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SG Holdings Co., Ltd.

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<https://www.sg-hldgs.co.jp/en/>

The corporate governance of SG Holdings 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 SG Holdings Group (“the Group”) has presented “Stakeholder Management” as the basis for its view of management and is conducting business activities to meet the expectations of a variety of stakeholders through:

- (i) sustained improvement of the level of service to customers;
- (ii) stabilization and improvement of the foundation of living of employees and their families;
- (iii) contribution to the local community through safety, the environment and a variety of business activities and social activities;
- (iv) improvement of enterprise value for shareholders; and
- (v) equal and fair transactions with business partners.

Furthermore, in order to realize management for these stakeholders, the Group has established systems based on the awareness that the creation of a highly transparent business administrations system by enhancing and strengthening corporate governance is one of the most important issues.

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

The Company has implemented all principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code **[UPDATED]**

[Principle 1.4 Cross-Shareholdings]

The Group holds some shares (cross-shareholdings) of business partner companies for which the purpose of holding is deemed to be necessary and rational, such as maintaining and developing mid- to long-term business relationships and creating synergies.

The cross-shareholdings held are specifically examined regarding the purpose of holding them, the existence of any synergies, and whether the benefits and risks from each holding cover the Company’s cost of capital, and the Board of Directors annually assesses whether or not to continue holding them.

<Details of the assessment>

Contribution to enhancement of corporate value is assessed. Specifically, we conduct quantitative verification by comparing the dividend income and transaction synergies arising from shareholdings with the hurdle rate calculated annually by the Company based on cost of capital, while also taking qualitative factors into consideration. After thoroughly reviewing the results of the assessment, we consider selling stocks that are deemed unreasonable to continue holding, taking into consideration factors such as the impact on the market and other business aspects.

<Criteria for exercising voting rights>

The approach to exercising voting rights of shares held by the Company is that voting rights will be exercised to contribute to the sustained growth and enhancement of corporate value of the relevant company in the mid- to long-term, on the premise that it will contribute to the enhancement of the Company's corporate growth.

We regularly communicate with the relevant companies to confirm the positioning of our shareholdings, but if there are any changes in the relevant company's performance or business relationships, we will endeavor to promptly establish a forum for discussion and use the results as a reference for deciding whether to approve or reject proposals.

[Principle 1.7 Related Party Transactions]

With regard to procedures related to ascertaining and constraining related party transactions, the "Related Party Transaction Management Regulations" (the "Regulations") have been established for the purpose of preventing inappropriate outflows of profit to related parties and contributing to the protection of the Company's shareholders.

When conducting transactions with related parties, the necessity of the transactions and the appropriateness of the terms of the transactions are carefully checked from the perspective of protecting the interests of general shareholders.

Further, legitimacy of transactions involving conflict of interest are also supervised based on the Regulations. Specifically, by a thorough operation stipulated under the Companies Act, the transactions are implemented by gaining prior approval from the Board of Directors and the results are reported to the Board of Directors after the transactions are implemented.

[Supplementary Principle 2.4.1 Ensuring diversity in hiring key personnel]

(1) Approach towards ensuring diversity in hiring key personnel

The Group recognizes that it is essential to eliminate all forms of inequality, implement initiatives to respect human rights, and foster systems and a corporate culture that enable diverse employees around the world to thrive, in order to ensure the continued existence and growth of our businesses and companies. We contribute to the creation of a better society by promoting respect for human rights of not only employees but also a wide range of stakeholders throughout the value chain, promoting DE&I (diversity, equity, and inclusion), including active participation by women, building employment and labor systems, and promoting work-life balance through work style reforms.

◆Building an organization that respects individuality and diversity

<Policy on DE&I (diversity, equity, and inclusion) >

The Group has worked to promote DE&I as a way to grow as a company with a competitive edge that respects diverse values,

with a flexible decision-making process and a variety of perspectives.

In order to create a work environment in which all diverse human resources regardless of the divisions by gender, age, disability or nationality can work with enthusiasm, DE&I is defined as follows, and we will work to realize this goal.

<Vision>

“Employee friendly and fulfilling workplaces enabling diverse personnel to work”

<DE&I systems>

The Group has established WakuWaku Diversity Committees to engage in Group-wide initiatives promoting DE&I. In each Group company, the President serves as the chairperson (DE&I Manager) and the Administration Department Manager serves as the vice chairperson, working with committee members within the company to draft and implement measures to promote DE&I according to the conditions in each company. We also accelerate the promotion of DE&I throughout the Group as a whole by promoting coordination such as the exchange of information between Group companies facing the same issues.

<https://www.sg-hldgs.co.jp/en/csr/mission/organization/diversity/>

◆Ensuring diversity in hiring key personnel: status update and objectives

<Women>

Targets: FY2028/3

35% of female employees, 12% of managerial positions held by women

Results: FY2025/3

32.3% of female employees, 11.5% of managerial positions held by women

As a result of our efforts to date, the percentage of managerial positions held by women has been steadily increasing every year. Meanwhile, as the percentage of manager level women remains comparatively low, we are implementing Women’s Career Support Training targeting female employees who are candidates for managerial positions, with the aim of helping them acquire the skills and mindset necessary for promotion to decision-making positions and to nurture their development.

<Foreign national employees>

There are 2,957 foreign employees (including 21 in managerial positions) in Japan as of FY2025/3, who are actively contributing with the right people in the right jobs. Furthermore, we are promoting the development of global human resources and the recruitment of specialized foreign professionals who have experience and knowledge.

<Mid-career recruits>

We hire mid-career recruits with a high level of expertise, and they actively participate using their previous experience. We also actively promote them to decision-making positions (general managers and managers).

(2) Human resources development policy, internal work environment policy, and status update on efforts to ensure diversity

<Human resources development policy>

The Group aims to be a corporate group in which all employees act autonomously and their respective abilities and individuality can be utilized by enhancing engagement (connection between the company and employees) through initiatives for creating a comfortable work environment and empowerment based on respect for human rights.

<Personnel Vision>

The Personnel Vision established in 2012 describes clearly an organizational culture aimed at developing human resources and diversity of work styles and emphasizes the importance of each employee working with autonomy.

We aim to create a workplace environment in which people from diverse backgrounds work enthusiastically, regardless of gender, age, disability, or nationality.

“Shining Individuality, A Connection Mentality, and the Widening World”

<Internal work environment policy>

We aim to create a work environment in which people from diverse backgrounds work enthusiastically, regardless of gender, age, disability, or nationality.

<DE&I initiatives>

- Holding DE&I seminars for executives and department managers

We hold seminars for executives and department managers across the entire Group with the aim of deepening understanding of DE&I and reflecting it in management strategy.

- Women’s Career Support Training

The Group conducts Women’s Career Support Training led by external instructors for female employees who are management candidates. The aim is to move away from an unvaried corporate culture and develop a culture that accepts and makes the most of diversity. Ultimately, the goal of the training is to equip participants with the necessary skills and mindsets to move up to decision-making levels in the company.

- Creating an environment for expanding occupational opportunities for women

We are striving to create an environment where women can work in the types of occupations that have been primarily the domain of men.

Sagawa Express has introduced swap body vehicles as a way of creating opportunities for a diverse group of employees, including women. In swap body vehicles, the cargo bed where the packages are loaded can be separated from the truck cab. The driver does not need to load or unload the freight from the vehicle. The cargo beds can simply be “swapped,” and then the driver can set out for the destination. As drivers can focus on driving, women and other people with concerns about physical strength can also do this job, enabling the provision of employment opportunities for the right person for the right job.

Female mechanics are working at SG Motors, which is in the business of vehicle maintenance and sales. We are striving to create a work environment that allows employees to work in a variety of areas, regardless of gender. In instances that require physical work, for example, to lift heavy items, special tools can be supplied that might allow women to perform these tasks without undue wear-and-tear on their bodies.

- LGBT seminar

Since FY2021/3, the Group has held internal workshops to promote understanding of LGBT matters. In FY2021/3, these workshops were held for management, general managers, and DE&I promotion, HR, and recruitment department supervisors, all of whom are core members of DE&I promotion, while in FY2022/3 the workshops were held for section managers. In FY2023/3, the workshops were expanded to include assistant managers. As part of these workshops, external experts and LGBT individuals were invited to provide basic knowledge and teach participants the importance of showing that the organization is an ally, as well as the importance of creating a culture that accepts diversity. In addition, participants furthered their understanding of LGBT matters through talks by LGBT individuals.

- Establishment of LGBT consultation desk

Since 2021, we have operated an LGBT consultation desk to provide a variety of advice relating to sexual identity and sexual orientation in the workplace. External experts with knowledge and understanding of LGBT issues provide advice for a variety of people such as LGBT individuals and allies.

- A friendly workplace for people with disabilities and seniors

In terms of people with disabilities, we provide ongoing workplace experience in partnership with special schools in each region. First-year students of high school become familiar with logistics operations through visits to workplaces. In the second year and beyond, they undergo practical training in preparation for future employment, and the Group hires students with such experience each year.

With regard to seniors, we directly employ many older workers, alongside workers from the Silver Human Resources Center, and others from subcontractors. Many people aged 60 and over bring their abundance of experience and make a valuable contribution. At the operations center, senior workers are involved mainly in distribution process procedures such as picking, inspection, price-tagging, and packing. The average work history of the workers aged 60 and above is long, at about 10 years. Because they can be relied on to work in stable shifts, we think they will be an even more important component of our workforce going forward.

<Human resource development initiatives>

By defining “Core Business Promotion Personnel” as personnel responsible for maintaining profitability and improving productivity in express package delivery services, which serve as the foundation of our business, and for achieving sustainable growth, including Sales Drivers, “Solution Personnel” as personnel responsible for serving as growth engines for the expansion of TMS, 3PL, and global businesses (other than express package delivery services), and “Group Management Personnel” as personnel who support the Group’s businesses and play a key role in management, we are focusing on developing unique human personnel who are responsible for the Group’s competitive advantage.

<https://www.sg-hldgs.co.jp/en/csr/mission/organization/diversity/>

<https://www.sg-hldgs.co.jp/en/csr/mission/organization/labor-practices/>

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

As we have introduced a corporate defined contribution pension plan, there is no opportunity to perform the function of asset owner. In the corporate defined contribution pension plan, SG Holdings Co., Ltd. acts as the administrative agency together

with financial institutions, and is responsible for selecting and presenting investment instruments, providing ongoing investment education, etc. to participants.

[Principle 3.1 Full Disclosure]

The Group publishes information such as our corporate philosophy and management plans on our website, including our “Corporate Governance Policy” to enable stakeholders to easily access information about the Group. We also publish an Integrated Report every year.

(1) Corporate philosophy, management plan

The SG Holdings Group’s Guiding Principles

“Trust, Create, Challenge”

SG Holdings Group will:

- Earn the trust of customers and society and grow together.
- Create new value, contributing to social development.
- Always take on the challenges presented to us, pursuing all possibilities.

<Management plan>

In our previous Mid-term Management Plan, “SGH Story 2024,” we set forth a basic policy of “creation of next-generation competitive advantages to realize sustainable growth” and have aimed to advance our comprehensive logistics solutions by enhancing our management resources as a source of this.

(Overview of SGH Story 2024)

- While we have expanded our service lineup through alliance with other companies, we continue to need to expand the scale of each service and improve profitability in light of the severe competitive environment
- The plan is being implemented as planned in light of the external environment, where cost increases and a decline in the labor force are accelerating, further efforts continue to be needed, such as maintaining and securing internal and external resources and utilizing DX
- The advancement of governance is progressing as planned. In light of the TSE reform and the expectations of shareholders and investors, it is necessary to further promote management that is conscious of cost of capital and stock price, and enhance disclosure

Meanwhile, the current socioeconomic environment is changing rapidly, and the business environment surrounding companies is becoming increasingly complex.

With this understanding of the environment, we have formulated our new Mid-term Management Plan, “SGH Story 2027,” and taken this opportunity to re-examine “SGH Vision 2030. Grow the new Story. New logistics, nurturing a new society together.” which was formulated in 2024 to define it in simpler terms to show what we want to be, which is “to become an indispensable presence (=infrastructure) for our customers and society.” This is also connected to the “Hikyaku no kokoro” (the spirit of Edo-era express messengers) that is the origin of the Group’s founding, and to doing our best for our customers with all our heart.

In order to achieve our vision, we will expand the scope covered by “new logistics,” which are the Total Logistics services

provided by the Group, and contribute to the realization of a sustainable society by creating new value in a “new society” through the resolution of the increasingly diverse and complex logistics issues in a changing society, while “nurturing together” with the desire to achieve sustainable growth with the businesses of our customers.

(Basic policy for SGH Story 2027)

- The management base was greatly strengthened through SGH Story 2024. We will work to create investment effects while making up for any deficiencies ahead of FY2030
- By expanding the scope of our services and adding value to our logistics solutions, we are enhancing Total Logistics
- In global logistics, as part of Total Logistics, we aim to build a business foundation that is less affected by market conditions and customer cargo movements by expanding customer industries and augmenting the areas covered and the logistics domain

(Key strategies for SGH Story 2027)

- ① Strengthening the revenue foundation by expanding the competitiveness and efficiency of express package delivery services
- ② Building one of the best cold chains in Japan by expanding low-temperature logistics solutions
- ③ Increasing the added value of domestic logistics and expanding the TMS business area
- ④ Expanding the customer base and improving profitability of global logistics
- ⑤ Maintaining and strengthening the service infrastructure, including strengthening partnerships with partner companies
- ⑥ Maximizing corporate value through investment in human capital
- ⑦ Improving business competitiveness through investment in DX, R&D, and the latest technology
- ⑧ Addressing social and environmental issues such as decarbonization
- ⑨ Enhancing governance to increase corporate value

Based on the above, we have set the following management targets (announced on March 27, 2025).

(Management targets)

「SGH Vision 2030」

Operating revenue 2,200.0 billions of yen

Operating income 140.0 billions of yen

Net income attributable to owners of the parent 98.0 billions of yen

ROE 15%

ROIC 10%

「SGH Story 2027」

Operating revenue 1,830.0 billions of yen

Operating income 110.0 billions of yen

Net income attributable to owners of the parent 70.0 billions of yen

ROE 12%

ROIC 8%

(Shareholder returns)

We will implement the following policy for shareholder returns.

- Progressive dividends
- Flexible implementation of acquisition of treasury shares
- Total return ratio (3-year cumulative): 60% or more

Details of the management plan are published on the Company's website below.

<https://www.sg-hldgs.co.jp/en/ir/management/plan/>

(2) The Company has presented "Stakeholder Management" as the basis for its view of management and is conducting business activities to meet the expectations of a variety of stakeholders through:

- (i) sustained improvement of the level of service to *customers*;
- (ii) stabilization and improvement of the foundation of living of *employees* and their families;
- (iii) contribution to the *local community* through safety, the environment and a variety of business activities and social activities;
- (iv) improvement of enterprise value for *shareholders*; and
- (v) equal and fair transactions with *business partners*. Furthermore, in order to realize management for these stakeholders, the Company has established systems based on the awareness that the creation of a highly transparent business administrations system by enhancing and strengthening corporate governance is one of the most important issues.

Details of corporate governance

<https://www.sg-hldgs.co.jp/en/csr/mission/responsibility/governance/>

(3) The remuneration of Directors is determined based on a resolution of the Board of Directors and within the limit determined by the General Meeting of Shareholders, with consideration for factors such as the details of deliberations by the voluntary Nomination and Remuneration Advisory Committee, which is the advisory committee of the Board of Directors that is comprised of three Directors (including two Outside Directors), and the economic environment and performance. In addition, from FY2026/3, we will contribute a portion of the monthly remuneration of Directors to purchase shares of the Company through the executive share ownership association, with the aim of enhancing Directors' incentive to contribute to performance and increase the share price, and to contribute to the enhancement of corporate value. The remuneration of Audit & Supervisory Board Members is determined through deliberation by the Audit & Supervisory Board.

(4) When appointing Directors, comprehensive consideration is given not only superficial attributes such as gender, nationality, and age, but also factors such as abundant operational experience and expertise inside and outside the Company, qualifications as management. With regard to Outside Directors, candidates for Independent Outside Directors account for no less than one-third of all Directors, in order to strengthen management transparency and oversight functions.

Furthermore, in accordance with internal rules, the Board of Directors recommends the resignation of any Directors suspected to have performed an act such as fraud or breach of faith. For Audit & Supervisory Board Members, consideration is given to factors such as qualifications as Audit & Supervisory Board Members and specialized knowledge.

- (5) The reasons for individual nominations of Directors and Audit & Supervisory Board Members, including the Skills Matrix, are disclosed in the notice of the General Meeting of Shareholders. Furthermore, the appointment and dismissal of senior management implemented annually are disclosed in a timely manner.

Notice of the 19th Ordinary General Meeting of Shareholders

<https://ssl4.eir-parts.net/doc/9143/announcement5/110021/00.pdf>

[Supplementary Principle 3.1.3 Sustainability initiatives]

<Sustainability>

The Group works with diverse partners to engage in the resolution of social issues typified by environmental issues, and also create new value that is useful for society and customers through the provision of comprehensive logistics solutions. In our previous Mid-term Management Plan, “SGH Story 2024,” we have set forth “promotion of services aimed at solving social and environmental issues such as decarbonization,” “investment in human capital and improvement of employee engagement,” and “creation of governance structure that meets global standards” as key strategies. As part of our decarbonization efforts, we steadily advanced GHG reduction measures such as introducing renewable energy, and we also promoted the definition of human resources and the setting of KPIs for the Mid-term Management Plan “SGH Story 2027” as part of our human capital initiatives. Furthermore, regarding the disclosure of sustainability-related information, in light of the establishment of a new “Sustainability Disclosure Section” in annual securities reports pursuant to an amendment to the Cabinet Office Ordinance, the finalization of the “ISSB Standards” by the International Sustainability Standards Board, the publication of the “SSBJ Standards” by the Sustainability Standards Board of Japan, and other developments, we have established eight specialized subcommittees as organizations under the Sustainability Committee to collaborate with Group companies and relevant departments to advance initiatives such as revising Materiality, reviewing the Decarbonization Vision, introducing new environmental systems (including the collection and analysis of environmental data), revising the GHG calculation manual, and addressing third-party assurance.

<Response to climate change, etc.>

The Group’s Long-Term Vision sets forth an image for growth of operating revenue and mid- to long-term GHG emission reduction targets aimed at achieving carbon neutrality by 2050, targeting a 46% reduction in CO2 emissions by 2030 (compared to fiscal 2013 levels). The Mid-term Management Plan (SGH Story 2024) sets targets on greenhouse gas emissions along with operating revenue and income as KPIs, and establishes “promotion of services aimed at solving social and environmental issues such as decarbonization” as a key strategy. We are steadily advancing GHG reduction measures such as the introduction of renewable energy, and the Renewable Energy Strategy Subcommittee is playing a central role in analysis and utilization of GHG data, and revision manuals for GHG data collection. Meanwhile, the Japanese government announced its new energy plan, and in light of the performance of Chilled & Frozen Logistics Holdings (currently Meito Transportation Group), which was consolidated domestically in the relevant fiscal year, we have decided to revise our “Decarbonization

Vision.” The new “Decarbonization Vision” will take into account technological trends compiled by the Renewable Energy Development Expert Subcommittee and other relevant information, with the aim of announcing the vision in May 2026 to establish a balanced strategy that integrates environmental and economic considerations. Furthermore, we conduct scenario analysis in line with the TCFD (Task Force on Climate-related Financial Disclosures) framework regarding mid- to long-term climate change-related risks and opportunities, summarize the results in a TCFD report, and publish it on the Company’s website. In addition, we are currently reviewing the content of our TCFD disclosures in light of the above conditions.

*Please see the TCFD Report for details

TCFD Report 2022

<https://www.sg-hldgs.co.jp/en/csr/tcfid/pdf/tcfidreport2022.pdf>

TCFD Report 2023

<https://www.sg-hldgs.co.jp/en/csr/tcfid/pdf/tcfidreport2023.pdf>

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

(1) Human resources strategy

In the Group’s Long-Term Vision, we aim to maintain the profitability of the express package delivery services business, strengthen our business foundation through improved productivity, and expand the scale of business through expansion of business other than express package delivery services such as TMS, 3PL and global business serving as growth drivers with the aim of achieving 2.2 trillion yen in operating revenue in fiscal 2030, and in the Group’s human resources strategy, we aim to maximize human capital value by investing in human capital linked to our business strategy and by building a platform for active participation that enables personnel to fully leverage their potential.

In terms of investment in human capital, we define mainly three types of personnel. “Core Business Promotion Personnel” as those who are responsible for the sustained growth of the company, including Sales Drivers who are responsible for maintaining the profitability and improving the productivity of the express package delivery services business as the foundation of the business. “Solution Personnel” as those who are responsible for growth engines, such as the expansion of TMS, 3PL and global business (other than express package delivery services). “Group Management Personnel” who support the Group’s business and play a key role in management. We invest in these unique personnel who are responsible for the Group’s competitive advantage.

First, regarding “Core Business Promotion Personnel,” amid the declining birthrate and aging population, which is making it difficult to recruit and retain personnel, we are working to improve productivity at our logistics sites so that efficient operations can be maintained with limited personnel through the use of DX to review operations (labor saving and workload reduction), continuous base pay increases based on the assumption of an inflationary environment, and strengthening of collaboration with partner companies. In addition, we consider the partner companies that support our Group’s transportation infrastructure to be a form of our human capital in the broader sense, and we strive to build sustainable and positive relationships through initiatives such as meetings to promote appropriate transactions.

Next, with regard to “Solution Personnel,” we need to further strengthen the layers of “GOAL personnel” who support the advancement of comprehensive logistics solutions, “DX personnel” who support the resolution of customer issues and the

automation and labor-saving of logistics through the utilization of technology, and “global personnel” who promote global logistics business. With regard to “GOAL personnel,” we are continuously working on systematic development of personnel through on-the-job training and off-the-job training based on knowledge accumulated through a decade of initiatives, personnel exchanges between Group companies to address comprehensive logistics issues, and the recruitment of external personnel to respond to increasingly sophisticated customer logistics issues. In addition, with regard to “DX personnel,” we are promoting DX literacy education for all employees and developing personnel who can acquire advanced digital knowledge through DX training and create plans based on the skills and ideas they have learned.

With regard to “global personnel,” we have systematized training programs with an eye toward overseas assignments, promoting the acquisition of a global mindset and global communication skills, while also working to cultivate an understanding of the workplace and global adaptability through on-the-job training.

In addition, we consider the development and promotion of “Group Management Personnel” required for formulating and steering the Group’s management policy to be an important issue. In order to develop and promote diverse human resources with ability and motivation to become managers and officers, we are implementing human resource development initiatives such as the “Management Development Program” and “Seminars for Newly Certified Group Managers” aimed at developing successors for officers of the Group, and we have also introduced a “share-based remuneration program” as a remuneration system that contributes to the retention, development, and recruitment of outstanding management personnel.

Meanwhile, in order to achieve these goals, it is essential to have “friendly and fulfilling workplace environments enabling diverse personnel to work,” and we will continue to promote DE&I (Diversity, Equity, and Inclusion) in order to develop into a highly competitive corporate group that respects diverse values and makes flexible decisions from various perspectives. In order to create a work environment in which all diverse human resources regardless of the divisions by gender, age, disability or nationality can work with enthusiasm, we will foster a corporate culture characterized by high employee engagement and open communication to maximize the value of our talent, strengthen the bond between the organization and its employees, and strive to promote the growth, retention, and long-term commitment of our workforce, by implementing necessary human resources policies, including the introduction of a “Challenge System” that provides talented personnel with opportunities to take on roles two grades higher and gain early exposure to new challenges and growth opportunities as part of our efforts to move away from a seniority-based system that prioritizes years of experience, including promoting active participation by women.

* Group Manager: Refers to employees at the General Manager level.

(2) Metrics and targets

In order to realize the human resource strategy described above, it is necessary to improve and develop the internal environment surrounding human capital as a whole, including employee development, employee engagement, an environment that makes the most of employees, and diversity including the active participation of women.

We will work to strengthen our “Solution Personnel” by setting a KPI of creating 210 new positions over three years and engaging in systematic human resource development.

In the employee engagement survey conducted in fiscal 2024, “employee engagement” (a metric that measures whether employees correctly understand the company’s policies and organizational mission and are working with initiative and a sense of satisfaction) was 55.0%, and “creating an environment that makes good use of employees” (a metric that measures whether employees have opportunities to utilize their skills and abilities and whether a friendly working environment is in place) was

53.0% (both indicators represent the percentage of positive responses). Furthermore, the percentage of female employees was 32.3%, and the percentage of female managers was 11.5%.

We have set our targets for employee engagement at 56.0% and creating an environment that makes good use of employees at 54.0% for FY2026/3. In addition, we will aim to increase the percentage of female employees to 35% and the percentage of female managers to 12% over the next three years.

These initiatives related to sustainability and human capital are also disclosed in documents such as the Annual Securities Report, the Integrated Report, etc.

Annual Securities Report (Only in Japanese)

<https://www.sg-hldgs.co.jp/ir/library/securities/>

Integrated Report

<https://www.sg-hldgs.co.jp/en/ir/library/annual/>

ESG Book

<https://www.sg-hldgs.co.jp/en/ir/library/esg-book/>

[Supplementary Principle 4.1.1 Matters Determined by the Board of Directors]

The Board of Directors makes decisions on matters specified by laws, regulations and the Articles of Incorporation, in addition to basic management policies such as business plans specified in the Board of Directors' Regulations and other important matters in management. Authority over other business decisions and the execution thereof is clarified in internal rules such as Duty and Authority Regulations, which clearly specify the scope of delegation to management.

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

The Company has established criteria for determining the independence of outside officers which can be referred to in [Independent Officers] under section II.1. of this report.

[Supplementary Principle 4.10.1 Appropriate involvement and advice from independent outside directors through establishment of an independent nomination committee and remuneration committee]

The Board of Directors is currently comprised of eight directors, three of whom are independent Outside Directors. The voluntary Nomination and Remuneration Advisory Committee has been established as an advisory body to the Board of Directors. This committee deliberates the selection of director candidates, including the CEO, as well as director remuneration, and submits its reports to the Board of Directors. As a committee that is comprised of one Internal Director and two Outside Directors (including female representation), its fairness, independence, and objectivity are ensured, and it is able to provide appropriate advice from multiple perspectives.

[Supplementary Principle 4.11.1 Balance and Diversity of the Board of Directors as a Whole]

The Board of Directors selects director candidates not only based on superficial attributes such as gender, nationality, and age, but also taking into consideration the main skills, career path, and professional qualifications of each director, as well as the combination and balance of these individuals, in terms of their numbers and areas of expertise, as they relate to the organizational structure of the company.

In selecting director candidates, based on the deliberations of the voluntary Nomination and Remuneration Advisory Committee (an advisory body to the Board of Directors), a system is in place to ensure that the Board of Directors as a whole maintains a balanced and diverse composition in terms of knowledge, experience, and capabilities, by selecting directors from within the Group who have expertise and skills in our areas of business for the realization of the Company's management strategy, as well as external independent directors with experience in corporate management, financial and accounting, risk management, sustainability, and other areas, taking into account their experience and background, and ensuring that at least one-third of all directors are independent outside directors with management experience.

For a skills matrix listing the areas of professional experience needed within the Board of Directors, especially those areas where members are expected to contribute, please refer to the Skills Matrix under "V. Other."

[Supplementary Principle 4.11.2 Concurrent Positions of Directors and Audit & Supervisory Board Members]

We believe that the positions concurrently held by Directors and Audit & Supervisory Board Members as officers of other listed companies are reasonable and within an extent that does not impede duties as Directors and Audit & Supervisory Board Members of the Company, including attendance at meetings of the Board of Directors and Audit & Supervisory Board. The status of positions concurrently held by Directors and Audit & Supervisory Board Members as officers of other listed companies is disclosed in notices of the General Meeting of Shareholders and the Annual Securities Reports.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Overall Effectiveness of the Board of Directors]

The Company endeavors to ensure the effectiveness of the Board of Directors as a whole by conducting surveys of all Directors and Audit & Supervisory Board Members every fiscal year on the state of implementation of corporate philosophy and management vision, and of the composition, operation and supervisory functions, etc. of the Board of Directors, and by sharing and discussing the results thereof in the Board of Directors for the purpose of verifying the effectiveness of the Board of Directors.

An external organization was employed to conduct a survey and compile the results for the following items, and it was confirmed that the effectiveness of the Board of Directors as a whole was ensured.

(Survey items: (1) Composition and operation of the Board of Directors, (2) Management strategy and business strategy, (3) Corporate ethics and risk management, (4) Performance monitoring and evaluation and remuneration of management, (5) Dialogue with shareholders, etc. *A free comment section is provided for each item.)

Issues identified through the survey conducted as part of FY 2024/3 effectiveness evaluation included the volume and quality of materials for meetings of the Board of Directors, more effective methods for post-meeting reviews concerning matters submitted to the Board of Directors, and prior explanations on items that have a large impact on management. To address these issues, we have implemented measures such as providing easily understandable materials in coordination with other

departments and other Group companies, increasing the frequency of preliminary briefings on important matters such as M&A compared to the previous year, and providing opportunities for individual reports on the progress of PMI after M&A, with the aim of improving the effectiveness of the Board of Directors.

Meanwhile, the progress of PMI after M&A has not yet been reported to the Board of Directors, and we recognize this as an ongoing issue.

In April 2025, we conducted a survey to evaluate the effectiveness in FY2025/3, and the points that were evaluated as particularly effective include the following.

- (1) Regular meetings are held between outside officers other than meetings of the Board of Directors to exchange opinions, facilitating information exchange and communication.
- (2) Significant improvements were made in preliminary explanations of materials for M&A deals compared to the previous fiscal year, such as consciously increasing the number of preliminary briefings.
- (3) The holding company ensures the execution functions of each Group company while clarifying their roles and enabling them to function effectively.

As described above, the following were evaluated as particularly effective: “information sharing among outside officers,” “preliminary distribution and explanation of materials,” and “appropriate delegation of decision-making authority.”

In addition, the issues identified through the survey include the following.

- (1) Further advances are needed regarding dialogue with shareholders and other stakeholders, as well as the content of disclosure and explanations.
- (2) It is necessary to determine how to utilize key management indicators such as ROE and ROIC in management policies and decisions, and for the Board of Directors to continuously monitor these.
- (3) It is necessary to discuss not only the pros and cons of individual M&A deals, but also the overall perspective, including future policies.
- (4) Regular reports to the Board of Directors must be made on the progress of long-term training plans for CEO and other director candidates.

We will implement the following improvements to address these issues, and work to enhance the effectiveness of the Board of Directors and strengthen its supervisory functions.

- (1) With regard to dialogue with shareholders and other stakeholders, we will formulate plans that include numerical targets for enhancing disclosure, dialogue by management (both internal and external), holding theme-based briefings, and holding small meetings by Outside Directors, in an effort to provide more proactive communication.
- (2) We will conduct performance indicator analysis by segment and analyze the causes of each segment’s performance, report to the Board of Directors, and take other measures that will contribute to improvement of future management strategies and the Group’s portfolio.
- (3) We will organize our strategy going forward as a Group, taking into account the external environment, and proceed with measures such as providing opportunities for explanations and discussions with management including outside officers.
- (4) Regarding the long-term training plan for director candidates, we will expand opportunities for providing information, including systems and mechanisms to enable the provision of necessary information on currently available information and

progress at meetings of the Board of Directors and elsewhere.

We will continue to discuss further improvements to ensure greater effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]

The Company conducts workshops according to the times as appropriate, such as seminars on topics such as compliance, risk management and the latest economic conditions, for the purpose of providing the knowledge required of Directors and Audit & Supervisory Board Members of a listed company. Furthermore, when a new outside officer is appointed, corporate overview explanations are provided along with tours of offices, etc., in addition to subsequent hearings of the Directors in charge as required in an effort to establish an environment enabling them to fulfill their roles and responsibilities.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company sets a basic policy to disclose information in a fair, timely and appropriate manner, aiming to achieve highly transparent management to maintain and develop relationships of trust with our various stakeholders, including our shareholders, investors, customers, business partners, employees and local communities based on our corporate philosophy of “Trust, Create, and Challenge.” Furthermore, it is our basic policy to actively engage in a constructive dialogue with market participants including our shareholders and investors, etc., to achieve sustained growth and enhance the mid- to long-term value of the Company.

Disclosure policy

<https://www.sg-hldgs.co.jp/en/ir/disclosure/>

<IR activity plan>

We will expand the disclosure of information, including non-financial information, provide feedback to management on opinions obtained through dialogue, and reflect this in future management strategies.

- Financial results briefings: 4 times/year (quarterly)
- Regular small meetings on financial results: 4 times/year (quarterly)
- Small meetings by the President and Outside Directors: Once /year
- Theme-based small meetings: Held as needed (3 or more planned for FY 2026/3)
- Meetings with analysts and investors: Approx. 300/year

<Dialogue with shareholders and investors, etc.>

(1) Spokesperson in dialogue with shareholders and investors, etc.

The President and COO is the person responsible as spokesperson in dialogue with shareholders and investors, etc., and the management centered on the Director in charge of Finance and Corporate Planning (including Corporate Communication), and other Directors nominated by the President and COO serves in this role to a reasonable extent as required, and the Corporate Communication Department, which is a dedicated department, also handles this task.

Furthermore, the Corporate Communication Department coordinates with relevant departments within the company and Group companies through regular sharing of information, etc., and supports constructive dialogue by management with shareholders and investors, etc.

(2) Means of dialogue

The main means of dialogue with shareholders and investors, etc. include individual meetings by management with domestic and overseas shareholders and investors, etc., financial results briefings, briefings on management plans and small meetings, conducting dialogue to deepen mutual understanding such as providing explanations on the Company's management strategy, business model and initiatives to enhance mid- to long-term corporate value.

Moreover, in addition to the above, the personnel in charge in the Corporate Communication Department provide updates on business conditions and explanations of financial information through individual meetings and small meetings with shareholders and investors, etc., in an effort to promote understanding of the Company.

(3) Feedback on dialogue

Opinions and assessments received through dialogue with shareholders and investors, etc. are shared with management and broadly throughout the Company, and used as a reference for initiatives aimed at enhancing the Company's mid- to long-term corporate value and for making explanations of the Company's management strategy and business model more easily understandable and more useful.

[Update on Initiatives to Promote Management Conscious of Capital Costs and Share Price] **【UPDATED】**

In our Mid-term Management Plan, "SGH Story 2027," the Group has disclosed its current awareness and targets for return on capital, as well as the Group's business portfolio strategy. With regard to return on capital, we have set a ROE target of 15% for FY2031/3 and will work to achieve this by improving business profitability and providing shareholder returns. In addition, with regard to the allocation of management resources, we disclose cash allocation in our three-year Mid-term Management Plan.

Mid-term Management Plan 「SGH Story 2027」

<https://www.sg-hldgs.co.jp/en/ir/management/plan/>

[Action to implement management that is conscious of cost of capital and stock price] [With disclosure in English]

<https://www.sg-hldgs.co.jp/en/ir/management/value-based/>

[Updated: June 27, 2025]

2. Capital Structure

Foreign Shareholding Ratio

10% or more and less than 20%

Status of Major Shareholders **【UPDATED】**

Name or Company Name	Number of Shares Owned	Percentage (%)
Shinsei Holdings Co., Ltd.	107,771,600	17.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,422,400	8.38
SGH Culture and Sports Promotion Foundation	48,400,362	7.73
Sumitomo Life Insurance Company	25,200,000	4.02
Mitsui Sumitomo Insurance Company, Limited	25,200,000	4.02

Sagawa Printing Co., Ltd.	22,816,400	3.64
Custody Bank of Japan, Ltd. (Trust Account)	22,005,200	3.51
MUFG Bank, Ltd.	20,750,000	3.31
Sumitomo Mitsui Banking Corporation	20,750,000	3.31
Tanaka Industry Co., Ltd.	20,220,500	3.23

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

(As of March 31, 2025)

Supplementary Explanation

The percentages of shares held in relation to the total number of shares issued (excluding treasury stock) are rounded down to two decimal places.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Land Transportation
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	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

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

—

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

—

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 Audit and Supervisory Board*

*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mika Takaoka	Academic											
Osami Sagisaka	Other											
Masato Akiyama	From another company											

*Categories for "Relationship with the Company".

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

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- 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
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Mika Takaoka	○	—	She has expert knowledge and insight into

			business administration, etc. as a university professor, and it was determined that her broad knowledge developed through her background could be utilized in the Company's management in general.
Osami Sagisaka	○	—	It was determined that his broad insight developed as a national government employee and through activities related to environmental law, fire and emergency services after retiring could be utilized in the Company's sustainability initiatives and BCM.
Masato Akiyama	○	—	He has been involved in the logistics industry for many years and has extensive knowledge of logistics and experience in corporate management, such as serving as the representative director of multiple companies in the same industry. It was determined that his broad knowledge developed through his background can contribute to the Company's management in general.

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

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) **【UPDATED】**

	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 Remuneration Advisory Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside Director

	Committee							
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Supplementary Explanation

A voluntary Nomination and Remuneration Advisory Committee is comprised a total of three persons: two Outside Directors and one Inside Director. The Committee takes on the function of both a nomination committee and a remuneration committee.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members endeavor to implement efficient audits by closely working with the internal audit divisions of the Company and its subsidiaries, along with the Audit & Supervisory Board Members of subsidiaries when conducting audit duties. Furthermore, in the relationship with the Accounting Auditors, points for discussion concerning accounting audits are shared through regular meetings.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

Outside Audit and Supervisory Board Members' Relationship with the Company (1) **【UPDATED】**

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Satoshi Tajima	CPA													
Yoshitaka Ooshima	Lawyer													
Tomoko Tada	Other													

*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. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. 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
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2) **[UPDATED]**

Name	Designation as Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Satoshi Tajima	○	—	It was determined that he could conduct audits from an expert position and fulfill the role of ensuring the validity and appropriateness of the Company's management based on his extensive experience and knowledge as a certified public accountant, U.S. certified public accountant and a certified tax accountant.
Yoshitaka Ooshima	○	—	It was determined that he could conduct audits from an expert position and fulfill the role of ensuring the validity and appropriateness of the Company's management based on his extensive knowledge and experience as an attorney at law.
Tomoko Tada	○	—	It was determined that she could conduct audits from an expert position and fulfill the role of ensuring the validity and appropriateness of the Company's management based on her extensive knowledge and experience as a Specified Labor and Social Security Attorney.

Number of Independent Directors and Independent Audit and Supervisory Board Members	6
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has nominated all outside officers who qualify as independent officers to be independent officers.

[Criteria for Determining the Independence of Outside Officers]

The Company determines the independence of Outside Directors and Outside Audit & Supervisory Board Members stipulated under the Companies Act by checking whether any of the following items apply based on the determination criteria set by Tokyo Stock Exchange, Inc., and deems them to be independent if none of the items apply.

1. A Major shareholder (a person directly or indirectly holding 10% or more of voting rights) of the Company, or a business executive thereof
2. A person whose major business partner is the Company and its subsidiaries (hereinafter referred to as “the Group”), or a business executive thereof
3. A major client of the Group, or a business executive thereof
4. A person providing professional services such as a consultant, attorney or certified public accountant who obtains a large sum of money or other financial gain from the Group other than officer remuneration
5. A person who has received the donation of a large sum of money or other financial gain from the Group, or a business executive thereof
6. A Director (excluding Outside Directors), Audit & Supervisory Board Member (other than Outside Audit & Supervisory Board Members), Executive Officer or employee of the Group
7. A person to whom any of the items in 1 through 6 above have applied during the past three years
8. If a person to whom any of the items in 1 through 7 above applies is in an important position, the spouse and relatives within the second degree of kinship thereof
9. In addition to the preceding items, a person for whom there may be special circumstances preventing the fulfillment of duties as an independent outside officer, such as the possibility of a conflict of interest

Incentives

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

On July 1, 2018, the Company introduced a company performance-linked share-based remuneration program for the purpose of clarifying the link between compensation for Directors and the Company’s stock value and increasing motivation to contribute to improving mid- to long-term business performance and enhancing corporate value.

(1) Overview of the Program

The Program is a scheme paying remuneration for delivering the Company's common shares, etc. to the Company's Directors, etc. when Directors, etc. leave office according to the level of achievement of company performance indicators, etc. The calculation period of the Scheme is the three continuous fiscal years corresponding to the Company's mid-term management plan.

(2) Method of calculation and upper limit of the number of the Company's common shares to be granted

The Directors, etc. subject to the Scheme are granted points calculated by multiplying the number of base points calculated using the base monthly remuneration of each Director by the performance-linked multiplier (varying within the range of 0 to 200%) according to the level of achievement of the Company's performance indicators (indicators specified by the Board of Directors such as consolidated operating income) at the prescribed time every year.

Furthermore, the maximum number shall be 125,000 shares per fiscal year, and 375,000 shares per calculation period (three fiscal years).

When a Director, etc. leaves office, the number of the Company's common shares, etc. are delivered according to the cumulative number of points granted and a number of the Company's common shares equivalent to 70% of this is delivered, while an equivalent amount of money is paid in lieu of the Company's common shares for the remainder.

Please note that if a Director, etc. is found to have performed an illegal act after the vesting date or found to have been employed by a rival company without the Company's permission, the Company may claim compensation for the monetary remuneration claim granted and the total amount of money paid.

*The Company implemented a two for one stock split of its common shares with the effective date of November 1, 2020, and the upper limit of the above common stock is the number of shares after considering the stock split.

For other details, please see the latest Annual Securities Report.

Persons Eligible for Stock Options

—

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The total amount of remuneration is disclosed for Directors, Audit & Supervisory Board Members and outside officers, respectively. Furthermore, persons who receive a total amount exceeding 100 million yen are disclosed individually on the Annual Securities Report and the Company's website.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof **[UPDATED]**

Established

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

(i) Policy on determining the content of the remuneration, etc. of individual Directors

The policy on determination of the content of remuneration, etc. of individual Directors was resolved in the regular meeting of the Board of Directors held on February 26, 2021 to create a remuneration system that adequately functions as an incentive for sustained enhancement of corporate value, is linked to the interests of shareholders and is based on the Medium-term Management Plan.

(ii) Overview of the content of the determination policy

Remuneration of the Company's Directors shall be determined with consideration for the economic environment and business performance, etc. to ensure it functions adequately as an incentive for the sustained enhancement of corporate value, and the basic policy when determining the remuneration of individual Directors is that it shall be at an appropriate level based on their respective duties, etc. Specifically, the remuneration of Directors who execute business is made up of base remuneration as monetary remuneration and performance-linked share-based remuneration as non-monetary remuneration, and the remuneration of Outside Directors who serve in a supervisory capacity is only made up of base remuneration in light of their duties.

Regarding the base remuneration of Directors who execute business, we revised the evaluation criteria to directly reflect their contributions to sustained corporate growth and enhancement of corporate value, effective from June 2025. The policy is that the amount of remuneration shall be based on a basic remuneration table specified according to position and duties, and ultimately determined by making adjustments based on the level of achievement of the previous fiscal year's consolidated operating revenue, consolidated operating income, return on equity (ROE), total shareholder return (TSR), and other factors.

The overview of the content and the calculation method of performance-linked remuneration, etc. and performance-linked share-based remuneration as non-monetary remuneration, etc. are described in the aforementioned "[Incentives] State of implementation of measures concerning granting incentives to Directors"

Furthermore, the remuneration of Directors of the Company is made up of base remuneration and performance-linked share-based remuneration (only base remuneration for Outside Directors), and is provided for results and performance based on the expected duties. With regard to specific distribution, the percentage linked to performance, etc. is higher for higher positions in a system that requires higher accountability for results and performance according to the position.

The specific details of the remuneration, etc. of individuals (amount of base remuneration and the number of shares granted under performance-linked share-based remuneration) are determined at the sole discretion of the Nomination and Remuneration Advisory Committee, which is a voluntary advisory body to the Board of Directors, pursuant to a resolution of the Board of Directors, based on the content of deliberation in the Committee.

(iii) Acquisition of the Company's shares through the executive stock ownership association

From FY 2026/3, we will contribute a portion of the monthly remuneration of Directors to purchase shares of the Company through the executive stock ownership association, with the aim of enhancing Directors' incentive to contribute to performance and increase the stock price, and to contribute to the enhancement of corporate value. The acquisition of the Company's shares will be limited to Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries, and will be conducted through an executive stock ownership association, with shares purchased from the market every month in principle (shares acquired by the executive stock ownership association will be held in the name of the chairperson of the executive stock ownership association). Dividends will be received in full by the chairperson of the executive stock ownership association, distributed to each member in proportion to their shareholding as of the record date, and reinvested.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members **[UPDATED]**

We provide support to Outside Directors and Outside Audit & Supervisory Board Members as necessary, such as providing information and individual explanations from each department depending on the matter at hand. In addition, we report on the progress of proposals submitted to the Board of Directors once every three months at meetings of the Board of Directors, and have established a system whereby Outside Directors and Outside Audit & Supervisory Board Members can confirm the status of proposals resolved by the Board of Directors.

Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Hideo Araki	Honorary Advisor	Advice on the Group's business	Part-time/ paid	June 25, 2021	One year

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as Representative Director and President, etc.

1

Other Related Matters

- The Company has not provided for the position of honorary advisor in the Articles of Incorporation or internal rules, but it may appoint an honorary advisor, etc. as needed.
- An honorary advisor has no authority extending an impact on management decisions of the Company or the Group, and is not involved in any decision making in management.

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

(i) Board of Directors

The Board of Directors is made up of eight Directors (including three Outside Directors), and reports are made on decisions on the general business execution of the Group and the state of Directors' execution of management in accordance with internal rules such as the Board of Directors' Regulations and the Duty and Authority Regulations.

In principle, regular meetings of the Board of Directors are held every month, and extraordinary meetings are held when there are urgent matters to be decided.

(ii) Audit & Supervisory Board

The Audit & Supervisory Board is made up of all Audit & Supervisory Board Members, and meetings are held regularly once every month, in principle. In the Audit & Supervisory Board meetings, the full-time Audit & Supervisory Board Member reports

on the auditing of operations, and proposals to the Board of Directors are discussed in advance.

Extraordinary meetings are also held as required.

(iii) Other Meetings

A voluntary Nomination and Remuneration Advisory Committee, which is comprised of three Directors (including two Outside Directors), confirms the appropriateness of nominating candidates for Directors and remuneration for Directors.

Further, the Group has established meetings and committees such as “SGH Group Management Strategy Meetings” and “SGH Group Risk Management Meetings” as organs for prior deliberation of matters to be resolved by the Board of Directors and specialized examination of important matters in accordance with the internal rules of Group companies.

The Directors, Executive Officers, full-time Audit & Supervisory Board Members responsible attend each meeting in an effort to achieve more efficient business operations.

3. Reasons for Adoption of Current Corporate Governance System

The Company’s Audit & Supervisory Board has a four-member structure (including three Outside Audit & Supervisory Board Members), and the Audit & Supervisory Board Members attend meetings of the Board of Directors in addition to constantly auditing the state of business execution by Directors, such as stating their opinions as required from their position. Furthermore, the full-time Audit & Supervisory Board Member participates in various meetings other than the Board of Directors meetings as an observer to gain a deeper understanding of the state of the Company and management, actively endeavors to establish the audit environment and actively collect information within the Company, in addition to constantly monitoring the creation and state of operation of internal control systems, and providing objective opinions and advice. As a result, it has been determined that the appropriateness of management is adequately ensured.

Furthermore, Outside Directors also attend important internal meetings other than meetings of the Board of Directors to supervise the Company’s management decisions and decision-making processes from an independent, neutral and objective viewpoint outside the Company, and provide opinions and advice as needed based on their own experiences and knowledge.

The Company believes that corporate governance is functioning adequately under the current system in which business execution is supervised and audited by the Board of Directors including Outside Directors and the Audit & Supervisory Board.

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	Sent no later than 14 days prior to the General Meeting of Shareholders.
Electronic Exercise of Voting Rights	Shareholders unable to attend the General Meeting of Shareholders may vote by electromagnetic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives	The Company is participating in the platform for electronic voting operated by ICJ, Inc.

to Enhance Environment for Institutional Investors to Exercise Voting Rights	
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Notice of the General Meeting of Shareholders (Summary) is prepared and published on the Company's website.
Other	—

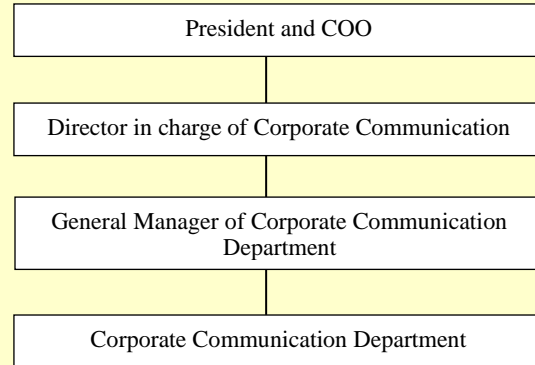
2. Status of IR-related Activities **[UPDATED]**

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has prepared a disclosure policy and published it on its website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Briefings for analysts and institutional investors are held after the announcement of results of the second quarter and the end of the fiscal year, and the Representative Director etc. provides an overview of performance and explain the Company's management policies, etc. In addition to the above briefings, financial results briefings, small meetings and other events are held by a dedicated IR department.	Held
Regular Investor Briefings held for Overseas Investors	We will periodically conduct roadshows for foreign investors to provide an overview of performance and explain the Company's management policies, etc.	Held
Online Disclosure of IR Information	We post quarterly earnings reports, mid-term management plans, Shareholders' Meeting Related Materials, Integrated Reports, ESG Book and news releases, etc. on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Communication Department is responsible for IR activities. The President and COO is the person responsible as spokesperson in dialogue with shareholders and investors, etc., and the management centered on the Director in charge of Finance and Corporate Planning (including Corporate Communication), and other Directors nominated by the President and COO serves in this role to a reasonable extent as required, and the Corporate Communication Department, which is a	

dedicated department, also handles this task.

Furthermore, the Corporate Communication Department coordinates with relevant departments within the company and Group companies through regular sharing of information, etc., and supports constructive dialogue by management with shareholders and investors, etc.

<IR structure>



< Contact information >

sgh_ir@sg-hldgs.co.jp

3. Status of Measures to Ensure Due Respect for Stakeholders **[UPDATED]**

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Group has established the “Charter of Corporate Conduct of the SG Holdings Group” and “Code of Ethics and Conduct of the SG Holdings Group” based on our corporate philosophy to ensure a common policy of conduct is observed.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group conducts a variety of activities aimed at the creation of a sustainable society while fulfilling our corporate social responsibility. The Group’s efforts such as activities to protect the environment and sustainability activities are summarized and published on the Company’s website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We are aware that it is our social responsibility as a company to ensure transparency of management by providing stakeholders with corporate information appropriately and in a timely manner, and information is actively provided by means such as publication on the Company’s website to enable stakeholders to easily and fairly access information.
Other	The Company has appointed one female officer as an Outside Director and one female officer as an Outside Audit & Supervisory Board Member (two in

total).

The "WakuWaku Diversity Committee" has been established in order to promote diversity management that evolves along with the changing times, based on securing a workforce and creating new business opportunities through diverse perspectives and values.

IV. Matters Concerning the Internal Control System

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

The Company's basic policy on internal control and the progress status of internal control system development is as follows.

(1) Systems related to ensuring that Directors and employees execute their duties in compliance with laws, regulations and the Articles of Incorporation

(i) The Company shall prescribe the "SGH Group Charter of Corporate Conduct" and "SGH Group Code of Ethics and Conduct" in order to establish a corporate culture in which Directors' and employees' business activities are conducted in compliance with laws, regulations and the Articles of Incorporation. It is the President and COO's responsibility to consistently communicate the spirit of "SGH Group Charter of Corporate Conduct" and "SGH Group Code of Ethics and Conduct" to Directors and employees to instill these and educate them to place the utmost priority on compliance in every aspect of business operations.

(ii) The Company shall prescribe rules and procedures, etc. in accordance with related laws and regulations, and regularly review the basic policy, rules, procedures, etc. to ensure that they are workable by addressing the changes, etc. in the management environment.

(iii) The Company shall appoint Outside Directors to enhance the monitoring function over Directors' execution of duties.

(iv) The Company shall implement compliance promotion activities that support lawful and fair corporate activities through the "SGH Group Anti-Bribery Policy" and the "SGH Group Human Rights Policy."

(v) The Company shall prescribe "Internal Whistleblowing Regulations" in order to prevent or facilitate early detection of fraud, misconduct, etc., within the SGH Group and establish the "SGH Group Compliance Hotline" – a global internal whistleblowing system. Furthermore, in order to make the system effective, the Company shall place contacts inside and outside the Company to encourage the use of the system. The Company shall take prompt and appropriate measures in response to reports made to these contacts according to the "Internal Whistleblowing Regulations."

(vi) In order to exclude anti-social forces that threaten the order and security of civil society, the Company shall prescribe the "Exclusion of Anti-Social Forces Regulations" and be fully committed to halting the development of any relationships with anti-social forces by rejecting acknowledgment of undue claims, secret deals, provision of funding, etc. Additionally, in cooperation with outside expert institutions, the Company shall address anti-social forces in an organized and legally-compliant manner and prioritize the security of Directors and employees.

(vii) The company shall establish the "Sustainability Committee" which examines and verifies strategies related to sustainability management with emphasis on the resolution of social issues and social responsibility, aiming for sustainable growth and enhancement of corporate value.

(2) Systems related to retention and management of information related to the execution of duties by Directors

- (i) The Company shall prescribe an “Information Security Basic Policy” and establish an information security management system in order to appropriately retain and manage information assets.
- (ii) The Company shall appropriately retain and manage significant information and decisions, etc. related to the execution of duties by Directors in compliance with laws, regulations and related rules.
- (iii) The information described in (ii) above shall be kept accessible for timely use when needed.
- (iv) The Company shall appropriately manage personal information according to laws and regulations and the “Personal Information Protection Regulations.”

(3) Policies and other systems related to management of the risk of loss

- (i) In order to manage risks appropriately and efficiently, the Company shall prescribe “Risk Management Regulations” and establish a risk management system for the SGH Group, as well as responding appropriately to events that may harm corporate management, business operations or corporate image, or that may have a significant impact on society as a whole.
- (ii) The Company shall hold “SGH Group Risk Management Meetings” on a regular basis and enhance the risk management system to minimize and prevent realization of risks, and mitigate losses from the realization of the risks.
- (iii) The Company shall set forth a Business Continuity Plan (BCP) to minimize business outages and fulfill its role in society even in emergency situations, and establish/operate a Business Continuity Management (BCM) system.

(4) Systems for ensuring that Directors’ duties are efficiently executed

- (i) Directors shall execute their duties based on the organizational structure and duties and authorities authorized by the Board of Directors, and the Board of Directors shall supervise the state of execution of the Directors’ duties to ensure they are executed appropriately and efficiently.
- (ii) The Company shall discuss management issues among its Directors and hold meetings of its Directors and Audit & Supervisory Board Members to share significant management information on a timely basis to make efficient management decisions in the Board of Directors meetings.
- (iii) In order to improve management efficiency, the Company shall prescribe “Management Plan Administration Regulations” and “Group Management Plan Administration Regulations,” and authorize a mid-term business plan and a single-year budget in meetings of the Board of Directors, and Directors shall execute their duties efficiently based on these.

(5) Systems for ensuring appropriateness of operations within the SGH Group

- (i) The Company shall prescribe “SGH Group Charter of Corporate Conduct” and “SGH Group Code of Ethics and Conduct” and be fully committed to complying with common conduct guidelines.
- (ii) The Company shall prescribe “Business Corporations’ Management and Operation Regulations” and “Overseas Corporations’ Management and Operation Regulations” to support business management in every business corporation, paying due regard to their autonomy and independence.
- (iii) The Company shall hold “SGH Group Management Strategy Meetings” and “SGH Group Administration Department Managers’ Meetings” on a regular basis and share the SGH Group’s management policies, significant decisions/reports, etc. to enhance the effectiveness of guidance and control over each corporation’s management in general.
- (iv) The company shall prescribe “Duty and Authority Regulations” as the SGH Group’s unified standard, and manage each

business corporation's significant decisions in their management activities to ensure they are made with all the necessary prior discussions and reporting to/approvals by the Board of Directors of the Company.

(v) In order to ensure reliability of financial reporting, the Company shall prescribe "Accounting Regulations" and related procedures, manuals, etc. as standard versions for the SGH Group. At the same time, the Company shall consult external experts for their opinions as necessary and establish a monitoring and auditing system.

(vi) In cooperation with the internal audit departments etc. of business corporations, the Internal Audit Department shall conduct internal audits on a regular basis and report the internal audit results to the Company's Board of Directors. When remedial actions are necessary, the Internal Audit Department shall instruct the business corporations to take actions and conduct subsequent monitoring to check the progress.

(6) Items related to the employees to assist the duties of Audit & Supervisory Board Members and their independence, etc. from Directors, etc.

The Company shall organize the Corporate Audit & Supervisory Board Members' Office and assign dedicated employees to assist the execution of duties of Audit & Supervisory Board Members. The number, qualifications, etc. of those employees shall be determined based on the discussions with the Audit & Supervisory Board. Additionally, in order to ensure independence from Directors, etc. and the effectiveness of instructions from Audit & Supervisory Board Members, personnel transfers, performance appraisals, disciplinary actions, etc. for those employees shall require consent of the Audit & Supervisory Board.

(7) Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members

(i) In addition to the items required by laws and regulations, directors, auditors, and employees of the SGH Group shall report following items to the Company's Audit & Supervisory Board Members without delay:

a. Facts that may cause significant losses to the Company;

b. Results of internal audits;

c. The status of reports made through the internal whistleblowing system; and

d. Other items related to the execution of operations that are requested to be reported on by Audit & Supervisory Board Members.

(ii) The Company shall treat Directors and employees appropriately so that they are not treated unfavorably for the reason that they have made reports through the internal whistleblowing system or to Audit & Supervisory Board Members.

(8) Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

(i) Audit & Supervisory Board Members shall execute their authority prescribed in laws and regulations, etc. and perform audits on the legality, validity and efficiency of the execution of duties by Directors, in cooperation with Accounting Auditors, the Internal Audit Department and other organizations within the Company.

(ii) Audit & Supervisory Board Members shall appoint external professionals such as lawyers, Certified Public Accountants and consultants when such professionals are found to be necessary for the execution of their duties.

(iii) Audit & Supervisory Board Members shall attend meetings of the Board of Directors, as well as other significant meetings deemed to be necessary.

(iv) Audit & Supervisory Board Members shall hold regular meetings with the President and COO and Accounting Auditors to

exchange information and opinions.

(v) Upon request from Audit & Supervisory Board Members, the Company shall bear the expenses incurred for the execution of duties by the Audit & Supervisory Board Members, unless it is regarded as not required for their duties.

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

The Group's "Charter of Corporate Conduct of the SG Holdings Group" states in "Chapter 4 Shareholders' & Business Partners' Expectations 5. Response to Anti-social Forces" that "we shall adopt a resolute stance against anti-social groups and individuals such as organized crime groups, and never establish relationships with anti-social organizations. If any undue requests are made, we shall absolutely refuse them and they shall be promptly reported to our superiors or the person in charge of prevention of undue requests, for the Company to respond in a legal and organizational manner. If appropriate steps are not taken, a report shall be made to the consultation desk for undue requests." Furthermore, it states "The Company shall prioritize the security of employees, and respond in an organized and legally-compliant manner in cooperation with outside expert institutions such as the police and legal counsel," providing instruction not to act based on individual decisions.

Based on this basic policy, the Group has established "Exclusion of Anti-Social Forces Regulations" and is establishing a system aimed at blocking relationships with anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

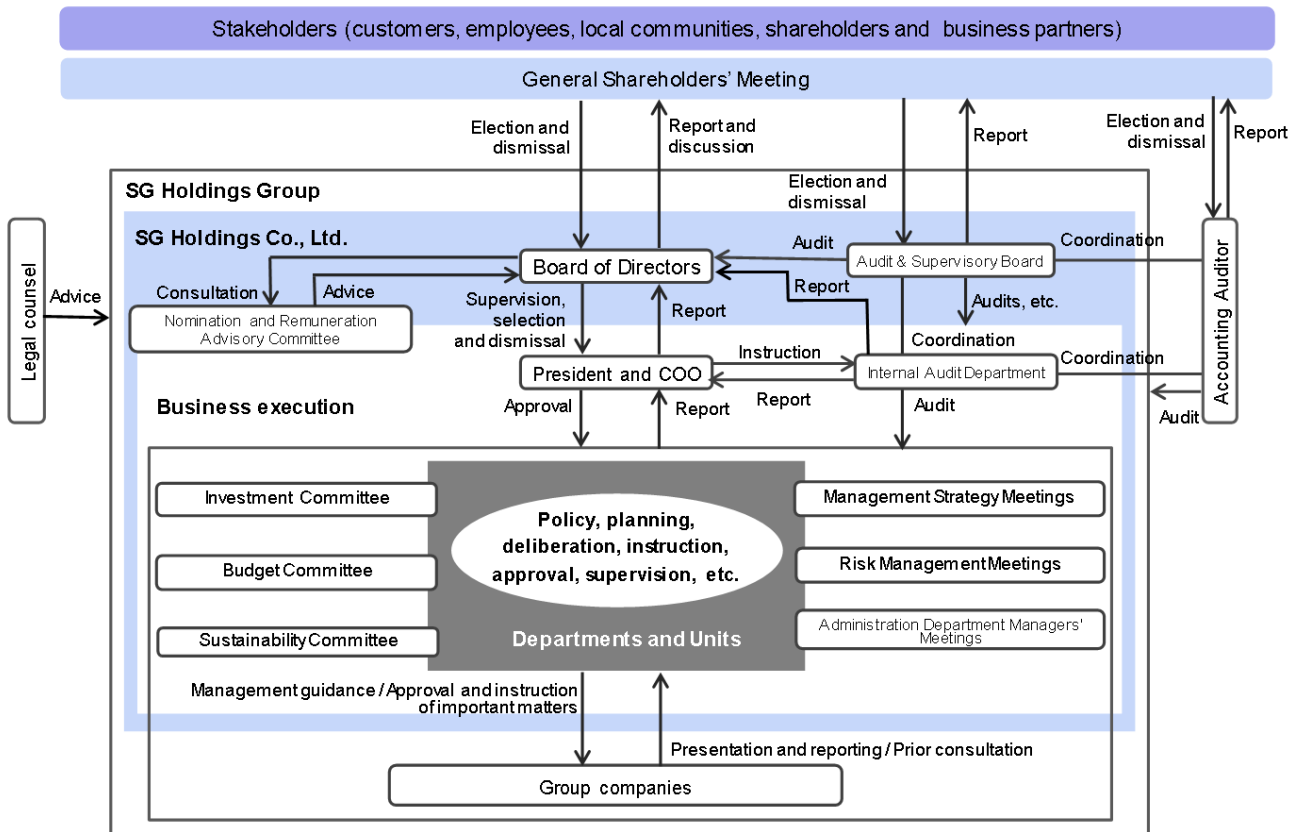
Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

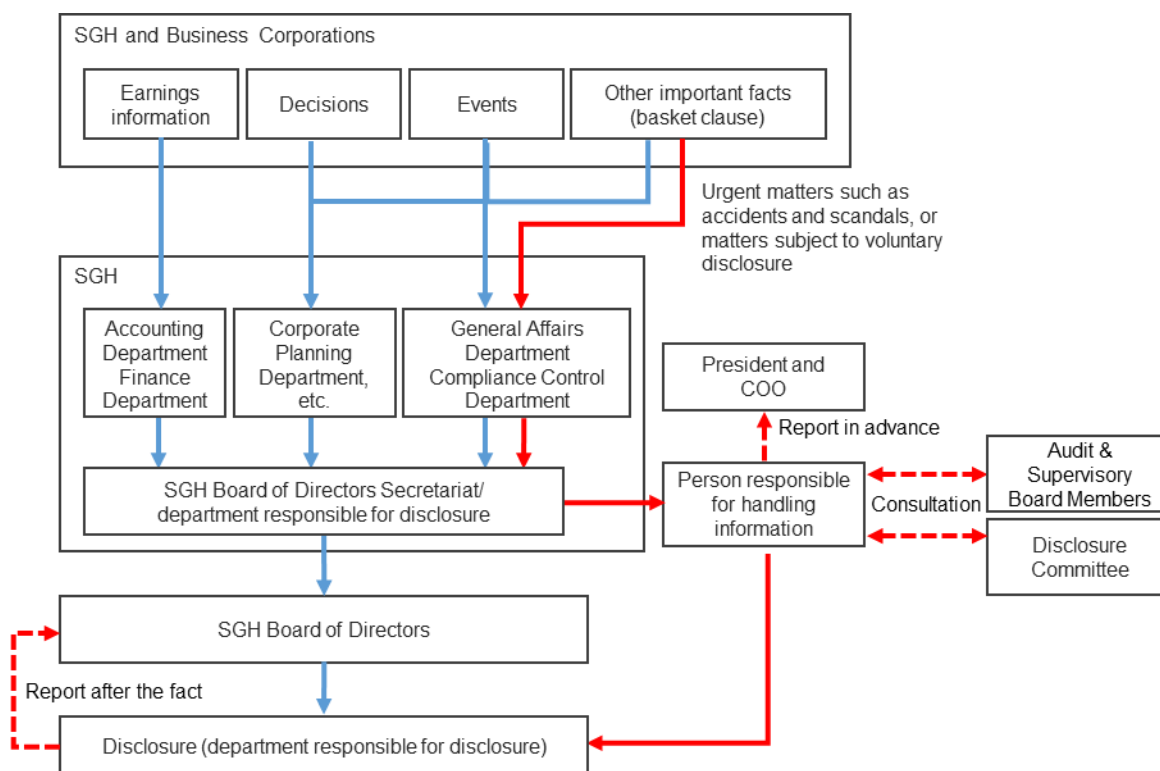
The Company has not introduced any takeover defense measures.

2. Other Matters Concerning the Corporate Governance System **[UPDATED]**

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[Basic Flow until Timely Disclosure]



[Skills Matrix]

In light of the Company's mid- to long-term management direction and business strategy, such as the Mid-term Management Plan “SGH Story 2027,” the Board of Directors has reviewed the skills (knowledge, experience, and abilities) that are necessary to properly exercise its decision-making and management oversight functions, and partially revised and identified them as a result.

The composition of the Board of Directors as of the date of the filing of this report and the skills of each director and auditor are presented below.

	Name	Independent outside	Corporate management	Business strategy	Finance/ accounting	Legal/ risk management	Sustainability	DX	Global	HR/ labor
Directors	Eiichi Kuriwada		○	○			○			
	Hidekazu Matsumoto		○	○		○	○		○	○
	Masahide Motomura		○	○			○	○	○	
	Koji Takagaki		○	○	○			○	○	
	Kimiaki Sasamori		○	○		○	○	○		○
	Mika Takaoka	○	○		○		○			
	Osami Sagisaka	○				○	○			
	Masato Akiyama	○	○	○					○	
Auditors	Satoshi Tajima	○	○		○				○	
	Tomonari Niimoto		○		○	○			○	
	Yoshitaka Ooshima	○	○			○				
	Tomoko Tada	○	○			○			○	○

*In the table above the ○ symbol indicates areas in which an individual has professional skills, in light of factors including their experience, but this table does not show all skills.

END