

Seika Corporation Corporate Governance Guidelines

Chapter 1 General Provisions

Article 1. Purpose of the Guidelines

Seika Corporation Corporate Governance Guidelines (the “Guidelines”) establish the basic framework and principles of corporate governance of Seika Corporation (the “Company”) to contribute to its sustainable growth and the enhancement of its corporate value over the medium to long term.

Article 2. Status of the Guidelines

The Guidelines are subordinate only to laws and regulations and the Articles of Incorporation, and shall take precedence over the Company’s internal basic policies, Group Policy, Code of Conduct, regulations, Group Mission, and manuals.

Article 3. Basic Stance on Corporate Governance

Based on its Corporate Philosophy and Company Precepts set out in Article 5, the Company conducts its business with due consideration for all stakeholders as a company that supports the sustainable generation of energy and industrial activities in harmony with the global environment. It also seeks to achieve sustainable growth for the Company and its group companies (collectively, the “Group”) and enhance its corporate value over the medium to long term. To this end, the Company’s basic policy is to establish effective corporate governance by continuously strengthening and enhancing corporate governance and improving the soundness and transparency of management. These efforts include separating management oversight from business execution and strengthening the management oversight function through the appointment of Outside Directors.

Article 4. Governance Structure under the Companies Act

Based on the principles set out in the preceding Article, the Company adopts the structure of a company with an Audit and Supervisory Committee under the Companies Act. This structure is intended to further separate management oversight from business execution, enable the Board of Directors to exercise effective oversight of management, and allow agile decision-making in response to changes in the business environment by delegating certain authority over business execution to Managing Directors.

Chapter 2 Corporate Philosophy, Company Precepts, and Management Strategy

Article 5. Corporate Philosophy, Company Precepts and Objectives

1. The Company upholds the following Corporate Philosophy and Company Precepts.

Corporate Philosophy

Contribute to Society Through the Expansion of Business. This is the Company's guiding belief.

Company Precepts

- (1) Being trustworthy is a priceless asset.
 - (2) To always have a high appreciation of the significance of existence is the basis of the business activities of a trading company.
 - (3) Fast and accurate information activities and effective responses win everything.
 - (4) To make decisions and handle things using objective consideration and pursuing necessity and rationality without being influenced by intuition.
 - (5) To be driven by a pioneering spirit, be challenged, and be proud to overcome all difficulties, barriers, and turbulent times.
2. Guided by the corporate philosophy and company precepts set out above, the Company conducts its business with a mission to build trust by understanding and respecting the aspirations of its stakeholders, including each employee, business partners, and local communities, and to contribute to industrial growth and the creation of a fulfilling society.

Article 6. Management Plans, Business Plans and Corporate Governance

1. To put the Corporate Philosophy and Company Precepts into practice and steadily achieve the objectives set out in the preceding Article, the Company shall formulate medium-term and long-term management plans aimed at sustainable growth and the enhancement of corporate value over the medium to long term. The Company shall also formulate annual business plans in accordance with these medium-term and long-term management plans.
2. The business execution organization, headed by the President, shall prepare draft management plans and business plans. The Board of Directors shall review and discuss the drafts before deciding on the plans, which shall be publicly disclosed to an appropriate extent.
3. To achieve the objectives of its management plans and business plans, the Company shall continually consider the most appropriate form of corporate governance and seek to establish governance befitting a company listed on the Prime Market of the Tokyo Stock Exchange.
4. The business execution organization shall regularly report to the Board of Directors on progress against the management plans and business plans, both overall and by segment.
5. If the objectives of the management plans or business plans are not achieved, the Board of Directors shall analyze the reasons and the actions taken by the Company, publicly disclose the findings to an appropriate extent, and reflect the analysis in subsequent management plans and business plans.

Article 7. Basic Policy for Promoting Sustainability

1. Guided by its Corporate Philosophy, "Contribute to Society Through the Expansion of Business," the Company promotes sustainability in conjunction with its business. The Company believes that addressing various social issues through its business leads to sustainable growth for the Group and the enhancement of corporate value over the medium to long term, ultimately contributing to the realization of a sustainable society.
2. To promote and monitor sustainability, the Company shall establish a Sustainability Committee and three subcommittees under it: Subcommittee for environmental initiative, Subcommittee for management that values people, and Subcommittee for improving management quality. These bodies

shall formulate and implement policies for initiatives to address various social issues.

Article 8. Capital Policy

1. To pursue disciplined growth investment under its medium-term and long-term management plans, the Company shall set priorities for the use of tangible and intangible assets and consider capital allocation, taking into account the cost of capital and its share price. Through these efforts, the Company shall seek both to strengthen its financial foundation and to achieve sustainable growth.
2. The Company's basic policy is to provide shareholder returns in line with its capital allocation, while also considering the balance between growth investment and strengthening its financial foundation.

Chapter 3 Relationships with Stakeholders

Section 1 Basic Policy

Article 9. Basic Policy on Dialogue with Stakeholders

The Company's basic policy is to manage its business in a manner that meets the expectations of all stakeholders, including each employee, business partners, local communities and shareholders. The Company shall strive to improve management transparency by providing information promptly and accurately, and shall provide appropriate opportunities for dialogue with these stakeholders to deepen their understanding of its business and initiatives.

Article 10. Basic Policy on Information Disclosure

1. The Company shall appropriately make statutory disclosures under the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, and timely disclosures under the Securities Listing Regulations of the Tokyo Stock Exchange. The Company shall also actively provide information beyond these disclosure requirements through its website, integrated reports and other channels.
2. The Company shall take care to ensure that the financial and non-financial information disclosed or provided under the preceding paragraph is readily understandable to stakeholders and deepens their understanding of the Company's business and initiatives.
3. The Company shall actively promote the disclosure and provision of information in English and strive to avoid disparities between information disclosed in Japanese and in English.

Section 2 Relationships with Shareholders and Investors

Article 11. Dialogue with Shareholders and Investors and Related Measures

The Company shall promote investor relations (IR) activities as follows to encourage constructive dialogue with shareholders and investors, gain their understanding of its management strategy and plans, strengthen its management foundation, and implement initiatives for sustainable growth.

- (1) The Company shall engage in constructive dialogue with shareholders and investors to the extent and by the means it considers appropriate, in order to support sustainable growth and enhance corporate value over the medium to long term.
- (2) The Company's policies on the structures and initiatives for promoting constructive dialogue with shareholders and investors are as follows.
 - (i) The officer in charge of planning shall oversee all dialogue with shareholders and investors. In conducting dialogue with shareholders, the Corporate Planning Department shall take the lead in exchanging information appropriately and coordinating effectively with the other corporate departments.
 - (ii) The Corporate Planning Department shall handle dialogue with shareholders and investors under the oversight of the officer in charge of planning. At that officer's discretion, Directors, including Outside Directors, Executive Officers and others shall participate as necessary and within reasonable bounds.
 - (iii) To expand the means of dialogue with shareholders and investors, the Company shall regularly hold investor briefings and undertake other relevant activities.
 - (iv) The Company shall appropriately manage insider information when engaging in dialogue with shareholders and investors.
- (3) In dialogue with shareholders and investors, the Company shall also explain its management strategy and plans and the capital policy based on them.
- (4) To promote constructive dialogue with shareholders, the Company shall strive to understand its shareholder composition.

Article 12. Securing Shareholder Rights

The Company shall ensure substantive equality of treatment of shareholders according to the rights attached to, and the number of, the shares they hold. It shall take appropriate action to secure shareholder rights in substance and strive to establish an environment in which shareholders can properly exercise those rights. Exercising voting rights at the General Meeting of Shareholders is a shareholder right. To enable shareholders to exercise their voting rights appropriately, the Company shall take the following measures.

- (1) Send Notices of the General Meeting of Shareholders early enough to allow shareholders sufficient time to review their contents, no later than two weeks before the meeting.
- (2) Aim to post the Notices of and materials for the General Meeting of Shareholders on the Company's website by the earlier of the date on which the Notice is sent and three weeks before the meeting.
- (3) Aim to disclose the Annual Securities Report through the Financial Services Agency's Electronic Disclosure for Investors' NETwork (EDINET) three weeks before the General Meeting of Shareholders, and strive to provide sufficient information and time for shareholders to exercise their voting rights.
- (4) Set an appropriate schedule for the General Meeting of Shareholders and related matters, taking into account the enhancement of dialogue with shareholders and the provision of accurate information for that purpose.
- (5) Establish arrangements for electronic voting, including the use of an electronic voting platform, so that all shareholders, including those who do not attend the General Meeting of Shareholders, can properly exercise their voting rights.
- (6) Provide English translations of Notices of the General Meeting of Shareholders, Business Reports and other relevant documents.

Article 13. Policy on Cross-shareholdings

1. The Company shall acquire and hold shares of companies when, in light of the nature of transactions with business partners and the size and duration of those transactions, it determines that such holdings are necessary to maintain and strengthen business relationships and will contribute to its sustainable growth and the enhancement of corporate value over the medium to long term.
2. The Company's basic policy is to dispose of and reduce cross-shareholdings, as soon as possible, when they are deemed to have little significance in holding them. Each year, the Board of Directors shall closely examine whether the purpose of holding individual cross-shareholdings is appropriate and whether the benefits and risks associated with holding them are commensurate with the cost of capital, and shall disclose the results of the verification.
3. Under its established capital allocation framework, the Company shall formulate and implement a plan to reduce cross-shareholdings, taking into account capital efficiency and appropriate allocation, including priorities.
4. When exercising voting rights in its cross-shareholdings, the Company shall make a comprehensive assessment of each proposal, including whether it contributes to the Company's sustainable growth and the enhancement of corporate value over the medium to long term, while respecting the management policy of the relevant company, and shall exercise those rights appropriately.

Article 14. Analysis of Votes against Proposals

If a Company proposal is approved at the General Meeting of Shareholders but receives votes against it exceeding 20%, the Company shall analyze the reasons for the opposition and the factors behind the high level of opposing votes, and consider whether dialogue with shareholders or other action is necessary.

Section 3 Relationships with Stakeholders Other than Shareholders

Article 15. Sound and Constructive Relationships with Stakeholders Other than Shareholders

To achieve sustainable growth and enhance corporate value over the medium to long term, the Company shall strive to maintain good relationships with all stakeholders, respecting their interests and working with

them constructively.

Article 16. Sustainability

Guided by its Corporate Philosophy, “Contribute to Society Through the Expansion of Business,” the Company shall work toward the realization of a sustainable society through its business and strive to address and promote sustainability issues, including climate change and respect for human rights, actively and proactively.

To remain a company that truly contributes to social progress, the Company shall actively work to respect human rights and ensure occupational health and safety. It shall also strive to create a workplace where everyone can work with peace of mind and realize their full potential by promoting mutual understanding and relationships of trust through dialogue.

Article 17. Diversity Management

The Company shall promote diversity management that embraces and makes use of different perspectives and values arising from diverse experience, skills and attributes. It shall strive to develop a corporate culture in which diversity is a strength supporting sustainable growth. To enable each Group employee around the world to grow and contribute, the Company shall promote measures for human resource development, improved engagement and other relevant purposes, including setting specific numerical targets.

Article 18. Internal Reporting System

1. To detect and correct violations of laws and regulations and other misconduct at an early stage and strengthen compliance in management, the Company shall establish internal reporting channels within the Company (the General Affairs & Human Resources Department and the Internal Audit Office), outside the Company (a law firm), and with the Audit and Supervisory Committee, which is independent of management. The Company shall establish arrangements to ensure the operational independence of these channels and shall adopt and rigorously enforce provisions protecting the confidentiality of persons who provide information and prohibiting disadvantageous treatment of them.
2. Each year, the President and Chief Executive Officer shall report to the Board of Directors on the operation of the internal reporting system, based on reports from the responsible departments, and the Board of Directors shall oversee its operation.

Section 4 Feedback within the Company and to Management

Article 19. Feedback within the Company and to Management

The content of dialogue with stakeholders, particularly shareholders and investors, through IR and other activities shall be reported to senior management in a timely and appropriate manner according to its importance and substance, and shall be reported regularly to the Board of Directors.

Chapter 4 Board of Directors

Article 20. Authority of the Board of Directors

1. The Board of Directors shall make decisions on the following matters.
 - (1) Matters concerning the General Meeting of Shareholders
 - (2) Matters concerning Directors, Executive Officers and other relevant officers
 - (3) Matters concerning financial results
 - (4) Matters concerning shares
 - (5) Matters concerning organization and personnel
 - (6) Matters concerning important business execution
 - (7) Matters concerning the internal control system
 - (8) Matters concerning the Corporate Governance Code
 - (9) Other matters
 - (i) Other matters prescribed by laws and regulations or the Articles of Incorporation
 - (ii) Other matters deemed important to the management of the Company
2. The Company shall establish a Corporate Management Meeting to facilitate deliberations by the Board of Directors, ensure prompt business execution and decide on matters requiring urgent action. Matters specified in the Board of Directors Regulations, as established by the Board of Directors, shall be discussed in advance by the Corporate Management Meeting. Its membership, authority and operation shall be governed by the Corporate Management Meeting Regulations.

Article 21. Composition of the Board of Directors

In accordance with the Articles of Incorporation, the Board of Directors shall comprise an appropriate number of Directors, with no more than eleven Directors (excluding Directors serving as members of the Audit and Supervisory Committee) and no more than four Directors serving as members of the Audit and Supervisory Committee. Independent Outside Directors who satisfy the Company's independence criteria set out in Article 35 of the Guidelines shall constitute a majority of the Board of Directors.

Article 22. Qualifications of Directors

Candidates for Director shall be persons capable of contributing to the Group's sustainable growth and the enhancement of corporate value over the medium to long term.

Article 23. Establishment of the Nomination Review Committee and Compensation Review Committee

1. The Company shall establish a Nomination Review Committee and a Compensation Review Committee as advisory bodies to the Board of Directors. Their purpose is to strengthen the fairness, objectivity, timeliness, transparency and accountability of the Board of Directors in matters concerning the selection of Representative Directors and candidates for Director, the dismissal of Representative Directors, and Directors' remuneration and related matters.
2. The Nomination Review Committee shall comprise at least three independent Outside Directors. At least five Directors shall be selected to serve on the Compensation Review Committee, a majority of whom shall be independent Outside Directors.
3. Each committee shall be chaired by an independent Outside Director selected through consultation among its members.
4. The Chairperson shall convene meetings of the relevant committee, preside over its proceedings, and report the results of its deliberations and reviews or the content of its resolutions to the Board of Directors.
5. The Company shall designate in advance the departments responsible for supporting the activities of the Nomination Review Committee and the Compensation Review Committee.

Article 24. Selection and Dismissal of Directors and Related Matters

In response to a request for advice from the Board of Directors, the Nomination Review Committee shall deliberate on personnel proposals prepared by the Representative Director and President, and report its conclusions to the Board of Directors. After receiving the Committee's recommendations and carefully deliberating on them, the Board of Directors shall resolve on proposals for the selection of Representative Directors and candidates for Director, and proposals for the dismissal of Representative Directors.

Article 25. Succession Planning for Senior Management

1. The Company shall establish an Executive Candidate Development Program to develop candidates and secure senior management personnel capable of leading the Group in the future. It shall select persons considered to have an aptitude for management and seek to develop them systematically over time.
2. The Company shall establish a Succession Plan to identify individuals who possess the insight, ability and character to succeed top management, and to support their steady growth as business leaders through proactive and systematic development.

Article 26. Chairperson of the Board of Directors

Unless otherwise provided by laws and regulations, a Director shall convene and chair meetings of the Board of Directors in accordance with an order of precedence determined in advance by the Board. The Chairperson shall preside over the proceedings and strive to ensure appropriate decision-making by the Board of Directors while maintaining a neutral position in relation to the business execution organization.

Article 27. Support Arrangements for the Board of Directors

The Company shall designate a department to serve as the secretariat of the Board of Directors to support the Board's activities and promote active deliberation, while ensuring the following arrangements.

- (1) As a general rule, materials for meetings of the Board of Directors shall be distributed five business days before the meeting.
- (2) The Company shall provide sufficient additional information as necessary, beyond the materials for meetings of the Board of Directors.
- (3) An annual schedule of meetings of the Board of Directors shall be prepared and communicated to Directors before the start of each fiscal year.
- (4) As a general rule, the Board of Directors shall meet once a month.
- (5) Sufficient time shall be allocated for deliberation on proposals submitted to the Board of Directors.

Article 28. Establishment of Standards of Conduct and Internal Control and Risk Management Systems

1. The Company has established its Corporate Philosophy, Company Precepts, and Code of Conduct as guiding principles for the Group's employees, and conducts its business in accordance with the values they embody.
2. In medium-term and long-term management plans and other relevant documents, the Board of Directors shall present management policies based on the Corporate Philosophy, Company Precepts, and Code of Conduct, and strive to ensure that these management policies are widely understood and observed.
3. The Board of Directors shall resolve on the Basic Policy of Internal Control System and establish a framework to ensure the appropriate development and operation of internal control, risk management and compliance throughout the Group.
4. The Internal Audit Office, Export Control Committee and Compliance Managing Office, which report directly to the President, shall conduct audits and awareness-raising activities relating to the Group's internal control and risk management. The Board of Directors shall receive reports from the President on the development and operation of these systems, deliberate on their effectiveness and exercise

oversight.

The Corporate Management Meeting shall be responsible for the overall management of Company-wide risks, including risk countermeasures and the evaluation of responses.

5. Reports shall be made to the Board of Directors at least once a year on compliance with the Corporate Philosophy, Company Precepts, and Code of Conduct referred to in the preceding paragraphs, the operation of the internal control system, including compliance, and initiatives to address significant risks.

Article 29. Oversight of Related-Party Transactions

When the Company engages in related-party transactions, it shall comply with the procedures required by laws and regulations and the Board of Directors Regulations, and the Board of Directors shall monitor such transactions.

Article 30. Concurrent Positions as Officers of Other Companies

1. Directors (excluding Outside Directors) may concurrently serve as officers of companies outside the Group only where this is genuinely unavoidable and subject to a decision of the Board of Directors. They shall devote themselves to their duties at the Company to the greatest extent possible.
2. Concurrent positions as officers of other companies held by Directors (excluding Outside Directors) and candidates for those Director positions shall be disclosed in Notices of the General Meeting of Shareholders, Business Reports, Annual Securities Reports, Corporate Governance Reports and other relevant documents, in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, and the Securities Listing Regulations of the Tokyo Stock Exchange.

Article 31. Remuneration of Directors (Excluding Directors Serving As Members of the Audit and Supervisory Committee and Outside Directors)

1. The Company shall have regard to the basic policy set out in its regulations on Directors' remuneration, with a view to linking remuneration to performance and to corporate value over the medium to long term and ensuring transparency that enables the Company to meet its accountability obligations to stakeholders. Under internal regulations, remuneration for Directors (excluding Directors serving as members of the Audit and Supervisory Committee) shall consist of basic remuneration (fixed remuneration), bonuses linked to short-term performance (excluding Outside Directors), and stock remuneration linked to medium- to long-term performance (excluding Outside Directors).
2. To ensure fairness, objectivity, transparency and accountability in determining the above remuneration, the Company shall establish the Compensation Review Committee as an advisory body to the Board of Directors. The Committee shall prepare assessment proposals for executive bonuses of Representative Directors, deliberate on assessment proposals for executive bonuses of other Directors and Executive Officers, and report the results to the Board of Directors. After receiving the Committee's recommendations, the Board of Directors shall carefully deliberate and determine the amounts within the total amount approved by resolution of the General Meeting of Shareholders.
3. The Company has established clawback provisions. In response to a request for advice from the Board of Directors, the Compensation Review Committee shall deliberate on whether to seek repayment of all or part of Directors' bonuses already paid and report its conclusions to the Board of Directors. Taking into account the Committee's recommendations, the Board of Directors shall resolve on whether to demand that the relevant officer repay all or part of the bonuses already paid.

Article 32. Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

To confirm whether the Board of Directors is effectively fulfilling its roles and responsibilities and identify issues and improvement measures, the Company shall analyze and evaluate the effectiveness of the Board

of Directors as a whole once a year, taking into account questionnaire-based self-assessments by each Director and other relevant information, and shall disclose a summary of the results.

Chapter 5 Outside Directors

Article 33. Responsibilities and Roles of Outside Directors

1. To make the Board of Directors' management oversight effective, Outside Directors shall express views at Board meetings that contribute to the Company's management policies and improvements in management. They shall do so from a position independent of the business execution organization, with due consideration for shareholders and other external stakeholders, and shall strive to contribute to sustainable growth and the enhancement of corporate value over the medium to long term.

Outside Directors shall also strengthen the Company's corporate governance system by overseeing transactions involving conflicts of interest between the Company and its Directors, controlling shareholders or other relevant parties, as well as Directors' business execution, and by conducting nomination reviews concerning the selection and dismissal of Representative Directors and compensation reviews concerning Directors' remuneration and related matters.

2. The Company shall notify the Tokyo Stock Exchange of those Outside Directors who satisfy the independence criteria set out in Article 35 as independent Outside Directors.

Article 34. Election and Dismissal of Outside Directors

In considering proposals for the election or dismissal of Outside Directors, the Board of Directors shall consider persons capable of fulfilling the obligations of due care and loyalty required by the Companies Act. Such persons shall possess practical judgment based on extensive experience, a high perspective and broad outlook, and either experience in actual corporate management or a high level of expertise in legal, financial, accounting or other relevant fields. They shall be persons who can be expected to provide advice and oversight at Board meetings, bringing perspectives and considerations different from those of Internal Directors. Taking into account their backgrounds and qualities, and considering whether they meet the independence criteria set out in Article 35, the Board of Directors shall, after receiving the recommendations of the Nomination Review Committee, resolve on a proposal for the election or dismissal of the relevant Outside Director.

Article 35. Independence Criteria for Independent Outside Directors

To ensure the substantive independence of independent Outside Directors, the Company shall establish the independence criteria for Outside Directors set out in Appendix 1 and strive to secure Outside Directors who do not fall within any of the disqualifying criteria.

These independence criteria shall not preclude the election of persons who do not satisfy them as Outside Directors.

Article 36. Meetings Attended by Independent Outside Directors

To strengthen their oversight of the business execution organization and exchange views with it on a broad range of matters beyond the agenda of the Board of Directors, independent Outside Directors shall attend the Nationwide Meeting of Office Heads and the Meeting of Directors for Intensive Deliberations.

Article 37. Support for Outside Directors

1. The Company shall designate in advance the departments responsible for supporting Outside Directors in performing their duties.
2. To deepen Outside Directors' understanding of proposals submitted to the Board of Directors and promote active discussion at Board meetings, the Company shall ensure that each Outside Director has access to management data at all times. The departments referred to in the preceding paragraph shall strive to expand the information provided to Outside Directors, including by briefing them in advance on proposals upon request.

Article 38. Concurrent Positions Held by Outside Directors as Officers of Other Companies

Concurrent positions as officers of other companies held by Outside Directors and candidates for Outside Director shall be disclosed in Notices of the General Meeting of Shareholders, Business Reports, Annual Securities Reports, Corporate Governance Reports and other relevant documents, in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, and the Securities Listing Regulations of the Tokyo Stock Exchange.

Article 39. Remuneration of Outside Directors (Excluding Members of the Audit and Supervisory Committee)

1. Remuneration for Outside Directors (excluding members of the Audit and Supervisory Committee) shall consist solely of basic remuneration to ensure their independence from the business execution organization.
2. After deliberation by and recommendations from the Compensation Review Committee, the Board of Directors shall determine the above remuneration within the maximum amount approved by resolution of the General Meeting of Shareholders.

Chapter 6 Audit and Supervisory Committee

Article 40. Roles and Responsibilities of the Audit and Supervisory Committee

1. As a body entrusted by shareholders, the Audit and Supervisory Committee shall audit and supervise the execution of duties by Directors and contribute to the Group's sound and sustainable growth and the enhancement of corporate value over the medium to long term.
2. In cooperation with the internal audit function, the Accounting Auditor and relevant departments, the Audit and Supervisory Committee shall review the development and operation of the internal control system, risk management arrangements, the reliability of financial reporting and Directors' execution of duties. It shall also express opinions at meetings of the Board of Directors and other important meetings as necessary, and strive to ensure transparency, fairness and effectiveness in management.
3. The Audit and Supervisory Committee shall establish criteria for selecting and evaluating candidates for Accounting Auditor, and shall select and evaluate candidates in accordance with those criteria. The Committee shall receive reports from the Accounting Auditor based on the guidance and guidelines of the Japanese Institute of Certified Public Accountants and objectively assess whether the Accounting Auditor has the required independence and expertise. The Committee shall also determine the content of proposals for the election, dismissal or non-reappointment of the Accounting Auditor, and verify the Accounting Auditor's independence and audit quality.
4. The Audit and Supervisory Committee shall determine its opinions on the election and other matters relating to Directors not serving as members of the Audit and Supervisory Committee, and on their remuneration and related matters, including matters to be stated at the General Meeting of Shareholders.

Article 41. Composition of the Audit and Supervisory Committee and Qualifications of Its Members

1. The Audit and Supervisory Committee shall comprise at least three Directors serving as members of the Audit and Supervisory Committee ("Committee Members"), who have voting rights on the Board of Directors. A majority of Committee Members shall be Outside Directors who satisfy the Company's independence criteria set out in Article 35. To ensure the effectiveness of its activities, the Committee may select a full-time Committee Member by resolution.
2. To ensure effective audits, Committee Members shall be selected in a balanced manner from persons with extensive knowledge and experience in various fields, including corporate management, legal affairs, finance and accounting. In particular, at least one Committee Member shall have sufficient knowledge of finance and accounting.

Article 42. Election and Dismissal of Directors Serving As Committee Members

1. For the election of a Director serving as a Committee Member, the Representative Director and President shall prepare a proposal, taking into account the Committee's composition and the qualifications of its members set out in Article 41 of the Guidelines. After the Nomination Review Committee has deliberated on the proposal and the Audit and Supervisory Committee has given its consent, the Board of Directors shall deliberate on and resolve on the proposal for the election of the relevant Director serving as a Committee Member.
2. For the dismissal of a Director serving as a Committee Member, the Representative Director and President shall prepare a proposal, taking into account the Committee's composition and the qualifications of its members set out in Article 41 of the Guidelines. After the Nomination Review Committee has deliberated on the proposal, the Board of Directors shall deliberate on and resolve on the proposal for the dismissal of the relevant Director serving as a Committee Member.

Article 43. Chairperson of the Audit and Supervisory Committee

The Audit and Supervisory Committee shall elect a Chairperson from among themselves. As a general rule, the Chairperson shall convene meetings of the Committee.

Article 44. Activities of the Audit and Supervisory Committee

1. In accordance with laws and regulations, the Articles of Incorporation, the Audit and Supervisory Committee Regulations and the Audit and Supervisory Committee Auditing Standards, the Audit and Supervisory Committee shall conduct its audits based on the audit policy, audit plan, audit methods and allocation of responsibilities approved by its resolutions. It shall audit the appropriateness of Directors' execution of duties by attending meetings of the Board of Directors and other important meetings; inspecting documents on important matters; conducting operational audits of the Company and its important subsidiaries; receiving regular reports from and exchanging views with the Accounting Auditor and internal control functions; meeting regularly with Representative Directors and Outside Directors; and reviewing documents to confirm Directors' execution of duties. When it considers it necessary in conducting an audit, the Committee shall carry out investigations and other audit activities through a designated Committee Member.
2. Taking advantage of their full-time status, full-time Committee Members shall actively seek to gather internal information by attending Corporate Management Meetings, conducting on-site audits of major business sites and cooperating with the internal audit function. They shall monitor and verify the establishment and operation of the internal control system on a day-to-day basis, inspect and review important documents, and share the results with Committee Members serving as Outside Directors ("Outside Committee Members"). They shall also attend meetings with Representative Directors, the internal audit function and Outside Directors not serving as Committee Members, as well as other important meetings, to exchange views.
3. Outside Committee Members shall receive timely reports from full-time Committee Members on the results of their inspection and review of important documents. They shall also join full-time Committee Members in on-site audits of major business sites and attend meetings with Representative Directors, the internal audit function and Outside Directors not serving as Committee Members, as well as other important meetings (excluding Corporate Management Meetings). Through these activities, they shall monitor and verify the establishment and operation of the internal control system and provide advice to improve the effectiveness of internal control.

Article 45. Support for the Audit and Supervisory Committee

1. The Company shall establish a secretariat for the Audit and Supervisory Committee to assist its activities and support the smooth conduct of audits.
2. Staff of the Audit and Supervisory Committee secretariat shall follow the Committee's instructions, and personnel decisions concerning them shall require the Committee's consent.

Article 46. Remuneration of Directors Serving as Committee Members

1. To ensure the proper performance of audit duties, oversight of business execution and other duties, remuneration for Directors serving as Committee Members shall consist solely of basic remuneration.
2. The amount of the above remuneration shall be determined through consultation among Directors serving as Committee Members, within the maximum amount approved by resolution of the General Meeting of Shareholders, taking into account the roles and duties of each Committee Member and distinguishing between full-time and part-time members.

Supplementary Provisions

1. The Guidelines shall take effect on October 1, 2026.
2. Amendments to the Guidelines shall be made by resolution of the Board of Directors. Minor amendments, however, shall be made with the approval of the officer in charge of corporate planning.
3. The Japanese version of the Guidelines shall be authoritative. An English version shall be prepared without delay after the Guidelines take effect or are amended, and both the Japanese and English versions shall be published on the Company's website.

Revision History

Established on October 1, 2026

Appendix 1 Independence Criteria for Outside Directors

In addition to the independence criteria established by the Tokyo Stock Exchange and other domestic financial instruments exchanges, the Company shall deem a person who falls within any of the following categories not to be independent.

1. A person who currently falls within any of items (i) to (x) below
 - (i) A major shareholder of the Company (a shareholder holding 10% or more of the voting rights), or a close relative of such a shareholder
 - (ii) A person who executes the business of a major shareholder of the Company, or a close relative of such a person
 - (iii) A person who executes the business of an entity of which the Company is a major shareholder, or a close relative of such a person
 - (iv) A business partner whose transactions with the Company in the most recent fiscal year exceeded 2% of the Company's annual consolidated gross sales, or a person who executes the business of that business partner
 - (v) A person or entity whose transactions with the Company in the most recent fiscal year exceeded 2% of that person's or entity's annual consolidated gross sales, or a person who executes the business of that entity
 - (vi) A financial institution or other major creditor that is indispensable to the Company's financing and on which the Company depends to such an extent that it cannot be replaced, or a person who executes the business of that institution or creditor
 - (vii) A certified public accountant serving as the Company's Accounting Auditor, or a member, partner or employee of the audit firm serving as the Company's Accounting Auditor, excluding support staff
 - (viii) A person who executes the business of an organization that received donations or grants exceeding 10 million yen from the Company in the most recent fiscal year
 - (ix) An attorney, certified public accountant, certified tax accountant or other consultant who has received money or other financial benefits, other than remuneration as an officer, from the Company averaging 10 million yen or more per year over the past three fiscal years
 - (x) A person, excluding support staff, affiliated with a law firm, audit firm, tax accounting firm, consulting firm or other professional advisory firm that received payments from the Company amounting to 2% or more of that firm's annual consolidated revenue, on average over the past three fiscal years
2. A person who fell within any of items (i) to (viii) above at any time during the past three fiscal years

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