Last Update: November 17, 2026
TODA KOGYO CORP.
Tsuneaki Kubo, Representative Director
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Securities code: 4100
https://www.todakogyo.co.jp/english/

The corporate governance of TODA KOGYO CORP. (the "Company") is described below.

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

1. Basic Views

Aware that fulfilling its social responsibility as better citizens and as a better corporate citizen is a significant role, the TODA KOGYO Group will continue to base our business management on our Management Principle and Management Policy, aspiring to achieve sound and continuous development towards the future. We will comply with relevant laws and regulations as well as internal regulations on the basis of the spirit of compliance. Our leaders will take the initiative to set examples and ensure that they are followed within the Company and known to companies in the Group and to business partners. In addition, we will not enter into any relationships with anti-social forces or groups.

We will enhance the Board of Directors' function of monitoring business execution to ensure transparency in management. We will also seek to establish agile corporate governances that can swiftly respond to changes in circumstances. In addition, we will determine the principles set out below and endeavor to implement them for the purpose of equally protecting the rights and interests of shareholders and other stakeholders through the proper disclosure of information.

1. We will endeavor to protect shareholders' rights.
2. We will endeavor to ensure equality among shareholders.
3. We will endeavor to build smooth relationships with non-shareholding stakeholders.
4. We will endeavor to ensure information disclosure and transparency.
5. We will endeavor to enhance supervision of management in a bid to ensure accountability to shareholders.

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

The Company complies with all principles of Japan's Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

The following is presented based on the Code revised in June 2021.

[Principle 1.4: Cross-Shareholdings]

(1) Policy for cross-shareholdings

The Company will hold shares of other companies if it believes this is necessary for the implementation of its policies, such as the development and maintenance of positive business relationships and the construction of a strong financial base that is stable and less vulnerable to the fluctuation of stock prices.

The Company has established a basic policy of avoiding holding cross-shareholdings that are considered insignificant at the end of the most recent fiscal year. Following this policy, the Company actively disposes of or reduces these cross-shareholdings.

The Board of Directors will routinely assess the rationale behind each cross-shareholding. This assessment will involve determining whether the purpose of the cross-shareholding is appropriate and whether the associated benefits and risks are in line with the cost of capital. Based on this evaluation, the Company will reduce its cross-shareholdings.

(2) Exercising voting rights associated with cross-shareholdings

The Company believes that appropriately exercising its voting rights will enhance corporate governance systems and increase the value and sustainable growth of companies in the medium to long term. Thus, in principle, the Company will exercise its voting rights for all of its cross-shareholdings.

When exercising its voting rights, the Company will decide whether to support or oppose proposals by considering various factors. Among these factors, the Company will assess the potential damage to its corporate value and the likelihood of enhancing the corporate value of the companies in which it holds shares.

[Principle 1.7: Related Party Transactions]

The internal rules of Board of Directors require approval from the Board of Directors for any transactions between the Company and officers that create a conflict of interest as defined by the Companies Act.

To identify potential transactions involving its officers that may involve conflicts of interest, the Company regularly confirms with each officer every year whether there are any transactions (excluding their remuneration) between the officer and their close relatives (within the second degree of kinship) and the Group. Additionally, the Company inquires about any transactions between companies in which the officer and their close relatives (within the second degree of kinship) effectively hold a majority of the voting rights and the Group.

The Company appropriately discloses transactions with major shareholders in accordance with the Tokyo Stock Exchange's disclosure standards.

[Supplementary Principle 2-4-1]

One of the four guidelines set out in the Company's CSR policy is, “The creativity and diversity of every employee in the Group are our greatest assets. We support the unlimited development of their capabilities and their activities and evaluate them fairly. We strive to enhance our employees' comfort and prosperity and aim to foster a sense of community with them.”

As part of its efforts to ensure diversity in the promotion of core personnel, the Company has formulated a medium-term personnel plan and is actively working to enhance its internal environment and cultivate human capital.

To foster an environment where female employees can thrive, the Company has formulated an action plan. This plan is included in the Integrated Report along with the progress of the plan.

The Company promotes employees to managerial and higher positions or other elevated positions based on a thorough assessment of their abilities and aptitudes and other factors, regardless of their gender or nationality, and it is committed to ensuring the

diversity of its workforce. The Company discloses its efforts as part of its human capital development activities in the Annual Securities Report for the 93rd term (ended March 31, 2026).
The details of the Company's initiatives are posted on the Company's website. (Japanese only)
<https://www.todakogyo.co.jp/ir/financial_report.html>

[Principle 2.6: Exercising Functions as an Asset Owner of a Corporate Pension Plan]
The Company holds an annual asset management review meeting attended by qualified personnel responsible for human capitals, finance, and investor relations to maximize the interests of the beneficiaries of its corporate pension plan and to properly manage any conflicting interest transactions. The policy resolved at the review meeting will be communicated to the corporate pension management company, which will manage the corporate pension plan in accordance with the policy.

[Principle 3.1: Full Disclosure]
(1) The Company's corporate philosophy, management principle, business philosophy, medium- to long-term vision, medium-term management plan, and market expansion strategy are available on the Company's website.
(2) The Company's basic policy on corporate governance is provided on its website, in its corporate governance report, and in its Annual Securities Report.
(3) The policies and procedures in determining the remuneration of Directors are as stated in II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, 1. Organizational Composition and Operation, Director Remuneration, Policy on Determining Remuneration Amounts and Calculation Methods, in this report.
(4) The policies and procedures for selecting Directors and Executive Officers are as follows: The Representative Director or the Board of Directors consults with the Nomination and Compensation Advisory Committee, a non-mandatory advisory body to the Board of Directors. The committee deliberates candidates that are deemed suitable for fulfilling the responsibilities of each position and reports its findings to the Board of Directors, which then passes a resolution regarding the selection of Directors and Executive Officers.
The candidates for Outside Director positions are chosen based on their professional backgrounds and relationships with the Company. They are expected to be fully independent from the Company's management and carry out their responsibilities from an independent perspective. The Company believes that its Outside Directors have no special personal or capital relationships with the Company or other interests in it and that they are independent according to the Tokyo Stock Exchange's independence requirements.
The dismissal of the Representative Director and Executive Officers during their terms of office is a matter to be resolved at a Board of Directors meeting. The Representative Director or the Board of Directors consults with the Nomination and Compensation Advisory Committee about the dismissal of the Representative Director or Executive Officers. The committee deliberates the dismissal and reports its findings to the Board of Directors, which then passes a resolution regarding the matter.
The Representative Director or the Board of Directors consults with the Nomination and Compensation Advisory Committee about the dismissal of Directors during their terms of office due to their fraudulent or unjust conduct or issues concerning their qualifications. The committee deliberates the matter and reports its findings to the Board of Directors, which then submits a dismissal proposal during a shareholders' meeting.

(5) The rationale for selecting Director candidates is included in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 3-1-3]

The Company's sustainability policies and initiatives are provided on its website, in its Integrated Report and in its Annual Securities Report. To advance the sustainable development of the company and society, the Company is committed to the sound management of its business, including its CSR activities (activities related to the environment, safety and hygiene, health, labor and human rights, quality assurance, ethics, contributions to society, and dialogue with communities).

The Company is implementing initiatives to enhance the disclosure of information about its investments in human capital and intellectual property. Information about these initiatives is provided in Integrated Report 2026 and ESG BOOK 2026. Information about human capital development is included in the Annual Securities Report for the 93rd term (ended March 31, 2026). Information on climate change activities in line with the TCFD recommendations can be found in the Annual Securities Report for the 93rd term (ended March 31, 2026).

The details of the Company's initiatives are posted on the Company's website.

<https://www.todakogyo.co.jp/english/csr/>

[Supplementary Principle 4-1-1]

The Company has set detailed, specific standards for proposing or reporting issues that require decisions by the Board of Directors or the Management Conference, as well as for requesting the approval of decision-making bodies. These standards are applied based on the significance of each matter. Decisions are made through resolutions passed by the Board of Directors or the Management Conference, or by the President when requests for the approval of a matter are submitted. The Company's internal regulations clarify the administrative authority of personnel responsible for executing operations and departmental heads, as well as the separation of their duties. The Company has implemented a system for updating these regulations in response to organizational or other changes when necessary.

[Principle 4.9: Independence Criteria and Qualification for Independent Outside Directors]

When appointing Outside Directors, the Company emphasizes their meeting the requirements set out in the Companies Act and their possession of extensive experience and deep insight in corporate management. The Company appoints independent Outside Directors who fulfill the criteria for independent officers as set by the stock exchange on which it is listed and are unlikely to have conflicts of interest with general shareholders.

[Supplementary Principle 4-10-1]

The Company resolved to establish the Nomination and Compensation Advisory Committee as a non-mandatory advisory body at a Board of Directors meeting held on April 24, 2020 and has established the committee. The purpose of this committee is to enhance the fairness, transparency, and objectivity of the processes related to the nomination of Directors and Executive Officers and compensation for them, as well as to strengthen corporate governance. Currently, there are four independent Outside Directors who together are a majority of the committee.

[Supplementary Principle 4-11-1]

The Nomination and Compensation Advisory Committee assesses candidates for Director positions based on their knowledge, experience, and abilities and recommends candidates to the Board of Directors. The Board of Directors respect their findings and recommendations as much as possible and approve Director candidates. The Directors are ultimately determined at shareholders' meetings.

The Company selects Outside Director candidates from among a diverse group of professionals, including lawyers, certified public accountants and academics. From the candidates, the Company appoints Outside Directors who understand its business and management environment and are expected to provide fair, impartial and appropriate guidance and advice to management, drawing on their wide-ranging insight and experiences.

The policies and procedures for selecting Directors are set out in Principle 3.1: Full Disclosure (4).

The Company examines information about each Director's skills when assessing the Director candidates for the next fiscal year. The Director skill matrix is included in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4-11-2]

The concurrent positions held by Outside Directors are disclosed annually in the Notice of the General Meeting of Shareholders and in the Annual Securities Report.

The attendance of the Directors at Board of Directors meetings is disclosed in the Notice of the General Meeting of Shareholders. The attendance shows that the Directors are fulfilling their roles and responsibilities.

[Supplementary Principle 4-11-3]

The Company conducts self-evaluations and analyses of the effectiveness of the Board of Directors for the purpose of further enhancing its supervisory and decision-making functions and ultimately increasing corporate value. To assess the overall effectiveness of the Board of Directors, the Company conducts anonymous surveys of all Directors once a year regarding such matters as the composition of the Board, its operation, the quality of discussions, and the effectiveness of its initiatives. For the fiscal year ended March 31, 2026, the Board of Directors shared, discussed, and evaluated the results of the analysis at a Board meeting held in March 2026. Based on the results of the questionnaire, the Company recognizes that the Board of Directors as a whole is functioning effectively, as evaluations were generally positive with respect to such aspects as the composition of the Board, the quality of discussions, and the performance of Directors.

In response to issues identified in the previous evaluation, certain improvements were observed in the sharing with the Board of Directors of feedback regarding dialogue with shareholders and investors. In addition, the Company confirmed that the functions of the Nomination and Compensation Advisory Committee and the Audit and Supervisory Committee have been enhanced through the strengthening of their operational frameworks and improved coordination with relevant departments.

Meanwhile, the Company recognizes the need for further deepening discussions at Board meetings based on the content of dialogue with shareholders and investors. In addition, the following new issues were identified and shared through this evaluation:

1. Enhancement of discussions regarding medium- to long-term growth strategies
2. Strengthening of supervisory functions over governance and risk management across the Group
3. More proactive involvement in succession planning

It was also pointed out that further improvements in the operation of the Board of Directors are necessary in order to further enhance the quality of discussions on these important themes.

Going forward, based on this evaluation of effectiveness, the Board of Directors will prioritize the issues identified, develop concrete action plans, and execute them promptly and steadily, while continuing to engage in initiatives to enhance Board functions.

[Supplementary Principle 4-14-2]

The Company provides internal Directors with the necessary support for self-improvement. The Company invites external experts to exchange opinions and conduct executive training sessions in which all Directors participate. In the training sessions, they present information on management topics and share information about management issues to address them.

Internal Directors who are Audit and Supervisory Committee Members attend external seminars to understand what is required of them. They also gain knowledge about auditing methods, relevant laws and regulations such as the Companies Act and financial accounting that is necessary for accounting audits based on their experience.

Additionally, they strive to improve their auditing capabilities by obtaining necessary information by participating in Board of Directors meetings and other significant meetings and by regularly discussing matters with Corporate Auditors within the Group.

To enhance the Outside Directors' understanding of the Group, the Company provides opportunities for them to receive explanations from various departments about their businesses and operations and to participate in tours of major business locations.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company recognizes that the understanding and support of shareholders and investors are essential for achieving sustainable growth and enhancing corporate value over the medium to long term. Based on the following policy, the Company engages in dialogue with shareholders and investors:

1. To build long-term relationships of trust, the Company discloses accurate information in a fair manner and engages in constructive dialogue.
2. The Company has established an IR department to facilitate communication with shareholders and investors.
3. The content of such dialogues is reported to the Board of Directors.
4. The Company does not disclose any insider information during these dialogues.

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

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Unavailable
Date of Disclosure Update	October 29, 2026

Explanation of Actions	Update

[Initiatives to Realize Management Conscious of Capital Cost and Stock Price]

The TODA Group has positioned capital efficiency indicators, including ROE, as key management targets under its medium-term management plan, Vision2026, and conducts its business operations with a strong awareness of capital costs. In fiscal 2025, we made progress in improving our earnings structure and strengthening our financial position. However, ROE remained below the estimated cost of shareholders’ equity, primarily due to losses associated with the restructuring of our battery-related businesses.

Taking these results seriously, we continue to advance structural reforms aimed at improving capital efficiency, with business portfolio management with business portfolio management at its core of these efforts. We are working to enhance profitability and capital efficiency through the disciplined application of ROIC-based business management and investment decision-making based on NPV. At the same time, we are prioritizing the allocation of management resources to growth areas such as mobility, AI, and environmental fields, with the aim of enhancing corporate value and improving our PBR.
In addition, we will further strengthen dialogue with shareholders and investors. Through enhanced information disclosure and initiatives to expand our investor base, we will promote a deeper understanding of our growth strategy and measures to enhance corporate value while working to restore investor confidence in the Company.

For further details regarding our business strategy, financial strategy, and management conscious of capital cost and stock price, please refer to Integrated Report 2026, which is available on our website.

Integrated Report 2026 (Japanese)
<https://www.todakogyo.co.jp/csr/img/Integrated_Report_2026.pdf>
＊Please refer to p.22, “Financial Strategy: Message from the Executive Officer in Charge of Finance.”

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
TDK Corporation	1,260,000	21.77
The Master Trust Bank of Japan, Ltd. (trust account)	441,900	7.64
Koji Tsutsumi	221,000	3.82
The Hiroshima Bank, Ltd.	217,400	3.76
Toshinori Akimoto	200,000	3.46
Custody Bank of Japan, Ltd. (portion entrusted with Sumitomo Mitsui Trust Bank under a saishintaku (re-trust) arrangement for the retirement benefit trust account of TDK Corporation)	199,400	3.45
UBS AG SINGAPORE	176,116	3.04
Mitsubishi UFJ eSmart Securities Co., Ltd.	80,600	1.39
Yoshiki Yokota	73,200	1.27
Meiji Yasuda Life Insurance Company	58,049	1.00

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

Supplementary Explanation

(Note)

1. Of the number of shares owned above, the number of shares pertaining to trust services is as follows:

The Master Trust Bank of Japan, Ltd. (Trust Account) 441 thousand shares

Custody Bank of Japan, Ltd. (shares entrusted by Sumitomo Mitsui Banking Corporation, TDK Corporation retirement benefit trust account) 199 thousand shares

Custody Bank of Japan, Ltd. (trust account) 92 thousand shares

2. The Company holds 311 thousand treasury shares. However, these shares are excluded from the major shareholders shown above.

Of the shares listed in the shareholder register under the name TODA KOGYO CORP., one hundred shares (one voting right) are effectively not held by the Company. These shares are excluded from the treasury shares.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Standard Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	6
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
Shuichi Hashiyama	From another company							○				
Reiko Sodeno	Academic											
Taro Ikushima	From another company							○				
Shinsuke Hasegawa	CPA											
Koji Kanazawa	Lawyer											
Kazuya Uraisami	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 for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shuichi Hashiyama			Shuichi Hashiyama is a Director, Corporate Officer, CTO and General Manager of Technology & Intellectual Property HQ of TDK Corporation. TDK Corporation is a major shareholder of the Company, holding 21.8% of the Company's shares (Ownership ratio excluding the Company's 311 thousand shares of	Shuichi Hashiyama has been involved in expanding the electronic components business within the development and sales divisions (including experience overseas) of TDK Corporation for many years and has experience of serving as Director of its subsidiary. He has served as the chief officer of management strategy of TDK Corporation since April 2022, and as the chief officer of technology and corporate strategy since April 2025. The Company judges him as suitable to utilize his knowledge of and insights into sales, R&D, and

			treasury stock). There are trading relationships between TDK Corporation and the Company involving the sales of products, etc.	management strategy to supervise management of the Company and to provide advice to ensure the legality and appropriateness of decision-making by the Company's Board of Directors. Therefore, the Company has appointed him as an Outside Director.
Reiko Sodeno		○	-	Reiko Sodeno has insight and experience as a researcher focusing on environmental issues such as waste management and SDGs, and is currently engaged in research and teaching as a university professor. While she does not have any experience in the management of a company other than serving as an outside officer, based on her extensive experience, high level of expertise, and broad knowledge, the Company judges her as suitable to provide beneficial advice particularly for the environmental field that the Company is focusing on. Therefore, the Company has appointed her as an Outside Director. Moreover, she has not received any significant monetary or other property benefits beyond director compensation, and has no special interests with the Company. Based on these facts, the Company judges that she qualifies as an Outside Director who is unlikely to have conflicts of interest with general shareholders, and has reported her as an independent officer.
Taro Ikushima			Taro Ikushima is a Corporate Officer, General Manager of Corporate Strategy HQ of TDK Corporation. TDK Corporation is a major shareholder of the Company, holding 21.8% of the Company's shares (Ownership ratio excluding the Company's 311 thousand shares of	Taro Ikushima was involved for many years in the corporate planning of TDK Corporation, and he has served as Corporate Officer and CEO for its Electronic Components Business since April 2021 as well as Director of its subsidiaries. He has also provided beneficial advice as an outside Director of the Company between June 2019 and June 2023. The Company judges him as suitable to utilize his knowledge of and insights into overall

			treasury stock). There are trading relationships between TDK Corporation and the Company involving the sales of products, etc.	management having served as General Manager of the Corporate Strategy HQ at TDK Corporation since April 2025, to supervise management of the Company and to provide advice to ensure the legality and appropriateness of decision-making by the Company's Board of Directors. Therefore, the Company has appointed him as an Outside Director.
Shinsuke Hasegawa	○	○	-	Shinsuke Hasegawa has abundant experience and broad insight as a certified public accountant. While he does not have any experience in the management of a company other than serving as an outside officer, he has contributed to strengthening the functions of the Board of Directors and supervising the execution of business by checking and identifying risks, particularly in finance and accounting, as outside Corporate Auditor since June 2017, and as outside Director who is an Audit and Supervisory Committee member since June 2022. He has also contributed to enhancing the effectiveness of audits by the Audit and Supervisory Committee, and the Company has appointed him as outside Director who is an Audit and Supervisory Committee member in order to strengthen the Company's audit function. Moreover, he has not received any significant monetary or other property benefits beyond director compensation, and has no special interests with the Company. Based on these facts, the Company judges that he qualifies as an Outside Director who is unlikely to have conflicts of interest with general shareholders, and has reported him as an independent officer.
Koji Kanazawa	○	○	-	Koji Kanazawa has rich experience as an attorney and a wide range of knowledge

				regarding the law. While he does not have any experience in the management of a company other than serving as an outside officer, he has contributed to strengthening the functions of the Board of Directors and supervising the execution of business, by checking and identifying risks in contracts and the law as outside Corporate Auditor since June 2018, and as outside Director who is an Audit and Supervisory Committee member since June 2022. He has also contributed to enhancing the effectiveness of audits by the Audit and Supervisory Committee, and the Company has appointed him as an Outside Director who is an Audit and Supervisory Committee member in order to strengthen the Company's audit function. Moreover, he has not received any significant monetary or other property benefits beyond director compensation, and has no special interests with the Company. Based on these facts, the Company judges that he qualifies as an Outside Director who is unlikely to have conflicts of interest with general shareholders, and has reported him as an independent officer.
Kazuya Uraisami	○	○	-	Kazuya Uraisami was involved in the credit departments of financial institutions for many years and also has abundant experience and broad insight as a corporate manager. He has contributed to strengthening the functions of the Board of Directors and supervising the execution of business, by checking and identifying risks from a wide-ranging perspective not only in terms of finance and accounting, as outside Corporate Auditor since June 2020, and as outside Director who is an Audit and Supervisory Committee member since June 2022. He has also contributed to

				enhancing the effectiveness of audits by the Audit and Supervisory Committee, and the Company has appointed him as an Outside Director who is an Audit and Supervisory Committee member in order to strengthen the Company’s audit function. Moreover, he has not received any significant monetary or other property benefits beyond director compensation, and has no special interests with the Company. Based on these facts, the Company judges that he qualifies as an Outside Director who is unlikely to have conflicts of interest with general shareholders, and has reported him as an independent officer.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

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

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed

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

The Company considers that the current structure is appropriately organized. Therefore, the Company does not contemplate appointing directors or employees to assist with the duties of the Audit and Supervisory Committee.

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

The Audit and Supervisory Committee members and the accounting auditors hold regular meetings. They collaborate with each other through briefings on auditing plans, explanations about matters that accounting auditors should report to the Audit and Supervisory Committee members, reports and reviews related to summaries of quarterly financial results, and reports providing auditing summaries. They also meet as needed to provide information and exchange views on matters necessary to the auditing process. They thus strive to make auditing more appropriate and reliable and to strengthen their collaboration.

The Audit and Supervisory Committee and the Internal Audit Department regularly exchange information with each other on the building, implementation and evaluation of the internal control system.

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 and Compensation Advisory Committee	5	5	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Advisory Committee	5	5	1	4	0	0	Outside Director

Supplementary Explanation

1. Purpose of Establishment

The purpose of establishing the Committee is to enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of Directors and Executive Officers, thereby strengthening corporate governance.

2. Committee Composition

Members are appointed by resolution of the Board of Directors. The Committee shall consist of no fewer than three and no more than five members, with the majority being Independent Outside Directors. The Chairperson shall be selected from among the members by resolution of the Committee.

3. Authority

The Committee deliberates on matters related to the nomination and remuneration of management personnel in response to consultations from the Board of Directors and submits recommendations to the Board.

4. Date of Establishment

April 24, 2020

5. Committee Members (as of September 26, 2024)

The following members were appointed by resolution of the Nomination and Remuneration Advisory Committee held on September 26, 2024:

Chairperson: Kazuya Uraisami (Independent Outside Director)

Members: Shinsuke Hasegawa (Independent Outside Director), Koji Kanazawa (Independent Outside Director), Reiko Sodeno (Independent Outside Director), Tsuneaki Kubo (Representative Director)

Matters Concerning Independent Directors

Number of Independent Directors	4

Other Matters Concerning Independent Directors

All outside directors who meet the qualifications for independence have been designated as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

Compensation for Inside Directors (excluding those who are Audit and Supervisory Committee Members) shall consist of basic compensation (fixed compensation), performance-linked compensation, and stock compensation.

Performance-linked compensation for the Representative Director is based on the Company's performance. For other Inside Directors (excluding those who are Audit and Supervisory Committee Members), compensation is calculated considering both the Company's performance and the performance of the individual. Company performance is determined using indicators such as non-consolidated profit, consolidated profit attributable to owners of parent, and the achievement level at fiscal year-end against initial targets for net sales, operating profit. The initial targets are deliberated and decided by the Board of Directors.

The purpose of stock compensation is so that they share the impact of the fluctuation of the stock price on returns and risks with the shareholders and to encourage them to enhance corporate value and shareholder value. Stock compensation is provided in the form of stock option-type compensation.

Persons Eligible for Stock Options	Inside Directors / Employees / Other

Supplementary Explanation for Applicable Items

At the Annual General Meeting of Shareholders held on June 26, 2015, the Company resolved to introduce stock compensation-type stock options for Inside Directors (excluding those who are Audit and Supervisory Committee Members).

Subsequently, at the Board of Directors meeting held on June 25, 2019, the Company resolved to introduce the Executive Officer system. At the Annual General Meeting of Shareholders held on June 25, 2020, it was further resolved to include Executive Officers as eligible recipients of stock compensation-type stock options.

At the Annual General Meeting of Shareholders held on June 28, 2022, in conjunction with the transition to a company with an Audit and Supervisory Committee, it was resolved that the annual amount of stock option compensation for Inside Directors (excluding Directors who are Audit and Supervisory Committee members) shall not exceed 50 million yen.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Annual compensation for seven Directors ((excluding those who are Audit and Supervisory Committee Members) for the 93rd fiscal year (from April 1, 2025 to March 31, 2026) is as follows.

- Basic compensation: 93 million yen (of which 13 million yen is for three Outside Directors)
- Performance-linked compensation, etc.: 3 million yen
- Non-monetary compensation, etc.: 4 million yen

(Note)

1. The Performance-linked compensation above is the expenses recorded for the fiscal year. This amount is to be granted based on the fiscal year's results.
2. Non-monetary compensation, etc. is stock options.

The details are provided in the Annual Securities Report and on the Company's website. (Japanese only)

<https://www.todakogyo.co.jp/ir/financial_report.html>

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Following its transition to a company with an audit and supervisory committee, the Company passed a resolution establishing a policy for determining compensation for individual Directors (excluding those who are Audit and Supervisory Committee Members) at a Board of Directors meeting held on June 28, 2022, and partially revised the policy at a Board of Directors meeting held on June 26, 2025. At the 89th Annual General Meeting of Shareholders held on June 28, 2022, a resolution was passed limiting the annual compensation for Directors to a maximum of 180 million yen. There were five Directors at the time the resolution was passed. The maximum amount does not include their salaries as employees. The maximum compensation for Outside Directors is set at 40 million yen. Additionally, at the general meeting of shareholders, a resolution was passed granting annual stock options with a maximum value of 50 million yen (there were five Directors at the time of the resolution).

The Board of Directors has determined that the method for determining the compensation for individual Directors for the 93rd fiscal year and the determined compensation are in line with the policy for determining compensation.

1) Compensation for Directors (excluding those who are Audit and Supervisory Committee Members; the same applies for items a through f below)

a. Basic policies

Compensation for the Company's Directors is structured and paid based on the following basic policies:

- Compensation shall increase the Directors' motivation to achieve sustainable growth and increase corporate value over the

medium to long term;
- The content and levels of compensation shall be effective for recruiting and retaining talented individuals with diverse skills;
- Compensation shall be determined in proportion to the significance of Directors' roles and responsibilities and their contribution to the Company's business performance;
- Compensation shall be aligned with business strategies and may be adjusted based on results;
- Compensation shall motivate Directors to share benefits and risks with shareholders and implement management practices from the perspective of shareholders;

Compensation for Inside Directors, who are responsible for the execution of business operations, shall consist of basic compensation (fixed compensation), Performance-linked compensation and stock compensation. Compensation for Outside Directors, who have supervisory roles, will not be tied to performance. This allows them to maintain a high degree of independence. They will only receive basic compensation. To fully fulfill its accountability to its shareholders and other stakeholders, the Company shall ensure that the content of the Directors' compensation and the procedures for determining compensation are reasonable, objective and transparent.

b. Policy for determining basic compensation amounts, etc. for individual Directors and the timing and conditions for granting it

Basic compensation is a fixed monthly monetary amount. The level of basic compensation is determined in consideration of positions and roles.

Directors' basic compensation is generally adjusted when there are changes to their positions or roles. The Company determines this compensation by considering any changes in the Company's business operations and the current compensation levels. (Revisions typically occur in July each year, but they may not take place every year.)

c. Policy for determining the details of performance indices for Performance-linked compensation, the amount of compensation and the calculation method, and the timing and conditions for granting it

Performance-linked compensation for the Representative Director is based on the Company's performance. For other Inside Directors, whose role is the execution of business operations, compensation is calculated considering both the Company's performance and the performance of the individual.

Company Performance-linked compensation is determined using indicators such as non-consolidated profit, consolidated profit attributable to owners of parent, and the achievement level at fiscal year-end against initial targets for net sales and operating profit. The initial targets are deliberated and decided by the Board of Directors. The Company considers profit attributable to owners of parent as the primary indicator of performance because this profit represents the earnings generated by the Company's business activities minus all expenses, including income taxes, and reflects the net profit attributable to shareholders. Shareholders trust management to increase this profit on their behalf. The Company links a portion of management's compensation to profit attributable to owners of parent to incentivize management to increase this profit and meet shareholders' expectations.

The Company grants performance-linked compensation a certain period after the end of every fiscal year.

d. Policy for determining the details of stock compensation, including the amount of compensation and the calculation method, and the timing and conditions for granting it

The purpose of stock compensation for Inside Directors, who are responsible for the execution of business operations, is so that

they share the impact of the fluctuation of the stock price on returns and risks with the shareholders and to incentivize them to enhance corporate value and shareholder value.

At the 89th Annual General Meeting of Shareholders, a resolution was passed to grant stock options with a maximum value of 50 million yen annually. In line with this resolution, the Company has established base amounts for stock options based on the individual's positions and responsibilities as long-term incentives.

The number of shares to be granted is based on various factors including the individual's positions and responsibilities, and the stock price. Shares are granted at a certain time each year.

e. Policy for determining the ratio of basic compensation to Performance-linked compensation to stock compensation in each Director's total compensation

The ratio between each type of compensation for Inside Directors, who are responsible for the execution of business operations, are determined by their positions and responsibilities, as well as the ratios at other companies whose size is similar to the Company's. The guideline ratio of basic compensation, Performance-linked compensation, and stock compensation is set at 60~70%, 20~30%, to 10% respectively. The ratio is determined based on the role and level of responsibility of each position.

f. Matters related to the procedure for determining the details of compensation, etc. of each individual Director

Compensation for each Director is determined by the Representative Director and President based on delegation by a resolution passed by the Board of Directors. The Representative Director and President, who is delegated this authority, values the discussions and recommendations of the non-statutory Nomination and Compensation Advisory Committee and determines the compensation for individual Directors. The majority of the members of the committee are independent Outside Directors. The Board of Directors passes a resolution determining the number of stock options allocated to each Director, taking into account the recommendations of the Nomination and Compensation Advisory Committee.

2) Compensation for Directors who are Audit and Supervisory Committee Members

Following the Company's transition to a company with an audit and supervisory committee, a resolution was passed at the 89th Annual General Meeting of Shareholders held on June 28, 2022 setting a maximum annual compensation of 30 million yen for Directors who are Audit and Supervisory Committee Members. At the time of this resolution, there were four Directors who were Audit and Supervisory Committee Members. Through discussion, the committee members will determine their compensation within the maximum amount, considering whether the individuals work full-time or part-time and the delegation of duties.

The Company provides only fixed compensation for the same reason that it does for Outside Directors.

Support System for Outside Directors

The Company does not assign dedicated staff exclusively to Outside Directors; however, relevant departments respond appropriately as needed depending on the nature of each matter.

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
Shigeru Takaragi	Senior Advisor	Drawing on his extensive experience and knowledge gained through many years of involvement in the Company's management, he provides advice to support the building of relationships and communication with internal and external stakeholders. He is not involved in management decision-making, the execution of business operations, or the management of the Company's businesses.	Part time with remuneration	2026/06/25	1 year

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1

Other Related Matters

The Company appoints Senior Executive Advisors, Corporate Advisers and others by resolution of the Board of Directors when deemed necessary by the Company.

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

<Business Execution>

The Board of Directors is an approval body for the decision of important business execution. The Board of Directors is chaired by Tsuneaki Kubo as Representative Director. Apart from the chair, it has five Directors excluding those who are Audit and Supervisory Committee Members, including three Outside Directors, and four Directors those who are also members of the Audit and Supervisory Committee, including three Outside Directors. As such, it has a total of ten members. The four independent Outside Directors make up at least one third of the total members of the Board. That strengthens the independence of the Board of Directors and management transparency. The Board of Directors meets regularly at least once a month to discuss important matters and to make quick and appropriate decisions.

The Group has an executive officers system. This system is intended to separate decision-making on management policies and on important business execution from day-to-day business operations. That in turn helps to strengthen the supervisory function and the business execution function. The Management Conference holds monthly meetings for understanding the status of business execution at individual operating divisions. Directors and Executive Officers attend the meetings to report and discuss business policies, business plans, their implementation of separate operating divisions as well as any problems they are facing. If there is any important matter that should be referred to the Board of Directors pursuant to the Regulations on the Board of Directors, it will be proposed to the Board of Directors.

The Nomination and Compensation Advisory Committee has been set up as a voluntary advisory body to the Board of Directors. It is intended to increase the fairness, transparency and objectivity of procedures for the nomination and compensation of Directors and Executive Officers and to enhance corporate governance. This committee consists of five members. They are Kazuya Uraisami, Independent Outside Director, chairing the committee, three independent Outside Directors, and a Representative Director. In answer to consultations from the Board of Directors, the committee discusses matters related to the election and dismissal of Directors and Executive Officers and to compensation for them, and submits reports to the Board of Directors.

<Auditing and Supervision>

Directors who are Audit and Supervisory Committee Members attend all meetings of the Board of Directors, Management Conference and other significant meetings. They express their opinions from an objective standpoint during these meetings when necessary and thoroughly monitor the execution of duties by Directors. The Audit and Supervisory Committee consists of four members: full-time Audit and Supervisory Committee Member Kazumi Okimoto and three Outside Directors who are Audit and Supervisory Committee Members (hereinafter "Outside Audit and Supervisory Committee Members").

The Company has entered into an audit contract with KPMG AZSA LLC, which carries out fair and unbiased accounting audits. The certified public accountants responsible for the audit are Hiroshi Tawara and Yosuke Sato, designated limited liability partners of KPMG AZSA LLC.

In addition to them, seven certified public accountants and 21 other members participated in the audit.

<Nominations and Determination of Compensation>

To nominate Director candidates, appoint Executive Officers, and determine compensation for Directors and Executive Officers, the Representative Director or the Board of Directors consults the Nomination and Compensation Advisory Committee, a non-statutory advisory body to the Board of Directors, and the committee deliberates and reports its findings to the Board of Directors, which then passes resolutions on the matters.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the structure of a company with an audit and supervisory committee as a form of governance in our management. The Board of Directors, including Outside Directors, is a decision-making body for important business execution. It also supervises business execution. The Board of Directors consists of Directors who are familiar with the Group's business and who understand the importance of developing fundamental technologies as the Group's strength. This ensures timely and appropriate managerial decisions. It is therefore prepared to make timely and appropriate managerial decisions. In addition to its regular monthly meetings, it holds extraordinary meetings as needed to supervise business execution and to discuss and make decisions on basic and important matters. Since shifting from a company with a board of auditors to a company with an audit and supervisory committee on June 28, 2022, the Company has further strengthened the Board of Directors' supervisory functions and monitoring system, thereby enhancing our corporate governance. The Company will thus continue to enhance our corporate governance. The Company has also elected three highly independent Outside Directors as members of the Audit and Supervisory Committee to ensure a monitoring system with sufficient objectivity and impartiality.

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
Electronic Exercise of Voting Rights	At the 88th Annual General Meeting of Shareholders (held on June 25, 2021), the Company adopted the use of the internet, including personal computers and smartphones, for the exercise of voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	At the 88th Annual General Meeting of Shareholders (held on June 25, 2021), the Company joined the Platform for the Electronic Exercise of Voting Rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	At the 88th Annual General Meeting of Shareholders (held on June 25, 2021), the Company began providing English versions of the convocation notice (narrow definition, reference documents, and financial statements), which are published on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	The Company regularly holds business briefings for institutional investors. The content of these briefings includes an overview of financial results, future business outlook, and topics related to each business segment. Since the business briefing held on December 4, 2020, recorded videos have been made available on the Company's website.	Held
Online Disclosure of IR Information	The Company strives to enhance the content of its IR website (URL: https://www.todakogyo.co.jp/english/ir/irlibrary.html). IR materials such as "Short-Term Financial Statements," "Investor Presentations," "Medium-term Management Plan," "Integrated Report," and "Notices of the General Meeting of Shareholders" are posted on the website..	
Establishment of Department and/or Placement of a Manager in Charge of IR	The IR department of the Company is the Corporate Planning Department. Within the Corporate Planning Department, the groups in charge of public relations, finance and accounting, CSR and environmental management collaborate to carry out activities related to dialogue.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	To define the approach to information disclosure for investors and other stakeholders, the Group has established the Corporate Governance Principles and the Compliance Code of Conduct.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Information on the Group's initiatives, including its Concept of Sustainability, Environmental Vision, Integrated Report, and environmental activity report (Japanese only), is published on the Company's website (URL: https://www.todakogyo.co.jp/english/csr/). The Environmental Vision was revised and published in 2023, marking the 200th anniversary of the Company's founding, to further promote environmental impact reduction and chemical safety management, based on the Concept of Sustainability. As specific environmental preservation activities, some of the raw materials used by the Group are recycled from waste liquid generated in the pickling process of steel plates, and its production activities contribute to waste reduction and effective resource utilization. For other raw materials, the Group receives understanding and cooperation from suppliers and partner companies regarding its environmental initiatives, and carries out activities to reduce environmental impact, such as managing environmentally hazardous substances contained in raw materials, simplifying and recycling packaging materials. The Group also provides environmental guidance to transportation companies and actively promotes activities such as idling stop campaigns. In addition, it actively purchases eco-friendly products for office supplies and factory equipment. Recognizing environmental issues as a critical challenge for continuing as a chemical manufacturer, the Group has established a dedicated department for environmental and safety matters to strengthen its initiatives.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Compliance Code of Conduct stipulates that the Group shall provide fair and accurate financial information, as well as corporate information including its management philosophy, management policies, business activities, and CSR activities, in a timely, appropriate, and easy-to-understand manner.
Other	To deepen shareholders' understanding of the Company, the Company holds a management briefing once a year following the Annual General Meeting of Shareholders. In addition, to build good relationships with employees, the Group strives to create a better company through daily discussions. The Group also actively participates in community activities to strengthen ties with the local community

IV. Matters Concerning the Internal Control System

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

The Company has established a basic policy for its internal control system through a resolution passed by its Board of Directors. The goal of this policy is to enhance the effectiveness and efficiency of the management of business within the Company and its subsidiaries and ensure the reliability of the Group's financial reporting and its compliance with laws and regulations related to its management of business. The details of the basic policy are described below. The Company's Board of Directors will identify issues in the operation of the internal control system, address them, and update the system as necessary.

1. System to ensure that the execution of duties by the Group's Directors, Executive Officers and employees complies with laws, regulations and the Articles of Incorporation

a. The Company will ensure that the principles set out in its Compliance Code of Conduct, Compliance Promotion Regulations and Corporate Governance Report are put into action to make sure that the Directors, Executive Officers and employees of the Group carry out their duties in accordance with laws, regulations and the Articles of Incorporation.

b. The Company's Board of Directors will appoint an Executive Officer in charge of compliance in accordance with its internal regulations. The Compliance Committee chaired by this Executive Officer will lead compliance management efforts and work to develop a compliance system for the entire Group. The Compliance Promotion Bureau, which operates subordinate to the Compliance Committee, is responsible for promoting specific activities. The Compliance Committee will report its activities to the Board of Directors and the Management Conference of the Company.

c. The Group will create a system for improving the operational effectiveness of the helpdesks associated with the whistleblowing system. This system has been established in accordance with Compliance Promotion Regulations and Whistleblowing Regulations for reporting suspected violations of laws, regulations, the Articles of Incorporation or corporate ethics or issues that hinder fair business practices. The Group will ensure that individuals who wish to consult the helpdesks and report issues are protected.

d. The Company will establish an internal audit department to assist the Directors and Boards of Directors within the Group in the fulfillment of their monitoring and oversight responsibilities and ensure the overall effectiveness of internal controls. The internal audit department will conduct regular internal audits to assess compliance with laws, regulations, the Articles of Incorporation and various internal regulations. The results of these audits will be reported to the Company's Board of Directors and the Management Conference.

2. Systems for storing and managing information concerning the execution of the duties of the Company's Directors

a. The Company will store and manage documents (including electromagnetic records) related to the Directors' execution of their duties, such as the minutes of general meetings of shareholders and the minutes of meetings of the Board of Directors, with any relevant materials in accordance with applicable laws and the Company's internal regulations regarding document management.

b. The Company will establish internal regulations for document management as described in the preceding paragraph and ensure their proper implementation.

3. Rules and other systems relating to management of loss risks of the Group

a. The Company will establish regulations and manuals for risk management across the Group and create a risk management system to identify risks, monitor the risk situation, implement preventive measures and respond to crises when they arise.
b. The Company will establish Risk Management Regulations and assign the President and CEO to supervise risk management. A Risk Management Committee will be formed subordinate to the President and CEO to oversee risk management. Each type of risk across the Group will be continuously monitored by a designated department.
The Risk Management Committee will report on its activities to the Board of Directors and Management Conference of the Company.
c. The internal audit department of the Company will work with the entity responsible for overseeing risk management to audit the risk management status of each department. The findings of audits will be reported to the Board of Directors and Management Conference of the Company.

4. System to ensure the efficient execution of duties by Directors

a. The Board of Directors will establish shared targets for all officers, including Executive Officers, and employees and work to increase their awareness of these targets.
b. The Company will employ an executive officer system to separate decision-making on management policies and on important business execution from day-to-day business operations, which in turn helps to strengthen the supervisory function and the business execution function.
c. The Board of Directors of the Company will segregate its duties, with the Director or Executive Officer responsible for each individual department overseeing its business operations.
d. The Director or Executive Officer responsible for each department will develop and implement specific measures to achieve their goals.
e. Each Group company will hold meetings of its Board of Directors monthly or in accordance with laws, regulations and its Articles of Incorporation to oversee the status of its execution of business and agilely make decisions regarding basic and significant matters.
f. The Company will establish a Management Conference as a body that makes decisions about the execution of business delegated to it by the Board of Directors.

5. Systems for reporting to the Company matters related to the execution of duties by the Directors and other officers of Group companies

a. The Company will establish a system that requires Group companies to promptly report significant matters to the Company according to the Group Company Management Regulations. At each Group company, the Company will designate a department responsible for each Group company and pursue stronger governance and more efficient execution of duties throughout the Group.

b. The Company will direct each major Group company to establish and operate a suitable internal control system in line with their business activities and the scale of their business. The status of the system's operation will be reported to the Company's Board of Directors and Management Conference through the Company's internal audit department.

6. Matters related to employees who the Audit and Supervisory Committee requests to help the committee perform its duties
If the Audit and Supervisory Committee needs employees to assist it in carrying out its duties effectively, the Company's Board of Directors will make decisions regarding matters relating to the employees after sufficient discussion.

7. Independence of the employees described in the preceding item from the Directors (excluding those who are Audit and Supervisory Committee Members) and the effectiveness of the instructions from the Audit and Supervisory Committee
If the Audit and Supervisory Committee has employees to assist it, the Company's Board of Directors will make decisions regarding independence of the employees from the Directors and the effectiveness of the instructions from the Audit and Supervisory Committee after sufficient discussion.

8. System for reporting by the Company's Directors (excluding those who are Audit and Supervisory Committee Members) and employees to the Audit and Supervisory Committee and other systems concerning reporting to the Audit and Supervisory Committee

a. If the Directors or Executive Officers of the Company become aware of any facts that could cause significant harm to the Company, they will promptly report them to the Directors who are Audit and Supervisory Committee Members of the Company in accordance with laws and regulations.
b. The full-time Audit and Supervisory Committee Members of the Company will attend important meetings at the Company, including those of the Board of Directors and the Management Conference. They will inspect significant approval documents, contracts and other important materials related to the execution of business. Additionally, they may request explanations from Directors, Executive Officers or employees of the Company as needed. The purposes of these actions are to understand the key decision-making processes of management and the current status of the execution of business by the Company's Executive Officers.
c. The Company will establish a system that enables its employees to consult with or report to its full-time Audit and Supervisory Committee Members if they become aware of any facts that could cause significant harm to the Company.
e. The full-time Audit and Supervisory Committee Members will provide timely information to the other members of the committee.
f. The Company prohibits any disadvantageous treatment of officers, including Executive Officers, and employees of the Group who have reported to the Audit and Supervisory Committee Members due to the reporting. The Company will communicate this to all officers, including Executive Officers, and employees within the Group.

9. Other systems for ensuring the effective audit by the Audit and Supervisory Committee Members

a. The Audit and Supervisory Committee of the Company will work closely with the accounting auditors. The committee will receive explanations about accounting audit plans and the results of the audits from them and exchange information with them.

The Audit and Supervisory Committee will also closely collaborate with the internal audit department to conduct audits efficiently.

b. The Audit and Supervisory Committee of the Company may, at its discretion, engage outside lawyers, consultants and other advisers if it deems this necessary for conducting audits.

c. When an Audit and Supervisory Committee Member of the Company requests that the Company pay expenses related to their duties, in accordance with Article 399-2, Paragraph 4 of the Companies Act, the relevant department will review the request, and the Company will promptly process the payment of the expenses or liabilities based on this review, unless it determines that the expenses or liabilities are not necessary for the Audit and Supervisory Committee Member's performance of their duties.

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

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

The Company takes a firm stance against anti-social forces that threaten the order and safety of civil society and is committed to cutting all ties with them.

2. Status of development for eliminating anti-social forces

(1) Creation of a department for handling matters related to anti-social forces

The general affairs department is responsible for handling matters related to anti-social forces and establishing a system for cutting ties with them.

(2) Collaboration with external expert agencies

The Company regularly exchanges views and establishes collaborative relationships with relevant government agencies, lawyers and other external expert agencies.

(3) Status of collection and management of information on anti-social forces

The Company exchanges views with external expert agencies and participates in the Hiroshima Prefecture Corporate Defense Council, Hiroshima Prefectural Crime Prevention Association and Hiroshima Prefecture Friends of Police Association to gather information. The relevant departments share the collected information. The Company strives to increase awareness of anti-social forces.

(4) Creation of manuals

The Company has established regulations describing procedures for addressing unjust demands from anti-social forces and has communicated these to relevant departments.

(5) Implementation of training

In July 2012, the Company began providing in-house CSR training to its officers and employees, employees of partner companies and part-time employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

The following is an overview of the Company's system for the timely disclosure of information.

(1) Basic information disclosure policy

The Company fully understands that the timely and appropriate disclosure of corporate information to investors is the foundation of a healthy securities market. The Company strives to enhance its internal structure below to ensure that it always discloses information about the Company properly, promptly, accurately and fairly from the perspective of investors. The Company's approach focuses on sincerely providing investors with corporate information appropriately and in a timely manner.

The Company has established corporate governance principles and a Compliance Code of Conduct to govern the disclosure of information to investors and other stakeholders.

(2) System for the timely disclosure of corporate information

1) Information gathering

The person in charge of information management will gather information from relevant departments of the Company (including subsidiaries). This information will be shared primarily with the departments responsible for corporate planning, finance and accounting, legal affairs, personnel and general affairs and public relations.

2) Determination of the necessity of timely disclosure

The person in charge of information management will assess the significance of the information collected as described above and determine the need for its timely disclosure according to the timely disclosure rules and they will report their decisions to the Representative Director or the Board of Directors, who will then decide on the necessity of disclosing information in a timely manner and the specific information to be disclosed.

3) Method of timely disclosure

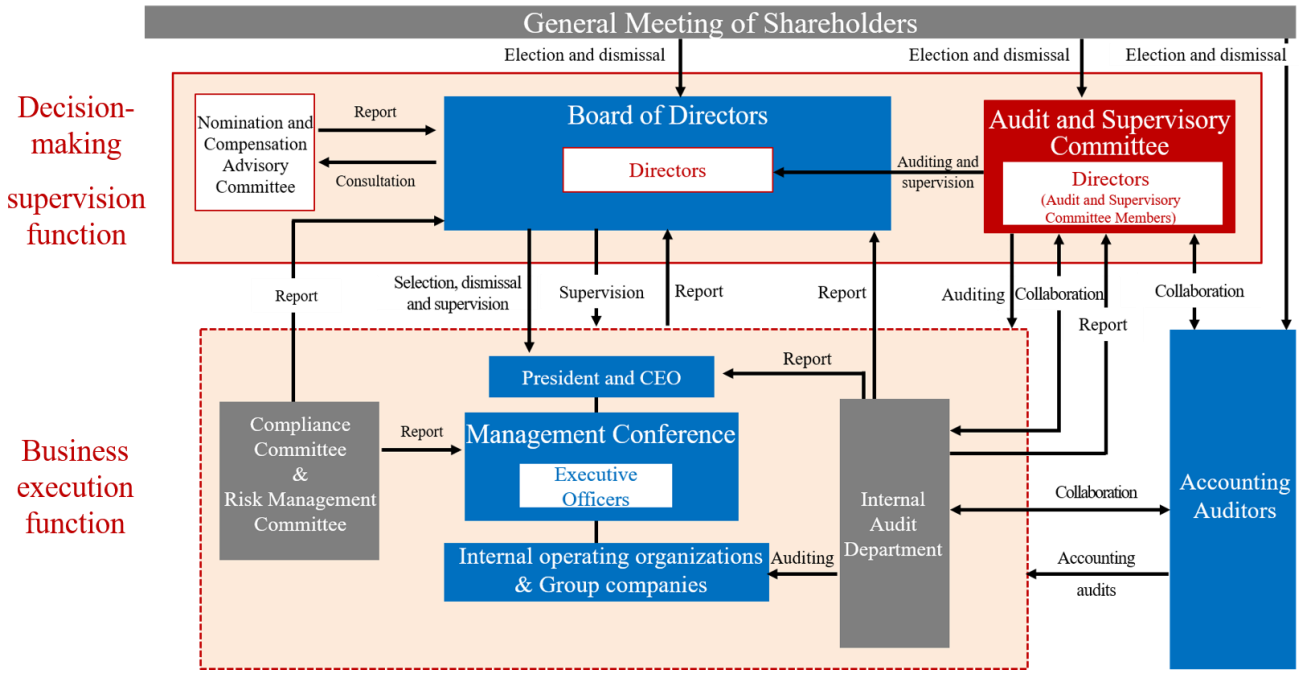
When the Company discloses information that should be disclosed in a timely manner, it is announced through the Timely Disclosure Network (TDnet) without delay after the decision is made or the information arises.

The Company will promptly announce the information disclosed through TDnet, on its website or through the media.

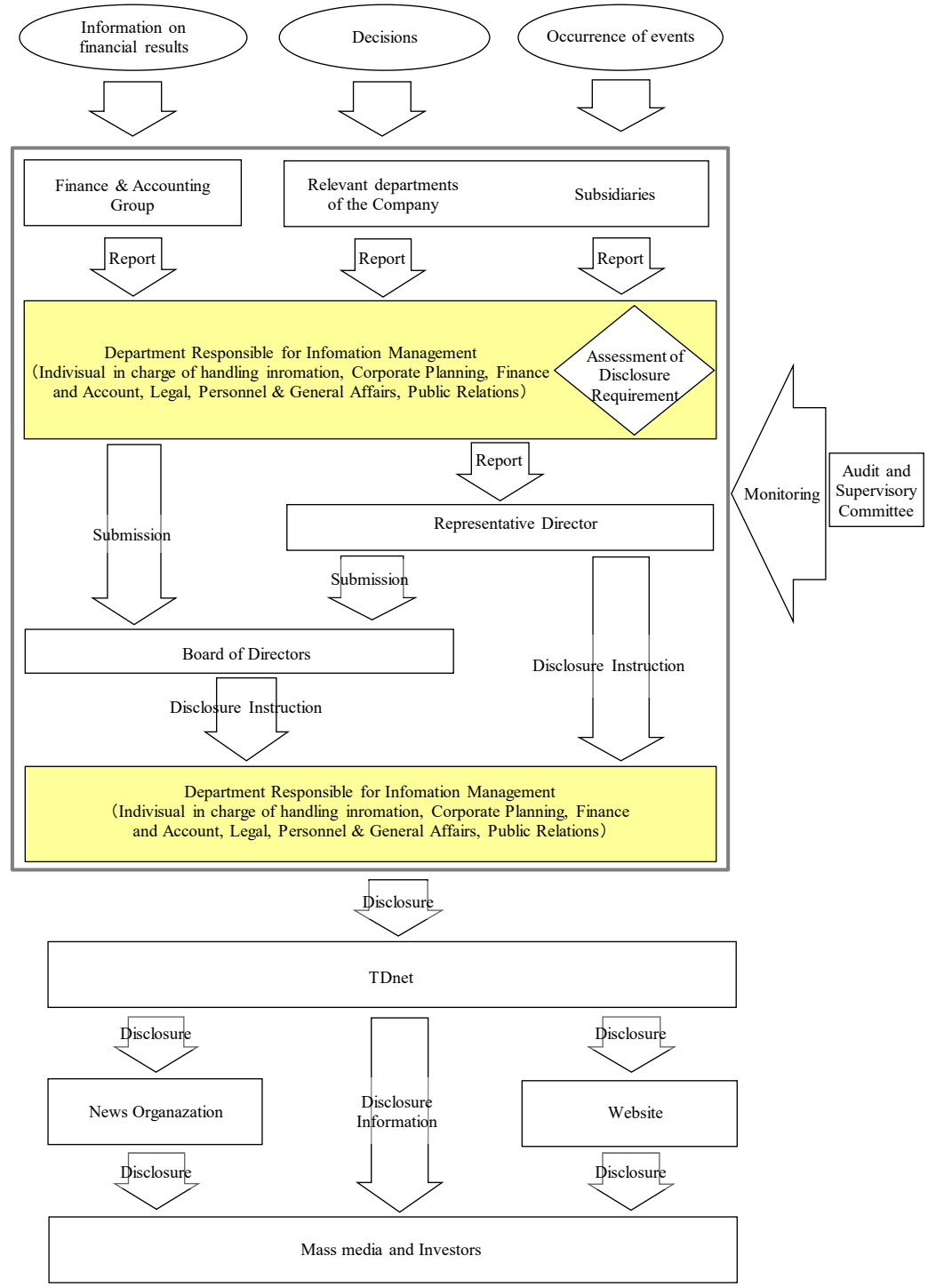
(3) Monitoring of the timely disclosure system

The Company's Audit and Supervisory Committee conducts audits to determine whether the timely disclosure system is functioning properly.

<Corporate governance system>



＜Framework for timely disclosure＞



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