Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Governance Report

Last Update: June 27, 2024

TSUBAKIMOTO KOGYO CO., LTD.
Hiroaki Ueda, Senior Corporate Officer
Contact: +81-6-4795-8804
Securities code: 8052
https://www.tsubaki.co.jp/

The corporate governance of TSUBAKIMOTO KOGYO CO., LTD (the "Company") is described below.

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

1. Basic Views

The Company believes that the basis of its internal control system is "to establish a system to ensure compliance and efficient business execution, identify problems at an early stage while examining the system, and promptly correct them" as part of its corporate governance to realize its management strategy and business objectives based on its basic management policy that takes into account corporate social responsibility and respect for the positions of stakeholders.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company has implemented all the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code Updated

[Principle 1.4 Cross-Shareholdings]

Due to the nature of the Company's business format, it is essential for us to build especially close and equal relationships with stakeholders such as our important customers, suppliers, financial institutions, and other interested parties. As one of the means to achieve this, the Company holds shares for investment purposes. The purpose of this holding is related to business alliances, and to maintain and strengthen transactions with the counterparties. For our customers, it will be a foothold for our product proposals and product adoption, and for our suppliers, it will be a part of strengthening cooperative relationships. These are all for the purpose of continuing relationships with invested companies from a long-term perspective. Therefore, the Company's policy is to hold these shares when it judges that it is necessary and possible to build a relationship of trust with invested companies and that there is economic rationality for transactions. However, due to changes in the circumstances surrounding the Company, if these purposes are significantly reduced or eliminated, the Company will dispose of such shares. In such cases, the Company may dispose of the shares in a planned and periodic manner so as not to have a significant impact on the market. In addition, the Board of Directors deliberates on the necessity of additional purchase and disposal for each individual issue after consideration by Director in charge of Financial & Accounting.

(Standards for the Exercise of Voting Rights)

When voting for or against the exercise of voting rights of the cross-shareholdings held by the Company through the Voting Rights Exercise Form, the Financial & Accounting Division, which is in charge of management, shall first confirm the following:

1. Are there any problems with the management status or financial condition of the invested companies?

2 What are the risks and returns?

The Director in charge of Financial & Accounting will then make a decision and return the Voting Rights Exercise Form.

[Principle 1.7 Related Party Transactions]

When engaging in transactions with directors or major shareholders (related party transactions), the Company has established internal procedures so that proposals can be submitted to the Board of Directors in advance according to the importance and

nature of the transaction, in order to avoid harming the interests of the Company or the common interests of the shareholders and to avoid raising such concerns.
In particular, Tsubakimoto Chain Co. and its group companies are important business partners of the Group. Tsubakimoto Chain Co. is a related party, which is also the largest shareholder of the Company, but, the products of the Tsubakimoto Chain Co. Group are one of the important cores in the development of the Group's business strategies, and the Group has continuously promoted cooperation and collaboration not only in terms of sales but also in terms of developing products and improving the efficiency of mutual business processes.
These transactions have gone through the same price negotiation and pricing process as other suppliers, and the Company has established a workflow that does not harm the interests of the Company and the common interests of the shareholders. Therefore, the Company sets the same terms and conditions as general transactions, taking market prices into consideration.
For details, please refer to "Information on related parties" in the Annual Securities Report.

[Supplementary Principle 2.4.1 Ensuring Diversity in Core Human Resources]
1. Policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, and their status
(1) Promotion of female employees to managerial positions
First, the Company is focusing on hiring new female employees to increase the number of future potential candidates for managerial positions. At present, the number of female employees in managerial positions is small, with one Director, one Executive Officer, and five Managers. However, the Company is working to increase the number of females in managerial positions by assigning them to workplaces where it is easy for them to continue working and training them through internal rotation and other means.

(2) Promotion of non-Japanese employees to managerial positions
The Company believes that the promotion of non-Japanese employees is essential as globalization advances. Currently, there are 13 non-Japanese employees, and two of them are managers of overseas subsidiaries. The Company aims to increase the number of non-Japanese employees to managerial positions both in Japan and overseas.

(3) Promotion of mid-career employees to managerial positions
It is difficult to respond to the rapidly changing market with only internal human resources, and the skills of external human resources are essential. The Company implements mid-career recruitment throughout the year, and currently, approximately 10% of managers are mid-career employees. The Company will continue to focus on recruiting external human resources and promote them to managerial positions.

2. Policies for human resources development and internal environmental development to ensure diversity, and the status of their implementation
(1) Human resource development policy
As a general trading company dealing in machinery and technology, in order to bring new value to our industrial customers, the Group's basic policy for human resource development is to promote self-sustaining growth through mutual enlightenment among employees with different backgrounds, knowledge, and skills, and to assign personnel who can maximize their abilities.

(2) Internal environment improvement policy
The Group's policy is to promote the development of a free, open-minded and healthy internal environment and to work toward the realization of diverse and flexible working styles so that each and every employee can grow autonomously and maximize their abilities.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]
The Company's retirement benefit plan adopts a point system based on employees' qualifications, years of service, etc. Approximately half of the total amount of retirement benefits is covered by the defined contribution pension (DC) system from the time of joining the Company, and the remaining amount is paid in a lump sum by recording a provision in order to provide the defined amount.
Accordingly, the asset owner of the corporate pension fund is each employee, and the Company regularly conducts pension investment education for each employee. The Company requests the investment manager of the trust bank to whom the Company

entrusts the operation as a lecturer for this education, which includes detailed lectures on risk and return by asset under management and by investment period, to make each employee aware of his/her role as an asset owner. The Human Resources Department is in charge of the comprehensive management of each employee's asset management, and personnel with appropriate qualities, such as department heads of the Human Resources Department, are assigned to the secretariat.

[Principle 3.1 Full Disclosure]
The Company's disclosure items are as follows for each item.
1. Company objectives (e.g., business principles), business strategies and business plans
The Company's business principles, business strategies, medium- to long-term management indicators, etc. are disclosed on the Company's website and in the Annual Securities Reports.

2. Basic views and guidelines on corporate governance based on each of the principles of the Code
The Company's basic views on corporate governance is disclosed in the Corporate Governance Report (Tokyo Stock Exchange website), on the Company's website, and in the Annual Securities Reports.

3. Board policies and procedures in determining the remuneration of the senior management and directors
The objectivity of the remuneration is ensured and the amount of remuneration is commensurate with the roles and responsibilities of each officer. Based on these policies, the Company makes a distinction between Directors and Corporate Auditors in determining the remuneration, etc. of officers, and the annual remuneration limit is resolved at the General Meeting of Shareholders.
Under this policy, remuneration for Directors excluding Outside Directors and Executive Officers who do not concurrently serve as Directors (hereinafter referred to as "Directors, etc.") consists of "basic remuneration," "performance-linked remuneration (short-term incentive remuneration)," and "share remuneration (medium- to long-term incentive remuneration)." The remuneration ratio for Directors (excluding Outside Directors) is 60% for basic remuneration, 30% for performance-linked remuneration, and 10% for share remuneration.
The amounts of remuneration for Directors and Executive Officers are determined by resolution of the Board of Directors after receiving reports from the Nomination & Remuneration Committee, which has been voluntarily established.
These remunerations are determined taking into consideration the position, years of experience, performance, corporate performance, social standards, and employee standards.

4. Board policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for directors and corporate auditors
(1) Appointment of candidates for Directors
In order to realize appropriate decision-making and management supervision, the Company appoints multiple Directors from among persons with extensive experience, deep insight, and a high level of expertise from within and outside the Company. Specifically, Internal Directors are appointed from among the Chairman and President, who are responsible for the execution of management operations, as well as Executive Officers in charge of company-wide management and Executive Officers in charge of compliance. Outside Directors are appointed from among persons with an objective and professional perspective based on their extensive experience as corporate managers and their deep insight into social and economic trends, etc. In the appointment process, the Nomination & Remuneration Committee, which has been voluntarily established, deliberates on the candidates, and the Board of Directors makes a decision after the process of reflecting the Committee's report.
The term of office of Directors is one year, and they are subject to election by resolution of the General Meeting of Shareholders every year.

(2) Appointment of candidates for Corporate Auditors
The Company appoints multiple Corporate Auditors with the consent of the Board of Corporate Auditors from among persons with extensive experience and a high level of expertise required for auditing from within and outside the Company, in order to realize the sound management development of the Company and to enhance social trust through auditing. Specifically, Internal Corporate Auditors are appointed from among persons with knowledge and experience in corporate management, finance, accounting, risk management, and other areas, while Outside Corporate Auditors are appointed from among persons with extensive knowledge and experience in various fields, subject to appointment by resolution of the General Meeting of

Shareholders.
In case of a vacancy in the Board of Corporate Auditors, the Company appoints one substitute Corporate Auditor, who is appointed each time by resolution of the General Meeting of Shareholders.

(3) Appointment of senior management
The Company appoints Executive Officers, who are the senior management of the Company, from among persons who have the qualities, abilities and experience necessary to assume responsibility for the execution of business in the division in charge. The Nomination & Remuneration Committee, which has been voluntarily established, deliberates on the candidates, and the Board of Directors makes a decision after the process of reflecting the Committee's report.

(4) Dismissal of Directors and senior management
In the event that a Director or Executive Officer no longer meets the selection criteria, such as when there are doubts about the abilities, qualities, experience, and values required to serve as the Company's Director, Executive Officer, and other senior management, the Company will clarify the reasons for dismissal, consult with the voluntary Nomination & Remuneration Committee, reflect the report of the Committee, discuss the matter with the Board of Directors, and if the Board of Directors judges that there are justifiable grounds for dismissal, it will submit a dismissal proposal to the General Meeting of Shareholders in accordance with laws and regulations and dismiss the Directors by resolution. With respect to the senior management, the Company will submit a proposal to the Board of Directors and dismiss the senior management by resolution.

5. Explanations with respect to the individual appointments/dismissals and nominations based on 4 above
When the Board of Directors passes a resolution on the appointment or dismissal of senior management, the Company promptly discloses this information as IR News. The reasons for the appointment, dismissal, and nomination of individual candidates for Directors and Corporate Auditors are disclosed in the reference materials of the Notice of the Annual General Meeting of Shareholders.

[Supplementary Principle 3.1.3 Disclosure of Sustainability Initiatives]
When disclosing business strategies, the Company publicly discloses important medium-term issues as medium-term management plan. In particular, with regard to the Company's initiatives related to sustainability, in order to achieve sustainable growth and improve corporate value, the Company has established the Sustainability Promotion Committee, which is an advisory body to the Board of Corporate Management, to identify and evaluate how climate change-related risks and revenue opportunities affect the Group. If transition risks and physical risks related to climate change are significant, the Sustainability Promotion Committee discusses on appropriate actions to be taken, and the key issues compiled are reported and proposed to the Board of Directors through the Board of Corporate Management, where they are approved, supervised and directed. Critical issues related to climate change are disclosed in the Annual Securities Report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. (https://www.tsubaki.co.jp/ja/ir/library/securities/) In this report, the results of Scope 1, Scope 2, and Scope 3 GHG emissions are disclosed and future reduction targets are described.
With regard to investments in human capital and intellectual property, the Company is working to improve systems and environments that enable employees to demonstrate their capabilities as part of the human resource system reform to create a future-oriented organization.
In the Annual Securities Report and medium-term management plan, the Company has disclosed numerical targets for the "ratio of human value added," "ratio of female in career-track positions," "ratio of male employees taking childcare leave," and "number of holders of specified qualifications," for fiscal 2025, and is making efforts to improve them.

[Supplementary Principle 4.1.1 Clarification and Summary Disclosure of Scope and Content of Matters Delegated to Management]
As a general rule, the Board of Directors meets every month to make decisions on management policies, business strategies, and other important matters in accordance with laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors. The Board of Directors also serves as a supervisory body for business execution.
The Executive Committee, which is the executive body of the Company's management, mainly deliberates and decides on the following matters to be discussed based on the delegation from the Board of Directors.

(Main matters to be discussed)

1. Matters concerning management policies
2. Matters related to business strategies based on management policies
3. Planning and organization of the medium-term management plan, establishment of the plan in each division, and evaluation of performance
4. Establishment of annual targets and planning, organization of plans, establishment of the annual targets in each division, and evaluation of performance
5. Understanding and control of the progress of each of the above items and forecasting as necessary
6. Establishment, revision or abolition of organization and management systems

Matters that require a resolution of the Board of Directors from among the above items to be discussed shall be transferred to the Board of Directors with the opinion of the Executive Committee.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company currently appoints three Independent Outside Directors to perform supervisory functions and receive various advice. As a condition for an Outside Director to be independent, the Outside Director must not fall under any of the following conditions and must be independent and neutral from the Company's management.

1. An executive of the Company or an affiliate (the Group) of the Company
2. A person whose major business partner is the Group or an executive thereof
3. A major business partner of the Group or an executive thereof
4. An executive of a company that is a major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total voting rights)
5. An executive of a company in which the Group is a major investor (a person who directly or indirectly holds 10% or more of the total voting rights)
6. A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from the Group in addition to remuneration as an officer
7. A person who has fallen under any of the above 1 in the past ten years
8. A person who has fallen under any of the above 2 to 6 in the past year

In light of the above standards, the Company has notified the Tokyo Stock Exchange, Inc. that the Independent Outside Directors are Independent Officers as stipulated by the exchange, based on the judgment that there is no risk of conflict of interest with general shareholders.

[Supplementary Principle 4.10.1 Involvement and Advice from the Committee on Nomination and Remuneration]

The Company is a company with Corporate Auditors, and although Independent Outside Directors do not constitute a majority of the Board of Directors at present, the Company has established a voluntary Nomination & Remuneration Committee. The Committee consists of two Independent Outside Directors and one Representative Director of the Company, and the chairperson is selected from among the Independent Outside Directors by resolution of the Committee. In addition, the Committee has the authority to have persons other than the committee members attend the Committee meetings as necessary and seek their opinions or explanations, and has the role of deliberating on the nomination (including succession plans) and remuneration of Directors and senior management and reporting to the Board of Directors. The Board of Directors ensures high fairness and transparency by deliberating based on the report from the Committee, including from the perspectives of diversity such as gender and skills, when considering particularly important matters such as nomination and remuneration.

[Supplementary Principle 4.11.1 Policy on the Balance, Diversity and Size of the Board of Directors]

In order to fairly deliberate on proposals to be discussed in the Board of Directors from various perspectives, Internal Directors are appointed from multiple divisions of the Company, who have extensive experience and deep insight as well as strong leadership and a high level of expertise. Outside Directors are appointed from persons who have extensive experience and knowledge in corporate management, have no special interests with the Company or the Company's Internal Directors, and have an objective and professional perspective.

The skill matrix of Directors is disclosed in the Notice of the Annual General Meeting of Shareholders, Corporate Governance Report, etc. (https://www.tsubaki.co.jp/ja/ir/library/)

[Supplementary Principle 4.11.2 Concurrent Positions Held by Directors and Corporate Auditors]
The status of positions concurrently held by the Company's Directors and Corporate Auditors is disclosed every year in the Business Report, Reference Documents for the General Meeting of Shareholders, Annual Securities Report, etc., and the number of such positions is kept within a reasonable range.

[Supplementary Principle 4.11.3 Analyses and Evaluations of Effectiveness of the Board of Directors]
The Board of Directors of the Company holds regular meetings, conducts self-evaluations by all Directors, and strives to analyze the effectiveness of the Board of Directors and improve its functions while discussing company management and other matters.
The following is a summary of the evaluation results for fiscal 2023.
As a result of analyzing and evaluating the effectiveness of the Board of Directors as a whole using a questionnaire format targeting Directors and Corporate Auditors, the effectiveness of the Board of Directors of the Company is generally secured, and the composition and operation method of the Board of Directors and the status of discussions at the Board of Directors are generally recognized as appropriate. Going forward, the Company will continue to provide prior explanations to stimulate deliberations at the Board of Directors, and further enhance the provision and sharing of information to Outside Officers.
Based on the above evaluation results, the Company will continue to work on improving the effectiveness of the Board of Directors by further enhancing the efficiency and mobility of business execution and by further enhancing the supervision by the Board of Directors.

[Supplementary Principle 4.14.2 Disclosure of Training Policy for Directors and Corporate Auditors]
When Directors and Corporate Auditors, including Outside Directors and Outside Corporate Auditors, assume office, the Company requires them to acquire the necessary knowledge of the internal environment, including business, finance, and organization of the Company, as well as the external environment surrounding the Company, in order to fulfill the roles and legal responsibilities expected of Directors and Corporate Auditors as entrusted by shareholders. After assuming office, the Company provides training to continuously update this knowledge as necessary, including having them participate in external seminars, etc. for Directors and Corporate Auditors, and enabling them to acquire and update the knowledge necessary in the fields of the Company's business, finance, etc. as needed.
In addition to targeting Executive Officers for the above training, the Company conducts educational programs in cooperation with external experts as appropriate to foster management mindset and leadership with the aim of fostering the next generation of management.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]
The Company has established the Public Relations Department as a point of contact for IR inquiries, and has ensured a system in which sufficient measures can be taken toward constructive dialogue with shareholders while organically cooperating with the Strategic Management Center, the Financial & Accounting Division, and the Human Resources & General Affairs Department. The Company also responds positively to requests for dialogue (interviews) with shareholders to the extent reasonable so as to contribute to the sustainable growth of the Company and the improvement of corporate value over the medium to long term. In addition, in order to promote constructive dialogue with shareholders, the Company holds a financial results briefing (web only) once a year for institutional and individual investors in which senior management and Directors attend. The content of the briefing and the status of dialogue are disclosed on the Company's website (https://www.tsubaki.co.jp/ja/ir/).

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price] [Disclosure in English]
The Company has stated in its Financial Results Forecast, financial results briefing held on May 24, 2024, and the Annual Securities Report for the 121st Fiscal Term that the officers and employees of the Group are aware of the need to improve PBR and will make efforts to do so.

For the current fiscal year, the ROE was 10.8%, and the Company recognizes that it has achieved a return on capital that exceeds the cost of equity. However, as shown below, the price book value ratio (PBR) is slightly above 1x, and the Company has not

received sufficient market evaluation. For this reason, the Company is fully aware of the cost of equity and return on capital, and the medium-term management plan states our intention to achieve ROE of 10% every fiscal year. Furthermore, the Company will formulate a capital policy and profit plan to improve ROE, and aim for sustainable growth and improvement of corporate value over the medium- to long-term while meeting the expectations of stakeholders, including investors.

End of the previous fiscal year
Return on equity (%) 11.4
Closing share price at the end of the fiscal year (Yen) 4,135
Net assets per share (Yen) 5,396.74
Price book value ratio (times) 0.77

End of the current fiscal year
Return on equity (%) 10.8
Closing share price at the end of the fiscal year (Yen) 2,286
Net assets per share (Yen) 2,135.89
Price book value ratio (times) 1.07

(Notes) 1. The closing share prices at the end of the fiscal year are those on the Tokyo Stock Exchange.
2. The PBR is calculated by dividing the closing share price at the end of each fiscal year by net assets per share.
3. The Company conducted a 3-for-1 share split on April 1, 2024.
The closing share price at the end of the fiscal year is the share price after the rights-off due to the share split, and the amount of net assets per share is calculated on the assumption that the share split was implemented at the beginning of the fiscal year.

As specific initiatives to improve return on capital and market evaluation, the Company is strengthening investor relations to lower the cost of equity, and in terms of capital policy, the Company is strengthening shareholder returns, mainly by increasing dividends. In addition, in the profit plan going forward, the Company is considering improving investment returns and reducing expenses through growth investments, human capital investments, IT-related investments, etc., and the Company is also systematically reducing cross-shareholdings.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Tsubakimoto Chain Co.	671,387	10.57
Taiyo Life Insurance Co.	573,805	9.03
The Master Trust Bank of Japan, Ltd.	442,600	6.97
NORTHERN TRUST CO.(AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Business Department)	424,000	6.67
Sumitomo Mitsui Trust Bank, Limited	282,200	4.44
Custody Bank of Japan, Ltd.	280,300	4.41
HIKARI TSUSHIN,INC.	279,200	4.39
Sumitomo Mitsui Banking Corporation	237,716	3.74
MUFG Bank, Ltd.	234,000	3.68

Nippon Life Insurance Company	151,293	2.38

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	———
Name of Parent Company, if applicable	None

Supplementary Explanation Updated

- The status of major shareholders is as at 31 March 2024.
- In addition to the above, there are 143,382 treasury shares held by the Company. These treasury shares do not include 91,100 shares held by the Board Benefit Trust for Director, etc.
- Shares held by the Master Trust Bank of Japan, Ltd. are those related to the trust business.
- Shares held by the Custody Bank of Japan, Ltd. include 189,200 shares related to the trust business and 91,100 shares of the Company's shares held by the Board Benefit Trust for Director, etc.
- The Company conducted a 3-for-1 share split on April 1, 2024. The number of shares owned above is the number of shares before the share split.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

———

5. Other Special Circumstances which May have a Material Impact on Corporate Governance

———

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Corporate Auditors

Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of	1 year

Incorporation	
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hideki Ninomiya	From another company											
Yumiko Yasuhara	From another company											
Naomichi Yamamoto	From another company											

*Categories for "Relationship with the Company."
(Use "○" 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. Person who executes business for the Company or its subsidiary
b. Person who executes business for or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Corporate Auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideki Ninomiya	○	[Career summary] Jul. 2000 Representative and Executive Director, HAYAKOMA UNYU Co., Ltd. (current position) Jun. 2016 Outside Director, the Company (current position)	Mr. Hideki Ninomiya has abundant experience and knowledge in corporate management. Since his appointment, he has fully fulfilled the roles expected of him as an Outside Director, including the decision-making of the Company's Board of Directors and the supervision of the execution of duties by the management, including in the areas of nomination and remuneration, from an objective perspective. In addition, he has been appointed as an Independent Officer based on the Company's criteria and the judgment that there is no risk of a

			conflict of interest with general shareholders. Mr. Ninomiya does not fall under any of the following categories. A. A business partner of the Company or a person from such business partner B. A person of a company with a relationship of mutual appointment of Outside Officers C. A person of a company to which the Company makes donations or a person from such company The Company has entered into a limited liability agreement with Mr. Ninomiya.
Yumiko Yasuhara	○	[Career summary] Dec. 2012 Registered as an attorney in Osaka Bar Association Joined Takeyama Law Office (current position) Jun. 2022 Outside Director, the Company (current position)	Although Ms. Yumiko Yasuhara has no experience in directly engaging in company management, she has professional knowledge accumulated as an attorney. The Company therefore believes that she will appropriately execute her duties as an Outside Director of the Company. When elected, she is expected to continue to monitor decision making of the Board of Directors of the Company and business execution of the management from an objective standpoint, especially in the fields of legal and compliance, finance and accounting, and labor. In addition, he has been appointed as an Independent Officer based on the Company's criteria and the judgment that there is no risk of a conflict of interest with general shareholders. Ms. Yasuhara does not fall under any of the following categories. A. A business partner of the Company or a person from such business partner B. A person of a company with a relationship of mutual appointment of Outside Officers C. A person of a company to which the Company makes donations or a person from such company The Company has entered into a limited liability agreement with Ms. Yasuhara.
Naomichi Yamamoto	○	[Career summary] May 2012 Established Naomichi Yamamoto Law Office as Representative Attorney (current position) Established Naomichi Yamamoto Certified Public Accountants Office as Representative (current position) Jun. 2016 Outside Corporate	Although Mr. Naomichi Yamamoto has not been involved directly in corporate management, he is an attorney-at-law and a certified public accountant with considerable knowledge on corporate legal affairs, finance, and accounting. Since June 2016, he has audited business execution as Outside Corporate Auditor of the Company and provided advice from a viewpoint of the expert at the Board of Directors and the Board of Corporate Auditors. The Company therefore believes that he will

		Auditor, the Company Jun. 2024 Outside Director, the Company (current position)	appropriately execute his duties as an Outside Director of the Company. When elected, he is expected to monitor decision making of the Board of Directors of the Company and business execution of the management from an objective standpoint, especially in the fields of legal and compliance, finance and accounting, and labor. In addition, he has been appointed as an Independent Officer based on the Company's criteria and the judgment that there is no risk of a conflict of interest with general shareholders. Mr. Yamamoto does not fall under any of the following categories. A. A business partner of the Company or a person from such business partner B. A person of a company with a relationship of mutual appointment of Outside Officers C. A person of a company to which the Company makes donations or a person from such company The Company has entered into a limited liability agreement with Mr. Yamamoto.

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Remuneration Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation Updated

The Company has established a voluntary Nomination & Remuneration Committee as an organization that fulfills the same functions as the Nomination Committee and Remuneration Committee of a company with a Nominating Committee, etc.
The Committee's function equivalent to the Nomination Committee is to examine the appropriateness of new appointments and reappointments of Directors in advance and report its opinions to the Board of Directors. At the Board of Directors meeting held in May 2024, the Nomination & Remuneration Committee reported that the candidates for Directors and the lineup of Executive

Officers submitted to the General Meeting of Shareholders to be held in June 2024 were appropriate.
The Committee's function equivalent to the Remuneration Committee is to examine the remuneration system and remuneration levels for Directors and Executive Officers. At the Board of Directors meeting held in June 2024, the Nomination & Remuneration Committee reported that the remuneration system and remuneration levels for Directors and Executive Officers from April 2024 were appropriate.

Directors were re-elected at the 121st Annual General Meeting of Shareholders held on June 27, 2024, and the members of the Nomination & Remuneration Committee were re-elected at the Board of Directors' meeting held on the same day.

The members of the Nomination & Remuneration Committee
(Until the end of the General Meeting of Shareholders)

Committee chairperson	Outside Director	Hideki Ninomiya
Committee member	Outside Director	Naomichi Yamamoto
Committee member	Representative Director	Tetsuya Tsubakimoto

(After the General Meeting of Shareholders)

Committee chairperson	Outside Director	Hideki Ninomiya
Committee member	Outside Director	Kenichi Atarashi
Committee member	Representative Director	Tetsuya Tsubakimoto

Corporate Auditors

Establishment of the Board of Corporate Auditors	Established
Number of Corporate Auditors Stipulated in Articles of Incorporation	4
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments Updated

The Company's Board of Corporate Auditors receives from the Accounting Auditor an explanation of the details of the audit plan in the form of a summary of the audit plan, as well as a detailed report on the results of audits, etc. In addition, the Board of Corporate Auditors periodically holds opinion exchange meetings to confirm that the Accounting Auditor can ensure the effectiveness of appropriate audits to secure the reliability of the information disclosed to shareholders and investors.
The Internal Audit Department of the Company has established a system in which compliance issues, business risks, internal audit results, and internal control deficiencies are directly reported to the Board of Directors and the Board of Corporate Auditors. Compliance issues are reported by the Compliance Committee, while business risks and the results of internal audits are reported by the Risk Management Committee on matters deemed important. Internal control deficiencies are reported by the Internal Control Committee on a regular basis. In addition, the Internal Audit Department holds a liaison meeting with the Accounting Auditor to ensure cooperation, such as by exchanging and discussing information on risks and issues obtained from audits.
In this way, the relevant divisions cooperate with each other to ensure that the internal control of the Group functions effectively.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Corporate Auditors Updated	0

Outside Corporate Auditors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m

Hitoshi Kobayashi	From another company							△		△				
Tetsuya Yamamoto	From another company							△		△				

*Categories for “Relationship with the Company.”
(Use “○” 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. Person who executes business for the Company or its subsidiary
b. A non-executive director or an accounting advisor of the Company or its subsidiaries
c. Person who executes business for or a non-executive director of the Company's parent company
d. A Corporate Auditor of a parent company of the Company
e. Person who executes business for a fellow subsidiary
f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
g. Major client of the Company or a person who executes business for said client
h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Corporate Auditor
i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
m. Other

Outside Corporate Auditors' Relationship with the Company (2) Updated

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Hitoshi Kobayashi		[Career summary] Apr. 2004 Manager, Finance Division, Management Planning Center, Tsubakimoto Chain Co. Apr. 2011 Manager, Legal Affairs and Administrative Affairs Department, Headquarters Operations Manager, Social Responsibility Development Office Jun. 2012 Executive Officer General Manager, Finance Division, Management Planning Center Jun. 2015 Full-time Corporate Auditor Jun. 2019 Advisor Jun. 2020 Full-time Outside Corporate Auditor, the Company (current position)	Mr. Hitoshi Kobayashi has extensive knowledge and a wealth of experience, as holding positions in financial and legal affairs divisions, and serving as Audit & Supervisory Board Member at TSUBAKIMOTO CHAIN CO. He has also served as Outside Corporate Auditor of the Company since June 2020, executing his duties appropriately. The Company therefore believes he is suitable for Outside Corporate Auditor of the Company.
Tetsuya Yamamoto		[Career summary] Jun. 2010 Executive Officer, Tsubakimoto Chain Co. Jun. 2011 Director, Executive	Mr. Tetsuya Yamamoto has deep knowledge and a wealth of experience related to business surrounding the Company, as engaged in management of TSUBAKIMOTO CHAIN CO., and its group

		Officer Jun. 2013 Director, Managing Executive Officer Jul. 2013 President and Director (part-time), U.S. Tsubaki Holdings, Inc. Jun. 2018 Director, Senior Managing Executive Officer, TSUBAKIMOTO CHAIN CO. Jun. 2019 Director Jun. 2021 Advisor Jun. 2023 Advisory Contract expired Jun. 2020 Outside Corporate Auditor, the Company Jun. 2024 Part-time Outside Corporate Auditor, the Company (current position)	companies. The Company therefore believes that he will appropriately execute his duties as an Outside Corporate Auditor, such as overseeing the general management of the Company, by leveraging the knowledge.

Matters Concerning Independent Directors and Independent Corporate Auditors

Number of Independent Directors and Independent Corporate Auditors Updated	3

Other Matters Concerning Independent Directors and Independent Corporate Auditors

The Company designates all Outside Officers who meet the qualifications of Independent Officers as Independent Officers.
As a condition for an Outside Director to be independent, the Outside Director must not fall under any of the following conditions and must be independent and neutral from the Company's management.
1. An executive of the Company or an affiliate (the Group) of the Company
2. A person whose major business partner is the Group or an executive thereof
3. A major business partner of the Group or an executive thereof
4. An executive of a company that is a major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total voting rights)
5. An executive of a company in which the Group is a major investor (a person who directly or indirectly holds 10% or more of the total voting rights)
6. A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from the Group in addition to remuneration as an officer
7. A person who has fallen under any of the above 1 in the past ten years
8. A person who has fallen under any of the above 2 to 6 in the past year
In light of the above standards, the Company has notified the Tokyo Stock Exchange, Inc. that the Independent Outside Directors are Independent Officers as stipulated by the exchange, based on the judgment that there is no risk of conflict of interest with general shareholders.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme, Other

Supplementary Explanation for Applicable Items

The incentive remuneration for the Company's Directors consists of "performance-linked remuneration" as short-term

incentive remuneration and “share remuneration” as medium- to long-term incentive remuneration.
The determination of the details of Directors' remuneration is described in the following section [Director Remuneration].

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

———

Director Remuneration

Status of Disclosure of Individual Director’s Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

This is omitted because there is no person whose total amount of consolidated remuneration, etc. is 100 million yen or more.

Policy on Determining Remuneration Amounts and Calculation Methods Updated	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The objectivity of the remuneration, etc. for officers is ensured and the amount of remuneration is commensurate with the roles and responsibilities of each officer. Based on these policies, the Company makes a distinction between Directors and Corporate Auditors in determining the remuneration, etc. of officers, and the annual remuneration limit is resolved at the General Meeting of Shareholders.
In addition, in the policy on the determination of the amount of remuneration, etc. for officers, the amount of remuneration for Directors who concurrently serve as Executive Officers is not separated into the Director portion and the Executive Officer portion, but is treated as Director remuneration only, and the amount of remuneration is limited.
Under this policy, remuneration for Directors excluding Outside Directors and Executive Officers who do not concurrently serve as Directors (hereinafter referred to as “Directors, etc.”) consists of “basic remuneration,” “performance-linked remuneration (short-term incentive remuneration),” and “share remuneration (medium- to long-term incentive remuneration).” The remuneration ratio for Directors (excluding Outside Directors) is 60% for basic remuneration, 30% for performance-linked remuneration, and 10% for share remuneration. Outside Directors receive only basic remuneration.
The amounts of remuneration for Directors and Executive Officers are determined by resolution of the Board of Directors after receiving reports from the Nomination & Remuneration Committee, which has been voluntarily established.
These remunerations are determined taking into consideration the position, years of experience, performance, corporate performance, social standards, and employee standards.

The remuneration of the Company’s Directors, etc. and Corporate Auditors is as follows.
(A) Basic remuneration
The amount is determined according to the roles and positions of Directors, etc. and Corporate Auditors, and is paid as fixed monthly remuneration.
The remuneration for Outside Directors is fixed monthly remuneration only.
The remuneration for Corporate Auditors is fixed monthly remuneration only. The remuneration level is determined by the Board of Corporate Auditors.

(B) Performance-linked remuneration (short-term incentive remuneration)
The indicator for the Company’s performance-linked remuneration is the amount of consolidated ordinary profit recorded at the end of the fiscal year. If the amount is less than 2 billion yen, no performance-linked remuneration will be paid. The reasons for

selecting this indicator are that the consolidated ordinary profit reflects the business performance of the Group and is reported at the General Meeting of Shareholders, that it is publicly announced as a performance target and that the degree of achievement of management targets is easy to understand for stakeholders, that it can be easily and accurately measured at the time of closing the accounts, and that arbitrariness can be eliminated.
In addition, regarding the payment of performance-linked remuneration to each of the following Directors, etc., all of the Outside Directors who are members of the Nomination & Remuneration Committee that has been voluntarily established approve it at the Committee, and the Board of Directors received a report to that effect.
For specific calculation methods, please refer to the Annual Securities Report. (https://www.tsubaki.co.jp/ja/ir/library/securities/)

(C) Share remuneration (medium- to long-term incentive remuneration)
The purpose of the share remuneration is to further clarify the linkage between the remuneration of the Company's Directors, etc. and the value of the Company's shares, and to raise the awareness of Directors, etc. to contribute to the improvement of medium- to long-term performance and the increase of corporate value by sharing the benefits and risks of share price fluctuations with shareholders.
The Plan is a share remuneration plan in which a trust established by the Company's contribution of money (hereinafter referred to as the "Trust") acquires the Company's shares, and the Company's shares in the number equivalent to the number of points granted by us to each Director, etc. are delivered to each Director, etc. through the Trust.
The Plan was introduced to deliver the Company's shares to Directors, etc. who hold office during the three fiscal years from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023 (hereinafter referred to as the "Initial target period"). Subsequently, at the Board of Directors meeting, the Company resolved that the Company's shares will be delivered to our Directors, etc. who hold office during the three fiscal years from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2026 (hereinafter referred to as the "Extension target period") (provided, however, that if the Period is extended by the decision of our Board of Directors for a period not exceeding five fiscal years on a case-by-case basis, our Directors, etc. who hold office during the extended Period are included). The Directors, etc. will receive the delivery of the Company's shares at the time of retirement of the Directors, etc.

The main points of the Plan are as follows.
1. Persons covered by the Plan: Directors (excluding Outside Directors) and Delegated Executive Officers who do not concurrently serve as Directors
2. Initial target period: Three fiscal years (fiscal 2020 to fiscal 2022)
3. Extension target period: Three fiscal years (fiscal 2023 to fiscal 2026)
4. Initial method of acquisition of shares: Underwriting the disposal of the Company's treasury shares
5. Method of additional acquisition of shares: Underwriting the disposal of the Company's treasury shares
6. Maximum number of points granted to persons eligible for the plan: 60,000 points per fiscal year (including 30,000 points for Directors and 30,000 points for Delegated Executive Officers)
7. Criteria for granting points: A fixed number of points are granted according to the position
8. Timing of payment of the Company's shares, etc. to the eligible persons under the Plan: Time of retirement

For other details, please refer to the Annual Securities Report. (https://www.tsubaki.co.jp/ja/ir/library/securities/)

The remuneration determination procedures are as follows.
(i) In order to further enhance corporate governance, the Company has established a voluntary Nomination & Remuneration Committee, the majority of which consists of Independent Outside Directors, as an advisory body to the Board of Directors. At the conclusion of the said Annual General Meeting of Shareholders, the number of Outside Directors is three.
(ii) The Nomination & Remuneration Committee receives consultation from the Board of Directors on the Company's executive remuneration system, etc., examines its appropriateness, etc., and reports its findings.
(iii) The Nomination & Remuneration Committee consists of Outside Directors and the Representative Director, and the Director in charge of human resources serves as the secretariat.
(iv) The Board of Directors shall determine the remuneration, etc. of individual Directors, etc. based on the report of the Nomination & Remuneration Committee.

Support System for Outside Directors (and/or Outside Corporate Auditors)

The Company does not have dedicated staff to support Outside Directors and Outside Corporate Auditors. However, staff members of the Strategic Management Center, etc. respond as necessary, and Outside Directors and Outside Corporate Auditors communicate information in the same manner as other officers through each staff member and the Board of Corporate Auditors, etc.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Teruo Tsubakimoto	Honorary Chairman	Provides advice to the Company's management as a former manager. Has no management involvement.	Part time	June 29, 2004	1 year

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1

Other Related Matters

・The Company may appoint a person who has served as a Representative Director as Senior Advisor or Advisor.
・The duties of Senior Advisor, Advisor, etc. are defined as "to provide consultations for Representative Director on management activities," and they are not involved in the Company's business execution or decision-making.
・The Company's Board of Directors considers and resolves the details of the system of Senior Advisor, Advisor, etc. (their duties, remuneration, term of office, etc.).
・Senior Advisors, Advisors, etc. consult with the Representative Director on management activities on a part-time basis as necessary, and are paid compensation commensurate with their duties.

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

The Board of Directors is responsible for making decisions on the basic management policies of the Company and the Group, matters stipulated by laws, regulations and the Articles of Incorporation, and other important management issues, as well as supervising the execution of business operations. A total of 13 meetings of the Board of Directors were held in fiscal 2023.
The Company has adopted the Corporate Auditor System. The structure of business execution, monitoring, internal control, etc. is as shown in the attached governance structure chart and the Company has established the "Board of Directors," "Board of Corporate Auditors," "Board of Corporate Management," and "Executive Committee" as a system for separating supervision and execution. The "Board of Corporate Management" is an advisory body for decision-making by the Representative Directors, and its members are Internal Directors. Its main function is to ensure that the top management of the Company is fully aware of important policies and measures decided by the Representative Directors.
In addition, the Company has positioned Executive Officers as persons who play a role in the management of business execution, and has transferred responsibility and authority related to business execution. Therefore, the "Executive Committee" is held on a regular basis to report and deliberate on the status of business execution by Executive Officers.
At the same time, the Company has established the "Internal Control Committee," "Risk Management Committee," "Compliance Committee," as systems to support the execution of operations by Representative Directors. The Company has established the

"Sustainability Promotion Committee" as an advisory body to the "Board of Corporate Management," which identifies and assesses the impact of climate change-related risks and revenue opportunities on the Group's business activities and revenue, etc., reports and makes proposals to the "Representative Director" and the "Board of Directors" through the "Board of Corporate Management", and receives supervision and direction on matters approved. The Company has established a voluntary Nomination & Remuneration Committee as an organization that fulfills the same functions as the Nomination Committee and the Remuneration Committee of a Company with a Nominating Committee, etc. The Committee consists of two Outside Directors who are independent officers and one Representative Director of the Company. In addition, one Director in charge of Human Resources is also present as the secretariat. The function of the Nomination Committee is to examine the appropriateness of new appointments and reappointments of Directors (including Representative Directors) in advance and report its opinions to the Board of Directors. The function of the Remuneration Committee is to examine the remuneration system and remuneration levels for Directors and Executive Officers in order to provide its opinions. After the examination, the Committee shall promptly report the examination results to the Board of Directors.

As of the Annual General Meeting of Shareholders held on June 2024, the Company's management structure consists of seven Directors, including three Outside Directors; four Corporate Auditors, including two Outside Corporate Auditors; and 15 Executive Officers, including two Executive Officers who concurrently serve as Directors. Each of the three Outside Directors and two Outside Corporate Auditors remain neutral and independent from the management.
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each of the Outside Directors and Corporate Auditors to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under the agreement is limited by laws and regulations.
With respect to corporate governance of subsidiaries, the staff of the Company's Financial & Accounting Division serves concurrently as the Corporate Auditors of the subsidiaries, and periodically reports the overview of audits of subsidiaries to the Corporate Auditors of the Company. In addition, when necessary, the Corporate Auditors of the Company directly investigates subsidiaries. This enhances the effectiveness of the audit system of the entire Group.

The Company has entered into an audit agreement with KPMG AZSA LLC. For the fiscal year ended March 31, 2024, Mr. Yutaka Asano and Mr. Yoshinori Nishi, Certified Public Accountants who are Designated and Engagement Partners (both of whom have been in charge of the audit for seven years or less) are in charge of the audit. In addition, certified public accountants and others are involved as assistants in the accounting audit of the Company.
The policies on the selection, reappointment and dismissal of Accounting Auditor are as follows.

- With regard to the selection policy of the audit firm, the Company considers the eligibility and independence of the Accounting Auditor.
- With regard to the policy of reappointment, the Company pays attention to the eligibility, independence, and performance of duties of the Accounting Auditor, obtains necessary materials from Directors, relevant internal departments, and the Accounting Auditor, receives reports from them, and evaluates the auditors every fiscal year.
- The policy for determining dismissal or refusal of reappointment is as follows.
  a) If the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the dismissal is deemed appropriate, the Accounting Auditor will be dismissed with the consent of all Corporate Auditors.
  b) If the Board of Corporate Auditors deems it appropriate to dismiss or not reelect the Accounting Auditor after an evaluation of the Board of Corporate Auditors conducted each fiscal year, the Board of Corporate Auditors shall determine the content of a proposal regarding the dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors shall submit the proposal based on the determination to the General Meeting of Shareholders for deliberation.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company is a company with a Board of Corporate Auditors. Corporate Auditors including Outside Corporate Auditors play the role of monitoring management from an objective standpoint, and the management monitoring function by Corporate Auditors is functioning sufficiently at the Company as well.
The four Corporate Auditors, including two Outside Corporate Auditors, conduct strict audits by attending meetings of the Board of Directors and various committees and by listening to reports on the execution of duties from Directors and Executive Officers

in accordance with the audit policy and allocation of audit duties determined by the Board of Corporate Auditors. In addition, the Corporate Auditors maintain close relationships with the Internal Auditing Department and the Accounting Auditor.
The Company believes that it is important for the officer system to be composed of personnel who contribute to the enhancement and strengthening of the corporate governance of the Company, which conducts business activities in a wide range of business domains. For this reason, the Company has appointed three outside directors.
As described above, the Company believes that its functions can be enhanced by continuously improving its corporate governance system based on the current system as a company with a Board of Corporate Auditors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company's basic policy is to send the notice approximately three weeks prior to the date of the Annual General Meeting of Shareholders.
Electronic Exercise of Voting Rights	The Company exercises voting rights via the Internet, etc.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company uses the electronic voting system platform for institutional investors operated by ICJ, Inc. (Investor Communications Japan).
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares an English translation of part of the convocation notice and discloses it on the Company's website, etc. at the same time as the Japanese convocation notice.
Other	・The Company posts the convocation notice, etc. on the Company's website (https://www.tsubaki.co.jp/ja/ir/library/). ・The Company strives to select the venue for the General Meeting of Shareholders in consideration of the convenience of shareholders and to allow shareholders to exercise their voting rights via the Internet, etc. ・The Company strives to provide easy-to-understand explanations to the shareholders present at the General Meeting of Shareholders by promoting visualization of the business reports, etc.

2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company's policy is to comply with the Companies Act, the Financial Instruments and Exchange Act, the regulations of the Tokyo Stock Exchange, Inc., and other laws and regulations related to disclosure of corporate information, and promptly disclose information in accordance with these laws and regulations.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings are held on a regular basis, in principle once a year for annual financial results.	Held
Online Disclosure of IR Information	Medium-Term Management Plan, Financial Results, Quarterly Financial Results, Annual Securities Reports, Quarterly Reports, Financial Results Briefing Materials, Shareholder Newsletter, etc. are posted on the Company's website. The Company also strives to post timely	

	disclosure materials promptly after they are disclosed. In addition to disclosure in Japanese, important materials are disclosed and provided in English. The Company's website: https://www.tsubaki.co.jp/ja/ir/library/
Establishment of Department and/or Placement of a Manager in Charge of IR	The Public Relations Department plays a central role in public relations for analysts and institutional investors. IR activities are supported by the Human Resources & General Affairs Department, which deals with shareholders, and the Financial & Accounting Division, which deals with financial accounting.
Other	In June and December of each year, the Company sends out shareholder newsletters to shareholders. Supplementary materials for financial results are disclosed together with the Financial Results on the day of the announcement of financial results for each quarter.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Corporate Motto states "Our motto is to contribute to society through our business activities." The Company's Mission Statement stipulates that the Company will fulfill its corporate social responsibility by maintaining social fairness and actively endeavoring to meet the demands of society, including the demand for environmental protection, and respect the positions of not only shareholders and investors, but also all of its stakeholders. In addition, the Corporate Ethics Code stipulates respect for the position of stakeholders and ensures that all officers and employees are fully aware of this.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company's policy is to disclose information to all stakeholders, including shareholders and investors, in a timely, accurate, and fair manner by complying with the Companies Act, the Financial Instruments and Exchange Act, various laws and regulations, and the rules prescribed by the Tokyo Stock Exchange, Inc., on which the Company lists its shares, and by promptly disclosing information that falls under the "Securities Listing Regulations." These policies are stipulated in the "Regulations on Insider Trading and Internal Information Management" and the "Information Protection and Management Rules," and are operated accordingly.

IV. Matters Concerning the Internal Control System Updated

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

<Basic policy>

The Company believes that the basis of its internal control system is "to establish a system to ensure compliance and efficient business execution, identify problems at an early stage while examining the system, and promptly correct them" as part of its corporate governance to realize its management strategy and business objectives based on its basic management policy that takes into account corporate social responsibility and respect for the positions of stakeholders.

Based on this, the outline of the system for ensuring that the execution of duties by Directors complies with laws and regulations as well as the Articles of Incorporation, the system for ensuring the appropriateness of other operations, and the operational status of such systems are as follows.

<System to ensure the appropriateness of business operations>

1. System to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation

a) The Code of Conduct for the Directors and employees of the Group to act in compliance with laws and regulations, the Articles of Incorporation, and social norms shall be the provisions related to the compliance system, including the Corporate Ethics Code and the Compliance Regulations.

b) The Company appoints a Director in charge of compliance, and the Compliance Committee under the jurisdiction of the Director supervises compliance initiatives across the Company Group.

c) The Company has established Internal Auditing Department (Risk Management Committee, Compliance Committee, Internal Control Committee and Internal Auditing Department) under the Representative Director of the Company to audit the status of business execution and compliance of each department of the Group. The results are reported to the Representative Director and the Corporate Auditors of the Group as necessary.

d) If a compliance problem is found in the Group, it shall be promptly reported to the Compliance Committee, which shall report to the Company's Representative Directors, the Board of Corporate Management, the Board of Directors, the Executive Committee, the Board of Corporate Auditors, etc., according to the details of the problem, and implement recurrence prevention measures through the prescribed procedures.

e) The Compliance Committee and the Human Resources Department cooperate to provide training and education on compliance to the Group's Directors and employees, and to establish and operate a whistle-blowing system as a means for the Group's employees to directly provide information on acts that are questionable under laws and regulations.

2. System for the storage and management of information related to the execution of duties by Directors

The Company appoints a Director in charge of the Administration Department as the person in charge of the storage and management of information related to the execution of duties by Directors, and records, stores and manages information related to the execution of duties in documents or electromagnetic media in accordance with the Document Management Rules and the Information Protection and Management Rules. Directors and Corporate Auditors are allowed to view these documents at any time pursuant to the Document Management Rules.

In addition, the Company's Document Management Rules and Information Protection and Management Rules shall be applied mutatis mutandis to the Group companies to maintain the same level of information management as the Company.

3. Rules and other systems concerning the management of risk of loss

In order to systematically manage the Group's wide-ranging business risks, the Group's Risk Management Regulations have been established, and the Risk Management Committee has established a Group-wide management system to minimize business losses. The specific risk management and its measures are as follows.

a) With regard to risks related to compliance, disasters, information security, export control, etc., each department in charge shall establish rules and guidelines, conduct training, prepare and distribute manuals, etc., and the Compliance Committee shall monitor the status of risks across the Group and respond to them.

b) The Compliance Committee and the Internal Auditing Department shall grasp the status of risk management of the Group in cooperation with the Financial & Accounting Division, etc., report to the Risk Management Committee, etc. as necessary, and implement improvement measures of the risk management system through prescribed procedures and countermeasures against risks that have occurred, etc.

c) The Sustainability Promotion Committee shall identify and assess risks related to sustainability such as climate change, human capital, and diversity, report the results to the Board of Directors and the Board of Corporate Management, and address the risks in cooperation with the Risk Management Committee.

4. System to ensure efficient execution of duties by Directors

The Group is striving to improve the efficiency of business execution by Directors under the authority of duties and decision-making rules established by each company using the following management control system.

a) Assisting the President in making important decisions on business execution by the Company's Board of Corporate Management

b) The Board of Directors formulates a medium- to long-term management plan, sets performance targets and budgets for each business division based on the medium-term management plan, and conducts monthly and quarterly performance management

using IT.
c) Review of monthly performance, etc. by the Board of Directors and the Executive Committee, and implementation of improvement measures
In addition, “Regulations for Management and Operation of Affiliated Companies” have been established for affiliated companies to improve the efficiency of Directors’ performance of their duties.

5. System to ensure the appropriateness of business operations in the Group
The Company has established “Regulations for the Management and Operation of Affiliated Companies” in order to understand the management status of affiliated companies, to promote the guidance and training, and to improve the management efficiency of the Group. The Company appoints Directors who are responsible for the business of affiliated companies and gives them the authority and responsibility to establish a compliance system and a risk management system. The Compliance Committee promotes and manages these in a cross-sectional manner in cooperation with the Financial & Accounting Division, the Human Resources Department, and other departments.

6. Matters concerning employees who assist the duties of Corporate Auditors
The Board of Corporate Auditors of the Company may, by requesting to Director in charge of the Administration Department, directly order the employees assigned to the Administration Department on matters necessary for audit services. Employees who have received orders necessary for audit services from the Board of Corporate Auditors shall not be subject to the instructions of the Directors, etc.
The prior consent of the Board of Corporate Auditors is required when evaluating or transferring the relevant employee.

7. System for Directors and Employees to report to Corporate Auditors and other systems for reporting to Corporate Auditors
a) The Company has developed a system in which Directors or employees of the Group promptly report to Corporate Auditors or the Board of Corporate Auditors, in addition to statutory matters, matters that have a material impact on the Group, the status of implementation of internal audits, the status of reporting through the internal reporting system, and the details thereof.
The method of reporting is determined through consultation between the Director in charge of the Administration Department of the Company and the Board of Corporate Auditors.
b) It is prohibited to treat Directors or employees of the Group who have made a report to Corporate Auditors or the Board of Corporate Auditors disadvantageously on the grounds of having made such report, and this fact is thoroughly notified to Directors and employees of the Group.

8. Other systems to ensure effective audits by Corporate Auditors
a) Each Director below the Representative Director develops an environment that facilitates the execution of audit duties, such as attending important meetings of Corporate Auditors and reporting to Corporate Auditors. The President holds regular meetings with the Board of Corporate Auditors to exchange opinions on important audit issues.
b) Corporate Auditors cooperate with the Internal Auditing Department and exchange information, and attend internal audits as necessary.
c) When a Corporate Auditor makes a request to the Company for an advance payment of necessary expenses in relation to the execution of his/her duties, the expenses pertaining to the request shall be processed promptly after deliberation by the department in charge.

9. System to ensure the reliability of financial reporting
In order to ensure the reliability of the Group’s financial reporting, the Company has established and operates an internal control system based on the “Basic Policy for Implementing Internal Controls over Financial Reporting” stipulated by the management, and has established an Internal Control Committee to maintain and improve effective internal controls and conduct appropriate evaluations.

<Overview of the operational status of the system to ensure the appropriateness of business operations>
1. Status of compliance initiatives
a) By distributing “Compliance Card” and “Mission Statement Card” to officers and employees of the Group and having them carry these cards, the Company creates opportunities for them to reconfirm the basic matters of compliance and the corporate

motto on a daily basis and makes them thoroughly aware of them. The Company strives to raise company-wide awareness of compliance by holding compliance days twice a year and conducting compliance training by employee level. In addition, the Internal Audit Department conducts interviews on the status of compliance within each division of the Group and takes necessary actions based on the content of the interviews.
b) The Company has established a whistle-blowing system with contact desks inside and outside the Company, and strives to prevent compliance issues, detect them at an early stage, and resolve them by receiving compliance-related consultations and reports based on the "Regulations on the Internal Reporting System."

2. Status of initiatives to manage risk of loss
a) The Risk Management Committee, which is chaired by the Director overseeing Corporate Administration, conducts cross-sectional management of the Group's wide-ranging business risks. In fiscal 2023, the Risk Management Committee met once to confirm and respond to various issues such as "compliance," "transactions," and "material risks."
b) The Compliance Committee and the Internal Auditing Department cooperate with the Financial & Accounting Division, etc., to understand and monitor the risk status of the Group. In the operational inspections conducted by each division, the Compliance Committee and the Internal Auditing Department interview the risk managers and managers of the divisions about the risk status within the divisions, instruct them to make improvements where possible within the divisions, and conduct follow-up thereafter. Company-wide risks are reported to the Risk Management Committee and appropriate measures are taken.
c) The Sustainability Promotion Committee deals with risks related to sustainability such as climate change, human capital, and diversity.

3. Status of initiatives to ensure efficiency in the execution of duties by Directors
The Board of Directors currently consists of seven Directors, including three Outside Directors. The Board of Directors holds a meeting once a month in principle, and an extraordinary meeting as needed, to deliberate on proposals and supervise the status of business execution. The Board of Directors held 13 meetings in fiscal 2023. The Company has also introduced an Executive Officer System to enhance and expedite the decision-making of the Board of Directors and to strengthen its business execution and supervisory functions. The Executive Committee held 14 meetings in fiscal 2023.

4. Status of initiatives to ensure the appropriateness of business operations in the Group
With respect to management, including management control of Group companies, the Company receives applications or reports from subsidiaries in advance regarding matters for prior approval and reporting as prescribed in accordance with the "Regulations for Management and Operation of Affiliated Companies."

5. Status of initiatives to ensure the effectiveness of audits by Corporate Auditors
a) Matters concerning employees who assist the duties of Corporate Auditors
The Company does not appoint a full-time employee to assist the Corporate Auditors. However, the Company directly instructs employees in the Administration Department, etc. as necessary, and receives explanations and materials as appropriate.
b) System for Directors and employees to report to Corporate Auditors and other matters related to reporting to Corporate Auditors
The Corporate Auditors receive timely reports on the status of internal audits and internal reporting.
c) Other systems to ensure that audits by Corporate Auditors are conducted effectively
Opportunities to attend important meetings of the Board of Directors, the Executive Committee, the Internal Control Committee, the Risk Management Committee, and other Sales and Administration Departments are secured, and each Corporate Auditor attends these meetings as necessary to gather information and express opinions.
In addition to exchanging opinions with the President on a regular basis, the Corporate Auditors receive audit reports from the Accounting Auditor on a quarterly basis and hold meetings for exchanging opinions. The Corporate Auditors also hold periodic opinion exchange meetings with Outside Directors to actively exchange opinions. In addition, the Corporate Auditors held regular liaison meetings with the Administration Department, the Internal Auditing Department, and the Legal and Credit Control Department. The Corporate Auditors received reports on audit results from the Corporate Auditors of subsidiaries as appropriate at the end of the interim period. At the end of the fiscal year, the Corporate Auditors and the Corporate Auditors of subsidiaries held a meeting to report audit results and share information.
In fiscal 2023, there was no shortage of funds to conduct audits based on the annual audit plan.

6. Status of internal control over financial reporting

In order to ensure the reliability of financial reporting, the Internal Control Committee evaluates the effectiveness of internal controls over financial reporting based on the plan for the development, operation and evaluation of the internal control system. In fiscal 2023, the Internal Control Committee held a total of three meetings.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

<Measures to eliminate anti-social forces>

In accordance with the Corporate Ethics Code, the Group clearly states that it will deal with anti-social forces in a resolute manner and will not provide economic benefits, etc., and has established a response department and cooperation with external specialized agencies, as well as a system for collecting and managing information on anti-social forces, in order to cut off relationships with such forces and prevent damage.

<Status of initiatives to eliminate anti-social forces>

The Group has established the "Corporate Ethics Code" and thoroughly implements operations in accordance with this Code, and the operational status is confirmed in the operational inspections conducted by each division.

In addition, the Human Resources and General Affairs Department acts as the department in charge of handling such matters, and cooperates with external specialized agencies and exchanges information as needed.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

———

2. Other Matters Concerning the Corporate Governance System

[Diagram of Corporate Governance System] and [Diagram of Timely Disclosure System]

The Company has adopted the Corporate Auditor System. In addition to the Board of Corporate Auditors and the Board of Directors, the Company has established the "Board of Corporate Management" consisting of full-time directors as an advisory body to the Representative Director's business execution. The Company has also established the Strategic Management Center under the Board of Corporate Management to follow up and check business execution. Meanwhile, the Company has established the "Internal Control Committee," the "Risk Management Committee," and the "Compliance Committee" to support the business execution of Representative Director in terms of the internal control system based on the Financial Instruments and Exchange Act and in terms of compliance, business risks, etc.

The Company has established the "Sustainability Promotion Committee" as an advisory body to the "Board of Corporate Management," which identifies and assesses the impact of climate change-related risks and revenue opportunities on the Group's business activities and revenue, etc., reports and makes proposals to the "Representative Director" and the "Board of Directors" through the "Board of Corporate Management", and receives supervision and direction on matters approved. The Company's subsidiaries in Japan also adopt the Corporate Auditor System, which provides management support and supervision from the parent company as necessary.

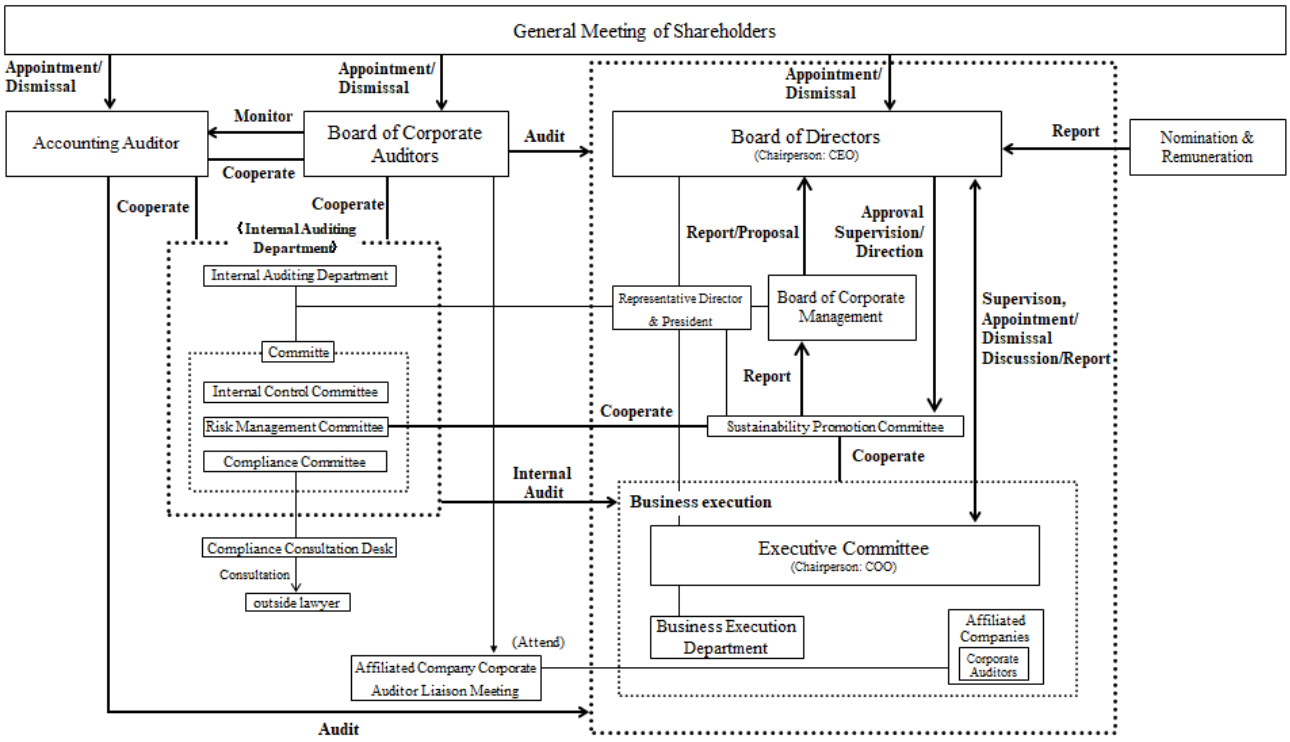
Under this management supervision and support system, important matters related to the management of the Group are discussed at the Board of Corporate Management of the Company and deliberated, approved and resolved by the Board of Directors. This information is kept within the members of the Board of Corporate Management and the Board of Directors, and is placed under the strict control of each individual.

Under the management system described above, information on facts of decision and financial information is gathered as necessary by the Strategic Management Center, the Compliance Committee, the Financial & Accounting Division, the Human Resources & General Affairs Department, the presidents of subsidiaries and related departments, which are involved with the departments in charge of such information. After mutual checks on compliance with applicable accounting principles, laws and regulations, the information is compiled and reported to the Board of Corporate Management and the President. Following the procedures described above, the President submits a proposal to convene a meeting of the Board of Directors, and the Financial & Accounting Division discloses the matters approved and resolved at the meeting of the Board of Directors as decisions and financial results in the form of disclosure data at stock exchanges and press release materials based on the instructions of the Director in charge of the Administration Department, who is responsible for information handling.
The Corporate Auditors strictly check the above procedures and details prior to disclosure.

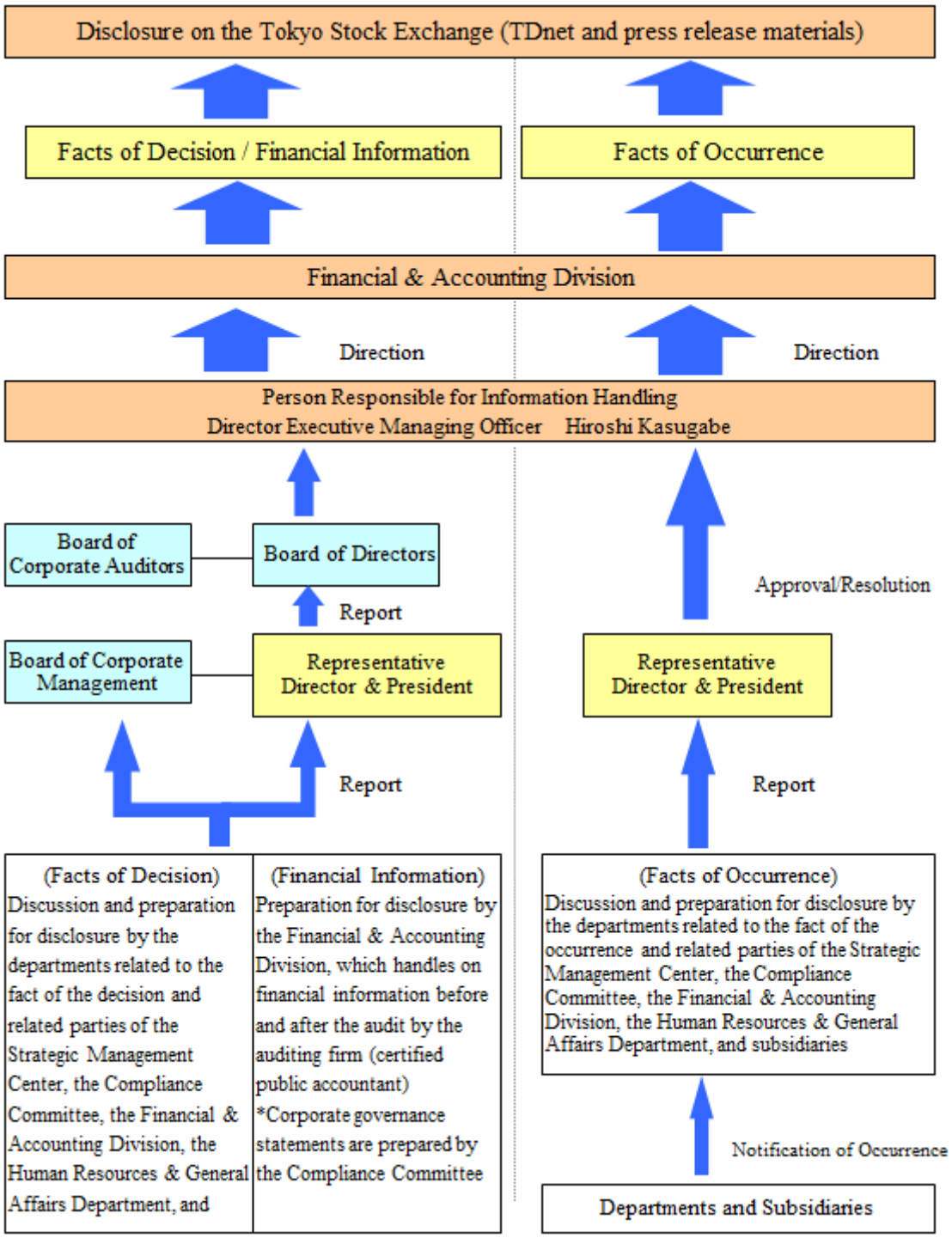
With regard to facts that have occurred in the Company's departments or subsidiaries, the relevant departments promptly report the facts to the Compliance Committee and the Financial & Accounting Division, and the Strategic Management Center, the Compliance Committee, the Financial & Accounting Division, the Human Resources & General Affairs Department, the presidents of subsidiaries and related departments which are involved in such relevant departments and such information gather as necessary and report to the President while receiving opinions and advice of the auditing firm and the legal advisor.
In addition to examining whether disclosure of such information is necessary in accordance with the Timely Disclosure Rules, upon receiving disclosure instructions from the President to the person responsible for information handling, the Director in charge of the Administration Department, who is responsible for information handling, instructs the Financial & Acounting Department to disclose the information as facts which occurred.
The Financial & Accounting Division will disclose the facts of occurrence as the data disclosed at the stock exchange and press release materials.
Unlike facts of decision and financial information, these facts of occurrence are not subject to the procedures for disclosing facts of decision and financial information as they need to be disclosed to a wide range of investors and stakeholders as soon as possible.

The Company has established the "Regulations on Internal Transactions and Management of Internal Information" as the internal regulations of the Group with regard to the handling of important information related to information disclosure as described above, and ensures that all officers and employees comply with the policy.

[Diagram of Corporate Governance System]



[Diagram of Timely Disclosure System]



[Skill Matrix of Directors and Corporate Auditors]

	Name		□Male ◇Female	Skills (knowledge, experience, ability) that the Company expects						
				Corporate management	Sales/ Marketing	Finance/ Accounting	Legal/ Compliance	DX/IT	ESG	Internationality
Directors	Tetsuya Tsubakimoto		■	○	○	○	○	○	○	○
	Masashi Koda		■	○	○	○	○	○	○	○
	Hiroshi Kasugabe		■	○		○	○	○	○	○
	Takuichi Fujishige		■	○	○		○	○	○	○
	Hideki Ninomiya	Outside Independent	■	○	○	○		○	○	
	Yumiko Yasuhara	Outside Independent	◆			○	○		○	
	Naomichi Yamamoto	Outside Independent	■			○	○		○	
Corporate Auditors	Osamu Ogawara		■	○	○		○	○	○	○
	Shinichiro Yamano		■			○	○	○	○	○
	Hitoshi Kobayashi	Outside	■			○	○		○	○
	Tetsuya Yamamoto	Outside	■	○	○		○		○	○

※These are the knowledge, experience, and ability expected of each Director or Corporate Auditor and do not show all the skills each possesses.

END