Last Update: June 26, 2026

F.C.C. CO., LTD.
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Securities code: 7296
https://www.fcc-net.co.jp/

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

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

1. Basic Views

Based on its corporate philosophy, the Company endeavors to enhance its corporate governance as one of the top management issues, aiming to build trust of its stakeholders, including shareholders, customers, employees, and local communities, conduct an agile and decisive decision-making in a fair and transparent way and pursue its continuous growth and an increase in corporate value over the medium- to long-term.

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

[Supplementary Principle 2-4-1] Ensuring Diversity in the Promotion of Core Personnel

The Company recognizes that creating an environment where diverse human resources can fully utilize their abilities is a critical foundation for supporting business growth and strengthening our competitiveness. We have prioritized increasing the proportion of women in management positions and are working to build an organization where diverse human resources can thrive through measures such as supporting women's career development, providing training, and promoting flexible working arrangements. We have set a target to have at least 5% of management positions held by women by FY2031; the actual figure for FY2026 was 2.5%. We have not yet set voluntary, measurable targets for the promotion of foreign nationals and mid-career hires to management positions. However, as we move forward with realizing the human resources strategy linked to the transformation of our business portfolio under our 13th Medium-Term Management Plan, we will clarify the human resource requirements and the direction of our initiatives in alignment with our management strategies, and explore ways to further strengthen our human capital.

In our human resource development policy, we position the development of human resources who will lead business transformation and growth as an important management issue. We are expanding opportunities for level-specific and specialized education as well as for acquiring knowledge and skills, including those in the digital domain, and are working to create an environment that supports self-directed learning. In addition, we are working to build systems that enable employees to grow autonomously through career development support and job rotation. In our internal environment improvement policy, we promote the creation of an environment where every employee can fully utilize their abilities. We have been conducting an engagement survey for all employees since FY2024, using eNPS as a key KPI to identify and address organizational issues.

[Supplementary Principle 3-1-3] Initiatives to Address Issues Surrounding Sustainability

The Group extracts sustainability-related risks and opportunities when formulating its Medium-Term Management Plan, identifies materiality (important risks and opportunities), and works to realize a sustainable society and enhance corporate value. In our 13th Medium-Term Management Plan, we have established materiality areas aimed at "solving society's problems through business" and those aimed at building the "business foundation that supports our activities." We have defined our vision and KPIs for each materiality by FY2031 and are actively promoting initiatives to achieve them. The largest risks in both the external and internal environments include an anticipated structural decline in sales for our core clutch business due to stricter regulations on internal combustion vehicles and shifts in market values caused by climate change. In addition, there are risks associated with delays in responding to electrification and automation technological innovations, as well as risks in the social and economic environment. However, we recognize that EV/CASE-related fields and the environment and energy fields, which are key to achieving carbon neutrality, represent significant business opportunities for our Group. We are addressing these opportunities by promoting technological development, strengthening human resource development, and leveraging digital technologies. We plan to continue these initiatives as part of our 13th Medium-Term Management Plan (five-year plan), with FY2027 as the first year of this plan.

We have positioned the strengthening of human capital at the core of our management strategies to achieve sustainable growth. In our 13th Medium-Term Management Plan, we are working to transform our business portfolio and enhance competitiveness by promoting recruitment, development, and placement in an integrated manner to support business growth. We are also striving to improve job satisfaction and ease of work for diverse human resources, thereby strengthening the organizational foundation that underpins sustainable growth. In addition, we are promoting the securing, development, and placement of human resources in an integrated manner to support both the growth and transformation areas of our business. However, we have not yet reached the stage where we can provide specific details regarding investments in human capital and intellectual property, among other matters, in a manner that fully aligns with our management strategies and issues. Going forward, we will pursue initiatives to enable clear and specific disclosure of information, taking into account alignment with our management strategies.

We are addressing climate change by identifying and responding to the risks and opportunities associated with it, working towards realizing a sustainable society and enhancing corporate value. We are working to enhance our disclosures in accordance with the framework of "Governance," "Strategy," "Risk Management," and "Indicators and Targets," as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). We also conduct scenario analyses by referencing external scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). Our targets for greenhouse gas (GHG) emissions are a 50% reduction by FY2031 compared to FY2014 and achieving carbon neutrality (net-zero emissions) by 2050.

Disclosure Based on each Principle of the Corporate Governance Code Update

The Company has established Corporate Governance Guidelines concerning its basic views and policies on corporate governance, which are disclosed on the Company's website. Please also refer to the following websites for other disclosure materials, such as financial results, briefing materials, and materials related to general meetings of shareholders.

IR information URL: https://www.fcc-net.co.jp/en/ir/

Sustainability URL：https://www.fcc-net.co.jp/en/sustainability/

[Principle 1-4] Policy on cross-shareholdings, evaluation of suitability of shareholdings, and exercise of voting rights with respect to cross-shareholdings

Please refer to Article 5 of the Corporate Governance Guidelines, “Policy on Cross-Shareholdings.”

[Principle 1-7] Transactions Between Related Parties

Please refer to Article 6 of the Corporate Governance Guidelines, “Conflict-of-Interest Transactions.”

[Principle 2-6] Functioning as Asset Owner of Corporate Pension Funds

Given that the management of corporate pension funds affects employees’ stable asset building and the Company’s financial position, the Company conducts appropriate monitoring, including periodic confirmation of the investment policy, investment system, and investment performance of the asset management institution of a corporate pension fund.

[Principle 3-1]

(1) Management philosophy, management strategies, and business plans

Corporate Philosophy: Please refer to Article 1 of the Corporate Governance Guidelines, “Basic Views on Corporate Governance” <Corporate Philosophy>.

Management strategies and business plans: The Company has established a medium-term management plan, which is published at events such as financial results briefings.

(2) Basic views and policies on corporate governance

Please refer to the Corporate Governance Guidelines.

(3) Policies and procedures for determining remuneration for officers

Please refer to Article 11 of the Corporate Governance Guidelines, “Policy on Determining Remuneration for Officers.”

(4) Policies and procedures for the appointment and dismissal of Directors

Please refer to Article 10 of the Corporate Governance Guidelines, “Policy on Appointment and Dismissal of Directors.”

(5) Explanation of individual Director nominations

Please refer to the “Notice of Ordinary General Meeting of Shareholders.”

[Supplementary Principle 4-1-1] Matters determined by the Board of Directors and Scope of Delegation to Management

Please refer to Article 8 of the Corporate Governance Guidelines, “Roles and Responsibilities of the Board of Directors.”

[Principle 4-9] Independence Standards for Outside Officers

Please refer to Article 9 of the Corporate Governance Guidelines, “Composition of the Board of Directors.”

[Supplementary Principle 4-10-1] Independence, Authority, and Roles of the Nomination Committee and Remuneration Committee

The majority of the Nomination and Remuneration Advisory Committee consists of independent Outside Directors.

Please refer to Article 8 of the Corporate Governance Guidelines, “Roles and Responsibilities of the Board of Directors.”

[Supplementary Principle 4-11-1] View on the Balance Between Knowledge, Experience and Capabilities of the Members of the Board of Directors as a Whole, and Diversity, and Size

Please refer to Article 9 of the Corporate Governance Guidelines, “Composition of the Board of Directors.”

Please refer to the “Notice of Ordinary General Meeting of Shareholders” for the Skill Matrix.

[Supplementary Principle 4-11-2] Directors’ Concurrent Positions as an Officer at Other Listed Companies

Please refer to the “Notice of Ordinary General Meeting of Shareholders.”

[Supplementary Principle 4-11-3] Evaluating the Effectiveness of the Board of Directors

The Company conducts self-evaluation and analysis of the effectiveness of the Board of Directors to enhance its function and ultimately increase corporate value. The self-evaluation and analysis were conducted using the following methods, with advice from external organizations. In April 2026, a questionnaire was conducted for the constituent members of the Board of Directors, i.e. all Directors (including Directors who are Audit and Supervisory Committee Members), and the results were analyzed and evaluated by Outside Directors (who are Audit and Supervisory Committee Members). Evaluation items included “Composition of the Board of Directors,” “Operations of the Board of Directors,” “Management Strategies/Plans,” and “Internal Controls/Risk Management.” A summary of the results of the questionnaire is provided below. The questionnaire responses showed that each evaluation item is generally viewed as appropriate (average score of 3.7 out of 5.0 across all items), confirming that the Company’s Board of Directors is generally functioning effectively. The selection and concentration of new businesses, which was identified as an issue in the previous evaluation, has shown some signs of improvement, as evidenced by more active discussions through progress reports on the Medium-Term Management Plan and the plan’s formulation process. On the other hand, there remains room for improvement in discussions regarding management strategies and plans, particularly concerning strategic themes such as human resources, sustainability, and the selection and concentration of new businesses. Considering these opinions, we will ensure opportunities for strategic discussions outside the Board of Directors aimed at enriching discussions on strategic themes, thereby enhancing the effectiveness of discussions within the Board of Directors. At the same time, we will work to enhance effectiveness by ensuring sufficient time for review in advance through the early distribution of materials, as well as by expanding training opportunities through the utilization of external expertise and the introduction of online training, among other measures. Based on the evaluation results, we will steadily implement necessary initiatives to maximize the function of the Board of Directors.

[Supplementary Principle 4-14-2] Policy on Training for Directors

Please refer to Article 13 of the Corporate Governance Guidelines, “Training for Directors.”

[Principle 5-1] Policy on Constructive Dialog with Shareholders

Please refer to Article 3 of the Corporate Governance Guidelines, “Constructive Dialog With Shareholders.”

[State of dialog with shareholders]

(1) Principal persons who engaged in dialog with shareholders

Financial results briefings are held twice a year, with explanations provided by the Representative Director, President and Executive Officer, the Head of Management and Administration, and others. Meetings with analysts and institutional investors are handled by the Corporate Planning Department of the Corporate Planning Division throughout the year.

(2) Summary of shareholders who engaged in dialog

Domestic and foreign institutional investors

(3) Main topics of dialog and shareholder interests

Changes in the environment surrounding the automotive industry, performance and progress of core and new businesses and their future outlook, and progress and future outlook of financial strategy including shareholder returns and capital policy

(4) State of feedback to management and the Board of Directors of shareholder opinions and concerns identified through dialog

Shareholder opinions are fed back to the Board of Directors.

(5) Matters incorporated as a result of dialog

Enhanced disclosure of cash allocation and other content in the Medium-Term Management Plan and financial results briefing materials. Further enhancement of shareholder returns.

Medium-Term Management Plan URL: https://www.fcc-net.co.jp/en/ir/mid-term/

Financial results briefing materials URL: https://www.fcc-net.co.jp/en/ir/library_detail.php?type=4

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

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	May 13, 2026

Explanation of Actions Update

Under the business policy of “Creating new value for the future,” outlined in the Group’s 13th Medium-Term Management Plan, with FY2027 as the first year of this plan, we strive to enhance corporate value sustainably by expanding our evolving mobility-related businesses and resolving social issues through our business.

Furthermore, in the materials for the 13th Medium-Term Management Plan published on May 13, 2026, we outlined “Measures to realize management that takes into consideration the cost of capital and stock price,” “Cash allocation: Five-year plan,” and “Shareholder returns target.”

URL: https://www.fcc-net.co.jp/en/ir/mid-term/

2. Capital Structure

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

Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	10,881,288	22.47

The Master Trust Bank of Japan, Ltd. (Trust Account)	4,688,000	9.68
Y.A Co., Ltd.	2,556,240	5.28
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefits Trust Account)	2,203,600	4.55
Custody Bank of Japan, Ltd. (Trust Account)	1,281,500	2.65
STATE STREET BANK AND TRUST COMPANY 505223	1,205,037	2.49
F.C.C. Supplier Stock Ownership Association	888,934	1.84
Ei Yamamoto	800,968	1.65
DFA INTL SMALL CAP VALUE PORTFOLIO	519,945	1.07
STATE STREET BANK AND TRUST COMPANY 505001	512,043	1.06

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

Supplementary Explanation **Update**

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
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	¥100 billion or more and less than ¥1 trillion
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

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance **Update**

Disclosure of Information on Minority Shareholder Protection and Group Management

(1) Views and policies on group management at other affiliated companies, etc.

Honda Motor Co., Ltd. falls under the category of an other affiliated company and owns 22.49% of the Company's voting rights. In addition, the Honda Motor Group accounts for approximately 36% of the Group's revenue. While maintaining a capital relationship with the Company, Honda Motor Co., Ltd. has a policy of respecting the independence of the Company's management, giving due consideration to the support of an effective governance structure that effectively utilizes our independent Outside Directors and the interests of minority shareholders such as by setting trading conditions based on the principle of competition.

(2) Views and measures, etc. necessary from the perspective of protecting minority shareholders with respect to ensuring independence from other affiliated companies, etc.

The Company continues to have a stable relationship with Honda Motor Co., Ltd. in terms of capital and business relations. However, in terms of business activities, decisions are made based on the Company's independent business judgment, by the Company's Board of Directors [ten Directors (including five independent Outside Directors, none of whom are dispatched from Honda Motor Co., Ltd.)]. Thus, the Company ensures a degree of independence from Honda Motor Co., Ltd., and gives due consideration to the interests of minority shareholders. Also, regarding the approach to determining sales prices to Honda Motor Co., Ltd., prices are negotiated and determined based on economic rationality and estimates taking into account factors such as market prices and the Company's production technology.

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 Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) **Update**

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

Kunihiro Koshizuka	From another company											
Kazunori Kobayashi	From another company											
Mayumi Yamamoto	CPA											
Tae Kawashima	Lawyer											
Kazutoshi Shibayama	CPA, Licensed Tax Accountant											

*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 of the Company or a subsidiary
b. Person who executes business or a non-executive director of a parent company
c. Person who executes business of a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
e. Major client of the Company 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 director/Audit and Supervisory Board Member compensation from the Company
g. Major shareholder of the Company (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 the Company (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/cross-auditorships with the Company (applies to self only)
j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
k. Other

Outside Directors’ Relationship with the Company (2) **Update**

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kunihiro Koshizuka		○	———	Kunihiro Koshizuka was elected as an Outside Director in the light of his extensive experience and knowledge of technological strategy, new business creation, and digital and scientific technology at corporate management. No conflict of interest of any personal, financial, or commercial nature exists between the Company and him. When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company’s ordinary

				shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like. In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.
Kazunori Kobayashi		○	―――	Kazunori Kobayashi was elected as an Outside Director in the light of his extensive experience and knowledge related to sales, business planning, and new business creation at corporate management. No conflict of interest of any personal, financial, or commercial nature exists between the Company and him. When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company’s ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like. In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are

				registered with the said stock exchange as such.
Mayumi Yamamoto	○	○	———	Mayumi Yamamoto was elected as an Outside Director in the light of her specialized expertise and extensive experience of corporate finance and accounting affairs acquired as a Certified Public Accountant. No conflict of interest of any personal, financial, or commercial nature exists between the Company and her. When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like. In accordance with the requirements of the Tokyo Stock Exchange, she is designated as independent officers and are registered with the said stock exchange as such.
Tae Kawashima	○	○	———	Tae Kawashima was elected as an Outside Director in the light of her specialized expertise and extensive experience of corporate legal affairs acquired as a lawyer. No conflict of interest of any personal, financial, or commercial nature exists between the

				Company and her. When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like. In accordance with the requirements of the Tokyo Stock Exchange, she is designated as independent officers and are registered with the said stock exchange as such.
Kazutoshi Shibayama	○	○	———	Kazutoshi Shibayama was elected as an Outside Director in the light of his specialized expertise and extensive experience of corporate finance and accounting affairs acquired as a Certified Public Accountant and tax accountant. No conflict of interest of any personal, financial, or commercial nature exists between the Company and him. When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments

				exchanges, and the like. In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory Committee. The Audit and Supervisory Committee shall have responsibility for the Internal Audit Division, and the appointment, dismissal, personnel change, and revision of wages of employees in the Internal Audit Division shall be determined by the Board of Directors upon consent of the Audit and Supervisory Committee. The Company shall not have Directors who assist the Audit and Supervisory Committee in its duties.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

In accordance with auditing policies, plans and division of responsibility established by the Audit and Supervisory Committee, each Audit and Supervisory Committee Member participates in meetings of the Board of Directors and other important meetings, and audits and oversees the execution of duties of the Directors and the development and operation of the Company’s internal control system by examining the status of operations and assets of the Company.
The Audit and Supervisory Committee shall exchange opinions with Representative Director, Directors and Accounting Auditor regularly or whenever necessary.The Audit and Supervisory Committee shall conduct audits effectively by cooperating closely with the Internal Audit Division.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to	Established

Nomination Committee or Remuneration Committee	

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	6	1	1	5	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	6	1	1	5	0	0	Inside Director

Supplementary Explanation **Update**

The Nomination and Remuneration Advisory Committee has been established to strengthen the independence and objectivity of the Board of Directors' functions pertaining to the nomination and remuneration of Directors, etc. and the accountability of the Board of Directors and to enhance its corporate governance. The Nomination and Remuneration Advisory Committee comprises six Directors, of whom five are Outside Directors and the Representative Director, President and Executive Officer serves as its chairperson, and deliberates and reports on findings pertaining to the nomination and remuneration of Directors, etc. In FY2026, the committee convened six meetings to deliberate on the composition of the Board of Directors, a review of remuneration for officers, and other matters.

Matters Concerning Independent Directors

Number of Independent Directors	5

Other Matters Concerning Independent Directors

The company designates all outside officers who meet the qualifications of independent officers as independent officers.

Incentives

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

Supplementary Explanation for Applicable Items

Please refer to "Director Remuneration".

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

The total amount is disclosed in the annual securities report, etc.

Policy on Determining Remuneration Amounts and Calculation Methods **Update**	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods

Policy regarding the determination of details of remuneration, etc. for individual Directors is as follows.

1. The Company's remuneration system for Directors is linked to business performance and shareholder benefit so that it can function as a sound and appropriate incentive for sustainable growth. The Company's basic policy on remuneration for individual Directors is to pay reasonable levels based on factors such as work responsibilities. Remuneration for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) comprises basic remuneration, remuneration based on individual assessment, performance-based bonus, and share-based remuneration. Remuneration for Outside Directors and Directors who are Audit and Supervisory Committee Members comprises only basic remuneration considering the duties involved in their roles.

2. Basic remuneration is a fixed monthly remuneration paid in cash that is based on position, and includes a Director's allowance reflecting their responsibilities as a Director, as well as a Representative's allowance reflecting their responsibilities as a Representative Director. The levels are determined comprehensively taking into account factors including position, work responsibilities, and levels at other companies.

3. Remuneration based on individual assessment is cash remuneration based on factors such as a qualitative assessment of the individual Director's contribution to business performance, which is paid at a fixed time each year. Performance-based bonus is cash remuneration that reflects key performance indicators (KPI) aimed at enhancing awareness regarding improving business performance each business year. An amount calculated in accordance with consolidated revenue, consolidated operating profit and consolidated ROE for each business year is paid as bonus at a fixed time each year. Furthermore, if there are any factors that require special consideration, they will be deliberated at the Nomination and Remuneration Advisory Committee.

4. Share-based remuneration is the granting of common shares subject to transfer restrictions (“restricted shares”) until the time of retirement at a fixed time each year with the purpose of promoting shared value with shareholders.

5. Ratio of remuneration

This is considered by the Nomination and Remuneration Advisory Committee using remuneration levels, etc. at companies of a similar size and that belong in the same sector and business category as the Company as benchmarks. The target ratio of different types of remuneration, etc. for Directors responsible for business execution (excluding Directors who are Audit and Supervisory Committee Members) is as follows. Composition ratio for Director, President and Executive Officer; Director, Senior Managing Executive Officer; and Director, Managing Executive Officer (target at standard times for performance)

Basic remuneration : remuneration based on individual assessment : performance-based bonus : share-based remuneration = 60 : 10 : 10 : 20

Composition ratio for Director, Senior Executive Officer and Director, Executive Officer (target at standard times for performance)

Basic remuneration : remuneration based on individual assessment : performance-based bonus : share-based remuneration = 70 : 10 : 10 : 10

6. Regarding items related to remuneration for officers, remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided by resolution of the Board of Directors within the scope of the maximum amount approved by the General Meeting of Shareholders after receiving recommendations from the Nomination and Remuneration Advisory Committee, of which Outside Directors form a majority, to ensure appropriateness and the objectivity and transparency of the decision-making process. Remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among Directors who are Audit and Supervisory Committee Members within the scope of the maximum amount approved by the General Meeting of Shareholders. The determination of the specific amount of remuneration for individual Directors has been entrusted to the Representative Director, President and Executive Officer by resolution of the Board of Directors, and the Representative Director, President and Executive Officer makes these decisions based on recommendations from the Nomination and Remuneration Advisory Committee.

Support System for Outside Directors

The company provides board minutes and other relevant information to outside directors in a timely manner.

The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory Committee.

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

The Board of Directors comprises ten Directors, of whom five are Outside Directors, and Representative Director serves as its chairperson. In addition to making decisions on matters prescribed by laws and regulations and execution of important operations, the Board of Directors oversees the execution of duties of the Directors.

The Audit and Supervisory Committee is composed of four Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors, and the Audit and Supervisory Committee Member (full time) serves as its chairperson. In accordance with auditing policies, plans and division of responsibility established by the Audit and Supervisory Committee, each Audit and Supervisory Committee Member participates in meetings of the Board of Directors and other important meetings, and audits and oversees the execution of duties of the Directors and the development and operation of the Company's internal control system by examining the status of operations and assets of the Company.

As for the Accounting Auditor, the Company has concluded an audit contract with Yasumori Audit Corporation to undergo accounting audits in compliance with the Companies Act and Financial Instruments and Exchange Act. In addition, the Nomination and Remuneration Advisory Committee comprises six Directors, of whom five are Outside Directors and the Representative Director, President and Executive Officer serves as its chairperson, and deliberates and reports on findings pertaining to the nomination and remuneration of Directors, etc.

In FY2026, the Company convened nine meetings of the Board of Directors, 12 meetings of the Audit and Supervisory Committee and six meetings of the Nomination and Remuneration Advisory Committee.

In accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company has concluded agreements limiting the extent of any liability for statutory compensation as stipulated in Article 423, paragraph 1 of the said Act with the Outside Directors and the Directors who are Audit and Supervisory Committee Members. The limits on compensation stipulated in these agreements are the minimum amounts prescribed in Article 425, paragraph 1 of the said Act.

3. Reasons for Adoption of Current Corporate Governance System

With the aim of strengthening the oversight function of the Board of Directors, improving the transparency and soundness of management and accelerating decision-making, the Company has adopted an institutional design of a company with an Audit and Supervisory Committee. The Company has a Board of Directors to oversee the execution of duties of the Directors. The Board of Directors comprises Directors who are well versed in the operations of the Company and Outside Directors with an objective, broad-ranging and in-depth perspective. The Nomination and Remuneration Advisory Committee has been established to strengthen the independence and objectivity of the Board of Directors' functions pertaining to the nomination and remuneration of Directors, etc. and the accountability of the Board of Directors. In light of its business contents and scale, the Company considers

its current corporate structure as appropriate.

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 notice of the general meeting of shareholders is sent earlier than the statutory deadline. In addition, prior to send, it is posted on our website and submitted to the Tokyo Stock Exchange as public documents.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The ordinary general meeting of shareholders is held early in consideration of the administrative schedule.
Electronic Exercise of Voting Rights	It is possible to exercise voting rights via the Internet using PC 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	The Company participates in the electronic voting platform for institutional investors operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company has prepared a notice of general meeting of shareholders in English and posted it on the Company's website. In addition, it has been submitted to the Tokyo Stock Exchange as public documents.
Other	A video recording of a part of the proceedings at the General Shareholder Meeting is published on the Company's website at a later date.

2. Status of IR-related Activities Update

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	It is announced on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings are held twice a year at the end of the fiscal year and the end of the second quarter, and the Representative Director, President and Executive Officer gives explanations.	Available
Online Disclosure of IR Information	The Company posts statutory disclosure materials, timely disclosure materials, and other IR materials on the Company's website.	

Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Planning Department of the Corporate Planning Division

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The basic policy of the Group's corporate philosophy is "F.C.C. Co., LTD. is committed to making a contribution to society by supplying products and services that make the best of ideas and technology to satisfy customers in every way," and The Company shall establish a charter of corporate conduct that is shared by the entire Group and implement it thoroughly.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group considers its impact on the environment, society, and the economy and is implementing various initiatives as part of its long-term corporate strategy to fulfill its social responsibility and resolve social issues.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have created a sustainability report and posted it on our website. In addition, we plan to publish an Integrated Report in FY2027 that will comprehensively disclose both financial and non-financial information. Through such initiatives, we aim to promote a better understanding of our long-term value creation process, while striving to enhance the disclosure of information to our stakeholders and improve transparency.

IV. Matters Concerning the Internal Control System

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

Basic policy regarding the internal control system

The Company resolved the following basic policy regarding the systems to ensure the proper execution of operations prescribed in the Companies Act at a meeting of the Board of Directors.

· System to ensure that the execution of duties by Directors and employees of the Company and Group companies complies with laws and regulations and the Articles of Incorporation

The Company shall establish a charter of corporate conduct that is shared by the entire Group and implement it thoroughly to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation and earns the trust of society.

Apart from appointing the Compliance Officer, who is in control of compliance, the Company shall establish an internal reporting system to promote compliance.

· System for storing and managing information on the execution of duties by the Company's Directors

The Company shall establish the information management policy and various regulations, and appropriately store and manage information regarding the execution of duties by the Directors.

· Regulations and other systems for managing risk of losses of the Company and Group companies

The Company shall appoint a Risk Management Officer, who is in control of risk management, identify risk in the Group's

business activities and develop a system for the appropriate management of the identified risk.
The Company's Board of Directors shall evaluate the management risk of important matters for the entire Group and determine the response.
・System to ensure the efficient execution of duties by Directors of the Company and Group companies
A meeting of the Board of Directors of the Company shall be held once or more in three months and on an extraordinary basis whenever necessary to take decisions on legally required matters and important operations, and oversee the execution of duties by the Directors.
The Company shall expedite and increase the efficiency of the management decision-making process using meetings such as management meetings and the executive officer system.
The Company shall draw up a medium-term management plan and annual business plan to manage the progress of operations and promote the effective use of management resources of the entire Group.
The Company shall establish segregation of duties, reporting lines, and other organizational standards in the regulations for executing duties, etc.
・System for reporting from Group companies to the Company and other systems to ensure the proper execution of operations within the corporate group comprising the Company and Group companies
The Company shall establish the charter of corporate conduct, group policies, group guidelines and various regulations with the aim of properly managing Group companies in accordance with their scale of business and significance, etc.
The Company shall oblige Group companies to report to it on a regular basis and develop a system for having them report specified important matters promptly.
The Internal Audit Division of the Company shall audit the Company and Group companies regularly or whenever necessary.
・Matters concerning Directors and employees who assist the Audit and Supervisory Committee of the Company in its duties
The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory Committee. The Audit and Supervisory Committee shall have responsibility for the Internal Audit Division, and the appointment, dismissal, personnel change, and revision of wages of employees in the Internal Audit Division shall be determined by the Board of Directors upon consent of the Audit and Supervisory Committee. The Company shall not have Directors who assist the Audit and Supervisory Committee in its duties.
・System for reporting to the Audit and Supervisory Committee of the Company
Audit and Supervisory Committee Members shall attend meetings of the Board of Directors and other important meetings, and be allowed to request Directors and employees of the Company and Group companies to report to them whenever necessary.
Upon receiving a request from the Audit and Supervisory Committee for a report, the Director or employee shall report to it promptly and appropriately.
The Company shall establish an internal reporting system to ensure an appropriate system for reporting to the Audit and Supervisory Committee.
The Company shall develop a system to prohibit unfavorable treatment of a reporting party in its operation rules for the internal reporting system.
・Matters regarding the policy for handling expenses and debts incurred for executing duties by the Audit and Supervisory Committee Members of the Company
If the Audit and Supervisory Committee requests payment of expenses needed for executing its duties, the Company shall pay

such expenses promptly.

The Audit and Supervisory Committee shall factor expenses deemed necessary for executing its duties into the budget in advance. Provided, however, that the Audit and Supervisory Committee shall be allowed to request reimbursement of emergency or extraordinary expenses after the fact.

・Other systems to ensure audits by the Audit and Supervisory Committee of the Company are conducted effectively

The Audit and Supervisory Committee shall exchange opinions with Representative Director, Directors and Accounting Auditor regularly or whenever necessary.

The Audit and Supervisory Committee shall conduct audits effectively by cooperating closely with the Internal Audit Division.

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

The Company recognizes that taking a resolute stance against antisocial forces is an extremely important issue from the perspective of corporate social responsibility.

The Company has taken appropriate measures to prevent damage caused by antisocial forces through the operation of its internal control system and will continue to strengthen its internal system and cooperation with external specialized organizations.

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

・The Company has established its Disclosure Policy. The basic policy of disclosure and the method of information disclosure are as follows:

Basic policy of disclosure

In addition to disclosing information to shareholders and investors in accordance with the Companies Act, the Financial Instruments and Exchange Act, and the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, the Company strives to promptly provide information that it judges may be effective in helping understand the Company, in a transparent, fair and ongoing manner.

Method of information disclosure

Information subject to the Timely Disclosure Rules is disclosed through the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange in accordance with those rules. Publicly disclosed information will be posted promptly on the Company’s website.

・Information on financial results, decisions, and facts which occurred

The Company discloses information on financial results, decisions, and facts which occurred as determined by the Board of

Directors. The Audit and Supervisory Committee and the Internal Audit Division conduct monitoring as appropriate.

