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Corporate Governance Report

CORPORATE GOVERNANCE Asahi Diamond Industrial Co.,Ltd.

Last Update: July, 09, 2025

Asahi Diamond Industrial Co.,Ltd.

Kazuki Kataoka, President and Representative Director

Contact: General Affairs Dept.

Securities code: 6140

https://www.asahidia.co.jp/en/

The corporate governance of Asahi Diamond Industrial 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 basic policy on corporate governance is to position the enhancement of corporate value and the improvement of corporate governance as important management issues, to gain the trust of all stakeholders, to speed up accurate decision-making in overall management, to ensure management transparency, to clarify management responsibility, and to strengthen management oversight functions, We believe it is necessary to strive to enhance the efficiency of business execution.

【Corporate Governance Basic Policy】

1.Ensuring shareholder rights and equality

The Company will take appropriate measures to ensure that the rights of shareholders are substantially secured, and will maintain an environment in which shareholders can properly exercise their rights, including the exercise of voting rights. In addition, we will give sufficient consideration to ensure the substantial equality of shareholders.

2.Appropriate collaboration with stakeholders other than shareholders

Recognizing that our sustainable growth and enhancement of corporate value over the medium to long term are the result of appropriate collaboration with various stakeholders, we are committed to stakeholder-oriented management based on our "Management Philosophy" and "Charter of Corporate Behavior".

3.Ensure appropriate information disclosure and transparency

The Company will appropriately disclose our financial and non-financial information in accordance with laws and regulations, and will actively provide information through voluntary disclosure. In disclosing and providing information, we will take into consideration accuracy and ease of understanding.

4.Responsibilities of the Board of Directors, etc.

The Board of Directors, in light of its fiduciary responsibility and accountability to shareholders, will appropriately fulfill its roles and responsibilities to ensure the sustainable growth of the Company and to enhance its corporate value over the medium to long term. In addition, the Board of Corporate Auditors and the Board of Corporate Auditors, in light of their fiduciary responsibility to shareholders, will make judgments from an independent and objective standpoint and appropriately fulfill their roles and responsibilities.

5.Dialogue with Shareholders, etc.

The Company will build good relationships with investors, including shareholders, and engage in constructive dialogues with them in order to achieve sustainable growth and enhance our corporate value over the medium to long term. We will reflect the opinions and concerns of our shareholders in our management.

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

The Company implements all the principles established in the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

〔Principle 1.4 Cross-Shareholdings〕
The Company has a policy of continuously reducing cross-shareholdings. With respect to the cross-shareholdings currently held, which are intended to maintain and strengthen medium- to long-term business relationships, the Board of Directors examines the necessity and rationality of such holdings in light of the cost of capital, and if it determines that there is no rational basis for holding them, it negotiates with the relevant counterparty to obtain agreement on the method and timing of sale, and will reduce holdings as appropriate.
In addition, with respect to the exercise of voting rights associated with cross-shareholdings, we make comprehensive decisions based on whether the exercise contributes to the issuing company's sustainable growth and medium- to long-term enhancement of corporate value.

〔Principle 1.7 Related Party Transactions〕
When the Company engages in transactions involving conflicts of interest with Directors, we obtain approval from the Board of Directors based on the Board of Directors Regulations. After approval by the Board of Directors, any executed transactions involving conflicts of interest are reported back to the Board of Directors.

【Supplementary Principle 2.4.1】
The Company has a policy of comprehensively evaluating the capabilities required for managerial positions when appointing managers. In addition, we appoint mid-career hires to managerial positions from the perspective of ensuring diversity. Currently, there are five female managers, and we are implementing measures aimed at further increasing this number. The Company recognizes ensuring diversity as an important management issue, and has set a target of at least 25% for the ratio of women among the number of hires. The ratio of women among the number of new hires for the fiscal year ended March 31, 2025 is 27%.
In addition to the above, the Women's Participation Promotion Committee plays a central role in actively carrying out initiatives such as capability development. In addition, personnel divisions implement a variety of training programs, including new employee training, third-year training, fifth-year training, and management training. The Board of Directors has appointed female independent External Directors since its establishment, and at the Annual General Meeting of Shareholders held in June 2023, we appointed one additional female independent External Director
in an effort to ensure the diversity of the Board of Directors.
We have also established a Human Resources Development Policy and Internal Environment Improvement Policy to promote medium- to long-term human resources development.

〔Principle 2.6: Fulfilling its function as a corporate pension asset owner〕
From the perspective of securing a stable source of funds for future benefits, we conduct asset management with appropriately diversified asset allocation in order to secure long-term investment returns. We also monitor whether the appropriate actions are being taken regarding the exercise of voting rights by the relevant institutions. In addition, our staff attend training programs conducted by pension fund management institutions and various seminars held by investment institutions to acquire the necessary knowledge for their duties.

〔Principle 3.1 Enhancement of information disclosure〕
(1) Company Objectives (Management Philosophy, Etc.), Management Strategy, and Management Plans
1.Management Policy
The Group holds “Manufacturing excitement through innovation” as its corporate philosophy. In the world of manufacturing, where the pace of technological progress is ever accelerating, tackling complex problems is a daily challenge. Together with our customers, the Group strives to enhance manufacturing processes, contributing to the development of society.
Under such corporate philosophy, the Group holds as its vision One and Only, Eternal Growth, and Job Satisfaction. In addition, Challenge, Customer, Cooperation, Character, and Speed are held as its Values.

2. Management strategies over the medium- to long-term
The Group set forth the Medium-term Management Plan 2025 at the Board of Directors meeting held on May 12, 2023. The main items and progress of the plan are stated below in “4. Business environment and operational and financial issues to be addressed.”

3. Target key management metrics
The Group regards the following targets as key management metrics for achieving sustainable growth and increasing the interests of all stakeholders: consolidated net sales, consolidated operating profit, consolidated operating profit ratio, profit attributable to owners of parent, and return on equity (ROE).

4. Business environment and operational and financial issues to be addressed
The Group has formulated the Medium-term Management Plan 2025, with the year 2025 set for its final year, and set forth the VISION 2030 as our vision for 2030. The Group has visualized how it should be as “a global niche top manufacturer supporting manufacturing around the world,” and is driving reforms under the three priority themes to achieve sustainable growth and high profitability on global perspective.

Priority themes of Medium-term Management Plan 2025
i. Focus on tools for the electronics and semiconductor industry

Although the shift toward EVs has slowed and demand for SiC has stagnated, the transition to EVs is expected to continue in the future. Furthermore, because demand for silicon in areas such as generative AI is expected to grow, we will continue to focus our management resources on the electronics and semiconductor segments, work to establish production systems for highly profitable products, strive to increase sales, and aim to build a highly profitable business structure. For products aimed at Si, SiC, and various compound semiconductors, we will accelerate the development of next-generation ultra-fine grain wheels for Si wafers, promote increased sales, and also work to improve efficiency in sales divisions. Through the initiatives above, we had anticipated increased sales of the five priority products (surface grinding wheels, electroplated wires, CMP conditioners, edge-grinding wheels, and dicing blades), but demand for power semiconductor-related products has stagnated due to the global slowdown in EV sales. Despite the challenging conditions, we will continue to make every effort to achieve our goals.

ii. Strengthening of business foundation
The Group will strengthen its business foundation by investing in, among other things, systems that contribute to increasing operating efficiency and personnel who will lead the next generation and drive forward the introduction of core and other systems to “visualize management indicators” and “increase operating efficiency.” In doing so, we will realize management in line with the Group’s medium- to long-term management policy and aim to enhance our organizational capabilities by recruiting and developing employees who will lead the next generation and creating a workplace that provides them with job satisfaction. The Group also aims to establish a high-quality, trusted brand image for the Asahi brand.

iii. Optimization of resources
We will pursue optimal cooperation within and outside the Group by utilizing external resources by such means as external procurement of products and sales consignment, while pushing forward with the streamlining of business domains and the reorganization of manufacturing and sales bases within the Group as well as optimizing internal resources.

Our “Management Philosophy,” “Charter of Conduct,” and “Mid-Term Management Plan 2025” are available on our website.

(2) Basic Idea and Policies Based on each Principle of the Corporate Governance Code
As stated in “1.1. Basic Views” of this report.

(3) Policies and procedures for determining remuneration of executive officers and Directors
1. Basic policies
The basic policy for remuneration for Directors is to motivate Directors in contributing to the enhancement of business performance and corporate value over the medium- to long-term and share the value with the shareholders. It is also designed to set the remuneration level appropriate for the duties and positions of officers of the Company.
Remuneration for Directors (excluding External Directors) consists of fixed remuneration, performance-based remuneration, and stock remuneration (non-monetary remuneration), while remuneration for External Directors, in consideration to their duties and independence, consists of fixed remuneration only. In order to ensure transparency in the procedures for determining remuneration, the Board of Directors determines the amounts based on recommendations from the Nomination and Remuneration Advisory Committee.
The maximum amount of remuneration was resolved at the 88th Annual General Meeting of Shareholders held on June 28, 2007, to be within 450 million yen per year for Directors (excluding salaries paid as employees). In addition, separate from the above remuneration limit, the introduction of a stock remuneration system was resolved at the 99th Annual General Meeting of Shareholders held on June 26, 2018. It should be noted that retirement benefits for officers were abolished in June 2007.

2. Policy on the determination of individual remuneration amounts for fixed remuneration (monetary remuneration)
(including the policy on the determination of the timing or conditions for granting remuneration)
The remuneration for Directors is monthly fixed remuneration with the amount determined after objective and comprehensive consideration of positions, full-time or part-time status, and other companies’ remuneration levels provided by external research institutions.

3. Policy on the determination of the content and amount or number of performance-based remuneration and non-monetary remuneration, etc.
(including the policy on the determination of the timing or conditions for granting remuneration)
As for the performance-based remuneration for Directors (excluding External Directors), it is determined using profit attributable to owners of parent and KPIs set for each Director for the previous fiscal year as indices, aiming to expand business and increase profitability. Performance-based remuneration linked to target profits was not paid in the current fiscal year because the profit attributable to owners of parent for the previous fiscal year did not reach a certain target figure. Performance-based remuneration linked to the evaluation of individual KPIs was paid to three Internal Directors, totaling 5 million yen.
A stock compensation plan is introduced for Directors (excluding External Directors and non-residents of Japan) to further clarify the link between the remuneration for Directors and the Company’s stock value. Under the plan, Directors are granted with points of certain percentage of the remuneration amounts for their positions, and shares of the Company equivalent to the accumulated points (one point is equivalent to one share) is paid as compensation at their retirements. For Directors who are non-residents of Japan, the amount corresponding to the points to be granted is paid as monetary remuneration adding to monthly fixed remuneration.

4. Policy regarding the determination of the ratio of monetary remuneration amounts, performance-based remuneration amounts, or non-monetary remuneration amounts to the individual remuneration amounts of Directors
The policy is to set the ratio of fixed, performance-based, and stock remuneration for Directors at 6 : 3 : 1 if the targets are

achieved.

5. Matters regarding the determination of the content of individual remuneration for Directors
The Nomination and Remuneration Advisory Committee, which receives consultations from the Board of Directors regarding the amount of individual remuneration for Directors, prepares a draft proposal in accordance with the decision policy described above and submits it to the Board of Directors. The Board of Directors makes the final decision based on this proposal.

(4) Policies and procedures for the appointment and dismissal of executive officers and the nomination of candidates for Directors and Corporate Auditors
Basic policies
With the understanding of our management philosophy of making manufacturing more interesting together with customers and contributing to the development of society, and from the perspective of enhancing sustainable corporate value over the medium to long term, the Nomination and Remuneration Advisory Committee establishes criteria for the appointment and dismissal of Directors and Corporate Auditors as follows, and after considering the composition of the Board of Directors and the Board of Corporate Auditors, selects appropriate candidates for the roles from within and outside the company.

Criteria for Appointing and Dismissing Directors

1. Criteria for Appointing Directors
1) There is no significant impediment to the execution of duties as a Director, including mental and physical health.
2) There is no violation of laws and regulations, the Articles of Incorporations, etc.
3) A person who possesses knowledge, capabilities, ethical standards required as a Director.
4) A person who has experience required for a Director and maintain a high level of foresight.
5) A person who can contribute to improvement in the Company's business performance and corporate value through the creation of a management plan, execution of duties in the area under their supervision or the division in charge.

2. Criteria for Appointing External Directors
1) A person who satisfies the independence criteria stipulated by the Company.
2) A person who can provide fair and highly transparent advice and recommendations for decisionmaking by the Board of Directors from an independent and objective standpoint.
3) A person who can supervise the Company's management through the appointment and dismissal of management executives as well as other important decision-making by the Board of Directors from an independent and objective standpoint.
4) A person who can oversee conflicts of interests among the Company, management executives, and controlling shareholders from an independent and objective standpoint.
5) A person who can reflect opinions of stakeholders including non-controlling shareholders to the Board of Directors from an independent and objective standpoint.

3. Criteria for Dismissing Directors
1) In the case where the Director has committed an act that offends against public order and decency
2) In the case where the Director has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
3) In the case where the Director has significant difficulties in performing duties

Criteria for Appointing and Dismissing Audit & Supervisory Board Members

1. Criteria for Appointing Audit & Supervisory Board Members
1) There is no significant impediment to the execution of duties as an Audit & Supervisory Board Member, including mental and physical health.
2) There is no violation of laws and regulations, the Articles of Incorporations, etc.
3) A person who possesses knowledge, capabilities, ethical standards required as an Audit & Supervisory Board Member.
4) At least one Audit & Supervisory Board Member in the Audit & Supervisory Board must possess extensive knowledge about finance and accounting.

2. Criteria for Appointing External Audit & Supervisory Board Members
1) A person who satisfies the independence criteria stipulated by the Company.
2) A person who can audit and make recommendations on reasonableness and appropriateness of the Board of Directors from an independent and objective standpoint.

3. Criteria for Dismissing Audit & Supervisory Board Members
1) In the case where the Audit & Supervisory Board Member has committed an act that offends against public order and decency
2) In the case where the Audit & Supervisory Board Member has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
3) In the case where the Audit & Supervisory Board Member has significant difficulties in performing Duties

(5) Explanation of the appointment and nomination of individual Director and Corporate Auditor candidates
The brief biographies of Director and Corporate Auditor candidates and the reasons for their nomination are disclosed in the Notice of General Meeting of Shareholders.

The reasons for the appointment of External Directors and External corporate auditors are disclosed in “2.1. Organizational Composition and Operation” of this report.

【Supplementary Principle 3.1.3】
In order to enhance the quality of our approach to sustainability and contribute to improving the medium- to long-term corporate value of the Group, the Company has established the Sustainability Committee, chaired by the President and Representative Director, with External Directors and division managers as members.
In addition, the Company’s approach and initiatives regarding sustainability, and the impacts of risks and revenue opportunities related to human capital and climate change on the Company’s business activities and earnings, are disclosed in the securities report based on the recommendations of the TCFD.

〔Supplementary Principle 4.1.1〕
The Board of Directors makes resolutions on matters specified in Article 362 of the Companies Act, the Articles of Incorporation, and the Board of Directors Regulations.
The main matters include matters related to the General Meeting of Shareholders, matters related to Directors, etc., matters related to finance, matters related to shares and bonds, matters related to executive officers, matters related to organization, matters related to company assets, and other important matters.
Specifically, decisions on important business operations such as medium-term business plans, capital expenditure plans, basic policies for internal control systems, and investments or loans exceeding certain amounts are made by the Board of Directors.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]
The Company has appointed three independent External Directors who meet the requirements for External Directors under the Companies Act, the requirements for independent officers under the Tokyo Stock Exchange, and the Company's independence standards, and who possess the experience and knowledge necessary to fulfill the roles and responsibilities expected of External Directors under the Company's Criteria for Appointing External Directors. The Criteria for Appointing External Directors are set forth in this report under “(4) Policies and procedures for the appointment and dismissal of executive officers and the nomination of candidates for Directors and Corporate Auditors” in [Principle 3-1 “Enhancement of Information Disclosure]. In addition, the Company’s independence assessment criteria are set forth under “2.1 Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members” in this report.

【Supplementary Principle 4.10.1】
The Company is a company with an audit committee, and although the number of External Directors does not constitute a majority of the Board of Directors, it has established a Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors to ensure transparency and objectivity in the appointment criteria and procedures for appointing candidates for Directors and Corporate Auditors, as well as their remuneration.
The committee consists of four members, including three External Directors and one Internal Director, with the chairman being an External Director.
Specific matters discussed include the appointment of Directors and Corporate Auditors, the next management and audit structure, the remuneration decision policy for Directors and Corporate Auditors, the succession plan for the President and Representative Director, individual performance evaluation indicators for Internal Directors, and the skills matrix for officers.

【Supplementary Principle 4.11.1】
The Board of Directors consists of nine Directors (including one male and two female independent External Directors), with one-third being independent External Directors.
The members of the Board of Directors are appointed by the Board of Directors based on the appointment criteria established by the Company, after receiving the recommendation of the Nomination and Remuneration Advisory Committee, which consists of a majority of independent External Directors.
In addition, we have created a skill matrix that clearly defines the experience, knowledge, and expertise required of Directors and Corporate Auditors, and have disclosed it in the Notice of General Meeting of Shareholders for June 2022.

〔Supplementary Principle 4.11.2〕
The status of Directors and Corporate Auditors who concurrently serve as officers of other listed companies is disclosed in the securities reports and other documents.

〔Supplementary Principle 4.11.3〕
Based on a questionnaire covering all Directors and Corporate Auditors, the Board of Directors conducted a self-assessment of the effectiveness of meetings of the Board of Directors held in the previous fiscal year. An analysis and evaluation by a third-party organization has been implemented since FY2019 The results of the self-evaluation concluded that although there are some relatively lower-rated items such as the enhancement of medium- to long-term discussions and earlier distribution of materials, improvements have been made including initiatives related to sustainability, and the effectiveness of the Board of Directors has been ensured.
We will continue to conduct regular self-evaluations and strive to further enhance the effectiveness of the Board of Directors.

〔Principle 4.14　Training of directors and auditors〕
〔Supplementary Principle 4.14.2〕
In order to ensure that Directors and Corporate Auditors acquire the necessary knowledge, we provide training by in-house

experts and participation in external seminars funded by the Company, tailored to each Director's and Corporate Auditor's insights, experience, and requests.
When External Directors and External Corporate Auditors are appointed, we provide explanations regarding the Company's business activities and management issues, and even after their appointment, we continue to provide information on the business environment surrounding the Company and organize site visits to factories and other business locations.

〔Principle 5.1　Policy for Constructive Dialogue with Shareholders〕
1. Dialogue with investors and other shareholders is coordinated by the Executive Officer, Administration Division Director, and the Corporate Governance Section, Management Division General Affairs Department conducts IR activities in cooperation with the Corporate Strategy Department, Corporate Strategy Division and other relevant divisions within the company. SR activities are carried out by the Executive Officer, Administration Division Director and the Director, Corporate Strategy Division Manager.
2. We hold financial results briefings for institutional investors, at which the President and Representative Director provides explanations, and the briefing materials are disclosed on TDnet and our website.
3. We actively conduct individual meetings with institutional investors and other stakeholders. In cases where shareholders or other stakeholders request individual meetings, the President and Representative Director; Executive Officer, Administration Division Director; or others will respond within a reasonable scope.
4. We will actively provide information through our website, reports to shareholders, Notices of General Meeting of Shareholders., financial results briefing materials, and other means.
5. Opinions and requests obtained through dialogue with shareholders and other stakeholders will be appropriately reported to the Board of Directors by the Executive Officer, Administration Division Director and discussed.
6. In conducting dialogue with shareholders and other stakeholders, we will strictly manage insider information in accordance with our Internal Information Management Regulations and Disclosure Policy.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	May 26,2025

Explanation of Actions

In our Mid-Term m Management Plan 2025, we are committed to achieving growth investments while maintaining financial stability, improving capital efficiency, and enhancing corporate value. To this end, we are striving to achieve the following targets: a dividend payout ratio of 50% or higher, a total return ratio of 120% or higher (average over three years), a return on equity (ROE) of 6% or higher, and a price-to-book ratio (PBR) of 1 or higher. The progress toward these targets is disclosed in our financial results presentation materials. For the results of the fiscal year ended March 2025, please refer to the link below. We will continue to strive for further improvements.

【Link】
・Financial-Year-ending-March-2025-Financial-results-briefing P25
・Mid-Term Management Plan 2025 P15-16

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,756,900	16.96
Custody Bank of Japan, Ltd. (Trust Account)	2,594,032	5.02
Asahi Diamond Employee Stock Ownership Association	2,081,556	4.03
CEPLUX - The Independent UCITS Platform 2 (Standing proxy: Citibank, N.A., Tokyo Branch)	1,754,500	3.40
Asahi Diamond Partner Company Stock Ownership Association	1,346,200	2.61
Union Tool Co.	1,310,332	2.54
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,039,105	2.01
DFA International Small Cap Value Portfolio (Standing proxy: Citibank, N.A., Tokyo Branch)	727,536	1.41
JP Morgan Chase Bank 385781 (Standing proxy: Mizuho Bank, Ltd.)	650,745	1.26
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE－AC) (Standing proxy: MUFG Bank, Ltd)	482,725	0.93

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

Supplementary Explanation

・The above “Status of Major Shareholders” are as of March 31, 2025.
・The above “Percentage” is calculated based on the number of shares issued minus treasury stock.

3. Corporate Attributes

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

Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Osamu Koyama	From another company								△			
Yuko Ichikawa	From another company											
Eriko Kawajiri	Lawyer											

*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/Audit and Supervisory Board Member
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)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Osamu Koyama	○	—	Mr. Osamu Koyama has great experience and profound insight as a manager and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" and the "Criteria for Appointing External Directors" and is a suitable person to serve as a Director of the Company. He has no potential conflicts of interest with general shareholders of the Company
Yuko Ichikawa	○	—	Ms. Yuko Ichikawa, as General Manager of the Investor Relations Department at IT company., established an IR team and prepared for the listing on the first section of the Tokyo Stock Exchange. She also has experience of having served as a member of the Study Group on Long-term Investment (Investment evaluating ESG Factors and Intangible Assets) toward Sustainable Growth (Ito Report 2.0) of the Ministry of Economy, Trade and Industry, and thus she has extensive knowledge about investor relations and corporate governance. She is expected to fulfill the role and responsibilities expected of an External Director, including management oversight and provision of advice on overall management. The Company judges that she satisfies the "Criteria for Appointing Directors" and "Criteria for Appointing External Directors" and is a suitable person to serve as a Director of the Company. She has no potential conflicts of interest with general shareholders of the Company
Eriko Kawajiri	○	—	Ms. Eriko Kawajiri has experience as a judge and an external director of other companies, as well as high-level legal expertise as a lawyer, and is expected to fulfill the role and responsibilities of an External Director including management oversight and provision of advice on overall management. Thus, the Company judges that she satisfies the "Criteria for Appointing Directors" and "Criteria for Appointing External Directors" and is a suitable person to serve as a Director of the Company. She has no potential conflicts of interest with general shareholders of the Company

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 and Remuneration Advisory Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Company has established a Nomination and Remuneration Advisory Committee as an advisory organ to the Board of Directors, with the aim of ensuring transparency and objectivity of the standards for appointment of candidates for Directors and Audit & Supervisory Board Members and of the procedures pertaining to remuneration of the candidates, etc.
The committee reviews the appropriateness of candidates for Directors and Corporate Auditors, as well as the appropriateness of their remuneration, and the Board of Directors makes decisions based on the results of such reviews.
The members of the committee are External Director Yuko Ichikawa (Chairperson), External Director Osamu Koyama, External Director Eriko Kawajiri, and President and Representative Director Kazuki Kataoka. The secretariat is handled by the Human Resources Department, General Affairs Division.

Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Company has entered into an audit contract with ALT Tsukiji Audit LLC as its Accounting Auditor and is subject to audits in accordance with the Companies Act and the Financial Instruments and Exchange Act. In terms of internal audits, the staff of the Internal Audit Committee, Corporate Auditors, and the Accounting Auditor conduct audit activities in collaboration with one another. Furthermore, the Corporate Auditors and the Accounting Auditor hold regular meetings to report on audit policies, audit methods, audit results, and other matters, and strive to enhance mutual understanding.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yukio Otaka	From another company										△			
Masahito Kawashima	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. An Audit and Supervisory Board Member 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/ Audit and Supervisory Board Member
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 Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yukio Otaka	○	—	Mr. Yukio Otaka has abundant business experience overseas, profound insight, and extensive knowledge of finance and accounting gained through his career as a banker and is expected to fulfill the role and responsibilities of an External Audit & Supervisory Board Member. Thus, the Company judges that he satisfies the "Criteria for Appointing Audit & Supervisory Board Members" and "Criteria for Appointing External Audit & Supervisory Board Members" and is a suitable person to serve as an Audit & Supervisory Board Member of the Company. In addition, we have determined that there is no risk of a conflict of interest with general shareholders and have therefore designated him as an independent officer.

Masahito Kawashima	○	—	Mr. Masahito Kawashima has abundant business experience, profound insight, and extensive knowledge about finance and accounting gained through his career at financial institutions. He served as Representative Director and Executive Vice President, CFO, responsible for risk management, at Chiyoda Corporation. He is expected to fulfill the role and responsibilities of an External Audit & Supervisory Board Member. Thus, the Company judges that he satisfies the “Criteria for Appointing Audit & Supervisory Board Members” and the “Criteria for Appointing External Audit & Supervisory Board Members” (see page 17) and is a suitable person to serve as an Audit & Supervisory Board Member of the Company.In addition, we have determined that there is no risk of a conflict of interest with general shareholders and have therefore designated him as an independent officer.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Independence Criteria for External Directors and External Audit & Supervisory Board Members

If none of the following attributes applies to an External Director or External Audit & Supervisory Board Member, the Company judges that such person is independent from the Company.

(1)A person affiliated with a major shareholder that substantially holds 10% or more of the voting rights of the Company
(2)A person affiliated with an entity that substantially holds 10% or more of the voting rights of the Company
(3)A person affiliated with a business partner whose purchases from the Company accounted for 3% or more of the Company’s consolidated net sales for the previous year
(4)A person affiliated with a business partner whose annual sales to the Company accounted for 3% or more of the business partner’s consolidated net sales for the previous year
(5)A person affiliated with a financial institution that is indispensable for the Company’s financing and on whom the Company is dependent to the extent that it is irreplaceable
(6)A consultant, an accounting professional or a legal professional who received money or other assets amounting to 10 million yen or more from the Company in the previous year other than the Director’s or Audit & Supervisory Board Member’s remuneration (If the person receiving money, etc. is an organization such as a legal entity, a person affiliated with such organization)
(7)A person affiliated with a legal entity that received donations amounting to 10 million yen or more from the Company in the previous year
(8)A person to whom any of (1) to (7) above applied in the past three years
(9)The spouse or relative in the second degree of kinship of a person to whom any of (1) to (8) above apply

Incentives

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

Supplementary Explanation for Applicable Items

The remuneration of Directors consists of fixed remuneration, performance-based remuneration, and stock remuneration, with the ratio of each type of remuneration upon achievement of targets being 6:3:1.
Performance-based remuneration is based on the profit attributable to owners of parent in the previous fiscal year and the evaluation of individual KPIs, with the aim of expanding the scale of the business and improving profitability. Performance-based remuneration linked to target profits was not paid in the current fiscal year because the profit attributable to owners of parent for the previous fiscal year did not reach a certain target figure. Performance-based remuneration linked to the evaluation of individual KPIs was paid to three Internal Directors, totaling 5 million yen.
In addition, stock remuneration has been introduced for Directors (excluding External Directors and non-residents of Japan) to clarify the linkage between officer remuneration and the value of the Company's stock. The details are as follows: a certain percentage of points are granted monthly based on the remuneration amount corresponding to the Director's position, and upon retirement, the Director receives shares of the Company's stock equivalent to the accumulated points. In addition, Directors who are non-residents of Japan will receive monetary compensation based on the number of points earned, which will be added to their monthly fixed remuneration.
Regarding the amount of remuneration, etc. for each director, the Nomination and Remuneration Advisory Committee, which has received consultation from the Board of Directors, will prepare a draft proposal in accordance with the decision policy and submit it to the Board of Directors for approval. The Board of Directors makes the final decision based on this proposal.

Persons Eligible for Stock Options	—

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

The information listed is limited to those whose total consolidated remuneration, etc. is 100 million yen or more, but there are no individuals who fall into this category.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Disclosure based on each principle of the Corporate Governance Code
[Principle 3-1: Enhancement of information disclosure] (3)

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

We provide our outside directors and outside auditors with information on company management and the execution of audit duties as needed, and also provide them with advance information on topics to be considered by the Board of Directors and the Board of Auditors.

We have also established an Auditor's Office (with four part-time staff members) under the Board of Auditors to assist the auditors in their audits.

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
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	0

Other Related Matters

The advisory and consultant system will be abolished in November 2022.

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

The Company is a company with auditor. As statutory bodies, the Company has established the General Meeting of Shareholders, Directors and the Board of Directors, Corporate Auditors and Board of Corporate Auditors, and the Accounting Auditor. Among the Company's nine Directors, three are External Directors, and among the three Corporate Auditors, two are External Corporate Auditors. Directors make decisions on important matters related to management at the Board of Directors meeting, while Internal Directors attend the Executive Council held after the Board of Directors meeting to provide instructions on matters decided and supervise the execution of business operations. Furthermore, company-wide meetings are held twice a year to ensure thorough understanding of the basic management policies. Corporate Auditors attend important meetings such as the Board of Directors and the Executive Council in accordance with audit standards, provide advice and recommendations, and audit the performance of Directors, and also actively conduct audits at the head office, branches, and factories.
The Company has established a Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors to ensure transparency and objectivity in the appointment criteria and procedures for appointing candidates for Directors and Corporate Auditors, as well as their remuneration. The committee reviews the appropriateness of candidates for Directors and Corporate Auditors, as well as the appropriateness of their remuneration, and the Board of Directors makes decisions based on the results of such reviews.
We provide the Accounting Auditor with accurate management information and undergo accounting audits from a fair and impartial standpoint, and we receive timely advice from our legal advisors when legal judgments are required. The Company has entered into an audit agreement with ALT Tsukiji Audit LLC as our Accounting Auditor. The certified public accountants who performed the accounting audit operations for the most recent fiscal year (fiscal year ended March 31, 2025) were Masataka Asano and Kiyoshi Arai, and seven certified public accountants assisted with the accounting audit operations. The Company and its Directors (excluding Executive Directors, etc.) and Corporate Auditors have entered into an agreement based on Article 427, Paragraph 1 of the Companies Act. to limit liability for damages in accordance with Article 423, Paragraph 1 of the Companies Act. The liability for damages under this agreement is limited to the minimum liability limit specified in Article 425, Paragraph 1 of the Companies Act. However, the limitation of liability for damages is recognized only when the Directors (excluding Executive Directors, etc.) and Corporate Auditors have acted in good faith and without gross negligence in the performance of their duties that gave rise to the liability.

3. Reasons for Adoption of Current Corporate Governance System

The Company has set the term of office for Directors at one year to clarify management responsibility for each fiscal year. In addition, we have notified the Tokyo Stock Exchange that all three External Directors and two External Corporate Auditors are independent officers, and we are working to further strengthen corporate governance by ensuring management transparency and fairness. Based on the above, we believe that our corporate governance system is functioning effectively.

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 convocation notice for the General Meeting of Shareholders to be held on June 26, 2025 was sent out on June 6. In addition, the notice was published on TDnet and our website from May 30, prior to the sending out date.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	To enable as many shareholders as possible to attend, the meeting was held on June 26th, avoiding the peak date.
Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet and smartphone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We participate in the electronic voting platform operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	We provided the notice of the meeting and reference documents for the general meeting of shareholders in English.
Other	—

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	It is posted on our website. https://www.asahidia.co.jp/en/ir/disclosure_policy/	
Regular Investor Briefings held for Individual Investors		Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	After the financial results are announced, we hold financial results briefings once every six months (May and November).	Held
Regular Investor Briefings held for Overseas Investors		Not Held
Online Disclosure of IR Information	https://www.asahidia.co.jp/en/ We post summary financial results, financial results briefing materials, notice of general shareholders' meetings, notice of general shareholders' meeting resolutions, reports (to shareholders), securities reports, and timely disclosure materials.	
Establishment of Department and/or Placement of a Manager in Charge of IR	IR department: General Affairs Department, Corporate Governance Division IR officer: Executive Officer, General Affairs Department, General Affairs Division Manager IR liaison officer: General Affairs Department, Corporate Governance Division Manager	
Other		

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Our " Charter of Conduct " defines our attitude toward stakeholders (customers, shareholders/investors, suppliers, employees, society, etc.), and is made known to employees and posted on our website. https://www.asahidia.co.jp/en/corporate/philosophy/
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group holds as its basic sustainability policy “With the corporate philosophy ‘Manufacturing excitement through innovation’ set forth as the foundation for all business activities, the Group will continue to advance together with society as a company that develops human resources, cultivates skills, and continues making the impossible possible in society.” The Group has established this sustainability policy as basic matters that every individual officer and employee must follow from 10 perspectives in order for them to implement the corporate philosophy and contribute to society through our businesses so that we can achieve sustainable growth together with our stakeholders. The basic matters are human rights, community, work environment, global environment, clients/suppliers, products and services, fair trade and international trade, disclosure of information, preservation and management of assets, and obligations of directors and employees. For more information about the sustainability policy, please visit the Company’s website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Charter of Conduct stipulates, under "2. Attitude toward shareholders and investors," as follows: We will proactively disclose corporate information and aim for highly transparent management (management transparency). We are accountable for and promote understanding of our corporate activities (accountability)
Other	In January 2020, we launched the "Women's Participation Promotion Committee" to promote diversity while creating a pleasant working environment. In addition, at the Ordinary General Meeting of Shareholders held on June 25, 2021, we appointed one female independent outside director, and at the Ordinary General Meeting of Shareholders held on June 27, 2023, we appointed one additional female independent outside director, for a total of two. As of the end of March 2025, there are five female managers.

IV. Matters Concerning the Internal Control System

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

1. System to ensure that Directors and employees of the Company perform their duties in accordance with laws, regulations, and Articles of Incorporation
(1) The Company ensures that all Directors and employees comply with laws and regulations by formulating the Asahi Diamond Code of Conduct, which summarizes our management philosophy, behavioral guidelines, and specific examples of compliance.
(2) The Company has an Internal Control Committee, which is chaired by President and Representative Director, to oversee the internal control system as a whole. Under this committee, four subcommittees have been established; the Information Disclosure Committee, the Compliance Committee, the Internal Audit Committee, and the Privacy Data Protection Committee, in order to ensure a system in conformity with laws and regulations and the Company's Articles of Incorporation.
(3) The Company has a helpline for inside and outside the Company as a whistleblowing system concerning compliance, with the aim of strengthening our compliance system.
2. System for the preservation and management of information concerning Directors' execution of their duties
(1) Information concerning Directors' execution of their duties is recorded in documents and electromagnetically based on the rules of the Board of Directors, regulations for internal decision request, etc. and stored appropriately for a determined storage period.
(2) These records can be viewed by Directors and Audit & Supervisory Board Members at any time.
3. Regulations and other systems concerning the management of the risk of losses of the Company
(1) The Compliance Committee and the Internal Audit Committee conduct audits of risk management, and regularly report the results to the Internal Control Committee.
(2) The Information Disclosure Committee and the Privacy Data Protection Committee shall work on preventing information leaks. Other risks related to environment, quality, safety, brand, etc. shall be managed by relevant sections.
(3) The Company shall formulate business continuity management (BCM) scheme for the purpose of speedily resuming or continuing operation in the event of unforeseen situations such as disaster or accidents.
(4) The Company shall consult its legal advisers regarding important legal decisions and compliance matters to make necessary consideration.
4. System to ensure that Directors of the Company perform their duties effectively
(1) The Company shall hold a Board of Directors meeting regularly to make decisions on important business execution matters as well as to supervise the execution of duties by each Director.
(2) After a Board of Directors meeting, the Company shall hold an Executive Council meeting that includes executive officers and president directors of domestic subsidiaries in addition to Directors to thoroughly disseminate decisions.
(3) The Company holds company-wide meetings regularly to set sales targets, based on which strategies for achieving the targets are formulated and measures are decided at production meetings.
(4) The Company adopts an executive officer system to speed up business processes, clarify the separation of roles between management and business execution, and ensure the appropriate execution of business.
5. System to ensure the corporate group, consisting of the Company and its subsidiaries, conducts business properly
(1) System concerning the reports to the Company on the execution of duties by directors, etc. of subsidiaries
In principle, subsidiaries' independent management is the Company's basic policy. However, with regard to significant matters, based on the Subsidiary Management Rules, the Company requires directors and corporate auditors, etc. of subsidiaries either to make a prior report or to receive approval from the Board of Directors or by the approval form through the department in charge of the Company.
(2) Regulations and other systems concerning the management of the risk of losses of subsidiaries
Pursuant to the Subsidiary Management Rules, the Company supports its subsidiaries in risk management through appointing its Directors or employees as directors or corporate auditors, etc. of subsidiaries. In addition, the Internal Audit Committee of the Company audits the risk management of each subsidiary through its internal audits.
(3) System to ensure that Directors, etc. of subsidiaries perform their duties effectively
Directors or employees of the Company who assume office of director or corporate auditor, etc. of a subsidiary shall work on effective business operation of the subsidiary.
(4) System to ensure directors, etc. and employees of subsidiaries perform their duties in accordance with laws, regulations, and articles of incorporation
Pursuant to the Subsidiary Management Rules, the Company encourages its subsidiaries to conduct business in accordance with laws, regulations, and articles of incorporation through appointing its Directors or employees as directors or corporate auditors, etc. of subsidiaries.
6. System concerning employees who are requested by Audit & Supervisory Board Members to assist their duties
The Company supports operations of the Audit & Supervisory Board and Audit & Supervisory Board Members by setting the Audit & Supervisory Board Office under the Audit & Supervisory Board and appointing employees to assist their duties.
7. Matters concerning independence from Directors of employees who assist Audit & Supervisory Board Members with their duties, and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members to such employees
(1) The employees who assist Audit & Supervisory Board Members with their duties shall not be supervised or instructed by Directors.
(2) Audit & Supervisory Board Members of the Company shall comply with laws, regulations, Articles of Incorporation, etc. to ensure the effectiveness of the instructions to the employees who assist them with their duties. Audit & Supervisory Board Members shall direct and supervise the employees, while the employees shall follow the directions and supervision.

8. System for Directors and employees of the Company and its subsidiaries to report to Audit & Supervisory Board Members of the Company, system concerning such reporting, and system to ensure they are not treated unfavorably because of the reporting
(1) Directors and employees of the Company and its subsidiaries shall report and provide information to Audit & Supervisory Board Members of the Company not only on statutory matters but also on matters including material matters that affect the entire company, matters related to the status of internal auditing and the status of the whistleblowing system (helpline), and other matters that Audit & Supervisory Board Members determine to be reported in accordance with performing their duties.
(2) In accordance with the above (1) statement, the Company prohibits unfavorable treatment of Directors and employees of the Company and its subsidiaries who have made a report to Audit & Supervisory Board Members because of the report they made.
9. Policy on procedures for requesting advances or reimbursements for expenses or handling of other expenses or financial obligations incurred as a result of execution of duties by Audit & Supervisory Board Members of the Company
The Company promptly makes payments of expenses, etc. incurred as a result of execution of duties by Audit & Supervisory Board Members unless such expenses or financial obligations are considered unnecessary for their duties.
10. Other systems to ensure that Audit & Supervisory Board Members perform audits effectively
Audit & Supervisory Board Members endeavor to establish an effective auditing system. Their activities include attending important meetings such as Board of Directors meetings and Executive Council meetings, regularly meeting and exchanging information and opinions with Directors and the Independent Auditor, and requesting report from the Independent Auditor when necessary.

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

Our " Charter of Conduct" stipulates that we will sever all ties with anti-social forces that threaten the order and safety of civil society, and this is posted on our website. We also work closely with external specialist agencies such as the police, and relevant departments cooperate to respond in an organized manner.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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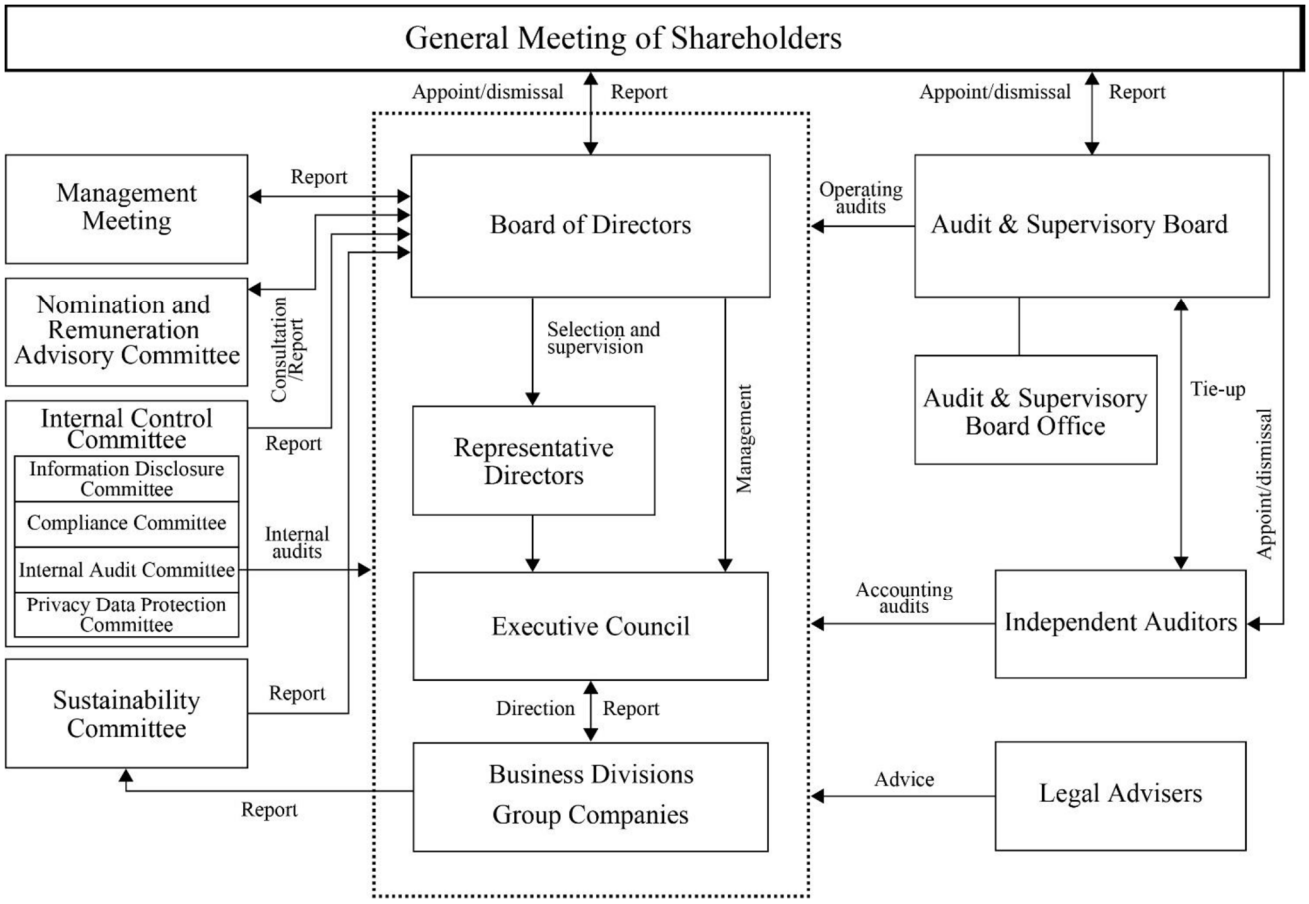
2. Other Matters Concerning the Corporate Governance System

Overview of timely disclosure system
Important matters concerning the management of the Company and its subsidiaries are reported to the President and Representative Director through the responsible officers of each division of the Company and its subsidiaries. In addition, the Company has established an organizational structure that enables it to obtain information on its subsidiaries on an ongoing basis, as its officers concurrently serve as officers of major subsidiaries. In addition, the Company has established the Information Disclosure Committee under the Internal Control Committee for the purpose of uniformly collecting and managing company information and disclosing it in a timely and appropriate manner.
This committee is chaired by the Executive Officer, Administration Division Director, who serves as the Information Handling Officer, and is composed of members from multiple internal departments such as the General Affairs Department, Accounting Department, and Corporate Strategy Department, and deliberates and examines the necessity and timing of disclosure by comparing the collected information against relevant laws and regulations and the timely disclosure rules of the Tokyo Stock Exchange. Furthermore, if necessary, the committee may seek the opinions of external experts, such as lawyers, and report the results to the Information Handling Officer.
Note that insider information prior to disclosure is thoroughly managed under internal rules entitled Regulations on Management of Inside Information and Insider Trading.



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