

# 04 Corporate Governance

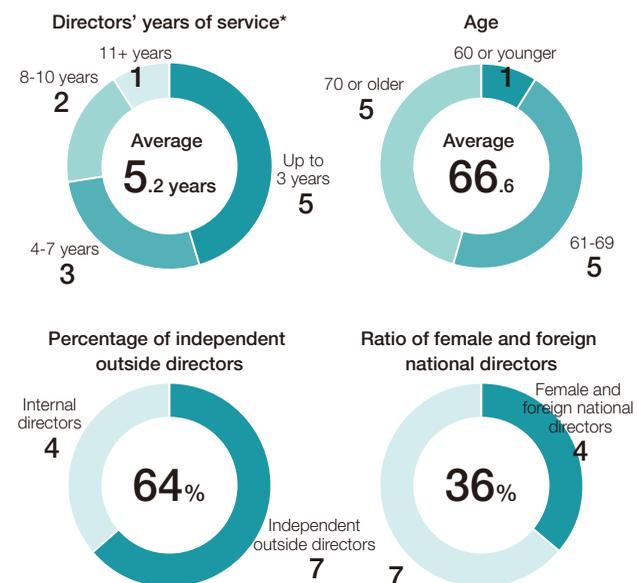
## Basic Philosophy on Corporate Governance

Guided by our corporate philosophy under the slogan “With established trust and confidence inside and outside the Company, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future,” we have established, and are working to enhance, our corporate governance system to promote management aimed at increasing our corporate value over the mid- to long-term. Our basic view on corporate governance is to build relationships of trust with our shareholders, customers, business partners, employees, local communities, and other stakeholders through management that ensures fairness and a high degree of transparency, and to develop and operate our management framework and internal control system to achieve sustainable growth through efficient and sound management.

## Corporate Governance System

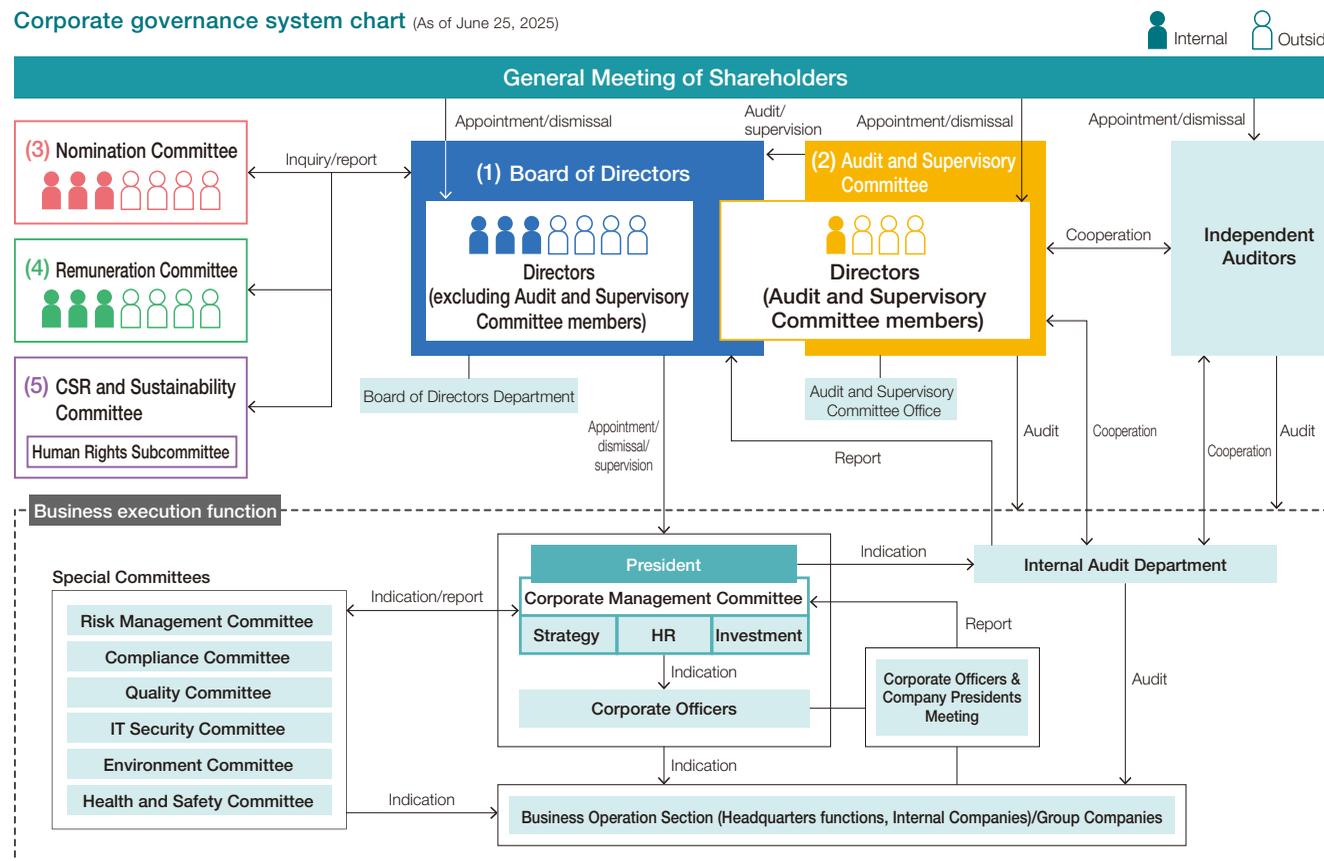
The Company has selected a company with an Audit and Supervisory Committee for the purpose of further enhancing discussions on management policies and strategies at the Board of Directors, strengthening the supervisory function, and further speeding up management decision-making and execution of business. Each organization is set up within the framework of a company with an Audit and Supervisory Committee.

### Corporate Governance Highlights (As of June 25, 2025)



\* Years served as auditors are included for directors that served as auditors before their appointment.

Corporate governance system chart (As of June 25, 2025)



For (1) to (5), see details on P. 78

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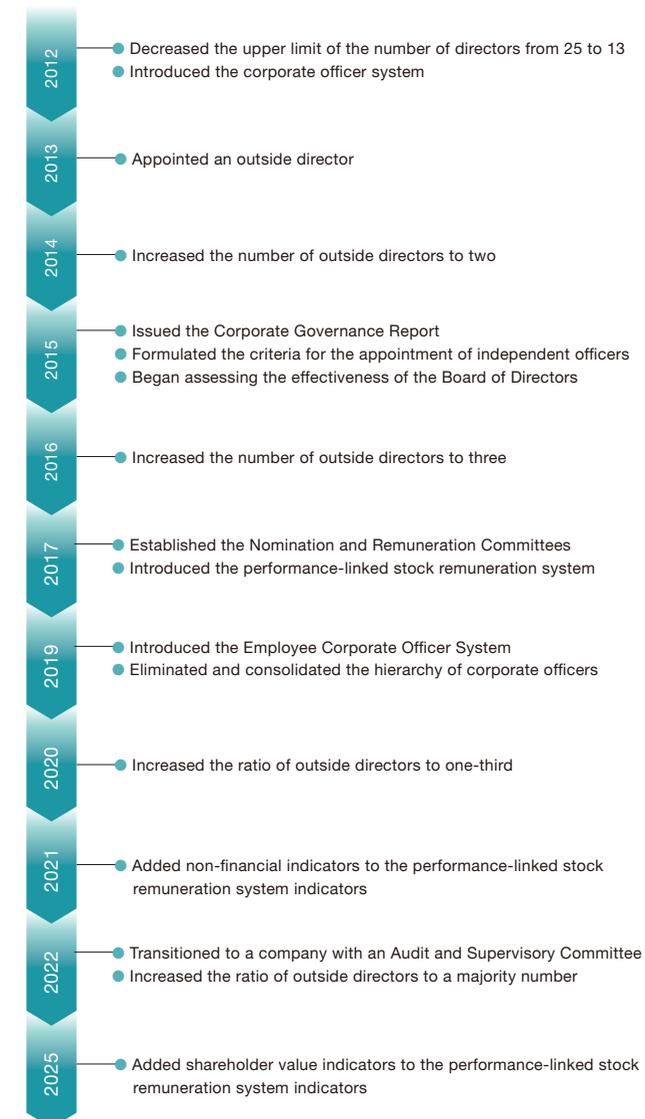
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## Overview of Major Organizations

<b>(1) Board of Directors</b>	<p><b>Purpose</b> The Board of Directors deliberates and makes decisions on important management issues such as basic management policies and medium-term management strategies, and supervises the status of business execution by management and the status of internal control systems by receiving reports from the Representative Director and President and other parties.</p> <p><b>Status of Specific Activities</b> In FY2024, in addition to regular matters such as resolutions stipulated by laws and regulation or articles of incorporation, the Board of Directors deliberated on matters such as the progress of the Mid-term Management Plan 2025 and Mid-term Management Plan 2030, important investment deals, business and growth strategies for individual businesses, initiatives towards sustainability challenges, activities of Risk Management Committee and Compliance Committee, dialogue with shareholders and investors, and the effectiveness of the Board of Directors.</p>	<p>Chair</p> <p>Shinichi Odo Chairman of the Board</p>	<p>Membership</p>  <p>11 directors (including 7 outside directors)</p>	<p>Meetings held in FY2024</p> <p>12</p>
<b>(2) Audit and Supervisory Committee</b>	<p><b>Purpose</b> The Audit and Supervisory Committee audits and supervises the execution of duties of directors (excluding directors who are Audit and Supervisory Committee members; hereinafter "directors"). It also confirms the appropriateness and suitability of the process of nominations and remuneration of directors by attending Nomination Committee and Remuneration Committee meetings and expressing opinions on these matters.</p> <p><b>Status of Specific Activities</b> In FY2024, in addition to attending the board of directors meetings, conducting interviews with directors, corporate officers, heads of business, and others, and holding regular liaison meetings with the Internal Auditing Department, and joint audit activities, the Audit and Supervisory Committee deliberated on and confirmed the effectiveness of internal controls and the status of business execution at Audit and Supervisory Committee meetings, by having the full-time Audit and Supervisory Committee member attend important meetings such as the Corporate Management Committee, review approval documents, and receive reports on activities such as regular liaison meetings with Group company auditors. Efforts were also begun on assessing the effectiveness of the Audit and Supervisory Committee.</p>	<p>Chair</p> <p>Kenji Isobe Full-time Audit and Supervisory Committee Member</p>	<p>Membership</p>  <p>4 directors who are Audit and Supervisory Committee members (including 3 outside directors)</p>	<p>Meetings held in FY2024</p> <p>12</p>
<b>(3) Nomination Committee</b>	<p><b>Purpose</b> To ensure reasonableness and transparency with regard to director and corporate officer nominations, the Nomination Committee, consulted by the Board of Directors, deliberates on the appointment of directors, which will be proposed at the general meeting of shareholders, as well as on the appointment and dismissal of representative directors, executive directors, and corporate officers, and a succession plan, and then delivers its opinions to the Board of Directors.</p> <p><b>Status of Specific Activities</b> In FY2024, the Nomination Committee, based on the Board of Directors' request for opinions, deliberated mainly on the composition of the Board of Directors, the content of proposals to be submitted to the general meeting of shareholders for the election of directors, the appointment of representative directors and executive directors, the appointment of corporate officers, and the revision of a succession plan and skill matrix, and delivered its opinions to the Board of Directors.</p>	<p>Chair</p> <p>Shinichi Odo Chairman of the Board</p>	<p>Membership</p> <p>Shinichi Odo, Chairman of the Board Takeshi Kawai, President Keiji Suzuki, Director and Executive Officer Miwako Doi, Outside Director Chiharu Takakura, Outside Director Takayoshi Mimura, Outside Director Hisanori Makaya, Outside Director <small>* All directors who are Audit and Supervisory Committee members also attend.</small></p>	<p>Meetings held in FY2024</p> <p>5</p>
<b>(4) Remuneration Committee</b>	<p><b>Purpose</b> To ensure reasonableness and transparency with regard to deciding director and executive officer nominations, the Remuneration Committee, based on the Board of Directors' request for opinions, deliberates on matters related to remuneration policies for directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers, as well as the appropriateness of the proposed remuneration of each director and executive officer, and delivers its opinions to the Board of Directors.</p> <p><b>Status of Specific Activities</b> In FY2024, the Remuneration Committee deliberated and reported mainly on evaluations of corporate and individual performance, the resulting individual remuneration for each director (excluding directors who are Audit and Supervisory Committee members) and corporate officers (excluding employment-type corporate officers), revisions to the remuneration system for directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers, and revisions to the policy for determining remuneration and other matters for directors (excluding directors who are Audit and Supervisory Committee members) based on requests from the Board of Directors.</p>	<p>Chair</p> <p>Shinichi Odo Chairman of the Board</p>	<p>Membership</p> <p>Shinichi Odo, Chairman of the Board Takeshi Kawai, President Keiji Suzuki, Director and Executive Officer Miwako Doi, Outside Director Chiharu Takakura, Outside Director Takayoshi Mimura, Outside Director Hisanori Makaya, Outside Director <small>* All directors who are Audit and Supervisory Committee members also attend.</small></p>	<p>Meetings held in FY2024</p> <p>3</p>
<b>(5) CSR and Sustainability Committee</b>	<p><b>Purpose</b> To promote sustainability management in the Group, the CSR and Sustainability Committee, based on the Board of Directors' request for opinions, deliberates on initiatives and key ESG (Environment, Social, and Governance) topics in the three areas of social issues, human capital, and management foundation identified as Key Management Priorities, and delivers its opinions and advice to the Board of Directors.</p> <p><b>Status of Specific Activities</b> In FY2024, the CSR and Sustainability Committee discussed sustainability management and future Key Management Priorities, and deliberated on the revision of the CSR basic policy. In addition, the Human Rights Subcommittee established within the CSR and Sustainability Committee met twice and reported on the results of human rights due diligence. Furthermore, the CSR and Sustainability Committee invited outside experts to give lectures to enhance the knowledge and perspective of the committee.</p>	<p>Chair</p> <p>Chiharu Takakura Outside Director</p>	<p>Membership</p> <p>Chiharu Takakura, Outside Director Toru Matsui, Executive Vice President Keiji Suzuki, Director and Executive Officer Kenji Kobayashi, Executive Officer Hiromi Kitagawa, Corporate Officer</p>	<p>Meetings held in FY2024</p> <p>10</p>

## Corporate Governance Measures Over Time



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## Roles and Structure of the Board of Directors

The Board of Directors plays the following roles to help the Company achieve sustainable growth and increase its corporate value on a mid- to long-term basis, thereby increasing its profitability, capital efficiency and others:

- Deliberates and makes decisions on the basic management policies, mid- to long-term management strategies and other important managerial issues
- Builds and improves the environment to help the management team take risks appropriately
- Supervises the management team in a highly effective manner from an independent and objective standpoint

The Company's Board of Directors believes that it is important for the Board to comprise diverse talent with different backgrounds, including specialized knowledge and experience, in order to achieve sustainable growth and increases in corporate value over the mid- to long-term. The Board is made up of talent with extensive experience, high levels of knowledge, and advanced specialization, with consideration given to gender, nationality, work experience, and age, to achieve a good balance according to the business environment at a given time. In addition, by making up the majority of the Board of Directors with outside directors who have experience and specialized knowledge gained under environments that differ from the Company, the Board can strengthen its supervisory function and engage in deliberations from various perspectives in an effort to ensure transparency and objectivity in decision-making. Director candidates are not excluded from consideration on the basis of their race, ethnicity, nationality, country of birth, cultural background, etc.

## Skill Matrix of Directors

Considering the business, management policy, external environment, and other facets of the Group, the Board of Directors identified the experience, knowledge and expertise required for important management decision-making and business execution supervision, and assigned Directors in a well-balanced manner with consideration for diversity.

This experience, knowledge, and expertise should be reviewed as appropriate in response to changes in the Company's management policy, external environment, and other factors. In FY2024, with the conclusion of the previous Mid-term Management Plan (FY2021 to FY2024), we revised the skill matrix to focus on items that strengthen monitoring functions from a longer term perspective, while clarifying the reasons for selecting each skill and the roles expected of Directors. In addition, the review will be deliberated by the Nomination Committee, which is an advisory committee to the Board of Directors, and decided by the Board of Directors.

### Skill matrix of Directors

Name	Position	Independence	Experience/Knowledge/Expertise						
			Corporate management	Finance/Accounting	Governance/Legal/Risk management	Human capital	Global business	Technology/R&D	Business development/M&A
Shinichi Odo	Representative Director, Chairman of the Board		○				○		○
Takeshi Kawai	Representative Director, President & Chief Operating Officer		○					○	○
Keiji Suzuki	Director, Executive Officer		○					○	○
Miwako Doi	Outside Director	●						○	○
Chiharu Takakura	Outside Director	●				○	○		
Takayoshi Mimura	Outside Director	●	○				○		○
Hisanori Makaya	Outside Director	●	○				○		○
Kenji Isobe	Director, Full-time Audit and Supervisory Committee Member			○	○	○			
Fumiko Nagatomi	Outside Director, Audit and Supervisory Committee Member	●			○				
Christina L. Ahmadjian	Outside Director, Audit and Supervisory Committee Member	●			○		○		
Hideyo Uchiyama	Outside Director, Audit and Supervisory Committee Member	●	○	○	○				

Skill item	Reason for selection
Corporate management	As the automotive industry undergoes a major transformation period, management skills are essential for the Board of Directors to determine management policies that balance mid- to long-term corporate value enhancement with contributions to resolving social issues, in order to build an optimal business portfolio and enable the management team to supervise decisive decision-making.
Finance/Accounting	As the Company promotes mid- to long-term profit growth and enhanced shareholder returns, finance and accounting skills are essential for the Board of Directors to supervise the formulation and execution of financial strategies that balance financial soundness with investments for growth and realize investments to strengthen the management foundation, as well as to ensure the proper operation of a sound financial reporting system.
Governance/Legal/Risk management	As the Company pursues a more advanced governance framework, skills related to governance, legal affairs, and risk management are essential for the Board of Directors to supervise the establishment and operation of governance and risk management systems that promote compliance and appropriately address risks that may hinder business operations.
Human capital	As the Company promotes initiatives focused on human capital investment to foster talents who embody the Niterra Way, including talent development, optimal talent placement, and organizational and institutional reforms, skills related to human capital are essential for the Board of Directors to supervise the formulation and execution of human capital strategies.
Global business	As the Company expands its business in global markets and leverages its worldwide production and sales network to enter new business domains, global business skills are essential for the Board of Directors to supervise operations based on an understanding of global market strategies and risks as well as diverse perspectives.
Technology/R&D	Amid the Company's goal to expand its business centered on ceramic technology and to acquire new core competencies, technology and R&D are key business activities. Accordingly, it is essential for the Board of Directors to possess skills in technology and R&D to identify priority areas and supervise the allocation of business resources to achieve these objectives.
Business development/M&A	Amid the Company's goal to create and grow new business by realizing synergies with other companies through business development and M&A leveraging its core competencies, skills related to business development and M&A are essential for the Board of Directors to supervise appropriate allocation of management resources, business continuity decisions, and M&A in line with mid- to long-term strategies.

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## Roles and Independence of Outside Directors

To enhance the supervisory function of the Board of Directors and to ensure the transparency and objectivity of decision-making through discussions from multifaceted viewpoints, outside directors make up the majority of the Board of Directors, which comprises diverse talent who have abundant experience, tremendous insight and a high degree of professionalism. We appoint all the independent outside directors as independent officers and notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of their appointment. In order to ensure that candidates have neither special relationships with the management team and major shareholders nor conflicts of interest with general shareholders, we designate those who meet all the followings as independent officers: our own criteria for the appointment of independent officers; the requirement of independent officers set by the Companies Act; and the rules and regulations stipulated by the financial instruments exchanges.

Outside directors attend the Board of Directors meetings and non-statutory advisory bodies to demonstrate their supervisory function by becoming involved in the important decision-making of the Company from an independent standpoint, while providing advice from an overall perspective based on their abundant experience and insight when formulating and confirming the progress of mid- to long-term management policies at the Board of Directors meetings. Outside directors who are Audit and Supervisory Committee members serve as a supervisory and auditing function based on their independence and expert knowledge.

Title	Name	Reason for appointment	Frequency of attendance in FY2024	
			Board of Directors	Audit and Supervisory Committee
Outside Director	Miwako Doi	She has an abundance of experience and an outstanding record as a researcher in the field of information and communication, and has deep insight in business development, having been involved in launching new businesses at a business company. We have selected her as an outside director based on her experience and insight as an outside director at the Company in overseeing business execution by the Company's management team and providing advice to the team.	12/12	—
Outside Director	Chiharu Takakura	She has an abundance of experience and deep insight in human capital management and global organizational management through her experience as a consultant in organizational development and human resource development and her involvement in promoting human capital management and organizational reform at many global companies, including international pharmaceutical companies. We have selected her as an outside director based on her experience and insight as an outside director at the Company in overseeing business execution by the Company's management team and providing advice to the team.	12/12	—
Outside Director	Takayoshi Mimura	He has long been involved in management from both an executive and supervisory perspective, including serving as a business manager and chairman of the Board of Directors at an operating company, and has a high degree of insight into corporate management and corporate governance. In addition, he has an abundance of experience in global business, business development, and M&A including driving the cultivation of overseas markets and business expansion through M&A. We have selected him as an outside director based on his experience and insight as an outside director at the Company in overseeing business execution by the Company's management team and providing advice to the team.	12/12	—
Outside Director	Hisanori Makaya	He has extensive experience and deep insight in corporate management, business development, M&A, and global business, having been involved for many years in organizational reform and business portfolio transformation through new business creation and M&A in the corporate planning division of an operating company, as well as serving as a management executive for business divisions and subsidiaries engaged in global operations. We have selected him as an outside director based on his experience and insight as an outside director at the Company in overseeing business execution by the Company's management team and providing advice to the team.	10/10 (Took office on June 25, 2024)	—
Outside Director, Audit and Supervisory Committee Member	Fumiko Nagatomi	She has expert knowledge and an abundance of experience accumulated over many years as a lawyer. We have selected her as an outside director who is an Audit and Supervisory Committee member based on her expertise and experience in supervising and auditing the Company's overall management as an outside director who is an Audit and Supervisory Committee member, and in providing appropriate advice for overall management as necessary.	12/12	12/12
Outside Director, Audit and Supervisory Committee Member	Christina L. Ahmadjian	We have selected her as an outside director who is an Audit and Supervisory Committee member based on her extensive experience and deep insight as a researcher of corporate management, corporate governance, and organizational culture and her involvement in management as an outside director in many companies, as well as her contribution to supervising and auditing the Company's overall management as an outside director who is an Audit and Supervisory Committee member while providing appropriate advice for overall management as necessary.	12/12	12/12
Outside Director, Audit and Supervisory Committee Member	Hideyo Uchiyama	He has expert knowledge and extensive experience accumulated over many years as a certified public accountant, as well as rich experience in managing an auditing firm and global consulting firm. We have selected him as an outside director who is an Audit and Supervisory Committee member based on his knowledge and experience in supervising and auditing the Company's overall management as an outside director who is an Audit and Supervisory Committee member, and in providing appropriate advice for overall management as necessary.	10/10 (Took office on June 25, 2024)	10/10 (Took office on June 25, 2024)

## Succession Plan

### 1. Formulation and implementation of the succession plan

To ensure the Group's sustained growth and enhancement of its mid- to long-term corporate value, we dedicate sufficient time and resources to formulating and implementing a succession plan that enables us to appoint the most qualified individual to lead the Group as president in the future.

The Company's succession plan is formulated and implemented under the leadership of the Chairman of the Board and the President. To ensure objectivity and transparency, the Nomination Committee,

the majority of whose members are independent outside directors, regularly receives reports on the formulation and implementation status of the plan and provides advice as appropriate.

### 2. Selection and development of successor candidates

Based on the selection criteria of the successor, we select multiple successor candidates and implement a training program. The Nomination Committee receives reports on the selection status of successor candidates, details of development plans, and the

implementation status, and deliberates and provides advice accordingly. In addition, outside directors who serve on the Nomination Committee are given opportunities to directly observe the implementation of the development program by attending the sessions.

The continuation or replacement of successor candidates is reviewed and decided by the Nomination Committee every year, taking into account the status of the development program.

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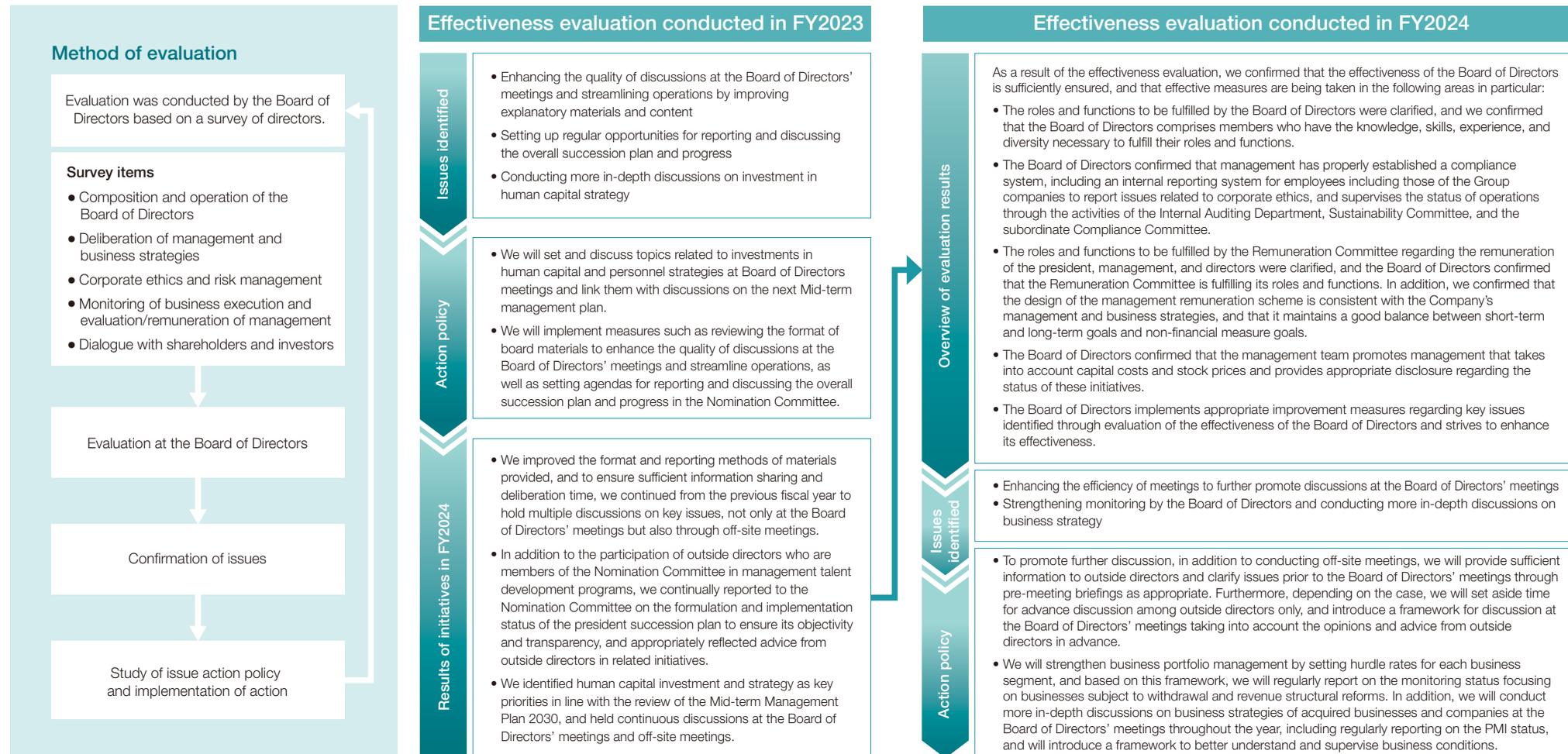
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## Evaluation of the Effectiveness of the Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors in order to verify whether the Board of Directors is properly fulfilling its expected functions and to continuously improve its effectiveness. In FY2024, we conducted a questionnaire survey of directors to evaluate the composition and operation of the Board of Directors, deliberation of management and other strategies, and oversight of business execution. The results of this survey were used to evaluate the effectiveness of the Board of Directors. The distribution of surveys and the collection and compilation of responses were outsourced to an external organization.



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## Remuneration for Officers

### Basic policy

Remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers is paid based on the policy of providing them with additional motivation to contribute to improving the Company's business performance on a mid- to long-term basis and growing the corporate value, while ensuring they have a shared interest with shareholders by holding Company shares themselves. The remuneration consists of fixed remuneration paid in the form of cash; bonus, which is linked with the Company's single-year business performance, etc.; and performance-linked stock remuneration paid in accordance with each person's position and level of achievement against the performance targets set in the Mid-term Management Plan and others. Remuneration of directors who are Audit and Supervisory Committee members and outside directors comprises only fixed remuneration. Our Remuneration Committee acts as an advisory body to the Board of Directors. It deliberates on the remuneration policies, procedures, and systems for directors (excluding directors who are Audit and Supervisory Committee members) and corporate officers as well as the appropriateness of the amount of remuneration planned to be paid to each director (excluding directors who are Audit and Supervisory Committee members) and corporate officers, and submits the results to the Board of Directors to ensure the rationality and transparency of the decisions made concerning the remuneration of directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers. In FY2024, the committee met three times.

**Example of remuneration payment** (Assuming 100% achievement of each evaluation indicator)

Fixed remuneration 50%	Bonus 30%	Performance-linked stock remuneration 20%
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### Policy on the payment of bonus

The bonus is determined by multiplying the base amount for each position by a coefficient based on the degree of achievement of the consolidated performance goals for a single fiscal year, which reflect the results of operating activities, as well as the degree of achievement of non-financial indicators that reflect the results of activities to achieve sustainable growth and enhance corporate value, and is paid at a certain time each year in cash.

The indicator of the Company's performance used for the calculation of bonus amounts is based on profit attributable to owners of the parent, which is the profit indicator that reflects the final outcome of business activities and the creation of shareholder value. For officers who do not also serve as directors, in addition to these indicators, the degree of achievement of performance targets set for their division is also taken into account.

### Performance-linked stock remuneration system

We introduced the performance-linked stock remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and corporate officers (excluding employment-type corporate officers) to further clarify the link between the compensation of directors and the value of the Company's stock, and to have them share interests with shareholders, so as to incentivize them to contribute to the improvement of the Company's mid- to long-term performance and to increasing corporate value. Under the system, the Board Incentive Plan (BIP) is adopted, where points are given to directors based on their position and the level of achievement against the targets set in the Mid-term Management Plan. Points are calculated according to the method stipulated in share granting regulations, which were determined by the Board of Directors after the deliberation of the Remuneration Committee. After the end of the period, shares of the Company and money in the amount equivalent to the value of the shares are to be given or granted based on granted points. The degree of achievement of performance goals is evaluated based on medium-term performance indicators, shareholder value indicators, and non-financial indicators. The medium-term performance indicators are based on consolidated revenue and profit attributable to owners of the parent set as goals of the Mid-term Management Plan. However, for officers who do not also serve as directors, the performance targets set for their division are taken into account. The shareholder value indicators are based on relative total shareholder return (TSR) calculated based on the comparison of the Company's TSR with that of peer group companies during the period of the Mid-term Management Plan, with the aim of strengthening awareness of enhancing shareholder value. The non-financial measure goals are based on employee engagement, aiming to evaluate the outcomes of human capital management initiatives that support the Group's sustained growth.

### Malus-clawback system

We have established a Malus-clawback system under which rights to receive bonuses and performance-linked stock-based compensation may be forfeited, and payment or delivery may be reduced or reclaimed, in the event of certain circumstances such as significant misconduct or violation of laws and regulations, material accounting errors or fraud, or voluntary resignation.

### Type and details of remuneration for officers

	Fixed remuneration	Bonus	Performance-linked stock remuneration
<b>Details of remuneration</b>	Fixed remuneration is determined holistically according to the position and responsibilities, by taking into account peers' levels, the Company performance, and the level of employee salaries, and then paid monthly in cash.	Bonus is determined by multiplying the base amount for each position by a coefficient based on the degree of achievement of the consolidated performance goals for a single fiscal year, which reflect the results of operating activities, as well as the degree of achievement of non-financial indicators that reflect the results of activities to achieve sustainable growth and enhance corporate value, and is paid at a certain time each year in cash.	The Board Incentive Plan (BIP) is adopted, where the Company shares and money in the amount equivalent to the value of the Company shares are given or granted to directors at the end of the period set for the system, based on their positions and level of achievement against the targets set in the Mid-term Management Plan, etc.
<b>Indicators against which the achievement of performance targets is assessed</b>	—	<ul style="list-style-type: none"> <li>Degree of achievement of profit attributable to owners of the parent against the performance forecast announced at the beginning of the fiscal year</li> <li>Degree of improvement from the previous fiscal year in the results of the employee engagement survey conducted annually among employees</li> </ul> Note: For officers who do not also serve as directors, in addition to the above, the degree of achievement of performance targets set for their division	<ul style="list-style-type: none"> <li><b>Medium-term performance indicators</b> Degree of achievement of goals for consolidated revenue and profit attributable to owners of the parent set forth in the Mid-term Management Plan Note: For officers who do not also serve as directors, the degree of achievement of performance targets set for their division</li> <li><b>Shareholder value indicators</b> Relative TSR calculated based on the comparison of the Company's TSR with that of peer group companies during the period of the Mid-term Management Plan</li> <li><b>Non-financial indicators</b> Degree of achievement of goals for employee engagement during the period of the Mid-term Management Plan</li> </ul>
<b>How to determine payment</b>	—	Payment is determined within the range of 0% to 200%.	Payment is determined within the range of 0% to 200%.
<b>Recipients</b>	Directors, Corporate Officers	Directors (excluding directors who are Audit and Supervisory Committee members and outside directors), Corporate Officers	Directors (excluding directors who are Audit and Supervisory Committee members and outside directors), Corporate Officers

### Total amount of remuneration, etc. paid by category, total payment amount by remuneration type, and the number of recipients (for FY2024)

Category	Total amount of remuneration paid (millions of yen)	Total payment amount by remuneration type (millions of yen)			Number of recipients
		Fixed remuneration	Bonus	Performance-linked stock remuneration	
<b>Directors</b> (excluding directors who are Audit and Supervisory Committee members) (of which, outside directors)	494 (62)	296 (62)	151 (—)	46 (—)	8 (5)
<b>Directors who are Audit and Supervisory Committee members</b> (of which, outside directors)	87 (46)	87 (46)	—	—	6 (4)

(Notes) 1. The total amount of bonuses and performance-linked stock remuneration are both the amounts expensed during FY2024.

2. The above includes remuneration for one outside director (who is not an Audit and Supervisory Committee member) and two directors who are Audit and Supervisory Committee members (including one outside director) who retired at the conclusion of the 124th ordinary general meeting of shareholders.



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## Evaluation of the Effectiveness of the Audit and Supervisory Committee

In the Audit and Supervisory Committee, we have previously conducted reviews of audit activities at the end of each fiscal year. To further enhance the effectiveness of audits, we have begun conducting comprehensive evaluations, including organizational structure and operations, through self-assessment.

### Method of evaluation

- Survey of all Audit and Supervisory Committee members (to be created, distributed, collected, and compiled by the Audit and Supervisory Committee Office)
- The Chair raises points of discussion for each item, and using the overall survey results and Audit and Supervisory Committee materials, all Audit and Supervisory Committee members exchange opinions and identify effective initiatives for auditing the execution of director duties and initiatives to be improved in the future.

### Survey items

- Operations of the Audit and Supervisory Committee: The number of Audit and Supervisory Committee meetings held, agenda items, key audit items, and provision of information to external Audit and Supervisory Committee members
- Audit activities: Interviews, business site audits, audit results

### Evaluation results

Upon deliberation of all Audit and Supervisory Committee members, we confirmed that the effectiveness of the Audit and Supervisory Committee is sufficiently ensured, and that effective measures are being taken in the following areas in particular:

- In the Audit and Supervisory Committee, information related to the Corporate Management Meeting, which is a key executive meeting, is appropriately reported to external Audit and Supervisory Committee members by the full-time Audit and Supervisory Audit Committee member. In addition, by actively engaging in interviews and various dialogue

with internal directors who are not Audit and Supervisory Committee members, executive officers, and division heads, the committee is able to gain a comprehensive understanding of executive perspectives and internal conditions. These initiatives are useful in conducting audits and expressing opinions at the Board of Directors' meetings and other meetings.

- The Audit and Supervisory Committee strives to ensure cooperation with outside directors who are not Audit and Supervisory Committee members by sharing information and exchanging honest opinions through regular individual interviews and roundtable meetings.

Meanwhile, in the effectiveness evaluation, we identified the following two items as areas for further enhancement of the effectiveness of the Audit and Supervisory Committee, and we will work to make improvements.

#### 1. Key audit items

As audit progress reports are concentrated at the end of the fiscal year, making it difficult to conduct in-depth discussions, we will create regular opportunities for reporting and discussion to accelerate audit-related actions.

#### 2. Business site audits

We have been confirming the status of business sites and Group companies through collaboration with the accounting auditor and Internal Audit Department as well as through hearings at internal meetings. However, it is also necessary to allocate sufficient time for on-site visits where Audit and Supervisory Committee members directly conduct interviews, and we will enhance on-site audits by linking them with key audit items.

## Stocks Held for Reasons Other than Pure Investment Purposes

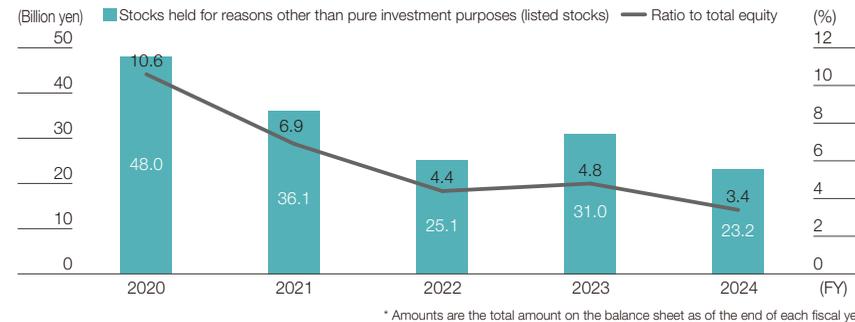
### Policy on the stocks held for reasons other than pure investment purposes

Niterra holds the stocks of its suppliers and others basically to maintain and enhance stable business relationships with them, when the Company decides that holding the stocks will help increase its corporate value after verifying the economic rationality from mid- to long-term viewpoints. The Board of Directors annually checks whether it is rational and useful in terms of enhancing its corporate value to keep the stocks individually for each of the investee companies, in consideration of the capital cost and comparing the related risks and returns on a mid- to long-term basis. When the Board decides that the Company should not continue to hold any of the stocks, the Company will sell them as appropriate, in consideration of the market trend. The eight stocks held for reasons other than pure investment purposes (listed stocks) as of the end of FY2024 amounted to 23.2 billion yen (market value basis), accounting for 3.4% of total equity.

### Criteria for the exercise of voting rights

For the exercise of voting rights for the stocks owned by our Company, we will decide whether to exercise the rights for each item of the agenda, considering whether it will contribute to increasing the corporate value of the investee company and of our own Company. In particular for the selection of directors, appropriation of retained earnings and other items that have a large impact on shareholder value, we will exercise the voting rights according to the criteria set for the rights.

### Change in stocks held for reasons other than pure investment purposes and ratio to total equity



### Change in the number of stocks held for reasons other than pure investment purposes (listed stocks)

2020	2021	2022	2023	2024
20	16	10	9	8

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In light of the changing times and our vision as a company, we aim to enhance our corporate value by building and strengthening a corporate governance system suitable for the Niterra Group.

Shinichi Odo, Representative Director, Chairman of the Board

### Promoting multifaceted discussions aimed at optimizing the business portfolio

The Niterra Group has set its 2040 vision to be a company that brightens the Earth, and in line with global trends toward decarbonization and electrification of automobiles, we aim to optimize our business portfolio by further strengthening our internal combustion engine business, create new business pillars centered on our core assets, and reinforce and reform our management foundation that supports these initiatives.

In FY2024, the Board of Directors worked to address three main issues based on the management challenges facing the Group, its vision, and the evaluation of the effectiveness of the Board of Directors in FY2023.

The first is further enhancing the quality of discussions at Board of Directors meetings. I believe we have achieved some initial results by implementing various measures, such as by holding pre-meeting briefings for outside directors to foster their understanding and facilitate active discussions of increasingly complex Board of Directors

topics, reviewing of the format of board meeting materials, and following up on resolutions.

The second is conducting more in-depth discussions on investment in human capital strategy. Based on the recognition that in-depth discussions on human capital, our top priority management foundation for realizing the Group's vision, are essential, we have exchanged opinions on the ideal employee profile and training policies, linking them with discussions on the Mid-term Management Plan 2030 (MMP 2030).

The third is conducting regular reports and discussions on the overall picture of the succession plan and its progress. We have held in-depth discussions to more clearly define the qualities of leaders needed for our Group in this time of transformation.

As we pursue the optimization of our business portfolio, which is one of our goals, we face the challenge of determining how to further strengthen our internal combustion engine business while creating new business pillars that leverage our core assets. Amid these difficult decisions, the Board of Directors will likely focus more on fundamental discussions related to human capital management going forward.

Regarding the succession plan, in response to the diversification of work styles and values, the qualities required of leaders are undergoing a significant change. Rather than a charismatic top-down leadership style, we need a new type of leader who can drive corporate growth through enhanced employee engagement. Based on this, we are promoting multifaceted discussions that include considering forming a diverse management team that complements each other while leading with new ideas and businesses.

### Realizing active discussions with diverse board members

The role of the Board of Directors is to realize sustained growth of the Company while enhancing corporate value over the mid- to long-term, deliberate and make decisions on important managerial issues, and supervise the management team in a highly effective manner from an objective standpoint. In other words, it monitors the specific strategies and tactics formulated by the management team to achieve the Company's mid- to long-term goals and their implementation status to ensure that they are consistent with the Company's policy



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# 04 Corporate Governance

## Message from the Chairman

from a mid- to long-term perspective. From that standpoint, I recognize that my role as the Chairperson and Chairman of the Board is to guide the Board of Directors to function properly by maintaining a balance of internal and external viewpoints drawing on my executive and supervisory experience. To ensure that there is no discrepancy between the actual business actions carried out by the executive side and our mid- to long-term goals, I strive to operate the Board to facilitate outside directors' understanding from a neutral standpoint.

One of the major characteristics of our Board of Directors is the vigorous exchange of opinions between our internal and outside directors during deliberations, thanks to the initiatives to enhance Board effectiveness and the abundant experience and insight of our outside directors. You can see that every participant in board meetings is trying to reach a better conclusion through discussions by the way they not only make suggestions based on their areas of expertise, but also actively offer opinions on matters outside their expertise.

There are also split votes in favor of resolutions brought before the Board of Directors. Although we saw that in FY2024, I see dissenting opinions and negative votes positively, as they are a sign that the Board of Directors is a healthy place where outside directors feel psychologically secure enough to give their opinions.



Regarding the composition of the Board of Directors, seven of our eleven directors are independent outside directors, and four are women, one of whom is a foreign national. In this way, we have created a Board of Directors that has a rich diversity of career backgrounds and areas of expertise, leveraging not only demographic diversity but also a genuine diversity of perspectives. Following the current trend in boards of directors, our Group is also shifting from a traditional management board to a monitoring board, which emphasizes oversight of management. However, with regard to governance, we recognize the principles set forth in the corporate governance code, while understanding that an optimal governance system must be tailored to each company's circumstances, and that there is no single correct approach to governance. For example, European and American companies often have monitoring boards consisting almost entirely of outside directors, with the exception of the CEO.

The current approach of the Group's Board of Directors is one in which both internal and outside directors work together to enhance governance across the Group. In light of changing perspectives and times, we will continue to optimize the composition and approach of the Board of Directors in a manner that is suitable for the Niterra Group.

### Enhancing effectiveness with a sense of urgency based on feedback after Board of Directors meetings

To further enhance the effectiveness of the Board of Directors, we are implementing improvement measures each year using the issues identified in effectiveness evaluations as guidelines. The effectiveness evaluation is implemented through a process that ensures transparency with the support of a third-party organization, and the evaluation is resulting in improvements each year.

In April 2024, we newly established a Board of Directors Department dedicated to supporting smooth operation of the Board of Directors. This new department specializes in supporting the operations of the Board of Directors by separating its functions from the executive side, coordinating topics of discussion regarding our mid- to long-term strategies, and implementing director training, and we are already seeing results from enhancing the Board of Directors' effectiveness. We also organize offsite meetings as forums to freely give opinions outside of Board of Directors meetings. The ability to hold in-depth discussions on key management policies and strategies, such as shared values and human capital strategy, during the formulation of the MMP 2030 was made possible by holding meetings

at various venues.

In addition, to further enhance the effectiveness of the Board of Directors, starting in FY2024, we have supplemented the traditional annual effectiveness evaluation by collecting feedback after each board meeting and using it to implement improvements in real time.

### Achieving a balance between strengthening governance and delegating authority

We are continuing to make improvements to strengthen governance, and while I believe we have established a governance system that ensures a certain level of transparency, new challenges arise with the changing times. As we expand our business globally and our business performance grows, we face the challenge of balancing strengthening governance and delegating authority. In terms of Group governance and delegation of authority, we are also facing a shortage of CFOs capable of integrating business and financial strategies.

As the Group takes on the challenges of different business areas, the Group's governance, the way authority is exercised, and the topics requiring discussion will also need to evolve. This fiscal year, as Chair, I would like to foster in-depth discussions at board meetings with a long-term perspective, focusing on what we expect of the Niterra Group and what we hope to achieve to ensure sustained growth of the Group.

Organizations must look 10 to 20 years ahead, set a clear direction for their goals, and formulate a concrete vision, because relying on past ways of thinking will not lead to sustained growth. With the aging society, decreasing birthrate, and shrinking working population in Japan, we must ask ourselves if we can continue to have the same mindset about manufacturing given the increasing adoption of digital transformation and robots. From a transformational perspective, we aim to incorporate the views of outside directors and thoroughly explore the ideal strategy through off-site meetings and similar measures.

To assure the sustained growth of the Group, the Board of Directors will supervise our executive team based on mid- to long-term strategies, and we will fulfill our accountability to shareholders, investors, and other stakeholders. In an environment where companies are expected not only to deliver profits and scale but also to balance business growth with addressing social challenges, we must reexamine the very purpose of our existence and provide new value to society, and I aim to ensure that such discussions are also led from the Board of Directors.



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# 04 Corporate Governance

## Directors Roundtable Discussion

### We will supervise management with a sense of urgency to ensure the sustainable enhancement of corporate value

The Niterrra Group has formulated the Mid-term Management Plan 2030 and has begun taking action toward further growth. An internal director and three outside directors discussed challenges to improving the effectiveness of governance.



**Kenji Isobe**, Director, Full-time Audit and Supervisory Committee Member

**Fumiko Nagatomi**, Outside Director, Audit and Supervisory Committee Member

**Christina L. Ahmadjian**, Outside Director, Audit and Supervisory Committee Member

**Hideyo Uchiyama**, Outside Director, Audit and Supervisory Committee Member

#### Evaluating governance reforms to date

**Isobe** First, I would like to discuss strengthening governance from the perspective of an internal Full-time Audit and Supervisory Committee member. To date, our Group has identified investor expectations for stronger governance, held repeated discussions, and studied advanced initiatives implemented by other companies to steadily establish a governance framework. In addition, we conduct an annual evaluation of the effectiveness of the Board of Directors and use the results to drive ongoing improvements. We recognize the importance of taking opinions seriously and making appropriate decisions about whether to incorporate them. What are your thoughts as outside directors?

**Nagatomi** As you are aware and as I mentioned in our roundtable discussion last year, the governance framework is taking shape through the reforms implemented to date. We are approaching the

final stage, and our efforts are progressing steadily. For example, over the past year, we have seen great results with actions such as establishing the Board of Directors Department and enhancing off-site meetings. To enhance the effectiveness of governance, we have implemented various measures, and these are gradually bearing fruit. That is where we are at with Group governance.

**Ahadjian** It is true that our Group's governance has taken another next step forward over the past year. Looking ahead to the future of the Group, the fact that internal and outside directors are now able to share a deeper understanding than ever before of what is required is a significant step forward. At the Board of Directors meetings, there has been a stronger willingness to listen to the opinions of outside directors, and we are hearing many honest remarks showing interest in our comments and engaging in dialogue. We are now able to discuss future strategies from various perspectives, and this is leading to the creation of useful ideas. Although there are still challenges in balancing detailed discussions with broader big-

picture dialogue, we have seen clear improvement. In particular, during discussions on the formulation of the Mid-term Management Plan 2030 (MMP 2030), we have had a lively exchange of opinions bringing together perspectives from both inside and outside the Company.

**Uchiyama** It has been one year since I was appointed as an outside director, and I believe that there is a very strong desire to improve governance among both internal and outside directors. The Board of Directors Secretariat is also working very enthusiastically. If I were to pick one topic of discussion, it would be the approach to the chair roles of the Board of Directors and Nomination and Remuneration Committees. Although this does not necessarily mean that an outside director should serve as chair, there are companies that appoint outside directors to that position in order to enhance the quality of discussions. Therefore, I believe it would be worthwhile to revisit the Company's approach to this matter.



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Evaluating the effectiveness of the Board of Directors

**Isobe** One of the measures adopted after evaluating the effectiveness of the Board of Directors was to implement pre-meeting briefings prior to Board of Directors meetings. Before discussing complex agenda items at Board of Directors meetings, we now hold briefings several days in advance to provide outside directors with necessary background information. I believe this has enabled us to have deeper discussions at Board of Directors meetings, but what are your thoughts?

**Uchiyama** While there are other companies that have introduced pre-meeting briefings, I have heard that there are those that do not actually require discussion of those agenda items explained in advance at the actual Board of Directors meetings. This type of climate does not exist at Niterra, and the Board of Directors is always operating in a way that furthers discussion. These accumulated efforts are an important element in enhancing the effectiveness of the Board of Directors.

**Ahmadjian** This was a great opportunity, and it deepened discussions at the Board of Directors meetings. However, there is still room for improving its implementation. For example, it might be helpful to consider setting aside a separate time for questions and answers for items that individual outside directors may not fully understand or wish to know more about.

**Nagatomi** It is true that it has only been a short while since the pre-meeting briefings were introduced, so the benefits and implementation method are yet to be proven. Although there is a way to confirm separately if there are any questions, a formal system for that has not yet been established, and I believe this remains a challenge going forward.

**Uchiyama** The minutes and archives are relatively well maintained, and consideration has been given to creating an environment and preparations to enable even newly appointed directors to participate in discussions. However, there is

the challenge of the difference in awareness between the executive side and the outside directors. On the executive side, there still remains a mindset oriented toward the management board focused on discussing decisions related to business execution. On the other hand, outside directors are seeking discussions with a mindset focused on the monitoring board that emphasizes the perspectives of supervision and oversight. Although, over the past year, there have been more opportunities at Board of Directors meetings for executives to provide explanations and discuss matters from a strategic and forward-looking perspective in response to questions and comments from outside directors, it would be even better if they consistently approached issues from a higher-level perspective.

**Ahmadjian** That is a very important issue. This is true for Japanese companies in general, but the executive officers and other executives should not just focus on their own business execution, but should also give consideration to strategies that take into account the future vision and company-wide perspective.

**Nagatomi** That is understandable. The Audit and Supervisory Committee is also thoroughly analyzing and verifying this, including how to bridge the gap in awareness. Looking at the amount of time spent on discussions at Board of Directors meetings, I believe sufficient time is being allocated to discussing future business strategies and governance issues. I agree that the function of the Board of Directors has been steadily improving.

**Isobe** On another note, as a new initiative toward enhancing the effectiveness of the Board of Directors, last year we began having everyone provide written feedback and comments on the discussions at the end of each meeting. The idea is to increase the frequency of effectiveness evaluations and speed up feedback. This initiative reflects the opinions of all outside directors, and we are glad that we introduced it.

**Uchiyama** Annual effectiveness evaluations tend to be influenced by the atmosphere at the most recent Board of Directors meeting. This new initiative is a very effective way to ensure proper evaluation.

Discussions at Board of Directors meetings toward formulating the Mid-term Management Plan 2030

**Isobe** In FY2024, we formulated and discussed the MMP 2030, and board members had repeated discussions about the direction in which the Group should move in the mid- to long-term. Outside Board of Directors meetings, we also organized off-site meetings on

a nearly monthly basis for all directors. The discussions about the MMP 2030 occurred during its formulation process, and opinions from outside directors have also been fully reflected in this plan.

**Ahmadjian** Discussions of the MMP 2030 deepened at each off-site meeting, which proved very useful. The content has improved with each discussion, and I appreciate it as a highly transparent means of communication that effectively incorporates the voices of the outside directors.

**Nagatomi** Off-site meetings are a necessary preparation opportunity for deepening discussion on important issues that come before the Board of Directors. They are also beginning to function as a forum for discussing the future and long-term strategies of the Group.

**Uchiyama** We live at a time where it is difficult to see even five years into the future. While formulating a Mid-term Management Plan itself is surely meaningful, in times of such uncertainty, it would be beneficial to foster talent who can view the Company from a company-wide perspective, where future executive candidates engage in discussions about the Company's future five or ten years from now during the formulation process. In terms of enhancing the effectiveness of the Board of Directors, it may be important not only to improve the quality of its operations, but also develop talent that can contribute to the sustained growth of such businesses.

**Ahmadjian** Dialogue with outside directors during the formulation process of the Mid-term Management Plan will serve as training for executive officers who will assume leadership roles in the future, and this is extremely important for the future of the Company.

Selecting directors for the succession plan

**Isobe** The Audit and Supervisory Committee members attend Nomination Committee meetings as observers. Naturally, they provide opinions as necessary, but fundamentally, they oversee the appropriateness of the succession plan process and the transparency and fairness of the selection of directors and executive



Fumiko Nagatomi



Kenji Isobe



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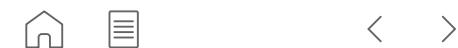
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Christina L. Ahmadjian

officers. From that perspective, I appreciate that our succession plan is proceeding appropriately in line with the plan set forth at the beginning of the fiscal year.

**Uchiyama** In the past, we had opportunities to hold lunch meetings that bring together future executive candidates. Although the Audit and Supervisory Committee members attend the Nomination Committee meetings as observers, we are

given the opportunity to learn more about the character of the individuals being discussed, and this consideration demonstrates the Company's commitment to succession planning.

**Ahmadjian** Lunch meetings with the executive candidates began last year and have been a very meaningful experience. Although there are various challenges to developing the next-generation executives, the fact that these initiatives have not yet been institutionalized or systemized is an issue. For example, even for lunch meetings, it needs to be clarified who will attend and how often they will be held. In particular, I believe the process for formulating the succession plan should be further institutionalized and systemized.

**Nagatomi** I agree. I also believe there are still some challenges there. This is probably the first time that the Company has implemented the succession planning process in a systematic manner. The Company may still be at the stage of building the system through repeated trial and error and learning from each experience. However, the progress being made is shared with transparency and objectivity, and I recognize that there are no particular issues at this stage.

**Evaluating the Audit and Supervisory Committee**

**Nagatomi** The activities of the Audit and Supervisory Committee are carried out through a process in which priority audit items are identified at the beginning of the year, activities are implemented based on those items, and the results are evaluated at the end of the year. The analysis and evaluation of the effectiveness of the

Board of Directors is an important mission of the Audit and Supervisory Committee. In addition, in light of discussions on the need to evaluate the effectiveness of the Audit and Supervisory Committee, in FY2025, we began conducting self-assessment surveys to reflect on our own activities.

**Ahmadjian** I believe that evaluating the effectiveness of the Audit and Supervisory Committee is important, and the framework of sharing the evaluation results to the Board of Directors is also very good. The process of the Board of Directors and the Audit and Supervisory Committee providing mutual feedback is improving a little each time. In addition, communication in the three-way audit between the Internal Audit Department, the accounting auditor, and the Audit and Supervisory Committee has also improved significantly. The sharing of issues among the three parties has reached a new level.

**Uchiyama** The Internal Audit Department is made up of about 20 employees, which is more than that of domestic companies of the same size. The activities of the Audit and Supervisory Committee are largely supported by the efforts of the Internal Audit Department, and there is a constant exchange of opinions. In addition, as Audit and Supervisory Committee members, we spend a lot of time interviewing corporate officers. During the interviews, we verify their awareness of issues and how they have addressed those issues. These efforts lead to quality comments at Board of Directors meetings.

**Isobe** The process of evaluating the effectiveness of the Audit and Supervisory Committee, which was mentioned earlier as an issue, begins with a self-assessment, followed by an exchange of opinions among the four outside directors based on the results. Among these, one opinion expressed by the outside directors was to accelerate the confirmation of the progress of key audit items, and another was to conduct on-site audits of business divisions facing risks. Going forward, we need to focus on these areas while continuing to conduct organizational audits as usual.

**Recognizing the roles of directors going forward**

**Isobe** A frequent observation from both internal and outside directors, particularly from outside directors, is the lowered sense of urgency due to strong business performance. While the current business performance continues to reach new record highs, we received various observations, including the challenges faced by

companies acquired through M&A and delays in the launch of new businesses. This is the biggest challenge facing the Group. Looking ahead, I believe we need to incorporate efforts to address this issue into the activity planning of the Audit and Supervisory Committee.

**Nagatomi** I will also make the same observation. Although there is a sense of urgency in launching new businesses, it seems like we are becoming short-sighted and not making any progress. While M&A will likely be used increasingly as a measure to address these challenges, the Audit and Supervisory Committee is highly aware of governance issues regarding acquired companies. We want to be fully prepared now in anticipation of when the need arises.

**Ahmadjian** As Mr. Uchiyama mentioned earlier, the rising uncertainty is a very big challenge for the Group. Although our business performance has been strong to date, we do not know when it will enter a downturn due to changes in the external environment. We need to constantly verify the validity of our planning process and make course corrections. It is also important to develop talent that can address this uncertainty. It is my personal mission to take a critical look at the business environment and ensure that management maintains an appropriate sense of urgency.

**Uchiyama** Currently, my biggest concern is how to manage companies acquired through M&A and whether it will enhance the corporate value of the Group. As we were elected by shareholders at the ordinary general meeting of shareholders, it is naturally important for us to supervise management in a way that rewards shareholders. However, to sustainably enhance corporate value, we must also give consideration to diverse stakeholders. As an outside director, I will give due consideration to enhancing shareholder value while closely monitoring management to meet the expectations of a wide range of stakeholders.



Hideyo Uchiyama

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# 04 Corporate Governance Executive Officers

## Directors (As of July 1, 2025)

### Shinichi Odo

Representative Director, Chairman of the Board  
Born April 3, 1954



**April 1977** Joined our company  
**February 2003** General Manager of Overseas Aftermarket Sales & Marketing Dept., Sales and Marketing Div., Automotive Components Gr.  
**July 2005** President, NGK SPARK PLUGS (U.S.A), INC. (Now Nitterra North America, Inc.)  
**June 2007** Member of the Board  
**June 2010** Member of the Board (Managing Director)  
**June 2011** President  
**April 2012** Representative Director and President, Chief Executive Officer  
**April 2016** Representative Director, Chairman of the Board and President, Chief Executive Officer  
**April 2019** Representative Director & Chairman of the Board (up to today)  
**May 2020** Chairman of the Japan Auto Parts Industries Association (JAPIA)

Shares held: 37,944

Years in office: 18\* \* Years in office include years in the former system before the introduction of the corporate officer system in 2012.

### Miwako Doi

Outside Director  
Born June 2, 1954



**April 1979** Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation) Senior Fellow, Corporate Research & Development Center, Toshiba Corporation  
**July 2008** Chief Fellow, Corporate Research & Development Center, Toshiba Corporation  
**April 2014** Auditor, National Institute of Information and Communications Technology, an Incorporated Administrative Agency (currently, National Research and Development Agency) (part-time) (up to today)  
**June 2015** Outside Director, Nomura Research Institute, Ltd.  
**April 2017** Executive Director, Nara Institute of Science and Technology (part-time)  
**June 2019** Outside Director, Isetan Mitsukoshi Holdings Ltd.  
**April 2020** Vice President, Tohoku University (part-time)  
**June 2020** Outside Director, Subaru Co., Ltd. (up to today)  
Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (Now Nitterra Co., Ltd.) (up to today)

Shares held: 4,106

Years in office: 5

### Kenji Isobe

Member of the Board,  
Standing Audit and Supervisory Committee Member  
Born August 9, 1983



**April 1986** Joined our company  
**July 2011** General Manager of Accounting & Finance Dept.  
**April 2013** General Manager of Corporate Planning Dept. and General Manager of Public Relations Office  
**December 2015** General Manager of Accounting & Finance Dept., Corporate Administration Group and General Manager of Public Relations Office  
**April 2016** Corporate Officer  
**June 2018** Director and Corporate Officer  
**April 2019** Director and Executive Officer  
**June 2022** Executive Officer  
**April 2024** Standing Advisor  
**June 2024** Member of the Board (Director), Standing Audit and Supervisory Committee Member (up to today)

Shares held: 21,924

Years in office: 5 (including 4 years as a director from June 2018 to June 2022)

### Takeshi Kawai

Representative Director, President, Chief Operating Officer  
Head of All Businesses, Head of Group Internal Audit  
Headquarters, Head of Well-being Strategy Group within  
Global Strategy Div., General Manager of Global Strategy Div.  
Born October 13, 1962



**April 1987** Joined our company  
**February 2011** General Manager of Sensor Engineering Dept. II, Sensor Div., Automotive Components Gr.  
**April 2012** Corporate Officer  
**April 2015** Managing Officer  
**June 2015** Member of the Board, Managing Officer  
**April 2016** Member of the Board, Senior Managing Officer  
**April 2019** Representative Director, President & Chief Operating Officer (up to today)

Shares held: 19,650

Years in office: 10

### Chiharu Takakura

Outside Director  
Born December 22, 1959



**April 1983** Joined the Ministry of Agriculture, Forestry and Fisheries  
**May 1992** Obtained an MBA from Georgetown University (U.S.A)  
**August 1993** Consultant, Sanwa Research Institute Corp. (currently, Mitsubishi UFJ Research and Consulting Co., Ltd.)  
**July 1999** Planning Manager, Human Resources Division, Pfizer Japan Inc.  
**October 2006** General Manager of Human Resources Department, Human Resources and Communication Division, Novartis Pharma K. K.  
**July 2014** Corporate Fellow, General Manager, Global Human Resources Dept., Ajinomoto Co., Inc.  
**April 2020** HR Advisor, ROHTO Pharmaceutical Co., Ltd.  
**June 2020** Director, Head of Well-being Management Promotion Division, ROHTO Pharmaceutical Co., Ltd.  
**June 2021** Outside Audit & Supervisory Board Member, NGK SPARK PLUG CO., LTD. (Now Nitterra Co., Ltd.)  
**April 2022** Director, Chief Human Resource Officer, ROHTO Pharmaceutical Co., Ltd.  
**June 2022** Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (Now Nitterra Co., Ltd.) (up to today)  
**June 2023** Outside Director, Nomura Real Estate Holdings, Inc. (up to today)  
Outside Director, Mitsui Sumitomo Insurance Company, Limited (up to today)

Shares held: 1,558

Years in office: 4 (including 1 year as an outside auditor from June 2021 to June 2022)

### Fumiko Nagatomi

Member of the Board (Outside Director),  
Audit and Supervisory Committee Member  
Born November 28, 1952



**April 1981** Registered as an attorney and joined Hachisuka Law Firm  
**March 1989** Left Hachisuka Law Firm  
**April 1989** Opened Nagatomi Law Firm (up to today)  
**May 2006** Outside Audit and Supervisory Board Member, UCS CO., LTD.  
**June 2016** Outside Audit and Supervisory Board Member, Chubu Electric Power Co., Inc.  
**June 2017** Outside Audit & Supervisory Board Member, NGK SPARK PLUG CO., LTD. (Now Nitterra Co., Ltd.)  
**June 2022** Member of the Board (Outside Director), Audit and Supervisory Committee Member (up to today)

Shares held: 3,836

Years in office: 8 (including 5 years as an outside auditor from June 2017 to June 2022)

### Keiji Suzuki

Member of the Board, Executive Officer, In charge of Corporate Strategy Dept. and Business Infrastructure Strategy Dept. within Corporate Strategy Group, General Manager of Management of Technology Div., Head of Business Implementation Div., In charge of Platform Development Center and Energy Business Div.  
Born March 1, 1971



**April 1993** Joined our company  
**June 2017** General Manager of Engineering Dept., Sensor Div.  
**October 2018** Deputy General Manager of Sensor Div.  
**April 2019** Corporate Officer  
**April 2020** Executive Officer  
**June 2025** Member of the Board, Executive Officer (up to today)

Shares held: 2,576

Years in office: Newly appointed

### Takayoshi Mimura

Outside Director  
Born June 18, 1953



**April 1977** Joined Terumo Corporation  
**June 2002** Executive Officer, Terumo Corporation  
**June 2003** Member of the Board, Executive Officer, Terumo Corporation  
**June 2004** Member of the Board, Senior Executive Officer, Terumo Corporation  
**June 2007** Member of the Board, Managing Executive Officer, Terumo Corporation  
**April 2008** General Manager of Human Resources Department, responsible for Hospital Company, Sales Supervisory Department, Terumo Corporation  
**June 2009** Member of the Board, Managing Executive Officer in China and Asia, Terumo Corporation  
**April 2010** Member of the Board, Managing Executive Officer, Chief Representative of China, Terumo Corporation  
**June 2010** Member of the Board, Senior Managing Executive Officer, Terumo Corporation  
**August 2011** President and CEO, Terumo (China) Holdings Co., Ltd.  
**April 2017** Chairman of the Board, Terumo Corporation  
**June 2021** Chairman, The Japan Federation of Medical Devices Associations  
**April 2022** Advisor to the Board, Terumo Corporation  
**June 2022** Advisor, Terumo Corporation  
Outside Director, AUTOBACS SEVEN Co., Ltd.  
Outside Director, Mitsui Chemicals, Inc. (up to today)  
**June 2023** Member of the Board (Outside Director), Nitterra Co., Ltd. (up to today)

Shares held: 1,503

Years in office: 2

### Christina L. Ahmadjian

Member of the Board (Outside Director),  
Audit and Supervisory Committee Member  
Born March 5, 1959



**January 1995** Assistant Professor, Columbia Business School  
**October 2001** Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University  
**January 2004** Professor, Graduate School of International Corporate Strategy, Hitotsubashi University  
**June 2009** Outside Director, Eisai Co., Ltd.  
**April 2010** Dean, Graduate School of International Corporate Strategy, Hitotsubashi University  
**April 2012** Professor, Graduate School of Commerce and Management, Hitotsubashi University  
**June 2012** Outside Director, Mitsubishi Heavy Industries Ltd.  
**June 2014** Outside Director, Japan Exchange Group, Inc.  
**April 2018** Professor, School of Business Administration, Hitotsubashi University Business School  
**June 2018** Outside Director, Sumitomo Electric Industries, Ltd.  
**March 2019** Outside Director, Asahi Group Holdings, Ltd.  
**June 2021** Outside Director, NEO Corporation  
**April 2022** Emeritus Professor, Hitotsubashi University (up to today)  
Specially Appointed Professor, Rikkyo University  
**June 2022** Member of the Board (Outside Director), Audit and Supervisory Committee Member, NGK SPARK PLUG CO., LTD. (Now Nitterra Co., Ltd.) (up to today)  
**April 2024** Executive Director, Hokkaido University (part-time) (up to today)  
**April 2025** Outside Director, Daiwa Securities Co. Ltd. (up to today)

Shares held: 475

Years in office: 3

\* Years served as auditors are included for directors that served as auditors before their appointment.

\* Numbers of shares held are current as of March 31, 2025. Shares include individual shares in Nitterra Executive Shareholding Association.

For information on corporate officers, please visit the following website.

<https://www.nitterragroup.com/english/corporate/profile/executive/>

### Hisanori Makaya

Outside Director  
Born May 2, 1958



**April 1982** Joined Fuji Photo Film Co., Ltd. (currently FUJIFILM Holdings Corporation)  
**June 2015** Corporate Vice President, FUJIFILM Corporation  
**December 2016** Director and Corporate Vice President, FUJIFILM Corporation  
**June 2017** Director and Senior Vice President, Fuji Xerox Co., Ltd. (currently FUJIFILM Business Innovation Corp.)  
**June 2019** Director and Executive Vice President, Fuji Xerox Co., Ltd.  
**April 2021** President and CEO, Representative Director, FUJIFILM Business Innovation Corp.  
**April 2022** Chairman and Director, FUJIFILM Business Innovation Corp.  
**June 2024** Outside Director, Nitterra Co., Ltd. (up to today)  
**May 2025** Outside Director, YASKAWA Electric Corporation (up to today)  
**June 2025** Outside Director, ENEOS Holdings, Inc. (up to today)

Shares held: 1,019

Years in office: 1

### Hideyo Uchiyama

Member of the Board (Outside Director),  
Audit and Supervisory Committee Member  
Born March 30, 1953



**November 1975** Joined Arthur Young & Company  
**December 1979** Joined Asahi Accounting Company (currently KPMG AZSA LLC)  
**March 1980** Registered as a certified public accountant  
**July 1999** Representative Partner, Asahi & Co. (currently KPMG AZSA LLC)  
**May 2002** Board Member, Asahi & Co.  
**June 2006** Executive Board Member, AZSA & Co. (currently KPMG AZSA LLC)  
**June 2010** Managing Partner, AZSA & Co.  
Chairman, KPMG Japan  
**September 2011** Chairman, KPMG Asia Pacific  
**October 2013** CEO, KPMG Japan  
**September 2015** Executive Advisor, ASAHI Tax Corporation (up to today)  
**June 2016** Outside Audit & Supervisory Board Member (Independent), OMRON Corporation  
**June 2017** Outside Audit & Supervisory Board Member, SOMPO Holdings, Inc.  
**June 2018** Outside Director, Eisai Co., Ltd.  
**June 2019** Outside Director, SOMPO Holdings, Inc.  
**June 2024** Member of the Board (Outside Director), Audit and Supervisory Committee Member, Nitterra Co., Ltd. (up to today)

Shares held: 38

Years in office: 1



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# 04 Corporate Governance Risk Management



## Risk Management Policy

We adapt from a global viewpoint to changes in the management environment surrounding our group and to the diversification of risks and will foster risk management to reduce or avoid the loss of managerial resources, thereby improving our corporate value.

### Action Guidelines

- We identify the risks that might hamper the achievement of our management targets from a global and long-term viewpoint and strive to prevent the actualization of these risks in a planned and organization-based manner.
- In the event that such a risk materializes, we strive to minimize the impact on our stakeholders, maintain their trust and prevent the recurrence of similar incidents.

## Promotion System

Our risk management system is designed to integrate risk management, which is focused on the prevention of risks, and crisis management, which is geared towards the effective management of serious risk events. We are working to improve and operate this system under its Chief Administrator, who is the President, and its Promotion Manager, who is the Chief Administrator of the Business Management Department. In addition, we have established a Risk Management Committee, which holds two regular meetings per year, as well as irregular meetings as required, as a special committee, chaired by a corporate officer appointed by the President, to implement company-wide risk management.

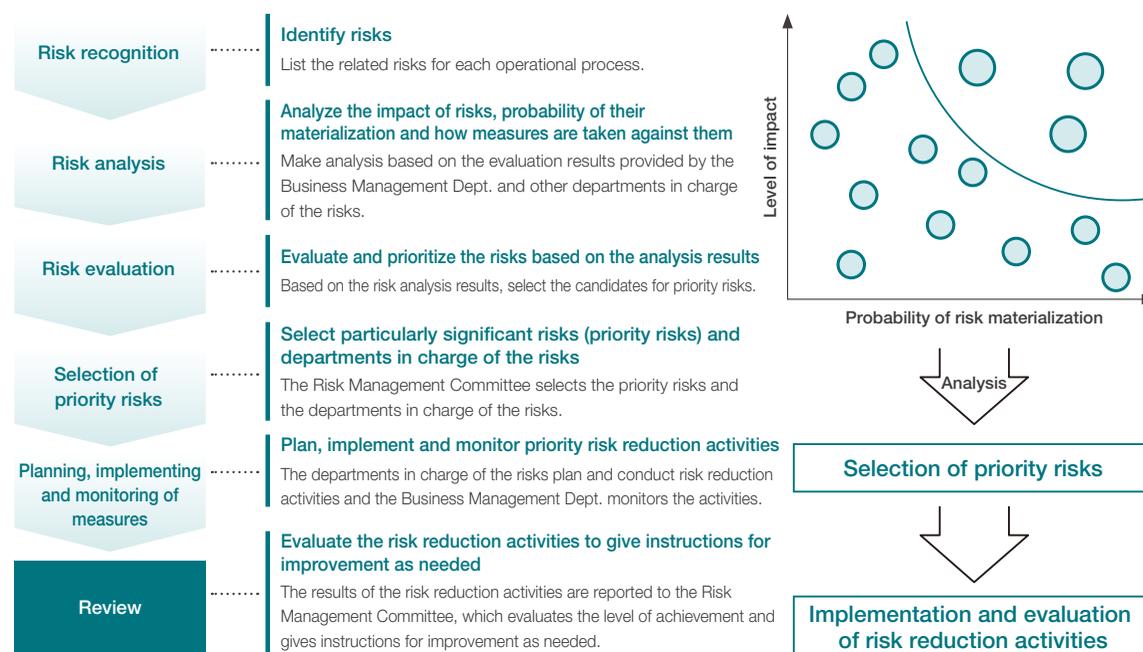
In FY2024, the Risk Management Committee met twice to report and discuss about strategic risk management, addressing priority risks, and updating the risk map.

## Integrated Risk Management

We identify specific business risks for each process to assess their impact, likelihood, and status of countermeasures. We determine whether they affect business continuity and achievement of objectives from a company-wide perspective. All risks that are deemed to require focused action are designated as priority risks. For each of these, a responsible department is assigned to drive risk mitigation activities. Meanwhile, the Risk Management Committee monitors the status of these activities. In FY2024, we identified three priority risks both domestically and globally, and worked to reduce them. In addition, to incorporate strategic risks into our integrated risk management from a management perspective, we defined strategic risks as “risks that hinder the achievement of targets of the Mid-term Management Plan” and identified relevant risk factors. Some business risks, including 8. Risks related to environment, 9. Risks related to information security and 12. Risks related to business investment, are also considered priority issues for sustainability management.

### Business and other risks

- |   |   |
|---|---|
| 1. Risks related to global conditions and changes in foreign exchange rates | 7. Risks related to natural disasters         |
| 2. Risks related to the business environment                                | 8. Risks related to environment               |
| 3. Risks related to product quality   | 9. Risks related to information security      |
| 4. Risks related to technology development                                  | 10. Risks related to securing human resources |
| 5. Risks related to intellectual property                                   | 11. Risks related to compliance               |
| 6. Risks related to the procurement of raw materials and components         | 12. Risks related to business investment      |
|   | 13. Risks related to infective diseases       |
|   | 14. Risks related to human rights violations  |



## Business Continuity Management (BCM)

We conduct BCM activities in preparation for possible earthquakes and other large-scale disasters. Specifically, we make efforts to control and reduce disasters on a Group-wide basis through the formulation of business continuity plans (BCP). These plans will enable us to minimize damage in the event of a large-scale disaster and resume production as soon as possible if operations are suspended, thereby helping customers maintain their supply chains. In addition, we are continually developing and maintaining a system to prepare for unforeseen events, including infectious diseases.

\* For more information on risk management, please visit our website: <https://www.sustainability.niterragroup.com/en/themes/183/>

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\* For more information on our risk initiatives, please refer to page 32 of our Annual Securities Report. <https://contents.xj-storage.jp/xcontents/ASO6537/9cfBae08/0ac6/4262/8f62/b1bddb6492a8/20250829124059847s.pdf>

# 04 Corporate Governance Compliance



## Compliance Policy

With recognition that our company is a member of society, we enhance corporate ethics and understand the spirit and meaning of laws, company regulations, international rules, and social norms in order to appropriately meet social demand and become a company trusted by the international community.

### Action Guidelines

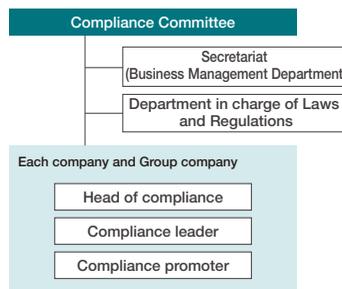
- We not only comply with laws and regulations, but also act in good faith with common sense and responsibility as a member of society.
- We regularly educate and raise the awareness of all our employees to impart a high level of ethics and correct knowledge, with which they can act voluntarily to prevent a violation.
- We comply with applicable laws and regulations regarding the prevention of corrupt practices, and not engage in any corrupt practices (bribery, conflict of interest, insider trading, anti-competitive practices, money laundering, improper relationship with politics and government, etc.), either directly or indirectly, and conduct our business activities with integrity.
- Should a violation occur, we will promptly investigate the causes and take remedial actions. We will strive to take appropriate countermeasures to prevent recurrence and fulfill our accountability.

\* For more information on compliance, please visit our website: <https://www.sustainability.niterragroup.com/en/themes/185/>

## Promotion System

We have established the Compliance Committee chaired by the Representative Director to enhance compliance. (It holds regular meetings twice a year and special meetings as required.) The Compliance Committee takes preventive measures against non-compliance and provides guidance and oversight on how to respond to any violations.

In FY2024, the Compliance Committee met twice to report and discuss responses to changes in laws and regulations, the status of compliance activities, improving the effectiveness of the internal reporting system at overseas Group companies, and the results of compliance awareness surveys for suppliers and improvement activities based on these.



## Education

To ensure that all officers and employees are fully informed and conscious of compliance, we conduct continuous education and awareness-raising activities. We share information through compliance promoters in each department and provide training at every job level. In addition, we use the following materials: *Compliance Guidebook*, which summarizes the rules of the Company and society; *Compliance News Letter*, which discusses specific cases of compliance issues that may occur in our daily operations; and *Compliance Promotion Rules (for Managers/Mid-level Employees)*, which explains the roles and behaviors expected of each level of employee.

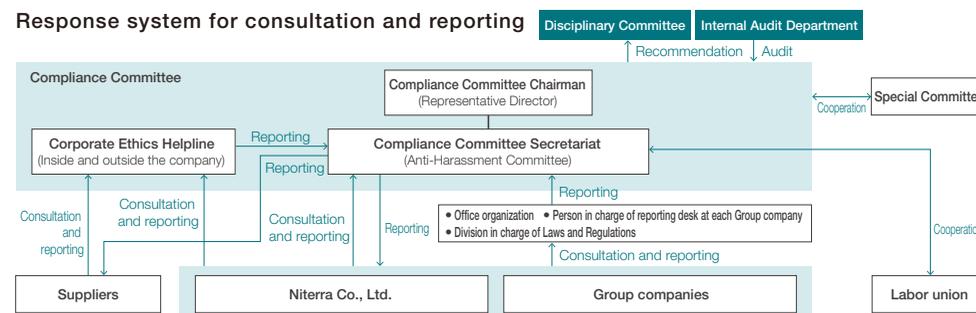
In FY2024, we conducted a compliance awareness survey of our suppliers to confirm that no inappropriate conduct occurred by the Group in its capacity as a client. The Compliance Committee Secretariat conducted the survey among approximately 700 domestic companies with which we have regular transactions. The results were reported to the Compliance Committee while ensuring the anonymity of the suppliers. The issues identified by the Compliance Committee through this survey are being addressed through improvement activities led by the Procurement Department.

## Internal Reporting System

We maintain the Corporate Ethics Helpline as an internal reporting system available to employees and suppliers seeking to receive consultation and/or make reports regarding compliance. This system is continuously promoted through training, awareness-raising via the Company's intranet, posters, and the distribution of cards.

We established contact points both internally through the Compliance Committee Secretariat and externally through a private professional service provider that is available in both Japanese and English, to ensure accessibility and allow consultation and reporting outside of working hours and on holidays. Users have access to anonymous consulting and reporting to fully protect them from being identified or suffering disadvantages. These channels accept consultations and reports regarding compliance violations, including harassment and/or any other behavior that could lead to such a violation. We investigate all details received and promptly deal with any problems confirmed. In FY2024, there were 107 consultations and reports, including those from Group companies. These included harassment, labor, and internal rules issues. Incidents where problems were identified were promptly resolved and corrective action was taken.

Each overseas Group company also has its own contact point for consultation and reporting. To further enhance the effectiveness of the system, we are continuously working to improve employee awareness and understanding.



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## Compliance Initiatives

### Anti-corruption initiatives

As a company participating in the UN Global Compact, we strive to prevent corruption activities in line with the following statement made in our Corporate Code of Conduct: "We shall promote fair, transparent, free competition and sound trade. We shall also ensure that our relationships and contacts with government agencies and political bodies are of a sound and proper nature."

Our *Compliance Guidebook*, distributed to employees, defines rules on corruption prevention, such as the prohibition of involvement in political contributions or bribery. Subsequently, we provide the Conduct Guidelines Concerning the Giving and Receiving of Gifts and Entertainment and Anti-Corruption Policy to ensure employees do not engage in inappropriate behavior. We also confirm that the content and use of charitable donations do not violate the law. Overseas Group companies also work to prevent corruption (particularly the prohibition and prevention of bribery and facilitation payments to public officials), and educate employees and conduct research on local laws. In the unlikely case of a violation of the anti-corruption rules, the Compliance Committee will take the lead in addressing the issue.

### Activities concerning competition laws

We take our violation of the Anti-Monopoly Act of Japan, uncovered in FY2014, seriously. As such, we established a system to promote compliance with competition laws and ensure legal compliance both within and outside the country. In Japan, we formulated the Anti-Monopoly Act Compliance Manual and distributed copies to employees while holding a range of related seminars internally for both officers and employees. Moreover, we have introduced an in-house e-mail inspection system to monitor and prevent recurring violations of the competition law. Our overseas Group companies are required to report regularly to Niterra on their activity status regarding compliance with competition laws. Our competition law and compliance team audits their compliance systems and implementation status and verifies that local employees are sufficiently aware of the relevant rules. We additionally hold seminars featuring guest speakers. We will continue to educate and audit to ensure compliance with competition laws both in Japan and abroad.

### Export control

We comply with domestic laws and regulations based on the Foreign Exchange and Foreign Trade Act in accordance with the multilateral export control regime (MECR) established for international peace and safety. In addition, we have established related internal rules and an in-house export control organization.

We also conduct awareness-raising and inspection activities targeting departments engaged in export control, thereby ensuring and enhancing our export control in compliance with the related laws and regulations. We are working to prevent the destabilization of international affairs by focusing on preventing the outflow of sensitive technology as well as cargo that could be diverted to military use.

## Tax Policy

By understanding the spirit and purpose of taxation laws and regulations, we respond appropriately to the demands of society and aim to become a company trusted by the international community.

### Action Guidelines

- We fulfill our social responsibilities by observing laws on corporate taxation and other tax laws in every country, as well as international taxation standards including the OECD Transfer Pricing Guidelines, the Action Plan on Base Erosion and Profit Shifting, and the arm's length principle of transfer pricing.
- In order to ensure compliance with taxation laws and regulations, we work toward improving our knowledge and gaining a proper understanding of taxation and adopt an attitude of sincerity toward tax authorities to enhance our reliability and transparency.
- We properly manage taxation risks by working toward appropriate declaration and payment of taxes in each country, thereby enhancing shareholder value.
- We never engage in any tax avoidance schemes, such as profit shifting to tax havens or low-tax jurisdictions, or using entities lacking economic substance like paper companies.

\* For information on tax amounts by country, please visit our website: <https://www.sustainability.niterragroup.com/en/themes/347/#anchor17>

## Tax Promotion System

For tax enforcement, the Finance Officer oversees tax matters, and reports important matters to the Corporate Management Committee or the Board of Directors. Niterra's Accounting & Finance Department and our Group Company counterparts work together to manage tax operations. We receive regular financial status reports from the Group companies, which include taxes, and other obligations. Depending on the case, we provide instructions on their duties when appropriate.

## Tax Activities

### Tax compliance

To guarantee compliance with all applicable tax regulations, we adhere to the standards and guidelines set forth by international organizations such as the OECD. We file tax returns and pay taxes in a timely and appropriate manner at each of our locations, in accordance with the local tax laws and regulations.

### Tax risks

We conduct a thorough preliminary review of the tax risks associated with our business activities. We seek advice and guidance from tax professionals as needed.

### Tax planning

We recognize the importance of appropriate and effective tax planning to achieve business objectives, fully considering the social significance of tax payments. We work to maximize consolidated cash flow by avoiding double taxation and effectively utilizing preferential tax treatment, while respecting the intent of laws, regulations and rules.

### Relationship with tax authorities

As a Group, we are committed to establishing and maintaining good relations with tax authorities in each country in good faith and in an appropriate manner. We will seek to resolve any disagreements with the authorities through constructive communication.

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# 04 Corporate Governance Information Security



## Information Security Policy

We regard all of our own information assets as one of our management resources. Through the proper protection and effective use of our information assets, we pursue healthy maintenance and development of our business.

### Action Guidelines

- We establish rules that clearly define the system and responsibilities for the protection and management of all the information assets including the information we keep for our customers, the know-how and intellectual properties owned by our group, and personal information.
- We comply with laws, ordinances, and regulations regarding information security.
- We educate all executives and employees who handle information assets about the importance of information security, and about specific items to be observed.
- We continuously update the information infrastructure for the maintenance and improvement of the confidentiality, integrity, and availability of all the information assets.
- We promote measures to prevent accidents in order to address the risks of information leakage associated with the continuous advancement and sophistication of information technology. Should an accident occur, we will strive to minimize the damage and take preventive measures against recurrence.

## Promotion System

We have separate systems for promoting IT security and confidential and personal information management, and these systems work in a cooperative manner to strengthen information security. In terms of IT security, we have established the IT Security Committee to review the status of company-wide IT security activities and implement appropriate measures. This committee holds two regular meetings per year, as well as irregular meetings as required, and is chaired by the Chief Administrator of the DX Strategy Department. In FY2024, the IT Security Committee met twice to report and discuss incidents, activities to strengthen IT security, and ISMS activities. In addition, a global conference was held to strengthen and maintain the Group's overall security framework. With respect to the confidential and personal information management, the Confidentiality Management Subcommittee is responsible for mitigating risks under the supervision of the Risk Management Committee. The subcommittee holds an annual meeting and special meetings as needed. It is chaired by the Chief Administrator of the Business Management Department. In FY2024, the subcommittee met once to report incidents and issue reminders about technical information leaks via personnel.



## Information Security Management System

In response to information security risks that threaten companies and organizations, we set information security as a key management priorities (materiality) and are building an information security management system that complies with ISO 27001. In recent years, the digital transformation of business operations has advanced, and there are a growing number of risk areas that require attention, such as the use of generative AI. To address emerging risks, we continuously improve our information security management system by including them in the evaluation scope. At all sites, we conduct annual audits on IT security and IT systems, and correct any identified deficiencies promptly. In addition, at the request of several automotive manufacturers, we have obtained TISAX certification, an information security audit standard for the automotive supply chain.

## Responding to Information Security Incidents

We have established a Computer Security Incident Response Team (CSIRT). When an incident occurs, the CSIRT promptly organizes and confirms the facts, determines the level of the incident, and then responds. We also accumulate and share knowledge as a measure to prevent recurrence. In addition to responding after an incident occurs, we also focus on proactive defense, and we are trying to improve the security level and maturity of our defenses both before and after an incident occurs. We publish CSIRT Communication monthly to keep employees informed and aware of information security. In an emergency, we issue urgent communications on specific precautions to prevent the occurrence of any incidents.

## Protection of Personal Information

As exemplified by the General Data Protection Regulation (GDPR) enforced in the EU and the Personal Information Protection Law in Japan, measures to protect personal information are being enhanced globally. In response, the Niterra Group has set a range of internal rules to protect, manage and handle the personal information of its customers and employees.

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