

# Corporate Governance

## Corporate Governance of the Company

### 1. Basic principles

Our basic principles on corporate governance are as follows.

- (1) The Company is committed to strengthening and enhancing the corporate governance based on our corporate principles and management vision, in order to achieve a sound and sustainable growth and a medium- to long-term improvement of the corporate value, while considering profits of all stakeholders related to the Company including the shareholders, customers, regional society, and employees.
- (2) The Company strives to establish an appropriate corporate governance framework while the Board of Directors, the Audit and Supervisory Committee, and Directors recognize the fiduciary responsibility to the shareholders. The Company strives to ensure the appropriateness of the business executions and the effectiveness of audits and supervision by measures such as determining management policies and execution of important duties through adequate discussion in the Board of Directors and accurate execution of duties by Directors involved in the execution of business, alongside audits by the Board of Directors, audits by the Audit and Supervisory Committee, and appropriate maintenance and operation of the internal control system based on laws and regulations such as the Companies Act.
- (3) The Company is committed to establishing the environment where the rights of shareholders are respected and properly executed, constructive dialogue is made with shareholders, and active disclosure is made for corporate information including non-financial statements, etc., as well as ensuring the real equality of shareholders.

### 2. Corporate governance framework

The Company has adopted the form of a company with an Audit and Supervisory Committee as its organizational design pursuant to the Companies Act. As of the end of June 2024, the Company had a total of six Directors not serving as Audit and Supervisory Committee Members (including two Outside Director) and four Directors serving as Audit and Supervisory Committee Members (including three Outside Directors).

Since voting rights at the Board of Directors are granted to Directors serving as Audit and Supervisory Committee Members at a company with an Audit and Supervisory Committee, highly effective audit and supervisory system over the Board of Directors and Directors has been secured.

In addition, since companies with an audit and supervisory committee can delegate a part of the authority of the Board of Directors to directors pursuant to provisions of the Companies Act, the matters submitted to the Board of Directors are narrowed down to highly important proposals, deliberations on major proposals such as strategy at the Board of Directors are enhanced, and leading to prompt management decision-making of the Company is ensured.

Also, to ensure mobility in management decision-making, the Company has established "Group Management Meeting," which comprises the management, and discusses matters delegated by the Board of Directors. With regard to items such as risk management, which are important for conducting proper corporate activities, the Company has established various kinds of committee structures as advisory bodies of the Group Management Meeting to discuss such items flexibly.

### Corporate governance framework

