

Last Update: June 27, 2025

Yorozu Corporation

Tsutomu Hiranaka, Representative Director, President

Contact: 045-543-6800

Securities code: 7294

<https://www.yorozu-corp.co.jp/>

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

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

1. Basic Views

The Company and its subsidiaries (hereinafter, the “Company Group”) continuously work to strengthen corporate governance by instilling its corporate philosophy, through the self-cleansing effects of formulating and implementing the Yorozu Group Charter of Corporate Behavior and the Code of Conduct and, moreover, by establishing a mechanism for corporate governance including the organizational design and internal control system, based on the recognition that enhancement of corporate value with the trust of all stakeholders, not only by complying with related laws and regulations but also by fulfilling its social responsibilities as a good corporate citizen and promoting fair and transparent corporate activities, is necessary. Through these efforts, the Company Group enables prompt and bold business decision-making by the management and strives to ensure sustainable growth and medium- to long-term increases in corporate value.

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

The Company complies with all principles of the Corporate Governance Code.

Disclosure Based on Each Principle of the Corporate Governance Code

<Principle 1-4, Supplementary Principles 1-4.1, 1-4.2>

(Policy on Cross-Shareholdings)

(1) The Company believes that to win in global competition and continue to grow in the transportation equipment industry to which the principal business of the Company belongs, in particular, the automotive industry, it is essential to cooperate with various companies in all processes such as development, procurement, production, and logistics.

It also believes that, in order to respond to growing markets, relations of trust with financial institutions from which funds are procured and those with trading companies as joint capital investment partners are also important to facilitate capital investment in a continuous manner and to a considerable extent.

For this, the Company strategically holds the shares of its customers, parts manufacturers of the same industry, material manufacturers, financial institutions, trading companies, etc., by comprehensively taking into consideration the business strategies, business relationships with business partners, and synergies with a medium- and long-term perspective to enhance corporate value.

(2) With respect to cross-held shares, the Company verifies the medium- to long-term economic rationale and future prospects in light of the risk and return of such shares, reports the status of the major cross-held shares to the Board of Directors on a quarterly basis, and also gives concrete explanations in the Annual Securities Report on the purpose and rationale of cross-shareholding, reflecting the results of the verifications.

(3) With respect to cross-shareholding, in the absence of significance or rationale thereof, the Company, with consideration of impact, etc. on the market, makes efforts to reduce the number of cross-held shares generally by trying to sell such shares. To be specific, the Company targets reducing such shares by 10% (based on the market value as of the end of March 2024) by the end of fiscal 2026, and plans to appropriate the total amount of funds acquired through such sales to buy back its own shares.

(4) The Company shall not engage in transactions with the companies that hold its shares if such transactions lack economic rationale. Further, if the relevant companies express their intention to sell the shares, the Company shall not interfere.

(Criteria for Exercising Voting Rights Connected to Cross-Shareholdings)

The Company does not uniformly determine whether or not to approve the exercise of voting rights based solely on standard short-term criteria, but makes decisions from the perspective of whether the exercise will lead to an increase in corporate value in the medium to long terms after fully respecting the management policy, strategies, etc. of the relevant companies.

Specifically, the Company will agree to proposals that are unlikely to adversely impact optimized profits as a shareholder of the relevant companies. On the other hand, the Company will vote against proposals that significantly damage shareholder value or raise material concerns over corporate governance, such as social scandals.

<Principle 1-7 >

(Related Party Transactions)

The Company Group conducts transactions in compliance with laws and regulations and subject to appropriate conditions, so as not to harm the common interests of its shareholders. If a director engages in a transaction that is likely to involve a conflict of interest or competitive transaction, they shall obtain prior approval of the Board of Directors and the Audit & Supervisory Committee.

<Supplementary Principle 2-4.1>

(Ensuring Diversity in the Appointment of Core Human Resources, etc.)

The Company Group promotes employment and appointments that respect diversity based on the belief that corporate performance improves by promoting diversity in employment regardless of gender, nationality or mid-career hires with various backgrounds and by working towards the goal as a stronger organization where differences in values are respected. Further, the Company Group ensures diversity by promoting people-to-people exchanges and talent development on a global scale, and is actively working to create a healthy workplace culture for each individual.

Furthermore, the Company Group also aims to reorganize the work environment and revise its systems by offering remote work options, flexible work-hour arrangements, and reduced work-hour system tailored to individual needs and circumstances. The Company Group is building a workplace environment and culture where these systems are available and easily accessible so that employees with different lifestyles can work flexibly with a sense of engagement and motivation.

(1) Promotion of women and foreign nationals to managerial positions

As an approach to promote the advancement of women, the Company has provided Diversity Management Training for Managerial Levels, Women's Advancement Training Targeting Female Employees and Their Bosses, and has held HR Interviews to Confirm the Policy for Development of Female Employees and Employees of Foreign Nationalities, among other activities. According to the company-specific index for diversity (gender, age, nationality, disability) in managerial positions, the diversity ratio stood at 25.3% as of April 2025, 15.8 times the level in fiscal 2016. The Company aims to increase this ratio to 30% by fiscal 2030.

Additionally, the Diversity Steering Committee headed by the president was established in fiscal 2021 to accelerate the development and promotion of women and foreign-national employees into key and managerial positions.

(2) Promotion of mid-career hires to managerial positions

The Company positions mid-career hires as an immediate asset. After joining the Company, all employees are evaluated fairly, regardless of being freshly out of school or having previous careers, and are promoted to managerial positions based on abilities and performance. As a result, mid-career hires in managerial positions accounted for 44.2% as of April 2025.

Going forward, the Company will drive diversity as a management strategy for sustainable growth.

<Principle 2-6> (Roles as Asset Owners)

As part of the employee welfare program, a corporate-type defined contribution pension (DCP) plan is established and operated by the Company. In its operation, the employee, as a participant, gives investment instructions to the plan administrator, and the returns and risks from the investment are borne by the employee as a participant. Though the Company shall not be involved in the investment of the fund as an asset owner under the relevant pension plan, it assumes the responsibility over the employees as a listed company and provides the employees with training and lectures on investment.

To be specific, a DCP plan training course is provided when employees, both new graduates and mid-career hires, join the Company, where the basics of the system and points to be careful when starting the investment are explained. In addition, informative materials are posted on the intranet providing an environment where employees can access the information any time for a better understanding.

<Principle 3-1>

(Corporate Philosophy, Business Plans)

The Company stipulates the basic concept of corporate governance, develops a fair and transparent corporate governance system to achieve the Company Group's corporate philosophy, comprising the purpose, management stance, and behavioral guidelines, as described below, and strives for sustainable growth and medium- to long-term increases in corporate value.

[Corporate Philosophy]

- Our Purpose

Our primary mission is to contribute to society by continually striving to deliver technological innovation and create products that are beneficial to people.

- Management Stance

Our basic business creed is to conduct reliable management.

- Behavioral Guidelines

1. Work is the foundation of life.
2. Trust is the basis of work.
3. Creativity in thought and action is the key to human progress.
4. Safety, quality, and productivity are fundamental to our corporate activities.
5. Risky endeavors are to be avoided while genuine endeavors are to be embraced.

Moreover, with the new medium-term business plan—Yorozu Sustainability Plan 2026 (YSP2026)—that covers the three years from fiscal 2024, the Company is working on various initiatives under the management policy to “become the first-choice company for all stakeholders that supports the electrification era by fulfilling the duties and responsibilities as a member of society and taking an aggressive approach toward growth.”

Further, to meet the performance targets established for the final year of YSP2026, the Company has revised its six key strategies. These revisions provide clear directions on navigating changes in the business environment and addressing internal challenges without altering the management policies. The details of its medium-term business plan (YSP2026) are posted on the Company's official website (English version available: <https://www.yorozu-corp.co.jp/en/investors/midtermplan/>).

(Basic Views and Policy on Corporate Governance)

Please refer to I. 1. Basic Views of this report. For the basic policy of the Corporate Governance Guidelines, please visit the Company's official website (English version available: <https://www.yorozu-corp.co.jp/en/csr/governance/>).

(Policy and Procedures for Determining Remuneration for Executives)

Please refer to Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods in II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in this report.

(Policy and Procedures for Election/Dismissal and Nomination of Directors and Officers)

Please refer to II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) in this report.

(Explanation on Individual Election/Dismissal)

The reasons for election/dismissal of directors are described in the Notice of the General Meeting of Shareholders.

<Supplementary Principle 3-1.3>

The Company Group acknowledges that addressing issues surrounding sustainability, such as social and environmental issues, is an important element in medium- to long-term increases in corporate value. It has identified and is working on the ongoing material issues (materiality) with proactive disclosure by releasing the status and progress in the Company's official website. Please refer to the medium-term business plan (YSP2026) and the Integrated Report for details on the Company's initiatives on sustainability, information disclosure regarding TCFD recommendations, investments in human capital and intellectual properties.

<Supplementary Principle 4-1.1>

(Scope of Matters that the Board of Directors Delegates to the Management)

The principal role of the Board of Directors is to make decisions on the basic policies for management and execution of important businesses—matters reserved for the exclusive decision of the Board of Directors under laws, regulations, and the Articles of Incorporation, as well as to supervise the execution of duties of directors and executive officers. With respect to other matters, all or part of the decision on the execution of business is delegated to the directors for prompt and bold decision-making.

<Principle 4-9>

(Independence Criteria for Independent Outside Directors)

Outside Directors are persons who satisfy the requirements of an “outside director” set forth in the Companies Act and the “independence criteria” prescribed by the Tokyo Stock Exchange (TSE). Generally, the cumulative term of office for an Outside Director may not exceed 10 years. If an Outside Director's total tenure exceeds 10 years, the Company will publicly disclose the reasons for the extension. In any event, the tenure will not be extended beyond 12 years.

<Supplementary Principle 4-10.1>

The Company, in order to strengthen the independence, objectivity, and accountability of functions relating to nomination and remuneration of each director, has set up a “Nominating Committee” and a “Compensation Committee” consisting of a majority of independent outside directors, to consult decisions on nomination and remuneration of the senior management including the CEO, and each committee offers suggestions to the Board of Directors taking diversity and skills into account.

[Roles of the Nominating Committee]

- (1) Deliberation and report on the draft of the proposal for election and dismissal of directors to be resolved at the general meeting of shareholders
- (2) Deliberation and report on the draft of the proposal for selection and removal of representative directors
- (3) Deliberation and report on the enactment, revision, and abolition of basic policies, etc. required for the resolution of the matters in the preceding paragraphs
- (4) Deliberation and report on other matters that the Board of Directors deems necessary, such as election and dismissal of directors, and selection and removal of representative directors
- (5) Deliberation on the succession plan for CEO and other executives

[Composition of the Nominating Committee and members' attendance status]

Title	Name	Position	Attendance
Chair	Masashi Oshita	Outside Director	All seven meetings
Member	Hiroshi Moriya	Outside Director	All seven meetings
Member	Chiaki Tsuji	Outside Director	All seven meetings
Member	Chieko Ogawa	Outside Director	All seven meetings
Member	Akihiko Shido	Rep. Director, Chairman	All seven meetings
Member	Ken Shido	Director, Vice Chairman	All seven meetings
Member	Tsutomu Hiranaka	Rep. Director, President	All seven meetings

[Deliberation by the Nominating Committee and details of the report]

The committee meeting was held a total of seven times (May, June, July, August, December, January, and February), and the members deliberated on the matters such as election and retirement of directors and candidates.

[Roles of the Compensation Committee]

- (1) Deliberation and report on the draft of the proposal for remuneration, etc. for directors (excluding directors who are members of the Audit & Supervisory Committee) to be resolved at the general meeting of shareholders
- (2) Deliberation and report on details of individual remuneration, etc. for directors (excluding directors who are members of the Audit & Supervisory Committee)
- (3) Deliberation and report on the enactment, revision, and abolition of basic policies and systems, etc. required for the resolution of the matters in the preceding paragraphs
- (4) Deliberation and report on other matters regarding remuneration, etc. of directors (excluding directors who are members of the Audit & Supervisory Committee) that the Board of Directors deems necessary

[Composition of the Compensation Committee and members' attendance status]

Title	Name	Position	Attendance
Chair	Chieko Ogawa	Outside Director	All five meetings
Member	Masashi Oshita	Outside Director	All five meetings
Member	Hiroshi Moriya	Outside Director	All five meetings
Member	Chiaki Tsuji	Outside Director	All five meetings
Member	Akihiko Shido	Rep. Director, Chairman	All five meetings
Member	Ken Shido	Director, Vice Chairman	All five meetings
Member	Tsutomu Hiranaka	Rep. Director, President	All five meetings

[Deliberation by the Compensation Committee and details of the report]

The committee meeting was held a total of five times (twice in April and once in June, July, and March), and the members deliberated on the amount to be paid as remuneration for the executives including the directors, and the calculation method, and reviewed policies, among other matters.

<Supplementary Principle 4-11.1>

(Perspectives on Diversity and Scale of the Board of Directors, and Policies and Procedures Concerning the Election of Directors)

In electing directors, the Company gives consideration to a balanced board room, by including those who can demonstrate their strengths across a wide range of business areas, those who are suited to business management, those who have international experience, and those who are expected to contribute to the Company's sustainable growth and the enhancement of corporate value. The Company ensures diversity while considering that the depth of knowledge, experience, and capability of the Board of Directors as a whole are demonstrated to the maximum extent.

Further, by setting the number of directors (excluding directors who are members of the Audit & Supervisory Committee) at ten or less, and the number of directors who are members of the Audit & Supervisory Committee at five or less, the Company maintains an appropriate scale of the Board of Directors as a company with an audit and supervisory committee that ensures flexibility of the Board of Directors and effectiveness of the Audit & Supervisory Committee.

With respect to nomination of directors (excluding directors who are members of the Audit & Supervisory Committee), based on the policy in the preceding paragraph, a person who matches the policy is nominated after discussion by the Nominating Committee and deliberation at the Board of Directors meeting, to be finally elected at the general meeting of shareholders.

A skills matrix listing each director's expertise and experience has been created and is provided in the Notice of the General Meeting of Shareholders (English version available: <https://www.yorozu-corp.co.jp/share/uploads/2025/05/Notice-of-Convocation-Annual-General-Meeting-2025.pdf>)

As for directors who are members of the Audit & Supervisory Committee, at least three persons who have extensive experience and a high level of expertise necessary for auditing and supervising are elected at the general meeting of shareholders.

<Supplementary Principle 4-11.2>

(Positions Concurrently Held by Directors at Other Listed Companies)

Information on concurrent officer positions at other listed companies is provided every year in the Notice of the General Meeting of Shareholders.

<Supplementary Principle 4-11.3>

(Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

The Company provides an opportunity to analyze and evaluate the effectiveness of the Board of Directors as a whole by conducting questionnaire surveys and interviews to the directors themselves once a year for the purpose of improving the effectiveness of the Board of Directors. The Company is making efforts to improve the functions of the Board of Directors and strengthen corporate governance by proactively adopting the directors' opinions, confirming the identified issues and measures for further evolution, and applying the PDCA cycle to specific measures that contribute to the functions to be demonstrated by the Board of Directors.

The method of evaluation of the effectiveness of the Board of Directors and the results from fiscal 2024 are as follows:

I. Evaluation method

In the fiscal 2022 analysis and evaluation of the effectiveness of the Board of Directors, the questionnaire survey was entrusted to a third-party assessment organization with the intention of increasing transparency and objectivity through a third-party perspective. In fiscal 2024, as a result of the deliberation at the Board of Directors meeting on the evaluation method including the necessity of an evaluation by a third-party assessment organization, a self-assessment by means of a questionnaire was conducted, and the effectiveness of the Board of Directors was verified and discussed based on the self-assessment results.

Target: All nine members of the Board of Directors

Survey period: From February 27 to March 21, 2025

Method of evaluation: Self-assessment through anonymous survey

Evaluation process: The questionnaire prepared by the Secretariat was distributed to all members of the Board of Directors to evaluate the effectiveness of the Board of Directors. Each questionnaire item was accompanied by a rating scale of one to three with additional space for free comments. The survey was conducted anonymously with the hope of receiving frank opinions. The Secretariat summarized the results and the effectiveness of the Board of Directors was verified and contemplated at the Board of Directors meeting.

II. Questionnaire items

The questions mainly focused on matters such as (1) composition and operation of the Board of Directors, (2) management

strategy and business strategy, (3) corporate ethics and risk management, (4) performance monitoring as well as evaluation and remuneration of the management, and (5) dialogue with shareholders, etc. Each question was to be answered on a scale of one to three, and additional space for free comments was provided.

III. Overview of analysis and evaluation, and measures for improving effectiveness

With respect to the effectiveness of the Board of Directors in fiscal 2024, as a result of deliberations at the Board of Directors meeting based on the outcome of the questionnaire survey conducted to the directors, the Company concluded that the effectiveness of the Board of Directors was sufficiently ensured from the fact that the scores received were above par based on the Company's criteria and there were no items requiring improvements or judged inappropriate in the entire survey. Overview of the result is as follows.

1. The Company's Board of Directors is composed of an appropriate ratio of independent outside directors, and it believes that the independent outside directors are capable of giving constructive opinions, as necessary, to the management, as well as raising objections when needed.
2. Agenda items are appropriately selected at the Board of Directors meeting, and the Company ensures that matters to be resolved by the Board of Directors and those to be entrusted to the management are properly classified.
3. The Company Group eyes the future and with the aim of realizing a sustainable society through its corporate activities has addressed various issues, one of which is carbon neutrality. The Company has reached the conclusion that the Board of Directors has thoroughly discussed the measures for sustainability issues, including environmental concerns, and has been tracking the progress.
4. As for the status of dialogue with shareholders and investors, the officer in charge of IR/public relations reports the status at management meetings and Board of Directors meetings, which is shared internally and discussed, and from the fact that such information is utilized in the management strategy reviews and formulation of medium- to long-term business plans, etc., the Company is of the opinion that feedback is given in a timely and appropriate manner.
5. The issue regarding trainings for officers and general manager levels that emerged last year remains unsolved despite the Company's intensive efforts stated in Supplementary Principle 4.14.2 of Disclosure Based on Each Principle of the Corporate Governance Code in I. Basic Views of this report. These efforts to enhance the training programs and review the basic learning course for directors will continue into fiscal 2025. Through thorough discussions on enhancing corporate value by addressing the emerging challenge of promoting digital transformation (DX), the Company intends to improve the aforementioned issue. Going forward, the Company will continue with the activities for improvement with respect to the identified issues to improve the effectiveness of the Board of Directors.

<Supplementary Principle 4.14.2>

(Director Training)

The Company's newly appointed directors (including outside directors) receive internal or external trainings on duty of care of a good manager and duty of loyalty, and are explained of the Company's management strategy, financial status, and other important matters by the CEO or an officer appointed by the CEO.

Further, the Company's directors are, in order to fulfill their responsibilities, at all times, required to proactively collect information on the Company's financial status, compliance with laws and regulations, corporate governance, and other matters, and devote themselves to study these matters. The Company provides the directors with opportunities for training, whether internal or external, at least once a year.

The result in fiscal 2024 is as follows.

- Outside directors meeting

The meeting was held once in fiscal 2024, for outside directors to mutually exchange information and share their understandings, and to exchange opinions, etc. on operation of the Board of Directors, evaluation of its effectiveness, and response to formulation of new business plans.

- Business report by executive officers

Officers report on the details and issues of operations and facilitate opinion exchange at Board of Directors meetings for the

purpose of supervising executive officers' business execution, sharing medium- to long-term management issues, enhancing discussions on policies, and developing and grasping human talent. In fiscal 2024, business reports were presented six times by a total of 12 officers.

- On-site plant inspection

In fiscal 2024, directors including outside directors visited the plants.

<Principle 5-1>

(Dialogue with Shareholders)

(1) Policy

The Company holds briefing sessions to release financial information and actively facilitates communication opportunities between senior management and shareholders, to adopt and reflect shareholders' opinions and grasp the shareholder composition, in pursuit of sustainable growth and increased corporate value for the Company Group.

(2) Method of communication

Personnel in charge of finance oversees overall communication with shareholders and makes efforts to realize a constructive dialogue. When a shareholder requests an interview, the Company's executive officers, directors including outside directors, or the general manager of the department involved will attend the interview, provided it does not interfere with their work.

Furthermore, the Accounting Department, General Affairs Department, President's Office, and the Company's corporate lawyer will work together closely, act in good faith, and make the utmost effort to achieve such shareholder's purpose of the interview within the extent it does not harm the common interests of shareholders and as long as it does not violate laws and regulations.

(3) Feedback to internal parties

The Company, based on the recognition that reflecting the shareholders' intentions in corporate management is one of the important responsibilities and duties of a company, reports the valuable opinions and proposals from the shareholders at the Board of Directors meeting, etc. and will take necessary measures upon sufficient consideration.

(4) Results in fiscal 2024

Although some opportunities were shifted to fiscal 2025 due to the delay in the announcement of financial results owing to a ransomware attack, the Company engaged in dialogues with analysts and fund managers in financial briefing sessions, etc. and also seized opportunities to interact with a total of nine companies, including investors in and outside Japan, analysts, investing personnel, and shareholders, in fiscal 2024. The Company selected the appropriate responder for each instance depending on the investor's attributes and content of the communication, and consequently, representative directors, the CFO, executive officers, etc. took part in the dialogues.

Subjects of the dialogues were mostly about recent performances, progress of the medium-term business plan, how the Company views the stock price, initiatives for sustainability, information disclosed in the integrated report, etc. Opinions were received and understanding of the Company's policies, etc. was gained.

Further, shareholder's opinions were shared internally and discussed by giving feedback in the reports, etc. to the management meetings and Board of Directors meetings, and were utilized in management strategy reviews and formulation of business plans. Requests for disclosure of long-term visions and information on human capital, etc. were also considered, which have been announced in the medium-term business plan (YSP2026) and will also be announced in future integrated reports, etc.

<Principle 5-2>

(Establishing and Disclosing Management Strategies and Business Plans)

The Company has repeatedly analyzed and examined cost of capital (WACC, cost of equity), return on capital (ROIC, ROE), market assessment (stock price, market capitalization, PBR, PER), etc.

As a result, to achieve corporate management that is conscious of its capital costs and stock price for the Company Group's sustainable growth and increases in corporate value, the Company deliberated again and resolved at the Board of Directors meeting regarding basic policies as follows.

1. Sustainable growth and enhancement of corporate value
2. Capital policy

- (1) Management that is conscious of capital costs
- (2) Consideration of continued reduction of cross-held shares
- (3) Enhancement of shareholder return policy

3. Strengthening of IR activities

Please visit the Company's official website for details (in Japanese).

(<https://www.yorozu-corp.co.jp/share/uploads/2023/06/PBR-improvement.pdf>)

Regarding specific measures to reduce the cross-held shares, please refer to the medium-term business plan (YSP2026) (English version available: <https://www.yorozu-corp.co.jp/en/investors/midtermplan/>).

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

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure Updated	Available
Date of Disclosure Update Updated	May 7, 2025

Explanation of Actions Updated

Regarding cross-shareholdings, the Company has reduced the number of companies whose shares it holds from 20 as of March, 31, 2024 to 19.

To enhance shareholder return policies, the Company has bought back its own shares. The details are posted on the official website.

(https://www.yorozu-corp.co.jp/share/uploads/2025/05/Notice-Concerning-the-Status-and-Completion-of-Treasury-Stock-Acquisition_En.pdf)

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Minami-Aoyama Fudosan	1,976,300	8.13
The Master Trust Bank of Japan, Ltd. (Trust account)	1,762,300	7.25
S-GRANT. Co., Ltd.	1,190,300	4.90
Shido Holdings Co., Ltd.	883,500	3.64
JFE Steel Corporation	843,000	3.47
Mizuho Bank, Ltd.	842,668	3.47
The Bank of Yokohama, Ltd.	842,668	3.47
Suzuki Motor Corporation	800,000	3.29
Mitsubishi UFJ Trust and Banking Corporation	682,000	2.81
NISSAN TRADING CO., LTD.	533,100	2.19

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

Masashi Oshita	Other													
Hiroshi Moriya	Other						△							

*Categories for “Relationship with the Company”

(“○” indicates that the director presently falls or has recently fallen under the category; “△” indicates that the director fell under the category in the past; “●” indicates that a close relative of the director presently falls or has recently fallen under the category; and “▲” indicates that 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 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/company 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 themselves only)
- i. Person who executes business for another company that holds cross-directorships or cross-auditorships with the Company (applies to director themselves only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director themselves only)
- k. 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
Chiaki Tsuji	○	○	She has been elected as an independent director.	She possesses professional knowledge acquired as a lawyer and abundant experience gained so far. This expertise allows her to provide objective and professional guidance and opinions without any conflicts of interests with the Company. Accordingly, we have determined that she is capable of executing her duties independently from the management team.
Chieko Ogawa	○	○	She has been elected as an independent director.	She possesses professional knowledge acquired as a certified public accountant and abundant experience gained so far. This expertise allows her to provide objective and professional guidance and opinions without any conflicts of interests with the Company. Accordingly, we have determined that she is capable of executing her duties independently from the management team.
Masashi Oshita		○	He has been elected as an independent director.	He has gained deep insights through his previous responsibilities at METI. We have determined that his extensive experience will contribute to the decision-making and supervising functions of the Board of Directors, enhancing their overall effectiveness. There are no conflicts of interests between the individual and the Company.
Hiroshi Moriya		○	He has been elected as an independent director.	He has gained abundant experience and deep insights from his previous role as a manager of global companies. We have determined that his extensive experience

				will contribute to the decision-making and supervising functions of the Board of Directors, enhancing the effectiveness. There are no conflicts of interests between the individual and the Company.
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Audit & Supervisory Committee

Composition of the Audit & Supervisory Committee and Attributes of the Chairperson

	Total Number of Committee Members	Number of Full-time Members	Number of Inside Directors	Number of Outside Directors	Committee Chair
Audit & Supervisory Committee	3	1	1	2	Outside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers

The staff of the Internal Auditing Office provides dedicated support to the Audit & Supervisory Committee in fulfilling its duties.

To maintain independence from directors (excluding directors who are members of the Audit & Supervisory Committee), any transfers, evaluations, or disciplinary actions involving the staff of the Internal Auditing Office must receive consent from the Audit & Supervisory Committee.

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

The Audit & Supervisory Committee and internal auditing departments maintain close communication and collaboration with the accounting auditor through regular information and opinion exchange regarding annual auditing plans, progress updates, quarterly reviews, and audit results. They also discuss issues and areas for improvement in order to achieve efficient and effective auditing.

Furthermore, the Audit & Supervisory Committee works closely with internal auditing departments to investigate the Company's operations and financial assets, among other auditing duties. Information on annual auditing plans and monthly audit reports is shared by the full-time committee member in daily communication and also at quarterly meetings that involve all committee members, including outside directors who are members of the Audit & Supervisory Committee. These approaches are taken to enhance the effectiveness and efficiency of the auditing process.

Voluntarily-Established Committee(s)

Voluntary Establishment of Committees equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily-Established Committees, Members Constituting the Committees, and Attributes of the Committee Chairperson

	Committee's Name	Total Number of Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily- Established Committee Equivalent to Nomination Committee	Nominating Committee	7	0	3	4	0	0	Outside Director

Voluntarily- Established Committee Equivalent to Remuneration Committee	Compensation Committee	7	0	3	4	0	0	Outside Director
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Supplementary Explanation for Applicable Items Updated

The Company has established the “Nominating Committee” and the “Compensation Committee,” both of which have a majority of Independent Outside Directors as members.

The Nominating Committee discusses the succession plans for CEO and other executives, and examines the election and retirement of directors and candidates.

The Compensation Committee discusses the compensation amount paid to officers including directors, as well as calculation criteria and relevant policies.

To ensure their effectiveness, the Company conducts regular evaluations of both committees through questionnaire surveys.

Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

The Company's independent directors, Masashi Oshita, Hiroshi Moriya, Chiaki Tsuji, and Chieko Ogawa, meet the requirements for "outside director" as stipulated by the Companies Act and comply with the “independence standards” set by the TSE. Accordingly, we have designated these four directors as independent directors in accordance with TSE regulations and have duly notified the TSE.

The Company has designated all outside directors who meet the criteria for independence as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

In the 75th Ordinary General Meeting of Shareholders held in June 2020, approval was granted for the implementation of a compensation system which involves granting shares with transfer restrictions in exchange for new share subscription rights given as stock options. The annual total remuneration for granting shares with transfer restrictions was capped at 120 million yen, which aligned with the remuneration for new share subscription rights given as stock options. The total number of common stock shares to be granted was limited to 120,000 or less per year. This system aims to provide incentives and raise the morale of executive directors so as to further enhance the Company's medium- and long-term business performance while sharing values with shareholders.

The compensation system ensures that the efforts of executive directors in improving the Company’s performance over the medium to long term are tied to their remuneration. In addition, the Company believes that not only the benefits but also risks associated with changes in its stock price can be shared between the executive directors and shareholders.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Individual director's remuneration is not disclosed.

Supplementary Explanation for Applicable Items Updated

Remuneration paid to directors in fiscal 2024 is as follows.

Number of directors paid: 9

Total amount paid: 330 million yen

Policy on Determining Remuneration Amounts and Calculation Methods Updated

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) The basic policy of making decisions on details of each director's remuneration, etc.

- Method to determine the basic policy

The Company formulates a basic policy aimed at effectively providing an incentive that will contribute to the sustainable enhancement of the corporate value. This policy is developed through discussions and opinions from the Compensation Committee, which was voluntarily established (hereinafter, the "Compensation Committee") to ensure objectivity and transparency, and is subsequently approved at the Board of Directors meeting.

- Summary of the basic policy

The basic policy for directors' remuneration is aimed at providing an incentive for directors, effectively leading to sustainable enhancement in corporate value, interlinked with shareholders' profits. The policy also takes into account the individual responsibilities of each director when determining their remuneration, ensuring that appropriate levels of remuneration are maintained. Additionally, the Director Compensation and Bonus Policy has been established to enable each director to demonstrate their abilities and play their suitable roles according to the functions of duty execution and management oversight. Based on the Director Compensation and Bonus Policy, the Compensation Committee evaluates and discusses the remuneration amounts that fall within the range approved by shareholders at the shareholders meeting. Subsequently, the Board of Directors determines each director's remuneration.

(a) Policy on determining the amount or calculation methods of each director's remuneration, etc. (except for (b) below)

The fixed remuneration of directors includes basic remuneration, short-term incentives in the form of bonuses, and medium- to long-term incentives in the form of stock remuneration.

The directors' fixed remuneration is determined by considering various factors such as positions, duties, business targets assigned to each individual at the beginning of the fiscal year, the Company's performance, staff salary levels, and years of service. This determination from a comprehensive perspective is based on the Director Compensation and Bonus Policy and the Restricted Stock Compensation Policy.

For outside directors responsible for supervising functions and directors who are members of the Audit & Supervisory Committee, only basic compensation is provided considering the nature of their duties.

(b) Contents of performance indicators related to performance-linked remuneration and the policy on determining the calculation methods of performance-linked remuneration

Director's performance-linked remuneration includes monetary bonuses that reflect the business year's outcomes and non-monetary stock remuneration that reflects the medium-term business plan results.

The performance-linked remuneration is paid annually at a designated time, considering the achievement levels of the consolidated operating income targets for the business year and specified in the medium-term business plan, based on the Director Compensation and Bonus Policy and Restricted Stock Compensation Policy to ensure directors remain focused on performance improvement.

The target performance indicators and those numerical values are established in alignment with the fiscal-year business plan

and the medium-term business plan. These indicators are reviewed based on the opinions provided by the Compensation Committee, considering changes in the environment.

(c) Details of non-monetary remuneration and the policy on determining the calculation methods

The medium- to long-term incentive in the form of stock remuneration consists of two parts: one part is fixed, non-performance-linked, depending on the basic remuneration mentioned in (a); and the other part is performance-linked remuneration mentioned in (b) that reflects the performance of the medium-term business plan. The evaluation is based on the Restricted Stock Compensation Policy. The performance-linked remuneration is paid annually at a designated time based on the Restricted Stock Compensation Policy according to the achievement level of the consolidated operating income target specified in the medium-term business plan on a fiscal-year basis. The target performance indicators and those numerical values are set in alignment with the fiscal-year business plan and the medium-term business plan. These indicators are reviewed based on the opinions provided by the Compensation Committee, considering changes in the environment.

(d) Policy to determine the individual director's remuneration by type

Regarding the distribution ratio of remuneration, the performance-linked remuneration is weighted more heavily for higher-level directors, based on the benchmark that considers companies similar to the Company in scale, industry sector, and business type. The Compensation Committee studies regularly and provides opinions to the Board of Directors as necessary.

(e) Decisions on the details of individual director's remuneration

Opinions on individual remuneration are presented to the Board of Directors based on the relevant policies and evaluations of individual performance, including qualitative evaluation. These opinions are developed through planning, explanations, and proposals provided to the Compensation Committee by the representative director and chairman, followed by discussions at the Compensation Committee. The Board of Directors fully respects the opinions of the Compensation Committee and determines the details of each director's remuneration accordingly.

The Company's Compensation Committee members consists of seven directors elected at the Board of Directors meeting and the majority of them are outside directors who are independent directors meeting the TSE standards. The chairperson is an outside director appointed among the members.

- Reasons as to why the Board of Directors decided that the details of remuneration paid to each director (excluding directors who are members of the Audit & Supervisory Committee) in this business year meet the requirements in the said policy
Each director's remuneration amount is calculated in accordance with each decision-making policy specified in the Summary of the basic policy, and the details of each director's remuneration are discussed and evaluated at the Compensation Committee. The Company confirmed that the remuneration amount proposed in the said consolidated fiscal year through consultation with the Compensation Committee was evaluated and determined based on the payment criteria for each position of directors, and therefore, it was approved at the Board of Directors meetings held on April 25, 2024 and July 22, 2024.

A. Regarding Indicators

The performance target achievement level is calculated using the operating income ratio (on a consolidated basis, the same applies hereunder) as the performance-linked indicator. The performance-linked remuneration is established based on the achievement level in the annual business plan and determined by the attainment level of the performance indicator targets. If there are specific reasons, such as impairment losses, management-related factors (free cash flow, etc.), major scandal, or other particularly concerning issues including accidents, it is necessary to consult with the Compensation Committee.

The performance target achievement coefficient becomes 100% if the actual performance value meets or exceeds the level of the target value. For the fiscal year ended March 31, 2024, the operating income ratio was 2.5%.

B. Reasons for selecting the indicator

The operating income ratio was chosen as the coefficient for the performance-linked indicator because it accurately reflects the profit generated from the main business of the entire Group.

C. Method to determine the amount of performance-linked remuneration

The method of determining the amount of directors' remuneration follows the process outlined in (d) Policy to determine the individual director's remuneration by type.

(2) Resolutions of the General Shareholders Meeting related to remuneration of directors

The 70th Ordinary General Meeting of Shareholders held on June 10, 2015 resolved to set the monetary remuneration of directors (excluding directors who are members of the Audit & Supervisory Committee) at 600 million yen or less per year (however, the salary as staff paid to those who are both a director and staff of the Company is excluded). The number of directors was four (with zero outside directors) at the closing of the said Ordinary General Meeting of Shareholders. Also at the 75th Ordinary General Meeting of Shareholders on June 26, 2020, a resolution passed to pay 120 million yen or less per year as stock remuneration, separately from the aforementioned monetary remuneration (excluding outside directors and directors who are members of the Audit & Supervisory Committee). The number of directors was four (excluding outside directors and directors who are members of the Audit & Supervisory Committee) at the closing of the said Ordinary General Meeting of Shareholders.

The monetary remuneration of directors who are members of the Audit & Supervisory Committee was determined by the resolution of the 70th Ordinary General Meeting of Shareholders held on June 10, 2015, to be set at 100 million yen or less per year. The number of directors who are members of the Audit & Supervisory Committee was three at the closing of the said Ordinary General Meeting of Shareholders.

Support System for Outside Directors

The Company has established an information sharing system, which facilitates the smooth execution of duties by outside directors. This system enables the timely sharing of important internal and external information related to the Company Group between relevant departments, such as the General Affairs Department, and outside directors.

For the outside directors who are members of the Audit & Supervisory Committee, the full-time Audit & Supervisory Committee member ensures information sharing with them by promptly delivering business audit reports and important internal and external information related to the Company Group.

Furthermore, the Company has implemented a support system for outside directors, which includes assignment of a dedicated department or person responsible for arranging business tasks of outside directors, provision of opportunities for learning and updating knowledge necessary for their duties, and coverage of associated expenses.

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

- The Company has implemented the system of an audit and supervisory committee, and the directors who are members of the Audit & Supervisory Committee hold regular and extraordinary Audit & Supervisory Committee meetings, as well as attend the Board of Directors meetings, management meetings, and other important meetings such as the medium-term business plan review meetings, along with holding interviews regularly with representative directors, etc.

- The Company holds its Board of Directors meeting at least once every three months and whenever necessary to decide on the basic management policies, matters stipulated in laws and regulations, and other important matters concerning corporate management. The Company positions the Audit & Supervisory Committee as an organization that oversees the execution of business by directors and executive officers.

- By setting the number of directors excluding those who are members of the Audit & Supervisory Committee as ten or less, and the number of directors who are members of the Audit & Supervisory Committee as five or less, the Company maintains an appropriate scale of Board of Directors as a company with an audit and supervisory committee ensuring flexibility of the Board of Directors and effectiveness of the Audit & Supervisory Committee.

- In selecting directors, the Company gives consideration to a balanced board room, by including those who can demonstrate their strengths across a wide range of business areas, those who are suited to business management, those who have international experience, and those are expected to contribute to the Company's sustainable growth and the improvement of corporate value. The Company ensures diversity, including gender perspectives, and maximizes that the depth of knowledge, experience, and capability of the Board of Directors as a whole.

Independent Directors are persons who satisfy the requirements of an "outside director" set forth in the Companies Act and "independence criteria" prescribed by the Tokyo Stock Exchange, and they must have the nomination or approval of at least one

independent director or independent member of the Audit & Supervisory Committee.

- Dismissal of directors is discussed at the voluntarily-established Nominating Committee and determined at the Board of Directors meeting based on the following dismissal criteria:

- a) The director is in breach of laws and regulations or the Articles of Incorporation, causing significant loss or disruption to its business
- b) The director has caused disruption to business
- c) The director finds it difficult to continue performing their duties
- d) The director does not meet the quality designated as a selection criteria
- e) The director falls under any of the disqualification conditions specified in Article 331 (1) of the Companies Act

- With respect to appointment of directors (excluding directors who are members of the Audit & Supervisory Committee), a person that matches the policy is nominated after discussion in the Nominating Committee and deliberation at the Board of Directors meeting, to be finally elected at the general meeting of shareholders.

- Remuneration for directors is determined within the extent of the annual amount resolved at the general meeting of shareholders as follows. For remuneration of executive directors and non-executive directors (excluding directors who are members of the Audit & Supervisory Committee), the representative director and chairman prepares a draft, which is then discussed and deliberated at the voluntarily-established Compensation Committee, and finally discussed and determined at the Board of Directors meeting. For directors who are members of the Audit & Supervisory Committee, the remuneration is determined through deliberation by the Audit & Supervisory Committee.

-The Company has concluded a limited liability insurance contract with the non-executive directors for damages liability under Article 423 (1) of the Companies Act within the minimum liability amount specified in Article 425 (1) of the same Act, based on the Articles of Incorporation.

- The Audit & Supervisory Committee receives reports, in a timely and appropriate manner, from the directors, executive officers, accounting auditors, auditing departments, and other relevant parties regarding matters necessary for audits, and shares the necessary information with relevant parties and makes efforts to improve the quality and efficiency of audits.

- The Company, in order to clarify the responsibilities and authorities for the execution of management, adopts the executive officer system, and by holding management meetings every month, has in place a system that is resilient to sudden changes in the business environment.

Further, the Company adopts a cross functional organization consisting of seven function groups (Corporate Strategy & ESG Function Group, Management Function Group, Manufacturing Function Group, Marketing & Sales Function Group, Purchasing & Project Control Function Group, Production Equipment Engineering Function Group, and Internal Auditing Function Group) to oversee each site based on the three regions (Japan, the Americas, and Asia) for optimal efficiency of the entire group.

- Other than above, an independent function, the Internal Auditing Office, is established to keep the internal control activities in check and to implement monitoring functions.

- The Company, in order to strengthen independency and objectivity of the functions related to nomination and remuneration of each director, has set up the Nominating Committee and the Compensation Committee, chaired by an independent outside director and the majority composed of independent outside directors,

- In accordance with laws and regulations, the Company's accounting auditor, Ernst & Young ShinNihon LLC, has put a mechanism in place to restrict the terms of engagement in the Company's audit accounting; five accounting terms for chief functional employees and seven terms for functional employees. The Company has concluded a contract with the said accounting auditor regarding audit under the Companies Act and audit under the Financial Instruments and Exchange Act, and pays consideration based on the contract. The names of the certified public accountant performing the operation during the fiscal year ended March 31, 2025 and the composition of their supporting team are as follows.

Limited Liability Partner, Executive Member: Shigeki Hiki, Yasuyuki Hagiwara

Composition of the supporting team engaged in accounting auditing operation: 11 CPAs, 23 others

3. Reasons for Adoption of Current Corporate Governance System

The Company transitioned to a company with an Audit & Supervisory Committee in the 70th General Meeting of Shareholders. By setting up an Audit & Supervisory Committee, the majority of which is made up of outside directors, the supervising function for the Board of Directors has been further strengthened, and by entrusting a whole or part of the decision on the execution of important operations to a director to expedite the decision making of the Board of Directors, the Company aims to further enhance its corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Notice of the General Meeting of Shareholders is sent no later than three weeks prior to the meeting date to ensure sufficient time for shareholders to review and make decisions on each agenda item. This year, the Company sent the notice on June 5, three weeks before the meeting, and posted the same on the Company's official website prior to the distribution. The Company continues to be committed to ensuring early distribution of the Notice of the General Meeting of Shareholders.
Electronic Exercise of Voting Rights	The Company has established a platform for electronic exercise of voting rights to ensure that all shareholders, regardless of their attendance at the general meeting, can appropriately exercise their voting rights through electronic means (the Internet, etc.).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the Electronic Voting Platform offered by ICJ, Inc. to ensure that institutional investors have a conducive environment for exercising their voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	To provide adequate information access to overseas shareholders and institutional investors and help with the decision-making in exercising their voting rights, the Company has prepared a partial translation in English of the Notice of the General Meeting of Shareholders, which is available on the Company's official website.
Other	Similar to last year, a hybrid-type virtual shareholders meeting was held this year.

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	Financial results briefings are held every six months. Furthermore, the Company engages in individual interviews with both domestic and overseas analysts and institutional investors through various channels, including face-to-face meetings, telephone conversations, and web conferences.	Held
Online Disclosure of IR Information	Dedicated webpages for the Company's shareholders and investors are available.	

Establishment of Department and/or Placement of a Manager in Charge of IR	A responsible individual in the Accounting Group of the Accounting Department is assigned.
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3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules to Ensure Due Respect for Stakeholders	The Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct reflect the Group's dedication to fostering trust with its stakeholders. In addition, the Company's Corporate Governance Guidelines are available to the public on its official website.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company Group is dedicated to fulfilling its social responsibilities by actively participating in business activities that contribute to society, in line with its CSR policy. Specifically, the Group addresses climate change, promotes resource recycling, and ensures compliance with social requirements including relevant laws and regulations. The Group also considers the preservation of the global environment as one of the priority issues, and is fully committed to taking proactive actions toward solving environmental issues and contributing to the well-being of people around the world through the Group's environmental policies based on its Environmental Philosophy and Yorozu Global Environmental Vision 2040.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Yorozu Group Charter of Corporate Behavior outlines the Group's dedication to providing stakeholders with accurate, fair, and timely corporate information. Similarly, the Company's Corporate Governance Guidelines emphasize its commitment to proactively disclosing corporate information in an accurate, fair, and timely manner, to ensure that information of the same quality is delivered to as many shareholders and investors as possible.

IV. Matters Concerning the Internal Control System

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

Since the establishment of the Company's policy on the development of internal control systems in 2006, the policy has undergone several phases of revision and is now set as follows.

1. System to ensure that the execution of duties of the Company Group's directors and staff conforms to laws, regulations, and the Articles of Incorporation

(1) The Company Group's directors and staff perform their duties in strict compliance with laws, regulations, the Articles of Incorporation, and the segregation of duties based on the Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct.

(2) The General Affairs Department:

(a) Oversees critical compliance issues and takes a cross-functional approach in addressing those issues. It also gives necessary education to the Company Group's directors and staff;

(b) Monitors the compliance status of each department, instructs improvements as necessary, and tracks progress; and

(c) Operates a reporting system called the Come Forward for Help Line including external consultation services. The system allows the department to identify and resolve any issues related to compliance with laws, regulations, and corporate ethics at an early stage and requires regular reporting to the management meeting.

(3) The Internal Auditing Office:

- (a) Conducts audits of the compliance status and reports the findings to the Board of Directors; and
 - (b) Designs and operates the system to evaluate and report the effectiveness of internal control over financial reporting based on the generally accepted evaluation standards to ensure the reliability of financial reporting.
2. System to store and control the information related to directors' execution of duties
- (1) The information on directors' execution of duties is appropriately stored and controlled in compliance with laws, regulations, the Information Security Control Policy, and other applicable rules.
 - (2) The information is stored in a location and method easily accessible when requested by the directors or directors who are members of the Audit & Supervisory Committee. The specific details of the location and retrieval method are outlined in the Document Handling Policy.
 - (3) The retention period for the information aligns with the guidelines set forth in the Document Handling Policy, unless otherwise provided by laws and regulations.
3. Policies and other frameworks for managing the Company Group's risk of loss
- (1) Based on the Crisis Management Policy, with preparatory assumption and classification of specific risks, the Group assesses risks, determines whether actions are needed, and establishes efficient communication and emergency systems that can be activated swiftly in emergencies.
 - (2) In the event of unforeseen circumstances, the Group establishes an emergency center led by the Chairman or President as the center's chief to prevent further damages, minimize harm, and take recurrence prevention measures, based on the Crisis Management Policy.
 - (3) The General Affairs Department monitors the risk control status of each department, provides guidance for improvement where necessary, and tracks progress.
 - (4) The Internal Auditing Office conducts audits of the risk control status and reports to the Board of Directors.
4. Framework for ensuring efficient execution of the duties of the Company Group directors
- (1) The Group establishes specific policies for each organizational classification, based on the medium-term business plan and the fiscal-year business plan, to ensure consistent policy management.
 - (2) The executive officer system is adopted to delegate business execution authorities to executive officers, aiming for prompt decision-making.
 - (3) The Board of Directors is responsible for determining management policies, matters stipulated by laws and regulations, and other important matters concerning corporate management. It oversees business execution status of both directors and executive officers.
 - (4) Management meetings, attended by executive officers, etc., are held at least once a month to swiftly address individual management issues related to business execution.
5. Reporting system for matters related to business execution by directors of the Company's subsidiaries
- (1) Directors of the Company's subsidiaries regularly report the status of their business execution in the management meetings.
 - (2) Functional managers responsible for taking cross-functional control over the Company's subsidiaries request business execution reports from the subsidiaries as necessary to stay updated on the situation.
6. Framework for ensuring appropriate business practices across the Company Group
- (1) In conducting business, the Company's subsidiaries adhere to the Affiliated Company Management Policy established by the Company. However, approval of the Company's management meeting or other relevant authorities are required for specific matters.
7. Matters regarding directors and staff who should assist the Audit & Supervisory Committee, matters regarding independence of the said directors and staff from other directors (excluding directors who are members of the Audit and Supervisory Committee), and matters for ensuring effectiveness of the instructions given to the said directors and staff by the Audit and Supervisory Committee
- (1) The Internal Auditing Office has its staff provide dedicated support to the duties of the Audit & Supervisory Committee.
 - (2) To maintain independence from the directors (excluding directors who are members of the Audit & Supervisory Committee), any transfers, appraisal, or disciplinary actions involving the staff of the Internal Auditing Office must be approved by the Audit & Supervisory Committee.

(3) The said staff are to prioritize their provision of dedicated support to the Audit & Supervisory Committee over other duties and follow instructions solely from the Audit & Supervisory Committee to ensure the effectiveness of the Committee's instructions.

8. Framework for reporting to the Company's Audit & Supervisory Committee by the directors (excluding directors who are members of the Audit & Supervisory Committee) and staff, as well as subsidiaries' directors, auditors, equivalent persons, and staff, and recipients of such reports, and other matters concerning the reporting to the Audit & Supervisory Committee

(1) Representative directors and executive directors report their execution of business at the Board of Directors Meeting on an as-needed basis.

(2) The General Affairs Department and the Internal Auditing Office regularly report the design and operational status of the matters outlined in this basic policy to ensure its effective implementation.

(3) The Company Group's directors (excluding directors who are members of the Audit & Supervisory Committee) and staff promptly and appropriately respond when the Audit & Supervisory Committee requests business reports or conducts investigation on business and assets.

(4) The Company's directors (excluding directors who are members of the Audit & Supervisory Committee) and staff immediately report to the Audit & Supervisory Committee when instances of fraud, non-compliance with laws and regulations, significant damage to the Company Group, or potential risks thereof are identified.

(5) The Internal Auditing Office regularly provides the Audit & Supervisory Committee with reports on internal audit results and other activities within the Group.

(6) The General Affairs Department regularly updates the Audit & Supervisory Committee on the status of internal reporting within the Company Group.

9. Framework for ensuring that individuals reporting to the Audit & Supervisory Committee will not be subject to detrimental treatment by reason of having made the said report

- The Company Group's directors (excluding directors who are members of the Audit & Supervisory Committee) and staff may directly submit a report to the Audit & Supervisory Committee. The Company strictly prohibits any form of detrimental treatment of persons who make such reports, as forbidden by internal regulations.

10. Policies for prepayment or reimbursement procedures for expenses arising from execution of duties by the directors who are members of the Audit & Supervisory Committee (limited to the execution of duties related to the Audit & Supervisory Committee) and handling procedures for other expenses and liabilities arising from execution of such duties

(1) When the Audit & Supervisory Committee requests for prepayment of expenses related to their execution of duties in accordance with Article 399-2 (4) of the Companies Act, the Company promptly handles the claimed expenses and liabilities unless the said expenses and liabilities are deemed irrelevant to the execution of duties by the directors who are members of the Audit & Supervisory Committee.

(2) When the Audit & Supervisory Committee independently determines the need for an external expert to assist with the duties of the directors who are members of the Audit & Supervisory Committee, the Company will bear the expenses unless it is deemed irrelevant to the execution of duties by the directors who are members of the Audit & Supervisory Committee.

11. Other frameworks for ensuring that the audits are effectively conducted by the Audit & Supervisory Committee

- The Company ensures that the directors who are members of the Audit & Supervisory Committee attend major executive meetings, such as the management meeting, and they are provided with access to important documents, and engage in discussions with representative directors and accounting auditors on an as-needed or regular basis.

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

The Company declares in its Code of Conduct that all Group directors and staff stand against antisocial activities and stand firm against inappropriate requests or actions to fund any antisocial forces. Strict compliance with this Code of Conduct allows no relationship whatsoever with antisocial forces. In addition, the General Affairs Department is responsible for preventing any contact with such forces by consistently gathering information and issuing warnings. A system is in place so that the General Affairs Department immediately receives reports on any suspected connections with antisocial forces, such as an inappropriate demand to directors or staff of the Company Group. The department cooperates with the police and other law enforcement

agencies to swiftly shut down any connection with antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation for Applicable Items

The Company's policy on large-scale purchasing of its own shares (policy to deal with takeover) was resolved at its Board of Directors Meeting held on May 10, 2018 with the advice sought from the Company's Independent Advisory Committee established on April 1, 2015 and with a unanimous vote of the members of the Committee. Subsequently, the policy was approved at the 73rd Ordinary General Meeting of Shareholders held on June 18, 2018. The purpose of this policy is to ensure continuous and sustainable growth of both the Company's corporate value and the common interests of shareholders. Furthermore, to reflect the opinions of all shareholders, the continuation of the policy has been subsequently approved by shareholders at the Ordinary General Meeting of Shareholders every three years.

To eliminate any arbitrary implementation of the management team, from the viewpoint of securing and enhancing the Company's corporate value and the common interests of shareholders, the policy to deal with takeover outlines several key measures, which include setting a clear deadline for providing information to the Large-Scale Purchaser, establishing an Independent Advisory Committee to ensure fair judgement, respecting the recommendations of the Independent Advisory Committee, limiting the policy's validity to three years, and convening a general shareholder's meeting to assess the shareholders' intent. In addition, the requirements for exercising the policy to deal with takeover are restricted to specific situations, namely the high court four types and coercive two-step transaction.

These approaches prevent the policy to deal with takeover from being exercised by the management for their own protection while ensuring necessity and reasonableness of the policy to deal with takeover.

The contents of the policy to deal with takeover are described in "Notice Regarding Partial Change and Continuation of Yorozu's Policy on Large-Scale Purchasing of Its Own Shares (Policy to Deal with Takeover)" which is posted on the Company's official website (English version available: <https://www.yorozu-corp.co.jp/share/uploads/2024/06/Notice-of-Convocation-Annual-General-Meeting-2024.pdf>).

2. Other Matters Concerning the Corporate Governance System

The status of internal systems related to timely disclosure of company information is as follows.

1. Basic Policy on Timely Disclosure of Company Information

The Company is committed to proactively disclosing corporate information in an accurate, fair, and timely manner, as outlined in the Yorozu Group Charter of Corporate Behavior.

2. Internal System Related to Timely Disclosure of Company Information

- The Accounting Department, the General Affairs Department, and the HR Department are responsible for the timely disclosure of company information.

- The head of each department bears the responsibility for collecting, analyzing, and managing information related to their respective business areas. Important information is shared across responsible departments as necessary to discuss whether it should be reported to stock exchanges, officially disclosed through media channels, and how it may affect the Company's business.

- The Company adheres to the principle that critical decisions and significant events must be promptly disclosed to the public after they have been resolved or approved at the Board of Directors meeting or a management meeting.

- The Company, through its responsible department, reports to each stock exchange in an accurate and timely manner using the Timely Disclosure Network System (TDnet), etc.

- Important information related to affiliated companies are also disclosed in an accurate and timely manner in accordance with

the above procedures.

- With regard to official disclosures through media channels, in principle, the General Affairs Department makes the disclosure upon discussion with the relevant departments on the timing and method.

Internal System for Timely Disclosure



