

Musashi Seimitsu Industry Co., Ltd.

Hiroshi Otsuka, President and Representative Director

Contact: Masaru Maeda, Executive Officer

Securities code: 7220

<https://www.musashi.co.jp/>

The corporate governance of Musashi Seimitsu Industry Co., Ltd. (hereinafter referred to as "Musashi") is described below.

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

1. Basic Views

Musashi regards the enhancement of corporate governance as one of the most important management policy for the group companies in developing its business activities, based on the "Musashi Philosophy," which consists of "Our Origin (Founding Spirit)," "Our Purpose (Mission)," and "Our Way (Guidelines for Action)."

Musashi has adopted the structure of a company with an Audit and Supervisory Committee, aiming to strengthen the audit and supervisory functions over the execution of duties by directors and improve the effectiveness of internal controls. Additionally, external directors, including directors who are members of Audit and Supervisory Committee (hereinafter referred to as "Audit and Supervisory Committee Members"), participate in decision-making at the Board to enhance management transparency and its soundness. Furthermore, by delegating authority over the matters to be resolved by the board to Executive Management Committee etc., Musashi makes swift decision-making and execution of operations, thereby increasing the agility in managerial decision-making.

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

Musashi implements all principles of the Corporate Governance Code (including those for the Prime Market, revised in June 2021).

Disclosure Based on each Principle of the Corporate Governance Code

<Principle 1.4> Cross-Shareholdings

- Musashi assesses the necessity of holding policy-oriented stocks by comprehensively considering whether such holdings contribute to enhancing the corporate value of the group companies from a medium- to long-term perspective. This includes evaluating business operations, strategies, relationships, and the benefits and risks associated with the holdings in comparison to capital costs. For stocks whose strategic significance diminished, Musashi will review their continued holding, including the possibility of divestment.

- As of the end of March 2025, Musashi held 23 policy-oriented stocks with a balance sheet amount of 2,796 million yen, which is less than 1% of our total consolidated assets.

- Regarding the exercise of voting rights for policy-oriented stocks, Musashi exercises voting rights considering whether it will contribute to the enhancement of the corporate value of Musashi and its group companies.

< Principle 1.7> Related Party Transactions

To prevent transactions with related parties that may harm the interests of Musashi and its shareholders, Musashi has the following procedures:

- Any competitive transaction and any conflict of interest transaction between Musashi and any entity which our directors substantially controls shall require discussion and resolution at the Board meetings.

- Transactions with directors and their close relatives require a confirmation document regarding the existence of such transactions, and if there are significant facts, such matters shall be reported to the Board.

- Transactions with related parties shall be disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws, and the rules established by the stock exchange.

<Supplementary Principle 2.4.1> Ensuring Diversity in the Appointment of Key Personnel

Musashi respects diversity and is committed to promoting fair and equitable recruitment and appointment of personnel, regardless of gender, age, nationality, or disability.

The percentage of female managers at headquarters stands at 3.18% as of the submission date of this report. Regarding the promotion of foreign nationals and female to managerial positions, due to the limited proportion of potential candidates within the overall workforce, Musashi is currently unable to establish measurable numerical

targets. Musashi will continue to strengthen recruitment efforts to secure a pool of potential candidates, while also focusing on talent development and promoting related activities actively. Additionally, in Japan, the percentage of mid-career hires in managerial positions at headquarters is 53%, and Musashi will continue to promote fair and equitable appointment of personnel based on ability, regardless of whether they are mid-career hires or not. Furthermore, Musashi group as a whole employs approximately 12,500 people in 13 countries worldwide, securing diverse human resources through local recruitment and promotion. The percentage of foreign nationals on the Board is 18%, and the percentage of foreign nationals of managing director at group companies is 55%.

<Principle 2.6> Roles of Corporate Pension Funds as Asset Owners

Musashi has a defined contribution pension plan to support employees in building their assets. In light of the significant impact that asset management has on employees' asset formation, Musashi selects and evaluates investment products from multiple perspectives. In addition, Musashi strives to ensure appropriate management by providing employees with education on investment and monitoring performance outcomes.

<Principle 3.1> Full Disclosure

(1) Company Objectives (Corporate Philosophy, etc.), Management Strategy, and Management Plan

Corporate Philosophy: Musashi Philosophy is on Musashi's website.

Management Strategy: It is disclosed in its Integrated Report.

Management Plan: The performance outlook for each fiscal year is disclosed in the financial results summary.

(2) Basic Views and Policy on Corporate Governance Based on each Principle of this Code (Draft)

Basic Policy of Musashi Corporate Governance was stipulated and is posted on Musashi's company website.

(3) Policy and Procedures for the Board to Determine Compensation for Executive Management Officers and Directors

The Board determines compensation in accordance with the "Policy for Determining Compensation for Directors and Executive Management Officers" stipulated in the Basic Policy of Musashi Corporate Governance and the "Policy for Determining Individual Compensation for Directors" resolved by the Board. Compensation consists of a base salary, which is a fixed monthly amount paid as consideration for the execution of duties, a performance bonus linked to the business performance of the relevant fiscal year, and restricted stock compensation granted as an incentive to share profits with shareholders and enhance the company's medium- to long-term corporate value.

Compensation for outside directors consists of a base salary and restricted stock compensation, considering their role and independence. Audit and Supervisory Committee Members are granted a base salary only in consideration of their role.

To enhance the transparency and objectivity of compensation decisions, such determinations are made by the Board following the deliberation by the Nomination and Compensation Committee, which is primarily composed of independent outside directors.

(4) Policy and Procedures for the Board in Appointing and Dismissing Executive Management Officers and Nominating Candidates of Directors and Auditors

The Board determines the candidates for directors and Executive Officers in accordance with the "Policy for the Appointment of Directors and Executive Officers" stipulated in Basic Policy of Musashi Corporate Governance. To enhance transparency and objectivity in the nomination of director candidates and the appointment of Executive Officers, determinations are made by the Board after the deliberation by Nomination and Compensation Committee, which is composed of four members, primarily independent outside directors. Regarding the dismissal of Executive Officers, if an Executive Officer is deemed unsuitable due to violations of his/her duties or neglect of his/her responsibilities, the Board makes a decision after the deliberation by the Nomination and Compensation Committee, which is composed of four members primarily independent outside directors.

(5) Explanation of Individual Appointments and Nominations when the Board Appoints Executive Management Officers and Nominates Candidates for Directors and Auditors Based on (4) above.

The career history of each candidate for Director and the reasons for individual appointment are described on the Convocation letter of the General Meeting of Shareholders.

<Supplementary Principle 3.1.3> Initiatives on Sustainability

Musashi Group identifies key issues (materiality) that it has to address to contribute to sustainable growth and the realization of a sustainable society through our business activities. Our approach to sustainability involves contributing to the solution of social issues through our business activities. Musashi strives for transparent information disclosure regarding our policies, measures, and achievements related to these initiatives on our company website and in our Integrated Report.

Regarding management resources including human capital and intellectual property, Musashi allocates them appropriately in light of our management strategy and management challenges. The status of these investments and specific initiatives are disclosed on our website and in our Integrated Report.

Musashi considers addressing climate change as a critical issue for sustainability management. As part of enhancing communication with stakeholders, Musashi expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in August 2021. Additionally, in December 2021, Musashi established the Sustainability Strategy Meeting, composed of directors, CxOs, and external experts, to deliberate and make decisions

on management direction, goals, and indicators for achieving sustainability under the oversight of the Board. Musashi will continue to strive for information disclosure on sustainability activities on our company website and in our Integrated Report.

【URL】

Website <https://www.musashi.co.jp/sustainability/>

Integrated Report <https://www.musashi.co.jp/sustainability/library.html>

TCFD [https://www.musashi.co.jp/sustainability/assets/pdf/Support for the TCFD.pdf](https://www.musashi.co.jp/sustainability/assets/pdf/Support%20for%20the%20TCFD.pdf)

< Supplementary Principle 4.1.1> Roles and Responsibilities of the Board (1)

Musashi has significantly delegated the authority to execute important business operations to directors by resolution of the Board, and the Board concentrates on formulating basic policies, management strategies, and management plans, and overseeing the execution of duties by directors, thereby strengthening the oversight function of the Board and improving the agility of executive management decisions through swift decision-makings and business executions.

Among matters delegated to directors by resolution of the Board, particularly important business execution decisions are deliberated and determined at the Executive Management Meeting. In addition, Musashi establishes an executive officer structure to assume business executions based on decisions made by the Board and the Executive Management Committee and entrust business executions to Executive Officers.

< Principle 4.9> Independence Standards and Qualification for Independent Directors

Musashi sets the criteria for the independence of outside directors on Basic Policy of Musashi Corporate Governance. In selecting candidates for independent outside directors, Musashi strives to nominate individuals who are expected to contribute to frank, active, and constructive discussions at the Board.

< Supplementary Principle 4.10.1> Philosophy Regarding the Independence, Authority, and Functions of Voluntary Committees

Musashi has a Governance Committee and a Nomination and Compensation Committee as advisory bodies to the Board.

Until fiscal year 2024, a Nomination Committee and a Compensation Committee were separately in place.

For further details, please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight" - "1. Organizational Composition and Operation" in this report.

< Supplementary Principle 4.11.1> Approach to the Diversity and Size of the Board of Directors

The Board is composed of directors with diverse backgrounds, such as gender, nationality, expertise and experience, and Musashi's policy is to maintain an appropriate number of directors who can effectively exercise the decision-making and supervisory functions of the Board. In addition, Musashi will ensure a management oversight system by appointing multiple outside directors and allowing them to express their opinions from an independent and objective standpoint at the Board.

The skill matrix for directors is provided in the Convocation letter of the General Meeting of Shareholders.

The policies and procedures for the appointment of directors are stated in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information" of this report, "1. Basic Views," Disclosure Based on each Principle of the Corporate Governance Code <Principle 3.1> (4)."

< Supplementary Principle 4.11.2> Concurrent positions of Outside Directors

In cases where an outside director concurrently serves as an officer of another listed company, Musashi shall ensure that such an outside director can secure the necessary time for the duties of our company. The status of such concurrent positions shall be described in the Convocation letter of the General Meeting of Shareholders and in the Corporate Governance Report.

< Supplementary Principle 4.11.3> Evaluation of the Effectiveness of the Board of Directors

The Board analyzes and evaluates the effectiveness of the Board of Directors meeting as a whole every year and shares the results. In fiscal 2024, in addition to individual hearings with all directors by the chairperson, outside directors held round-table discussions to evaluate the effectiveness of the Board from an objective standpoint and multiple perspectives.

It has been confirmed that the diversity of board members, the adequacy of meeting facilitation and opportunities for expression, and the continuous realization of open and transparent communication have contributed to enhancing the soundness of the Board of Directors meeting. Based on these results, Musashi will strengthen global risk management in order to cope with changes in the business environment and expand new businesses and strive to improve the effectiveness of the Board and strengthen governance.

< Supplementary Principle 4.14.2> Training Policy for Directors

Musashi provides directors with information and knowledge on business activities necessary for them to appropriately fulfill their roles and responsibilities. It provides directors with information on management and organizational operations and provide them with training on Musashi Group's management issues, related laws and regulations, and corporate governance on an ongoing basis.

< Principle 5.1> Policy for Constructive Dialogue with Shareholders

Musashi has established a policy regarding the development of systems and initiatives to promote constructive dialogue with shareholders. Through such dialogue, Musashi will strive to contribute to sustainable growth and the enhancement of corporate value over the medium to long term."

< Principle 5.2> Establishing and Disclosing Business Strategies and Business Plans

Musashi recognizes addressing capital cost and stock price-conscious management as a key management priority. Through initiatives such as developing highly competitive products, streamlining production processes, and ensuring financial discipline, we aim to improve profit margins relative to sales and enhance capital efficiency (ROA, ROE, ROIC), thereby increasing long-term corporate value. Alongside our continuous efforts to enhance corporate value, Musashi commits to sincere dialogue with shareholders and investors through proactive information disclosure and enriched communication.

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
----------------------------	-------------------------------

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	16,364,000	24.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,047,100	12.28
Custody Bank of Japan, Ltd. (Trust Account)	3,974,200	6.06
Joint Stock Company Otsuka Holdings	2,603,488	3.97
MSIP CLIENT SECURITIES	1,659,519	2.53
Hiroshi Otsuka	1,505,200	2.29
Nomura Securities Co., Ltd.	1,304,907	1.99
JUNIPER	1,247,500	1.90
Nomura Securities Co., Ltd. (Proprietary Account)	1,176,000	1.79
MLI FOR CLIENT GENERAL OMNI NON-COLLATERAL NON TREATY-PB	1,105,179	1.68

Name of Controlling Shareholder, if applicable (excluding Parent Companies)

-

Name of Parent Company, if applicable

None

Supplementary Explanation

*The above "Status of Major Shareholders" is as of March 31, 2025, including the supplementary explanation below.

*According to the amended large shareholding report submitted by Sumitomo Mitsui DS Asset Management Co., Ltd. on March 6, 2025, Musashi received a notification that shares were held as of February 28, 2025. However, since Musashi was unable to confirm the actual number of shares held as of March 31, 2025, this shareholder is not included in the above list of major shareholders.

*According to the amended large shareholding report submitted by Sumitomo Mitsui Trust Asset Management Co., Ltd., and its joint holders on March 6, 2025, Musashi received a notification that shares were held as of February 28, 2025 from each of them. However, as it was unable to confirm the actual number of shares held as of March 31, 2025, these shareholders are also not included in the above list of major shareholders.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
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	10 or more but fewer than 50

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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
-----------------------------	------------------------------------

Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	8
Number of Independent Directors	8

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Goro Kamino	From another company								○			
Hari N. Nair	From another company											
Keisuke Tomimatsu	From another company								△			
Yoshie Munakata	From another company											
Emi Onozuka	From another company											
Makiko Yamamoto	Lawyer											
Kazutaka Okubo	CPA								○			
Takashi Watanabe	From another company											

*Categories for "Relationship with the Company".

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

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Goro Kamino		○	Musashi has business dealings with Sala Corporation, where Mr. Kamino serves as President and Group CEO, and with Sala Energy Corporation, where he serves as Chairman. However, the average annual transaction amount over the past three fiscal years accounts for less than 1% of the average sales revenue of both Musashi and each of those companies during the same period.	Mr. Kamino has been appointed based on the expectations that, with his extensive experience and deep insight as a corporate executive, he is able to oversee our company's management from an independent standpoint, ensuring that business operations are conducted appropriately and not biased toward the interests of management or specific stakeholders. Although Musashi has business transactions with Sala Corporation, where Mr. Kamino serves as Representative Director and President concurrently serving as Group CEO, and with Sala Energy Corporation, where he serves as Representative Director and Chairman, it has designated him as an independent officer. This decision is based on our judgment that, considering the scale and nature of these transactions, there is no risk of influencing shareholder or investor decisions, nor any concern of a conflict of interest with general shareholders.
Hari N. Nair		○	---	Mr. Hari has been appointed based on the expectation that, with over 35 years of his board experiences at listed companies across multiple regions, as well as his executive leadership roles—including Chief Operating Officer and Interim CEO—at overseas automotive parts manufacturers, he is effectively able to oversee Musashi's management with deep insight and extensive expertise. He is in a position to independently oversee whether Musashi's operations are being conducted appropriately and not biased toward the interests of management or specific stakeholders. Based on this, Musashi determined that there is no risk of conflict of interest with general shareholders and designated him as an independent officer.
Keisuke Tomimatsu		○	Our company had previously outsourced consulting and other services to ABEJA Inc., where Mr. Tomimatsu served as a director. The annual transaction amount related to these services exceeded 2% of ABEJA's average annual sales over the past three fiscal years. However, since September 2021, the average annual transaction	Mr. Tomimatsu has been appointed based on the expectation that, with his extensive experience and expertise in the securities and AI industries, as well as his deep knowledge of finance and accounting, he is effectively able to oversee the management of Musashi. Although Mr. Tomimatsu resigned from his position as a director of ABEJA Inc. at the end of June 2019, Musashi did not designate him as an independent officer at that time, as the relationship fell within the scope of our independence criteria. However, since September 2021, the individual has not violated Musashi's independence criteria. Therefore, it has been judged that he is in a position to

			amount over the past three fiscal years accounted for less than 1% of the average annual sales of both our company and ABEJA.	independently oversee whether Musashi's operations are being carried out fairly and without bias toward the interests of management or specific stakeholders. As there is no risk of a conflict of interest with general shareholders, he has been designated as an independent officer.
Yoshie Munakata		○	---	Mr. Munakata has been appointed based on the expectation that he will effectively oversee the management of Musashi, drawing on his extensive experience and deep insight gained through years of involvement in corporate management, including serving as Executive Vice President at a global company in the information and communications technology industry. He has been designated as an independent officer, as he meets Musashi's independence criteria and is deemed to be in a position to be able to independently oversee whether Musashi's operations are carried out fairly and without bias toward the interests of management or specific stakeholders, with no risk of conflict of interest with general shareholders.
Emi Onozuka		○	---	Ms. Onozuka has been appointed based on the expectation that she will effectively oversee the management of Musashi, drawing on her extensive experience and deep insight gained through over 20 years in various positions at asset management firms, including serving as COO of an investment advisory company. She has been designated as an independent officer, as she meets Musashi's independence criteria and is deemed to be in a position to be able to independently oversee whether Musashi's operations are being carried out fairly and without bias toward the interests of management or specific stakeholders, with no risk of conflict of interest with general shareholders.
Makiko Yamamoto	○	○	---	Ms. Yamamoto has been appointed based on the expectation that with her extensive experience and advanced expertise through working at both domestic and international law firms, she is able to audit and oversee Musashi's management from an independent standpoint, ensuring that business operations are conducted appropriately and not biased toward the interests of management or specific stakeholders. Musashi has designated her as an independent officer, having judged that there is no risk of conflict of interest with general shareholders.
Kazutaka Okubo	○	○	Although Musashi has business transactions with SSDnaform Co., Ltd., where Mr. Okubo serves as President and Representative	Mr. Okubo has been appointed based on the expectation that with his extensive experience and advanced expertise in finance and accounting through his work as a certified public accountant, he is able to audit and oversee Musashi's management from an independent

			Director, the average annual transaction amount over the past three fiscal years accounts for less than 1% of the average sales revenue of both our company and SSDnaform during the same period.	standpoint, ensuring that business operations are conducted appropriately and not biased toward the interests of management or specific stakeholders. Although Musashi has business transactions with SSDnaform Co., Ltd., where Mr. Okubo serves as President and Representative Director, it has designated him as an independent officer. This decision is based on its assessment that, in light of the scale and nature of the transactions, there is no risk of influencing the judgment of shareholders or investors, nor any concern of a conflict of interest with general shareholders.
Takashi Watanabe	○	○	---	Mr. Watanabe has been appointed based on the expectation that with his extensive experience and advanced expertise through years of involvement in corporate management, including organizational culture improvement, operational enhancement, launching new businesses and services, and human resource development, he is able to audit and oversee our company's management from an independent standpoint, ensuring that business operations are carried out appropriately and not biased toward the interests of management or specific stakeholders. Musashi has designated him as an independent officer, having judged that there is no risk of conflict of interest with general shareholders.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	0	0	3	Outside Director

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

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

To support the duties of the Audit and Supervisory Committee, Musashi establishes an Audit and Supervisory Committee Secretariat. The personnel responsible for this secretariat are members of the Internal Audit Office. The Internal Audit Office operates independently from other business execution departments and, in its role supporting the Audit and Supervisory Committee, acts in accordance with the Committee's instructions.

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

The Audit and Supervisory Committee strengthens its audit and supervisory functions by establishing the Audit and Supervisory Committee Secretariat, thereby ensuring sufficient coordination with the Internal Audit Office. In addition to regular meetings, the Committee holds ad hoc meetings with the accounting auditor as necessary to exchange and discuss information on key audit matters (KAM), including audit policies, audit plans, summaries of audits conducted during the fiscal year, and future issues. The Internal Audit Office reports audit results and other relevant matters to the Audit and Supervisory Committee as appropriate and exchanges information with the accounting auditor as needed.

Voluntary Established Committee(s)

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

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee/ Compensation Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination Committee/ Compensation Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Nomination and Compensation Committee has been established as a voluntary advisory body to the Board of Directors, with the aim of enhancing transparency and objectivity in the selection of director candidates and the determination of directors' compensation and strengthening the Board's supervisory function. Candidates for directors (excluding those who are members of Audit and Supervisory Committee) are determined by resolution of the Board following the deliberations by the Nomination and Compensation Committee. Candidates for members of Audit and Supervisory Committee are determined by resolution of the Board after obtaining the consent of the Audit and Supervisory Committee.

The committees also conduct deliberations on the development and revision of the compensation and evaluation systems, as well as on the evaluation results and the appropriateness of each type of compensation. The policy for determining the details of directors' compensation is resolved by the Board following prior review by the Nomination and Compensation Committee.

The Chairperson of the committee is Keisuke Tomimatsu, an independent outside director. The committee members are Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Takashi Watanabe, with a majority of the committee composed of independent outside directors.

In fiscal year 2024, the Nomination Committee and Compensation Committee were established separately. The Chairperson of the Nomination Committee was Keisuke Tomimatsu, an outside director, and its members were Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Emi Onozuka. The committee met twice during the year, with a 100% attendance rate by all members. Key topics discussed included the structure of Musashi's Board of Directors, Executive Officer structure, personnel matters, and the allocation of roles.

The Chairperson of the Compensation Committee in fiscal year 2024 was Emi Onozuka, an outside director. The committee members were Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Emi Onozuka. The committee met twice during the year, with a 100% attendance rate by all members. Key topics discussed included the policy for paying compensation to directors and Executive Officers (excluding members of Audit and Supervisory Committee), individual compensation proposals, the revision of evaluation indicators, and the design of the evaluation process.

Matters Concerning Independent Directors

Number of Independent Directors	8
---------------------------------	---

Other Matters Concerning Independent Directors

All outside directors who meet the qualifications for independent officers are designated as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items

Musashi has adopted a compensation structure that takes into account linkage with business performance. In addition, restricted stock is granted as a medium- to long-term incentive.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

In fiscal year 2024, the total amount of compensation paid by Musashi to eight directors who are not members of Audit and Supervisory Committee (including five outside directors) was 287 million yen, of which 54 million yen was paid to outside directors. It should be noted that the remuneration amount does not include the portion of salary attributable to directors who also serve as employees. The total amount of compensation paid to the three directors who serve as Audit and Supervisory Committee members was 35 million yen, of which 20 million yen was paid to the two outside directors. The total amount of Compensation includes provisions for executive bonuses and compensation related to the granting of restricted stock.

Individual disclosure is provided only for those whose total consolidated compensation is 100 million yen or more.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

< Policy on Determining Compensation Amounts and Calculation Methods >

Musashi has established a policy for determining the details of individual compensation for directors by resolution of the Board.

Furthermore, the Board confirms that the method for determining individual compensation for directors for the current fiscal year, as well as the determined compensation itself, is consistent with the said policy and that the recommendations of the Nomination and Compensation Committees have been duly respected. Based on this confirmation, the Board has judged that the compensation is in line with the established policy.

The details of the policy for determining individual compensation for directors are as follows

1. Basic Policy

The basic policy for the compensation of our company's directors (excluding those who are Audit and Supervisory Committee members) is to establish a remuneration system that is linked to shareholder interests so as to sufficiently function as an incentive for sustainable enhancement of corporate value, and to set the remuneration of individual directors at an appropriate level in consideration of their respective responsibilities. Specifically, directors' compensation consists of a fixed base salary, performance-linked compensation, and stock-based compensation. For outside directors who serve a supervisory role, base salary and stock-based compensation are granted, in consideration of their duties.

2. Policy on Determining the Amount of Individual Base Salary (Monetary Compensation), Including the Timing and Conditions for Granting Such Remuneration

The base salary for the directors is provided as a fixed monthly payment. The amount is determined comprehensively, taking into account each director's position and responsibilities, as well as external benchmarks such as compensation levels at other companies

3. Policy on Determining the Content, Calculation Method of Performance-Linked Compensation and Non-Monetary Compensation (Including the Timing and Conditions for Granting Such Compensations)

Performance-linked compensation is paid annually in the form of a cash bonus with the amount calculated based on Musashi's performance evaluation system and the achievement level of performance targets and medium- to long-term strategic indicators. The composition of the performance indicators is as outlined below, and the amount is

calculated based on coefficients determined by the Board.

(Overview)

Under the previous remuneration framework, performance evaluations were linked to business targets using a set of key performance indicators (KPIs), comprising financial metrics—20% for sales, 20% for operating profit, and 30% for EBITDA—and strategic indicators—10% each for new business revenue, the ratio of products for electrified vehicles, and ESG performance (measured by CO₂ reduction rate). However, Musashi has revised its compensation framework to introduce evaluation indicators aligned with the responsibilities of each officers. Separate evaluation tables have been established for the Representative Director, who is responsible for overall management; Regional CEOs, who are accountable for regional performance; and CxOs, who are responsible for specific functional areas. Individual indicators have been introduced to provide more effective incentives that drive results. Additionally, sales have been removed from the overall evaluation indicators, and ROIC has been newly added to emphasize capital efficiency and profitability. ESG indicators have also been expanded to include safety, quality, and human capital metrics, clearly reflecting a direction that values compliance and diversity.

Regarding the specific allocation for the Representative Director, the evaluation indicators consist of financial metrics—Operating Profit (30%), EBITDA (30%), and ROIC (10%), and strategic metrics: Transformation Indicators (10%), Order Volume for Electric Vehicles (10%), and ESG Performance (10%). For Regional CEOs, the three strategic indicators -Transformation Indicators, Order Volume for Electric Vehicles, and ESG Performance - are commonly weighted at 10% each. Its individual evaluation includes Regional Sales (10%), Regional Operating Profit (20%), Regional EBITDA (20%), Regional ROIC (10%), QD Compliance Indicators (5%), and Contributions to Corporate Management (5%). For CxOs, financial indicators include operating profit, EBITDA, ROIC and the three strategic indicators are each weighed at 10%. Its individual evaluation includes Achievement of Strategic Goals (35%) and Contributions to Corporate Management (5%).

Non-monetary remuneration is granted in the form of restricted stock compensation. In principle, restricted stock compensation is granted annually to eligible directors based on resolution by the Board. Monetary compensation claims are granted in accordance with each director's position and responsibilities, and such claims are contributed in kind to the company as investment assets, in exchange for the issuance or disposal of shares of common stock, which the directors then hold. The total number of shares of common stock to be issued or disposed of under this scheme shall not exceed 200,000 shares per year. (However, in the event of a stock consolidation, stock split, or allotment of shares without contribution, the maximum number of shares and the number of shares granted to each director shall be reasonably adjusted in proportion to such changes.) The per-share payment amount for the restricted stock shall be determined by the Board, based on the closing price of Musashi's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board resolution (or the most recent closing price if no trading occurred on that day), ensuring that the price is not particularly favorable to the directors receiving the shares. When issuing or disposing of Musashi's common shares, Musashi enters into a Restricted Stock Allocation Agreement with eligible directors. This agreement includes provisions prohibiting the transfer, creation of security interests, reservation for the creation of security interests, or any other disposal of Musashi's common shares for a period of three years from the date of share allocation. Also, this agreement includes a clause that if the eligible director, before the restriction period expires, resigns from their position without a legitimate reason, engages in any misconduct such as legal violations, or conducts competitive activities against Musashi, thereby failing to fulfill the expected responsibilities as a director of Musashi, Musashi shall be entitled to acquire the allocated shares without compensation to ensure that the restricted stock compensation functions as an appropriate incentive for directors. In cases where an eligible director is a non-resident, Musashi may provide monetary compensation linked to Musashi's share price, instead of granting restricted stock as remuneration.

4. Policy on Determining the Ratio of Individual Director Compensation Amounts for Monetary Compensation, Performance-linked Compensation, and Non-monetary Compensation

With respect to the compensation ratio by type of director, the Nomination and Compensation Committee reviews the compensation structure to ensure it functions as an appropriate incentive for directors. This review is based on compensation levels benchmarked against companies of similar business scale and within related industries and sectors. The composition ratios shown in the table below are assumed to represent the basic standard. The Board of Directors (with authority delegated to the President and Representative Director as described in item 5) shall respect the recommendations of the Nomination and Compensation Committee and determine the individual compensation details for each director within the range of compensation ratios by type as indicated in the committee's recommendation.

(Summary of Table)

■ Representative Director

Base Compensation: 50–55% Performance-linked Compensation: 25–30% Non-monetary Compensation: 15–25%

■ Director

Base Compensation: 60–70% Performance-linked Compensation: 25–30% Non-monetary Compensation: 10–15%

■ Outside Director

Base Compensation: 60–70% Performance-linked Compensation: - Non-monetary Compensation: 30–40%

5. Matters Related to Determination of Individual Director Compensation

With respect to individual compensation amounts, the Nomination and Compensation Committee evaluates the

appropriateness of each executive director's performance, taking into account Musashi's business environment and comparing Musashi's performance with that of other companies. Based on the results of this evaluation, the President and Representative Director is delegated full authority to determine the specific compensation amount for each director.

<Compensation for Directors Who Are Members of Audit and Supervisory Committee>

The compensation for directors who serve as Members of Audit and Supervisory Committee is determined through discussions among the committee members.

<Resolution at Shareholders' Meeting Concerning Compensation and Other Benefits>

The maximum annual compensation for directors (excluding those who are members of Audit and Supervisory Committee) was resolved at the 88th Annual General Meeting of Shareholders held on June 23, 2015, to be within 400 million yen per year (including up to 80 million yen per year for outside directors; however, this excludes salaries for directors who concurrently serve as employees). As of the conclusion of the above shareholders' meeting, the number of directors (excluding those who are members of Audit and Supervisory Committee) was six, including one outside director. Separately, at the 90th Annual General Meeting of Shareholders held on June 23, 2017, it was resolved that, for directors (excluding those who are members of Audit and Supervisory Committee), the maximum annual amount of monetary compensation to be paid for the granting of restricted stock and stock price-linked monetary compensation shall be 250 million yen per year (including up to 40 million yen per year for outside directors; salaries for directors who concurrently serve as employees are excluded). As of the conclusion of the above shareholders' meeting, the number of directors (excluding those who are members of Audit and Supervisory Committee) was nine, including three outside directors.

The maximum annual compensation for directors who are members of Audit and Supervisory Committee was resolved at the 88th Annual General Meeting of Shareholders held on June 23, 2015, to be within ¥80 million per year.

As of the conclusion of the above shareholders' meeting, the number of such directors was four.

Support System for Outside Directors

Musashi provides outside directors with information such as proposals items for Board meetings and other relevant materials as necessary.

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

(1) Executive Management Structure

<Board of Directors Meeting>

Musashi's Board of Directors meeting is composed of eight directors (excluding those who are members of Audit and Supervisory Committee and including five outside directors), and three directors who are members of Audit and Supervisory Committee (all of whom are outside directors). The chairperson of the Board is a director elected by the Board, and currently, Yoshie Munakata, an outside director, serves in this role. The members of the Board are, Hiroshi Otsuka, Tracey Sivill, Kenji Morisaki, Goro Kamino, Hari N. Nair, Keisuke Tomimatsu, Yoshie Munakata, Emi Onozuka, Makiko Yamamoto, Kazutaka Okubo, and Takashi Watanabe.

At the Board, directors (excluding members of Audit and Supervisory Committee and outside directors) report on the status of business execution, and directors mutually oversee and monitor each other's duties. Meanwhile, the five outside directors (excluding members of Audit and Supervisory Committee) assess the legality and appropriateness of directors' execution of duties from a neutral and objective standpoint. Furthermore, matters to be resolved by the Board are delegated to the Executive Management Committee and other bodies. This allows the Board to focus on supervising the formulation of basic management policies, management strategies, and management plans, as well as overseeing the execution of directors' duties. This structure enhances the Board's oversight function and improves the agility of management decision-making and business execution.

In fiscal year 2024, the Board of Directors held nine meetings, with an average attendance rate of 100% for all directors, including 100% attendance by outside directors and 100% attendance by directors excluding outside directors. Key topics discussed included fundamental and important matters related to the management of Musashi Group, such as management policies, management plans, significant personnel and organizational matters, internal control systems, and internal audits, as well as material business execution matters including investment and financing projects deemed highly significant beyond their quantitative aspects.

<Audit and Supervisory Committee>

The Audit and Supervisory Committee is composed of three independent outside directors. The chairperson is Kazutaka Okubo, an outside director, and the members are Makiko Yamamoto, Kazutaka Okubo, and Takashi Watanabe. Makiko Yamamoto, an outside director serving as an Audit and Supervisory Committee member, possesses advanced expertise in corporate legal affairs and compliance as a qualified attorney. Kazutaka Okubo, also an outside director and committee member, has extensive experience in auditing and high-level expertise in finance and accounting as a certified public accountant. To strengthen the auditing and supervisory functions of the committee, Musashi has established an Audit and Supervisory Committee secretariat.

The Audit and Supervisory Committee regularly receives reports from directors (excluding those who are committee members) regarding the status of Musashi's and its subsidiaries' businesses, the development and implementation

of internal control systems, and other relevant matters. The committee conducts audits of directors' execution of duties by utilizing such reports and information obtained through participation in important meetings. In addition, the members of Audit and Supervisory Committee participate in decision-making at Board of Directors meetings, thereby contributing to the enhancement of the Board's oversight function. In fiscal year 2024, the Audit and Supervisory Committee held eleven meetings, with a 100% attendance rate by all committee members. The Audit and Supervisory Committee specifically deliberates on matters such as audit policies and plans, the appointment and dismissal of accounting auditors, and the development and operation of the internal control system.

<Governance Committee>

A Governance Committee has been newly established to promote the continuous enhancement of corporate governance. It serves as an advisory body to the Board, leading initiatives to improve the effectiveness of the Board and providing advice and recommendations on matters such as revisions to the Basic Policy of Musashi Corporate Governance.

The main functions of the committee are as follows:

- 1) Oversight of the corporate governance framework
- 2) Ensuring the effectiveness of the Board
- 3) Oversight of risk management and compliance
- 4) Enhancing relationships with shareholders and other stakeholders

The chairperson of the committee is Emi Onozuka, an outside director. The members are Hiroshi Otsuka, Hari N. Nair, Emi Onozuka, and Kazutaka Okubo.

<Nomination and Compensation Committee>

Musashi has established a Nomination and Compensation Committee as a voluntary advisory body to the Board to enhance transparency and objectivity in the selection of director candidates and the determination of director compensation, and to strengthen the supervisory function of the Board.

1) Selection of Directors and Succession Planning

Candidates for directors (excluding those who are members of Audit and Supervisory Committee) are determined by resolution of the Board following the deliberations by the Nomination and Compensation Committee. Candidates for members of Audit and Supervisory Committee are determined by resolution of the Board following the consent of the Audit and Supervisory Committee.

In addition, Musashi designs development programs for successor candidates to key executive positions, including the CEO, and supports their talent development through regular evaluations.

2) Deliberations on Compensation

The committee engages in deliberations on the design and revision of director's compensation and evaluation systems, as well as on the evaluation results and the appropriateness of each type of compensation. The policy for determining the content of director compensation, etc. is reviewed in advance by the Nomination and Compensation Committee and then resolved by the Board.

The chairperson of the committee is Keisuke Tomimatsu, an outside director. The members are Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Takashi Watanabe, with a majority of the committee members being independent outside directors.

In fiscal year 2024, the Nomination Committee and the Compensation Committee were separately established.

The Nomination Committee was chaired by Keisuke Tomimatsu, an outside director. Its members were Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Emi Onozuka. The committee held two meetings during the year, with a 100% attendance rate by all members. Key topics discussed included the structure of Musashi's Board of directors, Executive Officer structure, personnel matters and role assignments.

The Compensation Committee was chaired by Emi Onozuka, an outside director. The committee members were Hiroshi Otsuka, Goro Kamino, Keisuke Tomimatsu, and Emi Onozuka. In fiscal year 2024, the committee held two meetings, with a 100% attendance rate by all members. The main topics discussed included the policy for compensation payments to directors and Executive Officers (excluding those who are members of Audit and Supervisory Committee), individual compensation proposals, the revision of evaluation indicators, and the design of the evaluation process.

<Summary of the Contents of the Liability Limitation Agreement>

Musashi has entered into agreements with outside directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the same Act. The maximum amount of liability for damages under these agreements is set at the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. Furthermore, in order to enable directors to fully perform their expected roles and to maintain an environment that allows Musashi to continue attracting qualified individuals, Musashi's Articles of Incorporation stipulate that, by resolution of the Board, Musashi may exempt directors (including former directors) from liability for damages under Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations.

<Summary of the Contents of the Directors and Officers Liability Insurance Agreement>

Musashi has entered into a Directors and Officers Liability Insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insured persons under this agreement include Musashi's directors (including outside directors), as well as the directors and auditors of Musashi's subsidiaries. Under this insurance agreement, damages arising from directors and officers being held liable in connection with the execution of their duties, or from claims made in pursuit of such liability, are covered.

(2) Business Execution Structure

Based on the "Musashi Philosophy," Musashi appoints Executive Officers responsible for regional businesses and various operational functions globally, thereby establishing a structure for efficient and effective business operations. Furthermore, to build a framework in which operational functions are managed by region, Musashi has introduced new position titles for each region. This enables prompt and appropriate management decisions to be made locally and on-site.

<Executive Management Meeting>

The Executive Management Meeting deliberates and makes decisions on business execution policies and the implementation of specific business matters with the aim of making decisions on important business execution matters delegated by the Board. The Committee is composed of at least three executive officers, including the Chairperson (Chief Executive Officer).

In addition, the Executive Management Meeting engages in prior deliberations on matters to be resolved by the Board. In fiscal year 2024, the Executive Management Meeting was held 34 times.

<Sustainability Strategy Meeting>

The Sustainability Strategy Meeting discusses and determines the direction, goals, and indicators for realizing corporate sustainability, based on the policies and strategies resolved by the Board.

It also engages in broad discussions on key themes such as talent development and utilization, rebranding, and digital transformation (DX), with a view to enhancing long-term corporate value.

The meeting is composed of directors and CxOs and is chaired by the Chief Executive Officer (CEO).

In fiscal year 2024, the Sustainability Strategy Meeting was held twice. The discussions covered a wide range of topics aimed at sustainable corporate growth, including business strategies for existing and new businesses, talent development and utilization of human capital, and enhancement of corporate value.

<Internal Control Committee>

The Internal Control Committee deliberates on matters related to global internal controls based on reports from the Internal Control Division, the Internal Audit Division, and other divisions that monitor global internal controls, including corporate ethics, compliance, and risk on a global basis, in order to ensure the efficient and effective operation of business management, compliance with laws and regulations related to business management, and the appropriateness of financial reporting.

The committee is composed of six Executive Officers.

The Chairperson is the Compliance Officer, and the members are Masaru Maeda, Kenji Morisaki, Koji Horibe, Toshihisa Otsuka, Hideaki Asakura, and Masaya Ito.

In fiscal year 2024, the Internal Control Committee held eight meetings. Members of Audit and Supervisory Committee also attended the meetings as necessary.

Furthermore, under the Internal Control Committee, the J-SOX Committee has been established to ensure the reliability of financial reporting. The J-SOX Committee is chaired by the Chief Internal Audit Officer (CAO) and is composed of members related to human resources, accounting, IT, and internal audit. The Committee deliberates on internal controls in general and financial reporting in cooperation with the Audit and Supervisory Committee and the Accounting Auditor as needed, and reports to the Internal Control Committee.

In addition, Musashi has established a risk management system by appointing a Risk Management Officer as an officer in charge of promoting risk management initiatives on a global basis and is working to strengthen risk management for corporate risks, particularly those related to large-scale earthquakes. In addition, for risks that should be addressed by each division, each division takes the lead in preventing and taking countermeasures.

<Internal Information Management Committee>

The Internal Information Management Committee is responsible for managing internal information, particularly in relation to financial disclosures and the release of various corporate information. The committee works to prevent the leakage of internal information and deliberates on the accuracy and appropriateness of disclosure content.

The committee is composed of the Information Handling Officer and members of the Executive Management Meeting. The Chairperson is appointed by the President.

(3) Internal Audit and Accounting Audit Structure

< Internal Audit>

The Internal Audit Department is composed of 11 internal auditors, led by the Chief Audit Officer (CAO). Among them, three members serve as Global Internal Auditors (GIA), stationed in regional offices to strengthen audits of overseas subsidiaries. Of the 11 auditors, four hold the Certified Internal Auditor (CIA) qualification, an international certification for internal auditing, ensuring a high-quality audit structure. This structure enables effective global internal audits, with audit results regularly reported to the Board and the Audit and Supervisory Committee. Additionally, the Internal Audit

Department maintains close coordination with the accounting auditor through timely information exchange as needed.

<Accounting Auditor>

Musashi has appointed KPMG AZSA LLC as its accounting auditor, from whom it receives accounting audits and timely appropriate guidance.

3. Reasons for Adoption of Current Corporate Governance System

Our company has adopted the structure of a company with an Audit and Supervisory Committee in order to strengthen the auditing and oversight functions over the execution of duties by directors and to enhance the effectiveness of internal controls.

To reinforce the auditing function over directors' execution of duties, the Audit and Supervisory Committee, composed of three independent outside directors, conducts audits of the directors' performance.

Furthermore, to strengthen the oversight function of the Board, eight outside directors (including the three members of Audit and Supervisory Committee) participate in decision-making at the Board meetings and assess the legality and appropriateness of directors' execution of duties from a neutral and objective standpoint.

Additionally, by delegating part of the matters resolved by the Board to the Executive Management Meeting and other bodies, the Board of Directors focus on formulating basic management policies, strategies, and plans, as well as overseeing the execution of duties by directors. This enhances the oversight function of the Board and establishes a system that enables swift decision-making and agile business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Information regarding the Annual General Meeting of Shareholders scheduled for June 26, 2025, was disclosed on June 5, 2025, via the Tokyo Stock Exchange website and Musashi's company website.
Electronic Exercise of Voting Rights	Musashi enables shareholders to exercise their voting rights through electronic voting.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Musashi is on the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	English version of all documents is prepared.
Other	Invitation letter was posted on our company website (https://www.musashi.co.jp/) .

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	Musashi holds briefings for individual investors as necessary.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	In addition to quarterly financial results briefings conducted by the President, Musashi holds meetings with analysts and institutional investors as necessary.	Held
Online Disclosure of IR Information	Various corporate information is available on Musashi company website (https://www.musashi.co.jp/).	
Establishment of Department and/or Placement of a Manager in Charge of IR	A dedicated IR team has been established within the Corporate Planning Office.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	To be a company trusted by people around the world, Musashi has established the "Musashi Philosophy" along with its specific behavioral guidelines, "Our Compliance."
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Musashi Group promotes initiatives based on the Musashi Philosophy to contribute to the realization of a prosperous global society where people and the environment coexist in harmony. Details of these activities are disclosed in our <i>Integrated Report</i> and on the ESG Policy/Data page of our company website: https://www.musashi.co.jp/sustainability/esg/
Formulation of Policies, etc. on Provision of Information to Stakeholders	In addition to disclosing information appropriately in accordance with laws and regulations, Musashi strives to disclose information in a fair, prompt, accurate, proactive and sustainable manner in order to deepen understanding of our company and ensure a fair appreciation of our company's values.

IV. Matters Concerning the Internal Control System

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

<Basic Views on Developing Internal Control Systems>

Based on Musashi Philosophy, Musashi aims to further strengthen the trust of people around the world by developing our internal control systems through initiatives led by the Internal Control Committee, including self-assessments conducted by each department. At the same time, Musashi is establishing a framework that enables each department to systematically promote compliance and risk management. In addition, the Internal Audit Department conducts effective audits of operations across the organization.

1. Systems to Ensure Directors and Employees Perform their Duties in Compliance with Laws and Regulations, and the Articles of Incorporation, and Other Systems to Ensure Proper Business Operations

- Musashi appoints an Executive Officer responsible for promoting compliance and works to establish a system for systematic approach.
- Establish a committee to deliberate on matters related to corporate ethics and compliance.
- Musashi has clearly defined "Our Compliance" as a shared code of conduct that each employee in our group is expected to follow in interactions with customers and society and works to ensure thorough awareness and understanding throughout the organization.
- Develop a whistleblowing system to address issues related to corporate ethics.

2. System for Storing and Managing Information Related to Directors' Execution of Duties

- In accordance with Musashi Document Management Regulations, Musashi works to establish a system to appropriately store and manage documents and other information related to the execution of duties by directors.

3. Regulations for Managing Risk of Loss and Other Systems

- Musashi appoints an Executive Officers in charge of the promotion of risk management and works to develop a risk management system for systematic efforts.
- A Crisis Management Policy has been established to promote proactive risk prevention and countermeasures across all departments in business operations. Furthermore, Musashi undertakes comprehensive crisis management and response measures for large-scale disasters, infectious disease outbreaks, cyberattacks, and other enterprise-level threats.
- Regarding the risk management of Musashi Group companies, Musashi works to enhance the overall framework through deliberations among Executive Officers."

4. Systems to Ensure Efficient Execution of Duties by Directors

- Musashi appoints an Executive Officer responsible for promoting risk management and works to establish a structured risk management framework.
- In the execution of regional operations and various functional roles, Musashi ensures prompt and optimal management decisions tailored to the specific characteristics of each region and operational site, while striving for efficient and effective business operations.
- The Executive Management Meeting members deliberate on important management matters within the scope of authority delegated by the Board.
- Musashi has established the Management Strategy Meeting to share group-wide policies, identify challenges for achieving management plans, and discuss corresponding measures, thereby working to enhance the effectiveness and efficiency of business execution across Musashi Group Companies.

5. Systems to Ensure the Appropriateness of Operations within the Corporate Group Comprising Musashi, Its Parent Company, and Subsidiaries

- To ensure the proper execution of operations by each company within the Group, Musashi establishes the Affiliate Company Management Regulations and manages each Group Company in accordance with these regulations, receiving regular reports from them.
- Each Group company conducts periodic self-assessments based on a standardized checklist.
- The Internal Audit Office, an independent internal audit department, conducts audits on the operational status of each division, and works to enhance internal audits across regions, subsidiaries, and affiliated companies.
- The Internal Audit Office notifies the audited divisions and companies of the audit results, requests the formulation of improvement measures for identified issues, regularly monitors the progress of such measures, and reports the status to the Board as appropriate.

6. Matters Related to Directors and Employees who should Assist the Duties of the Audit and Supervisory Committee, and the Independence of Such Directors and Employees from Other Directors (Excluding Those Who Are Members of the Audit and Supervisory Committee)

- The Internal Audit Department is assigned to assist the duties of the Audit and Supervisory Committee. While ensuring the independence of the Internal Audit Department, the Internal Audit Department promotes close coordination with the Audit and Supervisory Committee to establish an efficient and effective audit framework.

7. Systems for Reporting to the Audit and Supervisory Committee by Directors (Excluding Those Who Are Members of the Committee) and Employees, and Other Reporting Systems to the Audit and Supervisory Committee

- Musashi regularly reports to the Audit and Supervisory Committee on matters such as the status of operations at Musashi and its subsidiaries, the development and implementation of internal control systems including compliance and risk management, and promptly reports any matters that may have a significant impact on the company.
- Members of Audit and Supervisory Committee are not obligated to report to third parties any information obtained from directors (excluding committee members) or employees. Furthermore, they may request disclosure of the reasons for any personnel changes, performance evaluations, or disciplinary actions taken against employees who have made such reports.

8. Other Systems to Ensure the Effective Execution of Audits by the Audit and Supervisory Committee

- Musashi establishes and maintains an audit framework and environment to enhance the effectiveness of audits. The Audit and Supervisory Committee works in close coordination with the Internal Audit Department (Internal Audit Office) to conduct audits of operations at Musashi and its subsidiaries. In addition, members of the Audit and Supervisory Committee attend important meetings such as the Executive Management Meeting to monitor and assess key management decisions.
- When a member of the Audit and Supervisory Committee requests the advance payment or reimbursement of expenses incurred in the execution of their duties, or the settlement of obligations borne in connection therewith, Musashi shall comply with such requests unless it can be proven that the expenses or obligations are not related to the execution of the committee member's duties.

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

• Basic Views

As a responsible member of civil society, Musashi maintains a firm stance against anti-social forces and organizations and adheres to a fundamental policy of having no relationship whatsoever with such entities. This policy is clearly stated in our internal compliance guidelines titled *"Our Compliance."*

• Development Status

The Human Resources Department works as the coordinating body for responses. In the event of an unjust demand from anti-social forces, Musashi will respond promptly and systematically, in close cooperation with the police and legal counsel etc. and take a resolute stance. Furthermore, on a regular basis, Musashi works with external expert organizations such as the local police and corporate defense liaison councils etc. to gather information and build cooperative frameworks.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation for Applicable Items
--

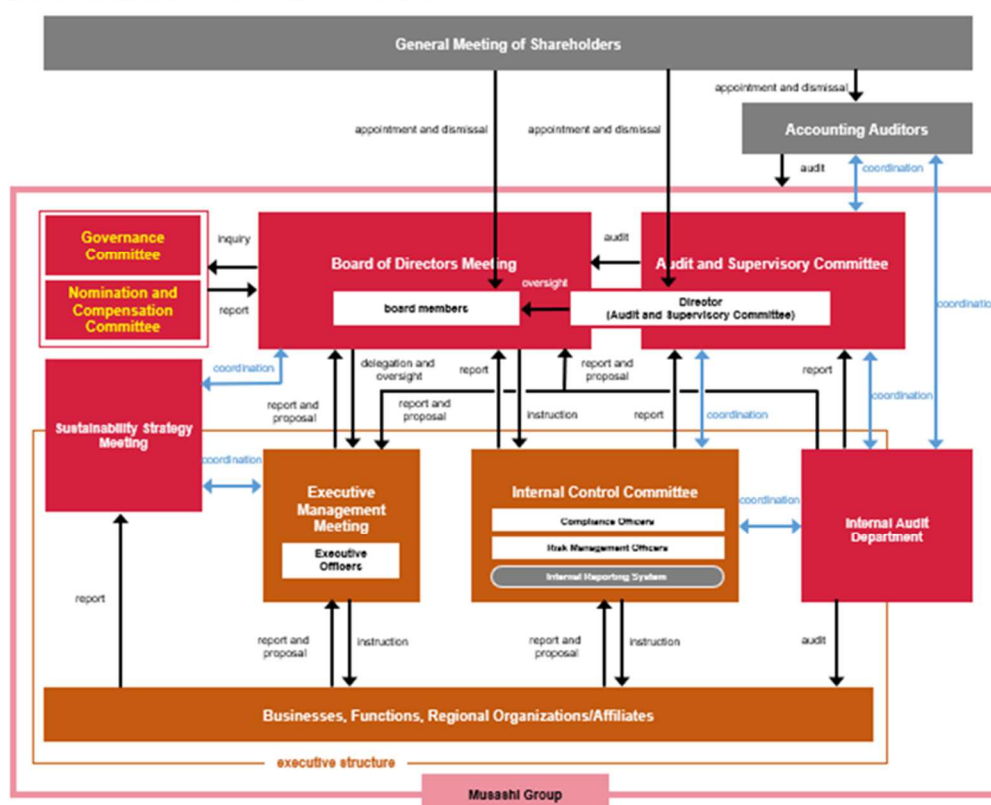
2. Other Matters Concerning the Corporate Governance System

<Overview of Timely Disclosure System>

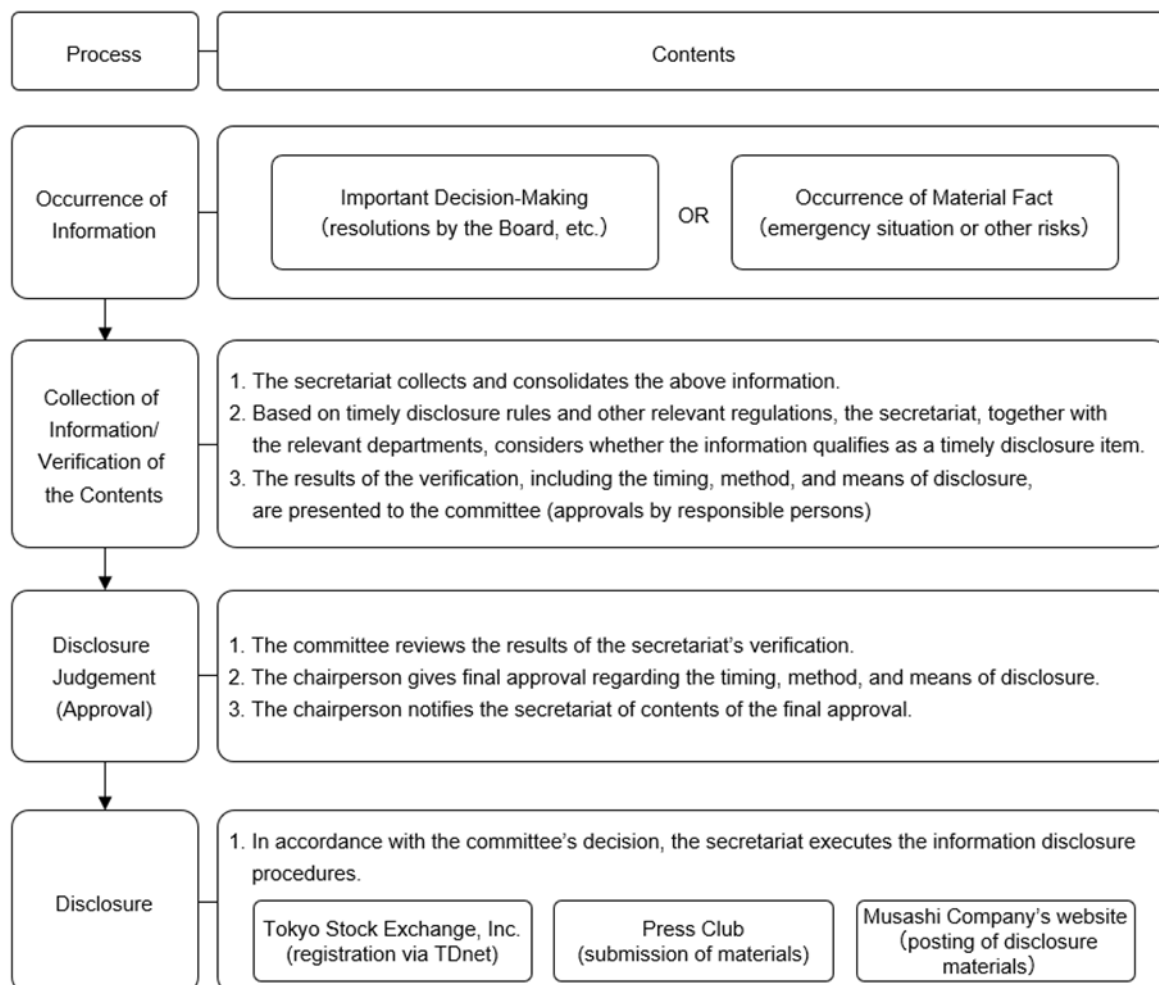
Musashi is committed to the timely and appropriate disclosure of business and financial information. To ensure this, the following system has been established.

Information related to Musashi Group and its affiliates is managed in accordance with the Regulations on Insider Information and Insider Trading Management. Specifically, when disclosing financial results or other material information that may influence investors' decisions, Musashi implements a system to verify the accuracy and appropriateness of such information prior to external disclosure.

<Corporate Governance Structure Chart>



< Flow of Timely Disclosure >



END