

Last Update: June 24, 2025
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<https://shinko-sj.co.jp/en/>

Our Corporate Governance is stated herein as follows:

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

1. Basic Views

Our group adopts a business policy based on business principles “we as an electronic components trading firm contribute to the realization of a sustainable society” under which we enforce various managerial measures and policies aiming at enhancement of the corporate values, giving consideration to all of our stakeholders, and taking balance of investment and risk hedge into consideration.

We are determined to fulfill our social responsibilities and enhance the corporate values upon expedited and efficient decision making on management by board of directors, and continuous fulfillment of its supervision function through the enhanced corporate governance.

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

This report is described based on the code revised on June 2021. We implement each and every established principle including the corporate governance code for prime market.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4] Cross-shareholdings

We adopt a cross-shareholdings policy as minimum requisite if we consider it to enhance our corporate values as a result of holding of shares by an issuing company, taking into consideration maintenance and enhancement of business relationship during a mid and long-term benefitting the stakeholders including our shareholders as well as necessity for business performance.

Our board of directors examines every year to or not to continue each cross-shareholdings policy in view of the benefits or risks due to the holding that derive from the capital cost. If we judge as not beneficial to keep holding of any stock issue, we decrease the holding negotiating with an investment entity.

When we exercise a voting right on cross-shareholdings, we pay attention whether an invested company is performing the management for its development and focusing on the benefits of the shareholders or whether or not it is conducting any anti-social behavior, through which we confirm the corporate governance whether substantially working.

Furthermore, we discuss with said company as needed in a mid and long term view of point but not the viewpoints according to stereotyped and shortsighted standards whether to approve or disapprove. Thereupon, we make an overall decision in order to maintain and strengthen overall business relationship with the invested company. We deem it to lead to enhance our corporate values and our shareholders' mid and long term benefits accordingly.

[Principle 1-7] Related Party Transactions

When we do a business with such party as our officer or major shareholder (related party transactions), we post on our website necessary framework and monitoring method as "Corporate Code of Conduct" established by our corporate resolution. Related party transactions are discussed and resolved according to the board of directors' regulations, and monitored by Audit and Supervisory Committee and Audit Office. If required, we re-examine the business as an agenda to be handled by the board of directors.

[Supplementary Principle 2-4 (i)] Ensuring Diversity in Promotion to Core Human Resources

We emphasize the diversity in case of promoting core human resources in accordance with our business principles. We establish and arrange a welfare for various persons can display their capacities to the maximum extent in order to foster human resources, and offer an equal opportunity.

1. Basic View

Our view on human resources is to "provide a place for self-realization and accommodate the growth willingness' and 'human capital' is the source of our company". We proclaim "Respect of Human-orientated Principle" since our establishment and tackle with the corporate activities.

This principle clarifies that each of the employees supports the company and one of the company goals is "self-realization of an employee". Under this principle, we are promoting to create an organization in which diverse human resources can be active without regard to gender gaps, nationalities, ages, handicaps, or career backgrounds.

2. Status and Voluntary and Measurable Goals

We position that it is important business challenge to secure the diversities among the core human resources and set up the following goals.

<Rate of employees in managerial personnel >

	March 2025 (present)	March 2033(target)
Women	10%	20%
Foreign nationals	10%	20%

Mid-carrier employees	20%	20%
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3. Policies and Status of Internal Environment

(1) Setting-up and improvement of workplaces

- We set up an environment for employees where work life balances among child raising and nursing care, etc. are compatible.
- We pursue workplaces in which the employees can do their works without any harassment or discrimination.
- We establish a system to change job classification from clerkship to a career position by which women's active career is promoted.

(2) Upgrading of productivity

- We establish a supporting system to obtain qualification for employee's upskilling.
- We are promoting the DX internally in the company by which job effectiveness is enhanced.
- We are improving the internal engagement under which a scheme for early recognition and settlement of a problem is built.

(3) Incentive scheme

- We secure real wages by which our employees can spend the comfortable life.
- There is no wage gap due to the gender gap.

[Principle 2-6] Roles of Corporate Pension Funds as Asset Owners

We do not join any specific corporate pension fund while we introduce a defined contribution pension system for our employees to build the assets. We hold an orientation meeting when new employees join us in addition to offer of selection of operating institutions and services or an education opportunity on operation of assets for employees.

[Principle 3-1] Full Disclosure

We announce proactively the following matters in our website:

(i) Business Principles, Business Policy and Business Strategies

Business Principles: we contribute to the realization of a sustainable society as a group of electronic components trading firm.

Business Policy: We enhance the existential values through provision of various electronic merchandizes and services, etc., and realize an developing electronic components trading group in the age of renovation.

Business Strategies: (1) Reconstruction of a business portfolio (including co-creation with a strategic partnership company)

(2) Creation and expansion of new core merchandizes, and further enlargement of merchandizes from existing good suppliers

(3) Investment for growth and M&A aiming area strategy, development and creation of a new business field

(4) Measures toward the management with consciousness to capital cost, and stock price (aiming PBR 1 or more)

(5) Investment in human resources (employment of various human resources, investment in education and seminar, and enhancement of employees' engagement)

(6) Efforts on environments (toward carbon neutral in 2050)

(ii) Basic view and basic policy on corporate governance

We establish "Corporate Governance Basic Policy" aiming sustainable growth of our group, increase of the mid and long term corporate values and securement of the stability.

Our Business Principles are to "contribute to the realization of a sustainable society as a group of an electronic components trading firm" It is our business policy based on this Business Principles to give consideration to all the stakeholders and enforce various business measures for the purpose of improvement of the corporate values taking into consideration the balance to avoid the risk between investment and risk.

We strengthen the supervision function of the board of directors and improve the transparency of the management by enhanced corporate governance, and have moved to a Company with Supervisory Committee since June 2022 for the purpose of further expedited making decisions.

We are determined to fulfill the social responsibilities as a company through strengthened corporate governance and active information disclosure, and enhance our corporate values.

(iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors
"Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors" are as described in II of this report entitled with [Related to Remuneration to Directors] "Disclosure of decision policy of amount of remuneration or its calculation method"

(iv) Board Policies and Procedures in Appointment/Dismissal of the Senior Management and the Nomination of Director Candidates

We submit a plan of candidate directors to an nomination and remuneration committee constituted with majority of independent outside directors and make a decision of a candidate director at the board of directors' meeting with a review and comment in order to ensure the equality, transparency and objectivity of the nomination.

The board of directors examines adequate human resources in view of capacities and diversities required for our management. If the nomination and remuneration committee finds any substantial violation of due care of a good manager as a director and a critical event that may arise threat to the business continuity, it initiates dismissal of the director, and the board of directors inspects them and make a resolution on them.

(v) Explanations on Individual Appointment/Dismissal of the Senior Management and the Nomination of Director Candidates

We disclose a career summary and reasons of nomination of each individual director in a notice of a general meeting of shareholders. We post them on the website from time to time as needed.

[Supplementary Principle 3-1 (ii)] Disclosure of Information in English

We translate various materials into English and post on the website such as a notice of regular meeting of shareholders, financial statements, report on final accounts, shift of managerial indicators, and highlighted business performances.

[Supplementary Principle 3-1 (iii)] Initiatives on Sustainability

Our group adopts a basic sustainability policy upon recognition of importance of ESG (Environment, Society, Governance) in order to enhance our corporate values in mid and long terms.

Basic sustainability policy is as follows:

- (1) We contribute to the sustainable growth of a society by enforcement of the Business Principles, Business Policy and Environment Policy through enhancement of the corporate value of our group.
- (2) We contribute to realization of a society that values the human beings and the environment of the earth through dialogues with stakeholders, realization of fair, impartial and highly transparent governance, consideration to human rights, environments, and diversities.

Disclosure in line with a Framework of TCFD

In the electronics business field we deploy the business, it faces with a phase of major change in which new demands for electronic components are expected due to progress of IoT oriented to promotion of DX (digital transformation), utilization of AI and robots for industrial use, and rapid EV trends corresponding to carbon neutral in the automobile industry.

Since there is uncertainty of environmental change due to the climate change, we consider it important to have a portfolio that makes it possible to take speedy and optimum measures to the diversifying change of the business environments and issues and to catch opportunities for growth and correspond to the risks due to the climate change.

We utilize the TCFD proposals as a benchmark to verify the adequacy of our company's approach to the climate change. We catch the opportunities for growth and take measures to the risks toward sustainable growth.

There are some proposals that are under discussion or that may require a few years for enforcement. It is our policy to enhance the disclosure of the proposals dealt by us.

Measures for Human Capital

We are prepared to invest to train human resources in order to cope with the age of renovation and endeavor to build an environment in which various human resources can be active.

Measures for our human resources are posted on our website:

<https://www.shinko-sj.co.jp/recruit/company/philosophy.html>

[Supplementary Principle 4-1 (i)] Scope of Delegation

The board of directors decides such important matters as company's basic policies, key investment or collaboration cases, building of an internal control system, and we delegate other execution of operation to the managing team led by representative director as president.

[Principle 4-9] Independence Standards and Qualification for Independent Outside Directors

We establish "Standards on Independence of Independent Outside Director" based on standards of independence fixed by Tokyo Exchange Market and appoint an independent outside director(s) who satisfies the standards.

"The Standards on Independence of Independent Outside Director" are as follows:

[Independence Standards]

- Not to be a retired person of our company or group company
- A close blood relative is not a present employee or a retired person of our company or group company (excluding a person to which 10 years have passed after he/she turned to be a retired person)
- Not to be present employee or a retired person who have caused material effect to our company

[Quality]

- Human resource who is provided with ability to make a common-sense judgement for the shareholders and not overlook any violation of obligation of a good manager
- Human resource who has excellent insight ability and not follow the crowd easily and not conform to the authorities

Human resources who keeps decisively his/her resolution even in a difficult situation

[Supplementary Principle 4-10 (i)] Set up of Nomination and Remuneration Committee

We set up an nomination and remuneration committee as an advisory institution for the board of directors in order to enhance the independence, objectivity and accountability of the functions of the board of directors relating to nomination (including a plan of successors), and remuneration.

The committee is constituted with the majority of independent outside directors and members of audit and supervisory committee and an independent outside director serves as chair.

[Supplementary Principle 4-11 (i)] Attitude on Constitution of Board of Directors

We nominate a director given that each of directors is of high morality including, but needless to say, compliance of the laws and regulations and equipped with understanding and awareness to the duties as a director. The board of directors is to be constituted with those persons with diversities in experiences, knowledge, professionalism and so on by which the board of directors can make adequate decisions and strengthen its functions of supervision. [Skill Matrix of Directors] is described in this report.

[Supplementary Principle 4-11 (ii)] Situation of Interlocking Director

We specify a situation of a director who assumes its duties as an officer in other listed company in a “Notice of General Meeting of Shareholders”, and post it on our website:

<https://shinko-sj.co.jp/en/ir/meeting/>(linked to a page on general meeting of shareholders)

[Supplementary Principle 4-11 (iii)] Results of Review of Effectiveness of Board of Directors

We have a “questionnaire of review of effectiveness of board of directors” to be filled by all of the directors once a year and post the summary of the results on our website:

<https://shinko-sj.co.jp/en/sustainability/governance/>

[Supplementary Principle 4-14 (ii)] Training Policy for Directors

We establish “Standards on Training of Directors” and provide them necessary information and opportunity from time to time for playing their roles and performing their duties.

“Standards on Training of Directors” are posted on our website:

<https://shinko-sj.co.jp/en/sustainability/governance/>

[Principle 5-1] Policy on Constructive Dialogue with Shareholders

We set up an IR department and appoint an IR officer who serves as a responsible manager, and try to disclose speedy, correct and fair company information from the view point of the shareholders and investors in a positive and easy understandable way.

Basically the IR department engage in dialogue (individual meetings) with the shareholders. If a shareholder requests us to engage in dialogue (management meeting), director including a representative director as a president is to have it. Opinions gained through the dialogue with a shareholder are reported to the board of directors in an appropriate manner and time, and we try to settle a problem, if any.

In addition to end-of-term and mid-term accounts meetings held and explained by our representative director as a president in the year of 2024, IR officer engaged in dialogue (management meeting) with individual investors. In the future, we are to examine how to enrich the disclosure of implementation status.

We try to carry through information control in accordance with the provisions of “Rules and Regulations on Control of Internal Information and Insider Trading”, and thereby endeavor to prevent divulge of insider information.

[Principle 5-2] Establishing and Disclosing Business Strategies and Business Plans

We formulate and post on our website a mid-term business plan based on the business principles of our group as an electronic components trading company to contribute to the realization of a sustainable society.

<https://shinko-sj.co.jp/en/ir/keieis/>

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

Explanation of Actions

We set up a target of ROE “8% or more” upon recognition that 6% of cost of shareholders’ equity during the period under the mid-term business plan whose final closing year is March 2028.

2. Capital Structure

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

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,425,700	11.10
Northern Trust Co. (AVFC) Re Non Treaty Clients Account	2,770,980	8.98
Aya Nomura	2,506,800	8.12
Restar Corporation	1,550,000	5.02
Kitai & Company, Ltd.	1,470,000	4.76
Custody Bank of Japan, Ltd. (trust account E)	1,108,500	3.59
Akio Kitai	967,000	3.13
Custody Bank of Japan, Ltd. (re-trust by Sumitomo Mitsui Banking Corporation and trust account for employee pension trust of TDK Corporation)	698,000	2.26
Custody Bank of Japan, Ltd. (trust account)	556,400	1.80
European Depositary Bank SA-Dublin-Buttermere Deep Value Fund Limited	540,442	

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

Name of Parent Company, if applicable

None

Supplementary Explanation

- We hold 7,151,048 treasury shares as of March 31, 2025. The treasury shares do not include shares held by Custody Bank of Japan (trust account E) due to the introduction of “Board Benefit Trust(BBT)” and “Japan-Employee Stock Ownership Plan (J-ESOP).
- Shareholding ratio is calculated deducting 7,151,048 own shares except 1,108,500 shares held by Custody Bank of Japan (trust account E).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market
Fiscal Year-End	March
Business Sector	Wholesale
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 Billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board
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Directors

Number of Directors Stipulated in Articles of Incorporation	16
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tatsuyoshi Yoshiike	From another company								△			
Toshihiko Ishihara	From other company								△			
Yoshiteru Sakamaki	Lawyer											
Kazue Tanaka	Tax attorney											

*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.)

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tatsuyoshi Yoshiike		○	No interests	Mr. Yoshiike has experiences and achievements as a president of a listed company and is familiar with the electronics industry. He is elected as an outside director since he is a human resource who makes it possible to increase the benefits of the shareholders and to provide advices based on affluent knowledge and experiences. Further, he is appointed as an independent director since it is judged that he has no conflict of interest with general shareholders.
Toshihiko Ishihara	○	○	No interests	Mr. Ishihara has no doubtfull points in view of our management and independence and has served as an executive officer and full time auditor at a listed company. He is accordingly appointed as an independent director since it is judged that he is a human resource capable of giving guidance and auditing to our management.
Yoshiteru Sakamaki	○	○	No interests	Mr. Sakamaki has experienced as a lawyer with broader knowledge and legal perspectives. He is accordingly appoigned as an independent director since we have judged that he is a human resource

				capable of giving guidance and auditing to our management.
Kazue Tanaka	○	○	No interests	Ms. Tanaka is a tax attorney with abundant experiences who highly majors in tax and finance related matters. She is accordingly appointed as an independent director since it is judged that he is a human resource capable of giving guidance and auditing to our management.

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	4	1	1	3	Inside Director

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

Appointed

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

Staff members of Audit Office and General Affairs Dept. give assistance to Audit and Supervisory Committee to support its duties as needed. Staff to assist Audit and Supervisory Committee perform their duties in accordance with commands and orders by Audit and Supervisory Committee without following commands and orders by directors who are not members of Audit and Supervisory Committee in connection with said execution of business. Further, if Audit and Supervisory Committee gives an instruction, staff members who supplement the Committee perform the instructed duties preferentially than other duties.

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

Audit and Supervisory Committee receives a report from accounting auditors on auditing programs and audited results in each accounting period and holds an opinion exchange meeting regularly for close cooperation. Audit and Supervisory Committee receives a report on results of internal audit from Audit Office that is an internal audit department, and increase the efficiency of audit using the audited results and exchanges the opinions regularly for close cooperation.

Voluntary Established Committee(s)

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

Established

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	7	0	3	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Remuneration Committee	7	0	3	4	0	0	Outside Director

Supplementary Explanation

We establish Nomination & Remuneration Committee as an advisory body of the board of directors in order to enhance the auditing function and enhance the corporate governance further upon clarification and objectification of a review and decision-making process regarding election/dismissal or remuneration of directors. 4 of the committee members are serve as the Audit and Supervisory Committee member.

Matters Concerning Independent Directors

Number of Independent Directors

4

Other Matters Concerning Independent Directors

We appoint all of the outside directors as independent directors as specified by Tokyo Stock Exchange, and make a declaration to it.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Remuneration to an executive director is composed of monthly remuneration as fixed and variable ones linked to his/her performance. The variable remuneration is composed of officer's bonus and officer's stock remuneration.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Director

Supplementary Explanation for Applicable Items

Total amount of directors' remuneration is disclosed in Business Report and Asset Securities Reports.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy on determining remuneration amounts for the directors and calculation method are as follows:

If the policy and calculation methods or matrix diagram are changed, Nomination and Remuneration Committee verifies the relevancy and submits the results to the board of directors. The board of directors determines the changes, etc., upon submitted results.

1. Basic Policy

(1) Basic policy regarding directors' (excluding a director(s) who serves as Audit and Supervisory Committee member) remuneration, etc.

Remuneration for directors (excluding a director who serves as Audit and Supervisory Committee member) must be based on a remuneration system (excluding non-executive directors) in which certain proportion of remuneration, etc. is linked to their business performance and stock price in order to make it to function

fully as an incentive with the aim to improve mid and long term business performance and to contribute to increase of the corporate values by directors. Balance with salaries for employees and publicly accepted salary standards must be taken into consideration.

(2) Basic policy for a director who serve as Audit and Supervisory Committee member

Remuneration for a director(s) who serve as Audit and Supervisory Committee Member (hereinafter referred to as “Audit and Supervisory Committee Member”) must be adequate and fair standards of remuneration independent of business performance taking into consideration his/her position as to implementation of audit and supervision of performance of the duties by directors and management.

2. Structure of Remuneration and its Decision

(1) Structure of remuneration for directors and its decision

Amounts of remuneration for each individual director shall be decided by the board of directors in accordance with the following items and based on a report deliberated at Nomination & Remuneration Committee within the maximum limit resolved at a general meeting of shareholders.

a. Remuneration system for a director(s) in charge of execution of operation

Remuneration for a director in charge of execution of operation (hereinafter referred to as “Executive Director”) are comprised of fixed remuneration as basic remuneration (monthly director’s remuneration) and variable remuneration (linked to performance). The variable remuneration is composed of director’s bonus and board benefit trust (“BBT”). The remuneration is classified into cash remuneration and stock-based remuneration. The monthly director’s remuneration and director’s bonus are cash remuneration while BBT is stock-based remuneration. The stock remuneration is paid as director’s retirement allowance when he/she retires and linked to consolidated net profit of each accounting period during his/her term and his/her position. Accordingly, a policy to decide the proportion of payment must be a framework that reflects the results of levels of business performance and stock price (book value when procured). The proportion of payment must not be fixed but linked to the business performance and the stock price.

The maximum limit of total amount of remuneration must be within the scope decided at a general meeting of shareholders. If calculation methods or matrix diagram of variable remuneration are required to be changed, Nomination & Remuneration Committee examines the relevancy and submits a report to the board of directors and then the board makes a decision.

b. Remuneration System to Non-executive Director

Only “fixed remuneration” is paid to a non-executive director(s) corresponding to his/her duties taking into account his/her independent position from the execution of operation.

(2) Construction of Remuneration to Audit and Supervisory Committee Member and its Decision

Remuneration to Audit and Supervisory Committee Member(s) must be adequate and fair level of remuneration taking into consideration his/her position of audit of execution of operation and supervision of management that is independent of execution of operation. Amounts of the remuneration are decided per person within the scope of the maximum limit decided at the general meeting of shareholders.

Only fixed remuneration is paid to an Audit and Supervisory Committee Member(s) corresponding to

his/her duties discussed among the Committee Members, taking into account his/her independent position from the execution of operation.

Support System for Outside Directors

Planing Section of Planning and Human Resources Dept. provides support to outside directors by providing materials for the board of directors in advance and giving prebrief as needed. Further, an outside director who serves as an Audit and Supervisory Committee Member can issue an order on matters necessary for audit on operation to Audit Office and General Affairs Dept., as a staff member(s) to assist his/her duties.

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

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

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term

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

Other Related Matters

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

We hold a board of directors meeting (regular) once a month and management meeting twice a month, and conduct sufficient discussions and make decisions regarding important matters in addition to discussions upon replies and reports on issues and status of business operation from each department. Audit Office implements the business operations audit and internal control audit under an audit plan as internal audit. Seiyo Audit Corporation implements the accounting audit and internal control audit as external audit.

3. Reasons for Adoption of Current Corporate Governance System

We have moved to a company with Supervisory Committee from June 2022 by which directors having voting rights at the board of directors who are Audit and Supervisory Committee Members are in charge of supervision, audit and other duties, and by which supervision functions and corporate governance are strengthened for the purpose of improvement of transparency of the management and expedited further decision making.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	This year, notice of the general meeting of shareholders was posted on June 6, 18 days earlier than the meeting date. Further, it was posted on our website on May 30. We are prepared to post and dispatch as early as possible in the future.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We endeavor to schedule a date and time in a manner to avoid a peak day as possible by which our shareholders can attend the general meeting of shareholders.
Electronic Exercise of Voting Rights	We have introduced exercise of voting rights by electromagnetic means which serves to facilitate the exercise of voting rights by individual investors and insitutional investors as well.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We participate in the platform of excise of voting rights for institutional investor managed by ICJ, Inc., by which the shareholders can exercise their voting rights via Internet.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Notice of the general meeting of shareholders in a narrow meaning and agenda to be resolved in English version are posted on our/Tokyo Stock Exchange's websites
Other	----

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>We prepare a disclosure policy (IR policy) and post the details of the followings on our website:.</p> <ul style="list-style-type: none"> • Basic policy of information disclosure • Objects of IR activities • Method of information disclosure • Forecast in the future <p>Period to refrain IR</p>	
Regular Investor Briefings held for Individual Investors	----	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold two meetings for explanation per year in the second quarter and the end of accounting period.	Held

Regular Investor Briefings held for Overseas Investors	----	Not Held
Online Disclosure of IR Information	Notice of regular meeting of shareholders, explanatory materials on settlement of accounts, brief note on settlement of accounts, stock quotation, explanatory materials on mid-term business plan, highlighted achievements of business are posted. For information, financial statements, explanatory materials on settlement of accounts and a mid-term business plan, highlighted achievements of business, etc. are posted in English.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Planning Section of Planning & Human Resources Dept. is in charge of IR.	
Other	----	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	----
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We enhance the compliance of the laws and regulations, environment preservation, and quality of services completely and promote the activities to gain the trust from the stakeholders.
Formulation of Policies, etc. on Provision of Information to Stakeholders	----
Other	----

IV. Matters Concerning the Internal Control System

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

1. System to secure that performance of the duties by the directors and staff conforms to the laws and regulations and the Articles of Incorporation
 - (1) We set up a compliance committee that is an organization in charge of compliance as a whole in which director as president serving as a chairperson and an outside lawyer join. By this, we endeavor to consolidate a cross-sectional compliance system and to grasp issues.
 - (2) We build a system by which Business Principles, corporate code of conducts, standards of corporate behavior, regulations on observance of corporate ethic, and the like are practically operated and fully enforced in order to secure that the directors and staff enforce and observe the laws and regulations, the Articles of Incorporation and social norms.
 - (3) Director as president and directors in charge of execution of business give staff members of our group compliance education and seminars to enhance the compliance completely and thoroughly.
 - (4) Audit Office directly controlled by the director as president audits through regularly implemented internal audit whether all the duties are adequately and reasonably performed based on the laws and regulations, the Articles of Incorporation and internal regulations.
 - (5) We set up contact windows including outside lawyers in order that staff utilize a means to provide a consultation for compliance and to inform directly any conduct that is doubtful in view of compliance of the laws and regulations. In this case, anonymity of a whistle-blower is secured while his/her disadvantages are prevented.
 - (6) We recognize fully social responsibilities of a company. We react decisively against anti-social forces that pursue economic benefits by violence, intimidation and fraudulent means and reject their undue requests in accordance with the laws and regulations, and eliminate any relationship such as transactions with those forces or suspected provision of fund.
2. System to store and control information relating to execution of duties by directors

Directors store and control appropriately information and documents pertaining to the execution of their duties in accordance with “Principles of Document Control”. The Principles are to be revised from time to time in case of revision or abolishment of the laws and regulations.
3. Regulations on control of risk of loss and other system
 - (1) We set up a risk management committee with a chairperson by director as president as an organization that manages total risks in order that we enhance the corporate values and tackle with any and every risk of loss that jeopardizes the realization of the sustainable development of the corporate activities.
 - (2) The risk management committee manages the risks of our group exhaustively and comprehensively, sets a responsible section per risk category, and reviews the measures to mitigate the risks regularly in accordance with the “Principles of Risk Management”.

4. System to secure efficient execution of directors' duties
 - (1) The board of directors causes the director as president and each of the directors to execute their duties in accordance with management mechanism fixed by the board of directors, division of duties of the director as president and other directors.
 - (2) Matters entrusted to decide the execution of duties of the director as president and other director in charge are to be decided as needed by an institution or procedure specified in the regulations of division of duties, and regulations of job function. These regulations are to be revised if the laws and regulations are revised or abolished or if necessary to make more efficient the execution of duties.
 - (3) Our company holds the management meeting once a month, where the current and anticipated status of our group, progress of important business plans, etc. are reviewed and discussed as needed to secure the effectiveness of performance of the directors' duties.
5. System to secure due execution of duties in our corporate group comprising our company and subsidiaries
 - (1) In addition to the measures and policies for execution of duties to secure the conformity with the laws and regulations and the Articles of Incorporation, we establish rules and regulations as rules of control of related companies to secure the adequate execution of the duties and the efficiency as our corporate group.
 - (2) Transactions between/among companies belonging to our group must be adequate ones in view of the laws and regulations, accounting principles, tax laws and other corporate codes.
 - (3) The director as president and a director in charge of execution of the duties gives an instruction to a company belonging to our corporate group in accordance with their respective division of the duties to establish an adequate internal control system. This includes guidance by the director as president to the directors of each company of our group in relation to storage and management of information on enforcement of directors' duties.
 - (4) Our group establish a system reporting any matter pertaining to the execution of the duties of directors or staffs of subsidiaries to us a risk management system, an operation control system, and a compliance system, and report regularly to the board of directors the status of the performance. Further, we should review and give an instruction for improvement as needed.
 - (5) If any of the subsidiaries finds that our management control and management guidance would violate the laws and regulations or would be doubtful in view of the conventional wisdom, the subsidiary should report to our Audit and Supervisory Committee. In this case, a whistle-blower should not suffer any detrimental treatment in the subsidiary.
 - (6) Audit and Supervisory Committee implements the internal audit in our group and secures the effectiveness and relevancy of the internal control covering business of our group as a whole. Annual plan and implementation status and results of the audit are reported to the board of directors depending on the degree of importance.
 - (7) Audit and Supervisory Committee builds a correct system with close cooperation with Audit Office and an accounting auditor in order to secure effective and adequate audit of the group as a whole

corresponding to consolidated management of our group.

6. Matters relating to staff assisting duties of Audit and Supervisory Committee when the Committee requests to retain the staff and matters on independence of the staff from directors (except a director who serves as an Audit and Supervisory Committee Member)

- (1) Audit and Supervisory Committee can give Audit Office and General Affairs Dept. an order on matters necessary for the audit duties as staffs who assist the duties of Audit and Supervisory Committee Member.
- (2) Prior consent of Audit and Supervisory Committee is required for decision on personnel transfer as to said staff member in order to secure the independence of Audit Office and General Affairs Dept.
- (3) If Audit and Supervisory Committee requests to set a supplemental staff member(s), Audit Office and General Affairs Dept. as internal audit departments must support the request as needed, and said supplemental staff member is under the command and order by Audit and Supervisory Committee.

7. System under which Directors and staff as well as Directors and staff of a subsidiary(-ies) report to Audit and Supervisory Committee

- (1) Director as president and directors in charge of execution of operation report the status of the execution of operation at an important meeting such as the board of directors as needed.
- (2) Director as president and directors in charge of execution of operation report promptly the following matters to Audit and Supervisory Committee:
 - Matter that jeopardize or likely to jeopardize the reputation of our group
 - Matter that imposed or is likely to impose adverse effect to the business achievements of our group
 - Matter that caused or is likely to cause substantial damage to the environment, safety or hygiene in and outside the company
 - Material violation of company's code of conduct, and regulations of observance of corporate ethic
 - Other matters annexed to the above
- (3) Directors and staff take a prompt and proper action in case Audit and Supervisory Committee requests to report the operation.
- (4) Our directors and staff members as well as directors and staff members of our subsidiary(-ies) report immediately to our Audit and Supervisory Committee any fact such as violation of the laws and regulations that is likely to cause serious damage to our group if they find it.
- (5) We prohibit detrimental treatment to any director or staff member of our group who made a report to Audit and Supervisory Committee by reason of making such report. In case of any objection to the treatment, Audit and Supervisory Committee can request the board of directors to revoke the treatment.

8. System to secure effective audit by Audit and Supervisory Committee

- (1) Audit and Supervisory Committee offers an opportunity to hear individually a director in charge of execution of operation, major staff member, and director and staff members of subsidiaries.

- (2) Audit and Supervisory Committee has a meeting with director as president, Audit Office and accounting auditor respectively on a regular basis. We process promptly an advance payment or refundment and other procedure for audit costs accruing during the execution of operation by Audit and Supervisory Committee member unless costs or liabilities upon request are deemed as not necessary for the execution of operation by a director who is an Audit and Supervisory Committee Member.

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

1. Basic views on measures for eliminating anti-social forces

Our group establishes a basic policy and tackles with elimination of anti-social forces aiming disruption of relationships with them:

- (1) We are determined to have no relationship with anti-social forces
- (2) We cooperate systematically and properly with such outside professional institutions as Federation of Countermeasure against Specific Violence within the jurisdiction of Metropolitan Police Department, and corporate lawyer to prevent damage from anti-social forces.
- (3) We never accept undue demand by anti-social forces and take a definite legal action.
- (4) We never provide funding to or conduct a back business with anti-social forces.
- (5) We secure our employees' safety who correspond to undue demand by anti-social forces.

2. Status of development

Our group establishes a basic policy against anti-social forces and regulations on how to correspond to anti-social forces, build a system and makes it commonly know across the company. We join the Federation of Countermeasure against Specific Violence within the jurisdiction of Metropolitan Police Department and endeavor to collect information on recent status and trends of anti-social forces with cooperation with police departments. Further, in case of a new transaction, we formulate checking items in a company's internal application form and obtain a written covenant as needed. Also, we take steps such as formulation of a clause on elimination of anti-social forces in a master agreement.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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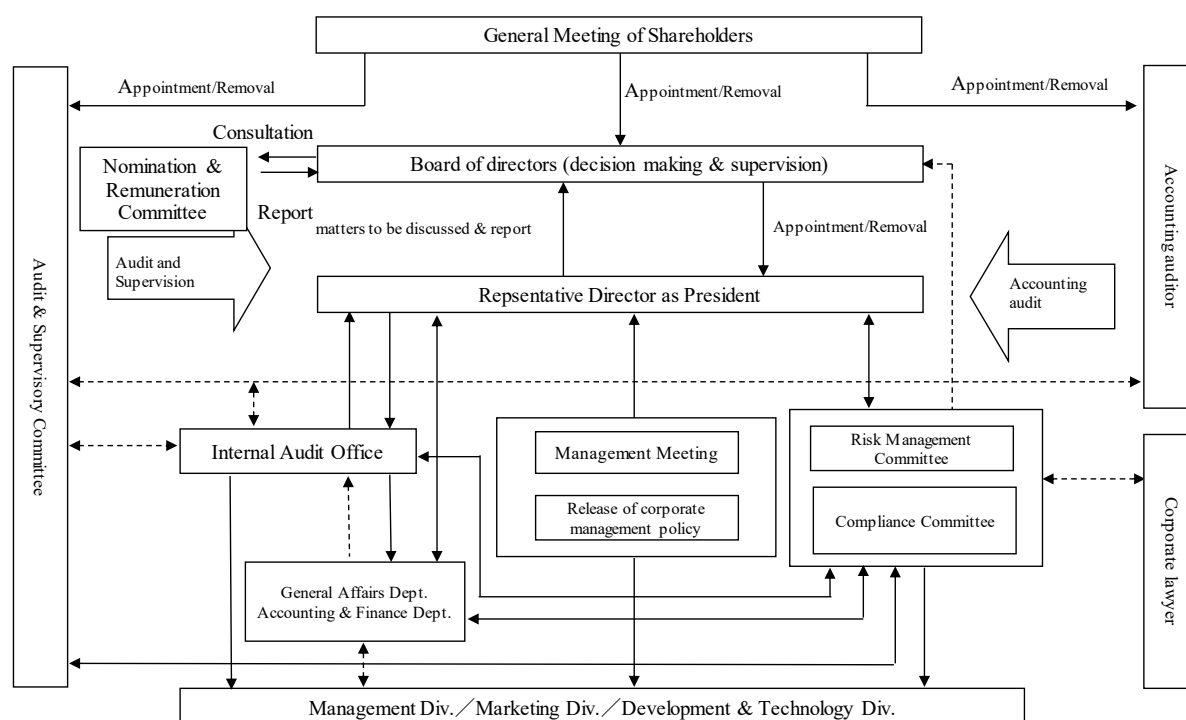
Supplementary Explanation for Applicable Items	
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2. Other Matters Concerning the Corporate Governance System

Summary of System of Timely Disclosure

- (1) We establish regulations on control of information disclosure, endeavor positively to disclose important company information timely and properly, to maintain the transparency of our company by providing investors with materials to judge the investment upon recognition that it is an important responsibility to serve for fairness and soundness of the market.
- (2) We appoint an information handling manager according to the regulations on control of information disclosure. All of company information are managed and controlled by each of departments such as Planning Section of Planning & Human Resources Dept., and General Affairs Dept. under the supervision of the information handling manager, and disclosed outside as needed. It is judged whether to disclose upon consultation by the information handling manager with a responsible manager of related departments in accordance with the Timely Disclosure Rules fixed by Tokyo Stock Exchange and consulted with Tokyo Stock Exchange in advance as needed.

Flow Chart of Corporate Governance Structure



Skill matrix of candidate directors

As of June 25, 2025 at general meeting of shareholders

Name	Audit & Supervisory Committee Member	Term of office Years	Age	Corporate management	International experiences	Sales & Marketing	Technologies & Manufacture	Finance & Accounting	Human resources & Labor	Legal & Risk Management
Tatsuya Ogawa		17	61	○	○	○				
Katsuhiro Hosono		11	58	○		○	○			
Shuji Issiki		6	61					○	○	○
Katsuei Kobayashi		6	58		○	○	○			
Kunihiro Inoue		5	59	○	○	○				
Masanori Ishido		4	58	○	○	○				
Tatsuyoshi Yoshiike	(outside)	9	73	○		○	○	○		
Fumitaka Yuge	○	3	64	○	○	○		○		
Toshihiko Ishihara	○ (outside)	3	72	○				○	○	
Yoshiteru Sakamaki	○ (outside)	3	44						○	○
Kazue Tanaka	○ (outside)	2	64					○	○	

NB 1. Term of office and age are shown as of the closing date of the general meeting of shareholders (as of June 25, 2025)

NB 2. Mr. Fumitaka Yuge holds a term of office as auditor for 2 years, Mr. Toshihiko Ishihara for 3 years, and Mr. Yoshiteru Sakamaki for 2 years respectively.