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Corporate Governance Report

Last Update: November 10, 2026

Tsubakimoto Kogyo Co., Ltd.

Representative Director & President Masashi Koda

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Securities Code: 8052

https://www.tsubaki.co.jp/ ja/ir/

The Corporate Governance of Tsubakimoto Kogyo Co., Ltd. is as follows.

I. Basic views on Corporate Governance, capital structure, corporate attributes, and other key information

1. Basic views

Tsubakimoto Kogyo Co., Ltd. (hereinafter, the "Company") believes that the key elements of Corporate Governance for the Company and its group companies (hereinafter, the "Group") are the appropriate and prompt decision-making by the Board of Directors on corporate management, the reliable development of business based on such decision-making, and the maintenance of compliance in the process of such decision-making and business execution.

[Reasons for non-compliance with the principles of the Corporate Governance Code] Updated

The Company has implemented all the principles of the Corporate Governance Code.
[The information is disclosed on Japan's Corporate Governance Code: Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term (June 11, 2021).]

[Disclosure based on each principle of the Corporate Governance Code] Updated

[The information is disclosed on Japan's Corporate Governance Code: Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term (June 11, 2021).]

[Principle 1-4 Cross-shareholdings]
Due to the nature of the Company's business and the form it takes, it is essential for us to build especially close and equal relationships with stakeholders such as our important customers, suppliers, financial institutions, and other interested parties. As one of the means to achieve this, the Company holds shares for investment purposes. The purpose of this holding is related to business alliances, and to maintain and strengthen transactions with the companies whose shares we hold. For our customers, it forms a foothold for our product proposals and product adoption, and for our suppliers, it is a part of strengthening cooperative relationships. These are all for the purpose of continuing relationships with the companies whose shares we hold from a long-term perspective. Therefore, the Company's policy is to hold these shares when it judges that it is necessary and possible to build relationships of trust with the companies whose shares we hold and that there is economic rationality in transactions with such companies. However, if the significance of these purposes diminishes considerably or they disappear altogether due to changes in the environment surrounding the Company, the Company will dispose of such shares. In such cases, the Company may dispose of the shares in a planned and periodic manner to avoid a significant impact on the market. In addition, the Board of Directors deliberates on the necessity of additional purchase and disposal for each individual issue after consideration by the Director in charge.

(Criteria for exercise of voting rights)
Regarding the exercise of voting rights attached to the cross-shareholdings held by the Company, when indicating approval or disapproval on the voting form, the Financial & Accounting Division, which is responsible for managing these shares, first reviews the following:
1 Whether there are any issues with the management or financial condition of the company whose shares we hold
2 The level of risk and expected return
After the review, the Director in charge of finance and accounting approves and returns the voting form.

[Principle 1-7 Related party transactions]
In the event that the Company makes a transaction with Directors, major shareholders, or the like (transactions with related parties), the Company has established internal procedures enabling submission of proposals to the Board of Directors in advance, depending on the significance and nature of the transaction, ensuring that the interests of the company and its shareholders are not harmed, and preventing any such concerns from arising.
In particular, Tsubakimoto Chain Co. and its group companies are important suppliers to the Group. Tsubakimoto Chain Co. is a related party that is also the Company's largest shareholder, and products of the Tsubakimoto Chain Co. Group are central to the development of our Group's business strategies. The Group continuously promotes cooperation and collaboration not only in terms of sales but also in terms of developing products and improving the efficiency of mutual business processes.
These transactions have undergone the same price negotiation and pricing processes as those with other suppliers, and the Company has established business procedures to ensure that the shared interests of the Company and its shareholders are not harmed. Therefore, prices and other transaction conditions are determined in light of market prices, as with transactions in general.
Regarding the above, please refer to "Information on related parties" in the Annual Securities Report.

[Supplementary Principle 2-4-1 Disclosure of policies and implementation status for ensuring workforce diversity]
1 Policy on ensuring diversity, voluntary and measurable goals, and their status
(1) Promotion of women to management positions

First, in order to increase the number of future candidates for management positions, the Company actively recruits women. In addition, there are currently only one woman Director, one woman Executive Officer, and three woman managers, but through internal job rotations and other measures, we are working to increase the number of women managers by assigning women to workplaces where they can continue working comfortably and supporting their career development.

(2) Promotion of foreign nationals to management positions
We consider promotion of foreign nationals to management positions essential in a globalized business environment. Currently, the Company employs seven foreign nationals. Two of them serve as the heads of overseas affiliates. The Company will continue to expand such promotions to management, both in Japan and abroad.

(3) Promotion of mid-career hires to management positions
It is difficult to respond to rapidly changing markets through internal talent alone, making the skills and expertise of external talent essential. The Company implements mid-career hiring year-round, and at present, mid-career hires make up about 10% of the section-chief class. Additionally, the Company will continue focusing on hiring outside human resources and promoting them to management positions.

2 Human resources development policy, internal environment improvement policy for ensuring diversity, and their implementation status
(1) Human resources development policy
As a general trading company dealing in machinery and technology, in order to bring new value to industrial customers, the Group's basic policy for human resource development is to promote autonomous growth through mutual learning among employees with different backgrounds, knowledge, and skills, and to assign personnel to positions that enable them to reach their full potential.

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

[Principle 2-6 Fulfillment of the function of corporate pension funds as asset owners
The Company's retirement benefit plan employs a point system based on factors such as employee qualifications and years of service. Approximately half of the total retirement payments are provided through a defined contribution (DC) pension plan starting from the date of hire, while the remaining portion is paid as a fixed lump-sum amount after provisions are set aside. Thus, the plan is a hybrid system. Therefore, the asset owners of the corporate pension plan are the individual employees, and the Company regularly provides pension investment education to each employee. For this education, investment managers and other staff from the Company's appointed trust banks are invited as instructors. During the sessions, the instructors provide detailed explanations of risk and return by asset class and investment horizon, thereby fostering an awareness among each employee of their role as asset owners. Furthermore, the Human Resources Department is responsible for the overall administration of each employee's pension investments, and personnel with appropriate qualities, such as department heads of the Human Resources Department, are assigned to the Secretariat.

[Principle 3-1 Enhanced disclosure of information]
The Company's disclosures for each item are as set out below.
1 The Company's objectives (management philosophy, etc.), management strategy, and management plan The Company discloses its management philosophy, strategies, and medium- to long-term financial indicators on its website, in its Annual Securities Report, and in other disclosure materials.

2 Fundamental approach to and basic policy on Corporate Governance based on the principles of the Corporate Governance Code The Company's fundamental approach to Corporate Governance is disclosed in its Corporate Governance Report (Tokyo Stock Exchange website), on the Company website, and in its Annual Securities Report and other disclosure materials.

3 Policies and procedures for the determination of remuneration for Senior Management and Directors by the Board of Directors The objectivity of remuneration, etc. is ensured and the amount of remuneration is commensurate with the roles and responsibilities of each officer. Based on these policies, the Company makes a distinction between Directors and Corporate Auditors in determining the remuneration, etc. of officers, and the annual remuneration limit is a matter for resolution by the General Meeting of Shareholders.
In addition, the amount of remuneration for Directors who concurrently serve as Executive Officers is not separated into the Director portion and the Executive Officer portion, but is treated solely as Director remuneration, and the amount of remuneration is limited.
Under this policy, remuneration for Directors excluding Outside Directors and Executive Officers who do not concurrently serve as Directors (hereinafter referred to as "Directors, etc.") consists of "basic remuneration," "performance-linked remuneration (short-term incentive remuneration)," and "share remuneration (medium- to long-term incentive remuneration)." The approximate ratios are 60% for basic remuneration, 30% for performance-linked remuneration, and 10% for share remuneration.
In addition, the amount of remuneration and other compensation for Directors and Executive Officers is determined by the Board of Directors based on reports from the voluntary Nomination & Remuneration Committee.
Levels of such remuneration are determined with reference to position, years of experience, performance, corporate performance, social standards, and employee standards.

4 Policies and procedures for the appointment and dismissal of Senior Management and the nomination of candidates for Directors and Corporate Auditors by the Board of Directors
(1) Appointment of Director candidates
To achieve appropriate decision-making and management oversight, the Company's Directors are appointed from both within and outside the Company, selected from among people who possess extensive experience, deep insight, and a high level of expertise. Specifically, Internal Directors are appointed from among the Chairman and President, who are responsible for the execution of business management, as well as executive officers in charge of company-wide management, and Outside Directors are appointed from among individuals who possess objective and professional perspectives based on extensive experience as corporate executives and deep insight into social and economic trends. After the Nomination & Remuneration Committee has deliberated on the candidates, the Board of Directors makes its decision taking into account the Committee's report.
The term of office for Directors is one year, and they are appointed or reappointed annually by resolution of the General Meeting of Shareholders.

(2) Appointment of candidates for Corporate Auditors
The Company appoints multiple Corporate Auditors in order to ensure the sound business development of the Company and enhance public trust through their audits. They are appointed with the consent of the Board of Corporate Auditors from among people, both internal and external, who possess extensive experience and a high level of expertise necessary for auditing. Specifically, Internal Corporate Auditors are appointed from among individuals with knowledge and experience in corporate management, finance, accounting, risk management, and other related fields, while Outside Corporate Auditors are appointed from among individuals with extensive knowledge and experience in various fields. Corporate Auditors are elected by resolution of the General Meeting of Shareholders.
In addition, to prepare for any vacancies among the Corporate Auditors, the Company appoints one alternate Corporate Auditor, who is

elected by resolution at each General Meeting of Shareholders.

(3) Appointment of Senior Management
The Company appoints Executive Officers, who are members of Senior Management, from among individuals who possess the necessary qualifications, abilities, and experience to take charge of business execution in their respective departments. Their appointment is decided by the Board of Directors after the Nomination & Remuneration Committee has deliberated on the candidates, taking into account the Committee's report.

(4) Dismissal of Directors and Senior Management
If a Director, Executive Officer, or any other member of the Company's Senior Management no longer meets the relevant selection criteria, such as where doubts arise regarding the abilities, qualities, experience, or values required for the position, the Company shall clarify the reasons for dismissal, consult the relevant Nomination & Remuneration Committee, take into account its report, and deliberate at a Board of Directors meeting. If the Board of Directors determines that there are valid grounds for dismissal of a Director, the Company shall submit a proposal for their dismissal to the General Meeting of Shareholders in accordance with laws and regulations, and the Director in question shall be dismissed upon adoption of the resolution. With respect to a member of Senior Management, a proposal shall be submitted to the Board of Directors, and their dismissal shall be determined by a Board resolution.

5 Explanation of each appointment, dismissal, and nomination made by the Board of Directors based on (4) above when appointing or dismissing members of Senior Management or nominating candidates for Directors or Corporate Auditors
When members of Senior Management are appointed or dismissed by resolution of the Board of Directors, the Company promptly discloses it as an IR release. Additionally, reasons for appointing, dismissing, or nominating individual candidates for Director or Corporate Auditor are disclosed in the reference materials accompanying notifications of the convening of General Meetings of Shareholders.

[Supplementary Principle 3-1-3 Disclosure of sustainability initiatives]
The Company publicly discloses important medium-term matters in the form of a Medium-Term Management Plan as part of the disclosure of its business strategy. In particular, regarding the Company's sustainability initiatives, to ensure sustained growth and enhance corporate value, the Company has established the Sustainability Promotion Committee, an advisory body to the Board of Corporate Management, to identify and assess how climate change-related risks and revenue opportunities may affect the Group. In the event that climate change risks such as transition risks and physical risks become material, the Sustainability Promotion Committee will discuss responses and compile key matters, which will then be reported and proposed to the Board of Directors through the Board of Corporate Management. Following approval, the Committee will receive supervision and direction. The Company discloses important matters concerning climate change in the Annual Securities Report in accordance with the TCFD framework.
(https://www.tsubaki.co.jp/ja/ir/library/securities/) These disclosures include the results of the Company's greenhouse gas emissions calculations and sets out reduction targets for SCOPE 1 direct emissions and SCOPE 2 indirect emissions aimed at achieving carbon neutrality.
In addition, regarding investment in human capital, intellectual property, and the like, as part of HR system reforms aimed at building an organization for the future, the Company is working to establish systems and environments that allow its employees to fully utilize their abilities.

[Supplementary Principle 4-1-1 Clarification of the scope of delegation to management and disclosure of an overview]
The Board of Directors in principle meets every month, deciding management policies and strategies and other important matters in accordance with laws, regulations, the Articles of Incorporation, and Board of Directors Rules. It is also a supervisory body for business execution.
The Executive Committee, which is the executive body of the Company's management, primarily discusses and makes decisions regarding the following matters under authority delegated by the Board of Directors.

(Major matters of discussion)
1. Matters concerning management policy
2. Matters concerning management strategy based on management policy
3. Formulation and compilation of the medium-term management plan, and cascading of such plan to each department along with evaluation of business performance
4. Establishment of annual targets, formulation and compilation of plans based on such targets, and cascading of such plans to each department along with evaluation of business performance
5. Monitoring and controlling the progress of each of the above items and providing forecasts as needed
6. Establishment, revision, or abolition of organizational and management systems

Among the above matters of discussion, those matters requiring a resolution of the Board of Directors will be submitted to the Board of Directors along with the opinion of the Executive Committee.

[Principle 4-9 Criteria for determining independence of Independent Outside Directors and their qualifications]
The Company currently has three Independent Outside Directors appointed to oversee management and provide advice from various perspectives. To be regarded as independent, an Independent Outside Director must not fall under any of the following categories and must be independent and neutral with respect to the Company's management.
1. An executive of the Company or any of its affiliates (the Group)
2. A party for which the Group is a major business partner, or an executive thereof
3. A major business partner of the Group, or an executive thereof
4. An executive of a company that is a major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total voting rights)
5. An executive of a company in which the Group is a major investor (a person who directly or indirectly holds 10% or more of the total voting rights)
6. A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from the Group in addition to remuneration for directors (and other officers)
7. A person who has fallen under item 1 above in the past ten years
8. A person who has fallen under any of items 2 to 6 above in the past year

In light of the above criteria, the Company has determined that there is no risk of conflict of interest between the Independent Outside Directors and general shareholders, and has notified the Tokyo Stock Exchange, Inc. that they qualify as Independent Officers as stipulated by the exchange.

[Supplementary Principle 4-10-1 Involvement and advice of a committee on nominations and remuneration]
The Company is a company with a Board of Corporate Auditors. Although Independent Outside Directors do not currently constitute a majority of the Board of Directors, the Company has established a voluntary Nomination & Remuneration Committee. The Committee

consists of two Independent Outside Directors and one of the Company's Representative Directors. The Committee chairperson is chosen from among the Independent Outside Directors by resolution of the Committee. In addition, the Committee has the authority to invite individuals other than its members to attend Committee meetings as necessary to seek their opinions or explanations and is responsible for deliberating on the nomination (including succession planning) and remuneration of directors and senior management, and for reporting to the Board of Directors. When considering particularly important matters such as nomination and remuneration, the Board of Directors ensures a high level of fairness and transparency by conducting deliberations based on the reports of the Committee, taking into account factors such as gender and other aspects of diversity, as well as skills.

[Supplementary Principle 4-11-1 Approach to the balance, diversity, and size of the Board of Directors as a whole]
To ensure that proposals submitted to the Board of Directors are deliberated fairly from various perspectives, the Company appoints its Internal Directors from among individuals in various departments who possess extensive experience and deep insight, as well as strong leadership and a high level of expertise. In addition, Outside Directors are appointed from among people who possess extensive experience and expertise in corporate management, have no particular conflicts of interest with the Company or the Company's Internal Directors, and are capable of providing an objective and professional perspective.
The skills matrix of Directors is disclosed in notifications of convening, the Corporate Governance Report, and other disclosure materials. (https://www.tsubaki.co.jp/ja/ir/library/)

[Supplementary Principle 4-11-2 Concurrent positions held by Directors and Corporate Auditors]
The concurrent position statuses of the Company's Directors and Corporate Auditors are disclosed annually in business reports, reference materials for General Meetings of Shareholders, Annual Securities Reports, and other disclosure materials. Their number is kept within a reasonable range.

[Supplementary Principle 4-11-3 Analysis and evaluation of the overall effectiveness of the Board of Directors]
The Company's Board of Directors conducts an annual in-house questionnaire survey for the Directors and Corporate Auditors to evaluate the overall effectiveness of the Board of Directors. The results are reported to and discussed by the Board of Directors, which then takes action for continuous improvement of expected functions by taking appropriate measures to address identified issues.
The summary of the evaluation results for fiscal 2025 is as follows.
The Company believes that the effectiveness of its Board of Directors is generally ensured, and that the composition and operating procedures of the Board of Directors, as well as the nature of its discussions, are generally appropriate. Moving forward, the Company will continue to work on improvements aimed at enhancing the effectiveness of the Board of Directors. This includes further strengthening the Board's deliberations to boost the efficiency and agility of business execution, as well as further enhancing the Board's oversight functions.

[Supplementary Principle 4-14-2 Disclosure of training policy for Directors and Corporate Auditors]
When they assume office, the Company requires its Directors and Corporate Auditors, including Outside Directors and Outside Corporate Auditors, to acquire the necessary knowledge regarding the Company's internal environment (including its business, finances, and organization) and the external environment surrounding the Company in order to fulfill the roles and legal responsibilities entrusted to them by the shareholders. Even after they take office, the Company provides ongoing training to ensure that this knowledge is continuously updated as needed. Part of this is having Directors and Corporate Auditors participate in external seminars, thereby enabling them to acquire and update the knowledge necessary for the company's business and financial operations on an ongoing basis.
In addition to making the above training available to Executive Officers, the Company also conducts educational programs in cooperation with external experts as needed to develop the next generation of management, with the aim of fostering a management mindset and leadership skills.

[Principle 5-1 Policy for constructive dialog with shareholders]
The Company renamed the public relations office (contact point for IR) to IR Promotion & Public Relations Department, incorporated it into the Strategic Management Center, and increased its staff. We have put in place a robust structure to facilitate comprehensive action toward constructive dialog with our shareholders and work in organic cooperation with the Strategic Management Center as well as the Financial & Accounting Division and Human Resources & General Affairs Department to achieve this goal. Furthermore, we take a positive approach in granting, to a reasonable extent, requests for dialog (or meetings) with shareholders in order to contribute to our sustained growth and the medium-to-long-term improvement of corporate value. Additionally, in order to promote constructive dialog with shareholders, we hold an annual financial results briefing (streamed online) attended by management and directors for institutional and individual investors and publish the content of these briefings along with the status of dialog on our corporate website (https://www.tsubaki.co.jp/ja/ir/).

[Action to implement management that is conscious of cost of capital and stock price][English disclosure available]

Content of disclosure	Disclosure of initiatives (update)
Availability of English disclosure	Available
Date of disclosure update Updated	November 10, 2026

Explanation of actions **Updated**

In the future outlook section of the Summary of Financial Results, the financial results briefing held on May 27, 2026, and the 123rd Annual Securities Report, the Company states that the Group's officers and employees are mindful of the need to improve the PBR and are making efforts to do so. Details regarding this are disclosed on the Company's website (https://www.tsubaki.co.jp/ja/ir/).

For the previous fiscal year under review, the ROE was 10.7%, and the Company recognizes that it has achieved a return on capital that exceeds the cost of equity. However, as shown below, the price-to-book ratio (PBR) was 1.0, indicating that the Company has yet to receive sufficient market evaluation. Therefore, the Company is paying full attention to the cost of equity and return on equity, and all officers and employees of the Group share the understanding that achieving an ROE of 10% every fiscal year contributes to the sustainable enhancement of corporate value. Furthermore, we will formulate a capital policy and profit plan to improve ROE and aim for sustainable growth and improvement of corporate value over the medium to long term, while meeting the expectations of investors and other stakeholders.

End of 122th fiscal year
Return on equity (%) 11.2
Closing share price at the end of the fiscal year (Yen) 2,072
Net assets per share (Yen) 2,382.17
Price-to-book value ratio (times) 0.87

End of 123th fiscal year under review
Return on equity (%) 10.7
Closing share price at the end of the fiscal year (Yen) 2,707
Net assets per share (Yen) 2,717.46
Price-to-book value ratio (times) 1.00

(Notes)1. The closing share prices at the end of the fiscal year are those on the Tokyo Stock Exchange.
2. The PBR is calculated by dividing the closing share price at the end of each fiscal year by net assets per share.

Furthermore, as part of its specific initiatives to improve capital efficiency and market valuation, the Company is striving to expand opportunities for dialogue with institutional investors in order to reduce the cost of equity. For individual investors, the Company is strengthening its IR efforts by utilizing various public relations channels to provide information on the Company's business operations and financial results. For foreign investors, the Company publishes timely disclosure documents in English and produces an English version of the Annual Securities Report. Additionally, as part of its equity policy, the Company is implementing measures to enhance shareholder returns, with a focus on increasing dividends. Furthermore, the Company is systematically reducing cross-shareholdings and striving to increase stock liquidity. In addition, moving forward, as part of its profit plan, the Company is exploring ways to increase investment returns and reduce expenses through growth investments, human capital investments, IT-related investments, and the like, with the aim of continuously improving ROE.

2. Capital structure

Foreign shareholding ratio	10% or more but less than 20%

[Major shareholders] Updated

Name or company name	Number of shares held	Percentage (%)
Tsubakimoto Chain Co.	2,014,161	10.79
Taiyo Life Insurance Co.	1,580,200	8.47
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1,272,000	6.81
The Master Trust Bank of Japan, Ltd. (trust account)	1,138,600	6.10
Hikari Tsushin K.K. Investment Limited Partnership, General Partner, HIKARI TSUSHIN, INC.	676,000	3.62
Custody Bank of Japan, Ltd. (trust account)	540,400	2.89
Nippon Life Insurance Company	453,879	2.43
MUFG Bank, Ltd.	426,000	2.28
PERSHING－DIV. OF DLJ SECS. CORP. (Standing proxy: Citibank, N.A., Tokyo Branch)	364,100	1.95
Tsubaco Employee Shareholding Association	324,053	1.74

Name of controlling shareholder, if applicable (excluding parent companies)	―――
Name of parent company, if applicable	None

Supplementary explanation Updated

- The above is as of September 30, 2026.
- In addition to the above, there are 827,100 treasury shares held by the Company. The treasury shares do not include 272,500 shares of the Company held by the Board Benefit Trust for Directors, etc.
- Shares held by the Master Trust Bank of Japan, Ltd., are those related to the trust business.
- Shares held by the Custody Bank of Japan, Ltd., include 267,900 shares related to the trust business and 272,500 shares of the Company's shares held by the Board Benefit Trust for Directors, etc., as trust assets.

3. Corporate attributes

Listed stock exchange and market segment	Tokyo Stock Exchange Prime Market

Fiscal year-end	March
Business sector	Wholesale trade
Number of employees (consolidated) as of the end of the previous fiscal year	500 or more but fewer than 1,000
Net sales (consolidated) for the previous fiscal year	¥100 billion or more but less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	10 or more but fewer than 50

4. Guidelines on measures to protect minority shareholders in transactions with controlling shareholders

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5. Other special circumstances that may have a material impact on Corporate Governance

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II. Business management organization and other Corporate Governance systems for decision-making, business execution, and oversight

1. Organizational composition and operation

Corporate Governance system	Company with Corporate Auditors

[Directors]

Number of Directors stipulated in Articles of Incorporation	12
Term of office of Directors stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairperson (excluding those concurrently serving as President)
Number of Directors	7
Status of Outside Director Appointments	Appointed
Number of Outside Directors	3
Number of Outside Directors who are designated as Independent Officers	3

Outside Directors' relationship with the Company (1)

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

*** Categories for "Relationship with the Company"**
*** For each item, use "○" if the director currently falls or has recently fallen under the category, and "△" if the director fell under the category in the past**
*** For each item, use "●" if a close relative of the director currently falls or has recently fallen under the category, and "▲" if a close relative fell under the category in the past**

a A person who executes business for a listed company or its subsidiary
b A person who executes business for or a non-executive director of a parent company of a listed company
c A person who executes business for a fellow subsidiary of a listed company
d A person or entity for which a listed company is a major client, or a person who executes business for such person or entity
e A major client of a listed company or a person who executes business for such client
f A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from a listed company in addition to remuneration for directors (and other officers)

g A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business for that corporation)
h A person who executes business for a client of a listed company (excluding persons categorized as d, e, or f; applies only to the person concerned)
i A person who executes business for a company with which there is reciprocal appointment of Outside Officers (applies only to the person concerned)
j A person who executes business for an entity receiving donations from a listed company (applies only to the person concerned)
k Other

Outside Directors' relationship with the Company (2)

Name	Designation as Independent Director	Supplementary explanation of the relationship	Reasons for appointment
Yumiko Yasuhara	○	<Career summary> December 2012 Registered as an attorney in Osaka Bar Association Joined Takeyama Law Office (current position) June 2022 Outside Director, the Company (current position)	Although Ms. Yumiko Yasuhara has no direct experience in corporate management, she possesses professional expertise as an attorney and experience as an Outside Officer at the Company. The Company believes that she will be able to appropriately fulfill her duties as an Outside Director by contributing to the enhancement of the Board of Directors' decision-making, the strengthening of its oversight functions, and the improvement of Corporate Governance. Her appointment reflects the Company's expectation that she, as chairperson of the Nomination & Remuneration Committee, will contribute to strengthening the Company's compliance framework by ensuring the transparency and objectivity of the Committee's deliberations from an independent standpoint and by providing advice based on her expertise in compliance. Additionally, based on the Company's criteria and the judgment that there is no risk of conflict of interest with general shareholders, she has been appointed as an Independent Officer. This Director does not fall under any of the following. a. One of the Company's business partners or a former employee thereof b. A former employee of a company with which there is a reciprocal appointment of Outside Officers c. An organization to which the Company donates or a former employee thereof The Company has entered into a limited liability agreement with this Director.
Naomichi Yamamoto	○	<Career summary> May 2012 Established Naomichi Yamamoto Law Office as Representative Attorney (current position) Established Naomichi Yamamoto Certified Public Accountants Office as Representative (current position) June 2016 Outside Corporate Auditor, the Company June 2024 Outside Director, the Company (current position)	Although Mr. Naomichi Yamamoto has no direct experience in corporate management, he possesses professional expertise as an attorney and Certified Public Accountant and experience as an Outside Officer at the Company. The Company believes that he will be able to appropriately fulfill his duties as an Outside Director by contributing to the enhancement of the Board of Directors' decision-making, the strengthening of its oversight functions, and the improvement of Corporate Governance. His appointment reflects the Company's expectation that he will contribute as a member of the Nomination & Remuneration Committee to ensuring transparency and objectivity in appointment, dismissal, and remuneration decisions regarding Directors and Senior Management, while also contributing to the enhancement of the reliability of financial reporting through his expertise in accounting and finance. Additionally, based on the Company's criteria and the judgment that there is no risk of conflict of interest with general shareholders, he has been appointed as an Independent Officer. This Director does not fall under any of the following. a. One of the Company's business partners or a former employee thereof b. A former employee of a company with which there is a reciprocal appointment of Outside Officers c. An organization to which the Company donates or a former employee thereof The Company has entered into a limited liability agreement with this Director.
Koji Suzuki	○	<Career summary> July 2011 Executive Officer, NEC Corporation April 2017 Corporate Officer in charge of Government and Public Sector, NCS & A Co., Ltd. April 2020 Corporate Officer in charge of Sales, TIZA Co., Ltd. April 2022 Outside Director, MBP Japan Co., Ltd.	Mr. Koji Suzuki possesses abundant experience and insight in corporate management and is capable of appropriately performing the duties of an Outside Director. His appointment reflects the Company's expectation that he will oversee the decision-making of the Board of Directors and the execution of duties by senior management from the perspective of corporate management cultivated over many years, particularly in the areas of sales, marketing, DX, and IT. Additionally, based on the Company's criteria and the judgment that there is no risk of conflict of interest with general shareholders, he has been appointed as an Independent Officer. This Director does not fall under any of the following. a. One of the Company's business partners or a former employee thereof b. A former employee of a company with which there is a reciprocal appointment of Outside Officers c. An organization to which the Company donates or a former employee thereof The Company has entered into a limited liability agreement with this Director.
Voluntary establishment of committee(s) equivalent to nomination committee or remuneration committee			Established

Status of the voluntarily established committee(s), membership structure, and attributes of the committee chairperson

Committee's name	All members	Full-time members	Internal Directors	Outside Directors	Outside experts	Other	Chairperson

Committee equivalent to nomination committee	Nomination & Remuneration Committee	3	0	1	2	0	0	Outside Director
Committee equivalent to remuneration committee	Nomination & Remuneration Committee	3	0	1	2	0	0	Outside Director

Supplementary explanation

The Company has established a voluntary Nomination & Remuneration Committee as an organization that fulfills the same functions as the Nomination Committee and Remuneration Committee of a company with a Nominating Committee, etc.
Within this, the function equivalent to the Nomination Committee is to examine the appropriateness of new appointments and reappointments of Directors in advance and report its opinions to the Board of Directors. At the Board of Directors meeting held in May 2026, the Nomination & Remuneration Committee reported that the candidates for Directors and the lineup of Delegated Executive Officers submitted for the agenda of the General Meeting of Shareholders of June 2026 were appropriate.
The function equivalent to a remuneration committee is to examine the remuneration system and remuneration levels for Directors and Delegated Executive Officers. At the Board of Directors meeting held in June 2025, the Nomination & Remuneration Committee reported that the remuneration system and remuneration levels from April 2026 were appropriate.
At the Company's 123rd Annual General Meeting of Shareholders held on June 26, 2026, the Directors were appointed or reappointed, and the members of the Nomination & Remuneration Committee were appointed or reappointed at a Board of Directors meeting held on the same day.

Composition of the Nomination & Remuneration Committee

(Until the close of the General Meeting of Shareholders)

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

(After the close of the General Meeting of Shareholders)

Committee chairperson	Outside Director	Yumiko Yasuhara
Committee member	Outside Director	Naomichi Yamamoto
Committee member	Representative Director	Tetsuya Tsubakimoto

[Corporate Auditors]

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

Cooperation among Corporate Auditors, Accounting Auditors, and Internal Auditing Departments

The Company's Board of Corporate Auditors receives from the Accounting Auditor a summary of the audit plan (in document form) as well as detailed reports on the results of audits. In addition, they regularly hold meetings and exchange opinions to ensure that the Accounting Auditor is able to conduct effective and appropriate audits to secure the reliability of information disclosed to shareholders and investors.
Furthermore, a system has been established for the Company's Internal Auditing Department to report directly to the Board of Directors and the Board of Corporate Auditors concerning compliance issues, business risks, internal audit results, and deficiencies in internal controls. Compliance issues are reported by the Compliance Committee, while business risks and internal audit results are reported by the Risk Management Committee on matters deemed significant. Internal control deficiencies are reported by the Internal Control Committee on a regular basis. Furthermore, the Internal Auditing Department holds liaison meetings with the Accounting Auditor to ensure cooperation by exchanging and discussing information on risks and issues identified through audits.
In this way, the relevant departments cooperate with each other so that the Group's internal controls function effectively.

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

Outside Corporate Auditors' relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hitoshi Kobayashi	From another company							△		△				
Tetsuya Yamamoto	From another company							△		△				

* Categories for "Relationship with the Company"

* For each item, use "○" if the director currently falls or has recently fallen under the category, and "△" if the director fell under the category in the past
* For each item, use "●" if a close relative of the director currently falls or has recently fallen under the category, and "▲" if a close relative fell under the category in the past

a A person who executes business for a listed company or its subsidiary
b A non-executive director or an accounting advisor of a listed company or its subsidiary
c A person who executes business for or a non-executive director of a parent company of a listed company
d Corporate Auditor of a parent company of a listed company
e A person who executes business for a fellow subsidiary of a listed company
f A person or entity for which a listed company is a major client, or a person who executes business for such person or entity
g A major client of a listed company or a person who executes business for such client
h A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from a listed company in addition to remuneration for directors (and other officers)
i A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business for that corporation)
j A person who executes business for a client of a listed company (excluding persons categorized as f, g, or h; applies only to the person concerned)
k A person who executes business for a company with which there is reciprocal appointment of Outside Officers (applies only to the person concerned)
l A person who executes business for an entity receiving donations from a listed company (applies only to the person concerned)
m Other

Outside Corporate Auditors' relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary explanation of the relationship	Reasons for appointment
Hitoshi Kobayashi		<Career summary> April 2004 Manager, Finance Division, Management Planning Center, Tsubakimoto Chain Co. April 2011 Manager, Legal Affairs and Administrative Affairs Department, Headquarters Operations Manager, Social Responsibility Development Office June 2012 Executive Officer, General Manager, Finance Division, Management Planning Center June 2015 Full-time Corporate Auditor June 2019 Advisor June 2020 Outside Corporate Auditor, the Company (current position)	Mr. Hitoshi Kobayashi has extensive knowledge and a wealth of experience, having held positions in the finance and legal affairs departments of Tsubakimoto Chain Co. and serving as a Corporate Auditor of that company. In addition, he has served as an Outside Corporate Auditor of the Company since June 2020, and has performed his duties appropriately. The Company therefore believes that he is suitable to continue serving as an Outside Corporate Auditor.
Tetsuya Yamamoto		<Career summary> June 2010 Executive Officer, Tsubakimoto Chain Co. June 2011 Director, Executive Officer June 2013 Director, Managing Executive Officer July 2013 President and Director (part-time), U.S. Tsubaki Holdings, Inc. June 2018 Director, Senior Managing Executive Officer, Tsubakimoto Chain Co. June 2019 Director June 2021 Advisor June 2023 Resigned as Advisor June 2024 Outside Corporate Auditor, the Company (current position)	Mr. Tetsuya Yamamoto has deep knowledge and a wealth of experience related to business surrounding the Company, including having been involved in the management of Tsubakimoto Chain Co. and its group companies. The Company therefore believes that he will be able to appropriately perform his duties as an Outside Corporate Auditor, including overseeing the Company's overall management, by leveraging this knowledge and experience.

[Matters concerning Independent Directors and Independent Corporate Auditors]

Number of Independent Directors and Independent Corporate Auditors	3

Other matters concerning Independent Directors and Independent Corporate Auditors

The Company designates all Outside Officers who meet the qualifications for Independent Officers as Independent Officers.
The Company believes that, as a condition for an Outside Director to be independent, the Outside Director must not fall under any of the following categories, and they must be independent and neutral with respect to the Company's management.

1. An executive of the Company or an affiliate (the Group) of the Company
2. A person whose major business partner is the Group or an executive thereof
3. A major business partner of the Group or an executive thereof
4. An executive of a company that is a major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total voting rights)
5. An executive of a company in which the Group is a major investor (a person who directly or indirectly holds 10% or more of the total voting rights)

6. A consultant, an accounting expert, or a legal expert who receives a large amount of money or other assets from the Group in addition to remuneration for directors (and other officers)
7. A person who has fallen under item 1 above in the past ten years
8. A person who has fallen under any of items 2 to 6 above in the past year

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

[Incentives]

Implementation status of measures related to incentives granted to Directors	Introduction of performance-linked remuneration scheme, etc.

Supplementary explanation for applicable items

The incentive remuneration for the Company's Directors consists of "performance-linked remuneration" as short-term incentive remuneration and "share remuneration" as medium- to long-term incentive remuneration.
The determination of the details of Directors' remuneration is described in the following section [Director remuneration].

Persons eligible for stock options	

Supplementary explanation for applicable items

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[Director remuneration]

Status of disclosure of individual Director's remuneration	No disclosure for any Directors

Supplementary explanation for applicable items

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

Policy on determining remuneration amounts and calculation methods	Established

Disclosure of policy on determining remuneration amounts and calculation methods

The objectivity of remuneration, etc. for officers is ensured and the amount of remuneration is commensurate with the roles and responsibilities of each officer. Based on these policies, the Company makes a distinction between Directors and Corporate Auditors in determining the remuneration, etc. of officers, and the annual remuneration limit is a matter for resolution by the General Meeting of Shareholders.
In addition, the amount of remuneration for Directors who concurrently serve as Executive Officers is not separated into the Director portion and the Executive Officer portion, but is treated solely as Director remuneration, and the amount of remuneration is limited.
Under this policy, remuneration for Directors excluding Outside Directors and Executive Officers who do not concurrently serve as Directors (hereinafter referred to as "Directors, etc.") consists of "basic remuneration," "performance-linked remuneration (short-term incentive remuneration)," and "share remuneration (medium- to long-term incentive remuneration)." The approximate ratios are 60% for basic remuneration, 30% for performance-linked remuneration, and 10% for share remuneration.
In addition, the amount of remuneration and other compensation for Directors and Executive Officers is determined by the Board of Directors based on reports from the voluntary Nomination & Remuneration Committee. Levels of such remuneration are determined with reference to position, years of experience, performance, corporate performance, social standards, and employee standards.

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

(B) Performance-linked remuneration (short-term incentive remuneration)
The indicator for the Company's performance-linked remuneration is the amount of consolidated ordinary profit recorded at the end of the fiscal year. If the amount is less than 3 billion yen, no performance-linked remuneration will be paid.
In addition, the reasons for selecting this indicator are that the consolidated ordinary profit reflects the business performance of the Group and is reported at the General Meeting of Shareholders, that it is publicly announced as a performance target and that the degree of achievement of management targets is easy for stakeholders to understand, that it can be easily and accurately measured upon closing the accounts, and that arbitrariness can be eliminated.
Furthermore, regarding the payment of performance-linked remuneration to each Director, etc., all the Independent Outside Directors in the voluntarily established Nomination & Remuneration Committee approved it, and the Board of Directors received a report to that effect.
Please refer to the Annual Securities Report for specific calculation methods. (https://www.tsubaki.co.jp/ja/ir/library/securities/)

(C) Share remuneration (medium- to long-term incentive remuneration)
The purpose of the share remuneration system is to further clarify the linkage between the remuneration of the Company's Directors, etc. and the value of the Company's shares, and to raise the awareness of Directors, etc. to contribute to the improvement of medium- to long-term performance and the increase of corporate value by sharing the benefits and risks of share price fluctuations with shareholders.

A trust established through contributions by the Company (hereinafter referred to as the "Trust") acquires the Company's shares, and shares of the Company corresponding to the number of points granted to each Director, etc. are delivered to each Director, etc., through the Trust. This Plan was introduced for Directors, etc. who held office during the three fiscal years beginning with the fiscal year ended March 31, 2021 (hereinafter, the "initial target period"). After that, the Company's Board of Directors resolved to deliver the Company's shares to Directors, etc. who hold office during the three fiscal years beginning with the fiscal year ended March 31, 2024 (hereinafter, the "extended target period"). In addition, the Board of Directors resolved to deliver the Company's shares to Directors, etc. who hold office during the three fiscal years beginning with the fiscal year ending March 31, 2027 (hereinafter, the "further extended target period"); provided, however, that if the target period is further extended by resolution of the Board of Directors for a period not exceeding five fiscal years, Directors, etc. who hold office during such extended period shall also be included. The Directors, etc., will receive the delivery of the shares in the Company upon retirement of the Directors, etc.

The main points of the Plan are as follows.

1. Persons covered by the Plan: Directors (excluding Outside Directors) and Delegated Executive Officers who do not concurrently serve as Directors
2. Initial target period: Three fiscal years (fiscal 2020 through fiscal 2022)
3. Extended target period: Three fiscal years (fiscal 2023 through fiscal 2025)
4. Further extended target period: Three fiscal years (fiscal 2026 through fiscal 2028)
5. Initial method of acquisition of shares: Underwriting the disposal of the Company's treasury shares
6. Method of acquisition of additional shares: Underwriting the disposal of the Company's treasury shares
7. Maximum number of points granted to persons eligible for the Plan: 60,000 points per fiscal year (including 30,000 points for Directors and 30,000 points for Delegated Executive Officers
8. Criteria for granting points: A fixed number of points are granted according to the position
9. Timing of delivery of the Company's shares, etc., to the eligible persons under the Plan: Upon retirement

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

The Company's remuneration determination procedures are as follows.

(i) In order to further enhance Corporate Governance, the Company has established a voluntary Nomination & Remuneration Committee, the majority of which consists of Independent Outside Directors, as an advisory body to the Board of Directors.
(ii) The Nomination & Remuneration Committee receives consultation from the Board of Directors on the Company's executive remuneration system, etc., examines its appropriateness, etc., and reports its findings.
(iii) The Nomination & Remuneration Committee consists of Independent Outside Directors and the Representative Director & Chairman, and the Director in charge of human resources serves as the Secretariat.
(iv) The Board of Directors shall determine the remuneration, etc. of Directors, etc., based on the report from the Nomination & Remuneration Committee.

[Support system for Outside Directors (and/or Outside Corporate Auditors)]

The Company does not have dedicated staff to support Outside Directors and Outside Corporate Auditors. However, staff members of the Strategic Management Center, etc. provide support as necessary, and information is communicated to Outside Directors and Outside Corporate Auditors in the same manner as to other Officers through the relevant staff members and the Board of Corporate Auditors.

2. Matters concerning functions of business execution, auditing and supervision, nomination, and remuneration decisions (overview of current Corporate Governance system)

The Board of Directors is responsible for making decisions on the Group's basic management policies, matters stipulated by laws and regulations and the Articles of Incorporation, and other important management matters, as well as supervising the execution of business operations. A total of 13 meetings of the Board of Directors were held in fiscal 2025.
The Company has adopted the Corporate Auditor System. The structure of business execution, monitoring, internal control, etc. is as shown in the attached governance structure chart, and the Company has established the "Board of Directors," "Board of Corporate Auditors," "Board of Corporate Management," and "Executive Committee" as a system for separating supervision and execution. The "Board of Corporate Management" is an advisory body for decision-making by the Representative Directors, and its members are Internal Directors. Its main function is to ensure that the top management of the Company maintains a common understanding of important policies and measures decided by the Representative Directors. In addition, the Company has positioned Executive Officers as persons who play a role in the management of business execution and has delegated responsibility and authority related to business execution to them. Accordingly, meetings of the Executive Committee are held on a regular basis to report and deliberate on the status of business execution by Executive Officers. Meanwhile, the Company has established the "Internal Control Committee," the "Risk Management Committee," and the "Compliance Committee" to support business execution of Representative Director in terms of the internal control system based on the Financial Instruments and Exchange Act, as well as in terms of compliance and business risks, etc. The Company has established the "Sustainability Promotion Committee" as an advisory body to the "Board of Corporate Management," which identifies and assesses the impact of climate change-related risks and revenue opportunities on the Group's business activities and earnings, reports and makes proposals to the Representative Directors and Board of Directors through the "Board of Corporate Management," and receives supervision and direction on approved matters. The Company has established a voluntary Nomination & Remuneration Committee as an organization that fulfills the same functions as the Nomination Committee and Remuneration Committee of a company with a Nominating Committee, etc. This Committee consists of two Outside Directors who are Independent Officers and one Representative Director of the Company. In addition, one Director overseeing administration is also present as the Secretariat. The nomination function of the Committee is to examine the appropriateness of new appointments and reappointments of Directors (including Representative Directors) in advance and report its opinions to the Board of Directors. The remuneration function of the Committee is to examine the remuneration system and remuneration levels for Directors and Executive Officers in order to provide its opinions. After the examination, the Committee shall promptly report the examination results to the Board of Directors.

As of the conclusion of the Annual General Meeting of Shareholders held in June 2026, the Company's management structure consists of seven Directors, including three Outside Directors; four Corporate Auditors, including two Outside Corporate Auditors; and 15 Executive Officers, including two Executive Officers who concurrently serve as Directors. Each of the three Outside Directors and two Outside Corporate Auditors remains neutral and independent from the management.
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each of the Outside Directors and Corporate Auditors to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under the agreement is limited by laws and regulations.
In addition, regarding corporate governance of subsidiaries, the staff of the Company's Financial & Accounting Division serves concurrently as the Corporate Auditors of the subsidiaries, and periodically reports the overview of audits of subsidiaries to the Company's Corporate Auditors. Furthermore, when necessary, the Company's Corporate Auditors directly investigate subsidiaries. This enhances the effectiveness of the audit system of the entire Group.

The Company has entered into an audit agreement with KPMG Azsa LLC. For the fiscal year ended March 31, 2026, Mr. Yutaka Asano and Mr. Yoshinori Nishi, Certified Public Accountants who are Designated and Engagement Partners (both of whom have been in charge of the

audit for seven years or less), are in charge of the audit. Additionally, Certified Public Accountants and others are involved as assistants in the accounting audit of the Company.

The policies on the selection, reappointment and dismissal of Accounting Auditor are as follows.

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

3. Reasons for adoption of current Corporate Governance system

The Company is a company with a Board of Corporate Auditors. The role of monitoring management from an objective standpoint is fulfilled by Corporate Auditors including Outside Corporate Auditors, and the management monitoring function is functioning sufficiently well. The four Corporate Auditors, including two Outside Corporate Auditors, conduct strict audits by attending meetings of the Board of Directors and various committees and by listening to reports on the execution of duties from Directors and Executive Officers in accordance with the audit policy and allocation of audit duties determined by the Board of Corporate Auditors. In addition, the Corporate Auditors maintain close relationships with the Internal Auditing Department, Outside Directors, and the Accounting Auditor. The Company believes that it is important for the officer system to be composed of personnel who contribute to the enhancement and strengthening of the corporate governance of the Company, which conducts business activities in a wide range of business domains. For this reason, the Company has appointed three outside directors. As described above, the Company believes that its functions can be enhanced by continuously improving its corporate governance system based on the current system as a company with a Board of Corporate Auditors.

III. Implementation of measures concerning shareholders and other stakeholders

1. Status of initiatives to revitalize General Meeting of Shareholders and facilitate exercise of voting rights

	Supplementary explanation
Early sending of notifications of convening of General Meeting of Shareholders	As a general rule, the Company sends the notifications three weeks before the holding of the Annual General Meeting of Shareholders.
Exercise of voting rights by electronic means	Exercise of voting rights via the internet, etc., has been implemented.
Participation in an electronic voting platform and other initiatives to improve the voting environment for institutional investors	The Company uses the electronic voting platform for institutional investors operated by Investor Communications Japan (ICJ), Inc.
Provision of notifications of convening (summarized) in English	The Company prepares English versions of a portion of the notifications of convening and publishes them on the Company's website at the same time as the Japanese notifications of convening.
Other	• The Company publishes notifications of convening on the Company's website (https://www.tsubaki.co.jp/ja/ir/library/). • When the General Meeting of Shareholders is held, the Company strives to enable the exercise of voting rights through selection of venues convenient for shareholders, enabling voting via internet, and the like. • The Company incorporates visual elements into the business reports and other materials presented at the General Meeting of Shareholders, striving to provide explanations that are easy for attending shareholders to understand.

2. Status of IR-related activities

	Supplementary explanation	Explanation by a representative director or a representative executive officer
Formulation and publication of Disclosure Policies	The Company has created a Disclosure Policy and publishes it on the Company's website (https://www.tsubaki.co.jp/ja/ir/management/policy/).	
Regular briefings held for individual investors	In addition to maintaining a page for individual investors on the Company's website (https://www.tsubaki.co.jp/ja/ir/individual_investor/), the Company strives to enhance the provision of information through participation in briefings and other initiatives.	Not held

Regular briefings held for analysts and institutional investors	The Company holds financial results briefings for analysts and institutional investors.	Held
Online disclosure of IR information	The Company posts the Mid-term Management Plan, Summary of Financial Results, Quarterly Summary of Financial Results, Annual Securities Report, Semiannual Securities Report, Financial Results Briefing, Shareholder Newsletter, and other materials. The Company also strives to post timely disclosure materials promptly after they are disclosed. In addition to disclosure in Japanese, important materials are disclosed and provided in English. The Company's website: https://www.tsubaki.co.jp/ja/ir/library/	

Establishment of department and/or placement of a manager in charge of IR	The IR Promotion & Public Relations Department has been established as a specialized department for IR.
Other	The Company sends a Shareholder Newsletter to its shareholders every June and December. Supplementary materials are disclosed together with the Summary of Financial Results on the day of each quarterly announcement of financial results.

3. Status of measures to ensure due respect for stakeholders

	Supplementary explanation
Establishment of internal rules stipulating respect for the position of stakeholders	The Company's Philosophy states, "Our motto is to contribute to society through our business activities," and the Mission Statement says, "We will fulfill our corporate social responsibility by maintaining social fairness in our dealings and actively endeavoring to meet the demands of society, including the demand for environmental protection." This stipulates respect for the position of all the Company's stakeholders, not just those of shareholders and investors. Furthermore, the Corporate Code of Ethics also stipulates respect for the position of stakeholders, and the Company ensures that all officers and employees fully comply.
Formulation of policies, etc. on provision of information to stakeholders	In strict compliance with the Companies Act, the Financial Instruments and Exchange Act, various other laws and regulations, and the rules established by the Tokyo Stock Exchange, Inc., where the Company's shares are listed, the Company's policy is to disclose information in a timely, accurate, and fair manner to all stakeholders, including shareholders and investors, by promptly disclosing information that falls under "Securities Listing Regulations." These policies are stipulated in the "Regulations on Insider Trading and Internal Information Management" and the "Information Protection and Management Rules," and are operated accordingly.

IV. Matters concerning the internal control system

1. Basic views on internal control system and status of development

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

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

<Systems to ensure the appropriateness of business operations>
1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation:
a) The provisions relating to the compliance system, including the Corporate Code of Ethics and the Compliance Regulations, shall serve as standards of conduct for the Directors and employees of the Company and its Group companies to act in compliance with laws, regulations, the Articles of Incorporation, and social norms.
b) The Company appoints a Director in charge of compliance, and the Compliance Committee, under the jurisdiction of the Director, supervises compliance initiatives across the Group.
c) The Company has established an Internal Auditing Department (Risk Management Committee, Compliance Committee, Internal Control Committee and Internal Auditing Department) under the Representative Director & President to audit the status of business execution and compliance of each department of the Group. The results are reported to the Representative Director & President of the audited Group company, and matters deemed important are reported to the Company's Representative Directors, the Board of Directors, and the Board of Corporate Auditors.
d) If a compliance problem is found in the Group, it shall be promptly reported to the Compliance Committee, which shall report to the Company's Representative Directors, the Board of Corporate Management, the Board of Directors, the Executive Committee, the Board of Corporate Auditors, etc., according to the details of the problem and implement recurrence prevention measures through the prescribed procedures.

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

2. System for the storage and management of information related to the execution of duties by Directors:
The Company appoints a Director in charge of the Administration Department as the person in charge of the storage and management of information related to the execution of duties by Directors, and records, stores and manages information related to the execution of duties in documents or electromagnetic media in accordance with the Document Management Rules and the Information Protection and Management Rules.
Directors and Corporate Auditors are allowed to view these documents at any time pursuant to the Document Management Rules.
In addition, the Company's Document Management Rules and Information Protection and Management Rules shall be applied mutatis mutandis to Group companies to maintain the same level of information management as the Company.

3. Rules and other systems concerning the management of risk of loss:
In order to systematically manage the Group's wide-ranging business risks, the Group has established Risk Management Regulations and set up a Group-wide management system under the Risk Management Committee to minimize business losses.
Specific risk management measures under this system are as follows.
a) With regard to risks related to compliance, disasters, information security, export controls, and other such matters, each responsible department shall establish rules and guidelines, conduct training, prepare and distribute manuals, and take other such action, while the Compliance Committee shall monitor the status of risks across the Group and respond to them.
b) The Compliance Committee and the Internal Auditing Department shall work to monitor the status of risk management of the Group in cooperation with the Financial & Accounting Division and other departments, report to the Risk Management Committee and other organizations as necessary, and implement improvement measures of the risk management system through prescribed procedures and countermeasures against risks that have occurred.
c) The Sustainability Promotion Committee shall identify and assess risks related to sustainability such as climate change, human capital, and diversity, report the results to the Board of Directors and the Board of Corporate Management, and address the risks in cooperation with the Risk Management Committee.

4. System to ensure efficient execution of duties by Directors:
The Group uses the following business management system to strive to make the performance of Directors' duties more efficient in accordance with the delegated authority and decision-making rules of each company.
a) The Company's Board of Corporate Management assists the Representative Director & President in making important decisions on business execution.
b) The Board of Directors formulates a medium- to long-term management plan, sets performance targets and budgets for each business division based on the Mid-term Management Plan, and conducts monthly and quarterly performance management using IT.
c) The Board of Directors and the Company's Executive Committee review monthly performance and other such matters and implement improvement measures.
In addition, Regulations for Management and Operation of Affiliated Companies have been established for Group companies to improve the efficiency of Directors' performance of their duties.

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

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

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

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

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

<Overview of the operational status of the system to ensure the appropriateness of business operations>

1. Status of compliance initiatives
a) The Company distributes Compliance Cards and Mission Statement Cards to all officers and employees of the Group, requiring them to carry these at all times. This serves to provide an opportunity for reflection on the fundamental principles of compliance and our Philosophy, promoting awareness and thorough understanding. Furthermore, the Company holds biannual Compliance Days to raise awareness, and through measures such as compliance training at each level and posting compliance notices, the Company works to improve overall awareness of compliance. In addition, the Internal Auditing Department conducts interviews to assess the state of compliance within each Group department and responds as necessary based on the results.
b) The Company has established a whistleblowing system with internal and external points of contact, and in accordance with regulations governing whistleblowing systems, accepts consultations and reports regarding compliance in order to prevent compliance issues, detect them early, and resolve them.

2. Status of initiatives to manage risk of loss
a) The Risk Management Committee, chaired by the officer overseeing administration, manages the Group's wide-ranging risks on a cross-sectional basis. In fiscal 2025, the Risk Management Committee met once, confirming and responding to issues such as "compliance," "transactions," and "major risks."
b) The Compliance Committee and the Internal Auditing Department, in cooperation with the Financial & Accounting Division, are responsible for assessing and monitoring the Group's risk status. As part of the operational reviews conducted for each department, they interview risk officers and managers regarding the risk situation within their respective departments, instruct them to implement improvements where possible, and conduct subsequent follow-ups.
In addition, overall risks are reported to the Risk Management Committee, which takes appropriate action.
c) The Sustainability Promotion Committee addresses sustainability-related risks such as climate change, human capital, and diversity.

3. Status of initiatives to ensure efficiency in the execution of duties by Directors
The current Board of Directors consists of seven Directors, including three Outside Directors. The Board of Directors meets once a month in principle and holds extraordinary meetings as necessary to deliberate on proposals and supervise the status of business execution. In fiscal 2025, the Board of Directors met 13 times. Additionally, the Company has adopted an Executive Officer System in order to enhance and accelerate the decision-making process of the Board of Directors and to strengthen business execution and supervisory functions. In fiscal 2025, the Executive Committee met 14 times.

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

5. Status of initiatives to ensure effectiveness of audits by Corporate Auditors
a) Matters concerning employees who assist the duties of Corporate Auditors
The Company does not appoint full-time employees to assist the Corporate Auditors, but, when necessary, the Company issues instructions directly to employees in the Administration Department, etc., receives explanations as appropriate, and obtains relevant materials from them.
b) System for Directors and Employees to report to Corporate Auditors and other matters concerning reporting to Corporate Auditors
Corporate auditors receive prompt reports as appropriate regarding the implementation status of internal audits and whistleblowing reports.
c) Other systems to ensure effective audits by Corporate Auditors
In addition to the Board of Directors, opportunities are provided to attend important meetings, such as the Executive Committee, the Internal Control Committee, the Risk Management Committee, and other sales and administrative departments. Each Corporate Auditor attends as necessary to gather information and express their opinions.
The Corporate Auditors actively engage in information exchanges. In addition to regularly exchanging opinions with the Representative Director & President and receiving semiannual audit reports from the Accounting Auditor, they meet regularly with Outside Directors to exchange opinions. In addition, regular coordination meetings were held with the Administration Department, the Internal Auditing Department, and the Legal and Credit Control Department. In addition to receiving audit result reports from the Corporate Auditors of each subsidiary as appropriate at the end of the interim period, the Corporate Auditors held an audit results briefing at the end of the fiscal year, attended by both Corporate Auditors and subsidiary Corporate Auditors, to share information.
In fiscal 2025, no budget shortfalls occurred while conducting audits in accordance with the annual audit plan.

6. Status of internal control over financial reporting
To ensure the reliability of financial reporting, the Internal Control Committee evaluates the effectiveness of internal controls over financial reporting based on plans for the establishment, operation, and evaluation of the internal control system. In fiscal 2025, the Internal Control Committee met a total of three times.

2. Fundamental policy on the elimination of anti-social forces and the status of related measures
<Measures to eliminate anti-social forces>
In accordance with the Corporate Code of Ethics, the Group clearly states that it will deal with anti-social forces in a resolute manner and will not provide anti-social forces with economic or any other benefits and has established a response department and cooperation with external specialized agencies, as well as a system for collecting and managing information on anti-social forces, in order to block relationships with such forces and prevent damage.

<Status of initiatives to eliminate anti-social forces>
The Group has established the Corporate Code of Ethics and strictly adheres to the Code in its business operations, verifying compliance through operational reviews conducted by each department.
The Human Resources & General Affairs Department is the responsible department and cooperates with external specialized agencies and exchanges information on an ongoing basis.

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

[Diagram of Corporate Governance system] and [Diagram of timely disclosure system]

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

The Company has established the "Sustainability Promotion Committee" as an advisory body to the "Board of Corporate Management," which identifies and assesses the impact of climate change-related risks and revenue opportunities on the Group's business activities and earnings, reports and makes proposals to the Representative Directors and Board of Directors through the "Board of Corporate Management," and receives supervision and direction on approved matters. In addition, the Company's subsidiaries in Japan have also adopted a Corporate Auditor System, and management support and oversight is provided by the parent company as needed.

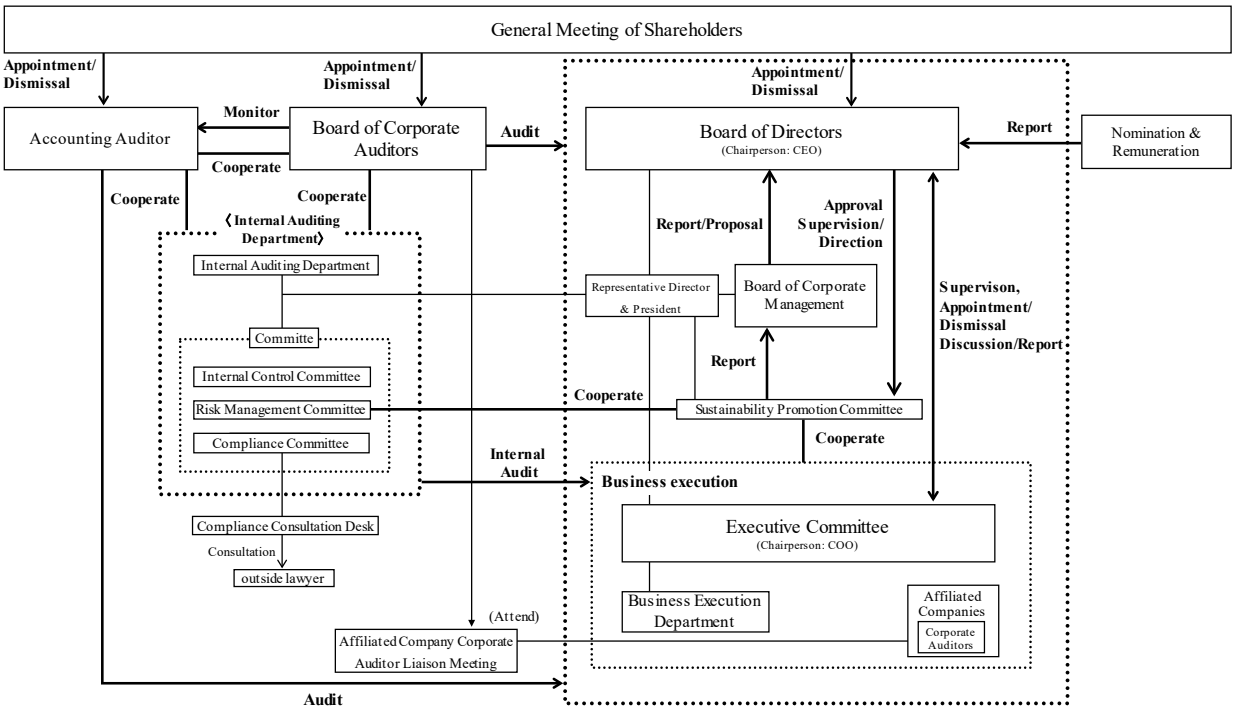
On the basis of this structure for management oversight and support, the Board of Corporate Management discusses important matters regarding the Group's management, and the Board of Directors undertakes deliberations, issues approvals, and reaches resolutions. Only members who attend meetings of the Board of Corporate Management and the Board of Directors are privy to this information, and each member ensures that the information is subject to strict management.

Under the management structure described above, information such as so-called decision facts and financial results information is compiled after the department responsible for that information, along with the Strategic Management Center, Compliance Committee, Financial & Accounting Division, Human Resources & General Affairs Department, presidents of subsidiaries, and other relevant departments gather, as necessary, to mutually verify compliance with applicable accounting principles, laws, and rules, and is then reported to the Board of Corporate Management and the Representative Director & President. After completing the above procedures, the Representative Director & President shall convene a meeting of the Board of Directors to deliberate on the matter. Based on the instructions of the Directors in charge of the Administration Department, who serve as the information handling officers, and in accordance with the content approved and resolved by the Board of Directors, the Financial & Accounting Division shall disclose the decisions and financial results as disclosure data to the stock exchange and as press release materials.
The Corporate Auditors perform strict checks of the above processes and details before the disclosures.

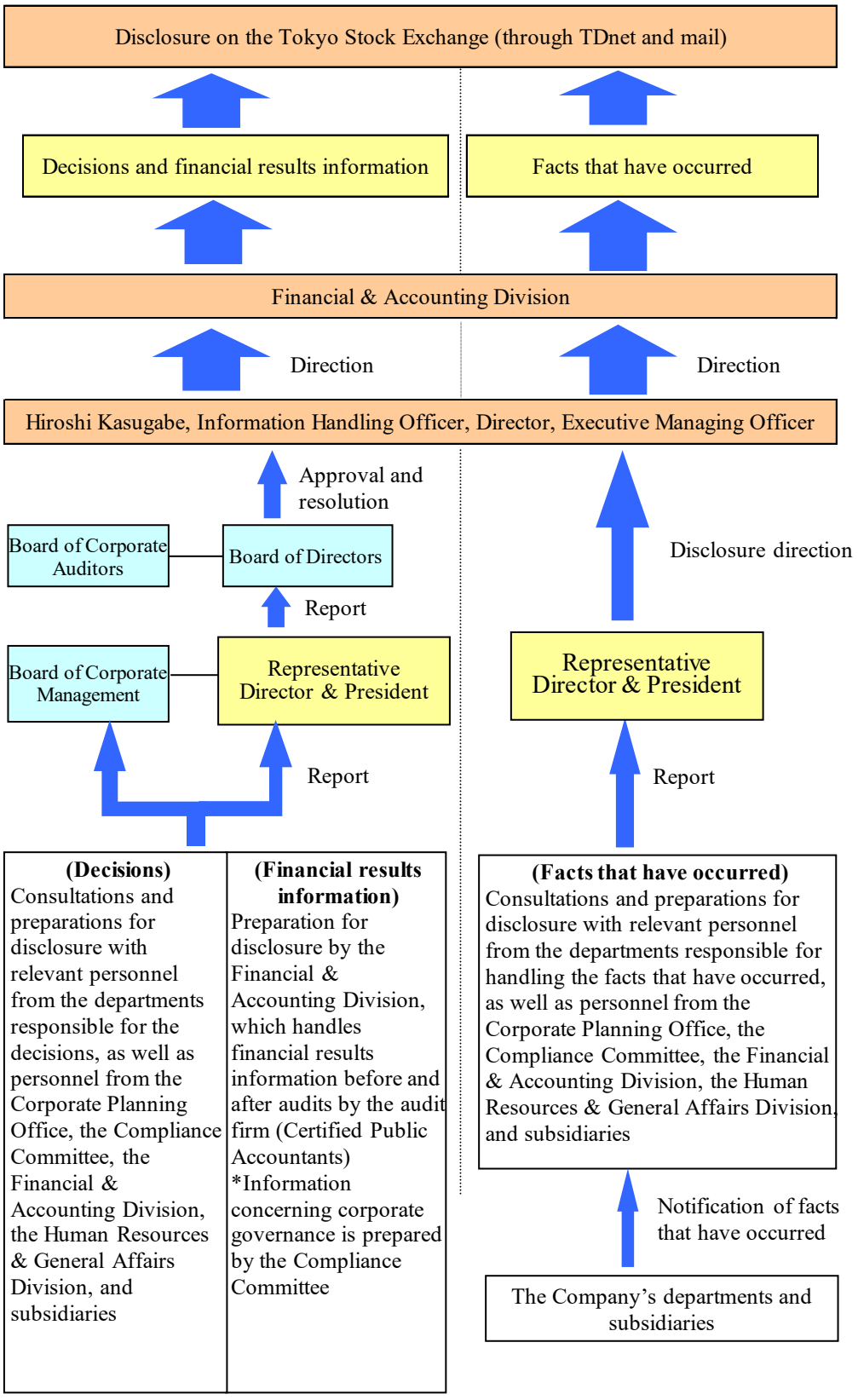
With regard to facts that have occurred in the Company's departments or subsidiaries, the relevant department shall promptly notify the Compliance Committee and the Financial & Accounting Division. The relevant department, the Strategic Management Center, the Compliance Committee, the Financial & Accounting Division, the Human Resources & General Affairs Department, the president of the subsidiary, and other relevant departments involved in the matter gather as necessary, and, while seeking the opinions and advice of the audit firm and legal counsel, report the matter to the Representative Director & President.
Furthermore, the Company will assess whether disclosure of the relevant information is required in accordance with timely disclosure rules. Upon receipt of instructions from the Representative Director & President to the person responsible for handling the information to disclose it, the Directors in charge of the Administration Department, who serve as the persons responsible for handling the information, will instruct the Financial & Accounting Division to disclose it as a fact that occurred.
The Financial & Accounting Division shall disclose the fact that occurred as disclosure data to the stock exchange and as press release materials.
Such a fact that occurred differs from a decision fact or financial results information in that it is necessary to disclose it as soon as possible to investors and other stakeholders, so the procedure used for disclosure of decision facts or financial results information cannot be followed.

With regard to the handling of material information related to information disclosure as described above, the Group has established internal regulations governing insider trading and the management of internal information and ensures that all executives and employees fully comply with these policies.

[Source: Structure of governance]


General Meeting of Shareholders
Appointment/ Dismissal
Appointment/ Dismissal
Appointment/ Dismissal
Accounting Auditor
Monitor
Cooperate
Board of Corporate Auditors
Audit
Board of Directors
(Chairperson: CEO)
Report
Nomination & Remuneration
Cooperate
Cooperate
〈Internal Auditing Department〉
Internal Auditing Department
Committe
Internal Control Committee
Risk Management Committee
Compliance Committee
Compliance Consultation Desk
Consultation
outside lawyer
Report/Proposal
Approval Supervision/ Direction
Representative Director & President
Board of Corporate Management
Supervison, Appointment/ Dismissal Discussion/Report
Report
Cooperate
Sustainability Promotion Committee
Cooperate
Internal Audit
Business execution
Executive Committee
(Chairperson: COO)
Business Execution Department
Affiliated Companies
Corporate Auditors
(Attend)
Affiliated Company Corporate Auditor Liaison Meeting
Audit

[Overview of Timely Disclosure Flow (Schematic Diagram)]



[Board Skills Matrix]

	Name	Gender	Skills that we look for (knowledge, experience, capabilities)					
			Corporate management	Sales & marketing	Finance & accounting	Legal & compliance	DX & IT	Internationality
Directors	Tetsuya Tsubakimoto	M	○	○	○	○	○	○
	Masashi Koda	M	○	○	○	○	○	○
	Hiroshi Kasugabe	M	○		○	○	○	○
	Takuichi Fujishige	M	○	○		○	○	○
	Yumiko Yasuhara Outside Independent	F			○	○		
	Naomichi Yamamoto Outside Independent	M			○	○		
	Koji Suzuki Outside Independent	M	○	○		○	○	
Corporate Auditors	Osamu Ogawara	M	○	○		○	○	○
	Shinichiro Yamano	M			○	○	○	○
	Hitoshi Kobayashi Outside	M			○	○		○
	Tetsuya Yamamoto Outside	M	○	○		○		○

*The above table sets out the knowledge, experience, and capabilities expected of each board member and does not represent the full range of their skills.