

Last Update: June 28, 2024**TOWA CORPORATION**

Hirokazu Okada, President and CEO

Contact: Kazuhiko Nakanishi,
Executive Officer and
Corporate Planning
Div. Manager**Securities code:** 6315<https://www.towajapan.co.jp/en/>

The corporate governance of TOWA CORPORATION (hereinafter “TOWA” or the “Company”) is described below.

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

1. Basic Views

TOWA makes continuous efforts to enhance our corporate governance system, aiming for the sustainable growth of the TOWA Group and the medium- and long-term improvement of our corporate value.

We are striving to further strengthen and practice our corporate governance, based on the following fundamentals:

- 1.Ensuring that the actions of the TOWA Group are legal and socially responsible
- 2.Ensuring and maintaining the transparency and objectivity of our business management
- 3.Building an organization and system that is able to respond rapidly to changes in the environment
- 4.Ensuring fair business administration with importance attached to shareholders, by protecting the rights of our shareholders and being open and candid with them, for example
- 5.Creating corporate value and employment by building strong relationships with our stakeholders

Corporate Mission

Our corporate mission is to contribute to the growth of the world’s industries by developing and providing key enabling technologies for each successive generation of products. Simultaneously, TOWA strives to maintain a “quarter-lead” over the competition to ensure that our innovative products are always the first to market.

Company Motto

TOWA established on April 17, 1979, as TOWA Precision Industries Limited, and set “Five Strengths” as our Company Motto at the time of establishment.

With our passion for "Monozukuri" and our company motto "Five Strengths" in mind, we will strive to enhance our corporate value so that we can earn the trust and satisfaction of our stakeholders and customers.

Five Strengths

- Foster Creative Momentum
- Nurture Technological Leadership
- Transform Ability Into Practice
- Fortify Your Convictions
- Focus the Corporate Energy

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

【Principle 4.11: Preconditions for Board and Kansayaku Board Effectiveness】

Supplementary Principles 4.11.1

In order to make better composition or diversity of Board of Directors and also effectiveness, we nominate our directors based on their experience, knowledge and abilities. Through this process, we can make proper balance between important management decisions and supervision of business execution.

Based on this effort, we find that we have certain effectiveness of the Board of Directors at this point in time, although there aren't any independent Outside Directors who have management experience at other companies. Specifically, more than one-third of the board is composed of independent Outside Directors, and two female Directors are appointed to ensure diversity.

In order to further enhance the effectiveness of the Board of Directors, we will nominate independent outside Director hereafter, who have management experience in different companies.

Each skill of Directors (Skills Matrix) is listed in the appendix of this report.

Disclosure Based on the Principles of the Corporate Governance Code

【Principle 1.4: Cross-Shareholdings】

The company may hold other companies' shares as one of our strategies, such as business alliance, funding and expanding transaction, to achieve our continuous growth and middle / long term growth.

We assess such shares periodically to see if the risk or benefit of holding share are commensurate with the cost of capital. Based on this assessment, the Board of Directors will decide whether we should continue holding the shares or not. The number of shares, that have little significance, will be sold in consideration of market trends or important conditions.

In addition, since June 2015, when the Corporate Governance Code was introduced, we have sold six stocks. The Company will continue to consider selling or otherwise disposing of stocks, that have little significance.

The balance of Cross-Shareholdings, converted at market value as of the end of March 2024, amounted to 15.8% of consolidated net assets at the end of March 2024. Voting rights are exercised appropriately based on a comprehensive assessment of whether they contribute to improving the middle to long-term corporate value of the investee company and the impact on the Company.

【Principle 1.7: Related Party Transactions】

The company considers conflict of interest transactions and competing business transactions by directors as discussion and reporting matters by the Board of Directors, and the Board of Directors approves and reports the results of each transaction.

【Supplementary Principle 2.4.1 Ensuring Internal Diversity, Including Active Participation of Women】

The Company has long been hiring the necessary personnel regardless of gender, nationality, etc. TOWA also recognize the importance of human resource strategies, including ensuring diversity, in improving our corporate value over the medium to long term, as stated in our Mid-term business plan I, where our basic policy is to "Nourish human resources who have various challenging minds and lead the next generation".

In addition, our group consider all of employees same as our assets. As part of this idea, we are trying to develop human resources and promote health management. Above all, we place the highest priority on the health and job satisfaction of all employees. Herein comes the basic policy on human resource development, including promotion of diversity and improvement of the internal working environment.

< Basic Policy on Human Resource Development >

TOWA believes that the source of corporate development is to pass on to the next generation a corporate culture of "bringing about innovation " through "continuous challenge" actions. TOWA believes that the support for a variety of challenges of each employee will be led to corporate growth, fostered a culture in which employees learn by themselves, and achieved an organization capable of autonomous growth.

In this way, TOWA aims to produce "talent" to inherit the founder ideology, to keep challenging themselves, and to try to bring about innovation.

< Internal Environmental Policy >

TOWA is committed to maintaining and improving the health of all employees and creating a workplace environment that is full of smiles, based on the belief that when people are healthy, full of energy, both physically and mentally, and the company's business will flourish.

TOWA also believes that creating an environment, in which TOWA employees can work in good mental and physical health, will bring wellbeing and happiness to them and their families, and brighter society.

The current percentage of female, foreigners, and mid-career employees in management positions and our target by 2032 are as follows, and TOWA will continue to actively promote efforts to ensure diversity.

	Percentage of management positions	Target (by 2032)
• Percentage of female in management positions	3.5%	10.0%
• Percentage of foreigners in management positions	5.8%	10.0%
• Percentage of mid-career employees in management positions	39.5%	35.0%

As of March 31,2024

【Principle 2.6: Roles of Corporate Pension Funds as Asset Owners】

The Company has established an investment policy for its defined benefit corporate pension plan to ensure the necessary comprehensive income over the long term in order to ensure the future payment of pension benefits and lump-sum payments, as

stipulated in the Company's Articles of Incorporation, and invests the funds in accordance with this policy.

In addition, the optimal investment trustee is determined based on the defined policy asset composition ratio, and the investment status is monitored on a quarterly basis. With regard to the evaluation of investment trust management institutions, we assign personnel with appropriate qualifications and send staff in charge to external seminars to improve their qualifications.

【Principle 3.1: Full Disclosure】

(i) The Company's Goals (e.g., Corporate Mission), the Management Strategies, and the Management Plans

Corporate Mission

Please refer to the description of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information, 1. Basic Views".

Management Strategies, Management Plans

In March 2022, TOWA announced its new long-term vision "TOWA Vision 2032". Under this vision, we aim to achieve further growth and increase corporate value. Consequentially, we want to gain unrivalled position. Specifically, we have set our goal to achieve sales amount of 100 billion yen and an operating margin of 25% in 10 years under the theme of "To the Top of the World through Innovation."

The Mid-term business plan I (April 2022 - March 2025), which is the first three years toward achieving the "TOWA Vision 2032," is positioned as a period for "strengthening the foundation to become the Top of the World." In addition to developing new technologies and investing in manufacturing facilities, we will actively train human resources, to pass on TOWA Corporation's technologies to the next generation and discover talents to expand our business. Also, we will invest in digital transformation (DX) to improve the efficiency of office work and production sites.

In addition to the above, TOWA will continue to build a more enhanced governance system and proactively implement various initiatives based on the Basic Sustainability Policy, aiming to get position where TOWA wants to be in 10 years.

"TOWA Vision 2032" and "Mid-term business plan I" are available on our website.

(https://www.towajapan.co.jp/download_file/view/2622/5054/)

(ii) Basic views and guidelines on corporate governance based on each of the principles of Japan's Corporate Governance Code

Please refer to the description of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information, 1. Basic Views".

(iii) Policies and procedures for the Board of Directors to determine compensation for senior management and directors

Please refer to the description of II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, Policy on Determining Compensation Amounts and the Calculation Methods Thereof

(iv) Policies and procedures for the Board of Directors, to elect and senior executives or nominate candidates for directors

Regardless of gender, we nominate candidates, who have abundant knowledge about our products and market or extensive experience and expertise in other company, and who have proper ability for the execution of duties in general management or

specialized fields.

Once the President & CEO considers the composition of the board of directors, he/she draws up a draft. After consulting/reporting from the Nomination and Compensation Committee with majority of independent Outside Directors, those procedures will be decided by the Board of Directors.

In the event that a director violates laws and regulations or the Articles of Incorporation, or in case of that a director has difficulty in performing his/her duties properly, the Board of Directors will pass a resolution on the dismissal of the director from his/her position or other disciplinary action, or the submission of a dismissal proposal to the General Meeting of Shareholders, after consultation and report by the Nomination and Compensation Committee.

(v) Explanation of individual election, dismissals and nominations when the Board of Directors nominates senior executives and candidates for directorship.

Reasons for the selection and dismissal of the candidates for the Board of Directors are disclosed in the Notice of Convocation of the General Meeting of Shareholders posted on the Company's website.

(<https://www.towajapan.co.jp/en/ir/stock/>)

【Supplementary Principle 3.1.3: Sustainability】

The Company believes that it is important to continue business activities or for the corporate growth, to consider the impact on the global environment, the connection with local and international communities, and the safety and health of people such as stakeholders. Which is why, we are making various efforts for sustainability.

<Main Sustainability Initiatives >

- Development of eco-friendly independent technology (Compression Technology)
- Reduction of CO2 emissions (Switching to renewable energy used at domestic establishments, installation of solar panels, etc.)
- Contribution to Human Health (TOWA Health Declaration, Medical device manufacturing, etc.)

Other details are disclosed on the following website.

(<https://www.towajapan.co.jp/en/sdgs/>)

< Investment in human capital and intellectual property >

The Company allocates management resources based on the recognition that investments in human capital, intellectual property are important to enhance corporate value and realize a sustainable society.

With regard to human capital, we are trying to reform our work style in accordance with our basic policy for human resource development and internal environment improvement policy. In this effort, TOWA was recognized as a "Health and Productivity Management Organization 2024 (Large Enterprise Category)" from last year. In addition, with the aim of nourishing human resources who have various challenging minds, TOWA provides all employees with subsidies for correspondence education and study abroad, while promoting personnel rotations that utilize our overseas network. It is also implementing the following initiatives to make a variety of ways to work.

- Remote work

- "Creative Holiday" system to encourage employees to take a paid vacation
- Support for returning to work after maternity or childcare leave
- Introduction of a reemployment system that provides working conditions in the same salary grade

Regarding intellectual property, The TOWA Group, as a technology developer that sees technological development as the foundation of its business and the source of growth, is working toward continuous development, as well as appropriate protection and utilization of intellectual property rights resulting from our efforts, and also respects the rights of other companies in the TOWA Group's appropriate business operation. The intellectual property policy of our group is as follows.

Intellectual Property Policy

TOWA will do business globally through the development of "new products and new goods" based on "technological development," which is most in demand in industrial society, in order to fulfill its social responsibility (contribution to industrial development and sustainability). TOWA will establish an Intellectual Property Policy for "Intellectual Property Rights" to implement these initiatives.

1. Divisions to Which Intellectual Property Policy Is Applicable

The "intellectual property" stipulated in this policy relates to all divisions, not just those involved in technological development. This policy shall therefore be observed by our "executives, employees, and temporary workers" involved in intellectual property, as well as by "contractors and their employees" who deal with our intellectual property.

2. Creation of Intellectual Property

TOWA will proactively create a variety of intellectual property derived from its technological development as a technology developer that stays ahead of its competitors, a leading company in the industry, in order to contribute to sustainability.

3. Compliance with Laws and Regulations

TOWA will respect and comply with intellectual property-related laws and regulations and the norms of each ministry and agency, and will manage intellectual property rights in accordance with international standards, treaties, etc.

4. Protection of Intellectual Property Rights

TOWA will establish a system for creating intellectual property, actively protect the intellectual property it has created, increase corporate value, and proactively acquire rights. TOWA will utilize the intellectual property rights it has acquired as a source of product competitiveness, and at the same time to enhance customer confidence in TOWA products. TOWA will also exercise its rights appropriately and justifiably against any infringement of its rights.

5. Respect for Intellectual Property Rights of Other Companies

TOWA will respect the intellectual property rights of other companies, as well as its own intellectual property, to minimize business risks. In order to prevent infringement on other companies' patents and other intellectual property rights, TOWA will appropriately conduct preliminary investigations at the stages of product development, manufacturing, sales, and related steps. Moreover, TOWA will respect right holders by obtaining licenses and licensing technology from them as necessary, and will strive to ensure fair competition.

6. Implementation of Intellectual Property Education

TOWA will make sure that its employees recognize the importance of intellectual property, offer education regarding intellectual property on an ongoing basis, and build a solid awareness among employees of the proper handling of intellectual property rights in order to create and protect intellectual property and respect the intellectual property rights of other companies.

7. Control of Intellectual Property Rights Throughout the TOWA Group

TOWA will consider the intellectual property created by all companies in the TOWA Group in a comprehensive manner, acquire and protect rights appropriately, and engage in activities to further create intellectual property rights.

<Major Impacts of Climate Change >

The Company recognizes that "climate change" as one of the important management issues for the global group.

The Company has disclosed description the risks and opportunities that climate change poses to our business, based on TCFD Recommendations: Governance, Strategy, Risk Management, and Metrics and Targets. The Company will continue to strengthen governance and promote responses through the identification of risks and opportunities and the understanding of their financial impact, as well as further enhance information disclosure.

Disclosure based on the TCFD Framework <https://www.towajapan.co.jp/en/company/environment/>

【Supplementary Principle 4.1.1: The Scope of Matters Delegated to the Management】

The Board of Directors, as a management decision-making organization, decides or approves matters stipulated by law or the Articles of Incorporation, as well as basic management policies and important matters concerning the execution of management and business operations. Regarding the authority to execute other operations, the Company has established the "Organization and Segregation of Duties Regulations" to clarify the scope of management's authority to execute operations.

【Principle 4.9 Independence Standards and Qualifications for Independent Directors】

In addition to the requirements for Outside Directors and independence criteria for judgment set by the Financial Instruments Exchange, we have nominated candidate, who has extensive experience and expertise in corporate management and specialization, and who has clear independence from the Company, the Board of Directors and Executives. Although there are no clearly quantified criteria for independence, the Company makes a comprehensive judgment based on all of his/her attributes, the existence of personal, capital, or business relationships, and the existence of any potential conflicts of interest with general shareholders.

【Supplementary Principle 4.10.1: Appropriate Involvement and Advice from Outside Directors through the Establishment of an Independent Nominating and Compensation Advisory Committee】

In order to enhance the fairness, transparency, and objectivity of the deliberation process in the personnel and compensation systems for directors and to improve corporate governance, the Company has established the Nomination and Compensation Committee that is an advisory committee to the Board of Directors, which deliberates on the selection and dismissal of directors and their compensation in response to the Board of Directors' inquiries, and then provides advice and recommendations to the Board of Directors. In order to ensure the independence of the Nomination and Compensation Committee, the Company has stipulated that the majority of the committee members shall be independent outside directors, and the chairman of the committee shall be an independent outside director current members of the committee are as follows.

< Member of the Nomination and Compensation Committee >

Chairman: Daisuke Wake (Independent Outside Director)

Member: Miho Goto (Independent Outside Director)

Member: Motoko Tanaka (Independent Outside Director)

Member: Hirokazu Okada (President & CEO)

Member: Nobutaka Shibahara (Director in charge of Administration Div.)

【Supplementary Principle 4.11.2: Status of Concurrent Positions Held by Outside Directors】

The status of significant concurrent positions held by directors and candidates for directors is disclosed annually in the reference documents of the "Notice of Convocation of the General Meeting of Shareholders," the Business Report, and the Annual Securities Report.

【Supplementary Principle 4.11.3: Evaluation of the Board's Effectiveness】

The Company aims to improve the effectiveness of the Board of Directors, through auditing by a member of the Audit Committee who holds the voting rights of the Board of Directors. Furthermore, in order to gain an accurate understanding of the current status of the Board of Directors and to achieve more effective operation, the Board of Directors conducts a questionnaire (self-evaluation) once a year for all directors to analyze and evaluate the effectiveness of the Board of Directors.

As a result, the Board of Directors has earned positive reviews such as fairness/freedom of expression, including opinions and questions from Outside Directors, well-executed substantial discussions, and propriety of operation of meeting frequency or the number/content of deliberation. Referring to these reviews, we secured its effectiveness.

The Board of Directors also discussed about the survey results and opinions. Based on this discussion, the Company keep trying to further improve the effectiveness of the Board of Directors.

【Supplementary Principle 4.14.2: Training Policies for Directors and Corporate Auditors】

While give all directors education / training program at least once a year, new directors attend external seminars on director responsibilities, or governance etc.

【Principle 5.1: Policy for Constructive Dialogue with Shareholders】

As for the status of dialogue with shareholders, the President & CEO holds financial results meetings for analysts and institutional investors at least twice a year.

In addition, the Corporate Planning Department, the division in charge of investor relations, is trying to have enough dialogue with shareholders by holding individual meetings with analysts and institutional investors, meetings for individual investors, and receiving an inquiry from the website.

The Company has appointed the Vice President of the Corporate Planning Div. as the person in charge of information handling, and has established "Insider Trading Management Regulations" to ensure thorough information management.

【Actions to achieve cost of capital and stock price conscious management】

TOWA has established a Mid-term Management Plan to achieve the "TOWA Vision 2032" and set target figures for net sales, operating income and operating margin. In addition, TOWA is working to improve ROE (return on equity) and ROIC (return on invested capital), which are management indicators of return on capital. As of March 31, 2024, ROE and ROIC were 12.2% and

8.3%, respectively.

The Company will continue to analyze and evaluate the current situation and consider the publication of target values, also accurately grasping the cost of capital and market valuation, in order to realize management that is conscious of the cost of capital and stock price.

2. Capital Structure

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

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan , Ltd.	3,139,200	12.54
Custody Bank of Japan, Ltd.	2,417,100	9.66
K.B. Kousan Co., Ltd.	1,900,000	7.59
N.regalo Co., Ltd.	1,260,000	5.03
MORGAN STANLEY & CO. LLC	1,060,022	4.24
The Bank of Kyoto, Ltd.	699,840	2.80
GOLDMAN, SACHS & CO. REG	419,218	1.67
BNYM AS AGT/CLTS 10 PERCENT	374,400	1.50
TOWA Employee Shareholding Association	341,664	1.37
JP Morgan Securities Japan Co., Ltd.	257,325	1.03

Name of Controlling Shareholder, if applicable (excluding Parent Company)	
------------------------------------------------------------------------------	--

Name of Parent Company, if applicable	None
---------------------------------------	------

Supplementary Explanation

1. The above 【Status of Major Shareholders】 is based on the Shareholders' List as of March 31, 2024.
2. Shareholding ratio is calculated excluding treasury stock (14,179 shares).
3. Although the following large volume holders are listed as holding shares of the Company in the Statement of Large-Volume Holdings provided for public viewing, we are unable to confirm the number of shares actually held as of March 31, 2024. Therefore they are not included in the above 【Status of Major Shareholders】 .
 - Mizuho Trust & Banking Co., Ltd. • Rheos Capital Works Inc. • Mitsubishi UFJ Financial Group, Inc.
 - Nomura Securities Co., Ltd.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
------------------------------------------	------------------------------------

Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

--

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

--

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
-----------------------------	------------------------------------

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President & CEO
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Daisuke Wake	CPA											
Miho Goto	Lawyer											
Motoko Tanaka	CPA											

*Categories for “Relationship with the Company”.

(Use “○” when the director presently falls or has recently fallen under the category; “ ” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorship with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors’ Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Daisuke Wake			<p>Mr. Wake has been director of the “Wake Certified Public Accountant Office”.</p> <p>We have concluded a contract to limit liability for damages pursuant to Article 423(1) of the Companies Act. The maximum liability subject to the conditions hereinafter set forth is the minimum liability limited by laws and regulations.</p>	<p>Mr. Wake, a CPA and licensed tax accountant, has advanced insights based on his rich experiences and achievements in corporate finance management. Through these experiences, he possesses a sufficient level of independence with wide knowledge and insight. Based on these, he is considered as an Outside Director who is a member of the Audit and Supervisory Committee.</p> <p>We have judged that he is not fall under any one specified in section on independent standards</p>

			<p>prescribing by the stock exchange.</p> <p>Also, he will not cause a conflict of interest with general shareholders when consider the current / past experiences.</p> <p>Accordingly, we appointed him as an Outside Director who is a member of the Audit and Supervisory Committee.</p>
Miho Goto		<p>Ms. Goto has been a lawyer at “Goto General Law Office”.</p> <p>We have concluded a contract to limit liability for damages pursuant to Article 423(1) of the Companies Act. The maximum liability subject to the conditions hereinafter set forth is the minimum liability limited by laws and regulations.</p>	<p>As a lawyer, she has been involved in the joint management of a law firm. She, who has high law expertise and experience, is able to participate in our company's management from an objective standpoint. Based on these, she is considered as a Outside Director who is a member of the Audit and Supervisory Committee.</p> <p>We have judged that she is not fall under any one specified in section on independence standards prescribing by the stock exchange.</p> <p>Also, she will not cause a conflict of interest with general shareholders when consider the current / past experiences.</p> <p>Accordingly, we appointed her as an Outside Director who is a member of the Audit and Supervisory Committee.</p>
Motoko Tanaka		<p>Ms. Tanaka has been a director of “Tanaka's Certified Public Accountant Office”.</p>	<p>As a certified public accountant, she has rich experience and achievements at leading auditing</p>

			<p>We have concluded a contract to limit liability for damages pursuant to Article 423(1) of the Companies Act. The maximum liability subject to the conditions hereinafter set forth is the minimum liability limited by laws and regulations.</p>	<p>firm and expertise in auditing and financial accounting in Japan and overseas. So, she can participate in management from sufficient level of independent standpoint. Based on these, she is considered as a qualified outside director who is a member of the audit and supervisory committee.</p> <p>Also, she will not cause a conflict of interest with general shareholders when consider the current / past experiences.</p> <p>Accordingly, we appointed her as an Outside Director who is a member of the Audit and Supervisory Committee.</p>
--	--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

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

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed
----------------------------------------------------------------------------	---------------

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

Currently, the company have no employees dedicated to assisting the Audit and Supervisory Committee, but we have a full-time Audit and Supervisory committee member who attends to important internal meetings regularly and shares necessary information for duties of the Audit and Supervisory Committee. In addition, members of the Internal Audit Office assist the Audit and Supervisory Committee members with their duties as necessary. Also, if the Audit and Supervisory Committee requests employees to assist their duties, the company will appoint appropriate employees. Assignment of employees will be decided after hearing opinions from the Audit and Supervisory Committee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee regularly receives reports on the status of accounting audits and internal audits from the

accounting auditors and the Internal Audit Office and has set up a place to communicate exchange of necessary information. We established cooperation system that they can request the implementation of additional audits when they consider as necessary.

Voluntary Established Committee

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

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Voluntary Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Voluntary Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

TOWA established the nomination and compensation committee which is advisory to the Board of Directors with an aim of improving fairness, transparency and objectivity of the deliberation process in the personnel and compensation system for directors and establishing a higher level of corporate governance.

The committee consists of five members, three independent outside directors, one representative director and one director in charge of the management department. Chairman is independent outside director.

Matters Concerning Independent Directors

Number of Independent Directors	3
---------------------------------	---

Other Matters Concerning Independent Directors

All outside directors who fulfill the requirements for independent directors are designated as independent directors.

Incentives

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

Supplementary Explanation for Applicable Items

Please refer to the description in (2) The management decision-making, status of the execution and supervision of management organization and corporate governance system (1) Regarding organization structure and management [Directors' compensation] Details of the policy of determining the amount of compensation and calculating method.

TOWA decided to introduce compensation for granting restricted shares to Directors excluding directors who are Audit and Supervisory Committee members and Outside Directors at the board meeting held on May 12, 2022 to share value with shareholders further more while providing incentives for sustainable improvement in corporate value. Also, it was approved at The 44th Ordinary General Meeting of Shareholders on June 29, 2022

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Remuneration

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

Supplementary Explanation for Applicable Items

The total amount of compensation for internal / external directors is disclosed already. The amount of compensation for the fiscal year 2023 is as follows.

- 5 directors (excluding directors who are Audit and Supervisory Committee members) 204,193,000 yen (fixed compensation 126,300,000 yen, Performance-based bonus 59,100,000 yen, non-monetary compensation 18,793,000 yen)
- 4 directors (Audit and Supervisory Committee members) 27,000,000 yen (fixed compensation 27,000,000 yen)
- 3 Outside Directors out of 4 Directors: 15,660,000 yen (fixed compensation 15,660,000 yen)

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
--------------------------------------------------------------------------------	-------------

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

The amount of compensation for directors excluding Audit and Supervisory Committee Members was approved at The 38th Ordinary General Meeting of Shareholders held on June 29, 2016 as 300 million yen or less per year (except who has concurrent position as employee).

In addition, at the 44th Ordinary General Meeting of Shareholders held on June 29, 2022, a resolution was passed to introduce compensation for granting restricted shares for directors excluding Audit and Supervisory Committee Members and to limit the amount of compensation to 90 million yen per year and 45,000 shares per year, apart from the above compensation amount for directors.

An amount of the compensation or the policy of its assessment method is as follows.

Basic policy

The Company's basic policy is that the compensation of directors shall be a compensation system that functions sufficiently as an incentive for continuous improvement of corporate value. The compensation of individual directors shall be set at an appropriate level, based on their respective positions and responsibilities.

a. Basic Compensation Policy

The basic compensation is fixed by monthly compensation. We will take roles, responsibilities, years in office, other companies' levels, company performance and employee salary levels into account, based on a fixed compensation table approved by the Board in advance.

b. Policy on Performance-Based Compensation

Performance-based Compensation will be paid at a certain time every year as a bonus reflecting performance indicators (KPIs), in order to raise conscious of performance improvement for each business year. Performance-based compensation is composed of a portion that varies according to companywide performance and a portion that varies according to individual performance. For the part that changes according to companywide performance, the amount is estimated based on a table approved by the Board of Directors in advance, depend on the degree of achievement of sales and operating profit goal announced at the beginning of each business year.

c. Policy of Non-monetary Compensation

The Company shall grant the Directors, who are not Audit and Supervisory Committee Members or Outside Directors, ordinary shares of the Company which are subject to certain transfer restriction periods at a certain time each year in order to provide them incentives to continuously improve the company's corporate value and to promote further value sharing with the Company's shareholders. The amount to be paid in for restricted shares shall be determined based on positions of duty, responsibilities, etc.

d. Policy on the Percentage of Compensation, etc.

The percentage of compensation by types (annual amount) of directors is described below.

Basic compensation (excluding employee's salary for Directors who concurrently serve as employees): Performance-based Compensation: non-monetary Compensation = 7:2:1.

e. Matters concerning determination of the amount of Compensation, etc.

The President & CEO shall evaluate the basic Compensation, Performance-based Compensation and non-monetary Compensation of each director in accordance with the policy of a.~d. The evaluation is then referred to a voluntary Nomination and Compensation Committee, the majority of whose members are independent outside directors and whose chairman is also an independent outside director. The voluntary Nomination and Compensation Committee, upon being consulted, shall provide advice and recommendations to the Board of Directors, and the Board of Directors shall take such advice and recommendations into full consideration in making its decisions.

Support System for Outside Directors

If there is a request for the assignment of employees to assist the execution of duties, Outside Directors will be supported promptly according to our policy. At meetings of the Board of Directors and the Audit and Supervisory Committee, agenda items and materials are distributed in advance, and supplementary explanations are provided as necessary. In addition, records of the status of business execution by internal departments and meeting bodies, minutes, etc. are available for inspection, and if a request is made for a report on the contents, the person in charge will promptly report to the Board of Directors, thereby ensuring that information is reliably communicated.

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

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

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term

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

Other Related Matters

None

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

1. Organizations related to the functions of major consultations, decisions, etc.

The Board of Directors, Audit and Supervisory Committees, Executive Meetings and Nominating and Compensation Committees have been established as a major consultation and decision-making function organizations.

[Board of Directors and Audit and Supervisory Committee]

The Board of Directors consists of nine members (seven men and two women) including five directors (except those who are Audit and Supervisory Committee Member) and four directors who are Audit and Supervisory Committee Member (three out of four are Outside Directors). In addition to the monthly regular Board Meeting, we hold an extraordinary board meeting to deliberate important matters concerning management prescribed by laws and regulations.

The Audit and Supervisory Committee consists of four members (two men and two women), one Full-time Audit and Supervisory Committee Member Director, and three Outside Directors. We work closely with the Internal Audit Office and the Accounting Auditors to share necessary information each other.

In the fiscal year 2023, the Board of Directors meetings was held 17 times (100% attendance rate for each director) and the Audit

and Supervisory Committee meetings was held 17 times (100% attendance rate for each Audit and Supervisory Committee member).

[Outside Directors]

In addition to Article 2(15) of the Companies Act, we have appointed the Outside Directors who have extensive experience and expertise in corporate management and specialized fields, and who is clearly independent from the Board of Directors, and the Executives. We do not have clear standards for independence, but we comprehensively judge independence based on current and past achievement, human relationship, capital or business relationship, and the possibility of conflicts of interest with general shareholders.

[Executive Meeting]

The Executive Meeting is consisted of the directors (except directors who are Audit and Supervisory Committee members), Audit and Supervisory Committee members who have concurrent position as employee, and members appointed by the Representative Director considered as relatable to an agenda. We have established a system to make management decisions quick and efficient by prior deliberation of an assignment in Executive Meetings, where the report about execution status of medium-term management plans, annual plans, and other important business, is took place in. At that meeting, we have been determined the direction of an assignment, and it was held 16 times in the fiscal year 2023.

[Nomination and Compensation Committee]

Please refer to the description of [Voluntary Committee] existence of Voluntary Committee corresponded with Compensation Committee and a Nomination Committee.

2. Risk Management System

[Risk Management Committee]

The Risk Management Committee is consisted of directors (except directors who are the Audit and Supervisory Committee members), Full-time Audit and Supervisory Committee Member Director, and each of the heads of the departments. The chairperson is the President & CEO. As a function of risk management for an entire group, Risk Management Organization committee evaluates various risks in our company's business every year and determines those risk measures such as avoidance, relocation, reduction and retention. Risk management measures are implemented by the Risk Management Subcommittee and the implementation status is regularly reported to the Board of Directors.

3. Status of the Internal Auditing Function

The company's Internal Audit is conducted by the Internal Audit Office (one employee), which is directly in under the control of the President & CEO as an independent department. Internal Audit is conducted ongoing basis, based on an internal audit basic plan, after the Audit policy and such priority audit items are approved the President & CEO at the beginning of each fiscal year.

The results are promptly reported to the Board of directors & CEO and Audit and Supervisory Committee. The types of internal audits are divided into (1) the assignment audit, (2) the organizational, institutional and regulatory audit, (3) the accounting audit, (4) the special audit, (5) monitoring the development and operation of the internal controls. The Internal Audit Office shares the

opinion for more appropriate operation of business, while periodically checks the execution status of each department and subsidiary's operations, and compliance with laws, regulations and internal rules. The Internal Audit Office regularly provides information to the Audit and Supervisory Committee about the results of internal audits, so that we could conduct efficient and effective audits. The Internal Audit Office is also in charge of the Company's Internal Control Division and works with the Internal Control Subcommittee of the Risk Management Committee to develop and evaluate the internal controls of the Company and the Group.

4. Status of Financial Auditor

TOWA has appointed PwC Japan LLC as our Financial Auditor. As for the Financial Audit system for the fiscal year 2023, the certified public accountants are Minamoto Nakamura (in charge from the fiscal year 2023) and Teruaki Arioka (in charge from the fiscal year 2020), and their assistants for the accounting audit are 2 certified public accountants, 4 persons who passed the accountant examination, and 11 others.

3. Reasons for Adoption of Current Corporate Governance System

For a decision and the execution function to be quickly formed and clarified, we find that an adoption of those two corporate governance systems has the efficacy. Above all things, we believe that the objectivity and transparency of the management auditing function will be ensured by auditing and supervising the board of directors by audit committee members who can exercise their voting rights.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Notice of the General Shareholders Meeting is sent out as early as possible. For the Ordinary General Meeting of Shareholders to be held on June 27, 2024, we sent out the documents 22 days prior to the date of the meeting (June 5, 2024).
Electronic Exercise of Voting Rights	In order to enhance the convenience of shareholders in exercising their voting rights, the Company has adopted the exercise of voting rights via the Internet, etc.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participated in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	A summary of the Notice is prepared and posted on the Company's website and the Tokyo Stock Exchange's website.
Other	From the viewpoint of early disclosure of information to shareholders, the Company posts this information on its website and the website of the Tokyo Stock Exchange prior to the dispatch of the Convocation Notice.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	TOWA participate in investment fairs and seminars sponsored by securities companies and hold meetings for individual investors.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	After financial results are announced (every six months), a meeting is held for analysts and institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	Although TOWA doesn't hold regular meetings, we regularly participate in conferences sponsored by securities companies held in Japan and abroad. In addition, TOWA conducts individual meetings with overseas-based investors as appropriate.	Held
Online Disclosure of IR Information	The Company strives to proactively disclose information by posting disclosure materials on the Company's website at the same time as they are released. IR information posted on website includes financial statements, financial results briefing materials, reports, integrated report, securities (quarterly) reports, and convocation notices of general meetings of shareholders.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is in charge of IR, and in cooperation with related departments, has established a system for accurate and prompt disclosure of information.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Based on the belief that it is a great responsibility to society for directors and employees, to conduct business with high ethical standards, TOWA has established "Compliance Regulations" to ensure that they are aware of their social responsibilities, act in conformity with social ethics, and comply with relevant laws and regulations in their corporate activities. Specifically, we have offered education program in enlightening way, such as e-learning, to all employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	(Environmental Policy) TOWA recognizes that protection of the global environment is an important issue shared by the entire human race. Aiming for Greater Harmony between

the Environment and Business, in March 2001, the company obtained ISO 14001 certification and make efforts to ensure continuous improvements. TOWA also recognize the achievement of the SDGs as an important corporate issue and are actively working on it. Our main initiatives regarding the SDGs are posted on our website.

- TOWA's Response to the SDGs

(<https://www.towajapan.co.jp/en/company/sdgs/>)

(About Human Rights Policy and Anti-corruption Policy)

TOWA believes that it is extremely important, to respect the human rights of all concerned people in its business activities and promotes business activities with human rights awareness.

Also, TOWA is trying to prevent corruption, such as bribery, embezzlement, coercion of benefits and illegal bidding, abuse of its own or third party's power and authority of official duties, as well as obstruction of justice and money laundering.

Please refer to our website for more information on each policy.

- Human Rights Policy

(<https://www.towajapan.co.jp/en/company/humanrights/>)

- Anti-corruption Policy

(<https://www.towajapan.co.jp/en/company/anticorruption/>)

(Creating a workplace environment in which female employees can perform well)

In order to create a workplace environment in which female employees can perform well, the Company is actively working to create a workplace environment in which work and childcare can be balanced, such as by introducing a system that allows employees to take childcare leave and shorter working hours for childcare for a period longer than legally mandated.

Other

(Policy on Determination of Dividends, etc.)

TOWA considers the return of profits to shareholders, as one of the most important management policies. Profits are distributed according to the basic policy and performance for each fiscal year. Basic policy is to provide stable dividends, while securing the internal reserves, necessary for R&D investments, aimed at developing competitive products, capital investments for improving productivity, business development investments in new markets, and improvement of its financial structure.

IV. Matters Concerning the Internal Control System

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

TOWA Corporation has adopted the "Basic Policy for Establishment of Internal Controls System " (hereinafter, Internal Control System), at a Board of directors, that is to ensure that the business execution by directors is compliant with relevant law and the Articles of Incorporation. The contents and the overall development status of the Internal Control System are as follows.

- Basic Policy of "Internal Control System" Establishment

1. System for ensuring business execution by directors and employees of TOWA and the Subsidiaries compliant with relevant law and the Articles of Incorporation.

- (1) Working under idea that Regulatory compliance is an important part of running a business, we establish compliance rules, that serve as norms for all employees, directors of Headquarter and subsidiaries, to behave in compliance with relevant law, articles of incorporation, and social norms.
- (2) For directors, managers and employees to ensure or enhance the awareness of compliance, we are conducting necessary training for each class on a regular basis.
- (3) Internal Audit Office is responsible for the auditing, related to effectiveness of legal compliance system, as a part of the audit.
- (4) The Company Board of Directors and the Audit and Supervisory Committee receive regular reports on the results of preceding two paragraphs.
- (5) For acts that are questionable under the law, the company enhance the whistleblower reporting and consultation system to ensure the protection of whistleblowers as a means of receiving information directly.

2. Retention and Management of Information Concerning the Execution Duties of Directors

Clarification of minutes of board of directors meetings, approval letters, forms, various contracts, and other major documents and information (including electromagnetic media) that indicate the status of directors' execution of duties. The company promote the review and maintenance of the Document Management Regulations and Information System Management Regulations to clarify to set retention periods and how to manage documents.

3. Rules and other systems regarding management of loss risks of the Company and its subsidiaries

- (1) The Risk Management Committee, chaired by the President & CEO, shall be established to identify, analyze and evaluate risks based on the business environment, business activities and statement of company assets of the Company and the subsidiaries.
- (2) Establish a risk management organization based on identified and analyzed risks and establish a system for performing management and conducting periodic evaluations based on the development of specific management plans to enable risk management.
- (3) Conduction and assessment of risk management of preceding paragraphs should be reported to the Board on a regular basis.
- (4) The Internal Audit Office shall audit the effectiveness of risk management as part of the audit.

4. System to ensure efficiency in execution of duties by Directors of the Company and its subsidiaries
 - (1) Important matters concerning the company's management policies and strategies shall be consulted at the Executive Meeting in advance and the board of directors shall decide.
 - (2) Important matters concerning management policies and strategies, decided by the board of directors of the company, shall be reviewed periodically at Executive Meetings and reported to the board of directors.
 - (3) In order to ensure the efficiency of directors' performance of their duties, the company shall establish a system for clarifying division of duties and authority by introducing a corporate officer system, and appropriate division of roles and coordination within the company.
 - (4) The Company and its subsidiaries shall establish, comply with, and execute standards for authority and other organizations.
 - (5) The Company and its subsidiaries shall establish a system to promote operational efficiency through simplification of operations, slimming down the organization and appropriate use of IT.

5. System for Ensuring Appropriateness of Business Operations in Corporate group consisting of the Company and its subsidiaries
 - (1) In accordance with the "Organization/Duties Division Rules" and "Affiliate Company Management Rules," the group's general affairs division and each division shall guide and manage the establishment, maintenance and operation of internal control systems of subsidiaries business. In addition, we will require regular reporting of subsidiary financial statements and other important information to our company.
 - (2) The Internal Audit Office shall audit the establishment and operation of internal control systems, including legal compliance and risk management systems of the subsidiaries, in accordance with the "Internal Audit Rules for Domestic and Foreign Business Companies".

6. Matters concerning employees who assist the Audit and Supervisory Committees

When requested by the Audit and Supervisory Committee, employees who assist audit them shall be assigned as necessary after obtaining a prescribed approval.

7. Matters concerning Employees assisting the Audit and Supervisory Committee members of the Company and their independence from Directors, and the system to ensure efficiency of instructions to these employees from the Audit and Supervisory Committee members of the Company
 - (1) When an employee, who is supposed to assist an audit committee, conduct the duties of the Audit and Supervisory Committee, he/she shall comply with the command of those Audit and Supervisory Committee.
 - (2) Prior consent from the Audit and Supervisory Committee shall be obtained for personnel changes, personnel evaluations and disciplinary actions of employees who are to assist in the duties of the Audit and Supervisory Committee.

8. Report System to the Audit and Supervisory Committee for the directors and employees of the company and its subsidiaries and the other general report system

The Company shall establish an internal system to effectively and flexibly report important matters concerning the management and business operations of the Company, the status and results of business execution, and other matters to be reported to the Audit and Supervisory Committee, which are determined after prior consultation.

9. System for ensuring that a person, who has made the reports to the Audit and Supervisory Committee is not treated unfavorably because of the reason that he/she made those reports

In accordance with the Regulations on the Handling of Public Interest report (Internal Report), it shall be a system to ensure that it is not treated unfavorably on the grounds of those reports to the Audit and Supervisory Committee, such as audits.

10. Matters concerning policies related to the handling of expenses or debts incurred in the execution of duties of members of the Audit and Supervisory Committee, etc.

When a member of the Audit and Supervisory committee requests advance payment or repayment of expenses, incurred in the execution of his/her duties (limited to the execution of duties by the Audit and Supervisory committee), he/she shall promptly handle the expenses or debts, except where it is deemed not necessary for the execution of his/her duties.

11. Other systems to ensure that the Audit and Supervisory Committee effectiveness

- (1) In order to understand the company's important decision-making process and business execution, we secure a system, in which members, such as auditors, can attend important meetings.
- (2) The President & CEO and the Audit and Supervisory Committee shall meet and exchange their opinions about the important audit tasks to strengthen mutual recognition and trust on the regular basis.

• Maintenance status of Internal Control System

1. The compliance of regulations stipulates the general requirements that directors and employees must observe in conducting business activities of the company and its subsidiaries and the standards of conduct to materialize in their daily operations. Furthermore, the company establishes insider trading management regulations, privacy regulations, and Public Interest Report (Internal Report) handling regulations to improve and establish a compliance system. It also conducts training for all employees and publishes articles in the company newsletter.
Regarding Public Interest Report (Internal Report), multiple counters are set up, to respond to reports from employees or subsidiaries, while making a sufficient reporting system.
2. For subsidiaries' particularly important business execution, the parent company has a system in which internal control as a group corporate function appropriately, such as final approval.

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

1. Basic Views on Measures for Eliminating Anti-Social Forces

TOWA shall take a firm stand against Anti-Social Forces and groups that threaten the order and safety of civil society, and shall not have any relationship with such forces and groups.

2. Status of Development for Eliminating Anti-Social Forces

TOWA clearly defines the basic policy described in 1. above in its "Compliance Regulations" and ensures that all employees are fully aware of and familiarize themselves with the policy. In addition, the General Affairs Department has been designated as the

department in charge of responding to unjustified demands from antisocial forces, and a full-time person in charge of preventing unjustified demands has been appointed within this department and work closely with our corporate lawyer and other outside professional organizations to gather information to eliminate antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

1. Handling of various company information

(1) TOWA has established "Compliance Policy" and "Insider Trading Management Policy" to ensure fair, timely and appropriate information disclosure.

(2) When directors and managers of related departments and subsidiaries become aware of any corporate information that may require timely disclosure, they report it to the information handling manager (Vice President of Corporate Planning Div.).

(3) The Information Handling Manager reviews and selects all reported corporate information to determine what information to disclose in a timely manner.

(4) The information handling manager instructs the Corporate Planning Department to prepare timely disclosure reports, etc., which are promptly submitted to the stock exchanges upon approval by the President & CEO. In addition, the contents of timely disclosure reports, etc. are verified by accounting auditors and others as necessary.

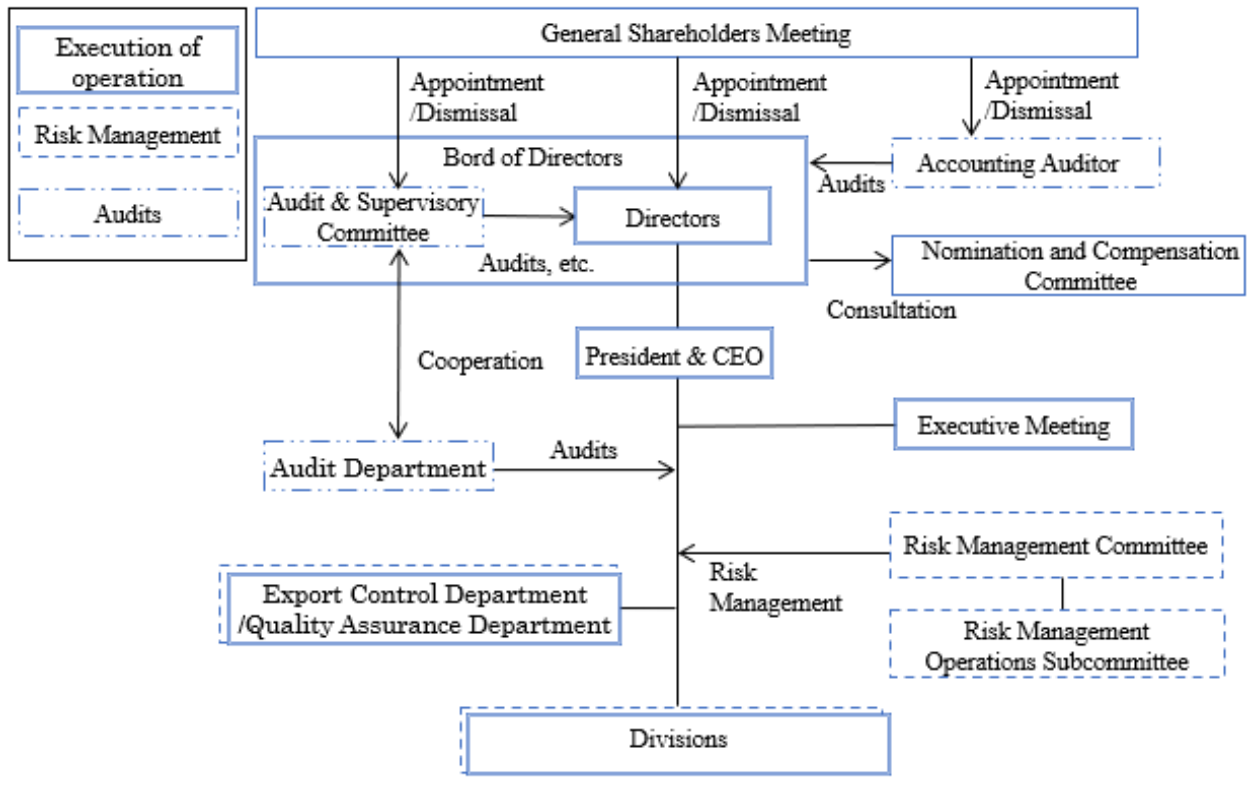
2. Check function of internal system for timely disclosure of company information

Regarding the internal system for timely disclosure, the Audit and Supervisory Committee confirms the following items on a regular basis and as necessary.

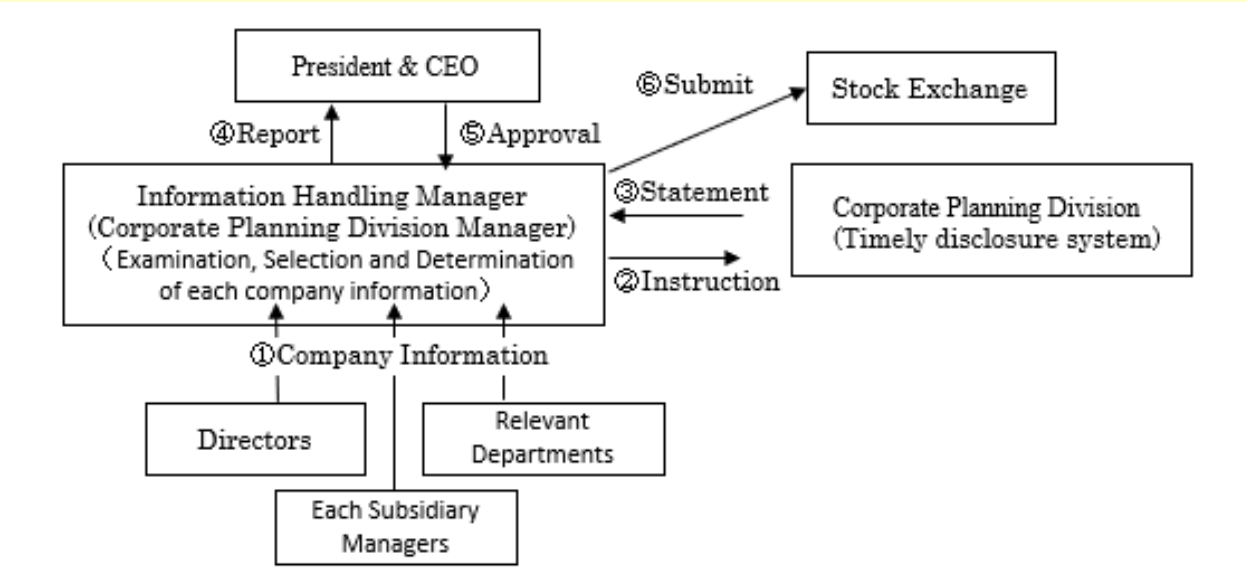
(1) Whether corporate information is properly reported in compliance with the listing rules and other relevant laws and regulations.

(2) Whether the submission deadlines for the reports properly followed.

Our Corporate Governance System



Timely Disclosure System



Skills Matrix

NAME	Position/title	Outside	Independent	Voluntary Nomination and Compensation Committee	Corporate management	Production, engineering development	Expatriate experience	Sales and marketing	Accounting	Legal and compliance
Hirokazu Okada	President & CEO, Director			○	●	●	●	●		
Koichi Ishida	Director, Managing Executive Officer					●		●		
Nobutaka Shibahara	Director, Senior Executive Officer			○	●		●			●
Kazuhiro Nishimura	Director, Executive Officer				●	●	●			
Muneo Miura	Director, Executive Officer						●	●		
Hiroshi Hattori	Director, Full-time Audit and Supervisory Committee Member								●	
Daisuke Wake	Director, Audit and Supervisory Committee Member	○	○						●	
Miho Goto	Director, Audit and Supervisory Committee Member	○	○	○						●
Motoko Tanaka	Director, Audit and Supervisory Committee Member	○	○	○					●	

means chairman.

END