[Translation]

Last Updated: May 14, 2024

Bunka Shutter Co., Ltd.
Hiroyuki Ogura, Representative Director and President
Contact: TEL +81-3-5844-7200, Human Resources & General Affairs Department
Securities Code: 5930
https://www.bunka-s.co.jp/

The corporate governance of Bunka Shutter Co., Ltd. (the "Company") is described below.

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

1. Basic Views

As basic views of the Company's corporate governance, in order to realize business activities to respond to expectations of shareholders and investors as well as stakeholders such as customers, business partners, citizens in communities, etc., and from the viewpoint of further improvement of business transparency, the Company continues to strive to strengthen and improve the corporate governance system and disclose information timely and accurately, aiming for enhancement of the function to check the management as well as for continuation of fairness.

In addition, as application of the "Corporate Governance Code" targeting listed companies on domestic securities exchanges started, the Company will follow this code appropriately and strive to further strengthen the corporate governance, agreeing with its concept to aim for enhancement of enterprise value through sustainable growth and to contribute to all stakeholders and further to the development of the economy as a whole.

(1) Securing shareholders' rights and equality

The Company recognizes that one of management's materiality issues is to develop a long-term relationship with stakeholders, including shareholders, in order to achieve medium- to long-term growth and increase sustainable corporate value.

To this end, the Company strives to establish a system to ensure substantial equality for all shareholders, including minority shareholders and foreign shareholders, and an environment that enables the appropriate exercise of shareholders' rights.

(2) Proper cooperation with stakeholders other than shareholders

Since its foundation in 1955, the Bunka Shutter Group (the "Group") has manufactured, sold, and installed shutters, doors, and other building materials for homes and other buildings. With the aim of delivering to its customers "safety," "security" and "a comfortable environment," we aim to contribute to social development through diversified manufacturing and service provision that is people-friendly, society-friendly, and eco-friendly. Moreover, we consider ourselves duty-bound to contribute to people's happiness and well-being, and provide customers with products and services in such a way as to achieve this objective. In this way, we endeavor to improve our corporate value and the common interests of shareholders in a sustainable manner over the long term.

(3) Appropriate disclosure and ensuring transparency

The Company recognizes that timely and appropriate disclosure of corporate information, including the Company's financial situation, financial results, corporate management strategies and policies, as well as management challenges and risks, is essential to ensuring the fairness and transparency of management.

To this end, the Company complies with related laws and regulations, including the Companies Act and Financial Instruments and Exchange Act, and the regulations stipulated by stock exchanges. Moreover, the Company actively discloses information other than statutory disclosure items when the information is deemed to be important for stakeholders, including shareholders.

(4) Responsibilities of the Board of Directors, etc.

The Company has established an effective and flexible management and executive system, and established an Audit and Supervisory Committee because an audit system consisting of Audit and Supervisory Committee members that include independent outside Directors is deemed to provide an effective management supervisory function.

Independent outside Directors supervise management from the perspective of legality and appropriateness, based on their high level of independence and professional insights from an objective and neutral standpoint, and the Company believes that they contribute to strengthening the Company's corporate governance structure.

Regarding director evaluation, based on the supervision and advice of the Audit and Supervisory Committee, the Company will promote the establishment of an environment that allows the duties of Directors to be executed appropriately.

(5) Dialogue with shareholders

In order to contribute to sustainable growth and the medium- to long-term improvement of corporate value, the Company believes in the importance of proactive dialogue with shareholders.

To this end, under the supervision of officers responsible for management operations, a structure is in place for Management Planning Department, IR Office, Accounting Department, and Human Resources & General Affairs Department and other departments to cooperate flexibly in order to provide an opportunity for constructive dialogue with shareholders.

[Translation]

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

Based on the above basic view, the Company has been continuously implementing initiatives to strengthen corporate governance, and believes that it has complied with all the principles of Japan's Corporate Governance Code.

[Disclosure Based on the Principles of Japan's Corporate Governance Code] [Updated]

(Principle 1.4 Cross-shareholdings)
The cross shareholdings held by the Company are stocks that are already held as medium- to long-term investments. Every year, the Company verifies whether dividends and relevant profit from relevant trades keep pace with the capital cost of the Company on an individual stock basis, and making reference to the verification result, decides the appropriateness of the cross shareholding. If the reasonableness or necessity of the holding has lessened, the sale of the stock is considered in order to reduce the holding.
The exercise of voting rights related to cross-held shares is determined appropriately for each agenda item by considering the cross-shareholding company's business condition from the viewpoint of improving its corporate value in the medium to long term, as well as the viewpoint of whether it contributes to increasing the corporate value of the Company.
Even if the cross-shareholding company intends to sell shares in the Company's stock, the Company shall not thwart the holder's attempt but fully verify the economic rationality of continuing transactions with the holder and respond to it from the perspective of the common interests of all shareholders.

(Principle 1.7 Transactions with related parties)
All transactions with related parties are required to be reported to officers and major shareholders periodically, and the Board of Directors Regulations, etc. require competing transactions, principal transactions, and conflict-of-interest transactions between the Company and Directors to be resolved by the Board of Directors.
In the event of such transactions, relevant information shall be disclosed in accordance with related laws and regulations, including the Companies Act, Financial Instruments and Exchange Act, and the regulations stipulated by stock exchanges.

(Supplementary principle 2.4.(1))
The Group strives to create a work place where all employees can work with vigor and engage in their duties with peace of mind, and formulates and implements various measures to realize work-life balance.
Moreover, the Group appoints personnel without regard to gender, personal history, nationality, or cultural background, etc. to ensure diversity.
To support employees in focusing both on work and child care, the Group strives to establish a work environment that enables longer years of service by enhancing various measures, for example, allowing child care leave of up to three years, and extending the age limit of children for whom nursing care leave can be taken to until entry into junior high school.
To ensure diversity in the appointment of core personnel, the Company has set a target to raise the percentage of female managers (against full-time employees) from 2.2% (non-consolidated) as of March 31, 2023 to 10% by April 2028.
Due to the current business of the Group, no target has been set for the appointment of foreign national managers in Japan. However, for local staff of overseas Group companies, efforts are and will continue to be made to hire and develop core human resources in the same way as in Japan.
In addition, for mid-career hires, an internal promotion system is applied to them and new graduates alike, and they now account for 28.4% of managers (against full-time employees). Therefore, there is no target limited to mid-career hires.
The "Diversity and Inclusion Policy" is also posted on the Company's website at the following URL:
https://www.bunka-s.co.jp/ir/management/governance/

(Principle 2.6 Roles of corporate pension funds as asset owners)
Regarding the asset management of corporate pension funds, the Company manages properly and verifies carefully any conflicts of interest at meetings of the Financial Management Committee, and discloses a summary of annual balance sheets to employees.
Moreover, enhanced efforts are made to monitor the status of the stewardship activities, etc. of asset managers with respect to investee companies.
Personnel in charge of corporate pension funds are provided with opportunities to attend external educational courses and seminars to improve their fund management knowledge.

(Principle 3.1 Full disclosure)
(i) The Company's motto, corporate philosophy, management policy, and management plan, etc. are disclosed on the Company's website and in the financial results explanatory materials, etc.
(ii) "Basic Policies on Corporate Governance" is disclosed on the Company's website, in the annual securities report, and the Corporate Governance Report, etc.
(iii) Please see "Director Remuneration" mentioned below for the policies and procedures used in determining the remuneration of Directors. The same policies, etc. are also described in the "Notice of the Ordinary General Meeting of Shareholders" and the "Annual Securities Report." With regards to the remuneration of Directors and other matters, in order to strengthen objectivity and accountability in relation to the remuneration of Directors, the Nomination/Remuneration Committee, a majority of whose members are independent outside Directors and chaired by independent outside Director, deliberates individual remuneration amounts and the total amount in advance, in response to the inquiry of the Board of Directors, and submits a report concerning the total amount of remuneration, then the Board of Directors makes a decision.
(iv) Candidates for Directors, excluding Directors who are Audit and Supervisory Committee members, are elected based on the criterion of whether the persons can contribute to increasing the sustainable growth and corporate value of the Company. Their election is subject to deliberation, etc. by the Nomination/Remuneration Committee, a majority of the members of which are

independent outside Directors and chaired by independent outside Director, based on consultation by the Board of Directors, and then submitted to, discussed, and decided on by the Board of Directors. Candidates for Directors who are Audit and Supervisory Committee members are elected based on the criterion of whether they are capable of auditing the execution of duties by the Board of Directors and Directors of the Company from a neutral and objective perspective. Their election is subject to the examination and consent of the Audit and Supervisory Committee, and decided on by the Board of Directors as an agenda item to be submitted to a General Meeting of Shareholders.
(v) Reasons for nomination as a candidate for Director are disclosed by presenting them in the Reference Documents for a General Meeting of Shareholders.

(Supplementary principle 3.1.(3))
In accordance with SDGs, which are common goals of the global community, and the Group's corporate motto, management philosophy, and CSR Charter, etc., the Group has identified materiality themes that the Group must pursue, and is establishing a system that allows all Group companies to engage in them actively.
The Group strives for business decarbonization for the purpose of achieving the vision of an "Evolving Comfortable Environment Solutions Group," the Group's long-term vision, and maintaining and preserving a sound and sustainable environment for the planet. Decarbonization Working Group, established in April 2021 with the aim of reducing CO2 emissions, researches and analyzes the current status of the Group's CO2 emissions, and examines our decarbonization action policy. The Group strives to reach net-zero direct emissions from sources related to business operations by 2050, and to reduce indirect emissions through the procurement of components, transportation of products, and waste disposal, in order to reduce emissions from the entire supply chain.
As a signatory of TCFD since October 7, 2021, based on the TCFD recommendations, the Group plans to assess how climate change may affect its financial situation and disclose the results appropriately, while making efforts to satisfy criteria in order for its targets to be recognized by the Science Based Targets initiative (SBTi).
The Company's investment in human capital aims to build an education system to improve the overall capability of human resources, including the ability to solve problems and make innovation happen.
The Company is developing a work environment in which all employees can play an active role, such as introducing a system that allows employees to select their own work styles and enhancing a personnel system that prioritizes work-life-balance and can respond to individual life styles flexibly.
In developing new products and upgrading existing products, the Company promotes product manufacturing that allows us to propose "a new way of life" in pursuit of not only safety and security but also convenience and comfort, and has developed an "environmentally-friendly design" to promote the development of environmentally conscious products. The Company strives to accumulate and secure intellectual property rights through these efforts.
For details on the Group's sustainability management, including efforts made for investment in human capital and intellectual property, please see the information on the Company's website at the following URL:

BX Group Sustainability Management
https://www.bunka-s.co.jp/csrinfo/wp-content/uploads/2022/10/BX_web_2022all.pdf

(Supplementary principle 4.1.(1))
The Board of Directors of the Company resolves important matters, including matters related to General Meetings of Shareholders, matters related to important organizations and personnel affairs, matters related to financial results, and matters related to important assets, based on matters specified by laws and regulations and the Articles of Incorporation, as well as internal regulations, while delegating authority to each officer in charge by resolution of the Board for the purpose of clarifying management responsibilities and promoting rapid decision making.
In addition, the Company has established the Meeting of Managing Operating Officers, which is chaired by the Representative Director and President and attended by Representative Director, officers in charge, and full-time Audit and Supervisory Committee members, etc., to discuss matters submitted to the Board of Directors and important matters based on internal regulations.

(Supplementary principle 4.1.(3))
For the purpose of carrying out the election of candidates for Directors, including Representative Director and Chief Executive Officer, in a planned manner, their election shall be deliberated, for example, by the Nomination/Remuneration Committee, a majority of the members of which are independent outside Directors and chaired by independent outside Director, based on consultation by the Board of Directors, and then submitted to, discussed, and decided on by the Board of Directors. The Company elects candidates who have a superior personality and insight, the ability to fulfill the duty of care of a good manager and the duty of loyalty, and furthermore, who are expected to contribute to the Company's growth in the medium and long term, taking into consideration their insights and capabilities to perform their duties appropriately and efficiently, and abundant experience.
In addition, the Company has established a system that allows Directors who have taken office to participate in discussions at meetings of the Board of Directors and important internal meetings, and to be involved in deliberations on the approval documents, etc. in order to learn about not only matters related to the areas of which they are in charge but also matters related to other business areas, and legal and accounting affairs, etc. to gain more familiarity with matters necessary for the Company's management.

(Principle 4.9. Criteria for assessing the independence of independent outside Directors and their qualification)
The criteria for the election of independent outside Directors include the non-existence of conflicts of interest that could arise between general shareholders and the candidate, and a high level of independence, in accordance with the independence standards stipulated by laws and regulations and the Tokyo Stock Exchange.

(Supplementary principle 4.10.(1))
Four independent outside Directors who have a high degree of expertise and abundant experience have been elected, though falling short of a majority. When examining and deciding especially important matters, the Company provides them with a detailed explanation individually and seeks appropriate involvement and advice from them, in an effort to establish a system to enhance the supervisory function of the Board of Directors.
The Company has also established the Nomination/Remuneration Committee, a majority of the members of which are independent outside Directors and chaired by independent outside Director. When consulted by the Board of Directors, the Nomination/Remuneration Committee deliberates and reports on matters related to the election of director candidates, the succession plan of representative director, and the remuneration of directors from the perspective of diversity, etc. of the Board of Directors.

(Supplementary principle 4.11.(1))
The Company recognizes that the scale of the current Board of Directors is appropriate to allow for effective discussions and decision making.
Moreover, the Board of Directors consists of an appropriate number of personnel from the perspective of ensuring the diversity and expertise of the Board of Directors, including a person with management experience at other companies and a professional from the legal and academic world, taking into consideration the balance of human resources such as personnel who have strength in management in each business area, and personnel who are suitable for maintaining and improving business administration and compliance.
The Company has prepared a skill matrix that shows the balance and diversity of individual Directors' knowledge, experience and capabilities required for the Company's management strategy, which is disclosed in the Notice of a General Meeting of Shareholders and on its website, etc.
Skill Matrix of Directors
https://www.bunka-s.co.jp/ir/management/governance/

(Supplementary principle 4.11.(2))
Some of the Company's outside Directors concurrently serve as corporate officers, etc. of other companies, etc. However, we believe that they can allocate the time and effort required to fulfill their roles and responsibilities as the Company's Directors appropriately. Internal Directors do not serve as corporate officers of other companies and therefore, can focus on their duties.
The concurrent positions of outside Directors of the Company are disclosed in the notice of a General Meeting of Shareholders, the annual securities report, and the corporate governance report, etc.

(Supplementary principle 4.11.(3))
The analysis and evaluation of the overall effectiveness of the Board of Directors is based on self-assessment by each of the Directors. Results of the evaluation of the effectiveness of the Board of Directors are disclosed on the Company's website.
Outline of the results of the evaluation of the effectiveness of the Board of Directors:
https://www.bunka-s.co.jp/ir/management/governance/

(Supplementary principle 4.14.(2))
The Company provides Directors of the Company with opportunities to learn necessary knowledge by attending, for example, e-learning-type training on related laws and regulations and systems, external seminars, etc. held by associations to which the Company belongs, and internal training by guest speakers such as corporate lawyers and other external experts, aiming to improve the capabilities to execute their duties.
The Company also constantly provides outside Directors, both at the time of appointment and after appointment, with opportunities to receive explanations and reports regarding the status and challenges, etc. of the Company's business, finance, and organizations, etc. from department heads in charge, which it will continue to do as necessary.
In addition, the Company will pay for expenses associated with joining external associations and attending external seminars.

(Principle 5.1 Policy for constructive dialogue with shareholders)
Under the supervision of officers responsible for management operations, IR Office of Management Planning Department is in charge of IR, Human Resources & General Affairs Department is in charge of share handling, and Accounting Department is in charge of finance, including financial results. These related departments work together flexibly to establish an opportunity for constructive dialogue with shareholders.
[IR and SR activity]
- Ordinary General Meeting of Shareholders: Once a year
- Financial result briefing meeting: Twice a year
- Visiting institutional investors, etc. and being visited by institutional investors: Not regularly scheduled
- Individual meetings with institutional investors: At least once a year
- Response to interviews: Quarterly
- Addition and update of IR information Results on the Company's website: Whenever necessary

Directors responsible for management operations and personnel in the IR department, etc., visit shareholders, etc. when requested and on a periodic basis for reporting and holding Q&A sessions, in addition to holding periodic dialogues with institutional investors regarding both financial and non-financial information. The Company compiles results of the Q&A sessions and opinions from shareholders and institutional investors, etc. to take advantage of them in corporate management.
Other Directors, including independent outside Directors, may also provide explanations and hold Q&A sessions when necessary.
In communicating with shareholders through dialogue, including at financial results briefings and meetings with institutional investors, etc., the Company strictly ensures information management in line with the Internal Information Management Regulations,

which are the Company's internal rules for the prevention of insider trading, and complying with the principle of shareholder equality, etc., including in handling pre-released important information.

[Measures to promote management with an awareness of capital cost and stock price] (Disclosed in English)
The Company has established "we advance management strategies based on policies for optimal capital structure with an awareness of capital cost and balance sheet management" as one of the major themes of the Medium-Term Management Plan for the period from fiscal year 2021 to fiscal year 2023, and is engaged in measures for improving its corporate value.
For the capital efficiency indices, in addition to return on equity (ROE) and return on invested capital (ROIC), the Company has adopted its original "BxVA" (BX value added), which is a measure of economic value added (EVA). We define "BxVA" as the economic added value created by the Group relative to its invested capital, and we aim to improve corporate value by continuously increasing this index.
In addition, by enhancing disclosure of financial and non-financial information and by further strengthening engagement and communication with shareholders and investors, we will work to increase our valuation from the stock market.
For details on the capital efficiency indices, please see "Business Result Presentations" on the Company's website at the following URL:
https://www.bunka-s.co.jp/ir/library/presentation/
https://www.bunka-s.co.jp/english/ir/report/ (English)

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,679,100	10.64
Bunka Shutter Affiliate Companies Holdings Association	5,974,477	8.28
The Dai-ichi Life Insurance Company, Limited	3,260,978	4.52
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,992,900	4.15
Bunka Shutter Employee Holdings Association	2,982,287	4.13
Custody Bank of Japan, Ltd. (Trust Account)	2,568,000	3.56
Mizuho Bank, Ltd.	2,534,873	3.51
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	1,700,000	2.35
Yodogawa Steel Works, Ltd.	1,669,000	2.31
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,560,901	2.16

Controlling Shareholder (except for Parent)	———
Parent (Listed Stock Market)	N/A

Supplementary Explanation

———

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Metal Products
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

There is no such matter in particular.

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 and supervisory committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	12
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
Shozo Fujita	From another company											○
Kazufumi Abe	From another company											○
Yoshihiko Hayasaka	From another company											○
Kazue Shimamura	Academic											○

*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

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

[Translation]

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee Members	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shozo Fujita	○	○	———	Since assuming the office of Audit & Supervisory Board Member (outside Audit & Supervisory Board Member) of the Company in 2016, Shozo Fujita has duly fulfilled his duties in supervising the performance of directors, including stating his opinion during meetings of the Board of Directors of the Company and other important meetings. He has also gained abundant knowledge and wide-ranging insight in law having served in important posts in the legal profession. On this basis, the Company believes that Shozo Fujita can monitor the Company's business from an objective and independent standpoint, particularly with respect to legal compliance; therefore, the Company has nominated him to serve as Director-Audit and Supervisory Committee Member (outside Director).

[Translation]

Name	Audit and Supervisory Committee Members	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazufumi Abe	○	○	———	Since assuming the office of Audit & Supervisory Board Member (outside Audit & Supervisory Board Member) of the Company in 2016, Kazufumi Abe has duly fulfilled his duties in supervising the performance of Directors, including stating his opinion during meetings of the Board of Directors of the Company and other important meetings. He has also gained abundant operational experience from his service at other companies and professional experience as an Audit & Supervisory Board Member. On this basis, the Company believes that Kazufumi Abe can monitor the Company's business from an objective and independent standpoint; therefore, the Company has nominated him to serve as Director-Audit and Supervisory Committee Member (outside Director).
Yoshihiko Hayasaka	○	○	———	Since assuming the office of Director-Audit and Supervisory Committee Member (outside Director) of the Company in 2021, Yoshihiko Hayasaka has duly fulfilled his duties in supervising the performance of directors, including stating his opinion during meetings of the Board of Directors of the Company and other important meetings. He has wide-ranging insight from his involvement in the management of a major construction company, as well as abundant knowledge and practical experience in the construction industry. The Company believes that he will be able to monitor the management of the Company from an objective and neutral standpoint and has therefore nominated him to serve as Director-Audit and Supervisory Committee Member (outside Director).
Kazue Shimamura	○	○	———	Kazue Shimamura has abundant knowledge and broad insight as a professional in the field of commerce, mainly in the academic world, having served as a professor in the Faculty of Commerce at Waseda University, where she also served as Vice President of the Academic Affairs Division, Dean of the Faculty of Commerce, and Dean of the School of Commerce. She has also gained deep insight, especially in the areas of consumption and marketing, through her appointment as a member of the "Customer Service Promotion Advisory Council" in the private sector. On this basis, the Company believes that Kazue Shimamura can monitor the Company's business from an objective and independent standpoint; therefore, the Company has nominated her to serve as Director-Audit and Supervisory Committee Member.

[Audit and Supervisory Committee]

[Translation]

Committee's Composition and Chairperson's Attributes

	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	5	1	1	4	Inside director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee	Not appointed

Reasons for Adoption of Current System

To strengthen the cooperative relationships with Internal Audit Department, the Company has assigned one internal full-time Audit and Supervisory Committee member. In addition, if the Audit and Supervisory Committee requests that employees be assigned to assist with its duties, the employees of the Company shall be appointed, and the Internal Audit Department, etc. shall, as appropriate, establish a support system for the Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee, Financial Auditor and Internal Audit Department

The Audit and Supervisory Committee exchanges information and opinions with Accounting Auditor whenever necessary for mutual cooperation.

[Voluntary Committees]

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

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

	Committee's Name	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Equivalent to Nomination Committee	Nomination/ Remuneration Committee	7	3	3	4	0	0	Outside Director
Committee Equivalent to Remuneration Committee	Nomination/ Remuneration Committee	7	3	3	4	0	0	Outside Director

Supplementary Explanation

The Nomination/Remuneration Committee of the Company has established an advisory body under the Board of Directors to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the appointment/dismissal of Directors and the determination of their remuneration.

[Independent Officers]

Number of Independent Officers	4

Matters relating to Independent Officers

Criteria for the election of independent officers include the non-existence of conflicts of interest that could arise between general shareholders and the candidate, and a high level of independence, in accordance with the independence standards stipulated by the Tokyo Stock Exchange.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration

Supplementary Explanation

It is provided in "Information regarding policy on determining the amount and calculation method of remuneration" of [Director Remuneration] mentioned below.

Recipients of Share Options	

Supplementary Explanation

———

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

The total amount of remuneration was 428 million yen for Directors (excluding Directors who are Audit and Supervisory Committee Members) for the fiscal year ended March 31, 2023, 20 million yen for internal Directors who are Audit and Supervisory Committee Members, and 37 million yen for outside Directors who are Audit and Supervisory Committee Members.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

At a meeting of the Board of Directors held on May 12, 2022, the Company passed a resolution concerning the policy for determining the content of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company as follows. In addition, at the 76th Ordinary General Meeting of Shareholders held on June 21, 2022, the introduction of a performance-linked and share-based remuneration plan was approved, with the aim of increasing Directors' awareness of enhancing performance in the medium to long term and contributing to growing enterprise value, by clarifying the link between Directors' remuneration and the Company's performance and stock value, and allowing them to share with all shareholders the risks and rewards of stock price fluctuations.
The Company's basic policy regarding the remuneration, etc., for Directors of the Company is to determine appropriate levels of remunerations, etc., for each individual Director based on his/her role and responsibilities, etc., within the limit of the total amount of remuneration, etc. for each monetary and share-based remuneration determined by the General Meeting of Shareholders, in order to realize the Company's management policy and ongoing medium- to long-term improvement of the Company's corporate value.
Directors' remuneration consists of "monthly remuneration," "executive bonus," and "share-based remuneration." However, Directors who are Audit and Supervisory Committee Members are paid only monthly remuneration in view of their duties.
The policy for determining the content of remuneration, etc. for individual Directors are as follows.
A. Policy on base remuneration
Monthly remuneration shall be in cash, and the amount of remuneration shall be set in consideration of the position, responsibility, level of contribution, and balance with the salary of the employees.
B. Policy on performance-linked remuneration
Executive bonuses, which are performance-linked remuneration, shall be monetary remuneration. Of the total amount of Directors remuneration, the total amount of bonuses to Directors is calculated based on the degree of achievement of profitability indicators and other factors by setting a standard amount of total executive bonuses based on d. below, with reference to data from a survey of Directors remuneration by an external professional organization. Specifically, the total amount of executive bonuses is calculated by calculating the target achievement ratio multiplier based on the degree of achievement of consolidated operating profit, etc., and multiplying this target achievement ratio multiplier by the standard amount of total executive bonuses. The share-based remuneration is performance-linked remuneration, the details of which are described in C below.
C. Policy on non-monetary remuneration, etc.
Non-monetary remuneration shall be performance-linked share-based remuneration. Share-based remuneration is aimed at increasing Directors' awareness of enhancing performance in the medium to long term and contributing to growing enterprise value, by clarifying the link between Directors' remuneration and the Company's performance and stock value, and allowing them to share with all shareholders the risks and rewards of stock price fluctuations.
Of the total amount of Directors remuneration, the Company grants to each Director shares of the Company in proportion to the number of share-based remuneration points, calculated based on a fixed number of points for each position as well as the degree of achievement of profitability and capital efficiency indices based on d. below, with reference to data from a survey of Directors remuneration by an external professional organization. Specifically, the share-based remuneration points are calculated by calculating

the target achievement ratio multiplier based on the fixed number of points for each position and the degree of achievement of ROE, etc., and multiplying this target achievement ratio multiplier by the base points for each position.
D. The ratio of "monthly remuneration," "executive bonus" (when 100% of the target is achieved), and "share-based remuneration" (when 100% of the target is achieved) is determined at a ratio of 6:3:1, with reference to the data, etc. from an external professional organization's survey on Directors' remuneration.
E. Policy on the timing and conditions for granting remuneration, etc.
Monthly remuneration shall be paid as one-twelfth of the annual amount for the current month in accordance with the date of payment of employee salaries, and in the case of payment of executive bonuses, such bonuses shall be paid in accordance with a. above by a resolution of the Board of Directors and paid promptly thereafter. In addition, with respect to share-based remuneration, the Company's shares shall be paid in accordance with the prescribed procedures upon retirement of a Director in proportion to the number of points granted, pursuant to the internal regulations separately stipulated in C above.
F. Matters concerning delegation of decisions on remuneration, etc.
In order to strengthen objectivity and accountability in relation to the remuneration of Directors, the Nomination/Remuneration Committee, a majority of whose members are independent Outside Directors and chaired by independent Outside Director, deliberates individual remuneration amounts and the total amount in advance, in response to the inquiry of the Board of Directors, and submits a report concerning the total amount of remuneration, then the Board of Directors makes a decision. The specific monthly amounts of remuneration for each Director and executive bonuses are determined for each Director based on the results of deliberation by the Nomination/Remuneration Committee, while taking into consideration the Company's business performance and other factors, and the determination is therefore delegated to Representative Director and Chairman of the Board of Directors Toshihiko Shiozaki and Representative Director and President, and Executive President Hiroyuki Ogura. The reason for the delegation is that the Company has determined that the Representative Director is suitable to determine the individual amounts for each Director based on the results of deliberation by the Nomination/Remuneration Committee, while taking into consideration the Company's overall business performance and other factors.

[Supporting System for Outside Directors]

All the outside Directors of the Company are Audit and Supervisory Committee members. If an Audit and Supervisory Committee member requests that staff be assigned to assist with his or her duties, the employees of the Company shall be appointed.
In addition, outside Directors receive a prior explanation about matters to be submitted to the Board of Directors and other matters to be discussed at important meetings.

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

1. Execution of operations and supervision

As a company with an Audit and Supervisory Committee, the Company's corporate management is supervised by the Board of Directors. The Company has adopted an operating officer system in order to separate management supervision from business execution.
The Company's management system consists of seven Directors, excluding Directors who are Audit and Supervisory Committee members, five Directors who are Audit and Supervisory Committee members, including four outside Directors, and 24 operating officers, including six officers concurrently serving as Directors.
The Board of Directors decides on matters stipulated by the basic management policy, laws and regulations, and the Articles of Incorporation, etc. and other important matters related to management, and supervises the execution of business by Directors and operating officers.

2. Audits by Audit and Supervisory Committee
The Audit and Supervisory Committee, consisting of one full-time member and four part-time members, ensures the legality and appropriateness of the audit of the execution of business by Directors through participating in the meetings of the Board of Directors and important internal meetings, including the Meeting of Managing Operating Officers, inspecting important company documents, and having full-time Audit and Supervisory Committee members conduct on-site inspections of individual divisions and subsidiary companies.

3. Internal audits
Audit Section, consisting of seven persons of CSR Management Department performs a systematic audit of Business Divisions, branches, factories, and business offices, etc.
Business Division appoints a person concurrently in charge of internal audits who undertakes audits of affiliate business offices in accordance with the Internal Audit Implementation Guidelines prepared by Audit Department.

4. Accounting audits
The Company has concluded an audit agreement with Crowe Toyo & Co. for interim and year-end audits.
The audit system is as follows:

Name of Certified Public Accountants who provided auditing services
Makoto Hayasaki, Designated Engagement Partner (consecutive years of audit experience: 6 years)
Hajime Hirai, Designated Engagement Partner (consecutive years of audit experience: 1 year)

Composition of assistants relating to auditing

10 Certified Public Accountants, four associate members of the Japanese Institute of Certified Public Accountants, and three other members

3. Reasons for Adoption of Current Corporate Governance System

As resolved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2017, the Company became a company with an Audit and Supervisory Committee to establish a highly effective management audit system.

Moreover, for the purpose of establishing an audit system to ensure the objectivity and neutrality of the management audit function and having outside officers continuously perform checks, five Audit and Supervisory Committee members, including four outside Directors, participate in meetings of the Board of Directors and important internal meetings, receive explanations and reports regarding important management matters from Directors, and present opinions. At the same time, from the perspective of the legality and appropriateness of the execution of duties by Directors, the Company considers it essential to ensure that its oversight functions are satisfactory and fair. To this end, the Company undertakes to improve its systems and disclosure of information in a precise and detailed manner to ensure thoroughgoing corporate governance.

As a company with an Audit and Supervisory Committee, the Company's Board of Directors supervises corporate management. The Company has adopted an operating officer system in order to separate management supervision from business execution.

The Board of Directors of the Company, consisting of 12 members, including five Directors who are Audit and Supervisory Committee members (of which, four are outside Directors), decides on matters stipulated by the basic management policy and laws and regulations, and other important matters related to management, and supervises the execution of business.

The Company's Audit and Supervisory Committee consists of five members, four of whom are outside Directors.

In order to execute business promptly, the Company has adopted an operating officer system with 24 operating officers, of which six officers concurrently serve as Directors.

In addition, the Company has established the Meeting of Managing Operating Officers, which is chaired by the Representative Director and President. The Meeting of Managing Operating Officers consists of Representative Director, officers in charge, and full-time Audit and Supervisory Committee members, etc. who discuss matters submitted to the Board of Directors and important matters related to management.

The Company resolved to establish an arbitrary Nomination/Remuneration Committee advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity, and accountability of the Board of Directors' functions regarding the selection and dismissal of Directors and decisions on remuneration and other matters at the Board of Directors meeting held on August 31, 2021, and established the arbitrary Nomination/Remuneration Committee on the same date.

The committee is composed of a majority of outside Directors (three inside Directors and four outside Directors, namely seven Directors in total), and an outside Director has assumed the role of chairperson of the committee.

[Translation]

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholders Meeting	To allow shareholders to take sufficient time to review agenda items, the Company distributes the Notice of a General Meeting of Shareholders at an early date prior to the date of the meeting. The Notice of the 77th Ordinary General Meeting of Shareholders held on June 20, 2023 was published on the Company's website and TDnet as a matter to be provided in electronic format on May 22, seven days before it was dispatched on May 29, 2023. The Company also discloses information regarding English translation of a convocation notice, in electronic format on its website two days prior to the distribution of the convocation notice. Going forward, the Company will continue early distribution in pursuit of investor convenience.
Scheduling AGMs Avoiding the Peak Day	To allow more shareholders to participate in General Meetings of Shareholders, the Company makes the utmost effort to schedule General Meetings of Shareholders and related events in an appropriate way as a whole.
Allowing Electronic or Magnetic Exercise of Voting Rights	Taking the shareholder composition into consideration, the Company strives to establish an environment in which institutional investors and foreign investors can exercise their voting rights easily. In addition to executing voting rights in writing, the Company has adopted an electronic voting system.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Taking the shareholder composition into consideration, the Company strives to establish an environment in which institutional investors and foreign investors can exercise their voting rights easily. Specifically, the Company participates in an electronic voting platform, and has established an environment that enables the exercise of voting rights via PCs and smartphones.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company recognizes that it is important to establish an environment that allows foreign shareholders, etc. to exercise their voting rights easily. From this perspective, the Company works to ensure appropriate information provision by preparing and disclosing an English translation of notices of convocation in a broad sense (including reference documents, business reports, and financial statements), a summary of financial results, annual securities reports, financial results briefing materials, etc., aiming to provide information in an appropriate manner.
Other	To give presentations that are easy to understand for participating shareholders, the Company uses video with live narration when reporting on business reports, financial statements, and issues to be addressed, etc. at General Meetings of Shareholders.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Holding Regular Investor Briefings for Analysts and Institutional Investors	Representative Director and President, and each operating officer in charge participate in an IR briefing session held semi-annually for analysts and institutional investors, to give explanations, etc. The Company also engages in dialogue with institutional investors on individual engagement, etc., on an irregular basis.	Yes
Posting IR Materials on Website	Annual securities reports, reports (former Business Report), annual reports, and a summary of financial results, etc. are posted on the Company's website as IR materials.	
Establishment of Department and/or Manager in Charge of IR	The department in charge of IR is IR Office of Management Planning Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations

Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	Based on the Bunka Shutter Group CSR Charter, the Company engages in corporate activities in accordance with the Code of Conduct and Action Guidelines that apply to all Group companies, in addition to the existing Corporate motto and Management philosophy.
Implementation of Environmental Activities, CSR Activities, etc.	The Group considers responding to climate change to be an important issue that should be resolved immediately. We have announced the "BX Group 2050 Declaration of Decarbonization," and are promoting full-fledged initiatives aimed at decarbonization. As a "mitigation" aspect of our efforts to reduce greenhouse gas emissions, we will continue to rationalize energy use and to equalize electricity demand in our business activities in accordance with the Group's Environmental Policy. We are also working toward obtaining SBT certificate (science-based greenhouse gas emission reduction target for private companies). With that in mind, we are promoting specific initiatives to upgrade company vehicles to EVs and HVs, procure electricity from renewable energy sources at our operating sites, and enhance loading efficiency with the introduction of "new logistics systems." Moreover, in the product development field, we are further expanding our lineup of environmentally friendly products, with the new addition of products such as "SGD" environmentally friendly steel doors, which combine a reduction in materials weight through thin plate with CO2 emissions reduction through the adhesive method, and "Mado Master Soral" electric blind shutters, which use a blind function to enhance cooling and heating efficiency. At the same time, in terms of adaptations to avoid and reduce the impact of the changing climate in the future, we are providing BCP support for public organizations and companies. We are also implementing flood damage measures for stores and housing, and expanding our lineup of water-sealing related products that can support various locations and applications, as well as new products for countering strong winds, as solutions to protect buildings and others from disasters due to the social problems of torrential rain and severe rainstorms, while also making timely and accurate proposals to customers and users, etc. As a signatory of TCFD (Task Force on Climate-Related Financial Disclosures) in October 2021, the Company will assess the effects of climate change from the perspective of both risk and opportunity for the Company's business. The Company formulated two scenarios, one assuming a global temperature rise of less than 2°C and one assuming a global temperature rise of 4°C, for its core shutter business and door business, analyzed the impact and significance of each scenario on the Company's finances, and discloses the information to shareholders and investors appropriately through its Annual Securities Report and other means. The Company's initiatives to contribute to local communities, most of which were on hold in response to the current COVID-19 situation, include volunteering in disaster areas, activities to support disaster areas, and neighborhood cleanup by business offices across the country. Through these initiatives, the Company has actively engaged in CSR activities in cooperation with local communities, and will restart them, taking the COVID-19 situation into consideration.
Formulation of Policies for Information Provision to Stakeholders	The Company prepares the Bunka Shutter Group Sustainability Report once a year.

IV. Matters Related to Internal Control System

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

1. System to ensure that officers and employees of the Company and its subsidiaries (the "Group") execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation

(1) The Company has established a code of conduct for officers and employees of the Group under the Bunka Shutter Group CSR Charter to ensure that the execution by Directors and employees complies with laws and regulations and the Articles of Incorporation.

(2) The Company's Audit and Supervisory Committee shall conduct audits, etc. of the execution of duties by Directors (excluding Directors who are Audit and Supervisory Committee members; the same applies hereinafter) from the perspectives of legality and properness, including the status of development and operation of the internal control system from an independent standpoint.

(3) The Company's Internal Audit Department shall conduct audits of each department, including subsidiaries, in accordance with the Internal Audit Regulations and other regulations, in cooperation with the Audit and Supervisory Committee, etc.

(4) Based on the Financial Instruments and Exchange Act and related laws and regulations, the Company shall establish a system to respond to internal control over financial reporting and shall continue to develop the system in all of its operations.

(5) For the purpose of prevention, early detection, and early resolution of problems, the Company has established an external whistleblower hotline in accordance with the Whistleblower Protection Regulations and has developed a system to receive reports from all employees of the Group.
(6) In accordance with the Bunka Shutter Group CSR Action Guidelines, the Company shall not have any relationship with antisocial forces or groups that threaten the order and safety of civil society and shall work closely with lawyers, the police, and others to deal with unreasonable demands, etc. in a resolute manner.
(7) Going forward, the Company shall continue to develop compliance and risk management systems as appropriate.

2. System for retaining and managing information regarding the execution of duties by Directors of the Group
Directors shall appropriately store and manage the minutes of the Board of Directors and other important meetings, internally approved documents, and other information pertaining to the execution of duties (including electromagnetic information) in accordance with laws and regulations, the Articles of Incorporation, and internal regulations such as the Regulations of the Board of Directors and the Document Management Regulations.

3. Regulations and other systems for the management of risk of loss of the Group
(1) With regard to the management of information, internal information, etc. (including electromagnetic information) shall be appropriately managed in accordance with internal regulations such as the Internal Information Management Regulations.
(2) In order to respond promptly to customer inquiries about products, the Company has established a system that clarifies internal rules and other rules, introduces a product history management system, and otherwise establishes a customer service office. The Company shall continue to develop this system in the future.
(3) Responsibility for duties and authority are defined for Directors based on the resolution of the Board of Directors, and for employees based on internal regulations such as the Division of Duties Regulations, clarifying where responsibility lies. At the same time, The Company shall strengthen the compliance system and risk management system through company-wide education and enlightenment centered on the department in charge of CSR and other measures.
(4) The Company has established the Management Crisis Response Regulations regarding the measures to be taken in the event of a crisis that could have an impact on the Group's management in preparation for the event of emergencies and shall continue to review them as necessary.

4. System to ensure the efficient execution of duties by the Group's Directors
(1) Directors shall decide on management execution policies, including medium- and long-term management plans, as well as important management matters, such as matters stipulated by laws and regulations, and supervise the status of the execution of business by employees.
(2) Duties, etc. each Director is responsible for are determined by resolution of the Board of Directors, and the authority is distributed to each duty a Director is responsible for.
(3) In accordance with the Division of Duties Regulations and other regulations, the Company allocates roles and authority to each department and position, and at the same time, the approval authority of Directors and employees is clearly defined in the Internal Approval Regulations and other regulations.

5. System for reporting to the Company on matters pertaining to the execution of duties by directors of subsidiaries
(1) Each subsidiary shall regularly report to the Company on the progress of its business, the state of its assets, and other important matters in accordance with the provisions of the Subsidiary Management Regulations and other regulations.
(2) Officers and employees of subsidiaries shall promptly report and provide necessary information when requested to do so by the Company's Audit and Supervisory Committee.

6. System concerning employees to assist duties of the Audit and Supervisory Committee when such Committee requests to have such employees assigned
(1) If the Audit and Supervisory Committee requests that employees be assigned to assist with its duties, the employees of the Company shall be appointed.
(2) With regard to important matters, the Internal Audit Department, etc. shall, as appropriate, establish a subsidy system for the Audit and Supervisory Committee.

7. Matters concerning the independence of the employees set forth in the preceding item from Directors
In order to ensure the independence of the employees set forth in the preceding item, the consent of the Audit and Supervisory Committee shall be required for appointment, dismissal, and personnel changes.

8. Systems for reporting to the Audit and Supervisory Committee by the Group's Directors and employees and other systems for reporting to the Audit and Supervisory Committee
(1) Directors shall report to the Audit and Supervisory Committee any matter resolved by the Board of Directors, which is the decision-making body for business execution, and any matter that may violate laws and regulations or the Articles of Incorporation, and any fact they find that may cause serious damage to the Company. In addition, Directors who concurrently serve as Audit and Supervisory Committee Members may when deemed necessary, attend important internal meetings and express their opinions.
(2) An employee shall report to the Audit and Supervisory Committee any matter that is an act outside the scope of the Company's purpose or any other matter that may violate laws and regulations or the Articles of Incorporation and any fact that an employee finds that may cause significant damage to the Company.

(3) In the event that the whistleblower hotline (outside the Company) receives a report from an officer or employee of the Group in accordance with the Whistleblower Protection Regulations, the whistleblower hotline shall report to the department responsible for whistleblowers of the Company, and the department responsible for whistleblowers of the Company shall report the status, etc. of whistleblowing to the Audit and Supervisory Committee.
(4) The Group shall prohibit those who have made the above reports from being treated disadvantageously on the grounds that they have made such reports.

9. Matters concerning the procedures for advance payment or reimbursement of expenses arising from the execution of duties by Directors who concurrently serve as Audit and Supervisory Committee Members and other policies concerning the treatment of expenses or liabilities arising from the execution of such duties
If a Director who concurrently serves as an Audit and Supervisory Committee Member requests advance payment of expenses, etc. for the execution of his/her duties, such request shall be accepted, except in cases where it has been proven that the expenses or liabilities for such request are not necessary for the execution of the duties of the Director who concurrently serves as an Audit and Supervisory Committee Member.

10. Other systems to ensure effective audits by the Audit and Supervisory Committee
(1) The Audit and Supervisory Committee may if it finds it necessary for the execution of its duties, request reports from Directors, employees, and the financial auditor.
(2) The Audit and Supervisory Committee shall regularly exchange information and opinions with the Representative Directors, Executive Directors, etc.
(3) The Audit and Supervisory Committee shall exchange information and opinions with the Internal Audit Department and the financial auditor from time to time.
(4) A system shall be established in which the Audit and Supervisory Committee can access the minutes of important meetings, including the Board of Directors and the internally approved documents, etc.

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

The basic policy and preparation towards the elimination of antisocial forces are as follows.

1. Basic Policy for Elimination of Antisocial Forces
The Group's CSR Action Guidelines stipulate "prohibition of involvement in antisocial acts" and that the Group will take a firm stand against and never engage in any antisocial activities that may pose a threat to the order and safety of civil society. All the Group members understand and practice this as a rule to comply with.

2. Preparation towards Elimination of Antisocial Forces
To have no relationship with antisocial forces, the Company makes its business offices and subsidiaries aware of and familiarizes them with the CSR Code of Conduct, and works closely with external professionals, such as the police and corporate lawyers, by exchanging information constantly.

[Translation]

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

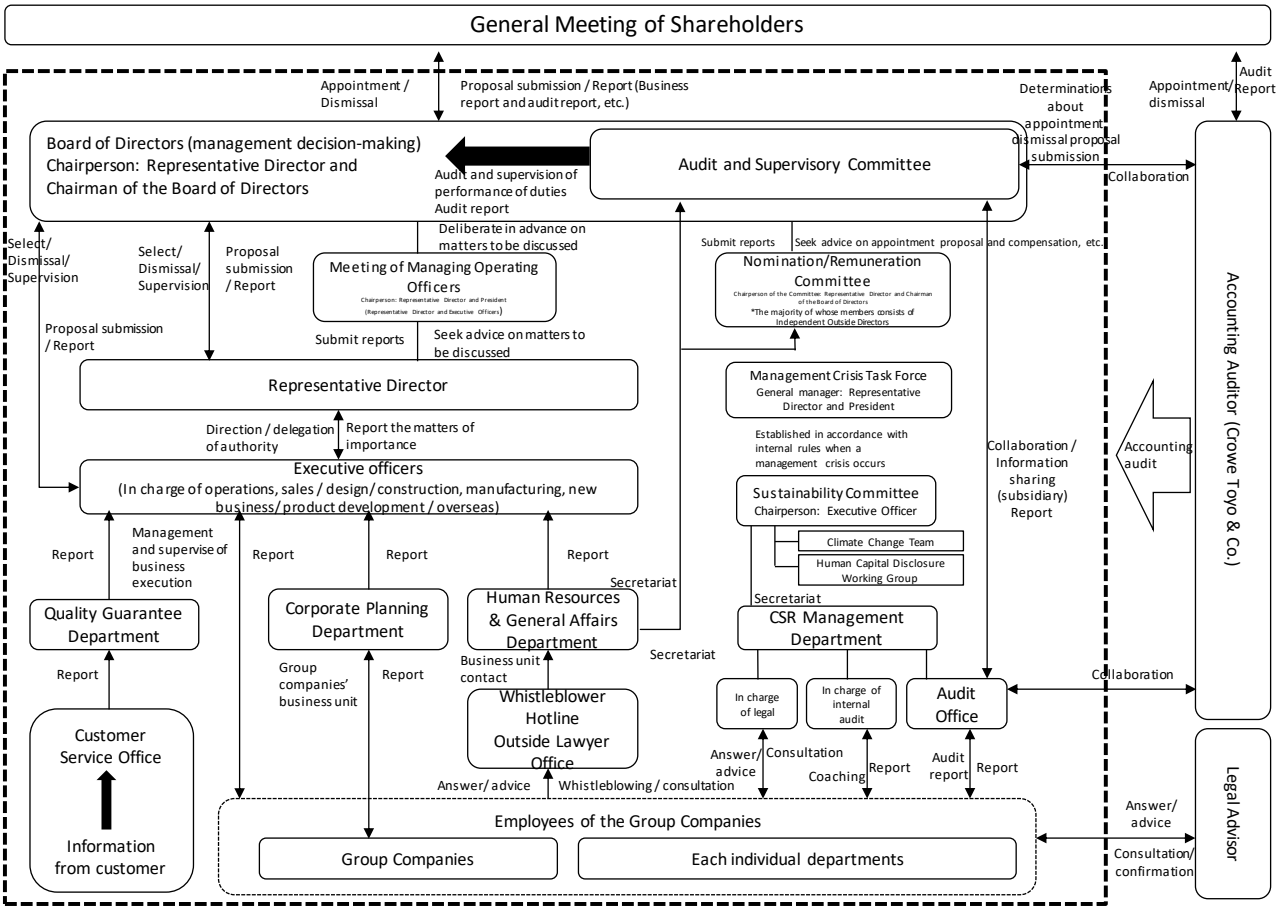
The Company resolved at the Board of Directors meeting held on May 12, 2022 to discontinue "the Plan regarding Large-scale Purchases of the Company's shares (takeover defense measures)" (the "Plan"), as follows.
The Plan was resolved and adopted at the 62nd Ordinary General Meeting of Shareholders held on June 27, 2008 to secure and increase the Company's corporate value and the common interests of its shareholders, and its continuation was approved and resolved at subsequent shareholders meetings four times.
After its continuation was approved at the 74th Ordinary General Meeting of Shareholders held on June 29, 2020, the Plan was deemed to be valid until the conclusion of the 77th Ordinary General Meeting of Shareholders to be held on June 2023. However, the Company carefully considered whether it should maintain the Plan, taking into account the opinions of shareholders, including institutional investors in and outside Japan, changes in the social environment mainly resulting from adopting the Corporate Governance Code, and the recent trend regarding takeover defense measures, including legal precedents related to cases where a company confirmed shareholders' opinions as to the necessity of a takeover defense measure and other countermeasures only after it received a proposal for a large-scale share purchase from a specific purchaser. As a result, the Company decided to discontinue the Plan before its expiration.
Even after the Plan is discontinued, the Company will be committed to continuing to secure and increase its sustainable corporate value and the common interests of its shareholder.
Up to the present, the Company has not received a proposal for a large-scale share purchase. However, the Company is, to some extent, still at risk of a large-scale share purchase that may damage the Company's corporate value and the common interests of its shareholders, and the Board of Directors may need to keep itself well-prepared for the risk.
In response to an attempted large-scale purchase of the Company's shares, the Company will request the purchaser to submit substantial information required for shareholders to determine the necessity appropriately, disclose opinions of the Board of Directors of the Company while respecting independent outside Directors' opinions, and work to secure the information and time needed for shareholders to examine the matter. Through implementing such measures as needed in a timely and appropriate manner to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, the Company will secure and increase its corporate value and the common interests of its shareholders.

2. Other Matters Concerning Corporate Governance System

———

[Translation]

[Outline of Corporate Governance System]



[Translation]

