the issues that should be discussed by the Board, discussions would likely be more appropriate for the Board's role. |
| | (5) Roles of the Nomination & Remuneration Advisory Committee | |
| | Action Plan for Fiscal Year 2025 | Discuss a broad range of themes, including but not limited to matters referred to the committee by the Board of Directors, and provide recommendations and proposals to the Board. |
| | Main Implementation Items in Fiscal Year 2025 | Discussions focused primarily on themes relating to organizational structures for achieving the Group's stated objectives and addressing its challenges (including the recruitment of executives from outside the Group and the establishment of new headquarters divisions), talent development (including consideration of the desired profile of the Group CEO and succession planning), and governance enhancement (including the abolition of the *Sodanyaku* (senior corporate advisor) system, the establishment of a Senior Advisor system, and the development of a CxO system). |
| | Opinions of Directors and Corporate Auditors | • The establishment of separate advisory committees for nominations and remuneration may merit consideration. Because nomination and remuneration matters are fundamentally different in nature, combining them within a single advisory committee may make the committee's function less clear. |
| Initiatives for Fiscal Year 2026 | Identified Issues | • Optimizing the information provided to the Board of Directors (improving the appropriateness of briefing materials)<br>• Narrowing the discussion points |

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| | | • Providing briefing materials earlier<br>• Strengthening strategic discussions<br>• Enhancing the provision of basic internal information to outside directors<br>• Encouraging more active discussions<br>• Narrowing the scope of agenda items |
| | Action Plan for Fiscal Year 2026 | • Further align and deepen understanding of the roles and responsibilities of the Board of Directors.<br>• Improve the quality of executive summaries.<br>(Enhance the secretariat's selection of information and operational processes.)<br>• Clarify the purpose of, and make effective use of, Board-related meeting bodies.<br>• Provide explanations and hold discussions on strategy outside Board meetings.<br>• Organize reporting items according to their level of importance. |

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