

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 Ushio 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 Ushio 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 Ushio 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, Vision 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 Ushio Group at 15% or more until 2025 (16.7% as of March 2023), improve that of the Company to 10% (4.3% as of March 2023), and improve that of mid-career recruitment of the Company to 30% (26.2% as of March 2023). We do not have voluntary and measurable targets for foreign managers since Ushio 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 Kigyō 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, Vision 2030 (what we want to be in 2030, and ESG management policies on the Company website.

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

Mission & Vision for 2030 <https://www.ushio.co.jp/en/sustainability/manage/esg.html>

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

The Company also developed and discloses the Second Medium-Term Management Plan (from FY ending March 2024 to FY ending March 2026) on the Company website. This focuses on "Building a System to Provide Light Solutions," "Transforming the Business Portfolio," and "Expanding (Strengthening) Strategic Investment" as its pillars to realize Vision 2030. The Medium-Term Management Plan includes measures taken by the Company to realize management that takes into account capital costs and stock prices.

Medium-Term Management Plan [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 and skills matrix 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\\_s/](https://www.ushio.co.jp/jp/ir/library/valuable_s/) (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>

The Company conducts questionnaires and interviews with individual directors concerning the composition, status of operations, items being discussed, etc. of the Board of Directors, and analyzes and evaluates the effectiveness of the Board of Directors once or more each year. As a result of the analysis and evaluations conducted this year, the Company judges that the effectiveness of the Board of Directors has been generally secured. On the other hand, the Board of Directors has identified and shared that contrivance of setting proper agenda in advance and enhancement of materials to further promote effective deliberations amid limited opportunities and time are pointed out as ongoing issues to address from now on. The Company will continuously work to improve these aspects.

<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/policy.html>

The President and Representative Director, Director in charge, General Manager 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)	18,509,400	15.69
Custody Bank of Japan, Ltd. (trust account)	5,980,700	5.07
Resona Bank, Limited	5,886,309	4.99
BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL	4,525,700	3.83
Aioi Nissay Dowa Insurance Co., Ltd.	4,274,921	3.62
MUFG Bank, Ltd.	3,398,400	2.88
Jiro Ushio	2,665,414	2.26
Asahi Mutual Life Insurance Co.	2,450,000	2.07
THE USHIO FOUNDATION	2,400,000	2.03
HSBC BANK PLC A/C M AND G (ACS)	2,078,125	1.76

<b>Name of Controlling Shareholder, if applicable (excluding Parent Company)</b>	—
<b>Name of Parent company, if applicable</b>	None

### Supplementary Explanation **Updated**

1. In addition to the above, there are 5,593,652 shares of treasury stock. The treasury stock (5,593,652 shares) does not include the Company shares held by the trust pertaining to the stock remuneration for directors and executive officers (230,100 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, 2023, 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 Mitsubishi UFJ Financial Group, Inc. submitted to the Director General of the Kanto Local Finance Bureau on June 5, 2023, it is described that MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., which are joint holders, respectively held the following shares as of May 29, 2023. However, as the Company could not confirm the actual number of shares held as of March 31, 2023, 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; 3,398,400 shares; 2.75%  
 Mitsubishi UFJ Trust and Banking Corporation, 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan; 3,195,700 shares; 2.58%  
 Mitsubishi UFJ Kokusai Asset Management Co., Ltd., 1-12-1 Yurakucho, Chiyoda-ku, Tokyo, Japan; 699,100 shares; 0.56%  
 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., 2-5-2, Marunouchi, Chiyoda-ku, Tokyo, Japan; 153,315 shares; 0.12%

4. In the Large Shareholding Report of FIL Investments (Japan) Limited submitted to the Director General of the Kanto Local Finance Bureau on June 7, 2023, it is described that they held the following shares as of May 31, 2023. However, as the Company could not confirm the actual number of shares held as of March 31, 2023, 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; 8,210,500 shares; 6.64%

### 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 <b>Updated</b>	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 <b>Updated</b>	Outside Directors
Number of Directors <b>Updated</b>	14
Status of Election of Outside Directors	Elected
Number of Outside Directors <b>Updated</b>	8
Number of Independent Directors <b>Updated</b>	8

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yasufumi Kanemaru	From another company												
Sakie Tachibana Fukushima	From another company												
Toyonari Sasaki	From another company												
Masatoshi Matsuzaki	From another company								△				
Naoaki Mashita	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

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanations on Compliance Items	Reasons for Appointment
Yasufumi Kanemaru		○	-	Mr. Yasufumi Kanemaru has extensive experience and profound knowledge from his career as a founder and manager of a telecommunications and IT consulting company. 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 is no business relationship between the firm for which Mr. Yasufumi Kanemaru serves as the representative and the Company. There are no special interests between Mr. Yasufumi Kanemaru 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. Yasufumi Kanemaru is an Independent Outside Director who has no conflicts of interest with ordinary shareholders.
Sakie Tachibana Fukushima		○	-	Ms. Sakie Tachibana Fukushima has acquired great insight into matters relating to human resources from a global perspective, and also has a wealth of knowledge and experience regarding international corporate management. With these strengths, she 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 is no business relationship between the firm Ms. Sakie Tachibana Fukushima represents and the Company. There are also no special interests between Ms. Sakie Tachibana Fukushima 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. Sakie Tachibana Fukushima is an Independent Outside Director who has no conflicts of interest with ordinary shareholders.
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 nine 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, we understand that he 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 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.
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 directors

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)

	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	6	0	1	5	0	0	Outside Directors
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	6	0	1	5	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 comprise 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 is chaired by Sakie Tachibana Fukushima (Independent Outside Director). The Nomination and Remuneration Advisory Committee was held nine times during the previous fiscal year; Koji Naito (Director), Yasufumi Kanemaru (Independent Outside Director), Sakie Tachibana Fukushima (Independent Outside Director) and Rei Sugihara (Independent Outside Director) attended all nine Committees, and Toyonari Sasaki (Independent Outside Director) and Masatoshi Matsuzaki (Independent Outside Director) attended all eight of the nine Committees that are held after they assumed the position as committee members.

Additionally, specific items that the Nomination and Remuneration Advisory Committee reviewed during the previous fiscal year include reports on the directors' remuneration scheme and linked KPIs during the period of the Second Medium-Term Management Plan commencing in April 2023, reports on the governance system for the following fiscal year, reports on the monitoring of executive officers and the management system (internal directors and executive officers) for the following fiscal year, and redefinition of the selection process for candidates of the Audit & Supervisory Committee Members.

## [Independent Directors]

Number of Independent Directors **Updated**

8

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

Supplementary Explanations of the Applicable Items

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)



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

With the aim of realizing Vision 2030, the Company has decided to change the evaluation and remuneration system to be more closely linked with the Medium-Term Management Plan as we launched the Second Medium-Term Management Plan (fiscal period from March 2024 to March 2026) (hereinafter referred to as the "Medium-Term Management Plan") in April 2023, which focuses on the "Building a System to Provide Light Solutions," "Transforming Business Portfolio," and "Expanding (strengthening) Strategic Investment" as its pillars. Furthermore, 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 (the Directors and Executive Officers are collectively referred to as "Directors etc." hereinafter) who have entered into a delegation agreement with the Company, of the following consolidated fiscal year onward has been revised 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 11, 2023. Also, remuneration for Directors who are Audit & Supervisory Committee Members has been determined through discussions among the Directors.

1. Basic Policy on Remuneration

- The remuneration should increase motivation to realize Vision 2030 and the targets of the Medium-Term Management Plan that commenced in FY2023.
- Remuneration should lead to continuous improvement of business performance and corporate value over the medium to long term.
- Remuneration should be closely linked with the Company's performance/Company values, 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 TSE Prime 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 the 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.

The remuneration level and the ratio of remuneration of the Company's Directors are determined based on the basic policy, objective comparison with officers' remuneration data of external research organizations before, and subsequent deliberation by the Nomination and Remuneration Advisory Committee. The percentage of fixed monetary remuneration, the short-term performance-linked monetary remuneration, and medium- to long-term performance-linked stock remuneration, which are configured according to the positions for Directors excluding Outside Directors, are roughly set as follows when standard targets are 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%  
 Directors, 55%, 25%, 20%

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

The short-term performance-linked monetary remuneration will be determined, based on the Basic Policy, according to the position and the degree of achievement of performance targets (consolidated performance evaluation and performance evaluation of the division in charge) of the fiscal year in order to further increase the motivation of Directors etc. to contribute to the enhancement of corporate value and to drive the steady implementation of this Medium-Term Management Plan. Evaluation indicators are linked to the important indicators of the Medium-Term Management Plan. The indicators, ratios, and target values are set as follows.

The remunerations are paid in a lump sum at the end of the fiscal year, and the amount is calculated by multiplying the standard amount set for each position by a coefficient set according to the degree of achievement of each evaluation indicator. Short-term performance-linked monetary remuneration varies from 0 to 200%.

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

Indicators, ratios, and target values for remuneration for an Executive Officer  
 Consolidated EBITDA, 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

\* The target value of ROE will be calculated excluding the depreciation of the new goodwill.

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

Medium- to long-term performance-linked stock remuneration will be determined, based on the basic policy, according to the position, degree of achievement of the performance targets, and ESG targets in the relevant fiscal year, with the aim of further enhancing the motivation of Directors etc. (excluding non-domestic residents) to contribute to the improvement of corporate value and driving the steady implementation of this Medium-Term Management Plan. Evaluation indicators are linked to the important indicators of the Medium-Term Management Plan. The indicators, ratios, and target values are set as follows. The share points <sup>(\*1)</sup> for medium- to long-term performance-linked stock remuneration granted to Directors etc. (excluding non-domestic residents) at a fixed time each year are calculated by multiplying the standard share points <sup>(\*2)</sup> set for each position by a coefficient set according to the degree of achievement of each evaluation index, which varies from 0 to 200%. At the time of retirement, the Company will deliver the number of Company shares obtained by multiplying the cumulative number of share points granted during the term of office by one share per share point.

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

Indicators, ratios, and target values for remuneration for an Executive Officer  
 Consolidated EBITDA, 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 drive the steady implementation of the Medium-Term Management Plan, the number of standard share points set for each position is focused on the final fiscal year of the Medium-Term Management Plan. Therefore, the maximum of the total number of share points per year that Directors etc. (excluding non-domestic residents) can receive is 165,000 share points in the last fiscal year of the evaluation period and 127,500 share points in other fiscal years subject to the evaluation.

(\*2) The standard share points for medium- to long-term performance-linked stock remuneration are calculated by dividing the amount of medium- to long-term performance-linked remuneration for each position set in advance by the average closing price of the Company's shares between January 4, 2023, and March 31, 2023.

(\*3) The target value of ROE will be calculated excluding the depreciation of the new goodwill.

(\*4) The Company defines engagement as a "state of feeling that relationships with the company or colleagues at the workplace are valuable and feeling motivated to make an active contribution" and defines the ratio of employees who respond positively to the question indicating he/she is in that state as the engagement score.

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

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

Fixed monetary remuneration is paid as a fixed monthly amount. Short-term performance-linked monetary remuneration is paid in a lump sum after the end of the fiscal year. The medium- to long-term performance-linked stock remuneration is provided and delivered based on the Share Delivery Regulations determined by the Board of Directors, in principle, with shares of the Company and an amount of cash equivalent to proceeds from converting the Company's shares according to the cumulative number of share points granted to the individual after retirement if the Directors etc. meet the requirements for a beneficiary.

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

To ensure fairness and appropriateness, the concrete amount of remuneration paid to individual Directors shall be determined by the Nomination and Remuneration Advisory Committee, which comprises the committee chair and committee members where no less than half of its members are Outside Directors, on the grounds of delegation by the Board of Directors, according to the system and level of remuneration for the Directors etc., as well as deliberations on an evaluation of the degree of contribution to the performance of each Director etc.

### [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

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

1

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 14 members: 10 Directors (excluding those who are Audit & Supervisory Committee Members) of Koji Naito, Naoki Kawamura, Kazuhisa Kamiyama, Takabumi Asahi, Tetsuo Nakano, Yasufumi Kanemaru (Outside Director), Sakie Tachibana Fukushima (Outside Director), Toyonari Sasaki (Outside Director), Masatoshi Matsuzaki (Outside Director), and Naoaki Mashita (Outside Director) (nine Japanese males, one Japanese female) (five Outside Directors); and four Audit & Supervisory Committee Members of Nobuyuki Kobayashi, 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 Corporate Strategy Meeting and Group Coordination Council to discuss and report on business execution priorities.

The Audit & Supervisory Committee comprises four Audit & Supervisory Committee Members (including three Outside Directors) of Nobuyuki Kobayashi, 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 60th Annual General Meeting of Shareholders (held on June 29, 2023) was sent out on June 8, 2023. The convocation notice was also posted on the Tokyo Stock Exchange website and the Company website on June 5, and on the General Meeting of Shareholders portal (Sumitomo Mitsui Trust Bank) on June 8, 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

	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 Finance 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 Finance 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	Medium-Term Management Plan, 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)	IR Division, Corporate Communications Department	

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

	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 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. The Company has been selected for the FTSE 4 Good Global Index, a global Socially Responsible Investment index created and managed by FTSE Russell, since 2004, and the FTSE Blossom Japan Index since 2017. Additionally, the Company has been selected for the MSCI Japan Empowering Women (WIN) Select Index created and managed by MSCI Inc. since 2017. It has also been selected for the S&P/JPX Carbon Efficient Index, a global environmental equity index created and managed by S&P Dow Jones Indices since 2018.

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

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

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  
The Company shall establish guidelines for all employees to act in compliance with laws and regulations, the Articles of Incorporation and Corporate Philosophy of the Company. Additionally, a department in charge of compliance shall be established to ensure thorough compliance. Cooperating with the department in charge of compliance, the Internal Audit Department shall audit the situation, and report to the Board of Directors and the Audit & Supervisory Committee as appropriate.
2. A system for Storage and Management of Information Pertaining to the Execution of Duties by Directors  
The Company shall record, store, and manage information pertaining to the execution of duties by Directors as documents or electromagnetic media in accordance with the internal rules and regulations separately provided. Directors shall have access to these documents at all times.
3. Regulations and Other Systems Concerning the Management of Risk of Loss  
Under its risk management regulations, the Company has determined the divisions responsible for each type of risk, including risk related to compliance, the environment, quality, finance, legal affairs, natural disasters, information security, and export control. Each division formulates regulations and guidelines for managing the risks for which they are responsible. Based on these regulations and guidelines, these divisions implement training activities and create and distribute manuals. In the case where a new type of risk occurs, the Company promptly appoints a Director or Executive Officer in charge of responding to said risk. Additionally, in the event a risk materializes and significant damage is expected to occur as a result, the responsible Director or Executive Officer makes a report to the Board of Directors without delay.
4. A System for Ensuring Efficient Execution of Duties by Directors  
The Company delegates decisions on the execution of certain important operations to directors who manage these operations to accelerate decision-making, and creates a system for accurate and prompt business execution with the Executive Officer system. Additionally, by using information technology (IT) to eliminate and reduce factors that impede efficiency improvement, we will build a system that helps us to achieve targets accurately, and improves the efficiency of company-wide operations.
5. A System for Ensuring the Appropriateness of Business Operations in a Corporate Group that Comprises the Company and Its Subsidiaries
  - (1) Establish Common Corporate Philosophy and Action Guidelines within Ushio Group, and promote compliance awareness throughout Ushio Group. Additionally, compliance officers and internal auditors will be assigned to each group company depending on the size and type of the business, to cooperate with compliance and internal audit departments of the Company.
  - (2) Ushio Group holds Group Coordination Council meetings and individual regular meetings to share information. Additionally, the Company receives regular monthly reports from Ushio Group companies and carries out prior consultations on important matters.
  - (3) The department responsible for each type of risk in the Company cooperates with the relevant division of each group company to comprehensively manage risks in Ushio Group.
  - (4) In addition to sharing medium- to long-term targets in Ushio Group, Ushio Group formulates targets for each Group company as annual budgets and manages performance based on them. The Company also dispatches Directors and corporate auditors to Group companies as necessary.
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 Ushio 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 Ushio 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**

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

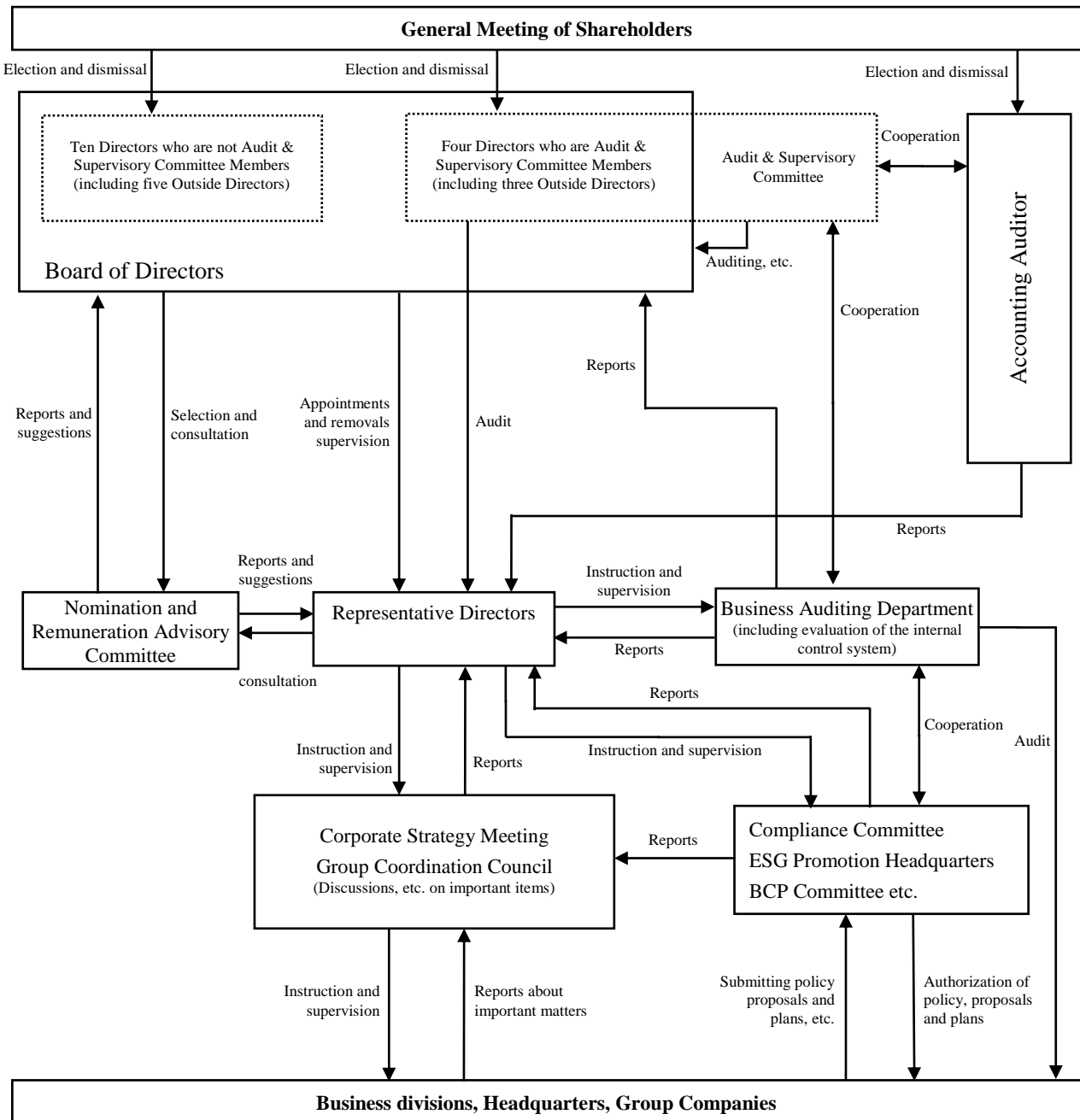
### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanations of the Applicable Items

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



<<Schematic diagram of the outline of the timely disclosure system>>

