

## Corporate Governance Report

YUASA TRADING CO., LTD.

Last Updated: June 30, 2025  
YUASA TRADING CO., LTD.  
Hiroyuki Tamura  
Representative Director and President  
Contact: General Affairs Division +81-3-6369-1255  
Securities identification code: 8074  
<https://www.yuasa.co.jp> (in Japanese)

The corporate governance of YUASA TRADING CO., LTD. (the “Company”) is described below.

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

#### **1. Basic Views** Update

The Company believes that, as a social entity, a company aims to maximize corporate value, return profits to society, and continue to operate in the long term by maintaining and expanding a multi-faceted and positive relationship between management (Directors) who are entrusted by many shareholders and various stakeholders, including shareholders who delegated responsibility to management, employees, suppliers, sales partners, and financial institutions.

In order to achieve this goal, management (Directors) makes various decisions and chooses strategies on a daily basis, while making efficient use of limited management resources in a constantly changing business environment. The Company believes that establishing a clear governance system is essential in order to gain the full trust of stakeholders regarding the processes and results of these activities. In other words, the Company recognizes that it must introduce appropriate systems and operate them based on strict rules in order to ensure transparency, fairness and impartiality, and to fulfill its responsibility to provide appropriate and timely explanations.

There are various possible specific measures for establishing a governance system, such as the desired form of organizational design and the selection of internal systems, and the Company believes the selection and application of these measures in practice should be decided by each company independently, although they are influenced by the management environment at the time, the culture and traditions fostered by each company, the nature of its business, and other factors.

Based on the above approach, the Company maintains a company structure with an Audit & Supervisory Board. With the enactment of the Companies Act and the Financial Instruments and Exchange Act, etc., the development of laws related to corporate management has progressed, and by appropriately responding to the intent of these laws, the Company believes that an effective governance system has been established under the current system.

The Company believes that all of its stakeholders, including shareholders, employees, suppliers, customers, and financial institutions, with whom it has relationships in various ways in carrying out its corporate activities, are of equal importance to the Company. The Company respects the various rights of shareholders, who hold the equity, including the right to vote on the election of officers and the determination of remuneration at the general meeting of shareholders, which is its highest decision-making body, to the greatest extent possible and in an equal manner. Meanwhile, the Company also recognizes it as an important management issue to ensure that employees who spend a large part of their lives in relation to the Company, including their families, are appropriately rewarded for their abilities and experience to enable them to design a plan for the future to a certain level, and that friendly relationships with the business partners, including suppliers, sales partners, and financial institutions are established to enable mutual coexistence and mutual prosperity. Based on this recognition, the Company is implementing the following specific measures to establish a governance system.

With the aim of strengthening the functions of the Board of Directors as a decision-making body and a supervisory body for business execution, the Company has introduced an Executive Officer System, and it is working to optimize the number of Directors, while ensuring that at least one third of all Directors are Outside Directors, in order to strengthen the supervisory functions of the Board of Directors, and to accelerate business execution and

[Translation]

clarify responsibilities, thereby strengthening the execution structure. On the other hand, the Audit & Supervisory Board that serves as the supervising body is comprised of a total of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. Each Audit & Supervisory Board Member attends important meetings, such as the Board of Directors meetings, and conducts strict audits on the business execution of Directors from an independent perspective as they contribute to the strengthening and enhancement of the governance system.

The Company has also concluded an audit contract with the audit corporation elected at the general meeting of shareholders, and it obtains proper audits and appropriate advice on accounting issues as needed.

The Company is a large conglomerate comprised of 43 affiliated companies, including 35 consolidated subsidiaries and 2 equity method affiliates as of the date of updating this report. However, centered on the Company, the Group maintains close cooperation and strives for disciplined company management that improves the value of the overall corporate group based on the policies of the Company's governance system.

### **[Reasons for Non-compliance With the Principles of Japan's Corporate Governance Code]**

The Company complies with all principles described in Japan's Corporate Governance Code revised in June 2021.

### **[Disclosure Based on the Principles of Japan's Corporate Governance Code]** Update

#### **[Principle 1.4 Shares Held as Cross-Shareholdings]**

The Company holds shares as cross-shareholdings for the purpose of strengthening its business relationships and cooperative relationships with the issuing companies. With regard to the cross-shareholdings held by the Company, the Finance Division checks the transaction amount and details of transactions for all issues once a year with the division in charge of transactions, and the Board of Directors examines the rationale for holding each issue based on the significance of holding the shares and the cost of capital, etc., in accordance with the Company's "Securities Investment Guidelines." As a result of this examination, the Company will sell any stocks that are deemed to no longer be reasonable to hold, and it will reduce the number of shares held. In exercising voting rights for cross-shareholdings, the Company will comprehensively consider whether the content of the relevant proposal prevents damage to shareholder value and leads to appropriate decision-making that contributes to the improvement of corporate value over the medium to long term, and whether it contributes to the improvement of the corporate value of the Group, through dialogue with the subject company by the division in charge of the transaction and verification by the Company's Finance Division, etc., exercising all voting rights appropriately. The ratio of cross-shareholdings to consolidated net assets as of March 31, 2025 was 8.91%.

#### **[Principle 1.7 Related Party Transactions]**

In order to protect the common interests of shareholders, the Company has stipulated under the Board of Directors Rules that any transactions between related parties shall require the approval of the Board of Directors, and thoroughly communicated it. When obtaining approval of such transactions at Board of Directors meetings, the Board checks the appropriateness of the transaction details and economic rationality, such as whether they are equivalent to general transaction terms, and when a transaction that has been approved by the Board of Directors is executed, the status of the transaction is reported to the Board of Directors on a case-by-case basis, creating a system that allows monitoring to ensure that concerns are not raised about harming the interests of the Company or the common interests of shareholders. In addition, with regard to ongoing transactions, the Board of Directors discloses important facts related to the relevant transactions once a year, obtains prior approval, and reports on the transactions after the fact. Also, a written survey (questionnaire) on transactions between related parties is conducted at the end of each fiscal year for all Directors and Audit & Supervisory Board Members to confirm and verify the details of the transactions.

#### **[Principle 2.4 Ensuring Diversity in the Promotion to Core Human Resources]**

Regardless of gender, age, race, etc., the Company will proactively appoint to management positions individuals with outstanding character, insight, ability, and abundant experience, as well as a high sense of ethics, and will work to achieve sustainable growth for the Company.

The Company promotes the appointment of new graduates and mid-career hires to management positions without differentiation, and has maintained a roughly equal ratio between the ratio of mid-career hires to the ratio of mid-career hires in management positions (as of March 31, 2025, the ratio of mid-career hires among directly employed

[Translation]

full-time employees was 34.7%, and the ratio of mid-career hires to management positions was also roughly the same at 30.9%). The Company is committed to conducting management appointments fairly, regardless of whether the candidate is a new graduate or a mid-career hire. Based on this policy, going forward the Company will continue to appoint mid-career hires to management positions, with the aim of maintaining a similar roughly equal ratio between the ratio of mid-career hires to the ratio of mid-career hires in management positions.

With regard to the appointment of women, the Company is working to promote the advancement of women by setting the targets of 6.0% of the percentage of female employees in comprehensive work position, 12.0% of the percentage of employed females in comprehensive work position, and 3.0% of the percentage of female managers by March 31, 2026. As of March 31, 2025, while the percentage of women among the Company's directly employed full-time employees was 40.6%, the percentage of female employees in comprehensive work position was 5.6%, the percentage of employed females in comprehensive work position was 19.0%, and the percentage of female managers was 1.7%. Going forward, the Company will continue to promote improving the environment by expanding the development, education and training of female managers, transferring career track from general office work positions to comprehensive work positions and appointing them to management positions after transferring to comprehensive work positions, as well as reviewing job roles and creating new systems.

As part of its growth strategy, the Company has positioned overseas business as one of its top priorities. However, as most of the Company's current business is domestic business, and the majority of business partners and customers are based in Japan, the number of foreign national employees enrolled is limited. For this reason, the Company has not set any target for the appointment of foreign national employees to management positions at this time, but going forward, will discuss and consider the appointment of foreign national employees to management positions while promoting ensuring diversity in line with the Company's business strategy, etc.

Please refer to the "Integrated Report 2024" (<https://www.yuasa.co.jp/ir/annual-report/2024/>) (in Japanese) for details on the Company's human resources development policy and internal environment improvement policy to ensure diversity in the workforce, as well as the status of their implementation.

#### [Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

In order to help employees build stable assets, the Company has introduced a corporate defined contribution pension plan (Life Plan System), and it has not introduced a corporate pension plan. The Company also provides support for building assets through Life Plan training and other programs for employees.

#### [Principle 3.1 Enhancement of Information Disclosure]

The Company's website contains information on the Company's basic management policy, management strategies, CSR and environmental activities, etc., in Corporate Philosophy and Message from the President. In addition, the Company discloses information on the Company's basic management policy, business overview, management indicators, etc., in the "YUASA REPORT," issued at the end of the first half and at the end of the fiscal year, and sends it to all shareholders.

#### (1) Objectives of the Company (philosophy and management vision)

Based on its corporate philosophy of "Honesty and Trust," "Enterprise and Innovation" and "Regard for the Individual," the Company will contribute to the further development of prosperous, humanitarian societies through corporate activities by valuing mutually beneficial, symbiotic relationships in all countries and regions of the world, with a focus on maintaining harmony with the global environment. For details, please refer to the Company's website (<https://www.yuasa.co.jp/corporate/philosophy/>) (in Japanese)). The Group promotes the medium-term management plan, "Growing Together 2026," covering the three-year period from April 2023 to March 2026, which constitutes the third and final stage of realizing the "YUASA VISION 360," with its sight ahead to the 360th anniversary of the Company's founding in 2026. The Group will promote business reform based on "corporate culture reform," "DX promotion," and "sustainability promotion," develop its existing business network in the fields of manufacturing, home building, environment building, and town building, and carry out business transformation with the "Market Out" approach in both single item businesses and integrated product-service transactions, enhancing its corporate value. Also, through these activities, the Group aims to grow into a "TSUNAGU Service Integrated Shosha Group" that promotes proposal-based business and solves social issues by connecting (TSUNAGU) various things such as people, goods, money, information, data, and technology. For details, please refer to the Company's website (<https://www.yuasa.co.jp/corporate/management/>) (in Japanese)).

(2) Basic views on corporate governance

The Company's basic approach to corporate governance and basic policy are as stated in "1. Basic Views" in "Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information" in this report. The reasons for adopting the current corporate governance system are as stated in "3. Reasons for Adoption of Current Corporate Governance System" in "Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management" in this report.

(3) Policies and procedures of the board of directors in determining the remuneration of directors

Remuneration for Directors (excluding Outside Directors) consists of monetary remuneration and share awards. Monetary remuneration consists of a basic remuneration paid as a fixed sum depending on the position, and a bonus, the amount of which fluctuates according to the consolidated performance and growth rate, etc. for each year. Share awards are paid based on a performance-linked share awards system, in which the number of shares delivered fluctuates according to the position held and the degree of achievement of the medium-term management plan.

Remuneration for Outside Directors shall be limited to a basic remuneration, as it is necessary to ensure their independence in order to properly perform their management oversight function.

In determining the remuneration of Directors, the Board of Directors will consult with the Governance Advisory Committee, which is composed of all independent Outside Directors and independent Outside Audit & Supervisory Board Members, as well as one Representative Director, and will decide on the amount of remuneration for Directors and other officers based on the results of its report, within the scope of the amount of remuneration for Directors and other officers resolved at the 139th Ordinary General Meeting of Shareholders held on June 22, 2018 and the 142nd Ordinary General Meeting of Shareholders held on June 24, 2021 (annual amount of monetary remuneration for Directors up to ¥380 million (including up to ¥50 million for Outside Directors), and the amount of share awards paid linked to the achievement of the medium-term management plan (up to ¥540 million in total for three fiscal years)).

Individual remuneration for Directors for the period from July 2025 to June 2026 was resolved at the Board of Directors meeting held on June 25, 2025.

The remuneration level is set for each role and responsibility of Directors and other officers, based on objective benchmarks using data from surveys by external professional organizations. In addition, in order to ensure that the remuneration for Directors and other officers serves as a sound incentive for the medium- to long-term improvement of corporate value, the performance-linked ratio, the ratio of share awards and evaluation indicators shall be reviewed as necessary.

<Remuneration for Directors (excluding Outside Directors)>

Monetary remuneration consists of a basic remuneration paid as a fixed sum depending on the position, and a bonus, the amount of which fluctuates according to the degree of achievement of consolidated ordinary profit each year and the growth rate, etc. compared to the previous year. For Directors in charge of divisions, the status and other factors of the division under their control are taken into consideration as variable factors in determining bonuses.

As share awards, the Company has introduced a share awards system, in which the number of shares delivered fluctuates according to the position held and the degree of achievement of the medium-term management plan, in place of the previous share awards-type stock options system.

<Remuneration for Outside Directors and Audit & Supervisory Board Members>

Only basic remuneration, a fixed amount of monetary remuneration, shall be paid.

(4) Policies and procedures in the appointment and dismissal of Directors and Audit & Supervisory Board Members

In appointing candidates, the Board of Directors deliberates and makes decisions based on common criteria such as personality, insight, strategic elements, awareness of reforms and execution ability, as well as the past performance and management capability of Executive Directors in charge, expertise and management experience of Non-Executive Directors, and appropriate experience, ability, and knowledge of finance, accounting, and legal matters necessary for Audit & Supervisory Board Members, and appoints one or more

[Translation]

persons with sufficient knowledge of, in particular, finance and accounting. Also, if it is deemed that a Director or other senior management officer is not fulfilling his or her function adequately, the Board of Directors will consult with the Governance Advisory Committee, and after receiving the Committee's report, submit a proposal to the Board of Directors, and if it is deemed necessary to dismiss a Director, the Board of Directors will submit a proposal to the general meeting of shareholders.

(5) Explanation on reasons for election and nomination of individual candidates for Directors

Beginning with the 137th Ordinary General Meeting of Shareholders, reasons for election of all Directors and Audit & Supervisory Board Members are described in the Reference Documents for the General Meeting of Shareholders. In addition, from the 142nd Ordinary General Meeting of Shareholders, the fields in which the candidate for Director's expertise is particularly expected are shown as a skills matrix. In the election of Outside Directors and Outside Audit & Supervisory Board Members, the scale of transactions between the Company and its Group companies and organizations at which the candidates hold concurrent positions is shown to provide information to shareholders related to the determination of independence.

[Supplementary Principles 3.1.3 Initiatives on Sustainability]

The Group recognizes sustainability initiatives, including ESG, as an important management issue, and is promoting group-wide efforts to address them.

(1) Policies related to sustainability

Based on its corporate philosophy of "Honesty and Trust," "Enterprise and Innovation" and "Regard for the Individual," the Company has worked as a group that contributes to the further development of prosperous, humanitarian societies by valuing harmony with the global environment and mutually beneficial, symbiotic relationships.

The Group promotes the sustainability management in order to further advance its management foundation passed down over 350 years. Specifically, the Company strives to carry out the Action Plan formulated based on materiality, which are important issues for maintaining sustainable growth, and to comply with the "Transaction Policy," "Human Rights Policy," and "Diversity Policy," which were formulated as policies for specific actions in the areas of Environment (E), Social (S), and Governance (G). For details, please refer to the Company's website (<https://www.yuasa.co.jp/sustainability/group/> (in Japanese)).

(2) Governance and promotion system

In order to promote management that contributes to sustainability, the Group has established the Sustainability Promotion Committee, chaired by a representative director, as an advisory body to the Board of Directors. The Committee held at least twice a year to report and deliberate on the status of efforts toward carbon neutrality and various risk reduction policies.

The following are the members of the Sustainability Promotion Committee as of the date of updating this report.

(Chair) Kenichi Tanaka, Supervisory Manager of Management Administration

Mamoru Hamayasu, Chief General Manager of Industrial Market Headquarters

Maresuke Takeo, Chief General Manager of Living Environment Market Headquarters

Takaomi Omura, Chief General Manager of Construction Market Headquarters

Shinzo Maeda, Independent Outside Director

Yoshiro Hirai, Independent Outside Director

Miki Mitsunari, Independent Outside Director

Yukiko Machida, Independent Outside Director

In order to promote monitoring of sustainability-related indicators, management of targets, and risk management across the entire Group, sustainability promotion officers are assigned to each business division and office, including Group companies, to manage sustainability across the Group as a whole. The progress of these activities is reported to the Sustainability Promotion Committee with the dedicated person in charge of the IR & Sustainability Promotion Office within the General Affairs Division serving as administrative

bureau. Although there are a wide range of themes and items related to sustainability, the Group will promote initiatives based on the importance of issues in society as a whole from the perspective of the Group and its stakeholders. Items of high importance are disclosed as materiality in the Integrated Report and on the Company's website. Materiality items will be reviewed as necessary in response to changes in the internal and external environment.

For the Group's materiality, please refer to the Company's website (<https://www.yuasa.co.jp/sustainability/group/> (in Japanese)).

(3) Main initiatives, etc.

<Respond to climate change, natural disasters and other global environmental issues>

To achieve harmony with the global environment, the Group aims to be carbon neutral across the entire YUASA TRADING Group by FY2030.\* As a first step, the Group aims to reduce CO2 emissions by 30% by the fiscal year ending March 31, 2026 (compared to the fiscal year ended March 31, 2023). In addition, the Group will value mutually beneficial, symbiotic relationships with its business partners and strive to address climate change and reduce the environmental impact of its entire supply chain, and promote climate change response through the Group's business.

Specifically, greenhouse gas emissions related to the Group's operations will be monitored and efforts will be made to curb emissions, while working to support the climate change-related efforts of customers and suppliers. In addition, the Group will enhance its ability to respond to natural disasters, which are becoming increasingly severe as a result of climate change, and prepare to adapt to the business environment as a result of various policy and regulatory changes toward a decarbonized society.

\* The scope of businesses subject to becoming carbon neutral shall be the direct CO2 emissions of YUASA TRADING Co., Ltd. and its group companies, as well as indirect CO2 emissions resulting from the generation of energy used by each company.

For details of the status of the Group's initiatives related to climate change, please refer to the Company's website (<https://www.yuasa.co.jp/sustainability/environment/climate/> (in Japanese)).

<Ensuring Fair Trade with Business Partners>

Based on the mindset of "service with good products" that has been passed down from the founding of the company, the Group conducts fair, honest, and reliable commercial transactions. The Group recognizes that its business transactions with numerous business partners are the foundation of its business as "TSUNAGU Service Integrated Shosha Group," and through transactions in a wide range of products and services, it promotes the creation of a safe, secure, and rich society with its stakeholders. In order to promote fair transactions with business partners, the Group will continue to inform them of its transaction policy and periodically confirm through survey questionnaires and other means that transactions are being conducted in an appropriate manner.

<Response to Consideration for Human Rights and the Work Environment>

In promoting its various businesses in Japan and overseas, the Group recognizes the importance of taking into consideration the human rights of every employee, and operates diversity management that respects the individuality and human rights of employees. In addition to implementing diversity policy and human rights policy, the Group will expand its in-house education and training programs aiming to develop as a corporate group where each employee can feel their work is meaningful and that they are able to grow.

<Initiatives through the Group's Businesses>

The Group is developing numerous solutions to solve social issues and contribute to the formation of a sustainable society. The Group is pursuing the following growth strategies based on its strength of TSUNAGU Innovation, which creates new value by connecting (TSUNAGU) various things such as people, goods, money, information, data, and technology.

(Examples of major projects)

- Green Business

Businesses that promote carbon neutrality by utilizing one-stop solution functionality (CO2 visualization, diagnosis, proposal, delivery, construction, and follow-up)

[Translation]

- Digital Business

Businesses that promote automation, workforce reduction, and labor-saving through the use of robots, AI, and IoT in all business areas by leveraging Group functions

- Resilience & Security Business

Businesses that promote the hardening (resilience) of social infrastructure through the development and proposal of disaster prevention, disaster mitigation, BCP products and various security products

Please refer to the “Integrated Report 2024” posted on the Company’s website (<https://www.yuasa.co.jp/ir/annual-report/2024/> (in Japanese)).

[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]

For matters to be decided by the Board of Directors, the Corporate Management Committee, and the internal approval process, detailed and specific division of authority and responsibility is defined according to the level of importance, and decisions are made through resolutions of the Board of Directors, approval of the Corporate Management Committee, and the internal approval process. In addition, the authority and division of duties of those responsible for business execution and heads of divisions are clarified by internal rules, and a system for constant review has been developed in response to organizational changes, etc. The Board of Directors is the body that operates in accordance with the “Board of Directors Rules” and makes decisions related to important business execution and monitors business execution of Directors. The Company holds meetings of the Board of Directors once a month, in principle, as well as other extraordinary meetings as necessary.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

For the purpose of enhancing objectivity in management decision-making and further improving the soundness and transparency of management, in the election of Outside Directors, the Company has adopted, in addition to the requirements of the Companies Act, the criteria for determining the independence of independent Outside Directors, which are the factors for determining when a conflict of interest with general shareholders is likely to arise in the “Guidelines Concerning Listed Company Compliance, etc.” of the Tokyo Stock Exchange (TSE). In appointing candidates for independent Outside Directors, the criteria for appointment are candidates who, based on their own knowledge, can provide advice on management policies and management improvements from the perspective of promoting the Company’s sustainable growth and enhancing corporate value over the medium to long term, and oversee management through the election and dismissal of senior management and other important decision-making by the Board of Directors.

[Principle 4.10.1 Independence Standards and Qualifications for Independent Outside Directors]

The Company has appointed four independent Outside Directors, and the Outside Directors make up one third of all the Directors, establishing a system by which the Directors and the Board of Directors can obtain advice on important matters from independent Outside Directors as appropriate. In addition, at the meetings of the Board of Directors, each of the independent Outside Directors actively expresses his or her opinion and provides advice as necessary based on his or her extensive experience of management, and the appropriate resolutions on important matters are approved.

The Company has established the Governance Advisory Committee chaired by an independent Outside Director as an optional advisory body beneath the Board of Directors with members that mainly consist of independent officers for the purpose of strengthening governance. The Governance Advisory Committee is composed of all the independent Outside Directors and independent Outside Audit & Supervisory Board Members as well as one Representative Director. The committee deliberates on the following matters and reports to the Board of Directors.

- (1) Matters related to appointment and dismissal of Directors
- (2) Matters related to remuneration for Directors
- (3) Matters related to analysis and evaluation on the effectiveness of the overall Board of Directors and other proposals related to governance

This committee meeting was held three times in the fiscal year ended March 31, 2025 and reported to the Board of Directors on the following matters.

- Determination of individual basic remuneration and bonuses for Directors

[Translation]

- Conclusion of Directors and Officers Liability Insurance

※The agenda items for the 146th Ordinary General Meeting of Shareholders which are matters to be deliberated on by the Governance Advisory Committee were deliberated on at Governance Advisory Committee meetings held in the fiscal year ending March 31, 2026, and reported to the Board of Directors.

The following are the members of the Governance Advisory Committee as of the date of updating this report.

(Chair) Shinzo Maeda, Independent Outside Director

Yoshiro Hirai, Independent Outside Director

Miki Mitsunari, Independent Outside Director

Yukiko Machida, Independent Outside Director

Mitsuhiro Honda, Independent Outside Audit & Supervisory Board Member

Chinami Kajo, Independent Outside Audit & Supervisory Board Member

Kenichi Tanaka, Representative Director, Senior Managing Director

In addition, Shinzo Maeda was appointed as the lead independent Outside Director through a vote among the independent Outside Directors. After collecting the views of the other independent Outside Directors as necessary, the lead independent Outside Director informs the Board of Directors and the Audit & Supervisory Board of the opinions of the independent Outside Directors and discusses the response.

The Governance Advisory Committee consists of all independent officers, including Outside Audit & Supervisory Board Members who have been registered as independent officers with the Tokyo Stock Exchange, and the majority of the committee members is made up of independent Outside Directors. The committee is chaired by an independent Outside Director, thereby establishing an environment for frank discussions to take place as a committee independent of management.

In addition, meetings attended by only independent Outside Directors and independent Outside Audit & Supervisory Board Members are held on a regular basis, enabling the independent officers to exchange opinions and share information from an independent position.

[Supplementary Principle 4.11 Initiatives for Ensuring Effectiveness]

(1) View on the appropriate balance between knowledge, experience and capabilities of the members of the board of directors as a whole, and also on diversity and appropriate board size

From the viewpoint of ensuring that the Board of Directors functions in the most effective and efficient manner and to invigorate the Board of Directors, the Articles of Incorporation stipulate that the number of Directors shall not exceed ten (10). In addition, the Company's criteria for the appointment of Directors are those who have outstanding character, insight, ability, and a wealth of experience as well as high ethical standards, regardless of gender, race, professional experience, or age. From the 142nd Ordinary General Meeting of Shareholders held on June 24, 2021, the fields in which the candidate for Director's expertise is particularly expected are shown as a skills matrix. At the 146th Ordinary General Meeting of Shareholders held on June 25, 2025 nine (9) Directors were elected, including four (4) Outside Directors (including two (2) female Outside Directors, an increase of one (1)), in order to further enhance the transparency and soundness of management, as well as to ensure the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. Also, the ratio of Outside Directors to all Directors is more than one-third, and two (2) are elected with management experience at other listed companies. In addition, the Board of Directors deliberates and makes decisions on appropriate experience, ability, and knowledge of finance, accounting, and legal matters necessary for Audit & Supervisory Board Members, and appoints one or more persons with sufficient knowledge of, in particular, finance and accounting.

(2) Disclosure of concurrent positions held by Directors and other officers at other listed companies

The Company discloses the status of important concurrent positions of Directors and Audit & Supervisory Board Members in the Independent Directors/Audit & Supervisory Board Members Notification, the Reference Documents for the General Meeting of Shareholders, this Report, etc., and confirms that such



positions do not interfere with the time and effort required for them to fulfill their roles and responsibilities as Directors and Audit & Supervisory Board Members of the Company.

- (3) Disclosure of the results of analysis and evaluation regarding the effectiveness of the Board of Directors as a whole

In the fiscal year ended March 31, 2025 the Board of Directors met 14 times, and made decisions or reported on important matters related to business execution in a timely and appropriate manner. The attendance rate of each Director at Board of Directors meetings was good, and decisions were made through appropriate discussions. In addition, Outside Directors and other officers provided advice and recommendations as appropriate based on their wealth of experience and professional expertise. In addition to the Directors and Audit & Supervisory Board Members doing a self-evaluation of their execution of duties, the Company uses a questionnaire about the effectiveness of the Board of Directors to evaluate the aptness of operational methods, procedures, and deliberation standards. These results are reported to the Board of Directors in order to improve the operation of the Board of Directors. In the fiscal year ended March 31, 2025 the Company continued to conduct a questionnaire (self-evaluation) implemented for all Directors and Audit & Supervisory Board Members and reported the results to the Governance Advisory Committee, which is composed of all independent Outside Directors and independent Outside Audit & Supervisory Board Members, as well as one (1) Representative Director. The Company has determined that the Governance Advisory Committee and other committees engage in an active exchange of opinions on the Company's governance and other matters aimed at enhancing corporate value. The Company recognizes that, in addition to sharing an awareness of current status, it is necessary to continuously improve the effectiveness of the Board of Directors through an extraction of issues. Based on the results of the questionnaire, the Company continues to revise the "Deliberation Standards for the Board of Directors Meetings" with the aim of ensuring management transparency and further strengthening corporate governance, in response to the Governance Advisory Committee's report on its analysis and evaluation of the operation of the Board of Directors. The Company conducted another questionnaire in May 2025, and it will continue to make improvements with the aim of achieving more functional operation of the Board of Directors.

[Supplemental Principle 4.14.2 Provision of Training for Directors and Audit & Supervisory Board Members and Disclosure of Such Policies]

The Company continuously provides the necessary opportunities, facilitation, and financial support, including holding seminars by outside instructors, for all the Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, to acquire the business, accounting, finance, legal affairs, and organizational knowledge required to fulfill their roles and responsibilities.

Newly appointed officers also strive to acquire knowledge of corporate law by attending outside seminars.

#### Principle 5.1 Policy for Constructive Dialogue With Shareholders

In order to achieve the sustainable growth of the Company and enhance its corporate value over the medium to long term, the Company promotes constructive dialogue with shareholders, clearly explains its management policies in an easy-to-understand manner, and strives to gain the understanding of shareholders.

- (1) Appointment of a member of management or a Director to oversee overall dialogue

The officer in charge of Management Administration Division oversees overall dialogue with shareholders, and through various initiatives, such as earnings briefings by the Representative Director and President, the Company strives to proactively engage in constructive dialogue with stakeholders.

- (2) How departments work together to support dialogue

Each department in the Management Administration Division actively collaborates with each other to share IR information and knowledge, examine the direction of IR, and prepare disclosure materials.

- (3) Enhancement of investor briefings and IR activities

As a means of dialogue other than individual interviews, in principle, financial results briefings for analysts and institutional investors are held twice a year on a regular basis. Additionally, the Company will continue to proactively engage in IR activities by providing opportunities for small meetings with institutional investors as appropriate, as well as participating in briefings for general investors.

[Translation]

(4) Feedback of shareholder opinions to the Company

Opinions, etc. obtained through dialogue with shareholders are summarized as appropriate and fed back to the management team and relevant departments in an effort to disseminate and share information.

(5) Insider information management during dialogue

Rules for the management of insider information (Insider Trading Prevention Rules, and Information Security Policy Rules) have been established and are managed. In addition, the Management Administration Division, which serves as the point of contact, is fully aware of insider information and fair disclosure rules when communicating with shareholders, and responds accordingly.

**[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]** Update

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	June 20, 2025

**Explanation of Actions**

At its meeting held on May 16, 2025, the Company's Governance Advisory Committee newly discussed and analyzed the current status of actions to implement management that is conscious of cost of capital and stock price, and deliberated on future measures to be taken. The content of the measures was resolved at the Board of Directors meeting held on June 20, 2025. Please refer to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" at the end of this report for a summary of these measures. Additionally, the actions to implement management that is conscious of cost of capital and stock price were explained by Representative Director and President Hiroyuki Tamura in the financial results briefing for the fiscal year ended March 31, 2025, and a video recording of the explanation is viewable on the Company's website (<https://www.yuasa.co.jp/ir/library/financial-report/>).

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
----------------------------	---------------------------

### [Status of Major Shareholders] [Update](#)

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	2,674,577	12.59
HIKARI TSUSHIN, INC.	1,001,600	4.71
Yuasa Tankyo Shareholding Association	959,810	4.51
The Nomura Trust and Banking Co., Ltd.	884,664	4.16
BNYM AS AGT/CLTS 10PERCENT STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	868,798	4.09
Custody Bank of Japan, Ltd.	841,000	3.95
East YUASA Yamazumi Shareholding Association	654,149	3.08
West YUASA Yamazumi Shareholding Association	607,851	2.86
Yuasa Trading Employee Shareholding Association	540,942	2.54
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	483,823	2.27

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	None

### Supplementary Explanation [Update](#)

- The Status of Major Shareholders is based on the Shareholder Registry as of March 31, 2025.
- In addition to the above, the Company owns 861,862 treasury shares (3.89% of the total number of shares issued). Of the 2,674,000 shares held by The Master Trust Bank of Japan, Ltd., 206,477 shares are held through the introduction of the Board Incentive Plan.
- In the change report available for public inspection dated August 22, 2024, it is stated that FMR LLC (Fidelity Management and Research LLC) holds the following shares as of August 15, 2024, but since the Company is unable to confirm the actual number of shares held as of the end of this interim accounting period, they are not included in the Status of Major Shareholders above.

Large-volume holder: FMR LLC (Fidelity Management and Research LLC)

Address: 245 Summer Street, Boston, Massachusetts 02210, USA

Number of shares held: 2,209,977 shares

Percentage of shares held: 10.00%

[Translation]

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

### 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions With Controlling Shareholder

—

### 5. Special Circumstances Which May Have Material Impact on Corporate Governance

—

## **II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management**

### **1. Organizational Composition and Operation**

Organization Form	Company with Audit & Supervisory Board Members
-------------------	--

#### **[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated From Among Outside Directors	4

Outside Directors' Relationship With the Company (1)

Name	Attribute	Relationship With the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shinzo Maeda	From another company											
Yoshiro Hirai	From another company								○			
Miki Mitsunari	From another company								○			
Yukiko Machida	From another company											

\* Categories for "Relationship With the Company"

\* "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past

- Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- Non-executive director or executive of the parent of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- Executive of a client or supplier of the Company (which does not correspond to any of d., e., and f.) (the director himself/herself only)
- Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- Other

## Outside Directors' Relationship With the Company (2)

Update

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinzo Maeda	○	—	Mr. Shinzo Maeda has worked in various public offices, in addition to having been the Representative Director, Chairperson of the Board, etc. of Shiseido Company, Limited, and has abundant experience and high principles as a global business executive and intellectual. Due to these qualities, the Company decided that he can be expected to give direction and advice from an independent and objective viewpoint. He has no special relationship with the Company or the Group. Based on the above, the Company has determined that there is no risk of a conflict of interest with general shareholders, and that he has independence, and has therefore designated him as an Independent Officer.
Yoshiro Hirai	○	Mr. Yoshiro Hirai served as Representative Director and President of ITOKI CORPORATION, with which the Company has a business relationship.	Mr. Yoshiro Hirai has been engaged in the management of ITOKI CORPORATION for many years, and has a wealth of experience and a high level of insight as a business executive. Due to these qualities, the Company decided that he can be expected to take on a supervisory and advisory function from an independent and objective standpoint. The Company pays fees for participating in seminars, etc. hosted by OpenWorking Inc., but the amount of such fees is less than ¥1.5 million per year, which is not a large enough amount to cause financial dependence on the Company for OpenWorking Inc. Moreover, OpenWorking Inc. does not fall under the category of “major business partner” under Article 2, Paragraph 3, Item 19 (b) of the Regulation for Enforcement of the Companies Act. Based on the above, the Company regards him as independent and has designated him as an Independent Officer.

[Translation]

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Miki Mitsunari	○	Ms. Mitsunari serves as President of FINEV Inc., with which the Company has entered into a consulting agreement to seek advice on the Company's and the Group's ESG and SDG policies, as well as the establishment of systems and information disclosure.	<p>Ms. Miki Mitsunari has been engaged in consulting work for corporate sustainability for many years, served as a director of a public institution, and has a high level of insight as a manager engaging in management of her own consulting company. Due to these qualities, the Company decided that she can be expected to take on a supervisory and advisory function from an independent and objective standpoint. The Company has entered into a consulting agreement with FINEV, Inc., of which she is President, to seek advice on the Group's policies related to the promotion of sustainability, system development, and information disclosure. However, the contract amount is less than ¥2.5 million per year, which is not a large enough amount to cause financial dependence on the Company for her, and does not fall under "a large amount of monetary consideration or other property" as defined in Article 74, Paragraph 4, Item 7 (d) of the Regulation for Enforcement of the Companies Act, and the Company has determined that she has independence. In addition, the Company and the Group have transactions with YAMADA HOLDINGS CO., LTD., where she serves as an Outside Director, and its consolidated subsidiaries concerning the sale and purchase of electric machinery and devices and other items. However, the amount of these transactions was less than 1% of the Company's consolidated net sales for the fiscal year ended March 31, 2025 and less than 1% of YAMADA HOLDINGS CO., LTD.'s consolidated net sales for the fiscal year ended March 31, 2025. Moreover, YAMADA HOLDINGS CO., LTD. does not fall under the category of "major business partner" under Article 2, Paragraph 3, Item 19 (b) of the Regulation for Enforcement of the Companies Act, and the terms and conditions of the transactions are the same as those of other businesses that have no relationship with the Company. Based on the above, the Company has determined that there is no risk of a conflict of interest with general shareholders, and that she has independence, and has therefore designated her as an Independent Officer.</p>

[Translation]

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yukiko Machida	○	—	<p>Ms. Yukiko Machida is a licensed attorney-at-law with a high level of discernment particularly in the field of labor law affairs, and has conducted numerous activities including writing books and delivering speeches on women's social engagement and harassment. Ms. Yukiko Machida also has experience as an outside officer at a listed company. Based on such experience, she can be expected to offer advice and recommendations to help the Company ensure the legality and appropriateness of decisions made by its Board of Directors and to offer advice and recommendations regarding the Company's human resource and labor issues, and, therefore, the Company elected her as a candidate for Outside Director. The Company has concluded a consulting agreement with another partner of Law Office of Itsumi &amp; Machida, to which she belongs, to seek advice on the Company's human resource and labor issues. However, the contract amount was less than ¥1.5 million per year, and the total contract amount concluded with the partner and Ms. Yukiko Machida in past legal cases did not exceed ¥4 million per year, which is not a large enough amount to cause financial dependence on the Company for Law Office of Itsumi &amp; Machida. She has no special relationship with the Company or the Group. Based on the above, the Company has determined that there is no risk of a conflict of interest with general shareholders, and that she has independence, and has therefore designated her as an Independent Officer.</p>



[Translation]

Establishment of Voluntary Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
--	-------------

#### Voluntary Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Governance Advisory Committee	Governance Advisory Committee
Total Committee Members	7	7
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	2	2
Chairperson	Outside Director	Outside Director

#### Supplementary Explanation [Update](#)

The Company established the Governance Advisory Committee on July 12, 2019 as an advisory body to the Board of Directors for the purpose of further strengthening governance. The Committee consists of one Representative Director and all independent Outside Directors and independent Outside Audit & Supervisory Board Members, and the Committee is chaired by a member who is an independent Outside Director, appointed by the members from among themselves. The Committee met three times during the fiscal year ended March 31, 2025, and reported to the Board of Directors on matters related to the election and remuneration of Directors, as well as on matters related to governance-related proposals, including changes to the Board of Directors resolution/deliberation standards.(Details of deliberations)Matters related to appointment and dismissal of DirectorsMatters related to remuneration for DirectorsMatters related to analysis and evaluation on the effectiveness of the overall Board of Directors and deliberation of other proposals related to governance[**Audit & Supervisory Board Members**]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

#### Cooperation Among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Division

Each Audit & Supervisory Board Member and the accounting auditor hold audit meetings as necessary to exchange information on audits, and each Audit & Supervisory Board Member works closely with the accounting auditor to enhance auditing practices and conduct audits efficiently by accompanying the accounting auditor on its visits. The Internal Auditing Office, which is under direct control of the Representative Director and President, is in charge of internal audit operations, and it conducts audits of each internal division according to the internal audit plan to ensure proper business execution. The results are reported to the Audit & Supervisory Board approximately once a month in the form of an internal audit report, and discussions are held between the parties concerned as necessary.

[Translation]

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship With the Company (1)

Name	Attribute	Relationship With the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mitsuhiro Honda	Certified public tax accountant													
Chinami Kajo	Attorney at law													

\* Categories for "Relationship With the Company"

\* "○" when the Audit & Supervisory Board member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board member fell under the category in the past

1. "●" when a close relative of the Audit & Supervisory Board member presently falls or has recently fallen under the category; and "▲" when a close relative of the Audit & Supervisory Board member fell under the category in the past.

B) Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiaryb.

C) Non-executive director or accounting advisor of the Company or its subsidiaryc.

D) Non-executive director or executive of the parent of the Companyd. Audit & Supervisory Board Member of the parent of the Companye.

E) Executive of a fellow subsidiary of the Companyf.

F) Party whose major client or supplier is the Company or an executive thereofg.

G) Major client or supplier of the Company or an executive thereofh.

H) Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an Audit & Supervisory Board memberi.

I) Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)j.

J) Executive of a client or supplier of the Company (which does not correspond to any of f., g., and h.) (the Audit & Supervisory Board member himself/herself only)k.

K) Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board member himself/herself only)l.

L) Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)m.

M) Other

Outside Audit & Supervisory Board Members' Relationship With the Company (2) Update

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Mitsuhiro Honda	○	—	<p>Mr. Mitsuhiro Honda is a tax specialist with many years of experience at the National Tax Agency and as a graduate school professor. The Company has nominated him in the expectation that he will express objective audit opinions from an independent and neutral standpoint by utilizing his wide range of knowledge. He also has sufficient knowledge of taxation and accounting, which he has cultivated over many years, and therefore, the Company decided that he is able to appropriately monitor corporate accounting and taxation from an independent perspective, emphasize the stability and soundness of corporate management at Board of Directors meetings, etc., perform audits from a strictly neutral standpoint from a broad and long-term perspective that differs from insiders, and have a keen checking function on the management team. He has no special relationship with the Company or the Group. Based on the above, the Company has determined that there is no risk of a conflict of interest with general shareholders, and she has the ability to conduct audits from a strictly neutral standpoint and to act as a keen checking function on the management team, and has therefore designated her as an Independent Officer.</p>

[Translation]

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Chinami Kajo	○	—	Ms. Chinami Kajo has the ability to emphasize the stability and soundness of corporate management at Board of Directors meetings, etc. from a fair and neutral standpoint as an attorney, to take a broad and long-term perspective that differs from insiders, to maintain independence, and to consider the interests of general shareholders and the Group. She has no special relationship with the Company or the Group. Based on the above, the Company has determined that there is no risk of a conflict of interest with general shareholders, and she has the ability to conduct audits from a strictly neutral standpoint and to act as a keen checking function on the management team, and has therefore designated her as an Independent Officer.

#### [Independent Officers]

Number of Independent Officers	6
--------------------------------	---

#### Matters Relating to Independent Officers

**The Company designates all Outside Directors and Audit & Supervisory Board Members who meet the qualifications for Independent Officers as Independent Officers.**[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration / Share options
---	---

#### Supplementary Explanation

As described in [Director Remuneration].

Recipients of Share Options	Inside Directors / Other
-----------------------------	--------------------------

#### Supplementary Explanation

At the 139th Ordinary General Meeting of Shareholders held on June 22, 2018, the introduction of a new share awards plan was approved and passed with the aim of further clarifying the linkage between the remuneration for Directors and other officers and the Company's stock value, and to raise awareness of their contribution to improving the Company's performance and increasing its corporate value over the medium to long term. With the introduction of this plan, the remuneration framework for share awards-type stock options was abolished, and no new stock options are being granted to Directors and other officers.

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No individual disclosure
--	--------------------------

## Supplementary Explanation

The respective number of persons, types of remuneration and total amount of remuneration for Directors, Outside Directors, Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members are disclosed in the Business Report as well as in the Securities Report.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
--	-------------

## Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

## 1. Policy

Remuneration for Directors and other officers of the Company shall be determined in accordance with the following policies.

- (1) The Company will ensure transparency and fairness by making the remuneration system commensurate with the roles and responsibilities of each Director and other officers.
- (2) Remuneration for Directors and other officers who execute the business shall be based on a remuneration system that incentivizes them to improve business performance and contributes to medium- to long-term improvement of corporate value, and in addition to fixed remuneration, performance-linked remuneration shall be paid to share profits with stakeholders.
- (3) The Board of Directors shall determine the remuneration structure and levels based on the report of the Governance Advisory Committee to ensure objectivity and reasonableness. The Governance Advisory Committee shall consist of one Representative Director, all independent Outside Directors, and all independent Outside Audit & Supervisory Board Members, and the chair of the Committee shall be appointed from among the members themselves who are also independent Outside Directors.
- (4) The remuneration structure and levels will be reviewed taking into consideration economic conditions, the Company's performance, and remuneration levels at other companies.

Based on these policies, the Board of Directors will determine the amount of remuneration for Directors and other officers within the scope of the amount of remuneration for Directors and other officers resolved at the 139th Ordinary General Meeting of Shareholders held on June 22, 2018 and the 142nd Ordinary General Meeting of Shareholders held on June 24, 2021 (annual amount of monetary remuneration for Directors up to ¥380 million (including up to ¥50 million for Outside Directors)), and the total amount of share awards for the three fiscal years shall be up to ¥540 million. Monetary remuneration for Audit & Supervisory Board Members shall be within the amount of ¥80 million per year, and shall be determined through discussions among the Audit & Supervisory Board Members. Remuneration for Directors and other officers, excluding Outside Directors and Audit & Supervisory Board Members, shall consist of basic remuneration and performance-linked remuneration (bonuses and share awards). Since it is necessary to ensure the independence of Outside Directors and Audit & Supervisory Board Members in order for them to properly perform their respective functions of management oversight and auditing, their remuneration shall be limited to a basic remuneration.

The remuneration level is set for each role and responsibility of Directors and other officers, based on objective benchmarks using data from surveys by external professional organizations. In addition, in order to ensure that the remuneration for Directors and other officers serves as a sound incentive for the medium- to long-term improvement of corporate value, the performance-linked ratio and evaluation indicators shall be reviewed as necessary.

## 2. Concept of remuneration

### (1) Remuneration for Directors

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration and performance-linked remuneration (bonuses/shares). Only basic remuneration shall be paid for Outside Directors.

#### (i) Basic remuneration

Monetary remuneration paid as a fixed sum depending on the position

#### (ii) Performance-linked remuneration

Performance-linked remuneration is comprised of bonuses and performance-linked share awards.

- Bonuses consist of monetary remuneration that fluctuates in amount based on consolidated results and individual results of the previous fiscal year.
- Performance-linked share awards are comprised of a “fixed portion” that provides points for each fiscal year and a “performance-linked portion” that provides points based on the achievement level of performance targets at the final fiscal year of the medium-term management plan. This remuneration is paid upon retirement (one point = one share). Further, since 50% is paid as shares of the company and 50% is used to pay income taxes, etc., the latter is paid as monetary value equivalent to the realized shares.

Please refer to the attached list for details of [Performance Indicators], [Relationship Between Evaluation Indicators and Performance-linked Coefficients (method of determining performance-linked share awards amount)], and [Ratio of Remuneration by Type for each Director’s Position] in the medium-term management plan “Growing Together 2026,” and [Performance-linked Coefficient for Performance-linked remuneration for the Fiscal Year Ended March 31, 2023, the Final Year of the medium-term management plan “Growing Together 2023”].

### (2) Remuneration for Audit & Supervisory Members

Remuneration for Audit & Supervisory Members, taking into account their independency, is paid only as a fixed monetary amount as basic remuneration as separately determined for full-time and part-time members through deliberations of all Audit & Supervisory Members, and is based on the remuneration system and standard corresponding to their duties and responsibilities.

## 3. Policy on determination of terms and conditions for granting remuneration

In determining the amount of remuneration to be paid to Directors, the Governance Advisory Committee shall deliberate and report to the Board of Directors in order to ensure the fairness and objectivity of remuneration, etc., and the Board of Directors shall make a decision based on the content of the Governance Advisory Committee’s report. In addition, in order to ensure further fairness and objectivity, as well as transparency, in the process of determining the remuneration for Directors, the Board of Directors shall determine the remuneration, etc. of each individual Director in accordance with the resolution of the Board of Directors meeting held on May 14, 2021.

## **[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

Members of the administrative bureau provide the Outside Directors with an explanation of the agenda for the meeting of the Board of Directors before the date when the meeting is held each month. The full-time Audit & Supervisory Board Member, who participates in the Corporate Management Committee meetings and other key meetings, also provides the Outside Audit & Supervisory Board Members with an explanation of the agenda for the meeting of the Board of Directors before the meeting is held each month. In principle, the meeting of the Audit & Supervisory Board is also held on the day of the meeting of the Board of Directors to discuss the agenda again. The Company has assigned one member of staff to the Audit & Supervisory Board and works to strengthen the auditing system to make it more effective.

[Translation]

[Status of Persons Who Have Retired From a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/Position	Responsibilities	Working Form and Conditions(Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement From Position Such as President	Term of Office
—	—	—	—	—	—

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

0

Other Matters

At a meeting of the Board of Directors held on November 1, 2019, the Company resolved to abolish the advisor system, which had been a treatment measure after retirement from the Board of Directors, as of November 1, 2019, in order to improve the transparency and effectiveness of management and to further strengthen corporate governance. As a result, after retiring from the Board of Directors, the Directors shall, in principle, retire from the Company.

## 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Update

The Company has established the following bodies and corporate governance structure.

### (Board of Directors)

Chaired by Hiroyuki Tamura, Representative Director and President, the Board of Directors is the body making decisions related to important business execution and monitoring business execution of Directors. The Company holds meetings of the Board of Directors consisting of nine Directors once a month, in principle, as well as other extraordinary meetings as necessary. In order to further strengthen corporate governance and ensure management transparency, the Company designated four Outside Directors and two Outside Audit & Supervisory Board Members as Independent Officers. In addition, four Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) attend the Board of Directors meetings, where they express their opinions as appropriate and survey the execution of the roles as Directors.

### (Audit & Supervisory Board)

The Audit & Supervisory Board of the Company is chaired by full-time Audit & Supervisory Board Member Takeshi Maeda and is comprised of two full-time Audit & Supervisory Board Members and two part-time Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members). Based on the auditing policies and plans established in the Audit & Supervisory Board, Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings, view important decision-making documents, visit each business site, and survey subsidiaries in order to conduct audits related to execution of duties of Directors and internal controls.

### (Corporate Management Committee)

The Corporate Management Committee is the highest deliberative and advisory body for business execution of the Company and the Group, and is chaired by Representative Director and President Hiroyuki Tamura, with all Directors other than Outside Directors, all Senior Executive Officers, and two full-time Audit & Supervisory Board Members as members. Meetings are held once every two weeks and are attended by the regular members as well as Executive Officers of the relevant divisions as necessary, and in addition to discussing proposals to be submitted to the Board of Directors, the meeting confirms, evaluates, and gives direction to the status of business execution across the entire Group.

### (Marketing Strategy Meeting)

The Marketing Strategy Meeting, the members of which consist of Directors, Senior Executive Officers, Executive Officers, Regional Officers, Operating Officers, Chief General Managers, and General Managers of Management Administration, is held once a month. The Meeting is aimed to thoroughly communicate the intent and targets of specific product and regional strategies for business execution determined by top management, and to give instructions and orders concerning strategies and policies and report business results, focusing on details of monthly business execution status, and it is contributing to the establishment of an efficient business execution system. Full-time Audit & Supervisory Board Members attend the meetings as observers.

### (Ethics and Compliance Committee)

The Ethics and Compliance Committee is under direct control of Representative Director and President, and its chairperson is appointed and delegated by the President and CEO from among the Directors. The Ethics and Compliance Committee utilizes in-house training to boost its effectiveness and monitors the compliance status along with the Internal Auditing Office. It has formed an ethics and compliance system that spans across the Group. When a Director or employee is found to have violated or potentially violated a law, the Articles of Incorporation, or other regulations, the Ethics and Compliance Committee investigates the matter, implements measures to prevent recurrence, and reports important cases to the Board of Directors through the Representative Director and President.

### (Export Administration Committee)

In order to improve compliance related to overseas transactions and exports in particular, the Export Administration Committee established the Safe Export Management Guidelines as internal standards related to compliance of export laws and regulations. This committee conducts educational and monitoring activities for the relevant departments.

### (Internal Control Committee)

The Internal Control Committee establishes company-wide internal controls, internal controls over settlement and financial reporting processes and operational processes, and general controls over IT and internal controls over



[Translation]

business processes, respectively, to ensure the reliability of financial reporting, identify risks that may cause false statements and take effective measures to reduce the occurrence of such risks for those that are of high importance.

(Environmental and Resilience Committee)

The Environmental and Resilience Committee is in charge of matters related to the promotion of efforts to maintain and improve the global environment and business continuity through the business activities of the Company's and the Group's officers and employees, and is responsible for the following tasks.

- (1) Planning, revision, implementation, and maintenance of environmental policy and business continuity policy
- (2) Maintenance of manuals and educational materials
- (3) Promotion and implementation of education and training
- (4) Providing guidance to affiliated companies, etc.

(Governance Advisory Committee)

Based on a resolution at the Board of Directors meeting held on July 12, 2019, the Company has established the Governance Advisory Committee as an advisory body to the Board of Directors for the purpose of improving the fairness, transparency, and objectivity of procedures concerning important matters to be resolved by the Board of Directors and to further strengthen governance. The Governance Advisory Committee is composed of all the independent Outside Directors and independent Outside Audit & Supervisory Board Members as well as one Representative Director. The committee deliberates on the following matters and reports to the Board of Directors.

- (1) Matters related to appointment and dismissal of Directors
  - (2) Matters related to remuneration for Directors
  - (3) Matters related to analysis and evaluation on the effectiveness of the overall Board of Directors and other proposals related to governance
- The following are the members of the Governance Advisory Committee as of the date of updating this report.

(Chair) Shinzo Maeda, Independent Outside Director

Yoshiro Hirai, Independent Outside Director

Miki Mitsunari, Independent Outside Director

Yukiko Machida, Independent Outside Director

Mitsuhiro Honda, Independent Outside Audit & Supervisory Board Member

Chinami Kajo, Independent Outside Audit & Supervisory Board Member

Kenichi Tanaka, Representative Director, Senior Managing Director

In addition, Shinzo Maeda was appointed as the lead independent Outside Director through a vote among the independent Outside Directors. After collecting the views of the other independent Outside Directors as necessary, the lead independent Outside Director informs the Board of Directors and the Audit & Supervisory Board of the opinions of the independent Outside Directors and discusses the response.

(Sustainability Promotion Committee)

In order to achieve sustainable growth for the Group and enhance its corporate value over the medium to long term, the Company has established the Sustainability Promotion Committee to report sustainability-related policies and action plans to the Board of Directors and promote management that contributes to sustainability, including important ESG issues. The Sustainability Promotion Committee is composed of at least three members nominated by the Company's Board of Directors. The committee deliberates on the following matters and reports to the Board of Directors.

- (1) Identification of key sustainability issues for the Group from a medium- to long-term perspective, study for resolution of issues, and design of future vision
  - (2) Establishment, revision, and abolition of basic policy, rules, and procedures, etc. for the implementation of (1)
  - (3) Matter the Sustainability Promotion Committee deems necessary related to the Group's sustainability management
  - (4) Matters for consultation from the Board of Directors
- The following are the members of the Sustainability Promotion Committee as of the date of updating this report.

(Chair) Kenichi Tanaka, Supervisory Manager of Management Administration

Mamoru Hamayasu, Chief General Manager of Industrial Market Headquarters

Maresuke Takeo, Chief General Manager of Living Environment Market Headquarters

Takaomi Omura, Chief General Manager of Construction Market Headquarters

Shinzo Maeda, Independent Outside Director

Yoshiro Hirai, Independent Outside Director

Miki Mitsunari, Independent Outside Director

Yukiko Machida, Independent Outside Director

3.Reasons for Adoption of Current Corporate Governance System Update

The Company has adopted the Audit & Supervisory Board Member system as an organization to audit the execution of duties by Directors, and the Executive Officer system as a system to promote separation of oversight and execution. As of the date of updating this report, the Company's management structure consists of nine (9) Directors (including four (4) Outside Directors), four (4) Audit & Supervisory Board Members (including two (2) Outside Audit & Supervisory Board Members), three (3) Senior Executive Officers and 19 Executive Officers (excluding Executive Officers who concurrently serve as Directors). The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The internal Directors, who are well versed in the Company's internal operations, conduct flexible decision-making on important management decisions in a specialized and wide-ranging business environment, and the Board of Directors fulfills its responsibilities, including its oversight function, etc. Meanwhile, the four (4) Audit & Supervisory Board Members who make up the Audit & Supervisory Board attend meetings of the Board of Directors and other important meetings, listen to reports from Directors and others, inspect important documents, and conduct rigorous audits of the execution of duties by Directors, collaborate with the Internal Auditing Office through regular reports, closely exchange information with the Accounting Auditor, verify the legality, appropriateness, and efficiency of the status of business execution of the Company, including affiliated companies, as well as the maintenance and operation of internal control systems, and verify their consistency and soundness through cooperation with the Ethics and Compliance Committee and the Internal Control Committee. In addition, two (2) Outside Audit & Supervisory Board Members provide accurate opinions on overall management from an objective and neutral standpoint from outside the Company, and the Company believes that the management oversight function has been secured. Further, the Company has appointed four (4) independent Outside Directors and strives to further improve management transparency and strengthen the management oversight function. The Company has also concluded an audit contract with the accounting auditor elected at the general meeting of shareholders, and it obtains proper audits and appropriate advice on accounting issues as needed. Also, in July 2019, the Company established the Governance Advisory Committee chaired by an independent Outside Director as an optional advisory body beneath the Board of Directors with members that mainly consist of independent officers for the purpose of further strengthening governance. In light of the above, the Company believes that the current system for oversight of business execution by the Board of Directors and the system for monitoring and information disclosure by the Audit & Supervisory Board are functioning effectively, and that the current system is functioning as a check on management.

## III. Implementation of Measures for Shareholders and Other Stakeholders

1.Measures to Energize General Shareholders Meetings and Facilitate Smooth Exercise of Voting Rights Update

	Supplementary Explanation
Early Notification of General Shareholders Meeting	The 146th Ordinary General Meeting of Shareholders was held on June 25, 2025. The convocation notice for said meeting was sent out on June 4, 2025, six days earlier than the statutory deadline, and it was posted on the Company's website and the "Tokyo Stock Exchange Listed Company Search" information service via TDnet on May 28, prior to sending out the notice. In addition, the Company is focusing on making the "Notice of Convocation" easier for shareholders to understand by using color and including graphs (Japanese version only).
Allowing Electronic or Magnetic Exercise of Voting Rights	Starting with the 140th Ordinary General Meeting of Shareholders, the Company has made it possible to exercise voting rights electronically via the Internet, etc.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	In addition to making it possible to exercise voting rights electronically via the Internet, etc., from the 140th Ordinary General Meeting of Shareholders, the Company is participating in the "Electronic Voting Platform" operated by ICJ Inc. to improve the environment for institutional investors to exercise their voting rights.

[Translation]

Providing Convocation Notice in English (Translated Fully or Partially)	An English translation of the convocation notice has been prepared starting with the 137th Ordinary General Meeting of Shareholders. The English translation of the convocation notice of the 146th Ordinary General Meeting of Shareholders was posted on the Company's website and on the "Tokyo Stock Exchange Listed Company Search" information service via TDnet on June 4, 2025, the date the convocation notice was sent out.
Other	The Company has traditionally positioned the General Meeting of Shareholders as one of the most important IR activities. The Company considers it an opportunity to gain the understanding of many shareholders by explaining the significance and results of various activities conducted by management (Directors), who are entrusted by shareholders with the responsibility for management practices, with the aim of increasing corporate value, and by explaining the Company's vision for future development. The Company's website introduces the Group and discloses corporate information related to the Group, including data related to financial results, convocation notices, and other materials related to General Meetings of Shareholders as appropriate, thereby helping shareholders and investors to deepen their understanding of the Group.

**2. IR Activities**

	Supplementary Explanation	Explanation by Representative
Holding Regular Investor Briefings for Individual Investors	The Company holds financial results briefings for analysts and institutional investors twice a year (held via the Internet) in a format in which individual investors can also participate. Going forward, the Company will continue to strive for more proactive IR activities.	Yes
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company regularly holds earnings results briefings for analysts and institutional investors twice a year. At these briefings, the President and the Executive Officer in charge of the Management Administration Division explain details of the financial results, progress of the medium-term management plan, and the latest topics related to the Group, followed by a question-and-answer session with many analysts and fund managers in attendance.	Yes
Posting IR Materials on Website	The Company's website (URL <a href="https://www.yuasa.co.jp">https://www.yuasa.co.jp</a> ) contains IR materials such as a corporate profile, financial results related materials (consolidated financial results, quarterly consolidated financial results, etc.), materials related to the General Meeting of Shareholders (notice of convocation, business report, reference documents, notice of resolutions, etc.), securities reports, quarterly reports, YUASA REPORT, FACT BOOK, Integrated Report, etc., as well as reports related to corporate governance. By accessing the website, you can obtain information about the Company and the Group.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established the IR & Sustainability Promotion Office within the General Affairs Division, appointed General Manager of IR & Sustainability Promotion Office as the person responsible for IR, and assigned staff in charge of IR.	

### 3. Measures to Ensure Due Respect for Stakeholders Update

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>In “Ethics Policy” and “Code of Conduct,” the Company stipulates that it respects the positions of stakeholders, such as maintaining healthy, normal, and transparent relationships with business partners, government, and other related organizations, providing safe and useful products and services that take into consideration environmental issues and environmental conservation, communicating with shareholders and society at large, as well as disclosing corporate information in a timely and appropriate manner, and properly managing and protecting information, including personal information.</p> <p>The Company promotes the sustainability management in order to further advance its management foundation passed down over 350 years. Specifically, the Company strives to carry out the Action Plan formulated based on materiality, which are important issues for maintaining sustainable growth, and to comply with the “Transaction Policy,” “Human Rights Policy,” and “Diversity Policy,” which were formulated as policies for specific actions in the areas of Environment (E), Social (S), and Governance (G).</p>
Implementation of Environmental Activities, CSR Activities, etc.	<p>The Group utilizes ISO 14001, which involves continuous improvement activities through the PDCA cycle, and is working to improve the environmental performance of the Group as a whole through organizational activities and reducing the environmental impact of the products and services. The Company obtained ISO 14001 multi-certification in November 2010, and the Group as a whole is working together to carry out environmental management activities.</p> <p>As part of the efforts to protect the global environment through its business activities, the Company is promoting the JCM (Joint Crediting Mechanism), proposals that contribute to global warming countermeasures on a global scale through the diffusion of superior low-carbon technologies to developing countries. The Company’s track record includes the delivery of energy-saving equipment to factories in Thailand and Vietnam, as well as solar power generation equipment to a Japanese-affiliated factory in Mexico.</p> <p>Regarding social contribution activities, the Company supports the activities of two professional golfers with the aim of promoting sports by supporting young athletes who will lead the future. In addition, the Company continues to contribute to the preservation of biodiversity through the “YUASA TRADING Forest Project,” an environmental conservation initiative to restore mangrove forests in the state of Kudah, Malaysia, and through conservation activities in Company-owned forests in the Kushiro area of Hokkaido.</p> <p>The Group as a whole will continue to focus on environmental conservation, contribution to local communities, and promotion of green business activities in order to solve social issues.</p> <p>The Sustainability Promotion Committee meets twice a year as an advisory body to the Board of Directors to report and deliberate on the status of efforts toward carbon neutrality and various risk reduction policies.</p>

	Supplementary Explanation
Formulation of Policies for Information Provision to Stakeholders	<p>Based on the above, the Company proactively discloses information about the Group to shareholders, investors, and the general public on its website, fully explains the Company's management policies to shareholders in attendance at the General Meeting of Shareholders, and communicates with employees by holding regular labor-management council meetings and additionally, the management team visits each business location to hold meetings to provide information, answer questions, and otherwise communicate with employees. In addition, with regard to business relationships, the Company has organized a friendship social group with members representing both suppliers and customers, which provides information and gathers needs, while also working to maintain and enhance close relationships by having top management visit and interview them as appropriate.</p>
Other	<p>(Health and productivity initiatives)  The Company believes that in health and productivity management, maintaining and promoting the safety and mental and physical health of employees is very important for each and every employee to maximize his or her individual skills. The Company has established the Health Management Declaration in order to realize the sustainable enhancement of corporate value.  [YUASA TRADING "Health Management Declaration"]</p> <ol style="list-style-type: none"> <li>1. The Company will realize a safe, healthy, and comfortable work environment for all employees.</li> <li>2. The Company and the health insurance association will mutually cooperate and work to maintain and promote the physical and mental health of employees.</li> <li>3. The Company proactively supports each employee in taking responsibility for his or her own health and taking the initiative in maintaining and improving their physical and mental health.</li> </ol> <p>As a system to promote this declaration, the Supervisory Manager of Management Administration (Representative Director and Senior Managing Director) is appointed as the person in charge of employee health management. The status of measures and initiatives promoted jointly by the Human Resources Division and the health insurance association are reported to important management meetings (attended by operating officers and site managers and above).</p> <p>In recognition of these efforts, the Company was recognized as a "Certified Health &amp; Productivity Management Outstanding Organization" in FY2025. This recognition marks the sixth time that the Company has been recognized as a "Certified Health &amp; Productivity Management Outstanding Organization" since FY2019.</p> <p>(Regarding response to the Act on Advancement of Measures to Support Raising Next-Generation Children)  As a company that supports childcare, the Company received certification from the Minister of Health, Labour and Welfare (Kurumin certification) in 2019 and 2022. We will continue to take initiatives to create an environment in which every employee can balance a fulfilling work and family life and work with peace of mind, so that all employees can fully demonstrate their abilities.</p>

## **IV. Matters Related to Internal Control System**

### **1. Basic Views on Internal Control System and Progress of System Development**

#### **Basic Views on Internal Control System** Update

The internal control system is positioned as one of the important systems to establish corporate governance as a means to ensure the reliability and effectiveness of accountability of management (Directors), who are entrusted with management responsibility, to many stakeholders including shareholders, general investors, employees, and business partners regarding the significance and results of their management policies and strategies to enhance corporate value.

The Company has established a system that ensures that the intentions of management plans and various measures to achieve objectives are communicated to all levels of the organization without excess or deficiency, that they are implemented in accordance with the rules, and that the results are confirmed and evaluated by management as they are and disclosed to the public with sufficient confidence.

In recent years, there have been frequent cases of excessive pursuit of efficiency as one of the criteria for judging corporate value, which has become an important organizational principle, resulting in violations of laws and regulations and illegal activities, and the Company believes that it is essential to learn from these valuable lessons and establish an effective internal control system that is suited to the Company's actual situation.

#### **Basic Policy for the Internal Control System**

The Company's Board of Directors has resolved the following basic policy for the internal control system. In addition to ensuring the appropriateness of business operations based on this basic policy, the Company will continue to review the current status and make ongoing improvements with the aim of establishing and operating an even more effective internal control system.

- (1) Framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
  - (i) The Group shall enact a corporate philosophy, ethics policy, and code of conduct. The Representative Director and President shall prioritize the execution of these policies. By repeatedly expressing this mindset to Directors and employees, the Company shall ensure that laws and regulations and compliance to corporate ethics become a foundation for all company activities.
  - (ii) The Company shall establish an Ethics and Compliance Committee that is under the direct control of the Representative Director and President. The chair of this committee shall be selected by the Representative Director and President from among the Directors. The Ethics and Compliance Committee shall utilize in-house training to boost its effectiveness and monitors the compliance status along with the Internal Auditing Office. It shall form an ethics and compliance system that spans across the Group.
  - (iii) A permanent hotline shall be established to promptly consult with or report directly to the Ethics and Compliance Committee, the attorney in charge at the corporate law firm, or an Audit & Supervisory Board Member if Directors or employees of the company violate or may have violated laws and regulations, the Articles of Incorporation, or other regulations. This system also ensures that persons who issue such reports will not receive disadvantageous treatment for this reason. After receiving a consultation or report, the Ethics and Compliance Committee shall investigate the matter, implements measures to prevent recurrence, and reports important cases to the Board of Directors through the Representative Director and President.
  - (iv) The code of conduct declares the severance of any relationship with anti-social forces. Furthermore, the Company shall standardize the management of information through manuals and in-house training in order to eliminate and eradicate anti-social forces. External approaches shall be managed in the Ethics and Compliance Committee. The Company also shall participate in the Tokyo Metropolitan Police Organized Crime Prevention Association (Tokubouren) and strive to gather information and preempt transactions with anti-social forces.
  - (v) In the event of any violation of laws, the Articles of Incorporation, or various regulations, the Personnel Committee shall deliberate and decide on the disciplinary action to be taken.
  - (vi) In order to prepare accurate and reliable financial reports, the Company shall establish a basic policy for internal control over financial reporting, promote the development and operation of such control within

the Group, prepare appropriate financial reports, evaluate their effectiveness, have them audited by an accounting auditor, and with their approval, submit an “Internal Control Report” to the competent authorities and make it available for public inspection.

(2) Framework for storing and managing information related to execution of duties by Directors

The Company shall designate a Director in charge of the Management Administration Division as the person responsible for the company-wide storage and management of information related to the execution of duties by Directors, and shall record and store information related to the execution of duties in documents or electromagnetic media in accordance with the Document Management Rules prepared by the said Director. Directors and Audit & Supervisory Board Members shall have access to these documents, etc. as necessary in accordance with the Document Management Rules.

(3) Policy and framework for managing risks of loss

- (i) The Group has appointed the Director in charge of the Management Administration Division as the Risk Management Supervisory Manager and has established a system to swiftly and appropriately transmit information and respond to emergencies for each expected risk.
- (ii) The Risk Management Supervisory Manager presides over the Ethics and Compliance Committee, under which staff members are assigned according to risk categories to comprehensively and cross-sectionally manage risks by identifying various risks arising from the Group’s business activities, collecting information, formulating preventive measures, and educating the public in accordance with relevant internal rules, regulations, and notices.
- (iii) In order to improve compliance related to overseas transactions and exports in particular, the Export Administration Committee established the Safe Export Management Guidelines as internal standards related to compliance of export laws and regulations. This committee is responsible for raising awareness and monitoring activities.
- (iv) The Risk Management Supervisory Manager shall report the status of risk management to the Board of Directors as necessary.
- (v) Assuming the occurrence of an incident that could cause significant damage to the Group, such as a large-scale disaster or the outbreak of a new virus infection, the Company shall formulate a business continuity plan (BCP), strive to minimize business interruptions, and establish a business continuity management system.

(4) Framework ensuring the efficiency of execution of duties by Directors

- (i) The Board of Directors shall clarify the organizational structure of the Company, the duties under its jurisdiction, and the authority and responsibilities of its duties, in order to ensure the systematic and efficient management of business operations.
- (ii) The Board of Directors shall formulate a medium-term management plan for a period of three years, and based on said plan, formulate a consolidated budget outline every six months for each fiscal year, and determine performance budgets for each market segment headquarters, business division, business unit, and consolidated subsidiary.
- (iii) Directors in charge of each division and subsidiary shall determine an efficient business execution system, including specific measures to be implemented by each division and subsidiary and the delegation of authority.
- (iv) The Company shall establish a Corporate Management Committee and a Marketing Strategy Meeting to deliberate on proposals to be submitted to the Board of Directors and the formulation of important corporate policies and targets, as well as to communicate instructions and orders concerning strategies and policies and to report on business performance.
- (v) An IT-based business management and performance management system shall be established, and monthly, quarterly, and full-year performance management data shall be promptly reported to the Board of Directors.
- (vi) The Board of Directors shall evaluate the results every month, have the Director, Executive Officer, etc. in charge analyze the factors behind the discrepancy between the budget and actual results, implement improvement measures to eliminate or reduce factors that hinder efficiency, and revise targets as necessary.



In addition, the Director in charge of each division shall improve the efficient business execution system, including specific measures to be implemented by each division and delegation of authority, as necessary.

(5) Framework ensuring the proper business operation of the Group

- (i) Under the supervision of each market segment headquarters, business division and business unit in charge of each subsidiary, the Company shall manage the subsidiary in accordance with the Affiliated Companies Management Regulations while respecting the autonomy of the subsidiary, and require the subsidiary to seek approval from or report to the Company on matters that exceed certain standards for approval and reporting.
- (ii) Directors or Audit & Supervisory Board Members of major subsidiaries shall be dispatched from the Company, and Directors appointed for each subsidiary shall monitor and supervise the execution of duties by Directors of the subsidiary, and Audit & Supervisory Board Members shall audit the operations and financial conditions of the subsidiary.
- (iii) The Group Strategy Promotion Division, the Ethics and Compliance Committee, and the Internal Control Committee shall provide guidance and support to group companies in order to enhance the effectiveness of internal control in cooperation with the Directors and competent divisions of the Company.
- (iv) The Company shall receive regular reports from its subsidiaries on their operating results, financial conditions, and other important information at Marketing Strategy Meetings, group company financial results reporting meetings, and other meetings.

(6) Matters concerning employees who are requested by Audit & Supervisory Board Members to assist them in their duties, and matters concerning the independence of such employees from Directors

In the event that an Audit & Supervisory Board Member requests the appointment of employees to assist them in their duties, the Directors may, upon consultation with the Audit & Supervisory Board Member, appoint staff to assist them in their duties with respect to the number of employees required and their required qualifications. When such staff is assigned, they shall assist the Audit & Supervisory Board Member in his or her audit duties following the Audit & Supervisory Board Member's instructions. The Company shall obtain the prior consent of the Audit & Supervisory Board with respect to the transfer and evaluation of such staff.

(7) Framework for Directors and employees to report to Audit & Supervisory Board Members and other frameworks related to reporting to Audit & Supervisory Board Members

- (i) Directors and employees shall regularly report on business and financial conditions, etc. at meetings of the Board of Directors, Corporate Management Committee meetings, and other important meetings attended by Audit & Supervisory Board Members.
- (ii) The Internal Auditing Office shall regularly report the status of internal audits to the Audit & Supervisory Board Members.
- (iii) Directors and employees of the Group shall promptly report to the Audit & Supervisory Board Members about any violation of laws, regulations, the Articles of Incorporation, or other rules, any matter that may cause significant damage to the Group, any important matter concerning risk management, any matter consulted or reported through the hotline, and any other important compliance-related matter, if any such matter arises.
- (iv) Directors and employees shall circulate major approval documents to Audit & Supervisory Board Members.
- (v) Directors and employees of subsidiaries shall promptly report to the Audit & Supervisory Board Members of subsidiaries about matters requested by the Audit & Supervisory Board Members of subsidiaries in addition to matters required by laws, regulations and rules, and those who receive such reports shall promptly report to the Audit & Supervisory Board Members.

(8) Framework ensuring the effectiveness of auditing by Audit & Supervisory Board Members

- (i) Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings to understand the process of important decision-making by Directors and the status of business execution, and shall also have opportunities to exchange opinions with Representative Directors on a regular basis to ensure an effective audit system.

- (ii) Audit & Supervisory Board Members shall work closely with the Internal Auditing Office to complement each other and strengthen the effective auditing system.
- (iii) Audit & Supervisory Board Members will closely exchange information with the Audit & Supervisory Board Members of subsidiaries to strengthen the auditing system of the Group as a whole.
- (iv) Audit & Supervisory Board Members shall monitor the independence of the Company's accounting auditor, request reports and explanations from the accounting auditor on the content of their audits, and cooperate with the accounting auditor by regularly exchanging information.
- (v) When an Audit & Supervisory Board Member requests prepayment or reimbursement of expenses incurred in the performance of his or her duties, the Company shall promptly settle such expenses or liabilities, unless such expenses or liabilities are deemed not necessary for the performance of the Audit & Supervisory Board Member's duties.

### **Overview of operational status**

(1) Framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

- (i) The Group has enacted a corporate philosophy, ethics policy, and code of conduct to guide the actions and corporate activities of each Director and employee. The Representative Director and President has prioritized the execution of these policies, and the Company has ensured laws and regulations and compliance to corporate ethics. In addition to posting these on the Company's website, the Company has also made efforts to promote broad awareness and to educate all Group companies, including those overseas.
- (ii) The Internal Auditing Office and the Internal Control Committee monitored the status of the development and operation of internal controls for the entire Group, including the status of compliance with laws, the Articles of Incorporation, and various regulations, across the organization, including Group companies, in accordance with the rules and regulations for internal audits.
- (iii) The Ethics and Compliance Committee shared information with senior management to ensure thorough compliance awareness, and continues to work to understand and strengthen the current status of the compliance system.
- (iv) The scope of application of the ethics and compliance system has been expanded to include overseas Group companies (local corporations), and English translations of the Ethics and Compliance Manual have been prepared and distributed to strengthen awareness-raising activities.
- (v) A permanent hotline has been established to promptly consult with or report directly to the Ethics and Compliance Committee, the attorney in charge at the corporate law firm, or an Audit & Supervisory Board Member if Directors or employees of the company violate or may have violated laws and regulations, the Articles of Incorporation, or other regulations. An environment in which all employees of Group companies in Japan have access to the whistleblower hotline has been established. The Internal Reporting Guidelines clearly stipulate that whistle-blowers who issue such reports will not receive disadvantageous treatment for this reason, and the guidelines have been implemented. In addition, an overview of whistleblowing is reported to the Board of Directors as appropriate.

(2) Framework for storing and managing information related to execution of duties by Directors

In addition to preserving documents in accordance with laws, the Articles of Incorporation, and various regulations, the Company has established a system whereby all preserved documents, including those recorded in electromagnetic form, can be inspected. In particular, statutory documents such as minutes of the General Meeting of Shareholders, Board of Directors meetings, and Audit & Supervisory Board meetings are kept permanently beyond the statutory retention period of 10 years.

(3) Policy and framework for managing risks of loss

- (i) The Company has established a risk management system for the Group by designating the Supervisory Manager of Management Administration as the Risk Management Supervisory Manager.
- (ii) The scope of application of the ethics and compliance system was expanded to include overseas Group companies (local corporations) to establish a global, cross-organizational management system and to eliminate operational risks and improve operational efficiency by promoting the reinforcement of controls.

- (iii) The Export Administration Office, which is in charge of export-related operations, has been working to strengthen export control by conducting educational activities to ensure compliance with the Yuasa Compliance Program. In addition to further strengthening the management system, the Company continued to enhance the security trade control system, especially for subsidiaries with a large volume of export operations, based on the basic principles of the “Shosha Corporate Code of Conduct for Security Trade Control” of the Japan Foreign Trade Council (JFTC).
  - (iv) In light of changes in social conditions, the Company is reviewing its risk management system and has established the Environmental and Resilience Committee as an independent organization under the direction of the Representative Director and President. In the fiscal year under review, the Committee held regular meetings and conducted drills to make the BCP (Business Continuity Plan) more effective, and continuously worked to resolve issues.
  - (v) Based on the “Sustainability Declaration,” the Group held a Sustainability Promotion Committee meeting to discuss the Group’s initiatives to become carbon neutral by 2030. The Company continued to monitor CO2 emissions of the Group as a whole and made estimates for Scope 3 (supply chain emissions). As social capital-related initiatives, the Company designed a “Business Partner Questionnaire” to identify supply chain risks, which was discussed at the Committee meeting. Regarding human capital-related initiatives, specific measures to improve the percentage of female managers, the percentage of female employees in comprehensive work position, and the take-up rate of maternity and childcare leave for male employees were considered and discussed at the Committee meetings.
- (4) Framework ensuring the efficiency of execution of duties by Directors
- (i) The Board of Directors met 14 times during the fiscal year under review to make decisions on business execution, oversee the execution of duties by Directors, and report on the status of execution of duties by Directors, thereby ensuring efficient and flexible operations.
  - (ii) The Company analyzes and evaluates the effectiveness of the Board of Directors as a whole and takes appropriate measures such as improving problem areas in order to strengthen the functions of the Board of Directors.
  - (iii) In May 2024, a questionnaire regarding the evaluation of the Board of Directors was sent to all Directors, including Outside Directors, and all Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, and a summary of the results of the evaluation was disclosed in the Corporate Governance Report. ~~In response to the evaluation results, the Company partially revised the “Board of Directors Resolution/Deliberation Standards” in October 2023 and March 2024 for the purpose of efficient operation of the Board of Directors.~~
  - (iv) In July 2019, the Company established the Governance Advisory Committee chaired by an independent Outside Director as an optional advisory body beneath the Board of Directors with members that mainly consist of independent officers for the purpose of strengthening governance. The committee met three times during the fiscal year under review.
    - (Details of deliberations)
    - Matters related to appointment and dismissal of Directors and Audit & Supervisory Board Members
    - Matters related to remuneration for Directors
    - Analysis and evaluation on the effectiveness of the overall Board of Directors and deliberation of other proposals related to governance
  - (v) In order to ensure fairness, objectivity, and further transparency in the process of determining Director remuneration, the Board of Directors deliberated and reported to the Board of Directors the individual basic remuneration and bonuses for each Director based on the report of the Governance Advisory Committee.
- (5) Framework ensuring the proper business operation of the Group
- (i) The Internal Control Committee, Internal Auditing Office, Audit & Supervisory Board Members, and the Group Strategy Promotion Division are working together to strengthen the Group’s internal control system.

- (ii) In order to strengthen controls at overseas local subsidiaries, the Internal Control Committee Members, Audit & Supervisory Board Members, and the Group Strategy Promotion Division conducted investigations and provided guidance. In addition, the Internal Control Committee, Internal Auditing Office, and Audit & Supervisory Board Members collaborated to collect information and take appropriate measures to ensure legal compliance by closely observing overseas corporate and financial laws and regulations.
- (iii) As part of efforts to strengthen compliance overseas, the Ethics and Compliance Committee is working to strengthen compliance by preparing compliance manuals translated into various languages according to the situation in each country and expanding the distribution of such manuals to local employees and providing explanations to local employees.
- (iv) The Ethics and Compliance Committee distributes the Harassment Handbook to managers of Group companies for the purpose of preventing harassment in the workplace in order to realize a comfortable working environment that respects the character and individuality of employees working for Group companies. For employees other than managers, the Company also issues a “Harassment Handbook for Employees - Please Contact the Consultation Desk” with a QR code for the consultation desk. In addition, in line with the enforcement of the revised Whistleblower Protection Act, we changed the “Ethics and Compliance Consultation and Reporting Guidelines (Internal Reporting Guidelines)” to “Internal Reporting Regulations” and appointed external personnel to the administrative bureau of Ethics and Compliance Committee to expand the system.
- (v) In response to the enforcement of the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers’ Vocational Lives, a clause on power harassment has been added to the Rules of Employment. The Company will also continue to provide e-learning training on compliance for all Group employees.

- (6) Matters concerning employees who are requested by Audit & Supervisory Board Members to assist them in their duties, and matters concerning the independence of such employees from Directors

The Company has assigned one member of staff and works to strengthen the auditing system to make it more effective. The performance of the auditing system is evaluated by two full-time Audit & Supervisory Board Members.

- (7) Framework for Directors and employees to report to Audit & Supervisory Board Members and other frameworks related to reporting to Audit & Supervisory Board Members

The execution of duties by Directors is reported regularly at meetings of the Board of Directors, and is also reported to the Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Members attend the Corporate Management Committee meetings where important business operations are deliberated, and also attend every Internal Control Committee meeting as observers, and closely exchange information with the Internal Auditing Office to strengthen the function of monitoring compliance.

- (8) Framework ensuring the effectiveness of auditing by Audit & Supervisory Board Members

- (i) Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to understand the process of important decision-making by Directors and the status of business execution, and also have opportunities to exchange opinions with Representative Directors on a regular basis to ensure an effective audit system.
- (ii) Audit & Supervisory Board Members work closely with the Internal Auditing Office to complement each other and strengthen the effective auditing system.
- (iii) Audit & Supervisory Board Members exchange information with the Audit & Supervisory Board Members of domestic Group companies and the accounting auditor of major overseas Group companies as appropriate, and regularly hold domestic Group Audit & Supervisory Board Members’ Liaison Meetings to strengthen the audit system of the Group as a whole.
- (iv) Audit & Supervisory Board Members request reports and explanations on the content of audits from Crowe Toyo & Co., the Company’s accounting auditor, and cooperate with them by regularly exchanging information and exchanging opinions, listening to information, and attending audits as necessary.

## **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts**

### **Basic Views on Eliminating Anti-Social Forces**

The officers and employees of the Group believe that the engagement in transactions with or acceptance of the demands of anti-social forces such as organized crime groups and corporate racketeers could damage the relationship of trust with shareholders, business partners, and other stakeholders, which is the basis of corporate management, and could lead to a fatal blow to the management of the Company, as well as impede the activities of various constituent members to maintain social order on a daily basis.

Based on this recognition, top management regularly mentions compliance with laws and regulations and the elimination of relationships with anti-social forces as part of such compliance at meetings of the Board of Directors and other important internal meetings to ensure thorough compliance at company.

### **Preparation Status**

#### **(1) Preparation status of internal rules and regulations**

The “YUASA TRADING Group Ethics Policy” stipulates that all officers and employees shall comply with laws and regulations, including corporate ethics and social norms, and conduct fair and sound corporate activities, and in the “Code of Conduct,” the Company declares a firm stance against anti-social forces and groups that threaten the order and safety of civil society, terrorist organizations and their support organizations.

#### **(2) Status of establishment of a department in charge of response and the person in charge of preventing unreasonable demands**

- a. In order to ensure efficient collection and centralized management of information related to anti-social forces, the Ethics and Compliance Committee, which reports directly to the Representative Director and President, serves as the department in charge, and the Representative Director and President appoints and delegates the Committee chair from among the Directors.
- b. The General Manager of the General Affairs Division, who is a member of the Committee, is appointed as the person in charge of preventing unreasonable demands, and is required to receive necessary training as appropriate.

#### **(3) Status of cooperation with external professional organizations and collection and management of information**

- a. In addition to establishing a prompt communication and consultation system in the event of an emergency, the Company will communicate on a daily basis with the police departments in charge of organized crime countermeasures in the police stations under its jurisdiction, and the Company is also a member of the Tokubouren (Special Violence Prevention Cooperative Association) organized by companies in its jurisdiction, and the person in charge attends regular meetings and collects and exchanges related information.
- b. The General Affairs Division, as the department in charge, collects and manages information on stock offerings by anti-social forces in close cooperation with transfer agents, and has established a system that enables the Company to respond fully in the case of actual stock offerings, including the determination of attributes, with the cooperation of not only transfer agents but also legal counsel and the relevant authorities.

#### **(4) Preparation status of response manual**

The Company has prepared a manual for dealing with anti-social forces and has established the following procedures in case of emergency.

- a. The General Manager of the General Affairs Division or his or her designee shall be the primary recipient of any approach (in writing or by telephone) from anti-social forces or persons who appear to be anti-social forces, regardless of the nature of the approach. The General Affairs Division manages the switchboard and calls from comprehensive work positions can be recorded immediately.
- b. Immediately upon receipt, the General Manager of the General Affairs Division shall report to the Ethics and Compliance Committee, which reports directly to the Representative Director and President, and if an internal investigation into the facts is necessary, the General Manager shall conduct a prompt and detailed investigation, as well as evaluate and review the nature and seriousness of the approach.

- c. After contacting or consulting with the relevant authorities and legal counsel, the Company shall firmly reject any unreasonable demands, and in cases involving contractual relationships, the Company shall clarify the relationship between rights and obligations and seek a fair and just resolution.

(5) Implementation status of training activities

In addition to distributing the Ethics and Compliance Manual as a printed document to all officers and employees to ensure that they are fully aware of its purpose, various countermeasures against anti-social forces are explained at internal training sessions held at all levels from new employees to senior managers.

## **V. Other**

### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

Supplementary Explanation
---------------------------

(1) Source of the Company's corporate value

Based on its corporate philosophy of "Honesty and Trust," "Enterprise and Innovation" and "Regard for the Individual," the Company places importance on mutually beneficial relationships, and has built strong relationships of trust over many years by solving social issues through TSUNAGU Innovation with its business partners in the fields of manufacturing, home building, environment building, and town building, creating new markets, and expanding domestically and overseas. The Company believes that the source of its corporate value is derived from the strong relationships of trust cultivated through such efforts over the years.

(2) Description of basic policy

The Company believes that if a purchase is made for the purpose of acquiring a large number of the Company's shares, or if a purchase proposal involving a transfer of control of the Company is made, the decision as to whether or not to accept the proposal should ultimately be made based on the will of the Company's shareholders as a whole.

The Company also believes that those who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value, maintain relationships of trust with various stakeholders, and make it possible to ensure and continuously enhance the Company's corporate value and the common interests of shareholders over the medium to long term.

Among large-scale purchases of the Company's shares or purchase proposals, there may be those that do not contribute to corporate value or the common interests of shareholders, such as those that effectively force shareholders to sell their shares, those that do not provide sufficient time or information for shareholders to consider the terms of the purchase or for the Company's Board of Directors to propose an alternative proposal, and those that require negotiations with the purchaser to obtain more favorable terms than those offered by the purchaser.

The Company believes that persons or groups that conduct such large-scale purchases, etc. are inappropriate to control decisions on the Company's financial and business policies, and has set its basic policy regarding the role of persons who control decisions on the Company's financial and business policies to take appropriate measures to protect and enhance the corporate value of the Group and the common interests of shareholders to the extent permitted by law and the Articles of Incorporation.

(3) Initiatives to secure and enhance corporate value and the common interests of shareholders

The Group promotes the medium-term management plan, "Growing Together 2026," covering the three-year period from April 2023 to March 2026, which constitutes the third and final stage of realizing the "YUASA VISION 360," with its sight ahead to the 360th anniversary of the Company's founding in 2026. The Group will promote business reform based on "corporate culture reform," "DX promotion," and "sustainability promotion," develop its existing business network in the fields of manufacturing, home building, environment building, and town building, and carry out business transformation with the "Market Out" approach in both single item businesses and integrated product-service transactions, enhancing its corporate value. Also, through these activities, the Group aims to grow into a "TSUNAGU Service Integrated Shosha Group" that

promotes proposal-based business and solves social issues by connecting (TSUNAGU) various things such as people, goods, money, information, data, and technology.

Although the Company has not currently introduced so-called “countermeasures against takeover bids,” as a responsibility entrusted to it by shareholders and investors, the Company has established a committee consisting mainly of outside experts and others to closely monitor the status of transactions and changes in the Company’s shares, and in the event that a party attempting to acquire a large number of the Company’s shares emerges, to evaluate such a takeover bid and negotiate with the acquirer. In the event that the proposed takeover bid does not contribute to the corporate value of the Company and the common interests of its shareholders, the Company will promptly determine whether or not specific countermeasures are necessary and the details of such countermeasures, and establish a system to implement such countermeasures.

(4) Judgment of the Company’s Board of Directors with respect to the above initiatives and the reasons thereof

With respect to a purchase for the purpose of acquiring a large number of the Company’s shares, the Company recognizes that it is necessary to carefully judge the impact of such purchase or proposed purchase on the Company’s corporate value and the common interests of shareholders in light of the business activities and future business plans of the relevant purchaser, past investment activities, etc. However, if specific countermeasures are necessary in light of the above basic policy, the Company shall take necessary and appropriate measures as follows.

- a. The measures in question are in accordance with the basic policy above.
- b. The measures in question do not harm the common interests of shareholders.
- c. The measures in question are not intended to maintain the status of Directors and Other Officers.

## 2. Other Matters Concerning Corporate Governance System

### Overview of Timely Disclosure System

When disclosing corporate information to investors, the Company shall comply with laws, regulations, and internal rules pertaining to the timely disclosure of corporate information, including the Financial Instruments and Exchange Act and securities listing regulations, and shall endeavor to disclose corporate information in a timely and appropriate manner. The Company’s internal system for timely disclosure of corporate information is as follows.

(1) Department in charge of timely disclosure

- a. Information is consolidated and managed by the person responsible for handling information (Representative Director and Senior Managing Director, Supervisory Manager of Management Administration), to whom the Representative Director and President delegates responsibility for the timely disclosure of information.
- b. Under the direction of the person responsible for handling information, the Corporate Planning Division, the Group Strategy Promotion Division, the Finance Division, the General Affairs Division, and other responsible divisions take the lead in determining the materiality of information and in considering whether or not timely disclosure is necessary, and hold discussions in accordance with timely disclosure rules. In addition, advice from the Tokyo Stock Exchange Listing Department, accounting auditors, lawyers, etc. is obtained as necessary.
- c. Specific procedures for timely disclosure are handled by the General Affairs Division under the direction of the person responsible for handling information.

(2) Internal system for timely disclosure of corporate information

a. Information on resolved decisions

Important decisions are made at regular monthly meetings of the Board of Directors, Corporate Management Committee, etc., and extraordinary meetings of the Board of Directors, etc., are held as necessary to ensure prompt decision-making. Whenever necessary, the Company immediately discloses material facts that have been decided in accordance with the timely disclosure rules of the Tokyo Stock Exchange, and strives to disclose corporate information in a prompt, accurate, and fair manner.

b. Information on material events

In the event of the occurrence of a material event, information is promptly gathered by the head of departments or offices where the event occurred, the representative of the subsidiary, etc., to the person responsible for handling information, and a report is made to the relevant Director. The person responsible for handling information and others will then determine the materiality of the information and consider whether or not timely disclosure is necessary. Whenever necessary, the Company immediately discloses the information in accordance with the timely disclosure rules of the Tokyo Stock Exchange. In addition, advice from the Tokyo Stock Exchange Listing Department, accounting auditors, and lawyers is obtained as necessary in an effort to disclose corporate information in a prompt, accurate, and fair manner.

c. Information on financial results

With regard to information on financial results, the Finance Division is primarily responsible for preparing financial statements. The financial statements are audited by the accounting auditor and the Audit & Supervisory Board, which are then approved at the Board of Directors meeting concerning financial results and disclosed on the same day. Audits by the accounting auditor and the Audit & Supervisory Board are carried out evenly throughout the period, with no bias towards the end of the period, in an effort to disclose corporate information in a prompt, accurate, and fair manner.

d. Other

The Company promptly posts corporate information disclosed on the Tokyo Stock Exchange on its website. The Company also posts such information on the Company intranet to ensure that all employees are fully aware of its contents.



# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

## Approach to Cost of Capital

Taking into account the analysis of various factors in the financial department and information provided by external evaluation agencies, we estimate the cost of shareholders' equity to be between 5.64% and 6.53% as of the fiscal year ended March 31, 2025. In addition, in our medium-term management plan "Growing Together 2026," we are working towards achieving a profit plan that aims for an ROE (return on equity) exceeding this target .

### Initiatives to secure profitability exceeding the cost of capital

#### ①Improvement of profitability and growth through business activities

##### Plan

Improve profitability through the provision of products and services that contribute to solving social issues, and achieve continuous business growth through the promotion of growth strategies

##### Progress

Gross Profit Margin

FYE Mar. 31, 2020

9.6% → 11.2%  
※Comparison based on old revenue recognition standards.

Growth Strategy Ratio

FYE Mar. 31, 2020

20% → 35%

#### ②Growth Investment Policy

##### Plan

Allocate operating cash flow to growth investments and implement stable and continuous shareholder returns.

##### Progress

##### ● Growth Investment

- Over 80% of the 3-year plan has progressed.
- We will continue to consider and execute investments flexibly as needed.

##### ● Shareholder Returns

- 4 consecutive years of dividend increases, in accordance with return ratio and DOE indicators.

#### ③Initiatives to reduce the cost of equity

##### Plan

Aim to reduce the cost of capital by strengthening public relations and IR, and promoting dialogue with stakeholders.

##### Progress

##### ● Dialogue Promotion

- 25 IR meetings conducted.

##### ● Information Disclosure

- Began simultaneous English-Japanese disclosure response last fiscal year.

(including voluntary disclosure materials such as financial results briefings)

[Translation]

**[Performance Indicators]** This remuneration system aims to provide incentives to improve medium- to long-term company results and corporate value and share interests with shareholders. The following indicators were used for evaluations in the medium-term management plan “Growing Together 2026” with the fiscal year ending March 31, 2026 as the final year.

Evaluation indicator (standard)	Evaluation weight	Performance-linked coefficient
Consolidated net sales (¥600.0 billion)	1/3	0-2.0
Consolidated ordinary profit (¥20.0 billion)	1/3	0-2.0
Profit attributable to owners of parent (¥13.2 billion)	1/3	0-2.0

Note: The amount of consolidated net sales is before the application of the Accounting Standard for Revenue Recognition. **[Relationship Between Evaluation Indicators and Performance-linked Coefficients (method of determining performance-linked share awards amount)]**

Consolidated net sales(before the application of the Accounting Standard for Revenue Recognition)	Consolidated ordinary profit	Profit attributable to owners of parent	Performance-linked coefficient
¥660.0 billion or more	¥26.0 billion or more	¥17.2 billion or more	2.0 (upper limit)
¥600.0 billion	¥20.0 billion	¥13.2 billion	1.0
¥540.0 billion or less	¥14.0 billion or less	¥9.3 billion or less	0 (lower limit)

**[Ratio of remuneration by type for each Director’s position]**

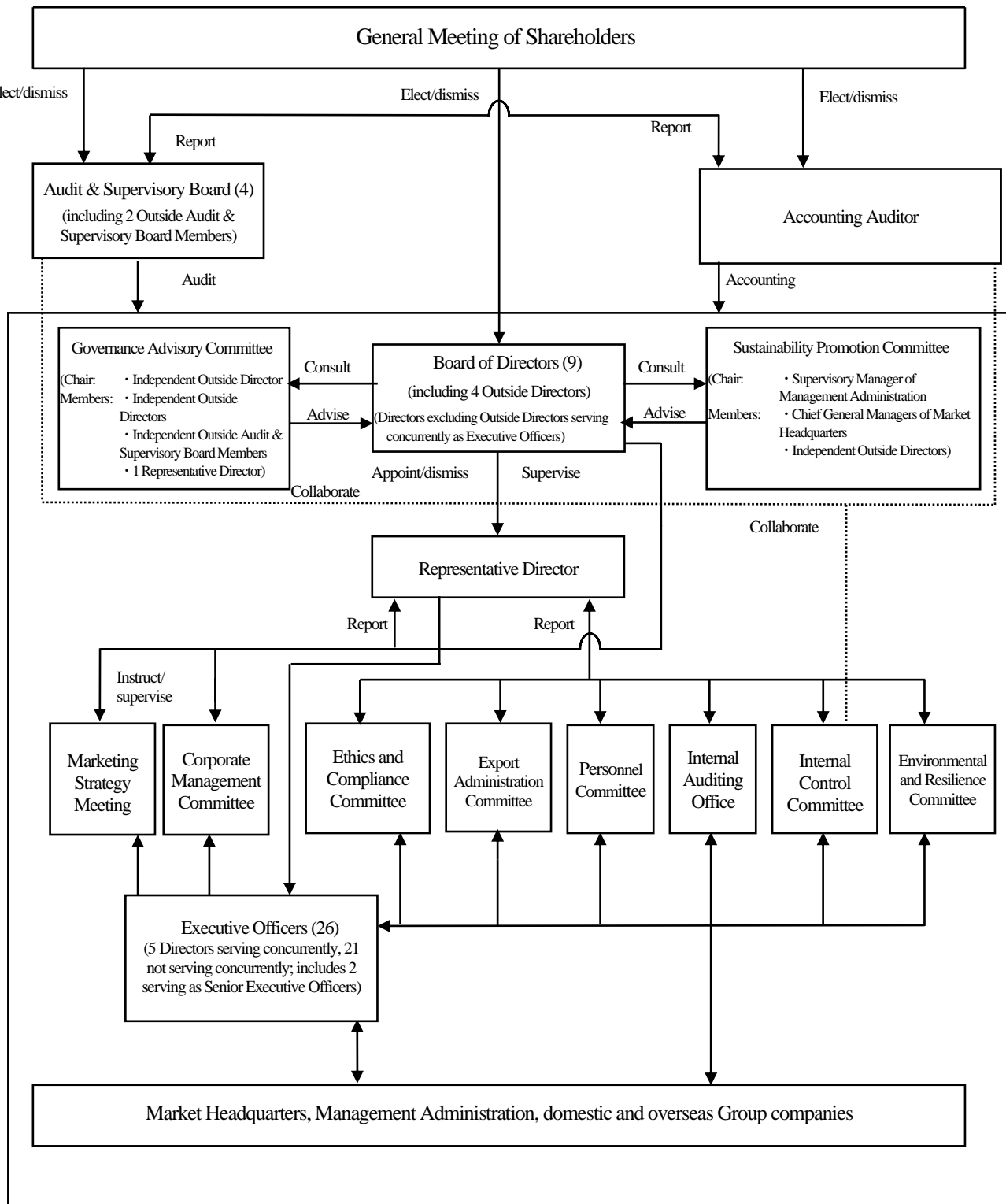
Position	Breakdown of remuneration for Directors and other officers			Total
	Basic remuneration	Performance-linked remuneration		
		Annual bonuses	Share awards	
Representative Director	55%	30%	15%	100%
Senior Managing Director	56%	30%	14%	
Managing Director	56%	30%	14%	
Director	57%	30%	13%	

Note: This table represents the model of amounts paid as share awards of performance-linked remuneration assuming the performance-linked coefficient is 1.0, and the above ratios will fluctuate according to changes in the Company’s performance and stock price. **[Performance-linked Coefficient for Performance-linked remuneration for the Fiscal Year Ended March 31, 2023, the Final Year of the medium-term management plan “Growing Together 2023”]**

Performance indicators(before the application of the Accounting Standard for Revenue Recognition)	FY2022 results	Evaluation weight	Performance-linked coefficient(actual values)
Consolidated net sales	¥523.8 billion	1/3	0.6
Consolidated ordinary profit	¥15.3 billion	1/3	0.7
Profit attributable to owners of parent	¥10.0 billion	1/3	0.5

Note: The performance-linked Coefficient for Performance-linked remuneration for the Fiscal Year Ended March 31, 2023, the Final Year of the medium-term management plan “Growing Together 2023,” was 0.6 based on the actual values of the performance indicators.

[Corporate Governance System]



[Overview of Timely Disclosure System (Schematic Diagram)]

