

The corporate governance of Ushio Inc. (the "Company") is described below.

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

### 1. Basic Views

The Company recognizes that realizing the targets set forth by the Management Philosophy, sustainable growth, and medium- to long-term improvement of corporate value will lead to the satisfaction of all stakeholders. We strive to ensure transparency and efficiency of corporate management to achieve this, and to strengthen the corporate governance in order to realize prompt and active decision-making.

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

The Company fully implements each principle of the Corporate Governance Code.

#### [Disclosure Based on Each Principle of the Corporate Governance Code] **Updated**

<Principle 1-4: So-called Cross-Shareholdings>

The Company maintains cross-shareholdings with important business partners aiming to enhance the medium- to long-term corporate value of the Group through maintaining and strengthening the relationships with such business partners. The cross-shareholdings are regularly examined by the Board of Directors through comprehensively judging the medium- to long-term economic rationality of each shareholding with regard to the dividends and transaction amounts, and whether it contributes to enhancing medium- to long-term corporate value in view of business strategies etc. of the Group. Any cross-shareholdings whose significance has waned will be sold after considering the status etc. of the business partner with whom the Company maintains cross-shareholdings. Voting rights of the cross-shareholdings will be exercised after closely examining all the bills from the viewpoint of enhancing the medium- to long-term corporate value of the Group and the business partner with whom the Company maintains the cross-shareholding and properly judging our opinion regarding each bill. We will oppose a bill if it would significantly damage the value of the shareholders or if serious concerns about corporate governance such as social misconduct surface. If a shareholder of the cross-shareholdings states the intention to sell shares of the Company, we will never attempt to impede the transaction by, for example, suggesting they reduce the transaction amount, and properly respond to such sales.

<Principle 1-7: Transactions between Relevant Parties>

When a transaction between the Company and a Director is conducted, approval from the Board of Directors will be obtained beforehand according to the Rules of the Board of Directors. Such approvals are made after making the necessary confirmation of the importance, nature, etc. of the transaction by the Board of Directors so that it will not harm the Company itself and/or the common interests of shareholders. Before a transaction between other relevant parties is conducted, the Legal Department, Accounting Department, etc. examine the appropriateness of the transaction based on internal rules.

<Principle 2-4-1: Ensuring Diversity in the Promotion etc. of Core Human Resources>

We are committed to improving the quality of human resources of the whole Group. We will do this by building and providing Human Development Programs to support the growth of each employee as well as ensuring there is diversity with regard to age, gender, nationality, etc. We will also do this by fostering a corporate culture that leverages the diverse experience, capabilities, and values of each employee. Our goal is to create a highly engaged group in which the Company and its employees contribute to each other, thereby aiming to realize the Corporate Philosophy, "Guiding Principles for 2030".

Status of the commitment is disclosed in the USHIO Report (integrated report).

USHIO Report (integrated report) <https://www.ushio.co.jp/en/ir/library/ushioreport/>

As measurable targets of the commitment, we set out to maintain the ratio of female managers of the Group at 15% or more until 2025 (17.1% as of March 2024), improve that of the Company to 10% (5.4% as of March 2024), and improve that of mid-career recruitment of the Company to 30% (23.8% as of March 2024). We do not have voluntary and measurable targets for foreign managers since the Group operates globally and provides an environment where diverse human resources can participate actively regardless of nationality or race. We are still examining the necessity of setting such target for ensuring further diversity for the future.

<Principle 2-6: Exercise the Function as an Asset Owner of a Corporate Pension Plan>

Asset management of the Corporate Pension Plan of the Company is carried out by Ushio Denki Kigyo Nenkin Kikin (Ushio Corporate Pension Fund). The Fund entrusts the management of the reserve funds to multiple investment institutions and delegates selection of individual investment partners and exercise of voting rights to each investment institution to avoid any conflict of interest between the beneficiaries of the corporate pension plan and the Company. The Company dispatches its officers and employees with expertise in finance and human resources to the Fund, and confirms the overall soundness of operations of the Fund through periodic review by the Asset Management Committee.

<Principle 3-1: Enhancement of the Disclosure>

(i) The Company discloses a corporate philosophy, Guiding Principles for 2030 (Mission & Vision), and ESG management policies on the Company website.

Management Philosophy <https://www.ushio.co.jp/en/ir/management/policy.html>

Guiding Principles for 2030 <https://www.ushio.co.jp/en/sustainability/management/2030/>

ESG Management Policy <https://www.ushio.co.jp/en/sustainability/management/materiality/>

In response to significant changes in the business environment surrounding the Company, the Company reviewed the Second Medium Term Management Plan, and set forth and discloses the New Growth Strategy (Revive Vision 2030) with fiscal year 2030. The New Growth Strategy includes "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price".

New Growth Strategy "Revive Vision 2030" [https://www.ushio.co.jp/en/ir/management/management\\_plan/](https://www.ushio.co.jp/en/ir/management/management_plan/)

(ii) The basic principles and policies of the corporate governance are described in "I. 1. Basic Views" in this report.

(iii) The policies and procedures for determining remuneration of the Directors are described in "II. 1. Matters Related to the Organizational Composition and Operation [Remuneration of Directors] Disclosure Content of Policy on Determining Remuneration Amounts or the Calculation Methods" in this report.

(iv) Candidates for Director will be nominated by the Board of Directors after deliberations by the Nomination and Remuneration Advisory Committee and based on opinions of the Audit & Supervisory Committee. The Company will consider the behavioral characteristics, capabilities, experience, etc. necessary for each candidate (including evaluations regarding the degree of contribution to the Company performance for existing Directors) to effectively fulfill their professional duties based on the Director selection criteria, independence criteria and skills matrix. The balance of knowledge, experience, and capabilities across the entire Board of Directors as well as the diversity of members including gender and aspects of internationality are also taken into account to ensure a balanced Board structure. Additionally, if there is any misconduct, or serious violation of laws and regulations or the Articles of Incorporation in the execution of duties by the Directors, dismissal from the position or other punishment of the Director, or submission of dismissal proposal of the Director to the General Meeting of Shareholders shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee and based on the opinions of the Audit & Supervisory Committee.

Furthermore, an outline of the independence criteria, as well as skills matrix and the reasons for the selection of the skill items, are described in the reference documents of the General Meeting of Shareholders.

Notice of Annual General Meeting of Shareholders [https://www.ushio.co.jp/en/ir/stocks\\_info/meeting.html](https://www.ushio.co.jp/en/ir/stocks_info/meeting.html)

(v) Reasons for appointment and dismissal of each Director, management experience of Outside Directors, etc. are described in the reference documents of the General Meeting of Shareholders.

Notice of Annual General Meeting of Shareholders [https://www.ushio.co.jp/en/ir/stocks\\_info/meeting.html](https://www.ushio.co.jp/en/ir/stocks_info/meeting.html)

<Supplementary Principle 3-1-3: Approach to Sustainability and Disclosure Based on the TCFD

The approach to sustainability of the Company is disclosed in the sustainability section on the Company website and USHIO Report (integrated report), and disclosure of information based on the Task Force on Climate-Related Financial Disclosures (TCFD) are disclosed in the Annual Securities Report.

Furthermore, the Company expressed its support for the proposals of the Task Force on Climate-Related Financial Disclosures (TCFD) in July 2021.

Sustainability <https://www.ushio.co.jp/en/sustainability/>

USHIO Report (integrated report) <https://www.ushio.co.jp/en/ir/library/ushioreport/>

Annual Securities Report [https://www.ushio.co.jp/jp/ir/library/valuable\\_sl/](https://www.ushio.co.jp/jp/ir/library/valuable_sl/) (only in Japanese)

<Supplementary Principle 4-1-1: Overview of the Scope of Delegation to Management>

In order to enable the Company to make decisions on business execution promptly and to flexibly execute the business process, the Board of Directors decides to delegate part of the business execution to a Director in charge of the business execution within a certain extent depending on the total amount of assets etc. Decisions etc. on important business execution exceeding the above extent in addition to the items stipulated by laws and regulations, and the Articles of Incorporation are stipulated as decision items of the Board of Directors by the Rules of the Board of Directors.

<Principle 4-9: Independence Criteria and Qualification for Outside Directors>

The Company has formulated independence criteria for the Company based on the independence criteria stipulated by the Tokyo Stock Exchange, as well as the director selection criteria and the skills matrix. When selecting candidates for Independent Outside Directors, the Nomination and Remuneration Advisory Committee selects candidates for Independent Outside Directors considering the Director selection criteria, skills matrix, independence criteria, etc. comprehensively, and the candidates are decided by the Board of Directors based on a report of the Nomination and Remuneration Advisory Committee.

<Supplementary Principle 4-10-1: Principles, Authority, Roles, etc. of Independence of Composition of the Nomination Committee and Remuneration Committee>

The Company has established a Nomination and Remuneration Advisory Committee. The principles, authority, roles, etc. regarding the independence of composition of the committee is described in "II. 1. Matters Related to the Organizational Composition and Operation [Voluntary Committee]" in this report.

<Supplementary Principle 4-11-1: Principles on the Balance, Diversity, and Scale of Knowledge, Experience, and Capabilities across the Entire Board of Directors>

The Articles Of Incorporation stipulate that the Board of Directors shall be composed of no more than 12 Directors (excluding those who are Audit & Supervisory Committee Members) and no more than five Audit & Supervisory Committee Members, out of which more than one highly independent Outside Director shall be selected, as an appropriate size of the Board to carry out prompt and rational decision-making at the Company. The policies, procedures, etc. regarding nomination of Directors are described in Principle 3-1 (iv) (v).

<Supplementary Principle 4-11-2: Status of Concurrent Positions of Directors at Other Listed Companies>

The status of concurrent positions of Directors at other listed companies is described in the business report and in the Status of Important Concurrent Positions in the reference documents of the general meeting of the shareholders.

Notice of Annual General Meeting of Shareholders [https://www.ushio.co.jp/en/ir/stocks\\_info/meeting.html](https://www.ushio.co.jp/en/ir/stocks_info/meeting.html)

<Supplementary Principle 4-11-3: Analysis and Evaluation of Effectiveness of the Board of Directors>

Each year, the Company conducts questionnaires with Directors concerning the evaluation of the effectiveness of the Board of Directors and the Nomination and Remuneration Advisory Committee, analyzes and evaluates their effectiveness, and shares the results thereof with the Board of Directors to confirm the content therein and future actions. This year's questionnaire has been conducted in the form of a self-assessment of the discussions of the Board of Directors and the Nomination and Remuneration Advisory Committee, the composition of the Board of Directors, and the effectiveness of the Board of Directors (the fulfillment of the respective roles and responsibilities of the Board of Directors, Nomination and Remuneration Advisory Committee, Internal Directors, and Outside Directors). As a result of the analysis and evaluation of such questionnaires conducted this year, it is confirmed that the effectiveness of the current status of the Board of Directors and the Nomination and Remuneration Advisory Committee has been appropriately secured in each Directors' assessment. At the Board of Directors held last year, the formulation of the New Growth Strategy became an important agenda item, as the Medium-Term Management Plan needed to be revised due to significant changes in the business environment surrounding the Company. The discussion at the Board of Directors proceeded with the enhancement of the contents of the documents (the enhancement of information and data necessary to understand the background), which was raised last year as an issue to improve the quality of the discussion, and as a result, it is confirmed that the New Growth Strategy was formulated after high quality discussions on business strategy and capital policy, etc.

On the other hand, the lack of discussion on human resource strategy and R&D strategy has been identified as issues, and it has been confirmed that the Board of Directors to be held this year will enhance and deepen the discussion on these issues. It has been also confirmed that monitoring the progress of the business portfolio strategy is important to ensure the achievement of the New Growth Strategy. In addition, it has been confirmed that the appropriate composition of the Board of Directors from a medium- to long-term perspective will continue to be a matter of ongoing discussion by the Nomination and Remuneration Advisory Committee.

The Company will continuously make ongoing improvements to further enhance the effectiveness of the Board of Directors.

<Supplementary Principle 4-14-2: Policies on Training for Directors>

The Company provides opportunities for Directors to acquire and properly update the necessary knowledge continuously by offering them training courses at external organizations and carrying out seminars with internal and external instructors as necessary so that Directors can fulfill their functions and roles.

Regarding Outside Directors, in order to fulfill their roles and functions, the Company provides them with an opportunity to discuss management issues of the Company separately from the Board of Directors after being briefed by the officer in charge.

<Supplementary Principle 5-1: Policies on Constructive Dialogue with Shareholders>

The Company has formulated IR policies and published them on the Company website.

IR Policies <https://www.ushio.co.jp/en/ir/management/irpolicy/>

The President and Representative Director, Director overseeing IR, personnels in charge of IR, etc. appropriately handle dialogue with shareholders considering the importance etc. of the content of the meeting. Additionally, in order to enhance dialogue with shareholders, the IR Department strives to collect information in cooperation with the related departments, and periodically provides feedback to the President and Representative Director etc., and

reports to the Board of Directors regarding the content of the dialogue with shareholders.

During the previous fiscal year, interviews and meetings were held throughout the year mainly with institutional investors in Japan and overseas and sell-side analysts of securities companies.

The main themes of the dialogue include various items such as the market environment surrounding the Company, results and prospects for financial results, status of each segment and region, etc., as well as medium- to long-term management strategies and capital policies.

## 2. Capital Structure

**Foreign shareholding ratio**

**30% or more**

[Status of Major Shareholders] **Updated**

Name or Company Name	Number of shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,032,800	16.55
BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL	5,202,300	5.05
Resona Bank, Limited	4,906,309	4.76
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	4,897,009	4.75
Custody Bank of Japan, Ltd. (Trust Account)	4,283,700	4.16
Aioi Nissay Dowa Insurance Co., Ltd.	2,850,921	2.77
Jiro Ushio	2,665,414	2.59
MUFG Bank, Ltd.	2,548,800	2.47
Asahi Mutual Life Insurance Co.	2,450,000	2.38
THE USHIO FOUNDATION	2,400,000	2.33

**Name of Controlling Shareholder, if applicable (excluding Parent Company)**

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**Name of Parent company, if applicable**

None

**Supplementary Explanation** **Updated**

1. In addition to the above, there are 4,596,821 shares of treasury stock. The treasury stock (4,596,821 shares) does not include the Company shares held by the trust pertaining to the stock remuneration for Directors and Executive Officers (475,680 shares).

2. In the change report of Large Shareholding Report of Resona Bank, Ltd. submitted to the Director General of the Kinki Local Finance Bureau on January 22, 2020, it is described that Resona Bank, Ltd. and Resona Asset Management Co., Ltd., which are joint holders, respectively held the following shares as of January 15, 2020. However, as the Company could not confirm the actual number of shares held as of March 31, 2024, the above status of major shareholders is stated based on the number of shares held in the shareholder registry.

Name or Company name, address, number of shares etc. held, percentage of shares etc. held

Resona Bank, Limited, 2-1 2-chome, Bingomachi, Chuo-ku, Osaka-shi, Osaka, Japan; 6,319,009 shares; 4.72%

Resona Asset Management Co., Ltd., 5-65 Kiba 1-chome, Koto-ku, Tokyo, Japan; 1,552,500 shares; 1.16%

3. In the change report of Large Shareholding Report of FIL Investments (Japan) Limited submitted to the Director General of the Kanto Local Finance Bureau on October 6, 2023, it is described that they held the following shares as of September 29, 2023. However, as the Company could not confirm the actual number of shares held as of March 31, 2024, they are not included in the above status of major shareholders.

Name or Company name, address, number of shares etc. held, percentage of shares etc. held

FIL Investments (Japan) Limited, 7-7-7 Roppongi, Minato-ku, Tokyo, Japan; 6,783,500 shares; 5.49%

4. In the Large Shareholding Report of Mitsubishi UFJ Financial Group, Inc. submitted to the Director General of the Kanto Local Finance Bureau on March 4, 2024, it is described that MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Asset Management Co., Ltd., which are joint holders, respectively held the following shares as of February 26, 2024. However, as the Company could not confirm the actual number of shares held as of March 31, 2024, the above status of major shareholders is stated based on the number of shares held in the shareholder registry.

Name or Company name, address, number of shares etc. held, percentage of shares etc. held

MUFG Bank, Ltd., 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan; 2,548,800 shares; 2.06%

Mitsubishi UFJ Trust and Banking Corporation, 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan; 3,132,100 shares; 2.53%

Mitsubishi UFJ Asset Management Co., Ltd., 9-1, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo, Japan; 732,700 shares; 0.59%

5. In the change report of Large Shareholding Report of M&G Investment Management Limited submitted to the Director General of the Kanto Local Finance Bureau on April 5, 2024, it is described that they held the following shares as of March 29, 2024. However, as the Company could not confirm the actual number of shares held as of March 31, 2024, they are not included in the above status of major shareholders.

Name or Company name, address, number of shares etc. held, percentage of shares etc. held

M&G Investment Management Limited, 10 Fenchurch Avenue, London, EC3M 5AG, United Kingdom; 9,705,200 shares; 9.02%

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) of the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries at the End of the Previous Fiscal Year	10 or more but less than 50

### 4. Guidelines for Measures to Protect Minority Shareholders in Conducting Transactions etc. with Controlling Shareholders

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### 5. Other Special Circumstances that May Have a Material Impact on Corporate Governance

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## II Status of Management Organization and Other Corporate Governance Systems Related to Decision-Making, Execution, and Supervision of the Management

### 1. Matters Related to the Organizational Composition, Operation, Etc.

Corporate Governance System	Company with an Audit & Supervisory Committee
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#### [Directors]

Number of Directors Stipulated by the Articles of Incorporation	17
Term of Office of Directors Stipulated by the Articles of Incorporation	One year
Chairperson of the Board of Directors	Outside Directors
Number of Directors <span style="border: 1px solid red; padding: 0 2px;">Updated</span>	11
Status of Election of Outside Directors	Elected
Number of Outside Directors <span style="border: 1px solid red; padding: 0 2px;">Updated</span>	7
Number of Independent Directors <span style="border: 1px solid red; padding: 0 2px;">Updated</span>	7

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Toyonari Sasaki	From another company												
Masatoshi Matsuzaki	From another company								△				
Naoaki Mashita	From another company								○				
Mika Masuyama	From another company												
Rei Sugihara	From another company												
Akemi Sunaga	From another company												
Chiaki Ariizumi	From another company												

## \* Categories for Relationship with the Company

\* "○" if the person falls under the category currently or did so recently, and "△" if the person fell under the category in the past.

\* "●" if a close relative of the director falls under the category currently or did so recently, and "▲" if 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 or 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 compensation 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 Others

 Outside Directors' Relationship with the Company (2) **Updated**

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanations on Compliance Items	Reasons for Appointment
Toyonari Sasaki		○	-	Mr. Toyonari Sasaki has abundant experience and a deep knowledge of developments in global business such as the promotion of free trade. With these strengths, he provides advice and supervision for management from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There are no special interests between Mr. Toyonari Sasaki and the Company. In addition, he satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Mr. Toyonari Sasaki is an Independent Outside Director who has no conflicts of interest with ordinary shareholder.
Masatoshi Matsuzaki		○	Mr. Masatoshi Matsuzaki is a former Representative Executive Officer of Konica Minolta, Inc., and there are transactions such as the purchase and sale of products between Konica Minolta and the Company.	Mr. Masatoshi Matsuzaki possesses a wealth of experience as a manager in a manufacturing company with global operations, and a deep knowledge of corporate governance. With these strengths, he provides advice and supervision for management from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There are no special interests between Mr. Masatoshi Matsuzaki and the Company. In addition, he satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Mr. Masatoshi Matsuzaki is an Independent Outside Director who has no conflicts of interest with ordinary shareholder. Although Mr. Masatoshi Matsuzaki is the former Representative Executive Officer of Konica Minolta, Inc. with which the Company has business transactions, the percentage of such transactions in consolidated net sales of either Konica Minolta Group or Ushio Group is less than 1% in any of the last five fiscal years. Further, more than ten years have passed since Mr. Masatoshi Matsuzaki resigned as the Executive Officer of Konica Minolta Group. Based on the aforementioned background, Mr. Masatoshi Matsuzaki satisfies the Independence Criteria for Outside Directors prescribed by the Company.

Naoaki Mashita		○	Mr. Naoaki Mashita is a Representative Director of V-cube, Inc., and there are transactions between V-cube, Inc. and the Company including using subscription services.	As the founder and manager of an information and telecommunications and DX business company, Mr. Naoaki Mashita has been engaged in global corporate management with offices in Asia and North America, and possesses global values along with a wealth of experience and in-depth knowledge. With these strengths, he provides advice and supervision for management in general from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There are no special interests between Mr. Naoaki Mashita and the Company. In addition, he satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, we judged that Mr. Naoaki Mashita is an Independent Outside Director who has no conflicts of interest with ordinary shareholder. Although Mr. Naoaki Mashita is Representative Director, Chairman and Group CEO of V-cube, Inc. with which the Company has business transactions, the percentage of such transactions against consolidated net sales of either V-cube Group and Ushio Group is less than one percent (1%) in each of the past five (5) fiscal years. Based on the aforementioned background, Mr. Naoaki Mashita satisfies the Independence Criteria for Outside Directors prescribed by the Company.
Mika Masuyama		○	-	Ms. Mika Masuyama has a wealth of consulting experience and knowledge in areas such as corporate governance, human capital and organizations, and M&A, and has global expertise of management and economics. With these strengths, the Company understands that she can provide advice and supervision for management in general from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There is no business relationship between the firm Ms. Mika Masuyama represents and the Company. There are no special interests between Ms. Mika Masuyama and the Company. In addition, she satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Ms. Mika Masuyama is an Independent Outside Director who has no conflicts of interest with ordinary shareholders.
Rei Sugihara	○	○	-	Ms. Rei Sugihara, as a lawyer specializing in corporate legal affairs, has in-depth specialized knowledge of laws, considerable insights into corporate management, and supervisory capabilities. With these strengths, she conducts audits and supervises management from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There are no special interests between Ms. Rei Sugihara and the Company. In addition, she satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Ms. Rei Sugihara is an Independent Outside Director who has no conflicts of interest with ordinary shareholder.
Akemi Sunaga	○	○	-	Ms. Akemi Sunaga, as a certified public accountant and a certified public tax accountant, has in-depth specialized knowledge of financial affairs, accounting, and taxes, as well as considerable insights into corporate management and supervisory capabilities. With these strengths, she conducts audits and supervises management from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There is no business relationship between the firm Ms. Akemi Sunaga represents and the Company. There are no special interests between Ms. Akemi Sunaga and the Company. In addition, she satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Ms. Akemi Sunaga is an Independent Outside Director who has no conflicts of interest with ordinary shareholders.
Chiaki Ariizumi	○	○	-	Ms. Chiaki Ariizumi possesses a wealth of knowledge and experience regarding analysis of the economic climate and financial markets, and a considerable degree of expertise regarding finance and accounting gained from years of experience working at a public financial institution. With these strengths, she conducts audits and supervises management from a fair and neutral position that is independent from the members of the Company's management in charge of business execution. There are no special interests between Ms. Chiaki Ariizumi and the Company. In addition, she satisfies the Independence Criteria for Outside Directors prescribed by the Company. Based on the above, the Company judged that Ms. Chiaki Ariizumi is an Independent Outside Director who has no conflicts of interest with ordinary shareholders.

## [Audit & Supervisory Committee]

### Composition of the Committee and Attributes of the Chairperson

	All Committee Members	Full-time Committee Members	Internal Directors	Outside Directors	Committee Chair (Chairperson)
Audit & Supervisory Committee	4	1	1	3	Internal Director

Appointment of Directors and/or employees to assist the Audit & Supervisory Committee

Yes

### Matters concerning independence of said Directors and/or employees from executive directors

The Company shall appoint directors and employees necessary for execution of duties of the Audit & Supervisory Committee after consultation with the Audit & Supervisory Committee regarding the appointment methods, number, qualifications, etc. of Directors and employees to assist the duties of the Audit & Supervisory Committee. Directors and employees who are to assist the duties of the Audit & Supervisory Committee are not subject to the directions and orders of Directors (excluding those who are Audit & Supervisory Committee Members), but are subject to the directions and orders of the Audit & Supervisory Committee in execution of duties to assist the Audit & Supervisory Committee.

### Status of Cooperation among the Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Internal Audit Department conducts audits of business management and appropriateness of the business procedures based on on-the-spot audits. The Internal Audit Department submits an annual audit plan to the Audit & Supervisory Committee, explains specific audit policies, and reports internal audit results as appropriate.

The Accounting Auditor submits an annual audit plan to the Audit & Supervisory Committee, and explains its specific auditing policies. It also prepares summary reports for the quarterly and year-end reviews and accounting audits.

The Audit & Supervisory Committee, internal audit department, and Accounting Auditor exchange information and opinions and cooperate with each other.

## [Voluntary Established Committee]

Status of voluntarily established committee equivalent to the Nomination Committee or Remuneration Committee

Yes

### Status of Voluntarily Established Committee, Attributes of Composition of the Committee members, and Committee Chair (Chairperson) Updated

	Name of the Committee	All Committee Members	Full-time Committee Members	Internal Directors	Outside Directors	Outside Experts	Other Committee Members	Committee Chair (Chairperson)
Voluntarily Established Committee Equivalent to the Nomination Committee	Nomination and Remuneration Advisory Committee	5	0	1	4	0	0	Outside Directors
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	5	0	1	4	0	0	Outside Directors

The Company has established a Nomination and Remuneration Advisory Committee to ensure fairness and appropriateness regarding the determination of Directors' remuneration and nomination of directors. The Nomination and Remuneration Advisory Committee shall provide reports in response to consultation of the Board of Directors or Representative Directors.

Regarding the nomination of Directors, the number of new candidates for inside and outside Directors is determined based on the number of directors who resign, according to years in service and other criteria, as well as consideration for the appropriate number of people necessary to fulfill the role of the Board of Directors. Selection of candidates is based on Board of Directors appointment standards, independent standards, and a skills matrix. The number of candidates for Outside Directors is narrowed down from a list of candidates recommended by committee members, considering the behavioral characteristics, capabilities, and experience necessary for each candidate to effectively fulfill their professional duties (including evaluations by existing Directors regarding the degree of contribution to performance), as well as a balance of knowledge, experience, and capabilities across the entire Board of Directors. The Nomination and Remuneration Advisory Committee deliberates and makes a report to the Board of Directors to ensure a balanced Board structure, taking into account the diversity of members, including aspects of gender and nationality. The Board then makes a decision based on this report.

The Nomination and Remuneration Advisory Committee also makes recommendations regarding the business management system and the development of candidates for the next generation of management personnel.

The Committee provides advice and recommendations concerning the structure and level of remuneration for Directors and the Board of Directors makes appropriate decisions based on this report.

Based on the authority delegated to it from the Board of Directors, the Nomination and Remuneration Advisory Committee determines the amount of fixed monetary remuneration and performance-linked monetary remuneration for individual Directors after evaluating the performance of each Director.

The Nomination and Remuneration Advisory Committee is composed of the Chair of the committee and committee members where no less than half of the members are Independent Outside Directors. Committee members are elected by resolution of the Board of Directors and their term of office is one year.

Committee members of the previous fiscal year comprised six Directors (including five Independent Outside Directors): Koji Naito (Director), Yasufumi Kanemaru (Independent Outside Director), Sakie Tachibana Fukushima (Independent Outside Director), Toyonari Sasaki (Independent Outside Director), Masatoshi Matsuzaki (Independent Outside Director), and Rei Sugihara (Independent Outside Director). The committee was chaired by Sakie Tachibana Fukushima (Independent Outside Director) and was vice-chaired by Toyonari Sasaki (Independent Outside Director). The Nomination and Remuneration Advisory Committee was held eleven (11) times during the previous fiscal year; Koji Naito (Director), Sakie Tachibana Fukushima (Independent Outside Director), Toyonari Sasaki (Independent Outside Director), Masatoshi Matsuzaki (Independent Outside Director) and Rei Sugihara (Independent Outside Director) attended all eleven (11) Committees, and Yasufumi Kanemaru (Independent Outside Director) attended ten (10) of the eleven (11) Committees. Additionally, specific items that the Nomination and Remuneration Advisory Committee reviewed during the previous fiscal year include the succession of the Representative Director, the proposal for the governance structure (the selection of candidates for internal and outside Directors excluding Directors who are members of Audit & Supervisory Committee to be submitted at the Annual General Meeting of Shareholders in June 2024), the report on monitoring the next-generation management talent as part of the medium to long-term succession plan, the report on the revision of the executive remuneration scheme due to changes in management strategy, and the report on the execution structure for the following fiscal year.

Committee members of the current fiscal year comprise five Directors (including four Independent Outside Directors): Takabumi Asahi (Director), Toyonari Sasaki (Independent Outside Director), Masatoshi Matsuzaki (Independent Outside Director), Naoaki Mashita (Independent Outside Director) and Rei Sugihara (Independent Outside Director). The Committee is chaired by Toyonari Sasaki (Independent Outside Director).

## [Independent Directors]

Number of Independent Directors **Updated**

7

Other Matters Concerning Independent Directors

All Outside Directors who qualify as independent directors are appointed as independent directors.

## [Incentives]

Status of Implementation of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration system

Supplementary Explanations of the Applicable Items

Described in "[Remuneration of Directors] Disclosure Content of Policy on Determining Remuneration Amounts or the Calculation Methods"

Persons Eligible for Stock Options

Supplementary Explanations of the Applicable Items

## [Remuneration of Directors]

Status of Disclosure (of Individual Directors' Remuneration)

Individual remuneration is not disclosed

In the business report, the total amount of remuneration etc. is disclosed separately for Directors who are not Audit & Supervisory Committee Members, and Directors who are Audit & Supervisory Committee Members (regarding Outside Directors, broken down to each category).  
 Notice of Annual General Meeting of Shareholders [https://www.ushio.co.jp/en/ir/stocks\\_info/meeting.html](https://www.ushio.co.jp/en/ir/stocks_info/meeting.html)

Any Policy on Determining Remuneration Amounts or the Calculation Methods **Updated**

Yes

#### Disclosure Content of Policy on Determining Remuneration Amounts or the Calculation Methods

In response to significant changes in the business environment surrounding the Company, the Company reviewed the Second Medium Term Management Plan, and set forth and discloses the New Growth Strategy (Revive Vision 2030) with fiscal year 2030. Accordingly, in order to link the remuneration system to the New Growth Strategy, the Company has revised details of the policy for determining individual remuneration etc. of Directors (excluding those who are Audit & Supervisory Committee Members; the same shall apply hereinafter) and Executive Officers who have entered into a delegation agreement with the Company (the Directors and Executive Officers are collectively referred to as "Directors etc." hereinafter) of the following consolidated fiscal year onward as follows. When making this decision, the Nomination and Remuneration Advisory Committee was consulted in advance, and the Board of Directors received the report before making resolution at the meeting held on May 14, 2024.

Also, remuneration for Directors who are Audit & Supervisory Committee Members has been determined through discussions among the Directors.

#### 1. Basic Policy on Remuneration

The basic policy on remuneration for Directors of the Company is as follows:

- Remuneration should increase motivation to achieve the Company's management goals.
- Remuneration should lead to continuous improvement of business performance and enhancement corporate value over the medium- to long-term.
- Remuneration should be closely linked with the Company's performance and the Company's value, and also be highly transparent and objective.
- Remuneration should be at a level that enables recruitment and retention of diverse and talented personnel, considering the level of companies listed on the Tokyo Stock Exchange Prime Market and companies of the same size in the same industry.
- Remuneration should be determined through a transparent process to ensure the trust and support of stakeholders.

#### 2. Policies on the Composition and Composition Ratio of Remuneration

Remuneration for Directors etc. of the Company consists of fixed monetary remuneration, short-term performance-linked monetary remuneration, and medium- to long-term performance-linked stock remuneration. Remuneration for Outside Directors of the Company only consists of fixed monetary remuneration.

Remuneration levels and remuneration ratios for Directors, etc. are determined through deliberations by the Nomination and Remuneration Advisory Committee following an objective comparative verification using executive remuneration data from an external research organization in accordance with the basic policy. The percentages of fixed monetary remuneration, short-term performance linked monetary remuneration, and medium- to long-term performance-linked stock remuneration, which are each set for Directors, etc. according to their position, are set approximately at the levels shown in the table below for when a target standard is achieved.

Position, percentage of fixed monetary remuneration, percentage of short-term performance-linked monetary remuneration, percentage of medium- to long-term performance-linked stock remuneration  
 Representative Director, 50%, 25%, 25%  
 Director, 55%, 25%, 20%  
 Executive Officer, 60%, 25%, 15%

#### 3. Policy on Short-Term Performance-Linked Monetary Remuneration

The Company will decide on short-term performance-linked monetary remuneration in accordance with one's position and degree of achievement of the performance targets (evaluation of consolidated performance and the performance of the unit that each Director, etc. is in charge of) for a given fiscal year in order to further increase the motivation of Directors, etc. to contribute to the enhancement of the corporate value and to encourage them to implement the New Growth Strategy (Revive Vision 2030) steadily under the basic policy. Evaluation indicators are linked to key indicators of the New Growth Strategy, and the relevant indicators, ratios and target values during the period covered by Phase I of the New Growth Strategy have been set as shown in the table below.

This type of remuneration is paid in a lump sum after the end of a fiscal year in an amount determined by multiplying the base amount set for each position by a factor set in accordance with the degree of achievement of each evaluation indicator. Short-term performance-linked monetary remuneration varies in value in a range between 0% and 200%.

Indicators, ratios, and target values for remuneration for the Director portion  
 ROE\*, 100%, Linked to the consolidated performance target values of the fiscal year

Indicators, ratios, and target values for remuneration for the Executive Officer portion  
 Consolidated operating margin\*, 50%, Linked to the consolidated performance target values of the fiscal year  
 Achievement ratio of the target of each department in charge, 50%, Linked to the performance target values of the fiscal year of each department in charge

\* Unplanned, temporary performance impacts may occur in ROE and consolidated operating margin when making selections and concentrations (business acquisitions, divestments and exits) through portfolio transformation that will contribute to future corporate value enhancement. If this is the case, number excluding such impacts are used.

#### 4. Policies on medium- to long-term Performance-Linked Stock Remuneration

The Company will decide on medium- to long-term performance-linked stock remuneration in accordance with one's position and degree of achievement of the performance targets and ESG targets for a given fiscal year in order to further increase the motivation of Directors, etc. toward the Remuneration to contribute to the enhancement of the corporate value and to encourage them to implement the New Growth Strategy (Revive Vision 2030) steadily under the basic policy. Evaluation indicators are linked to key indicators of the New Growth Strategy, and the relevant indicators, ratios and target values have been set as shown in the table below.

The stock points for medium- to long-term performance-linked stock remuneration, which are granted to Directors, etc. at certain times each year (\*1), are calculated by multiplying the base stock points set for each position (\*2) by a factor set in accordance with the degree of achievement of each evaluation indicator and vary within a range between 0% and 200%. When a Director etc. resigns, the Company shares will be given to him/her in the number determined by multiplying the cumulative number of stock points granted to him/her during his/her tenure by one share per point.

Indicators, ratios, and target values for remuneration for the Director portion  
ROE <sup>(\*)3</sup>, 100%, Linked to the consolidated performance target values of the fiscal year

Indicators, ratios, and target values for remuneration for the Executive Officer portion  
Consolidated operating margin <sup>(\*)3</sup>, 70%, Linked to the consolidated performance target values of the fiscal year  
Engagement score <sup>(\*)4</sup>, 18%, Linked to the ESG targets  
ESG rating score <sup>(\*)5</sup>, 12%, Linked to the ESG targets

(\*1) In order to encourage steady execution of the New Growth Strategy, the base number of stock points set for different positions is weighted toward the final year of Phase I of the New Growth Strategy period. Accordingly, the maximum limit on the total number of stock points that can be granted to Directors, etc. per year is 165,000 points for the final fiscal year of an evaluation period and 127,500 points for the other fiscal years subject to evaluation

(\*2) The base stock remuneration points linked to medium- to long-term performance were calculated by dividing the preset amount of medium- to long-term performance-linked stock remuneration for each position by the average closing price of the Company stock during the period from January 4, 2023 to March 31, 2023.

(\*3) Unplanned, temporary performance impacts may occur in ROE and consolidated operating margin when making selections and concentrations (business acquisitions, divestments and exits) through portfolio transformation that will contribute to future corporate value enhancement. If this is the case, number excluding such impacts are used.

(\*4) The Company defines engagement as "a state in which executives and officers find value in their relationships with their colleagues in the company and office and want to contribute actively," and uses as an engagement score the percentage of employees who have given an affirmative answer to a question indicating such state

(\*5) FTSE Russell ESG Ratings are used as an indicator.

#### 5. Policies on the Period and Conditions for Granting Remuneration

Fixed monetary remuneration is paid as a fixed monthly remuneration.

Short-term performance-linked monetary remuneration is paid in a lump sum after the end of each fiscal year.

As for Medium- to long-term performance-linked stock remuneration, the Company shares corresponding to the accumulated stock points granted individually are delivered, and the cash equivalent of the conversion value of the said share is paid if Directors, etc., fulfill the beneficiary requirements, in principle after retiring their positions, in accordance with the Rules on Share Delivery for Directors, etc. prescribed by resolution of the Board of Director.

In the event of a serious violation of duties by a Director, etc., the Company may forfeit the right to receive shares or demand the return of the amount equivalent to the stock remuneration already delivered.

#### 6. Items Pertaining to Delegating Authority for Decision-Making on Remuneration

The Nomination and Remuneration Advisory Committee, whose chairperson and majority of the members are Outside Directors, deliberates and determines the system and level of remuneration for Directors, etc. and the evaluation of their contribution to the Company's performance in accordance with the delegation by the Board of Directors, in order to ensure fairness and appropriateness in determining specific remuneration amounts for individual Directors.

### [Support System for Outside Directors]

In order to properly examine the proposals of the Board of Directors, the Outside Directors are briefed by each department in charge in advance. They also exchange their information, opinions, etc. with other Directors individually.

### [Status of Persons Who Have Retired from the Position of President and Representative Director Etc.]

[Names etc. of Advisors/Consultants Who Are Former President and Representative Directors Etc.] Updated

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full-Time/Part-Time, With or Without Compensation, Etc.)	Date when former role as president/CEO ended	Term of Office
Kenji Hamashima	Special Advisor	Engaged in external activities (not involved in management)	Part-Time/Without Compensation	March 31, 2019	One year
Koji Naito	Senior Advisor	Advice on management	Full-Time/With Compensation	March 31, 2024	One year
Naoki Kawamura	Senior Advisor	Advice on management	Full-Time/With Compensation	March 31, 2024	One year

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

3

Other Related Matters

## 2. Matters Related to Functions of Business Execution, Auditing and Supervision, Nomination, Determination of Remuneration, etc. (Overview of Current Corporate Governance) **Updated**

The Company uses an Audit & Supervisory Committee system, which fosters prompt decision-making by delegating decisions for certain important business matters from the Board of Directors to the executive Directors.

It has also strengthened the supervisory function of the Board of Directors by ensuring that the majority of its members are Outside Directors. The system has also been reinforcing audit and supervisory functions by having established an Audit & Supervisory Committee with the authority to assess the legality and validity of board members in performing their duties.

The Board of Directors comprises eleven members: seven Directors (excluding those who are Audit & Supervisory Committee Members) of Takabumi Asahi, Tetsuo Nakano, Kazuhisa Kamiyama, Toyonari Sasaki (Outside Director), Masatoshi Matsuzaki (Outside Director), Naoaki Mashita (Outside Director), and Mika Masuyama (Outside Director) (six Japanese males, one Japanese female) (four Outside Directors); and four Audit & Supervisory Committee Members of Makoto Kinoshita, Rei Sugihara (Outside Director), Akemi Sunaga (Outside Director), and Chiaki Ariizumi (Outside Director) (one Japanese male, three Japanese females) (three Outside Directors). They are in charge of decision-making related to the most important matters including basic policies of management and supervision of business execution. Delegating decisions on the execution of certain important operations to directors who manage these operations has accelerated decision-making. At the same time, the executive officer system has led to more accurate and prompt business execution. In addition, the company established the Executive Council to discuss and report on business execution priorities.

The Audit & Supervisory Committee comprises four Audit & Supervisory Committee Members (including three Outside Directors) of Makoto Kinoshita, Rei Sugihara (Outside Director), Akemi Sunaga (Outside Director), and Chiaki Ariizumi (Outside Director). The committee audits etc. the Directors' performance of duties in line with its own standards of audit etc. The Company appointed one full-time Audit & Supervisory Committee member to enhance the efficacy of audits by collecting information from Directors (excluding those who are Audit & Supervisory Committee Members) and employees, and coordinating smoothly with the internal audit department and Accounting Auditor.

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

The Company chose to be a Company with an Audit & Supervisory Committee to further strengthen the supervisory function as part of enhancing the corporate governance that ensures transparency and efficiency of corporate management and realizes prompt and active decision-making. While the Company promotes prompt decision-making by delegating decisions of part of important business execution to Directors who are in charge of the business execution according to a resolution of the Board of Directors, it also strengthens the supervisory functions by ensuring that no less than half of the members of the Board of Directors are Outside Directors, and establishes an Audit & Supervisory Committee that has authority to audit the legal compliance and appropriateness of business execution of Directors to further strengthen the audit and supervisory functions.

## **III** Status of Implementation of Measures for Shareholders and Other Stakeholders

### 1. Status of Initiatives to Revitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights **Updated**

	Supplementary Explanation
Early Dispatch of Convocation Notice of General Meeting of Shareholders	Basically, the Company send out a notice of General Meeting of Shareholders three weeks prior to the date of the meeting. The convocation notice for the 61st Annual General Meeting of Shareholders (held on June 27, 2024) was sent out on June 6, 2024. The convocation notice was also posted on the Tokyo Stock Exchange website and the Company website on June 3, and on the General Meeting of Shareholders portal (Sumitomo Mitsui Trust Bank) on June 6, as a form of electronic provision of matters.
Exercise of Voting Rights by Electromagnetic Means	Since the General Meeting of Shareholders held in June 2006, the Company has adopted online voting using a dedicated website for exercising of voting rights.
Participation in Electronic Voting Right Execution Platform and Other Initiatives to Improve the environment for exercising voting rights for Institutional Investors	Since the General Meeting of Shareholders held in June 2007, the Company has been using the electronic voting right execution platform operated by ICJ, Inc.
Provision of Convocation Notices (Summary) in English	An English version of the convocation notice (summary) is posted on the Tokyo Stock Exchange, the Company website, and the electronic voting right execution platform.

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

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Regular Briefings for Analysts and Institutional Investors are Held	The President and Representative Director or the Director in charge of IR himself/herself explains matters at the time of reporting the second quarter and year-end financial results. Additionally, at the time of reporting the first quarter and third quarter financial results, explanations were given via a conference call, and the Director in charge of IR served as the speaker in both cases.	Yes
Holding of Regular Briefings for Overseas Institutional Investors	The President and Representative Director regularly participates in meetings and conferences with overseas investors several times a year to explain the results.	Yes
Posting IR Materials on the Website	Revive Vision 2030 (the New Growth Strategy with fiscal year 2030), Financial Results, Quarterly Financial Results, Financial Presentation, Full Year and Interim Report, Annual Securities Report, Quarterly Report, USHIO Report (Integrated Report)	
Establishment of IR Department (person in charge)	Investor Relations Office, Corporate Strategy Division	

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	This is stipulated in our Corporate Philosophy and the 10 Action Guidelines.
Implementation of Environmental Protection Activities and CSR Activities	Status of initiatives of the Company to address sustainability issues including social/environmental issues is disclosed on the Company website, including the Company's sustainability website, and in the USHIO Report (integrated report). Additionally, the Company signed the Ten Principles of the United Nations Global Compact in 2010 and is actively engaged in CSR activities. Sustainability Site <a href="https://www.ushio.co.jp/en/sustainability/">https://www.ushio.co.jp/en/sustainability/</a> Ushio's Corporate Citizenship Activities <a href="https://www.ushio.co.jp/en/sustainability/esg/csr/">https://www.ushio.co.jp/en/sustainability/esg/csr/</a> External Evaluation and Initiatives <a href="https://www.ushio.co.jp/en/sustainability/data/initiative/">https://www.ushio.co.jp/en/sustainability/data/initiative/</a> USHIO Report (integrated report) <a href="https://www.ushio.co.jp/en/ir/library/ushioreport/">https://www.ushio.co.jp/en/ir/library/ushioreport/</a>
Formulation of Policies, etc. for Providing Information to Stakeholders	We believe that information disclosure itself is part of our social responsibility that we have to fulfill. In addition to providing information on our CSR activities in the USHIO Report (Integrated Report) and other publications, we disclose information directly (exhibitions, plant tours, various information sessions) or indirectly (websites, internal newsletters, bulletin boards) to realize transparent management to strive to gain the trust of our stakeholders.

## **IV** Matters concerning the internal control system, etc.

### 1. Basic Views on Internal Control System and the Status of Their Development **Updated**

In accordance with the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has developed internal control systems for the Company and the entire Group as follows.

1. A System for Ensuring that the Execution of Duties by Directors and Employees Conforms to Laws and Regulations and the Articles of Incorporation
  - (1) The Group has established a corporate philosophy common to the Group and has set forth "10 Action Guidelines as a Member of Society" as a action guideline that each and every member of the Group should follow on a daily basis in conducting fair business activities based on the corporate philosophy and with high corporate ethics that are always globally accepted.
  - (2) In order to promote the penetration and thorough implementation of our corporate philosophy and code of conduct, as well as to strengthen our compliance framework, the Company shall establish a department in charge of compliance, and promote compliance within the Group, conduct preventions, investigations and responses to compliance violations and provide education and awareness programs.
  - (3) The Company shall establish an internal audit department under the direct control of the President, which shall, in accordance with the internal audit regulations, audit and evaluate whether operations are being conducted in accordance with the management control system, standards, laws and regulations, and other generally fair and appropriate standards, and report to the President and the Board of Directors.
  - (4) The Company shall establish internal and external contact points for whistle-blowing and establish a proper handling system thereof to ensure the early detection and correction of compliance violations and other misconduct.
  - (5) Each subsidiary of the Group, depending on its size and nature of business, shall allocate compliance and internal audit personnel to work in coordination with the Company's compliance department and internal audit department.
  - (6) The Company shall appoint responsible person, composed of mainly Executive Officers, in charge of each subsidiary of the Group, and, for major subsidiaries, shall dispatch its Executive Officers or employees to serve as Directors or Audit & Supervisory Board Members.
2. A system for Storage and Management of Information Pertaining to the Execution of Duties by Directors
  - (1) The Group shall record, store and manage information in accordance with laws and internal regulations.
  - (2) The Group has established a unified information security policy for the Group and is working towards establishing and maintaining information security governance based on a cross-group information management system.

### 3. Regulations and Other Systems Concerning the Management of Risk of Loss

(1) The Group shall establish a basic approach and basic policy for risk management of the Group, and develop a system to accurately recognize, evaluate, and respond to risks.

(2) The Risk Management Committee, chaired by the President, shall identify and evaluate significant risks based on the results of the results of regular assessments of risks within the Group, formulate response plans, and conduct monitoring. These efforts are reported to the Board of Directors, which evaluates the effectiveness of risk management based on the reported information.

(3) In the event that a risk that may seriously affect the management or business activities of the Group materializes, an emergency task force headed by the President shall be established in accordance with internal rules and regulations, and measures shall be taken to minimize damage and impact.

### 4. A System for Ensuring Efficient Execution of Duties by Directors

(1) The Company shall formulate medium- and long-term management policies and a medium-term management plan for the Group, establish specific management indicators to achieve the formulated plan and performance targets, and manage performance based on these indicators.

(2) The Company shall strengthen the management supervisory function of the Board of Directors and delegate decisions on business execution matters other than those to be resolved by the Board of Directors to Directors and Executive Officers who are responsible for business execution to promote accelerating and streamlining the decision-making process.

(3) The Company shall establish the Executive Council consisting of all Executive Officers as an organization to deliberate and decide important matters related to business execution, in order to accelerate the decision-making process.

(4) The Group will utilize information technology (IT) to make improvements, such as eliminating or reducing factors that impede efficiency, in order to increase the accuracy of target achievement and create a system that will make the Group's operations more efficient.

### 5. A System Related to Reporting of Particulars Regarding the Execution of the Duties of Directors of the subsidiaries of the Group

The Company shall establish management standards for the subsidiaries of the Group in accordance with the Group Management Rules and related rules, clarify matters that require the Company's prior approval, matters that require reporting, and matters that require periodic reporting, depending on their importance, and manage the status of business execution by the subsidiaries of the Group.

### 6. Items Concerning Directors and Employees to Assist the Audit & Supervisory Committee in Its Duties

(1) The Company shall appoint Directors and employees necessary for execution of duties of the Audit & Supervisory Committee after consultation with the Audit & Supervisory Committee regarding the appointment methods, number, qualifications, etc. of Directors and employees to assist the duties of the Audit & Supervisory Committee. Additionally, business evaluation and personnel evaluation of such Directors and employees will be determined while respecting the opinions of the Audit & Supervisory Committee.

(2) Directors and employees who are to assist in the duties of the Audit & Supervisory Committee are not subject to the directions and orders of Directors (excluding those who are Audit & Supervisory Committee Members), but are subject to the directions and orders of the Audit & Supervisory Committee in execution of duties of the Audit & Supervisory Committee. Directors of the Company (excluding those who are Audit & Supervisory Committee Members) and employees shall cooperate in the development of an auditing environment to facilitate support operations for the duties of the Audit & Supervisory Committee.

### 7. System for Directors and Employees to Report to the Audit & Supervisory Committee and Other Items Concerning Reports to the Audit & Supervisory Committee

(1) In addition to statutory matters, Directors and employees of the Company shall report to the Audit & Supervisory Committee, as appropriate, matters that are likely to have a significant impact on the Group as a whole, matters important as monthly management conditions, and the status of internal audits.

(2) The Company shall ensure that Directors, auditors, and employees of the Group are able to report to the Audit & Supervisory Committee Members of the Company, auditors of their own company, or external contact points through the whistleblowing system etc. according to its size, location, etc.

(3) The Company shall clearly indicate in its internal rules that it will not treat a person who has made a report to the Audit & Supervisory Committee or made a report under the whistleblowing system in a disadvantageous manner on the grounds that the person has made such a report.

### 8. Matters Related to the Policies Concerning the Procedure for Advance Payment or Reimbursement of Expenses That Arise with Regard to Execution of the Duties of Audit & Supervisory Committee Members or Any Other Processing of Expenses or Obligations that Arise with Regard to Execution of Those Duties.

When a Director and Audit & Supervisory Committee Member makes a request for advance payment of expenses or reimbursement arising from execution of the duties, the Company shall promptly dispose of said expenses or obligations, except where it is found not to be necessary for execution of the duties of the Director and Audit & Supervisory Committee Member.

### 9. Other Systems to Ensure that Audits by the Audit & Supervisory Committee Are Conducted Effectively

The Audit & Supervisory Committee conducts regular exchanges of opinions with the Accounting Auditor and the Internal Audit Department. The Accounting Division takes the initiative to support the Audit & Supervisory Committee so that the audit be carried out effectively.

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

The Company has declared in its Action Guidelines that define basic behavioral guidelines, which all Directors and employees should observe, that "we do not engage with antisocial organizations, groups, or persons that adversely affect social order or security." Additionally, the Legal Department, as a supervising department, consolidates information on antisocial forces, while coordinating with local police forces or related organizations to collect such information.

## **V** Others

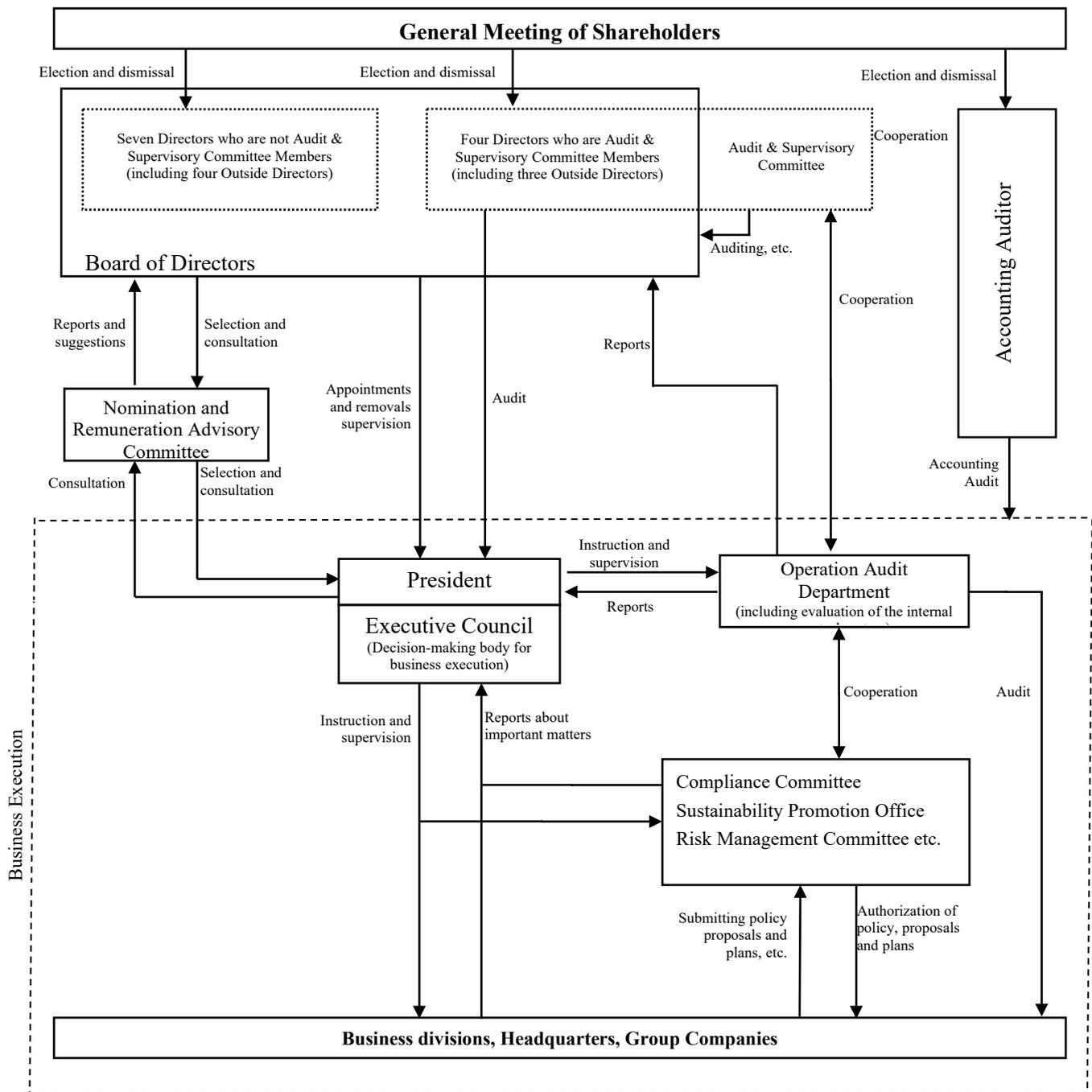
### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanations of the Applicable Items

### 2. Other Matters Related to the Corporate Governance Systems Etc. **Updated**



Business Execution

Business divisions, Headquarters, Group Companies

« Schematic diagram of the outline of the timely disclosure system »

