Last Update: June 22, 2026

TAIYO HOLDINGS CO., LTD.

Hitoshi Saito, President and CEO
Inquiries: Sayaka Tomioka, Senior Corporate Executive Officer, CFO
Securities Code: 4626
https://www.taiyo-hd.co.jp/en/

The corporate governance of Taiyo Holdings Co., Ltd. (hereinafter, "Taiyo Holdings") is described below.

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

1. Basic Views

Taiyo Holdings has set forth its aims as a corporate group under its "Management Philosophy" and "Basic Management Policy."

Its "Management Philosophy" has been set forth as the following: "To achieve 'a cheerful society' by further advancing 'every technology' in our Group and by creating a wide range of innovative products to fulfill the dreams of the world." It is expressly stated under this policy that the Group's reason for existence is to achieve a cheerful society by further advancing g "every technology" at each Group company and by going beyond its existing products to create a wide range of innovate products to fulfill the dreams of the world.

The following is set forth as a part of Taiyo Holdings' "Basic Management Policy:" "In achieving its management philosophy, the Group will fulfill its corporate social responsibility, including protecting the environment, enforcing quality control, and contributing to society." It is expressly stated under this policy that going beyond the pursuit of profit to fulfill the Group's social responsibility constitutes its basic management policy. Based on its "Management Philosophy" and "Basic Management Policy," Taiyo Holdings recognizes that the trust and support of its stakeholders is indispensable in growing in perpetuity as a listed company, and that securing management transparency, fulfilling its accountability and conducting the satisfactory disclosure of information are musts to that end.

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

Taiyo Holdings is implementing the various principles of the Corporate Governance Code as of the date of submission of this report.

[Disclosure Based on the Principles of the Corporate Governance Code] Update

(Principle 1-4) Policy on Cross-Holdings of Shares and Standards for the Exercise of Voting Rights for Cross-Shareholdings

Taiyo Holdings' basic policy in this regard is to target shares of corporations that link to the enhancement of its corporate value over the medium to long term for holding purposes. In acquiring shares, Taiyo Holdings verifies the associated economic rationality from the standpoints of the growth and earnings potential of the target company and the strengthening of its transactions with the Group and deliberates and reports on the matter at meetings of the Board of Directors in accordance with the pertinent acquisition value. Simultaneously, with regard to holding those shares, Taiyo Holdings proceeds to regularly verify the appropriateness and other aspects of holding the shares at meetings of its Board of Directors. In cases where holding the shares is not found to be meaningful based on the results of that verification, Taiyo Holdings' policy is to curtail its holdings by selling them.

Additionally, in exercising voting rights, Taiyo Holdings makes comprehensive judgments on each proposal based on the enhancement of its corporate value over the medium to long term, economic rationality and other standpoints.

(Principle 1-7) Related Party Transactions

Taiyo Holdings has established regulations that keep transactions conducted by Taiyo Holdings or the Group with its Officers, principal shareholders, etc. from harming the joint interests of Taiyo Holdings, the Group or its shareholders in cases where Taiyo Holdings or the Group conducts such transactions.

Board Directors facilitating transactions that are advantageous to themselves, acquaintances or relatives or providing convenience thereto is prohibited under the "Board Director Treatment Regulations." When Board Directors conduct competitive or personal transactions, the "Responsibilities and Authorities Table" dictates that they shall submit the matter to the Board of Directors for review and approval.

Additionally, for the purpose of keeping its interests from being unjustly harmed, Taiyo Holdings has set forth "Interested Party Transaction Regulations" regarding procedures in cases where it conducts transactions with Board Directors or interested parties.

Board Directors who are Audit & Supervisory Committee Members monitor and verify competitive transactions, transactions with conflicts of interest and unconventional transactions between the parent company or its subsidiaries and shareholders, etc. in accordance with the "Audit & Supervisory Committee Audit and Supervision Standards," which were established in March 2025.

(Supplementary Principle 2-4-(1)) Diversity Initiatives in Human Resources

(1) Ensuring Diversity

In order to transform the diversity of its human resources into organizational power that is capable of accommodating a rapidly-shifting market environment and creating businesses with constant speed, while aggressively and continuously securing diverse human resources, Taiyo Holdings has tackled endeavors such as the development of the kind of workplace environment and internal training systems that are conducive to leveraging the attributes and abilities of individual human resources to the maximum extent. Under "Beyond Imagination 2030," its long-term management plan leading up to the fiscal year ending March 31, 2031, Taiyo Holdings will proceed to establish various measures that enable it to further secure diversity in its human resources.

(2) Utilizing Diversity (Women, Etc.)

As of March 31, 2026, the ratio of female employees occupying managerial positions at Taiyo Holdings was approx. 28.6%. Taiyo Holdings will aim to bring the ratio of female employees occupying managerial positions to 30% by the fiscal year ending March 31, 2031..

Additionally, the ratios of non-Japanese personnel and mid-career hires were 2.3% and 50.6%, respectively. The ratio of female employees occupying Officer positions* was 50.0%, while the ratios of female employees and non-Japanese personnel occupying Executive Officer positions were 17.6% and 11.8%, respectively. Going forward, Taiyo Holdings will continue to appropriately promote personnel internally, including the promotion of non-Japanese personnel and mid-career hires to managerial positions, as it continually examines the balance of business strategies and personnel strategies in which diversity is leveraged to the fullest.

*The definition of Officers in the "ratio of female employees occupying Officer positions" is Officers according to the Companies Act (Internal and Outside Board Directors).

(3) *The ratio of female employees occupying Officer positions and the ratios of female employees and non-Japanese personnel occupying Executive Officer positions reflect personnel changes as of April 2026.Human Resource Development Policy and Internal Environment Development Policy Aimed at Ensuring Diversity and Status Thereof

Work environments and values regarding work are changing considerably due largely to changes in legal and social demands and the diversification of places and modes of employment in recent times.

Going forward, Taiyo Holdings will continue to assist with the realization of flexible career paths and work styles, develop workplace environments, and conduct other endeavors on a proactive and ongoing basis so that its employees can work while sustaining a high level of motivation even in a constantly changing environment, and will endeavor to secure "autonomous human resources" that accommodate increasingly diverse organizations and society.

(Principle 2-6) Demonstration of Functions as Asset Owner of Corporate Pension

Based on the fact that the management of corporate pension reserves affects employees' stable asset-building as well as the fiscal position of Taiyo Holdings, in addition to placing human resources outfitted with the necessary experience and qualities, Taiyo Holdings works towards training those human resources so that the organization in charge of the corporate pension is able to conduct appropriate activities such as monitoring asset management institutions.

(Principle 3-1) Enhancement of Information Disclosure

(i) Taiyo Holdings discloses its Management Philosophy and other elements of its basic management policy, its medium- to long-term management strategy and other information on its website (https://www.taiyo-hd.co.jp/en/about/philosophy/). Please refer to this website.

(ii) Taiyo Holdings' basic views on corporate governance are stated in "1.1 Basic Views" in this report. Please refer to that section.

(iii) Taiyo Holdings has established a Nomination and Compensation Committee to ensure the objectivity and transparency of Board Directors and Executive Officer compensation. This committee plans to report its examination results to the Board of Directors.

(iv) Taiyo Holdings has established a Nomination and Compensation Committee to ensure the objectivity and transparency of Board Director nominations. This committee plans to report its examination results to the Board of Directors. For the election of Executive Officers, the Board of Directors examines and resolves the suitability of candidates based on their career history and other factors. For their dismissal, the Board of Directors examines and resolves the appropriateness of that action based on standards for dismissal prescribed in the "Regulations on the Board of Executive Officers and the Treatment of Executive Officers."

(v) Taiyo Holdings indicates the reasons for the nomination of Board Directors candidates in its "Notices of Convocation of General Shareholders Meeting." Additionally, Taiyo Holdings has prescribed guidelines, duties, etc. pertaining to the performance of duties in its regulations on the treatment of Board Directors. In cases such as when Board Directors violate these regulations or when their ability to perform their duties is suspect, Taiyo Holdings reserves the right to recommend their resignation. Should those Board Directors not comply with said recommendation, Taiyo Holdings reserves the right to carry out procedures for their dismissal in accordance with the provisions of the Companies Act. Up to this point, no dismissal of Board Directors has taken place at Taiyo Holdings. However, in cases where it does occur, Taiyo Holdings will disclose the associated details over TDnet or its website. Elections and dismissals of Executive Officers, once resolved by the Board of Directors, are disclosed over TDnet or Taiyo Holdings' website with details on the associated personnel changes.

(Supplementary Principle 3-1-(3)) Disclosure of Sustainability Initiatives, Etc.

Taiyo Holdings endeavors to work together with a wide range of stakeholders, proactively disclose information and improve transparency. It discloses the Group's views and policies on sustainability, associated initiatives, investments in human capital and intellectual property and other information on its website (https://www.taiyo-hd.co.jp/en/sustainability/) as well as in "Beyond Imagination 2030," the long-term management plan that Taiyo Holdings formulated in June 2021; in pertinent briefing materials; in its Annual Securities Reports; and in its Integrated Reports.

Regarding its views and policies on sustainability and associated initiatives, Taiyo Holdings has espoused the "reinforcement of initiatives geared towards SDGs (Sustainable Development Goals)" as a basic policy in its long-term management plan. Taiyo Holdings established the Sustainability Promotion Committee, chaired by the President and CEO in 2022, and conducted repeated examinations of policies, targets, their progress and other aspects pertaining to nature-related issues, including climate change, and investments in areas such as human capital. Regarding the handling of climate change issues, Taiyo Holdings has assessed the impact of risks and opportunities on its businesses and disclosed its "Governance," "Strategy," "Risk Management," and "Metrics and Targets" based on the TCFD's framework. Taiyo Holdings will continue its efforts to address climate change through its businesses and disclose information by promoting actions aimed at mitigating those risks and seizing opportunities.

Also, with respect to investments in human capital, etc., Taiyo Holdings has espoused the "development and utilization of human resources that accommodate an increasingly diverse society and organizations" as the first basic policy in "Beyond Imagination 2030," its long-term management plan. Taiyo Holdings will endeavor to train autonomous human resources who establish goals of their own accord and hold lofty ambitions towards the achievement of those goals, and will proceed to create opportunities that enable its employees to grow and take on challenges in the form of training and personnel rotations.

Furthermore, with respect to investments in intellectual property, Taiyo Holdings will be perpetually mindful of intellectual property and will proceed to acquire and utilize patent rights, trademark rights and other intellectual property rights while emphasizing the conformance of its businesses with social needs or their promise of future value in growing its Electronics Materials Business, Medical and Pharmaceutical Business and other existing business sectors and in creating new businesses, which constitute a basic policy under its "Beyond Imagination 2030" long-term management plan. In particular, in making forays into new business and technological sectors, Taiyo Holdings positions the utilization of patent information as one of its key strategies. Taiyo Holdings, for example, creates policies and plans for its research and development themes based on the analysis of publicly available information.

(Supplementary Principle 4-1-(1)) Scope of Delegation to Board Directors

In June 2024, Taiyo Holdings made the transition from a from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee to help expedite decision-making and business execution by its Board of Directors. To accompany this transition, Taiyo Holdings has set forth in its Articles of Incorporation that the Board of Directors may delegate to Board Directors all or part of the decision of important business execution through a resolution of the Board of Directors. In addition to the matters set forth in laws, ordinances and its Articles of Incorporation, Taiyo Holdings has set forth matters for approval by its Board of Directors and by its Board Directors and matters for examination and reporting at its Board of Directors meetings in its internal regulations, "Board of Directors Regulations" and "Responsibilities and Authorities Table".

Additionally, Taiyo Holdings makes timely disclosures upon establishing or changing the scope of delegation to Board Directors.

(Principle 4-9) Criteria for Judging the Independence and Qualities of Independent Outside Board Directors

In nominating independent Outside Board Director candidates, for the purpose of facilitating the improvement of the functions of the Board of Directors as a whole, the Board places priority on advanced levels of specialized knowledge and a wealth of external experience with the assumption that candidates satisfy the criteria for independence set forth by financial instrument exchanges and run no risks of conflicts of interests with shareholders occurring.

(Principle 4-10) Utilization of Voluntary Systems

Taiyo Holdings made the decision to establish a "2030 Committee" consisting of Internal Board Directors and outside experts to serve as a meeting body for examining future initiatives based on management challenges while ensuring their objectivity and transparency and aiming to enhance corporate value over the medium to long term and secure shareholders' common interests. Under this 2030 Committee, working groups will be established based on the agenda at hand to discuss matters such as human resources and other management infrastructure, growth strategies and business portfolios, capital allocation, the enhancement of governance structures, appropriate information disclosure to shareholders and investors and capital policies. These groups will work on examining and verifying the seven basic policies outlined in the "Beyond Imagination 2030" long-term management plan and management challenges recognized by Taiyo Holdings. In November of the same year, Taiyo Holdings received from the 2030 Committee a final report summarizing its evaluation of and recommendations regarding the various matters under consideration, and based on such report, the executive management team has formulated and implemented various initiatives, including the Medium-Term Management Plan. Moreover, for optimal capital policies to be considered by the Board of Directors of Taiyo Holdings, a special committee composed of Outside Board Directors and external experts has been set up for the purpose of conducting a fair, transparent and objective comparison and evaluation of such policies and to make recommendations to the Board of Directors. The special committee compared and examined various proposals, including proposals to privatize the Company, against the Medium-Term Management Plan examined and verified by the 2030 Committee, and submitted the results of its review to the Board of Directors. Based on the recommendation of the special committee, the Board of Directors resolved on March 31, 2026 to privatize the Company. Details on this matter have been published on Taiyo Holdings' website

(https://www.taiyo-hd.co.jp/en/investor/irnews/news20260331000002/main/0/link/(en)20260331_05.pdf).

(Supplementary Principle 4-10-(1)) Independence of Advisory Committees

Taiyo Holdings has established a voluntary Nomination and Remuneration Committee for the purpose of ensuring the rationality, objectivity, transparency and fairness of nominations and remuneration and the nomination of Directors and Senior Corporate Executive Officers through examining the nomination remuneration of Directors, Senior Corporate Executive Officers and Executive Officers. This committee reports its examination results to the Board of Directors and the Audit & Supervisory Committee.

The Nomination and Compensation Committee has bolstered its independence by ensuring that a majority of its members are independent Outside Board Directors

(Supplementary Principle 4-11-(1)) Views on Composition of Board of Directors

Taiyo Holdings believes that it is ideal for its Board of Directors to consist of Board Directors who possess diverse knowledge and experience and advanced skill that goes beyond Company-related industries and specialized fields in order to supervise the execution of business and make key decisions. Additionally, Taiyo Holdings believes that its Outside Board Directors require advanced specialized knowledge, a wealth of external experience, and independence.

Based on the above view, Taiyo Holdings presently has a balanced Board composition in which half of the Board Directors are independent Outside Board Directors, with eight individuals, including two independent Outside Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) and two independent Outside Board Directors who are Audit & Supervisory Committee Members, serving in a Board Director post. Going forward, Taiyo Holdings intends to continue nominating Board Director candidates based its preexisting scale and views.

A skill matrix that summarizes the specialization and experience expected of each Board Director is contained in this report on the last page.

(Supplementary Principle 4-11-(2)) Status of Important Concurrent Posts as Board Directors

The status of concurrent posts as Directors that are judged to be particularly important concurrent posts is disclosed in Securities Reports and in Notices of Convocation of General Shareholders Meeting.

(Supplementary Principle 4-11-(3)) Securing of Effectiveness of the Board of Directors

A questionnaire on the composition, operation, agenda and systems of the Board of Directors was distributed to Board Directors. Following an analysis of the effectiveness of the Board of Directors as a whole, a discussion aimed at improving the functions of the Board was conducted at a Board meeting. For the fiscal year ended March 31, 2026, robust and substantive discussions were held on agenda items involving major corporate strategic directions, including the formulation of the Medium-Term Management Plan, resulting in positive evaluations of both the amount of time devoted to Board deliberations and the effectiveness of those deliberations. In addition, the operation of the Board of Directors, including the scope and volume of agenda items and the selection of agenda topics, was also evaluated positively. Taiyo Holdings will continue to implement initiatives geared at the below challenges for the sake of further improving the effectiveness of the Board of Directors.

Taiyo Holdings

(1) In addition to ensuring the diversity of members of the Board of Directors, Taiyo Holdings will keep the number and ratio of Outside Board Directors at appropriate levels.

(2) Taiyo Holdings will continue discussions related to management plans and allocation of management resources from a long-term perspective and succession and training plans for the Representative Director.

(Supplementary Principle 4-14-(2)) Board Director Training Policy

Taiyo Holdings provides its Board Directors with opportunities to acquire and refresh the knowledge that they require to fulfill their individual roles and duties.

Executive Board Directors are given newly appointed Officer lectures as well as business coaching on management conducted one-on-one with outside specialists.

Additionally, internal seminars featuring outside specialists as guests are held for all the Board Directors as necessary.

(Principle 5-1) Policy on Constructive Dialogue with Shareholders

At Taiyo Holdings, the Corporate Planning Department, which is headed by the Board Director in charge of corporate planning and is Taiyo Holdings' dedicated IR department, promotes constructive dialogue with shareholders and investors and endeavors to positively serve Taiyo Holdings' sustained growth and the enhancement of its long-term corporate value.

(Supplementary Principle 5-1-(2)) Measures for Promoting Constructive Dialogue with Shareholders

Taiyo Holdings has established the following policies to promote constructive dialogue with shareholders.

(i) Taiyo Holdings designates the Board Director in charge of corporate planning and the CFO (Chief Financial Officer) as the management team responsible for overseeing dialogue with shareholders and institutional investors.

(ii) Taiyo Holdings has established a Corporate Planning Office to oversee the collection, management and disclosure of information and, in cooperation with related departments, discloses information in a timely, fair, and appropriate manner.

(iii) Taiyo Holdings strives to promote investment opportunities and enhance information disclosure by holding the likes of financial results briefings and company briefings for institutional investors and individual shareholders and through other efforts such as issuing integrated reports. In financial results briefings and investor briefings, the Board Director in charge of corporate planning and the CFO (Chief Financial Officer) conduct explanations and question-and-answer sessions to achieve a dialogue. Materials are made publicly available on Taiyo Holdings' corporate website, and the content of the explanations and question-and-answer sessions at the briefings are described to provide fair information to investors who were unable to attend.

(iv) In order to reflect the opinions and concerns of shareholders and institutional investors opinions in management, Taiyo Holdings regularly and objectively reports important feedback items to the Board of Directors as they arise.

(v) In order to prevent leaks of financial information and ensure fairness, Taiyo Holdings establishes the two-week period leading up to the end of each quarter as a silent period during which it refrains from responding to or commenting on inquiries related to financial results. In addition, Taiyo Holdings has established "Information Security Management Regulations" to comply with laws and regulations and to handle information assets appropriately. In accordance with these rules, Taiyo Holdings conducts appropriate education, audits, monitoring and other activities related to information security.

(Actions aimed at realizing management mindful of capital cost and stock price) [Updated: 4/30/2026] Update

Under its “Beyond Imagination 2030” long-term management plan, which was formulated in 2021, Taiyo Holdings has adopted maintaining an ROE of 18% or higher and a DOE of 5% or higher as its management goals for 2023, aiming for sustainable growth by elevating its capital efficiency while maintaining financial soundness and proactively returning profits to shareholders. With respect to shareholder returns, as part of efforts to improve ROE, a target indicator under the long-term management plan, Taiyo Holdings announced in March 2025 a shareholder return policy targeting a consolidated total payout ratio of 100% (at least through the fiscal year ending March 31, 2028) and has steadily returned profits to shareholders. To further enhance corporate value and secure shareholders’ common interests, Taiyo Holdings established the 2030 Committee in May 2025 as an objective and transparent decision-making body. Under this committee, Taiyo Holdings has set up working groups to examine a wide range of issues, such as the strengthening of its foundation, growth strategies, capital allocation, governance, shareholder and investor relations, and capital policies. In August 2025, based on the findings of the 2030 Committee, Taiyo Holdings formulated a medium-term management plan that builds upon the vision and seven basic policies of its long-term management plan. Taiyo Holdings announced that it had raised its ROE target to 30%, aiming to achieve earnings exceeding the cost of capital and to maximize capital efficiency. Going forward, Taiyo Holdings will steadily implement various initiatives and work to enhance the execution of the Medium-Term Management Plan.

The ROE of the Group in the fiscal year ended March 31, 2026 was 22.0%, exceeding the cost of shareholders’ equity of 7% to 9% (as estimated by Taiyo Holdings).

The ROE of the Group in the fiscal year ending March 31, 2025, was 10.6%, exceeding the cost of shareholders’ equity of 7% to 9% (as estimated by Taiyo Holdings).

For details on ROIC and ROE results and on the cost of shareholders’ equity, please see the financial results briefing materials and the Medium-term Management Plan.

(Consolidated Financial Results Digest FY2026/3 4Q (Fiscal Year Ended March 31, 2026)
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/library/presentation/main/01111/teaserItems3/06/linkList/0/link/20260430_02.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/library/presentation/main/013/teaserItems3/06/linkList/0/link/en20260430_02.pdf

(Medium-term Management Plan)
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/irnews/news20250828103037/main/0/link/20250828_01.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/irnews/news20250828103076/main/0/link/en20250828_01.pdf

For our dividend policy, please see the materials for disclosure.
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/irnews/news20250324103069/main/0/link/20250324_02.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/irnews/news20250324103076/main/0/link/en20250324_02.pdf

(Promotion of dialogue with shareholders and disclosures) For details on the status of implementation of dialogue with shareholders and other information, please see the final report of the 2030 Committee.
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/irnews/news20251107000001/main/0/link/20251107_01.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/irnews/news20251107000001/main/0/link/en20251107_01.pdf

(Integrated Report)
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/library/annualreport/main/011/teaserItems3/00/linkList/0/link/20260105_02.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/library/annualreport/main/0/teaserItems3/00/linkList/0/link/20260319_02.pdf

As announced in the “Notice Concerning Expression of Opinion in Support of the Planned Commencement of the Tender Offer for Company Shares by KJ005 Co., Ltd. and Neutral Position Regarding Tendering of Shares,” dated March 31, 2026, in relation to the tender offer (the “Tender Offer”) for the common shares of the Company by KJ005 Co., Ltd. (the “Tender Offeror”), the Board of Directors resolved at its meeting held on the same date that, based on the Company’s opinion as of that date, if the Tender Offer is commenced, the Company will express its support for the Tender Offer, while leaving the decision as to whether to tender shares in the Tender Offer to the judgment of each shareholder. According to the Tender Offeror, the tender offer price was determined following a comprehensive assessment on the assumption that the Company will not pay dividends of surplus with a record date of March 31, 2026. Accordingly, at its meeting held on March 31, 2026, the Board of Directors resolved to revise its dividend forecast for the fiscal year ended March 31, 2026 and not to pay a year-end dividend for that fiscal year.
(Notice Concerning Expression of Opinion in Support of the Planned Commencement of the Tender Offer for Company Shares by KJ005 Co., Ltd. and Neutral Position Regarding Tendering of Shares)
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/irnews/news20260331000002/main/0/link/20260331_02.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/irnews/news20260403000001/main/0/link/en20260331_02.pdf
(Notice of the Revision of Dividend Forecast for the Fiscal Year Ended March 2026 (No Dividend))
(Japanese) https://www.taiyo-hd.co.jp/jp/investor/irnews/news20260331000004/main/0/link/20260331_04.pdf
(English) https://www.taiyo-hd.co.jp/en/investor/irnews/news20260331000001/main/0/link/en20260331_04.pdf

2. Capital Structure

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

[Status of Major Shareholders] Update

Name or Company Name	Number of Shares Owned	Percentage (%)
DIC Corporation	22,469,200	20.02
The Master Trust Bank of Japan, Ltd. (manages our trust account)	12,488,400	11.13
Kowa CO., LTD.	7,067,200	6.30
SMBC Trust Bank Ltd. (shares entrusted to Sumitomo Mitsui Banking Corporation retirement benefit trust account)	4,464,000	3.98
OASIS JAPAN STRATEGIC FUND Y LTD.	3,677,278	3.28
CGML PB CLIENT ACCOUNT/COLLATERAL	3,415,554	3.04
Custody Bank of Japan, Ltd. (Trust account)	3,279,200	2.92
SHIKOKU KASEI HOLDINGS CORPORATION	2,980,000	2.66
GOLDMAN SACHS INTERNATIONAL	2,603,150	2.32
Custody Bank of Japan, Ltd. (Trust Account 4)	2,386,900	2.13

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

Supplementary Explanation Update

1. This is based on the shareholder register as of March 31, 2026.
2. The number of shares held reflects the stock split that took effect on December 1, 2025.
3. Although the Large Shareholding Report (Amendment Report) disclosed to the public on May 12, 2026 states that Kowa Co., Ltd. and its joint holder, Mr. Takato Kawahara, Representative Director and President of Kowa Co., Ltd., held the following shares as of May 1, 2026, the Company has been unable to confirm the number of shares beneficially owned as of March 31, 2026 and has therefore not included such holdings in the above Status of Major Shareholders.
   The details of the Large Shareholding Report (Amendment Report) are as follows:
   Kowa Co., Ltd. 7,067,200 shares
   Takato Kawahara 1,608,000 shares

3. Corporate Attributes

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

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

—

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

As described above, at its meeting held on March 31, 2026, the Board of Directors resolved that, if the tender offer for the Company's shares by KJ005 Co., Ltd., the Tender Offeror, is commenced, the Company will express its support for the Tender Offer, while leaving the decision as to whether to tender shares in the Tender Offer to the judgment of each shareholder. This resolution of the Board of Directors was adopted on the premise that the Tender Offeror intends to privatize the Company through a series of transactions involving the Company's shares, including the Tender Offer, and that the Company's shares are expected to be delisted

Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Oversight in Management

6. Organizational Composition and Operation

Corporate Governance System	Company with an Audit & Supervisory Committee

[Board Directors]

Number of Board Directors Stipulated in Articles of Incorporation	14
Board Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Board Director
Election of Outside Board Directors	8 Elected
Number of Outside Board Directors	4
Number of Independent Board Directors	4

Outside Board Directors' Relationship with Taiyo Holdings (1) Update

Name	Attributes	Relationship with Taiyo Holdings*										
		a	b	c	d	e	f	g	h	i	j	k
Keiko Tsuchiya	From another company											
Seiichiro Matsumura	From another company											
Ikumi Sato	Attorney-at-law											
Misae Maruyama	Certified Public Accountant											

*Categories for "Relationship with Taiyo Holdings."
*Use "○" when the Board Director presently falls or has recently fallen under the category and "△" when the Board Director fell under the category in the past.
*Use "●" when a close relative of the Board Director presently falls or has recently fallen under the category and "▲" when a close relative of the Board Director fell under the category in the past.

a. Person who executes business of Taiyo Holdings or a subsidiary
b. Person who executes business or a Non-Executive Board Director of the parent company of Taiyo Holdings

c. Person who executes business of a fellow subsidiary of Taiyo Holdings
d. Person/entity for which Taiyo Holdings is a major client or a person who executes business for such person/entity
e. Major client of Taiyo Holdings or a person who executes business for such client
f. Consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to Board Director/Audit & Supervisory Committee Member compensation from Taiyo Holdings
g. Major shareholder of Taiyo Holdings (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h. Person who executes business for a client of Taiyo Holdings (excluding persons categorized as any of d, e, or f above) (applies to self only)
i. Person who executes business for another company holding cross-directorships with Taiyo Holdings (applies to self only)
j. Person who executes business for an entity receiving contributions from Taiyo Holdings (applies to self only)
k. Other

Outside Board Directors' Relationship with Taiyo Holdings (2) Update

Name	Audit & Supervisory Committee Member	Designation as Independent Board Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Keiko Tsuchiya		✓	There is no applicable relationship that should be stated in the table under "Outside Board Directors' Relationship with Taiyo Holdings (1)" above.	Keiko Tsuchiya possesses extensive expertise in the fields of human resources and talent development gained through her experience serving in roles such as the chief officer overseeing these fields mainly at global companies. She was elected as an Outside Board Director with Taiyo Holdings' expectation that she will use her experience and expertise to provide beneficial advice and observations regarding Group management, including its human resource division and the strengthening of its human resources, and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Keiko Tsuchiya and general shareholders will arise, she has been designated as an independent Officer.
Seiichiro Matsumura		✓	There is no applicable relationship that should be stated in the table under "Outside Board Directors' Relationship with Taiyo Holdings (1)" above.	Seiichiro Matsumura possesses extensive management experience gained through more than 20 years of service at companies operating in the global healthcare and medical-related sectors. He was elected as an Outside Board Director with Taiyo Holdings' expectation that he will leverage this experience to provide beneficial advice and observations regarding Group management from a global perspective and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Seiichiro Matsumura and general shareholders will arise, he has been designated as an independent Officer.

Ikumi Sato	✓	✓	There is no applicable relationship that should be stated in the table under "Outside Board Directors' Relationship with Taiyo Holdings (1)" above.	Ikumi Sato possesses a wealth of specialized knowledge and experience regarding areas such as corporate legal affairs, IT, intellectual property rights and overseas legal affairs from serving as an attorney-at-law. She was elected as an Outside Board Director who is an Audit & Supervisory Committee Member with Taiyo Holdings' expectation that she will be able to appropriately carry out her duties in that capacity. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Ikumi Sato and general shareholders will arise, she has been designated as an independent Officer.
Misae Maruyama	✓	✓	There is no applicable relationship that should be stated in the table under "Outside Board Directors' Relationship with Taiyo Holdings (1)" above.	Misae Maruyama possesses a wealth of expertise and experience as a Certified Public Accountant as well as wide-reaching insight based on her experience serving in a series of outside auditor posts at other companies. She was elected as an Outside Board Director with Taiyo Holdings' expectation that she will use her experience and track record to supervise management from an independent and impartial position, thereby strengthening the supervisory function of the Board of Directors. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Misae Maruyama and general shareholders will arise, she has been designated as an independent Officer.

[Audit & Supervisory Committee]

Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	All Members	Full-time Members	Inside Board Directors	Outside Board Directors	Committee Chair (Chairperson)
Audit & Supervisory Committee	3	1	1	2	Inside Board Director

Board Directors and Employees Who Should Assist with the Duties of the Audit & Supervisory Committee	Yes

Independence of Such Board Directors and Employees from Executive Board Directors

Taiyo Holdings has a structure to enhance the effectiveness of audits and to ensure the smooth performance of the duties of the Audit & Supervisory Committee by assigning full-time staff who assist the Audit & Supervisory Committee with the duties. Audit & Supervisory Committee staff do not receive directions and orders from Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) and other employees, etc. with respect to the duties of the Audit & Supervisory Committee.

Status of Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

In addition to receiving audit results and information on audits provided by the accounting auditors, the Audit & Supervisory Committee holds meetings to proactively exchange opinions and information as necessary. Regarding cooperation with the internal audit department, the Audit & Supervisory Committee regularly receives audit reports as well as exchanges information as necessary.

[Voluntary Committees]

Establishment of Voluntary Committee(s) equivalent to Nomination Committee or Compensation Committee	Yes

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

	Committee's Name	All Members	Full-time Members	Inside Board Directors	Outside Board Director	Outside Experts	Other	Committee Chair (Chairperson)
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Other
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Other

Supplementary Explanation Update

Taiyo Holdings has established a Nomination and Compensation Committee as an advisory body to the Board of Directors and the Audit & Supervisory Committee for the purpose of ensuring the rationality, objectivity, transparency and fairness of the nomination and compensation of Board Directors and other officers. Independent Outside Board Directors have been appointed as members of the Nomination and Compensation Committee. The Chairperson is scheduled to be selected from among the Outside Board Directors at the first meeting of the Nomination and Compensation Committee.

[Composition of the Nomination and Compensation Committee]

Hitoshi Saito (Internal Board Director), Keiko Tsuchiya (Independent Outside Board Director), Seiichiro Matsumura (Independent Outside Board Director)

[Items for Consideration]

＜Nomination＞

・ Selection of the Chairperson of the Nomination and Compensation Committee
・ Composition of Board Directors for the next fiscal year
・ Succession plan, etc.

<Compensation>

・Compensation design for Executive Directors and the Senior Executive Vice President
・Method for calculating performance-linked compensation for Executive Directors
・Calculation of compensation for Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) in accordance with the policy for determining Board Director compensation
・ Review of trends regarding executive compensation
・ Benchmark analysis of Board Directors' compensation, etc.

[Matters Concerning Independent Board Directors and Independent Audit & Supervisory Committee Members]

Number of Independent Board Directors and Independent Audit & Supervisory Committee Members	4

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

Taiyo Holdings elects independent Outside Board Directors based on its criteria for judging independence in addition to the criteria for independence set forth by the Tokyo Stock Exchange.

[Incentives]

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

Supplementary Explanation for Applicable Items

To accompany the transition to a company with an Audit & Supervisory Committee, at its 78th General Shareholders Meeting held on June 15, 2024, Taiyo Holdings was granted approval for Board Directors' compensation consisting of paying performance-linked cash compensation as well as restricted stock compensation and performance-linked stock compensation as stock compensation systems to Board Directors (limited to Executive Board Directors (mentioned in each provision of Article 363, Paragraph 1 of the Companies Act; same applies hereafter)) in addition to aggregate base salaries paid to Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members).

(1) Restricted stock compensation (Long-term incentive)
Payment of monetary claims according to position as consideration for execution of duties for 1 year and granting of restricted stock compensation for 10 years (up to 300 million yen per fiscal year, with the total number of common shares issued or disposed of by the Company limited to 160,000 shares per fiscal year).

(2) Performance-linked stock compensation (Medium-term incentive)
Profit before income taxes × (1 - most recent three fiscal years' average effective tax rate) - most recent three fiscal years' average profit margin attributable to non-controlling shareholders) ×3.4%
Cash is granted as paid-in funds for restricted stock with a three-year transfer restriction period within the amount (maximum amount) calculated using the above formula (with the total number of common shares issued or disposed of by the Company limited to 400,000 shares per fiscal year).

(3) Performance-linked cash compensation (Short-term incentive)
Profit before income taxes × (1 - most recent three fiscal years' average effective tax rate - most recent three fiscal years' average profit margin attributable to non-controlling shareholders) ×1.6%
Cash is granted within the amount (maximum amount) calculated using the above formula.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

—

[Board Directors' Compensation]

Status of Disclosure (of Individual Board Directors' Compensation)	Disclosure for Selected Board Directors

Supplementary Explanation for Applicable Items

Taiyo Holdings discloses the name, Officer category and amount of compensation of Officers whose aggregate compensation, etc. is 100 million yen or more. Officers who fall under the above in the fiscal year ended March 31, 2025 are provided below.

Name: Hitoshi Saito

Officer Category: President and CEO

Basic Compensation: 42 million yen

Performance-Linked Cash Compensation: 41 million yen

Performance-Linked Stock Compensation: 220 million yen

Restricted Stock Compensation: 42 million yen

Policy on Determining Compensation Amounts and the Calculation Methods Thereof Update	Yes

Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof

The calculation methods for aggregate base salaries paid to Board Directors and those for performance-linked cash compensation, restricted stock compensation and performance-linked stock compensation paid to Executive Board Directors, as well as the timing of payment, distribution, etc. thereof, are determined by the Board of Directors within the scope approved at the General Shareholders Meeting. Upon said determination, the Nomination and Compensation Committee (Compensation Advisory Committee prior to the transition to a company with an Audit & Supervisory Committee), whose majority is comprised of independent Outside Board Directors, performs an objective comparative verification of compensation levels using Officer compensation survey data by external research agencies, examines compensation policies and levels and, after doing so, reports them to the Board of Directors, which renders a decision while respecting that report. Note that the only compensation for Board Directors other than Executive Board Directors is aggregate base salaries.

In line with the transition to a company with an Audit & Supervisory Committee, Taiyo Holdings determined the policy regarding the determination of the details of compensation etc. for each individual Board Director anew at the Board of Directors meeting held on June 15, 2024 following a report by the Nomination and Compensation Committee. Subsequently, at the Board of Directors meeting held on May 14, 2026, Taiyo Holdings resolved to partially revise the policy regarding the determination of the details of compensation, etc. for each individual Board Director for the 81st fiscal year (fiscal year ending March 31, 2027) and thereafter. Additionally, Taiyo Holdings has also introduced and applied the same system of performance-linked cash compensation, restricted stock compensation and performance-linked stock compensation paid to Executive Board Directors to Senior Corporate Executive Officers. A summary of the foregoing is provided below.

- The purpose of the Board Director's compensation systems of Taiyo Holdings is to grant incentives that facilitate the sustained enhancement of the Group's corporate value to Executive Board Directors as well as to pursue a further sharing of value between Executive Board Directors and shareholders.
- By establishing short-, medium- and long-term incentive plans, Taiyo Holdings is able to provide motivation to Executive Board Directors to enhance its medium- to long-term corporate value as well as facilitate the acquisition and retention of capable top management talent. Issuing shares to Executive Board Directors through its stock compensation system helps Taiyo Holdings foster those Board Directors' awareness as shareholders.
- Regarding percentages of the amount of individual-specific compensation, etc. under each category of compensation, etc., Taiyo Holdings' policy on determining payment percentages is to keep aggregate base salaries, which are paid in fixed amounts and do not fluctuate in value, at relatively low levels and boost the ratio of compensation linked to performance and stock price, and to design payment percentages so that the majority is comprised of stock-based compensation, whose value (stock) price fluctuates in conjunction with performance, particularly over the long term.
- Regarding stock-based compensation, Taiyo Holdings' policy is to pay restricted stock compensation on a steady basis as a long-term incentive. It does so by granting a number of shares based on a fixed amount according to position. While performance-linked stock compensation are occasionally zero due to performance, they are designed to be granted in greater number than the number of shares granted as restricted stock compensation as performance grows. Additionally, Taiyo Holdings' policy on determining payment percentages dictates that as position rises, so does the ratio of stock-based compensation.

(Type and Summary of Each Compensation)

(1) Aggregate base salaries
Fixed monthly compensation paid in cash

(2) Performance-linked cash compensation (Short-term incentive)
Compensation calculated using an amount obtained after factoring the average "effective tax rate" and average "rate of net income attributable to non-controlling interests" over the most recent three fiscal years into "profit before income taxes" for each fiscal year (substantially, an amount equivalent to net income attributable to owners of the parent) as a metric is paid in cash in an amount calculated for each recipient according to his or her position and months of service during the fiscal year

(3) Performance-linked stock compensation (Medium-term incentive)

(4) Compensation calculated using an amount obtained after factoring the average "effective tax rate" and average "rate of net income attributable to non-controlling interests" over the most recent three fiscal years into "profit before income taxes" for each fiscal year (substantially, an amount equivalent to net income attributable to owners of the parent) as a metric is paid as funds for the acquisition of common shares of Taiyo Holdings in an amount calculated for each recipient according to his or her position and months of service during the fiscal year Restricted stock compensation (Long-term incentive)
Configured according to position as consideration for the performance of duties over the period subject to payment and paid in the form of monetary compensation claims received as an investment in kind premised on agreement, etc. that they will be used to acquire common shares of Taiyo Holdings in accordance with the allocation of said shares

The stock compensation systems are comprised of two types: A restricted stock compensation system and a performance-linked stock compensation system. With a) through f) below as conditions under both systems, common shares newly issued or disposed of by Taiyo Holdings are allocated to payment recipients using the method of specified restricted stock allocation for the restricted stock compensation system and the method of third-party allocation for the performance-linked stock compensation system. Note that payment recipients who are eligible for the restricted stock compensation system are persons in the qualified position at the time that common shares are allocated under the restricted stock compensation system, and that payment recipients who are eligible for the performance-linked stock compensation system are persons in the qualified position during the period between the day of the General Shareholders Meeting concerning the fiscal year two years prior to the one in which common shares were allocated under the performance-linked stock compensation system and the day prior to the day of the General Shareholders Meeting concerning the previous fiscal year.

(Allocation conditions)

a) The maximum number of common shares newly issued or disposed of by Taiyo Holdings under the restricted stock compensation system (hereinafter, "maximum number of restricted shares issued") shall be 160,000 shares per fiscal year.

b) The maximum aggregate number of common shares newly issued or disposed of by Taiyo Holdings under the performance - linked stock compensation system (hereinafter, "maximum number of performance-linked restricted shares issued") shall be 400,000 shares per fiscal year.

c) The aggregate number of common shares newly issued or disposed of by Taiyo Holdings under both the restricted stock compensation system and the performance-linked stock compensation system for a given fiscal year shall be less than 5,680,000 shares when combined with the common shares held by all payment recipients (limited to individuals who are an Executive Board Director of Taiyo Holdings at the time of receipt) who have received such common shares (hereinafter, "maximum number of shares held by eligible individuals").

d) The maximum number of restricted shares issued (as in a) above), the maximum number of performance -linked shares issued (as in b) above), and the maximum number of shares held by eligible individuals (as in c) above) may be adjusted to a reasonable extent, as necessary, in accordance with the split ratio, consolidation ratio, etc. if a stock split or reverse stock split of Taiyo Holdings' common stock occurs or if any other unavoidable event arises that requires adjustment of the respective maximum numbers.

e) When determining the number of shares allocated under each stock compensation system, the number of common shares allocated under the restricted stock compensation system shall be given priority.

f) The amount paid in per common share of Taiyo Holdings allocated under the stock compensation system shall be the closing price of Taiyo Holdings' common shares on the Tokyo Stock Exchange on the business day prior to the date of each Board of Directors meeting to determine details of offerings related to the common shares issued or disposed of in principle (if no trades were executed on that day, the closing price on the most recent day on which the stock was traded). The Board of Directors will determine an amount that does not afford the payment recipients receiving the common shares a special advantage.

In the event of misconduct, illegal acts or similar circumstances, performance-linked cash compensation, performance-linked stock compensation and restricted stock compensation paid to eligible recipients may be subject to reduction or forfeiture (malus), and repayment may be required (clawback) (such repayment claims shall apply to compensation paid on or after July 2026).

[Support System for Outside Board Directors]

Upon the holding of the Board of Directors meeting, Board of Directors Secretariat staff distribute associated materials three days prior to the holding of meetings as a general rule to allow for adequate scrutiny in advance, as well as to arrange the schedules and communicate information and other efforts. Additionally, for Board Directors who are Audit & Supervisory Committee Members, full-time staff who assist with duties aid in the activities of those Board Directors.

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

At Taiyo Holdings' 78th General Shareholders Meeting held on June 15, 2024, a partial amendment of the Articles of Incorporation to include the transition to a company with an Audit & Supervisory Committee was resolved. Through this resolution, Taiyo Holdings made the transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee on the same date. Board Directors who are Audit & Supervisory Committee Members have voting rights at meetings of the Board of Directors. This makes it possible to reinforce the supervisory function of the Board, and holds the promise of evaluation and advisory functions. Additionally, pursuant to the provisions of the Articles of Incorporation, all or part of the decision of important business execution may be delegated by the Board of Directors to the Board of Directors through a resolution of the Board. With the role of the Board to become centered on the supervision of business execution, swifter and more agile decision-making through the separation of supervision and execution and other effects can be expected. Taiyo Holdings will leverage such characteristics of a company with an Audit & Supervisory Committee to help further enhance its corporate governance system.

<Board of Directors> The Board of Directors of Taiyo Holdings consists of five Board Directors who are not Audit & Supervisory Committee Members (including two independent Outside Board Directors), and three Board Directors who are Audit & Supervisory Committee Members (including two independent Outside Directors), all of whom are elected at the General Shareholders' Meeting. The Board of Directors deliberates and resolves all important matters as well as supervises the execution of business by the Representative Directors. In addition, 37% of the Board of Directors (three out of eight Board Directors) are women.
<Audit & Supervisory Committee> Taiyo Holdings' Audit & Supervisory Committee is made up of three Board Directors who are Audit & Supervisory Committee Members (out of which two are independent Outside Board Directors). It audits and supervises decision-making by the Board of Directors and business execution by Board Directors in accordance with audit plans.
<Nomination and Compensation Committee> In addition to the above statutory organs, Taiyo Holdings has established a voluntary Nomination and Compensation Committee as an advisory organ for the Board of Directors and the Audit & Supervisory Committee. The Nomination and Compensation Committee of Taiyo Holdings is comprised of two independent Outside Board Directors and one Internal Board Director and deliberates and reports on the matters consulted.
<Board of Executive Officers> Taiyo Holdings has established a Board of Executive Officers made up of Executive Directors, Senior Corporate Executive Officers and Executive Officers to help invigorate the Board of Directors and expedite its business execution. The Board's Senior Corporate Executive Officers (female) and fourteen Executive Officers (twelve males; two females) are granted the authority to make decisions to a reasonable extent for business execution purposes. Taiyo Holdings believes that they are capable of making swift decisions to address changes in the environment.

8. Reasons for Adoption of Current Corporate Governance System Update

Taiyo Holdings transitioned to a company with an Audit & Supervisory Committee structure in 2024 to enhance the effectiveness of corporate governance. This transition aims to achieve a clear separation between supervision and execution by further strengthening the Board of Directors' monitoring function to enhance its deliberations, strengthen its independence, and improve its responsiveness to environmental changes through the prompt decision-making of Executive Directors. The Board of Directors appoints independent Outside Board Directors with extensive experience and insight to supervise management's business execution while ensuring objectivity and fairness, thereby aiming to further enhance the soundness and transparency of management. The Nomination and Compensation Committee has been established to ensure the rationality, objectivity, transparency, and fairness of nominations and remuneration of officers, and independent Outside Board Directors are appointed as members of the committee.

II. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders' Meetings and Facilitate Exercise of Voting Rights Update

	Supplementary Explanation
Early Posting of Notice of the General Shareholders' Meeting	Notices of the Convocation of the General Shareholders' Meeting are sent out no later than approx. three weeks prior to the meeting date.
Scheduling of the General Shareholders' Meeting During Non-Peak Days	Taiyo Holdings holds General Shareholders' Meetings on non-peak days.
Electronic Exercise of Voting Rights	Taiyo Holdings enables the exercise of voting rights over the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Taiyo Holdings participates in a platform for institutional investors to exercise voting rights electronically that is operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders' Meeting in English	Taiyo Holdings publishes English translations of its Notices of Convocation of General Shareholders' Meeting and accompanying reference materials in a narrow sense on its website. https://www.taiyo-hd.co.jp/jp/investor/share.html
Other details	Taiyo Holdings holds briefings for individual investors.

2. Status of IR-related Activities Update

	Supplementary Explanation	Explanation by a President and CEO or a representative Executive Officer
Regular Investor Briefings held for Individual Investors	Taiyo Holdings holds one financial results and company briefing for individual investors per year (for the full fiscal year).	Yes
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds two financial results briefings for analysts and institutional investors per year (for the full fiscal year and for the second quarter) during which the President/CEO and CFO conduct explanations and question-and-answer sessions on business results, etc.	Yes
Online Disclosure of IR Information	Taiyo Holdings publishes financial results summaries, financial results briefing materials, integrated reports and various other reports, materials used at the financial results briefings, medium-term business plans, etc. This information is published on the "Investor Relations" page of Taiyo Holdings' website (https://www.taiyo-hd.co.jp/en/investor.html).	
Establishment of Department (Placement of a Manager in Charge) of IR	Taiyo Holdings has designated the director in charge of corporate planning and the CFO (Chief Financial Officer) as the management team responsible for overseeing dialogue with shareholders and institutional investors, and has established a Corporate Planning Office.	

3. Status of Measures to Ensure Due Respect for Stakeholders Update

	Supplementary Explanation
Establishment of Internal Rules, etc. Stipulating Respect for the Position of Stakeholders	Taiyo Holdings has formulated a CSR philosophy and a code of conduct for realizing that philosophy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	With a view to realizing its "Beyond Imagination 2030" long-term management plan, in order to facilitate the group-wide promotion of sustainability, Taiyo Holdings established a Sustainability Promotion Committee chaired by the President and CEO in November 2022 through which it formulates policies and targets pertaining to human capital and climate change and monitors their progress. For these initiatives, every year, an Integrated Report is prepared and made publicly available on Taiyo Holdings' website.
Other details	Taiyo Holdings establishes childcare leave periods, work periods with shortened work hours for childcare purposes, numbers of nursing care leave days, etc. that exceed legally-stipulated numbers of days from the standpoints of the promotion of female empowerment and a work-life balance. Information on the status of initiatives for sustainability is publicly available on the "Sustainability" page of Taiyo Holdings' website (

III. Matters Concerning the Internal Control System, Etc.

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

Taiyo Holdings' basic policy on the establishment of internal control systems is provided below.

1. System for ensuring that the performance of duties by Board Directors and employees conforms with laws, ordinances, and Taiyo Holdings' Articles of Incorporation
   (1) A "CSR Philosophy" and "Code of Conduct" will be established and Board Director and employee awareness thereof will be enforced.
   (2) The scope of duties and powers of Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) and employees as well as procedures for final approval will be clarified in the "Board of Directors Regulations," "Regulations of Segregation of Duties," "Responsibilities and Authorities Table" and "Regulations on Internal Memos for Approval," and a structure in which mutual controls function will be promoted.

(3) An internal audit department independent from the execution department will be established to report the results of audits by the former at meetings of the Board of Directors and Audit & Supervisory Committee and make reports to the accounting auditor as well if necessary.
(4) A whistleblowing system will be operated with internal personnel and outside attorneys as the points of contact for receiving information.
(5) Qualified candidates at the general manager level or above with knowledge of legal affairs and ethics will be elected as "Compliance Officers." An Ethics Committee made up of Board Directors and employees will be established to examine significant issues from an ethical and legal compliance standpoint. Employees will be elected to serve as personnel in charge of ethics and promote associated activities.
(6) The Compliance Officer will make regular reports on the status of ethics and legal compliance to the Board of Directors.

2. atters on the storage and management of information pertaining to execution of duties by Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members)

Information pertaining to the execution of duties by Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) will be recorded in documents or electromagnetic media and stored in accordance with the "Document Management Regulations." Board Directors may view these documents at any time.

(1) Regulations on management of loss risk and other systemsOne Board Director (excluding Board Directors who are Audit & Supervisory Committee Members) will be elected as the Board Director in Charge of Risk Management.
(2) Risk in standard business will be evaluated and responded to by the department in charge of that business in accordance with the "Risk Management Regulations." Additionally, a Risk Management Committee will be formed as necessary to laterally managed risk across the entire Group and help reduce and prevent risk.
(3) When emergency situations occur, prompt reporting, information-sharing and countermeasures will be examined, formulated and implemented in accordance with "the Risk Management Regulations" and "Escalation Flow." Additionally, an Emergency Response Headquarters will be established as necessary to help minimize damage (losses) under the command of said headquarters.

3. System for ensuring that the duties of Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) are being performed efficiently

(1) Meetings of the Board of Directors will be held once a month in principle (with meetings to be integrated with that for the prior or following month in some cases). If necessary, extraordinary meetings of the Board of Directors will be held to flexibly make decisions on important matters.
(2) Responsibilities and execution procedures pertaining to business execution will be prescribed in the "Organization Regulations," "Regulations on Segregation of Duties" and "Responsibilities and Authorities Table."
(3) Single-year management plans and medium- to long-term management plans will be formulated, and missions and short-, medium- and long-term challenges to address for each organization will be established.

4. System for ensuring appropriateness of duties in corporate group made up of Company and its subsidiaries

(1) Persons to be in charge of each main subsidiary will be selected from Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) to administer management guidance.
(2) Meetings of a Board of Executive Directors consisting of Executive Officers of Taiyo Holdings and subsidiary representatives will be held at least four times a year as a general rule to examine cross-company issues of the corporate group.
(3) Regarding the management of subsidiaries, Taiyo Holdings shall render final approval and a report shall be made to Taiyo Holdings in accordance with the "Subsidiary Management Regulations" and "Subsidiary Authority Table" while respecting subsidiary autonomy. Subsidiary management shall be administered based on this.
(4) The internal audit department, accounting and finance department, Board Directors who are Audit & Supervisory Committee Members and accounting auditors will perform visiting audits of subsidiaries if necessary.
(5) In order to ensure that the execution of duties by Board Directors, etc. and employees of subsidiaries conforms with laws, ordinances and Taiyo Holdings' Articles of Incorporation, a "CSR Philosophy" that applies to all Group companies will be set forth, and a code of conduct based on that "CSR Philosophy" will be set forth at each Group company.

5. Matters on employees who should assist Audit & Supervisory Committee in cases where the Committee requests assignment of said employees and matters on independence of said employees from Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members)

(1) When the Audit & Supervisory Committee requests the assignment of employees to assist with the duties of Board Directors who are Audit & Supervisory Committee Members, the employees of Taiyo Holdings will be assigned as staffs of Board Directors who are Audit & Supervisory Committee Members. The staffs will provide dedicated assistance under the command and control of Board Directors who are Audit & Supervisory Committee Members.
(2) Personnel evaluations for full-time staff of Board Directors who are Audit & Supervisory Committee Members shall require the agreement of Board Directors who are Audit & Supervisory Committee Members.

6. System for Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) and employees to make reports to Audit & Supervisory Committee and other systems for making reports to the Committee

(1) In addition to legally-stipulated matters, when they discover that violations of laws, ordinances or Taiyo Holdings' Articles of Incorporation are present or that matters that affect the business results of Taiyo Holdings and/or its subsidiaries are present, Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) will report them to Board Directors who are Audit & Supervisory Committee Members in each case.

(2) When they discover that facts that run the risk of significantly damaging Taiyo Holdings and/or its subsidiaries or that violations of laws, ordinances or Taiyo Holdings' Articles of Incorporation are present, employees may directly report them to Board Directors who are Audit & Supervisory Committee Members. Note that the secrecy of the name, etc. of reporters will be strictly guarded and that the disadvantageous treatment of reporters attributed to their reporting of the foregoing is prohibited.

7. Other systems for ensuring that audits by Audit & Supervisory Committee are effectively conducted

(1) In addition to attending meetings of the Board of Directors, meetings of the Board of Executive Officers and other key meetings, Board Directors who are Audit & Supervisory Committee Members will review important documents pertaining to business execution and, if necessary, ask Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members) and/or employees to explain them.

(2) Board Directors who are Audit & Supervisory Committee Members will perform audits while mutually cooperating with the accounting auditor. This includes exchanging opinions on audit plans and results.

(3) An internal audit department independent from execution departments has been established. This department maintains close cooperation with Board Directors who are Audit & Supervisory Committee Members, including reporting the results of internal audits to Board Directors who are Audit & Supervisory Committee Members and discussing the results with them.

(4) Taiyo Holdings will post a budget every year for expenses that arise in the execution of duties by Board Directors who are Audit & Supervisory Committee Members and will also disburse a reasonable amount for audit expenses that suddenly arise.

8. System for ensuring reliability of financial reporting

To ensure the reliability of financial reporting, an internal controls system pertaining to financial reporting will be established and operated. Ongoing evaluations of whether that system is properly functioning as well as necessary corrections will be conducted. Through this, the effective and appropriate submission of internal controls reports based on the Financial Instruments Exchange Act will be conducted.

2. Basic Views on Elimination of Anti-social Forces and Status of Development

Taiyo Holdings does not respond whatsoever to illegal or unjust demands of anti-social forces that run the risk of obstructing social order or sound corporate activities. Should Taiyo Holdings be issued unjust demands from such a group or individual, it will respond firmly as an organization while cooperating with the police and other related institutions.

IV. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None

Supplementary Explanation for Applicable Items

——

2. Other Matters Concerning the Corporate Governance System, Etc.

Summary of timely disclosure system

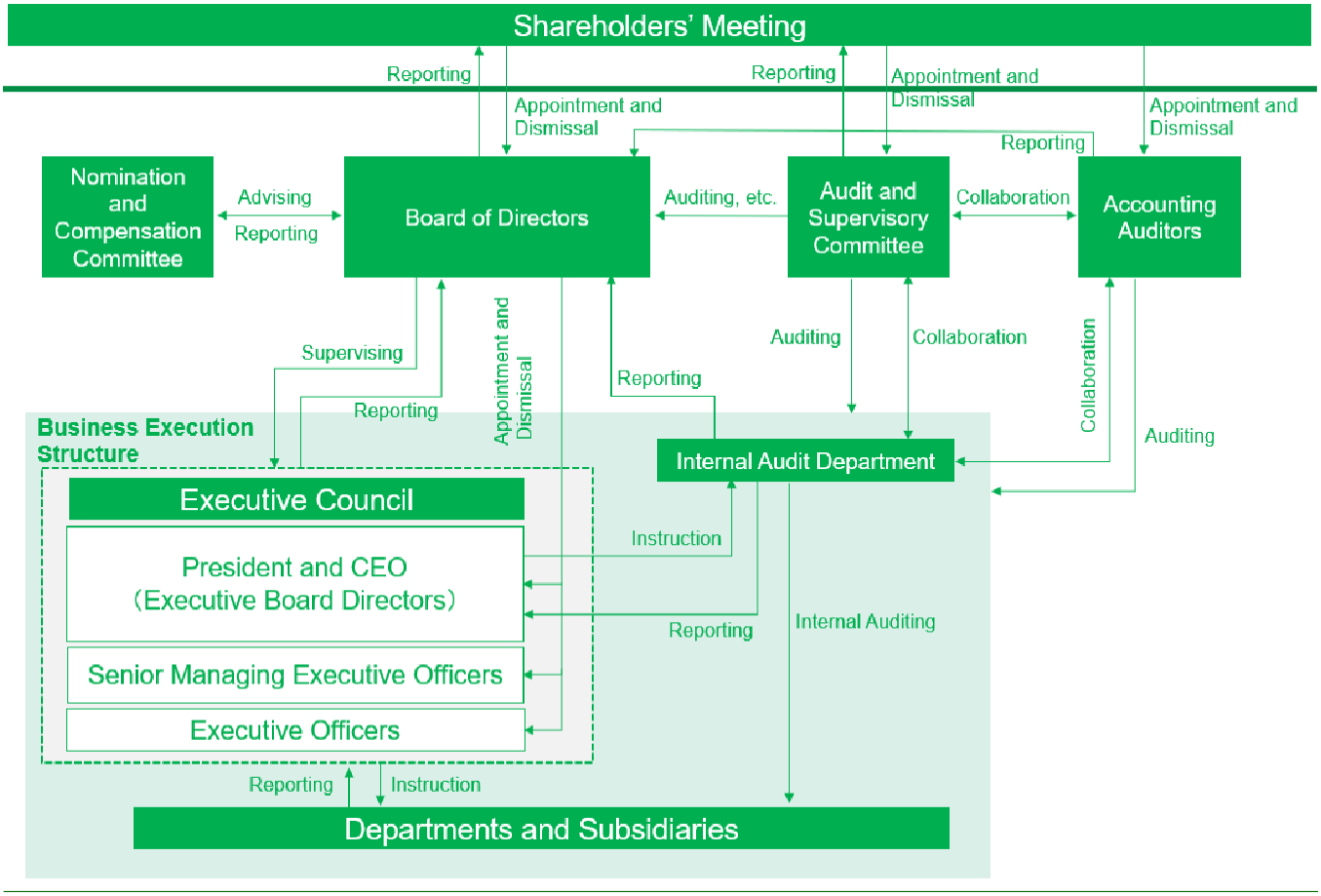
The state of Taiyo Holdings' internal system pertaining to the timely disclosure of corporate information is provided below.

1. While Taiyo Holdings has not established a specialized department for the disclosure of information, its general affairs department liaises with the Tokyo Stock Exchange under the supervision of the information handling supervisor. Also, in addition to fielding inquiries on disclosed information from investors, etc., the information handling supervisor, Corporate Planning Department and general affairs department publish materials for disclosure on Taiyo Holdings' website. Note that the general affairs department sufficiently manages such information so that it is not in a viewable state on Taiyo Holdings' website prior to the official schedule time of public release and so important facts that have yet to be publicly released to parties other than those related to the disclosure duties in question do not leak.

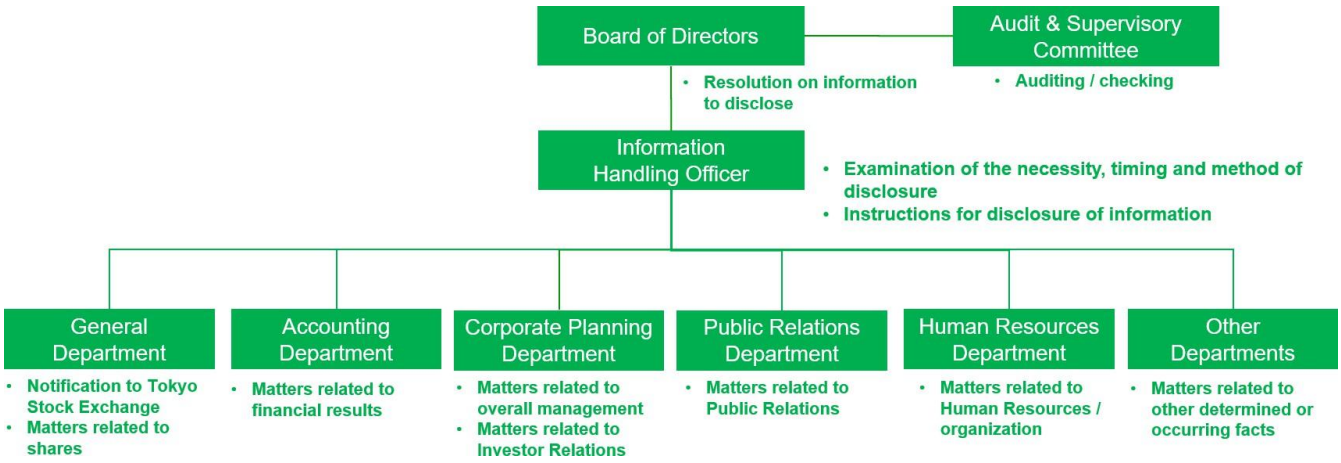
2. The policy of Taiyo Holdings upon the determination of important facts that concern it is to examine whether or not disclosure is necessary in accordance with timely disclosure systems set forth under the law as well as by the Tokyo Stock Exchange, the timing and method of public release, and so forth with respect to the matters in question, after which it promptly discloses those matters following an associated resolution by the Board of Directors.

3. Taiyo Holdings, in accordance with its "Internal Information Management Regulations," regulates the management of information regarding important facts that concern itself, its subsidiaries or other companies that its Officers, employees or Company-related persons obtained with respect to their duties as well as the sale, purchase or other transactions of shares, etc. by its Officers and employees, and endeavors to prevent insider trading, etc. before it occurs through internal notifications that call attention to the sale and purchase of Company shares in a timely manner.

Corporate Governance Framework (Flow Diagram)



Timely Disclosure System (Flow Diagram)



Skills Matrix

Name	Current positions responsibilities and titles at the Company *1		Current position and post of responsibility in the Company *2						
			Corporate Management/ Business Strategy	Global	Production Quality/ Research and Development	ESG/ Sustainability	Human Resource Management/ Diversity	Finance and Accounting/ M&A	Legal Affairs/Risk Management
Hitoshi Saito	President and CEO		✓	✓	✓	✓			
Shoji Minegishi	Board Director	New	✓	✓	✓				
Terumichi Tawara	Board Director	New	✓	✓			✓		
Keiko Tsuchiya	Outside Board Director	Independent		✓		✓	✓		
Seiichiro Muramatsu	Outside Board Director	New Independent	✓	✓	✓				
Noriaki Shimamura	Board Director (Audit & Supervisory Committee Member)			✓	✓				✓
Ikumi Sato	Outside Board Director (Audit & Supervisory Committee Member)	Independent				✓	✓		✓
Misae Maruyama	Outside Board Director (Audit & Supervisory Committee Member)	New Independent					✓	✓	✓

***1 Independent** : The Company has submitted notification to Tokyo Stock Exchange, Inc. that the below independent Officers are designated as such as provided for by the exchange.

***2 Corporate Management / Business Strategy** : Assumes management experience, Board Director's experience, business strategy, etc.

Global : Assumes success and experience in developing business with a global mindset.

Production Quality / Research and Development : Assumes knowledge and experience in related industries and/or businesses.

ESG / Sustainability : Also means the environment, social contribution activities, regional revitalization activities and sustainable business activities.

Human Resource Management / Diversity : Assumes initiatives, etc. pertaining to the development, training and utilization of self-sufficient human resources to accommodate an utilization of self-sufficient human resources to accommodate an increasingly diverse society and organizations as well as management and increasingly diverse society and organizations as well as management and diversity (women's empowerment activities, etc.)

Finance and Accounting / M&A : Assumes experience and expertise in finance & accounting and strategic M&A.

Legal Affairs / Risk Management : Assumes experience and expertise in corporate legal affairs and legal risk management.