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## Corporate Governance Report

CORPORATE GOVERNANCE

TS TECH CO., LTD.

**Last Update: June 19, 2026**

**TS TECH CO., LTD.**

Eiji Toba, Representative Director, President

Contact: +81-48-462-1121

Securities code: 7313

<https://www.tstech.co.jp/english/>

The corporate governance of TS TECH CO., LTD. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

The Company's philosophy is to be “a company sincerely appreciated by all,” including key stakeholders, ranging from shareholders and investors to customers, business partners, local communities, and employees. Under our corporate philosophy, we are working hard to enhance corporate governance as an important step toward fulfilling our social responsibility and achieving continuous business growth and increasing corporate value over the medium to long term.

#### Basic Policies

1) Securing the Rights and Equal Treatment of Shareholders

We respect the rights of all stockholders, who are important shareholders, and shall maintain an environment that ensures that all shareholders, including non-controlling interests, are treated equally and can fully exercise their rights.

2) Appropriate Cooperation with Shareholders

We shall cooperate appropriately with all shareholders while working to achieve sustainable growth and an increase in mid- to long-term corporate value.

3) Ensuring Appropriate Information Disclosure and Transparency

We shall actively disclose information in order to be a company sincerely welcomed by all of our shareholders, and we shall manage our business with transparency and good faith.

4) Responsibilities of the Board

The Board shall take appropriate responsibility for the establishment of mid- to long-term management policies and oversight of directors, and it shall work to build systems to enable transparent, fair, and resolute decision-making.

5) Dialogue with Shareholders

The company shall engage in constructive dialogue with shareholders and investors through the annual General Meeting of Shareholders and other avenues with respect to management principles and other issues as it works to achieve sustainable growth and an increase in mid- to long-term corporate value.

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

The Company implements all aspects of every principle of the Corporate Governance Code.

## Disclosure Based on the Principles of the Corporate Governance Code Update

[Principle 1.4: Cross-Shareholdings]

- The company does not hold shares solely for the purpose of securing stable shareholders.

To further enhance corporate value, the Company shall own cross-shareholdings if deemed necessary from the perspective of strengthening relations with business partners, maintaining smooth business operations, and the like.

-Each responsible department examines the rationale behind cross-shareholdings and assesses whether or not to hold each individual cross-shareholding from perspectives such as the objective behind the cross-shareholding and returns, the financial

risks, and the economic rationale. It then submits the results of said examination to the Board of Directors, which deliberates on whether the purpose is appropriate. This examination and deliberation are conducted annually for all cross-shareholdings, and the Company will promptly reduce any cross-shareholdings which are not considered to be useful.

-The significant cross-shareholdings currently held by the Company were judged necessary following the aforementioned deliberation by the Board of Directors.

-With respect to the exercise of voting rights on cross-shareholdings, the Company shall exercise voting rights appropriately respecting the management policy of the company concerned, from a medium to long-term perspective, taking into consideration factors such as the purpose of the cross-shareholding and the impact if a given resolution is passed. Voting rights shall be exercised following an internal approval process that culminates with the president's approval.

[Principle 1.7: Related Party Transactions]

-If a director conducts any transaction in competition with the Company or transactions involving a conflict of interest with the Company, the Board of Directors will pass a resolution in accordance with the Board of Directors' regulations.

-When engaging in related party transactions, the Company determines the terms and conditions of individual transactions by considering general transaction prices, conducting price negotiations based on received written estimates, and following the provisions of in-house administrative authority regulations. The Company discloses details of related party transactions in its annual securities report (Japanese only).

<https://www.tstech.co.jp/ir/library/securities/>

[Supplementary Principle 2.4: Ensuring Diversity, Including Active Participation of Women]

■ Supplementary Principle 2.4 (1)

-With "a company dedicated to realizing people's potential" as part of its corporate philosophy, the Company believes that "people are the decisive factor in a company." To facilitate more active participation by diverse human resources, the Company is working in the medium term to develop employment/work environments and HR development systems to ensure that career advancement is not impeded by differences in terms of gender, nationality, career background, etc. while aiming in the long term to roll such practices out globally in line with local culture and characteristics.

-The Company has set the proportion of diverse talent (women, foreign nationals, mid-career hires, persons with disabilities, etc.) in managerial roles as a KPI and aims to increase this proportion to 35% by 2030. Further details are disclosed on the Company's website.

<https://www.tstech.co.jp/english/sustainability/about/materiality/>

-With a view to enhancing corporate value in the medium and long term, the Company restructured its in-house training system in 2020 in order to develop managerial candidates and further increase the motivation and skills of all employees.

In addition, the Company also discloses details of initiatives to realize work styles that promote diversity, such as a flextime system, a work-from-home system, and extension of the mandatory retirement age, in its integrated report and on its website.

<https://www.tstech.co.jp/english/ir/library/report/>

<https://www.tstech.co.jp/english/sustainability/>

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

-To ensure appropriate investment of corporate pension funds, the Company has established a Pension Deliberation Council and exercises management to prevent conflicts of interest arising between corporate pension recipients and the Company.

-The Company endeavors to manage corporate pension funds responsibly and reasonably as asset owners, through means such as the appointment of human resources with suitable knowledge from administrative divisions and objective advice from outside specialist organizations, and it discloses details in its annual securities report (Japanese only).

<https://www.tstech.co.jp/ir/library/securities/>

[Principle 3.1: Full Disclosure]

■ Company objectives (e.g. business principles), business strategies, and business plans

-The Company's corporate philosophy is included in the TS Philosophy page of the Company's website.

<https://www.tstech.co.jp/english/company/philosophy/>

-The Company's management strategies are outlined in the annual securities report (Japanese only).

<https://www.tstech.co.jp/ir/library/securities/>

-The Company establishes and announces medium-term (three-year) management plans.

[https://www.tstech.co.jp/english/ir/management\\_policy/mediumterm/](https://www.tstech.co.jp/english/ir/management_policy/mediumterm/)

■ Basic views and guidelines on corporate governance

-The Company's basic views and guidelines on corporate governance are as stated in 1. Basic Views.

■ Board policies and procedures in determining the remuneration of senior management and directors

-Board policies and procedures for determining the remuneration of senior management and directors are as stated in "1. Organizational Composition and Operation, [Director Remuneration]" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

■ Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors

-The regulations for candidates for director positions stipulate that candidates should have impressive leadership abilities, decision-making skills, vision, and planning abilities, and should also have the personal qualities and insight fitting a director. The regulations for candidates for outside director positions stipulate that candidates should, in addition to the aforementioned, understand the Company's business and have the capacity to oversee the Company's management and business execution from an objective perspective.

-Regarding the appointment procedure, first, the Executive Committee composed of representative directors, and directors working in Japan (excluding directors who are Audit and Supervisory Committee members) shall select candidates and then consult the Nomination and Compensation Committee.

Upon consultation, the Nomination and Compensation Committee will hold deliberations that take into account factors such as the selection criteria, the skill matrix, and the diversity of the Board of Directors, and report the results of said deliberations to the Audit and Supervisory Committee and the Board of Directors.

Based on the information contained in the report by the Nomination and Compensation Committee and the opinions of the Audit and Supervisory Committee, the Board of Directors will deliberate and select candidates.

-If a director violates a law or regulation or the Articles of Incorporation or in the occurrence of any other event deemed as making it difficult for a director to properly perform his or her duties, the Board of Directors shall, following deliberations by the Nomination and Compensation Committee and the Audit and Supervisory Committee, deliberate on and determine whether to submit a proposal for the dismissal of said director to the General Meeting of Shareholders.

■ Explanations with respect to the individual appointments/dismissals and nominations

-The Company includes the career histories of individual directors up for appointment or nomination as well as the reasons for appointment of individual directors in the Notice of the Annual General Meeting of Shareholders.

<https://www.tstech.co.jp/english/ir/library/generalmeeting/>

-In the event of the dismissal of a representative director, the Company shall provide an explanation via timely disclosure in accordance with laws, regulations, and rules, and in the event of the dismissal of an officer other than a representative director, the Company shall judge whether to make a disclosure based on the materiality of the information.

■ Supplementary Principle 3.1 (3)

-The Company formulates management plans based on an analysis of internal and external environments surrounding its seat and interior component businesses. Recognizing that sustainability is closely connected with the Group's business activities and that sustainability initiatives are essential for the realization of sustainable growth, the Company conducts activities to identify material issues (materiality) and incorporate them into its management plans.

The Company is actively focusing on the fundamentals of the Group's value creation, including "providing attractive, innovative new products and technologies that exceed society's expectations," reducing environmental impact through the supply of these products and business activities, respecting human rights across the entire supply chain, and creating a framework for utilizing the diversity and skills of individual employees, who drive the Company's innovation and competitiveness.

-Regarding investment in human capital, the Company endeavors to actively ensure diversity and to develop HR development systems as stated in Supplementary Principle 2.4 (1).

-With respect to investment in intellectual property, the Company utilizes an "offensive" patent strategy, actively focusing on research and development and effectively using the new technologies produced as a result.

As a result of such initiatives, the Company is highly rated in terms of its comprehensive patent strength as measured by Patent Result Co., Ltd.

In addition, the Company has set the percentage of development costs spent on the development of innovative technologies as a KPI to promote the development of more attractive, innovative technologies, and aims to increase this proportion by 10% compared to the 2021 level by 2030.

-As an automotive manufacturer, the Company recognizes climate change as an urgent management issue and is promoting information disclosure based on the recommendations of the TCFD.

In addition, the Company has established the Sustainability Committee to more vigorously promote both the Group's business growth and the resolution of social issues, and based on specific scenarios of greater, more rapid climate change in the future, the Company will conduct assessments and analyses of the implications with respect to business risks and opportunities, financial impact, and business continuity, and will endeavor to enhance said climate-related information disclosure.

The Company discloses details of these sustainability initiatives through means such as its annual securities report (Japanese only) and its website.

<https://www.tstech.co.jp/ir/library/securities/>

<https://www.tstech.co.jp/english/sustainability/>

[Principle 4.1 Roles and Responsibilities of the Board]

■ Supplementary Principle 4.1 (1)

-The Board of Directors makes resolutions on matters stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors' regulations as well as other important management-related matters.

When making resolutions, the Board of Directors obtains the opinion of lawyers and other experts where necessary.

-The Board of Directors delegates authority to the Executive Committee (composed of representative directors, and directors working in Japan (excluding directors who are Audit and Supervisory Committee members)), the heads of the various

functional divisions, and the heads of geographical segments in accordance with the administrative authority regulations, based on thresholds in terms of monetary amount and materiality.

-Senior management reports to the Board of Directors as appropriate on matters stipulated in laws and regulations and the Company's Board of Directors' regulations and other matters deemed necessary by the Board of Directors.

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

-The Company selects independent outside directors in accordance with the requirements for outside directors stipulated in the Companies Act and the independence criteria stipulated by the Tokyo Stock Exchange as well as the Company's own independence standards, attaching importance to extensive experience and deep insight in corporate management. Taking their independence into consideration, in principle, outside directors may not serve longer than six years.

[Supplementary Principle 4.10 Use of Optional Approach]

■ Supplementary Principle 4.10 (1)

-The Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. The committee consists of a majority of independent outside directors and is chaired by an outside director.

The Company discloses details such as the composition of the committee through means such as its annual securities report (Japanese only) and its website.

<https://www.tstech.co.jp/ir/library/securities/>

<https://www.tstech.co.jp/english/sustainability/>

-The Nomination and Compensation Committee deliberates on matters related to the appointment and dismissal of directors and executive officers, the skill matrix for directors, compensation, the development of senior management candidates, etc. with the involvement and advice of outside directors based on their extensive experience and objective perspectives, and reports the results of these deliberations to the Board of Directors.

The Company discloses details of the process to determine nominations and compensation through means such as its annual securities report (Japanese only) and its website.

<https://www.tstech.co.jp/ir/library/securities/>

<https://www.tstech.co.jp/english/sustainability/board/>

[Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness]

■ Supplementary Principle 4.11 (1)

-The Board of Directors strives for a balanced structure in terms of diversity, such as knowledge, experience, gender, and nationality.

The Articles of Incorporation stipulate that the Board of Directors will be composed of no more than 12 directors (excluding directors who are Audit and Supervisory Committee members) and no more than five directors who are Audit and Supervisory Committee members for a total of no more than 17 members, thereby endeavoring to ensure appropriate, rapid decision-making and effective oversight.

-The Company specifies in the form of a so-called skill matrix the skills that its directors need to have in light of the Group's management strategies and business characteristics and discloses this alongside policies and procedures for the appointment of directors on the Company's website.

<https://www.tstech.co.jp/english/sustainability/board/>

-When appointing independent outside directors, the Company stipulates additional requirements, such as the ability to oversee the Company's management and business execution from an objective perspective. The reasons for appointing the incumbent outside directors are explained on the Company's website.

<https://www.tstech.co.jp/english/sustainability/board/>

■ Supplementary Principle 4.11 (2)

-The Company has three directors who concurrently serve as the officers of listed companies and judges that this will not prevent said directors from fulfilling the role and responsibilities of directors of the Company.

Kaori Matsushita, Director

Concurrently serving as an outside director and audit & supervisory committee member at TAISEI ONCHO CO., LTD.

Hiromi Wada, Director

Concurrently serving as 1) an outside director at SHIMANO INC. and 2) an outside director at NTN Corporation.

Tomoko Nakada, Director, Audit & Supervisory Committee Member

Concurrently serving as a director and audit & supervisory committee member at ADVANTEST CORPORATION.

-For details of significant concurrent positions held by directors, please refer to the Notice of the Annual General Meeting of Shareholders (Reference Materials and Business Report) published on the Company's website.

<https://www.tstech.co.jp/english/ir/library/generalmeeting/>

■ Supplementary Principle 4.11 (3)

-To evaluate the effectiveness of the Board of Directors as a whole, the Company conducts an anonymous evaluation of effectiveness annually, surveying all the directors.

When preparing the evaluation questionnaire and aggregating and analyzing the results, the Company uses an independent third-party organization to ensure transparency and objectivity.

-Evaluations are conducted mainly from the perspectives of the “composition of the Board of Directors,” “matters deliberated and resolved,” and the “operation of the Board of Directors.” As a result of the evaluations, the Company finds that the effectiveness of the Board of Directors is largely ensured.

-The results of the past evaluations confirmed that officers recognize “officer training,” the “composition of the Board of Directors,” the “process for determining nomination and compensation,” the “long-term incentive system,” and “matters submitted to the Board of Directors” as issues, and this has led to improvements via discussions at the Executive Committee and Board of Directors.

-With regard to “officer training,” the Company implemented seminars for directors, which are held generally once a year on themes related to legal affairs, finance, and management, to increase the knowledge and insight of directors.

■ Supplementary Principle 4.14 (2)

-The Company provides opportunities for newly appointed directors to attend external specialized seminars.

The Company also holds seminars for all officers including operating officers generally once a year on themes related to legal affairs, finance, and management to increase the knowledge and insight of officers.

-The Company also provides serving directors with opportunities to attend external training to increase their own knowledge and offers directors who are Audit and Supervisory Committee Members opportunities to further their understanding of the Company's business through means such as onsite visits to assess each division and each company and their management status.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

-The Company shall make accurate, prompt, and fair information disclosures to shareholders and investors to achieve sustainable growth and improvement of corporate value over the mid- to long-term.

-The Company shall make information disclosures and engage in constructive dialogue with shareholders and investors using the following systems.

- 1) The Public Relations Section of the Administration Department and the Corporate Administration Division Executive General Manager shall be responsible for dialogue with shareholders and investors.
- 2) The finance, general affairs, corporate planning, and other relevant divisions shall provide appropriate information to the Public Relations Section of the Administration Department for the purpose of providing appropriate information to shareholders and investors and engaging in two-way constructive dialogue with them.
- 3) Opinions and other feedback obtained through dialogue, etc. shall be provided to senior management as appropriate.
- 4) The Company shall actively disclose information deemed useful and appropriate for shareholders and investors even if such information is not stipulated in the Financial Instruments and Exchange Act or the Timely Disclosure Rules.
- 5) Information shall be disclosed through the Timely Disclosure Network (TDnet) operated by the Tokyo Stock Exchange, and press releases, etc. shall also be published on the Company's website as appropriate.
- 6) Insider information (non-public material facts) shall not be mentioned in dialogue with shareholders and investors, and the Company shall treat the period from the end of each quarter until the announcement of financial results as a quiet period when it will refrain from commenting on or answering questions about financial information.

The Company shall also provide employees and officers responsible for engaging in dialogue with shareholders and investors with training on insider information as appropriate.

## Responses for realizing management considering capital cost and stock price]

### Specific Details

Contents	<b>Update</b>	Disclosure of Initiatives (UP DATE)
English Disclose		Excist
Update Date	<b>Update</b>	May 13, 2026

[Responses for realizing management considering capital cost and stock price]

-The Company discloses details of initiatives to realize management considering capital cost and stock price, in its integrated report and on its website.

<https://www.tstech.co.jp/english/ir/library/report/>

[https://www.tstech.co.jp/english/ir/management\\_policy/mediumterm/](https://www.tstech.co.jp/english/ir/management_policy/mediumterm/)

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	25,620,000	21.88
The Master Trust Bank of Japan, Ltd. (Trust account)	11,184,000	9.55
Custody Bank of Japan, Ltd. (Trust account)	5,479,700	4.68
OKAMOTO INDUSTRIES, INC.	4,602,500	3.93
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	4,398,000	3.76
SUMITOMO LIFE INSURANCE COMPANY (Standing proxy: Custody Bank of Japan, Ltd.)	3,880,000	3.31
MUFG Bank, Ltd.	2,638,800	2.25
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2,580,400	2.20
Mitsui Sumitomo Insurance Co., Ltd.	2,451,800	2.09
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,161,222	1.85

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
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Name of Parent Company, if applicable	None
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### Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime 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) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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## 5. Other Special Circumstances which May have Material Impact on Corporate Governance

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

### 1. Organizational Composition and Operation

Corporate Governance System

Company with Supervisory Committee

#### Directors

Number of Directors Stipulated in Articles of Incorporation	17
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors <span style="border: 1px solid red; padding: 2px;">Update</span>	12
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kaori Matsushita	From another company									△		
Hiromi Wada	From another company											
Hajime Hayashi	Lawyer											
Tomoko Nakada	Lawyer											
Kenichi Naito	From another company											

\* Categories for "Relationship with the Company".

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

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business or a non-executive director of a parent company
- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of 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 self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Kaori Matsushita		○	Although Ms. Matsushita once served as an executive at Fujitsu Ltd., which is among the Company's business partners, she resigned from Fujitsu in 2019. In addition, the value of transactions between Fujitsu and the Company is insignificant.	Ms. Matsushita has abundant experience and insight through her work in the global planning and promotion of new business and corporate partnership strategies at a comprehensive IT vendor, and diversity management support at a consulting firm. The Company selected her to serve as an outside director in the expectation that she will continue contributing to enhancing diversity at the Company and ensuring the soundness of the Company's management. There exists no special interest between Ms. Matsushita and the Company, and the Company appointed her as an independent officer having judged that there is no risk of a conflict of interest arising between Ms. Matsushita and general shareholders.
Hiromi Wada		○	—	Ms. Wada has a wealth of experience and insight mainly in the development and technology fields of a general electrical appliance manufacturer. Currently, Ms. Wada has served as an outside director of another company and has management experience. The Company selected her to serve as an outside director in the expectation that she will continue helping to ensure the soundness of the Company's management. There exists no special interest between Ms. Wada and the Company, and the Company appointed her as an independent officer having judged that there is no risk of a conflict of interest arising between Ms. Wada and general shareholders.
Hajime Hayashi	○	○	—	Mr. Hayashi has broad knowledge and abundant experience as an attorney-at-law and has provided appropriate auditing, including sound advice regarding the Company's management. The Company selected him to serve as an outside director (Audit and Supervisory Committee Member) in the expectation that he will continue helping to ensure the soundness of the Company's management and contributing to auditing and supervision. There exists no special interest between Mr. Hayashi and the Company, and the Company appointed him as an independent officer having judged that there is no risk of a conflict of interest arising between Mr. Hayashi and general shareholders.
Tomoko Nakada	○	○	—	Ms. Nakada has extensive experience overseas and broad insight as a lawyer. She has provided appropriate auditing, including sound advice regarding the Company's management.

				<p>The Company selected her to serve as an outside director (Audit and Supervisory Committee Member) in the expectation that she will continue helping to ensure the soundness of the Company's management and contributing to auditing and supervision.</p> <p>There exists no special interest between Ms. Nakada and the Company, and the Company appointed her as an independent officer having judged that there is no risk of a conflict of interest arising between Ms. Nakada and general shareholders.</p>
Kenichi Naito	○	○	—	<p>Mr. Naito has abundant experience and insight through financial accounting and domestic and international sales at a major general chemical manufacturer and sales supervision and company management at group companies, as well as through his duties as a corporate auditor.</p> <p>The Company selected him to serve as an outside director (Audit and Supervisory Committee Member) in the expectation that he will continue helping to ensure the soundness of the Company's management and contributing to auditing and supervision.</p> <p>There exists no special interest between Mr. Naito and the Company, and the Company appointed him as an independent officer having judged that there is no risk of a conflict of interest arising between Mr. Naito and general shareholders.</p>

## 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	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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### Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Company has established an internal audit division under the direct control of the Audit and Supervisory Committee and assigns employees to assist the Audit and Supervisory Committee in the performance of its duties. The personnel affairs of the internal audit division are determined through consultation between directors and the Audit and Supervisory Committee, and any personnel evaluations and transfers and disciplinary action shall require the consent of the Audit and Supervisory Committee. Said employees shall not be prevented from concurrently holding another office but they shall not be under the command of directors when engaged in operations based on the instructions or orders of the Audit and Supervisory Committee.

### Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The outside directors who are Audit and Supervisory Committee Members implement audit operations based on cooperation, sharing information about audits with the internal audit division, which is directly controlled by the Audit and Supervisory

Committee, through regular meetings, and also attending the accounting auditor's audit results report meetings. Meanwhile, information from across the Group that is necessary for audits is reported in a timely, appropriate manner by internal audit divisions and divisions in charge of finance and accounting in accordance with Audit and Supervisory Committee reporting standards established by the Company. Divisions in charge of legal affairs also share information about material matters such as compliance, risk management, and whistleblower reports.

## Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (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 and Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation [Update](#)

The Company has established a Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors to ensure objectivity, transparency, and fairness in procedures for nominating directors and determining director compensation and to further strengthen the Company's corporate governance system.

The Nomination and Compensation Committee is composed of directors selected by resolution of the Board of Directors and shall have at least three members including at least one director who is an Audit and Supervisory Committee member. The Committee shall consist of a majority of outside directors, in principle.

[Structure]

Chairperson: Hajime Hayashi, (Outside) Director and Audit and Supervisory Committee Member

Member: Tomoko Nakada, (Outside) Director and Audit and Supervisory Committee Member

Member: Hiromi Wada, (Outside) Director

Member: Eiji Toba, Representative Director, President

Member: Satoshi Hirano, Director, Operating Officer

## Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors

The Company selects independent outside directors in accordance with the requirements for outside directors stipulated in the Companies Act and the independence criteria stipulated by the Tokyo Stock Exchange as well as the Company's own independence standards, attaching importance to extensive experience and deep insight in corporate management. Taking their independence into consideration, in principle, outside directors may not serve longer than six years.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme, Other
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**Supplementary Explanation for Applicable Items**

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The supplementary explanation for this item is as stated in Director Remuneration.

**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 Directors' Remuneration**

No Disclosure for any Directors

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**Supplementary Explanation for Applicable Items**

**Update**

Remuneration that directors, directors who are Audit and Supervisory Committee Members, and auditors received in FY2026 is as follows.

- 1) Directors (excluding Audit and Supervisory Committee Members and Outside Directors)  
Total remuneration of 257 million yen (fixed compensation of 166 million yen, performance-linked compensation of 54 million yen, and non-monetary compensation of 36 million yen)  
Number of recipient officers: 6
- 2) Audit and Supervisory Committee Members (excluding Outside Directors)  
Total remuneration of 39 million yen (fixed compensation only)  
Number of recipient officers: 2
- 3) Outside Directors  
Total remuneration of 57 million yen (fixed compensation only)  
Number of recipient officers: 6

(Notes) 1. Following the 75<sup>th</sup> Annual General Meeting of Shareholders held on June 25, 2021, the Company transitioned from a “company with a Board of Auditors” to a “company with an Audit and Supervisory Committee” structure.  
2. Performance-linked compensation is the amount of provision for directors' bonuses in FY2026.  
3. The total amount of bonus payments to directors in FY2025 was 69 million yen (number of recipient officers: 5), which was 1 million yen lower than the provision for directors' bonuses of 70 million yen disclosed in FY2025.

**Policy on Determining Remuneration Amounts and the Calculation Methods Thereof**

Established

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**Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof**

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**1) Basic policy and determination method**

The Company's basic policy on executive compensation is to ensure that it is transparent and reasonable, with the potential to further motivate sustained business growth.

The Company established the Nomination and Compensation Committee, chaired by an outside director and composed of three outside directors and two internal directors, as an advisory body to the Board of Directors. When reviewing the level and calculation method of compensation in consideration of the basic policy and social conditions, revising the compensation structure, or determining the individual compensation for directors for each fiscal year, the Board of Directors makes resolutions based on consultations with the Nomination and Compensation Committee and the deliberations of the Audit and Supervisory Committee.

**2) Structure of executive compensation**

Officer compensation consists of basic fixed compensation, performance-linked compensation as a short-term incentive, and non-monetary stock-based compensation as a medium- to long-term incentive to enhance the Group's corporate value over the medium to long term and further share value with shareholders.

The composition of annual compensation is approximately 60% base compensation, 25% performance-linked compensation, and 15% stock-based compensation.

Outside directors and directors who are Audit and Supervisory Committee Members are paid basic compensation only given that their role is to audit and supervise management from an independent perspective.

### 3) Overview of the compensation system

The Company determines the amount of each form of compensation according to a compensation table, in accordance with rank, individual performance, and other factors.

For performance-linked compensation is linked to the indicators of average rates of growth in consolidated revenue and consolidated operating income over the past three terms and the rates of change in amounts of dividends and number of months' salary paid as employee bonuses, to incorporate the perspective of value sharing with shareholders and employees.

Specifically, the Company calculates the compensation amounts by multiplying a performance-linked compensation indexation coefficient calculated using the formula below by the amounts for each rank in the compensation table.

Performance-linked compensation coefficient = (Average percentage for the past three terms for consolidated revenue + Average percentage for the past three terms for consolidated operating income + Rate of change in dividend amount + Rate of change in number of months of employee bonuses)/4

\* Each performance indicator is equally weighted.

\* The performance-linked compensation indexation coefficient is limited to a maximum of 150%, and there is no minimum.

-Restricted stock compensation is used as the method for stock-based compensation, as resolved at the 75<sup>th</sup> Annual General Meeting of Shareholders. In principle, monetary compensation is paid in the form of monetary compensation claims for the allotment of restricted stock to each eligible director, based on a resolution of the Company's Board of Directors each fiscal year. Shares of the Company's common stock are delivered through issuance or disposal by the Company, in return for contribution in kind of all of the said monetary compensation claims, and held by the recipient.

When the Company issues or disposes of shares of its common stock in this way, it concludes a restricted stock allotment agreement with the eligible directors. This agreement forbids the transfer, creation, or promise of creation of a security interest on, or disposal by other means of common shares of the Company delivered under this compensation scheme, from the date when the shares are delivered until the time of the director's retirement.

If any of the eligible directors and executive officers is a non-resident of Japan as of the meeting of the Board of Directors which determines the amount of monetary compensation claims and the number of shares to be allotted, said director or executive officer shall not be granted monetary compensation claims or allotted shares. Instead, said director or executive officer shall be provided with cash compensation linked to the Company's stock price, etc. which has the same economic value as the restricted stock (phantom stock).

### 4) Method used to determine the amount of compensation

The Company calculates the amount of compensation and the number of shares in accordance with each compensation table based on the evaluation by each representative director, and consults the details with the Nomination and Compensation Committee.

Regarding performance-linked compensation, the amount of compensation is calculated using the method described above and is consulted with the Nomination and Compensation Committee. The Nomination and Compensation Committee deliberates on the appropriateness and appropriateness of basic compensation, performance-linked compensation, and stock-based compensation amounts for each individual employee, reports the results to the Audit and Supervisory Committee, and reports the details to the Board of Directors. The Board of Directors makes a final decision based on the report of the Nomination and Compensation Committee and the results of deliberations by the Audit and Supervisory Committee.

The basic remuneration of Directors who are Audit and Supervisory Committee Members is determined separately based on discussions between Directors who are Audit and Supervisory Committee Members.

### 5) Compensation limits

The maximum amount of compensation (not including stock compensation) for directors (excluding directors who are Audit and Supervisory Board Members) is 750 million yen per year (of which the maximum amount for outside directors is 30 million yen), as resolved at the 75<sup>th</sup> Annual General Meeting of Shareholders held on June 25, 2021.

The maximum amount of stock compensation for directors (excluding directors who are Audit and Supervisory Board Members) is 150 million yen per year, and the maximum number of shares is 50,000 shares, as resolved at the 75<sup>th</sup> Annual General Meeting of Shareholders held on June 25, 2021.

The maximum amount of compensation for directors who are Audit and Supervisory Board Members is 90 million yen per year, as resolved at the 75<sup>th</sup> Annual General Meeting of Shareholders held on June 25, 2021.

## Support System for Outside Directors

To ensure that outside directors effectively fulfill their functions and responsibilities at meetings of the Board of Directors, ahead of deliberations at Board meetings, officers in charge give them preliminary explanations of issues and exchange views with them, and divisions in charge of legal affairs also share with them material information about matters such as compliance, risk management, and whistleblower reports.

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

### 1) Board of Directors

The Board of Directors is composed of 8 directors (excluding directors who are Audit and Supervisory Committee members) and four directors who are Audit and Supervisory Committee members. The Board of Directors makes decisions regarding management policies, important management issues, and matters mandated by laws and regulations. It also supervises the execution of business operations.

### 2) Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of four Audit and Supervisory Committee members (three of whom are outside directors). Based on the audit policy established by the Audit and Supervisory Committee, it audits the execution of duties by the directors.

### 3) Nomination and Compensation Committee

The Nomination and Compensation Committee is composed of two directors (excluding directors who are Audit and Supervisory Committee members) and three outside directors. It deliberates on matters related to the appointment and dismissal of directors and executive officers and their compensation.

### 4) Executive Committee

The Executive Committee comprises representative directors, and directors working in Japan (excluding directors who are Audit and Supervisory Committee members). It conducts preliminary deliberations on such matters as resolutions to be put to the Board of Directors, and, within the scope of the authority assigned to it by the Board of Directors, discusses important matters relating to the execution of the duties of the directors.

### 5) Executive General Managers Committee

The Executive General Managers Committee is made up of 14 executive general managers and regional general managers. This committee discusses policies, plans, and governance related to operations in each division to maintain efficient operations.

### 6) Status of internal audits

The Company's Corporate Business Audit Department, under the direct supervision of the Audit and Supervisory Committee, is dedicated to conducting internal audits. The department objectively verifies the states of systems and initiatives in areas such as business execution by each organization and active compliance and risk-management efforts by each section.

### 7) Status of accounting audits

In accounting audits, the Company's Audit and Supervisory Committee and the internal audit division exchange information on a regular basis, and audits are conducted appropriately and effectively.

The Company's accounting auditor is KPMG AZSA LLC and the certified public accountants who conducted the audit and composition of assistants with audit operations is as follows.

-Continuing auditor  
5 years (from 2021)

-Certified public accountants who conducted the audit  
Shingo Iwamiya  
Kengo Udagawa

-Composition of audit operation assistants  
Certified Public Accountants 14  
Others 49

When appointing an accounting auditor, the Company's Audit and Supervisory Committee utilizes a comprehensive view that considers quality management structure, independence, expertise, audit structure, fraud risk, etc. and selects an accounting auditor that is deemed as being able to ensure that the Company's accounting audits will be conducted in an appropriate, valid manner. KPMG AZSA LLC was judged to have met these standards.

### 8) Selection of officer candidates

Candidates for directors (excluding directors who are Audit and Supervisory Committee members) are determined by resolution of the Board of Directors after review by the Nomination and Compensation Committee of matters such as suitability for the post and the balance of the Board as a whole. Candidates for directors who are Audit and Supervisory Committee

members are determined by resolution of the Board of Directors after review by the Nomination and Compensation Committee and obtaining the consent of the Audit and Supervisory Committee.

9) Establishment of officers' remuneration

Determination of remuneration is as described in "Director Remuneration" of "1. Organizational Composition and Operation."

10) Outline of liability limitation agreements

The Company has executed an agreement with outside directors on the limitation of liability for damages as provided for under the provisions of Paragraph 1, Article 423 of the Companies Act according to the provisions of Paragraph 1, Article 427 thereof. The maximum liability for damages under the agreement is the minimum liability amount provided for in Article 425, Paragraph 1 of the Companies Act.

### 3. Reasons for Adoption of Current Corporate Governance System Update

In order to further strengthen the supervisory function of the Board of Directors and the corporate governance system, our company has adopted a Company with Audit and Supervisory Committee system in which Directors who are Audit and Supervisory Committee Members with voting rights are appointed.

Independent outside directors account for more than 40% of the Board of Directors and the majority of the Nomination and Compensation Committee, an advisory body to the Board of Directors. Each deliberative body is chaired by an independent outside director. Through these measures, the Company aims to incorporate the objective perspectives and opinions of outside officers into its management to strengthen management transparency and fairness, and to enhance medium- to long-term corporate value.

Meanwhile, in addition to the executive officer system that was implemented previously, the Board of Directors will delegate decision-making on important matters of business execution to the directors to the extent legally permitted to ensure swift decision-making in the face of a rapidly changing business environment.

Furthermore, the Audit and Supervisory Committee directly supervises the internal audit division in its auditing operations. This creates a system that enables efficient organizational auditing of the state of business execution for the entire Group.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Notice of the Annual General Meeting of Shareholders is dispatched earlier than the legal deadline.
Scheduling of the General Shareholders Meeting During Non-Peak Days	When setting the date for the Annual General Meeting of Shareholders, the Company avoids dates when many annual general meetings are expected to be held.
Electronic Exercise of Voting Rights	Shareholders are able to exercise their voting rights online using a personal computer or a smartphone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in an electronic voting platform for institutional investors operated by ICJ Corporation.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company posts an abridged English translation of the Notice of the Annual General Meeting of Shareholders on the website of the Tokyo Stock Exchange, the electronic voting platform, and the Company's website. ( <a href="https://www.tstech.co.jp/english/ir/library/generalmeeting/">https://www.tstech.co.jp/english/ir/library/generalmeeting/</a> )
Other	<ol style="list-style-type: none"> <li>1) The Company provides presentations with slides to give shareholders a better understanding of business report explanations.</li> <li>2) The Company posts the Notice of the Annual General Meeting of Shareholders on its website. (<a href="https://www.tstech.co.jp/english/ir/library/generalmeeting/">https://www.tstech.co.jp/english/ir/library/generalmeeting/</a>)</li> <li>3) At the time of the General Meeting of Shareholders, we accept advance questions from shareholders via the Internet.</li> </ol>

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company posts a disclosure policy on its website. ( <a href="https://www.tstech.co.jp/english/ir/management_policy/disclosure/">https://www.tstech.co.jp/english/ir/management_policy/disclosure/</a> )	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds full-year and first-half financial results briefings sessions.	Held
Online Disclosure of IR Information	The Company posts consolidated financial summaries (Japanese and English), IR presentation materials (Japanese and English), timely disclosure information (Japanese and English), press releases, and other information on its website and also has a website for individual investors.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Public Relations Section, Administration Department	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has enacted the TS Code of Conduct with the aim of being, through its business activities, “a company sincerely appreciated by all” whose presence is valued by all stakeholders, in accordance with its philosophy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company positions CSR activities as initiatives for pursuing and realizing its philosophy of being “a company sincerely appreciated by all.” In addition to the Company's main business of providing safe, comfortable products, the Company implements global initiatives across all divisions and sites to continuously and actively fulfill its social responsibilities in the course of its business activities. The Company is also actively involved in activities to protect the environment. Details of specific activities are included in integrated reports published annually. ( <a href="https://www.tstech.co.jp/english/sustainability/report/">https://www.tstech.co.jp/english/sustainability/report/</a> )
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has established information disclosure regulations and works to earn trust as a highly transparent, open company in accordance with these regulations by not only disclosing information through statutory disclosures and timely disclosures but also actively disclosing information to increase understanding about the Company.

## IV. Matters Concerning the Internal Control System

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

At a meeting of its Board of Directors, the Company resolved on the following as its basic policy for the development and maintenance of the internal control system stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act:

1. System Regarding Storage and Management of Information on Directors’ Execution of Duties The Company stores and manages information related to the execution of the duties of the Company’s directors in an appropriate manner in accordance with laws and regulations and internal regulations.  
All information assets held by the Company are stored and managed in an appropriate manner in accordance with the Information Security Policy.
2. Regulations Concerning Management of the Risk of Loss and Other Relevant Systems
  - 1) The Company has established the Global Risk Management Committee as an advisory committee to the Executive Committee to identify and verify risks, determine countermeasures against risks, confirm progress and provide corrective guidance on, and make improvements to such countermeasures, thereby appropriately identifying and controlling the various risks to which its business activities are subject in countries around the world; and to enhance the continuity and stability of its business.
  - 2) A Risk Management Officer who chairs the Global Risk Management Committee is appointed from among the directors or executive officers and placed in charge of risk management.
  - 3) The Company minimizes damage and strives to achieve the rapid restoration of normal business activities in the event of a risk of loss by promptly identifying the circumstances and taking action in accordance with internal regulations.
3. System to Ensure Efficient Execution of Duties by Directors
  - 1) The Company formulates medium-term management plans and annual business plans and shares management goals and other information. At regular intervals, it also supervises and evaluates progress on these plans at the meetings of the Board of Directors, at the meetings of the Business Plan Evaluation Committee, and at other meetings.
  - 2) To ensure rapid and efficient management decision-making and execution of duties, important decisions are made within the corresponding scope of authority granted to the Board of Directors, the Executive Committee, and the Executive General Managers Committee.
  - 3) The delegation of authority to executive officers in accordance with internal regulations, the appropriate division of roles among executive officers, and other arrangements ensure the efficient day-to-day execution of duties.
4. System to Ensure that Execution of Duties by Directors and Employees Conform to Laws, Regulations, and the Articles of Incorporation
  - 1) The Company has established the TS Code of Conduct, a set of rules based on laws and regulations, internal regulations, etc., and takes appropriate measures to ensure that its directors and employees are familiar with it.
  - 2) The Company appoints the director or executive officer in charge of promoting compliance-related initiatives as the Compliance Officer and establishes the Ethics and Compliance Committee, chaired by the Compliance Officer, as the body deliberating on material management ethics and compliance issues.
  - 3) The Company promptly investigates any legal or regulatory issues arising in connection with corporate ethics. To guide corrective measures in this sphere, it has established the TS Corporate Ethics Compliance Consultation Office for the employees of the Company and its subsidiaries and their families and the employees of business partners in Japan, thereby building a system for accepting consultations and reports on issues related to corporate ethics or compliance. All consultations and reports received by the Office are shared with the Audit and Supervisory Committee to ensure fair and impartial response by the Office.
  - 4) The Company has established an internal audit division under the direct control of the Audit and Supervisory Committee. The internal audit division undertakes business audits of the Company, evaluates its internal controls on financial reporting, and reports its findings to the Audit and Supervisory Committee.

- 5) The Company diligently avoids any type of relationship with antisocial groups that can threaten a safe, orderly, and civil society, and works together as an entire group to demonstrate uncompromising attitudes against such forces.
5. System to Ensure Appropriateness of Operations in the Group
- 1) The Company and its subsidiaries share information such as the TS Philosophy, including the Vision Statement and Mission Statement, the Policy on Corporate Governance, the Basic Policy on the Establishment of an Internal Control System, and management goals, and endeavor to develop a full lineup corporate governance systems.
  - 2) The Company mandates that its subsidiaries must report/seek the Company's advance approval on material matters related to management and report their business plans and operating/financial status to the Company on a regular basis, both in accordance with standards set by the Company.
  - 3) The Company's subsidiaries maintain regulations for organizations, division of duties, and administrative authority to allow rapid decision-making and the efficient execution of duties.
  - 4) The Company's subsidiaries undertake activities to mitigate risks and to promote compliance. These efforts include regular reviews of risks and compliance verification. The subsidiaries take measures to minimize the risk of loss in joint efforts with the Company.
  - 5) The Audit and Supervisory Committee audits the status of the execution of duties by the directors of the Company's subsidiaries in cooperation, where necessary, with the internal audit divisions and auditors of the Company's major subsidiaries. The Company's internal audit division conducts business audits and evaluations of internal controls for financial reporting at the Company's major subsidiaries in accordance with the instructions of the Audit and Supervisory Committee and with internal regulations and reports its findings to the Audit and Supervisory Committee.
6. Matters Relating to the Staff Appointed to Support the Duties of the Audit and Supervisory Committee, Matters Relating to the Independence of Said Staff from Directors (Excluding Directors who are Audit and Supervisory Committee Members) and Matters for Ensuring the Effectiveness of the Instructions of the Audit and Supervisory Committee
- 1) The Company assigns employees to assist the Audit and Supervisory Committee in the performance of its duties at the request of the Audit and Supervisory Committee. The Company obtains the consent of the Audit and Supervisory Committee on personnel affairs affecting said employees.
  - 2) Said employees are not prevented from concurrently holding another post, but they are not under the command of directors (excluding directors who are Audit and Supervisory Committee Members) when engaged in operations based on the instructions or orders of the Audit and Supervisory Committee.
7. System for Reporting by Directors (Excluding Directors who are Audit and Supervisory Committee Members) and Employees to the Audit and Supervisory Committee
- 1) The Company develops Audit and Supervisory Committee reporting standards and maintains a system for directors and relevant divisions to make timely and appropriate reports on the status of the business and internal audits, compliance, risk management, and other matters of the Company and its subsidiaries to the Audit and Supervisory Committee in accordance with these standards.
  - 2) The Company strictly prohibits disadvantageous treatment of individuals who submit reports to the Audit and Supervisory Committee on the basis of having submitted such reports.
8. Policy on Handling of Expenses Resulting from Execution of Duties by Audit and Supervisory Committee Members
- 1) For every fiscal year, the Company establishes a suitable budget for expenses arising from the execution of duties by Audit and Supervisory Committee Members.
  - 2) When an Audit and Supervisory Committee Member has requested the prepayment, etc. of expenses arising in relation to the execution of his or her duties (only expenses relating to the execution of the duties of the Audit and Supervisory Committee), said request is complied with promptly, except where expenses are deemed unnecessary for the execution of duties by said Audit and Supervisory Committee Member.
9. Other System to Ensure Effective Audits by the Audit and Supervisory Committee
- 1) Audit and Supervisory Committee Members are required to attend the meetings of the Executive Committee and other important meetings; to audit and supervise the status of the execution of duties by directors and executive officers; and to offer opinions, where necessary.
  - 2) At regular intervals, to establish effective mutual communication, the Audit and Supervisory Committee exchanges information and opinions with directors other than Audit and Supervisory Committee Members.
  - 3) To ensure the effectiveness of the audits, the Audit and Supervisory Committee establishes an effective working relationship with the internal audit division and the Accounting Auditor by holding meetings on a regular basis and by other means.

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

The Group's basic policy is to diligently avoid any type of relationship with antisocial groups that can threaten a safe, orderly, and civil society, and to work together as an entire group to demonstrate uncompromising attitudes against such forces. The Group regularly checks the status of system maintenance of each division and each affiliate through measures such as compliance self-inspections, business audits, and cooperation with external professional organizations.

## V. Others

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation for Applicable Items

The Company currently has no plans to adopt anti-takeover measures but may consider protective measures against parties that might be harmful to corporate value or the common interests of shareholders in the future, taking the shareholder structure and liquidity of shares into consideration.

### 2. Other Matters Concerning the Corporate Governance System

#### Overview of Timely Disclosure System

The Company has established the Information Disclosure Regulations and, in accordance with these regulations, it endeavors to earn trust as a highly transparent, open company by disclosing material information in a timely, appropriate manner in accordance with the Financial Instruments and Exchange Act and rules on the timely disclosure of corporate information stipulated in the “Securities Listing Regulations” (Timely Disclosure Rules) mandated by the Tokyo Stock Exchange, and also by actively disclosing information which may impact investment decisions and information which will increase understanding about the Company.

#### 1. Information Disclosure System

##### 1) Division in Charge of Timely Disclosure

The division in charge of timely disclosure is the Public Relations Section of the Administration Department.

##### 2) Person Responsible for Timely Disclosure

The person responsible for timely disclosure is the Corporate Administration Division Executive General Manager (person responsible for handling information).

##### 3) Disclosure Council

The Company has established a Disclosure Council for making disclosures in a timely, appropriate manner in accordance with the Timely Disclosure Rules and for considering the necessity of disclosure of company information which does not fall under timely disclosure as well as the information contained in disclosures. The Disclosure Council consists of a chair, council members, and a secretariat. The chair is the officer in charge of overseeing administration, the council members are the Corporate Administration Division Executive General Manager, the Corporate Business Administration Division Executive General Manager, the Administration Department General Manager, and Accounting Department General Manager, and the secretariat is the Public Relations Section of the Administration Department.

Directors who are standing Audit and Supervisory Committee Members attend council meetings and monitor the disclosure system.

##### 4) Information Managers

Information managers (manager and deputy manager) are appointed in each division and at each subsidiary to collect information stipulated in the Timely Disclosure Rules, information which might impact investment decisions, and information to increase understanding about the Company.

#### 2. Information disclosure procedures

The Company makes information disclosures as follows.

1) The information managers of each division and each subsidiary notify the Public Relations Section of the Administration Department if they hold any information which might correspond to information stipulated in the Timely Disclosure Rules. (The Affiliates Administration Department is the point of contact for information from each subsidiary while the Accounting Department is to be contacted by the accounting division of each subsidiary in connection with financial information.)

2) Upon receipt of such notification, the Public Relations Section of the Administration Department checks the Timely Disclosure Rules to determine whether they apply and reports the outcome to the the Corporate Administration Division Executive General Manager.

If the information falls under the Timely Disclosure Rules, a timely disclosure document is created.

3) Upon receipt of a report from the Public Relations Section of the Administration Department, the Corporate Administration Division Executive General Manager checks it against the Timely Disclosure Rules again to decide whether they apply.

Where necessary, a request is made for the convocation of a meeting of the Disclosure Council to consider whether or not disclosure is necessary.

4) In the event that disclosure is judged necessary, the Disclosure Council carefully examines the information to be contained in the disclosure document, and the Corporate Administration Division Executive General Manager reports the disclosure document to the disclosure decision-making body.

5) Following a resolution to disclose information, the Public Relations Section of the Administration Department makes the relevant information disclosure.

Even if information does not fall under the Timely Disclosure Rules, if the Company judges it to be information which may impact investment decisions or information which may increase understanding about the Company, information is disclosed in accordance with the same disclosure procedure described above.



Timely Disclosure System

