



Solidifying our management foundation

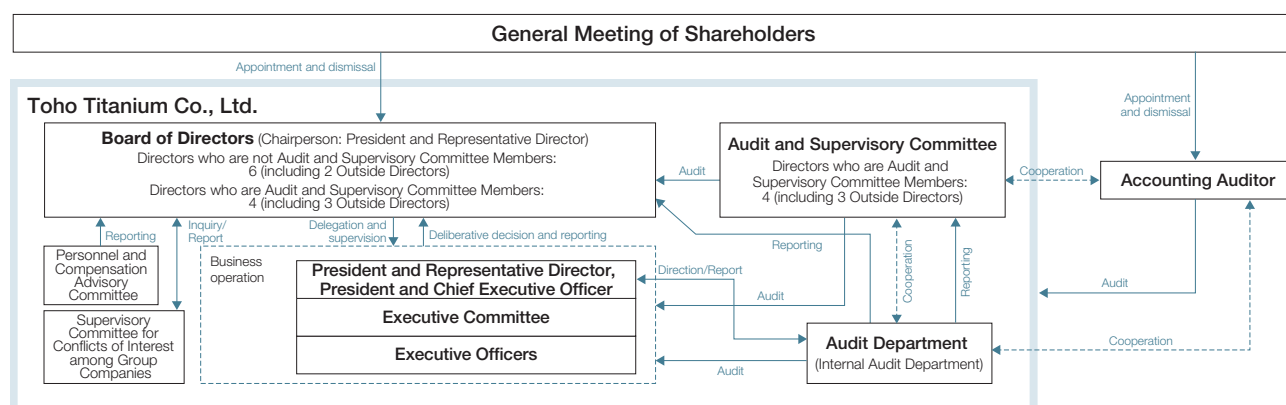
Strengthening Corporate Governance

Basic Thinking

Based on our Corporate Philosophy, the Company strives to enhance corporate governance in accordance with the following basic policies in order to achieve sustainable corporate growth and increase medium- to long-term corporate value, and to ensure transparent, fair, timely, and accurate decision-making and appropriate business execution in light of our business characteristics and the surrounding environment.

1. We will respect the rights of shareholders and ensure the substantial equality of shareholders, and strive to create an environment for the appropriate exercise of rights.
2. We will strive to work appropriately with all stakeholders.
3. We will strive to ensure transparency by proactively providing information not only in accordance with laws and regulations, but also in ways other than disclosure required by laws and regulations.
4. The Board of Directors and the Audit and Supervisory Committee shall make efforts to appropriately fulfill their respective roles and responsibilities, including:
 - i. To clearly state the major direction of corporate strategy, etc.
 - ii. To establish an environment that supports appropriate risk-taking by the senior management.
 - iii. To effectively supervise the management (including executive officers) and directors, etc.
5. We will endeavor to conduct constructive dialogue with shareholders in order to contribute to sustainable growth and enhancement of corporate value over the medium to long term.

Corporate Governance Structure (as of July 1, 2024)



Board of Directors

The Board of Directors deliberates and decides on growth strategies, management plans and other corporate strategies to ensure the Company's sustainable growth and increase its corporate value over the medium to long term. To monitor and control risk-taking, we have 5 Outside Directors (all 5 of whom are Independent Directors) in the 10-member Board of Directors. Each of them monitors the operation of Directors and Directors' risk management from a professional, independent, and objective standpoint, and evaluates the effectiveness of internal control and risk management.

Personnel and Compensation Advisory Committee

The Committee consists of all Independent Outside Directors, as well as the Representative Director and other Directors appointed by the Representative Director, and is chaired by the President. The Personnel and Compensation Advisory Committee meets at least once a year to discuss and report to the Board of Directors on matters related to personnel and remuneration of Directors and senior management, as well as to evaluate the effectiveness of the Board of Directors.

Group Company Supervisory Committee for Conflicts of Interest

Regarding important transactions between the parent company group and our Group, deliberations and considerations are held once a year, and as necessary, from the perspective of protecting the interests of minority shareholders. This committee consists of all Independent Outside Directors, and a summary of deliberations and results is reported to the Board of Directors.

Executive Committee

In order to clarify the structure of responsibility in the management organization and to speed the execution of business operations, we have introduced an Executive Committee system under which certain business execution authority is delegated to Executive Committee members. The Executive Committee consists of the President and Representative Director (President), Executive Officers and Full-time Auditing Committee members, and other persons appointed by the President.

Regular Executive Committee meetings are held several times a month, or as needed, at which the President instructs Executive Committee members and communicates policies and resolutions of the Board of Directors. Executive Committee members report to the President on the status of business execution.

Audit and Supervisory Committee

3 of the 4 Audit and Supervisory Committee members are Independent Outside Directors, who fulfill their responsibilities through monitoring and verification from an independent and objective standpoint. Audit and Supervisory Committee members include qualified accountants, who use their high level of expertise to conduct operational and accounting audits and provide active and appropriate opinions at Board of Directors meetings. Full-time Audit and Supervisory Committee members attend important meetings and have access to all information regarding internal proposals and reports. Audit and Supervisory Committee also conduct audits in full cooperation with the Accounting Auditor and the Internal Audit Department.