Section 04

Corporate Governance

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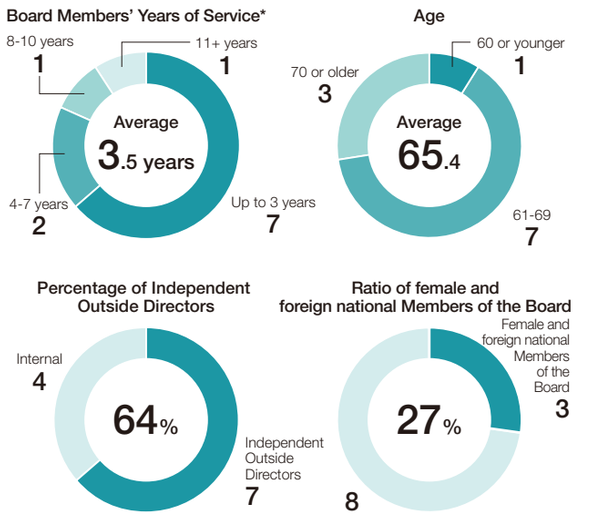
Basic Philosophy on Corporate Governance

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 medium 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 management framework and internal control system to achieve sustainable growth through efficient and sound management.

Corporate Governance System

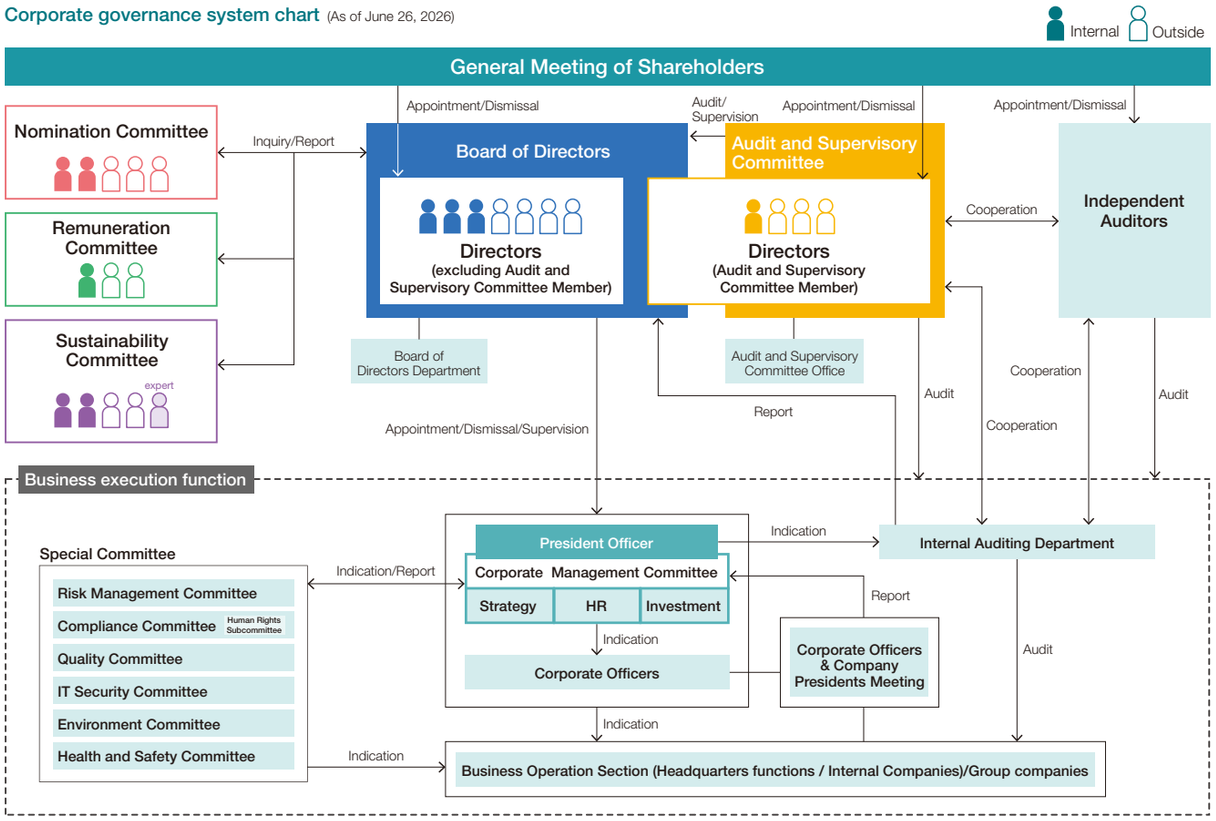
The company has selected a company with an Audit and Supervisory Committee for the purpose of further enhancing discussions on management policies and strategies at the Board of Directors, strengthening the supervisory function, and further speeding up management decision-making and execution of business.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

Corporate governance highlights (As of June 26, 2026)



*Years served as auditors are included for Members of the Board that served as auditors before their appointment.

Corporate governance system chart (As of June 26, 2026)



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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 sustained growth and increase its corporate value on a medium- to long-term basis, thereby increasing its profitability, capital efficiency and others:

- Deliberates and makes decisions on the basic management policies, medium- 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 sustained 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. Members of the Board candidates are not excluded from consideration on the basis of their race, ethnicity, nationality, country of birth, cultural background, etc.

Skill Matrix of Members of the Board

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 Members of the Board 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 and will be decided by the Board of Directors following deliberation by the Nomination Committee, which is an advisory committee to the Board of Directors.

Skill matrix of Members of the Board

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
Takeshi Kawai	Representative Director, Chairman of the Board		○					○	○
Keiji Suzuki	Representative Director, President		○					○	○
Koji Suzuki	Member of the Board, Executive Officer		○		○		○		
Chiharu Takakura	Member of the Board (Outside Director)	●				○	○		
Takayoshi Mimura	Member of the Board (Outside Director)	●	○				○		○
Hisanori Makaya	Member of the Board (Outside Director)	●	○				○		○
Miho Hanafusa	Member of the Board (Outside Director)	●				○		○	
Kenji Isobe	Member of the Board, Standing Audit and Supervisory Committee Member			○	○	○			
Fumiko Nagatomi	Member of the Board (Outside Director), Audit and Supervisory Committee Member	●			○				
Hideyo Uchiyama	Member of the Board (Outside Director), Audit and Supervisory Committee Member	●	○	○	○				
Kohei Kodama	Member of the Board (Outside Director), Audit and Supervisory Committee Member	●			○		○		○

Skill item	Reason for selection
Corporate management	As the automobile industry enters a period of great change, the Group is aiming for an optimal business portfolio structure. As such, corporate management skills are required in order for the Board of Directors to oversee strong decision-making by management and decide on management policies that balance enhancing corporate value with solving social issues from a medium- and long-term perspective.
Finance/ Accounting	As we promote medium- and long-term profit growth and strengthened shareholder returns, finance and accounting skills are required in order for the Board of Directors to oversee the sound implementation of the financial reporting system and the formulation and implementation of financial strategies for realizing growth investments that are balanced with financial soundness and investments that will strengthen the management infrastructure.
Governance/ Legal/Risk management	As we aim to further enhance governance, skills in the areas of governance, legal, and risk management are required in order for the Board of Directors to oversee the establishment and implementation of governance and risk management systems that promote compliance and adequately respond to risks that hinder business operations.
Human capital	As we aim to develop human resources that embody the "Niterra Way," human capital skills are required in order for the Board of Directors to oversee the formulation and implementation of human resources strategies focused on promoting human capital investment efforts, including development of human resources, optimization of human capital placement, and organizational and system reforms.
Global business	As we expand our businesses in the global market and utilize global production and sales systems to enter new business areas, global business skills are required in order for the Board of Directors to oversee businesses from a multifaceted perspective with an understanding of strategies and risks in the global market.
Technology/R&D	As we aim to expand businesses centered on ceramics technology and acquire new core assets, technological development and R&D are important business activities. As such, technology and R&D skills are required in order for the Board of Directors to oversee the identification of technology and R&D focus areas and the allocation of management resources to achieve them.
Business development/ M&A	As we aim for growth and new business creation through business development utilizing our core assets and the achievement of synergy with other companies through M&A, etc., business development and M&A skills are required in order for the Board of Directors to oversee the appropriate allocation of management resources, business continuity decisions, and M&A aligned with the medium- and long-term strategies.

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Activity Status of the Board of Directors

In FY2025, in addition to regular matters such as resolutions stipulated by laws and regulations or articles of incorporation, the Board of Directors deliberated on matters such as the appointment of the next President, the formulation and progress of the Mid-term Management Plan, revisions to the remuneration system for Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) and Corporate Officers, important M&A deals, PMI status of acquired subsidiaries, business and growth strategies for individual businesses, revisions to the human resource system, activities of the Risk Management Committee and Compliance Committee, acquisition of treasury shares, dialogue with shareholders and investors, and the effectiveness of the Board of Directors.

Main topics, number of topics, and time ratio at the Board of Directors meetings in FY2025

Category	Number of Agenda Items	Time Allocation	Main Agenda Items
Management Policy & Strategy	21	38%	Medium-term management plan and its progress, M&A deals, PMI monitoring, business/growth strategies for individual businesses, revisions to the human resource system, and sustainability initiatives
Governance	43	34%	Executive appointments, selection of the next President, revisions to the executive compensation system, board effectiveness evaluation, reports on Audit and Supervisory Committee audits/internal audits, activity status of the Compliance Committee and Risk Management Committee, and dialogue with shareholders and investors
Financial Results & Finance	19	22%	Approval of financial results and dividends, acquisition of treasury shares, and status of strategic shareholdings
Individual Business Execution	4	5%	Resolutions and reports on individual business execution matters
Other	4	1%	Other statutory resolution items, etc.

Support by the Board of Directors Department

In 2024, we established a Board of Directors Department as a dedicated organization to support the operation of the Board of Directors. The purpose is to enhance the content of deliberations at the Board of Directors meetings, strengthen supervisory functions, and improve support and information provision to Outside Directors who constitute the majority of the Board of Directors. The Board of Directors Department supports the smooth operation and enhanced effectiveness of the Board of Directors by organizing and selecting board meeting topics, planning annual schedules, coordinating with related departments, and conducting pre-meeting briefings and orientation for Outside Directors at the time of their appointment, as well as managing the effectiveness evaluation of the Board of Directors. In addition, the Board of Directors Department also serves as the secretariat for the Nomination Committee, Remuneration Committee, and Sustainability Committee, supporting the operation of each committee.

Corporate Governance Measures Over Time

- **2012**
  - Decreased the upper limit of the number of Members of the Board from 25 to 13
  - Introduced the Corporate Officer system
- **2013**
  - Appointed an Outside Director
- **2014**
  - Increased the number of Outside Directors to two
- **2015**
  - Issued the Corporate Governance Report
  - Formulated the criteria for the appointment of independent officers
  - Began assessing the effectiveness of the Board of Directors
- **2016**
  - Increased the number of Outside Directors to three
- **2017**
  - Established the Nomination and Remuneration Committees
  - Introduced the performance-linked stock remuneration system
- **2019**
  - Introduced the Employee Corporate Officer System
  - Eliminated and consolidated the hierarchy of Corporate Officers
- **2020**
  - Increased the ratio of Outside Directors to one-third
- **2021**
  - Added non-financial indicators to the performance-linked stock remuneration system indicators
- **2022**
  - Transitioned to a company with an Audit and Supervisory Committee
  - Increased the ratio of Outside Directors to a majority number
- **2024**
  - Established of the Board of Directors Department
- **2025**
  - Added shareholder value indicators to the performance-linked stock remuneration system indicators
- **2026**
  - Changed the structure of the Nomination and Remuneration Committees and appointed an Outside Director as Chair of the Remuneration Committee

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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 FY2025, we conducted a questionnaire survey and individual interviews with Members of the Board to evaluate the composition and operation of the Board of Directors, the deliberation of management and other strategies, and oversight of business execution. The results of the survey and interviews were used to evaluate the effectiveness of the Board of Directors.

Furthermore, the content of the effectiveness evaluation is designed with the advice of Outside Directors, and the distribution of surveys, the collection/compilation of responses, and individual interviews are outsourced to an external organization.

Method of evaluation

Evaluation was conducted by the Board of Directors based on a survey of Members of the Board.

Survey items

- Composition and operation of the Board of Directors
- Deliberation on management strategies, etc.
- Internal control and risk management
- Supervision of business execution, nomination and remuneration of management
- Dialogue with shareholders and investors

↓

Individual interviews with Members of the Board

↓

Evaluation conducted by the Board of Directors based on survey and interview results

↓

Confirmation of issues

↓

Study of issue action policy and implementation of action

Effectiveness evaluation conducted in FY2024

Issues identified

- Enhancing the efficiency of meetings to further promote discussions at the Board of Directors' meetings
- Strengthening monitoring by the Board of Directors and conducting more in-depth discussions on business strategy

Action policy

- To promote further discussion, in addition to conducting off-site meetings, we will provide sufficient information to Outside Directors and clarify issues prior to the Board of Directors' meetings through pre-meeting briefings as appropriate. Furthermore, depending on the case, we will set aside time for advance discussion among Outside Directors only and introduce a framework for discussion at the Board of Directors' meetings, taking into account the opinions and advice from Outside Directors in advance.
- We will strengthen business portfolio management by setting hurdle rates for each business segment, and based on this framework, we will regularly report on the monitoring status focusing on businesses subject to withdrawal and revenue structural reforms. In addition, we will conduct more in-depth discussions on business strategies of acquired businesses and companies at the Board of Directors' meetings throughout the year, including regularly reporting on the PMI status, and will introduce a framework to better understand and supervise business conditions.

Results of initiatives in FY2024

- We clarified important items and monitoring matters through sharing the annual deliberation schedule of the Board of Directors and established a mechanism to promote discussions at the Board of Directors meetings for Outside Directors by providing sufficient information and organizing points of contention prior to the meetings through pre-meeting briefings.
- In addition to the existing quarterly execution reports provided by the Executive Directors, reports on important projects and businesses that require close attention were incorporated into the annual plan for Board of Directors meeting topics, introducing a mechanism to grasp the progress of each business in detail at the appropriate time and engage in agile and in-depth discussions.

Effectiveness evaluation conducted in FY2025

Overview of evaluation results

As a result of the effectiveness evaluation, we confirmed that the effectiveness of the Board of Directors is sufficiently ensured and that effective measures are being taken in the following areas in particular:

- The Board of Directors consists of members who ensure the knowledge, skills, experience, and diversity necessary to fulfill its roles and functions, and it conducts lively discussions under a culture of mutual respect and open communication. Furthermore, to focus on the deliberation of important proposals such as mid-to-long-term management strategies, decision-making authority regarding individual business execution has been appropriately and sufficiently delegated to the executive side.
- The Board of Directors encourages the management team to take appropriate risks toward the realization of the value creation story (meaning taking reasonable risks and acting intentionally to strengthen earning power and new revenue opportunities despite uncertainties).
- The Board of Directors confirms that objective, timely, and transparent procedures and evaluation criteria have been appropriately established for the appointment and dismissal of the President and others, and it confirms that discussions are held to ensure that incentive remuneration for the management team aligns with management strategies or plans and creates appropriate incentives.
- The Board of Directors implements appropriate improvement measures regarding key issues identified through evaluation of the effectiveness of the Board of Directors and strives to enhance its effectiveness.

Issues identified

- Conduct discussions on long-term management strategy, capital policy, and investment in human capital from a more overarching perspective

Action policy

Enhancing discussions aimed at promoting growth investment

- Led by the Sustainability Committee, we will accelerate discussions on medium- to long-term growth strategies and solving social issues.
- We will continue discussions regarding M&A strategies to fortify our business foundation with a view to optimizing our business portfolio.

Strengthening the monitoring function of the Board of Directors

- We will incorporate agenda items requiring a medium- to long-term perspective, such as business portfolio management and Group governance, into the annual plan for Board of Directors' agenda items.
- We will facilitate business understanding and enhance information provision for Outside Directors by conducting orientations and plant tours and by continuously improving summary sheets and the structure of materials.

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Nomination Committee

Roles

To ensure reasonableness and transparency with regard to Members of the Board and Corporate Officer nominations, the Nomination Committee, consulted by the Board of Directors, deliberates on the appointment of Members of the Board, which will be proposed at the general meeting of shareholders, as well as on the appointment and dismissal of Representative Directors and Corporate Officers and a succession plan, and then delivers its opinions to the Board of Directors.

Membership		Ratio of Outside Directors	Number of meetings held
Chair Representative Director, Chairman of the Board	Takeshi Kawai	60%	Meetings held in FY2025 6
Representative Director, President	Keiji Suzuki		
Member of the Board (Outside Director)	Takayoshi Mimura, Hisanori Makaya, Miho Hanafusa		
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Fumiko Nagatomi (Observer)		

Activities in FY2025

In FY2025, based on requests from the Board of Directors, the committee mainly deliberated and reported on the composition of the Board of Directors in light of the skill matrix, the content of proposals for the election of Members of the Board to be submitted to the general meeting of shareholders, the appointment of Representative Directors and Corporate Officers, the succession plan, the appointment of the next President, and the appointment of Corporate Officers.

Following the conclusion of the ordinary general meeting of shareholders held on June 26, 2026, the structure of the Nomination Committee was changed; while maintaining a composition where Independent Outside Directors continue to make up the majority of members, the number of members was reduced from the previous structure in order to conduct more efficient and in-depth deliberations.

Nomination Procedures

To ensure reasonableness and transparency regarding the nomination of Members of the Board, and to conduct efficient and substantial discussions, the company has established a Nomination Committee as an advisory committee to the Board of Directors, with Independent Outside Directors constituting the majority of its members. Candidates for Members of the Board (excluding Member of the Board, Audit and Supervisory Committee Members) are proposed to the general meeting of shareholders after deliberation by the Nomination Committee and resolution by the Board of Directors.

Succession Plan

1. Formulation and operation of succession plan

In order to achieve sustainable growth for the Group and medium- to long-term improvements in corporate value, the Company commits the time and resources necessary to formulate and operate a succession plan that will enable the promotion of the optimal candidate to the role of President, who will have the qualifications to take responsibility for the future of the management of the Group.

Efforts to formulate and operate the succession plan of the Company are led by the chairperson of the Board and the president, but in order to ensure objectivity and transparency they submit regular reports on the status of formulation and operation to the Nomination Committee, a majority of the members of which are independent outside directors, and receive advice from independent outside directors.

2. Selection and development of potential successors

The Company selects several successor candidates in accordance with relevant selection criteria, and implements a training program for them that includes challenging assignments. The Nomination Committee receives reports, deliberates, and provides advice on such matters as the selection criteria for potential successors, the status of selection of such candidates, and the content and operational status of development plans. In addition, by having outside directors who are members of the Nomination Committee attend parts of the training program as observers, the Company creates opportunities for them to directly check operational status.

The Nomination Committee considers and makes decisions on the continuation or replacement of potential successors every year, after taking into account the training program situation.

3. Final selection of candidates and selection of next President

During the fiscal year under review, the Company initiated the process for selecting the next president, in accordance with the succession plan. The Nomination Committee has deliberated and conducted multifaceted evaluations of the ability of the successor candidates selected and developed thus far to leverage their management ability to respond to changes in the business environment going forward, their leadership, character, and other qualities. When evaluating candidates, individual interviews were held with outside directors who are members of the Nomination Committee, and discussions were implemented only with outside directors, with discussions of the results by the Nomination Committee as a whole used as the basis for consideration.

The result was that Mr. Keiji Suzuki was selected as the final candidate from among all candidates, and in accordance with the findings of the Nomination Committee, the Board of Directors resolved to select him as the next president at a meeting held on February 24, 2026. During the selection process, Mr. Suzuki was rated highly for having the required track record and qualifications as a manager, together with the combination of his technical background and his abundant experience in dealing with customers, with high marks also given for his skill in communicating effectively at a global level, and his execution abilities.

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Remuneration for Officers

Basic policy

Remuneration for Members of the Board (excluding Members of the Board, 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 medium- 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; a 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 medium-term management plan and others. Remuneration of Members of the Board, 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 Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) and Corporate Officers, as well as the appropriateness of the amount of remuneration planned to be paid to each Member of the Board (excluding Members of the Board, 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 Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members, and Outside Directors) and Corporate Officers. In FY2025, the committee met four times.

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



Policy on the payment of bonuses

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 Corporate Officers who do not also serve as Members of the Board, 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 Members of the Board (excluding Members of the Board, 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 Members of the Board 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 medium- to long-term performance and to increasing corporate value. Under the system, the Board Incentive Plan (BIP) is adopted, where points are given to Members of the Board 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 Corporate Officers who do not also serve as Members of the Board, 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
Details of remuneration	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 Members of the Board 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.
Indicators against which the achievement of performance targets is assessed	–	• Degree of achievement of profit attributable to owners of the parent against the performance forecast announced at the beginning of the fiscal year • Degree of improvement from the previous fiscal year in the results of the employee engagement survey conducted annually among employees Note: For Corporate Officers who do not also serve as Members of the Board, in addition to the above, the degree of achievement of performance targets set for their division	• **Medium-term performance indicators** 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 Corporate Officers who do not also serve as Members of the Board, the degree of achievement of performance targets set for their division • **Shareholder value indicators** 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 • **Non-financial indicators** Degree of achievement of goals for employee engagement during the period of the Mid-term Management Plan
How to determine payment	–	Payment is determined within the range of 0% to 200%.	Payment is determined within the range of 0% to 200%.
Recipients	Members of the Board, Corporate Officers	Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members), Corporate Officers	Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members), Corporate Officers

Total amount of remuneration, etc. paid by category, total payment amount by remuneration type, and the number of recipients (for FY2025)

Category	Total amount of remuneration paid (millions of yen)	Total payment amount by remuneration type (millions of yen)			Number of recipients (persons)
		Fixed remuneration	Bonus	Performance-linked stock remuneration	
Members of the Board (excluding Audit and Supervisory Committee Members) (of which, Outside Directors)	490 (64)	258 (64)	164 (—)	67 (—)	8 (4)
Members of the Board, Audit and Supervisory Committee Members (of which, Outside Directors)	86 (46)	86 (46)	—	—	4 (3)

(Notes) 1. The total amount of bonuses and performance-linked stock remuneration are both the amounts expensed during FY2025.
2. The above includes remuneration for one Member of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) who retired at the conclusion of the 125th ordinary general meeting of shareholders.

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Remuneration Committee

Roles

To ensure reasonableness and transparency with regard to deciding Member of the Board and Corporate Officer remuneration, the Remuneration Committee, based on the Board of Directors' request for opinions, deliberates on matters related to remuneration policies for Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) and Corporate Officers, as well as the appropriateness of the proposed remuneration of each Member of the Board and Corporate Officer, and delivers its opinions to the Board of Directors.

Membership		Ratio of Outside Directors	Number of meetings held
Chair Member of the Board (Outside Director)	Hisanori Makaya	67%	Meetings held in FY2025 4
Representative Director, Chairman of the Board	Takeshi Kawai		
Member of the Board (Outside Director)	Chiharu Takakura		
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Hideyo Uchiyama (Observer)		

Activities in FY2025

In FY2025, the Remuneration Committee deliberated and reported mainly on evaluations of corporate and individual performance, the resulting individual remuneration for each Member of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) and Corporate Officers (excluding employment-type Corporate Officers), revisions to the remuneration system for Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members) and Corporate Officers, based on requests from the Board of Directors. Following the conclusion of the ordinary general meeting of shareholders held on June 26, 2026, the structure of the Remuneration Committee was changed; while maintaining a composition where Independent Outside Directors continue to make up the majority of members, the number of members was reduced from the previous structure in order to conduct more efficient and in-depth deliberations.

Sustainability Committee

Membership		Ratio of Outside Directors	Number of meetings held
Chair Member of the Board (Outside Director)	Chiharu Takakura	67%	Meetings held in FY2025 9
Representative Director, Chairman of the Board	Takeshi Kawai		
Representative Director, President	Keiji Suzuki		
Member of the Board (Outside Director)	Chiharu Takakura, Miho Hanafusa		
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Kohei Kodama		
External Expert	Chikako Miyata (Advisor in Charge of SDGs, ANA HOLDINGS INC.)		

For details, please refer to "Sustainability Promotion System" on ▶ P.21 .

Stocks Held for Reasons Other than Pure Investment Purposes

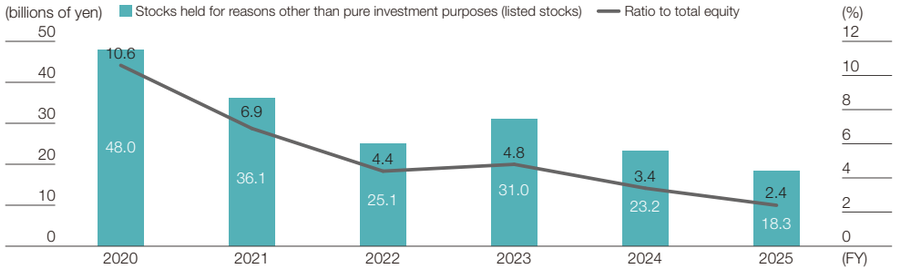
Policy on the stocks held for reasons other than pure investment purposes

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 FY2025 amounted to 18.3 billion yen (market value basis), accounting for 2.4% 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 Members of the Board, 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



* Amounts are the total amount on the balance sheet as of the end of each fiscal year

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

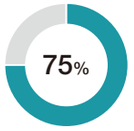
2020	2021	2022	2023	2024	2025
20	16	10	9	8	8

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Audit and Supervisory Committee

Roles

The Audit and Supervisory Committee audits and supervises the execution of duties of Members of the Board (excluding Members of the Board, Audit and Supervisory Committee Members; hereinafter "Members of the Board"). It also confirms the appropriateness and suitability of the process of nominations and remuneration of Members of the Board by attending Nomination Committee and Remuneration Committee meetings and expressing opinions on these matters.

Membership		Ratio of Outside Directors	Number of meetings held
Chair Member of the Board, Standing Audit and Supervisory Committee Member	Kenji Isobe		Meetings held in FY2025 **12**
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Fumiko Nagatomi		
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Hideyo Uchiyama		
Member of the Board (Outside Director) Audit and Supervisory Committee Member	Kohei Kodama		

Activities in FY2025

In FY2025, the Audit and Supervisory Committee deliberated on agenda items such as the formulation of audit policies and plans, preparation of audit reports, reappointment of independent auditors, and opinion determination regarding audit fees for independent auditors and election/remuneration of Members of the Board. In addition to attending Board of Directors meetings, attending Nomination and Remuneration Committees meetings as observers, conducting interviews with Members of the Board, Corporate Officers, and heads of major departments, visiting business sites and Group companies, 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 Standing 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.

Key audit items

Confirmation of the effectiveness of the Board of Directors	Supervision of business execution, and enhancing discussions on management policies and strategies Decision-making by the Board of Directors, etc. Enhancement of advisory committees
Confirmation of the effectiveness of Group governance	Oversight of M&A and business operations Oversight of governance from the parent company
Confirmation of the reliability of financial reporting and the effectiveness of internal controls	Ensuring the appropriateness of accounting audits Appropriate activity status of internal controls
Confirmation of the appropriateness of information disclosure	Timely and appropriate disclosure of financial and non-financial information

Evaluation of the Effectiveness of the Audit and Supervisory Committee

In the Audit and Supervisory Committee, in addition to reviewing audit activities at the end of each fiscal year, we began conducting comprehensive evaluations, including organizational structure and operations, through self-assessment since the previous fiscal year to further enhance the effectiveness of audits, and implemented these with expanded items.

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 Member of the Board duties and initiatives to be improved in the future.

Survey items

- Composition of the Audit and Supervisory Committee: division of duties, specialized skills, and secretariat system
- Operations of the Audit and Supervisory Committee: number of meetings held, agenda items, key audit items, and provision of information to external Audit and Supervisory Committee members
- Cooperation with Outside Directors: provision of information to Outside Directors who are not Audit and Supervisory Committee Members
- Cooperation among the three-way audits: cooperation with independent auditors and cooperation with the Internal Auditing Department
- Audit activities: Interviews, business site audits, and 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:

(1) The Audit and Supervisory Committee comprises members who ensure a balance of necessary knowledge and appropriate experience and ability in areas such as finance/accounting, governance/legal/compliance, and global business to fulfill its roles and functions.

(2) In the Audit and Supervisory Committee, particularly through interviews, we have had opportunities for wide-ranging dialogue with Representative Directors and other Executive Directors, Corporate Officers, and division heads, enabling us to gain a comprehensive understanding of executive perspectives and internal conditions, which has been useful in conducting audits and expressing opinions at Board of Directors meetings and others.

(3) In its cooperation with the Independent auditor, the Audit and Supervisory Committee regularly receives reports, during which main points regarding accounting issues are organized to deepen discussions and opinions on audit points are provided, thereby mutually enhancing the effectiveness of audits.

- Improvements were made as follows regarding items identified as issues in the FY2024 effectiveness evaluation.

(1) Key audit items

For all key audit items, progress reports on audits were provided during the fiscal year, additional actions to be taken were discussed and executed, and feedback was provided to the executive side as necessary.

(2) Business site audits

When formulating audit plans, audit sites were selected in connection with key audit items, and site audits were expanded. Furthermore, after conducting the audits, we confirmed the status of improvements on-site as necessary.

- 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) Communication with Outside Directors who are not Audit and Supervisory Committee Members

Although individual interviews and informal gatherings with Outside Directors who are not Audit and Supervisory Committee Members are conducted, we will aim to expand opportunities for information sharing and communication in order to further leverage opinions and advice from Outside Directors in their independent capacity.

(2) Business site audits

Based on the evaluation results of FY2024, we are improving by expanding visits to Group companies both within Japan and overseas; in addition to interviews with business site managers, we will aim for a better understanding of the status of execution by collecting information widely from other employees.

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Outside Directors' Roundtable Discussion

It is precisely because of the favorable conditions now that a sound sense of urgency and the ability to execute management strategies that foster the next pillars of growth will be put to the test.

To achieve our Mid-term Management Plan, we are called upon now, precisely because of the current favorable business environment, to pursue management with a long-term perspective, create new pillars of revenue, and develop the management talent capable of driving transformation. Four Outside Directors sat down to discuss the current state of the Company's governance and future challenges.



Miwako Doi
Member of the Board (Outside Director)*

Chiharu Takakura
Member of the Board (Outside Director)

Takayoshi Mimura
Member of the Board (Outside Director)

Hisanori Makaya
Member of the Board (Outside Director)

*This roundtable discussion was held in June 2026. Miwako Doi stepped down upon the expiration of her term of office on June 26, 2026.
*What they are holding is "Niteon," our original character.

Shifting Governance from "Form" to "Substance"

Moving to the Next Stage of Deepening Discussions from a Long-term Perspective

Doi: The company's overall governance is steadily improving. While achieving strong business achievements amid a challenging external environment, the company has been steadily strengthening the supervisory function of the Board of Directors. Marking another step forward is that the company engaged in in-depth discussions—including with Outside Directors—during the formulation of Mid-term Management Plan 2030. In contrast, Group governance, including overseas Group companies, requires further strengthening. Efforts to cultivate revenue pillars outside of the automotive-related business are also still a work in progress. The company must not allow a favorable business environment to diminish the sense of urgency or slow the pace of transformation. I believe that creating new businesses and developing them into pillars of revenue, with a view toward 2030, 2040, and beyond, represents the company's greatest management challenge.

Takakura: Five years have passed since I became an Outside Director of the company, and I feel that there has been considerable enrichment and improvement in the discussions at meetings of the Board of Directors and various committees. I believe the efforts of the Chairman and the Board of Directors Secretariat have played a role in this. In addition to the annual effectiveness evaluation, a mechanism has become firmly established to review issues after each meeting and use those insights to improve future meetings, resulting in a significant acceleration of the pace of improvement. There are primarily two points that should be explored further. One is the exchange of opinions from the perspective of the business portfolio. It is important to make decisions on individual projects while constantly keeping in mind the positioning of each business within the overall strategy. The other is the exchange of opinions from a long-term perspective. Further discussion is necessary from a long-term perspective, keeping the future vision of the Niterra Group in mind.

Mimura: In terms of issues, I share the same opinion as Ms. Doi and Ms. Takakura. When I became an Outside Director of the company three years ago, I had the impression that the focus regarding governance was initially on establishing the formal structure; however, the quality of discussions at the Board of Directors has certainly improved over the past three years. An environment has been established at Board of Directors meetings that encourages frank discussion, and governance functions are moving in a positive direction. I also commend the company for its adoption of a new approach to evaluating the effectiveness of the Board of Directors, initiated by a proposal from the Board of Directors Secretariat. I look forward to seeing the company continue to actively drive reform by re-examining internal norms and practices and incorporating external perspectives.

Makaya: Since many opinions have been expressed that I can relate to, I would like to take this opportunity to point out a challenge. Of particular importance is the strengthening of Group governance, including overseas Group companies and companies acquired through M&A. At the Board of Directors meetings, Outside Directors—myself included—have been continuously making recommendations, and while improvements are beginning to take hold, further efforts are required. Regarding Niterra Materials (formerly Toshiba Materials), which joined the Group in June 2025, the Board of Directors is closely monitoring how to drive growth by exercising effective governance while respecting the culture and business characteristics Niterra Materials has cultivated over time. The key is to enhance the ability to properly manage the Group as a whole.

A Longer-perspective on Board of Directors Discussions

Expanding Them with a Focus on Company-wide Strategy

Makaya: Efforts and improvements to have more fruitful discussions at Board of Directors meetings are steadily progressing. For example, the pre-briefing sessions held prior to Board of Directors meetings are now conducted more efficiently. On the other hand, there are differences in perspectives between Outside Directors and executive leadership regarding the agenda. While we often focus on medium- to long-term direction and strategic importance, executive leadership tends to place greater emphasis on the validity and details of individual projects. I would like the company to

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present the proposals after clarifying the positioning of each initiative within the company-wide strategy.

Mimura: I certainly sense a difference in perspective between the two. Executive leadership provides detailed explanations regarding the "trees," such as the specifics of the proposals and future actions. Yet, their explanation of the "forest," the kind of future they aim to achieve, remains insufficient. The company needs to demonstrate the connection to the overall corporate strategy, and one can sense the efforts made by the Board of Directors Secretariat to elevate the quality of discussions in this regard. Recently, the status of discussions at Corporate Management Committee meetings has been shared prior to Board of Directors meetings, making it possible to understand the deliberation process by executive leadership leading up to the submission of important resolutions. This has also helped dispel the impression that agenda items are being submitted for deliberation abruptly. Regarding the subsequent monitoring of resolved matters, such as the management of Group companies following acquisitions, I believe that further efforts are required, even though corrective measures are currently being implemented.

Takakura: At times, I feel that the explanations provided by executive leadership lack perspective regarding how a project is positioned within the company-wide business portfolio, in light of the external environment, and what kind of future vision is envisioned through its execution. To enhance the quality of discussions at Board of Directors meetings, efforts must also be made to improve the quality of deliberations by executive leadership. Approaching discussions with this perspective should also prove beneficial for cultivating the next generation of business leaders.



Doi: The Board of Directors must also delve deeper into the discussions of individual projects. This is something I have consistently felt throughout my six years as an Outside Director. Particularly in M&A and new business ventures, it is crucial to clearly define not only the best-case scenario but also the worst-case scenario and the conditions for withdrawal in advance. Moreover, it is essential to have a firm grasp of the company's strengths and to give deep thought to how it can hone those strengths and translate them into business success. In discussions regarding M&A, the objective needs to be clearly defined—whether the aim is to acquire or strengthen technological capabilities, secure talent, or gain market share.

Enhancing the Effectiveness of Nomination and Remuneration Processes

Developing Talent to Lead the Management Team Toward Transformation

Takakura: The operations of the Nomination and Remuneration Committee have improved year by year. Regarding candidates for executive leadership and Corporate Officers subject to evaluation, measures have been implemented in the form of presentations and dialogues to enable Outside Directors to gain an understanding of the individuals and the nature of their work from various angles. On the other hand, further discussion is required regarding the criteria for narrowing down candidates, as well as the rationale behind establishing evaluation standards and remuneration terms.

Doi: As for succession, I appreciate the increased opportunities, such as lunch meetings with candidates and presentations at meetings of the Board of Directors, for candidates to articulate their views from a management perspective and for Outside Directors to hear them. On the other hand, there is still room for improvement in how the progress of discussions regarding nominations and remuneration within executive leadership is shared. To further enhance transparency, it is important to share these matters thoroughly with the Nomination and Remuneration Committee.

Mimura: For the Nomination and Remuneration Committee, it is important that Outside Directors participate in discussions not only at the stage of presenting the final proposal but also at the early stages of considering the system and candidates. In the most recent succession process for the President, opportunities for dialogue were established even before the pool of candidates was narrowed down, allowing for a multifaceted understanding of their managerial capabilities and personal character. I highly appreciate the fact that a fair and thorough process was followed during the final selection, with committee members, including Outside Directors, expressing their respective views. Going forward, the key will be expanding the pool of management talent with a clear vision of where the company is headed and how it will evolve. It is necessary not only to evaluate the candidates remaining in the final selection stage but also to oversee whether talent development and candidate selection are being conducted in alignment with medium- to long-term strategies.



Takakura: During the Nomination Committee's deliberations on next-generation management talent, the view was expressed that rather than relying on a single "superstar," the company should also cultivate talent capable of supporting top management as members of the management team. To envision the future the company aspires to amid the growing uncertainty of the business environment, it is essential to view the situation objectively and break away from preconceived notions. Toward this end, in-depth discussion by a diverse management team with varied skills and backgrounds is essential.

Makaya: I also believe that the next generation of management requires individuals capable of leading the business as a team. A key aspect of the advisory committee's operation is that it functions as a body capable of presenting differing opinions and perspectives when necessary, rather than simply rubber-stamping proposals from executive leadership. Likewise, I believe that the next generation of management should also be a team capable of presenting diverse opinions and perspectives.

Takakura: The nomination and remuneration mechanisms, which determine the type of talent appointed and evaluated, are key to transforming the organization and creating new businesses. This represents the alignment between the business portfolio and the talent portfolio. To cultivate the management talent capable of driving such transformation, it is crucial to continuously review the desired talent profile and evaluation framework through an integrated approach to nomination and remuneration.

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Implementing Sustainability Management and Creating Sustainable Value

Thorough Risk Management and Execution of Business Portfolio Transformation

Doi: The Group is required to pursue a dual-track management approach: maintaining profitability in the automotive-related business while actively investing in new businesses after carefully assessing their growth potential. To drive bold initiatives, it is essential to have talent capable of leading this form of management. Therefore, in addition to developing internal talent, the recruitment of external talent should also be considered as an option. Also, the utilization of digital transformation (DX) and AI is crucial as a foundation for supporting transformation. I would like the company to accelerate the transformation of the entire Group by establishing a foundation to rapidly and accurately capture and utilize information—including from overseas operations—and by leveraging these insights to reform and improve management and production processes.

Makaya: Now that the company's automotive components business is maintaining high earning capacity, it is crucial to channel the cash it generates into future growth areas and, with a strong sense of urgency, cultivate the next pillar of business. For Niterra Materials, which newly joined the Group, the challenge lies in whether the company can generate synergies through deeper engagement and stronger execution capabilities, thereby elevating the company's existing business model and products to the next stage. Regarding organization and human capital, the fact that the automotive-related business forms the core of the company's revenue structure tends to result in an orientation optimized for that particular business—a situation that is not easily transformed. That is precisely why the key to the company's future growth lies in consciously recruiting diverse talent and finding ways to transcend existing frameworks.

Mimura: Niterra Materials represents the largest acquisition in the company's history. The Board of Directors is continuously monitoring progress and the challenges involved. While respecting the corporate culture and business practices Niterra Materials has cultivated, it is necessary—not least from the perspective of accountability to shareholders and investors—to exercise stricter oversight and more clearly articulate a concrete path toward growth. Further strengthening risk management is also crucial for advancing sustainability management. As the risks facing companies become increasingly diverse, it is essential more than ever to adopt a proactive stance and make preparation with an eye toward the future. Rather than leaving matters entirely to specialized departments, the company needs to engage in further risk management from a broader, macro perspective that encompasses the entirety of its business operations.

Takakura: When advancing human capital management, it is crucial to clearly articulate the rationale behind the human capital strategy by linking it to the company's unique growth story and business strategy. The four Shared Values in the Niterra Way serve as a foundation for the sense of purpose and identity of all employees, both in Japan and overseas. When transforming an organization, it is essential to once again place these Shared Values at the core, communicate consistent management policies and messages, and develop management talent capable of leading the organization.

Messages to Shareholders and Investors

Makaya: I believe that the Group possesses immense potential, underpinned by the stable cash flow generated by its automotive-related business. It is possible to achieve sustained growth by maintaining a cycle of responsibly reinvesting this cash flow into growth businesses and creating new businesses that serve as pillars of revenue. We, as Outside Directors, will carefully assess whether these investments will lead to the enhancement of future corporate value and exercise appropriate supervision. The Group is by no means defined solely by its strength in its automotive-related business; it possesses diverse potential for growth, and I invite shareholders and investors to look forward to the changes that lie ahead.

Mimura: I would like to see the company's management team and executive leadership approach business operations with a stronger focus on the perspectives of shareholders and investors than ever before. Adopting such a perspective as a criterion for decision-making should enhance the quality of management and lead to a further increase in corporate value. To ensure that these perspectives are appropriately reflected in management, we, as Outside Directors, will offer candid opinions and continuously supervise the progress of these initiatives.

Takakura: The Group possesses outstanding strengths in terms of products, financial foundation, and employees. These foundations are truly the fruit of the efforts made by those who came before us. However, the landscape is about to change. Since it takes time for the next pillar of business to take shape, it is essential to adopt perspectives that look ahead, look outward, and look at the big picture—and to prepare early, including through HR development. Furthermore, as the company shapes new areas of growth, I would like it to articulate the rationale behind these initiatives and the value they create to the outside world. I also want the company to hone its ability to view itself and its businesses from an external perspective through dialogue with diverse stakeholders. We, as Outside Directors, will also support efforts to ensure that such a perspective takes root within the company.

Doi: Given the company's rapid progress to date, I believe it will continue to make significant contributions to Japanese industry. The company has ample potential and financial resources to do so. I invite shareholders and investors to view the company with both warmth and—at times—a critical eye and to frankly share thoughts on the kind of world they wish to see realized and the role they would like the company to play within it. I would like the company's employees to listen to these voices and continue to take on challenges with grand aspirations, striving to become a company that supports the future of Japan.



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Message from Audit and Supervisory Committee Members

During this period of transformation, the Audit and Supervisory Committee is expected to accurately grasp the status of execution, identify signs of risks lurking on the operational sites, and support the supervisory function of the Board of Directors.

Three Audit and Supervisory Committee members talk about their reflections on activities and future challenges from their respective positions and areas of expertise.



Connecting the field teams, executives, and outside officers to enhance the effectiveness of audit and supervisory functions

Kenji Isobe
Member of the Board,
Standing Audit and Supervisory Committee Member

I am now in my third year since being appointed as a Standing Audit and Supervisory Committee Member. From my position as an internal Audit and Supervisory Committee member, I use information on the execution side obtained by attending major internal meetings to objectively identify where risks and challenges lie on the operational sites, and I make it a point to convey this information to the outside Audit and Supervisory Committee members. Regarding audit plans, the selection of sites for on-site audits, and questions for executive interviews, I strive to make audit activities more beneficial by basing them on execution-side information obtained internally while also incorporating the opinions of outside Audit and Supervisory Committee members. Through on-site audits, I am acutely aware of the importance of adhering to the basics: Genba (the actual place), Genbutsu (the actual thing), and Genjitsu (the actual facts). This process sometimes reveals latent risks and challenges. Additionally, I conduct approximately 40 interviews per year with Members of the Board, Corporate Officers, heads of major sites, and representatives of Group companies to strive for a clear understanding of the actual situation.

We also conduct an annual assessment of the effectiveness of the Audit and Supervisory Committee. Through exchanges of opinions from a wide range of perspectives, including the composition and operation of the Audit and Supervisory Committee, cooperation with Outside Directors, and three-way audits, we have revitalized discussions within the committee and deepened communication among members.

As a Standing Audit and Supervisory Committee Member, the challenge I set for myself is to further sharpen my sensitivity to risks existing within the company. When one becomes too familiar with the operational sites, there is a tendency to be overly considerate of internal circumstances; however, I intend to discipline myself and acquire the ability to make objective judgments. By maintaining this mindset and enhancing the timely and appropriate provision of information to outside Audit and Supervisory Committee members, I will lead this toward further improving the effectiveness of the Audit and Supervisory Committee.



Comprehending signs of risk by balancing an understanding of the operational sites with objectivity

Fumiko Nagatomi
Member of the Board (Outside Director),
Audit and Supervisory Committee Member

Looking back on the past year, I believe that, as an outside Audit and Supervisory Committee member, I was able to maintain good communication, including gathering information through interviews with key departments. Through on-site audits and visits, I feel that there are many treasures buried at the business sites; in other words, there is much to be seen. On the other hand, while my understanding deepens as I listen to the people on the ground, I make a strong effort not to be swayed into assuming I fully understand everything; instead, I strive to maintain a balance with an objective perspective so as not to lose sight of risks.

One of the key priorities for enhancing the effectiveness of the Audit and Supervisory Committee is ensuring thorough Group audits. Compared to good news, bad news is harder to convey from the operational sites; reports tend to be delayed particularly in distant Group companies or those that have recently joined the Group. Given these characteristics, I believe the future challenge is to build a system that can identify signs of risk at an early stage.

From the perspective of enhancing the effectiveness of the Board of Directors, I appreciate that opportunities for prior explanations regarding important agenda items are provided. Since information regarding internal conditions and the background of agenda items is limited for Outside Directors, being able to confirm the premises and key points in advance is meaningful for improving the quality of discussions. Furthermore, this provides an opportunity for the execution side to organize their key explanatory points, which I feel has resulted in improved operational efficiency for the Board of Directors.

I evaluate our audit system as already being highly sophisticated, with a framework in place where the Audit and Supervisory Committee and the Internal Audit Department (which reports directly to the President) mutually complement each other. However, even in a fully functioning organization, there are always areas where some risks may be missed. As a member of the Audit and Supervisory Committee, I intend to maintain a constant awareness of these challenges.



Assessing risks associated with growth investments and M&A from the perspectives of accounting and governance

Hideyo Uchiyama
Member of the Board (Outside Director),
Audit and Supervisory Committee Member

For my part, I have deepened my communication with a wide variety of people over the past two years. I feel it is important for Members of the Board, Audit and Supervisory Committee Members to be fully aware of what society expects of them and to communicate from that perspective.

In on-site audits, cooperation with the Internal Audit Department is key. While the Internal Audit Department steadily conducts audits based on pre-established audit plans, I believe that adding a management-level perspective can enable even deeper auditing. From this perspective, I view the further improvement of the Internal Audit Department as one of our major challenges. On-site audits are also one of the important duties of an Audit and Supervisory Committee member. During on-site audits, in addition to verifying whether the internal reporting system is functioning and whether there is a framework to deter fraud by top management, I also confirm what concerns exist on the operational sites and to what level those issues have been escalated. I intend to report the challenges and insights identified during on-site audits to the Board of Directors, thereby helping to accelerate the reforms we are pursuing as a company.

As a certified public accountant, I approach audits from the perspective of an accountant with two primary points of focus. First, given the strong performance of our automotive components business, I examine whether accounting treatments are being based on business plans that are overly optimistic about the future under the guise of growth investment. Second, regarding acquired companies, I check whether there is any arbitrary accounting treatment or reporting concerning the achievement of initial acquisition goals. In addition to these points, I am strongly mindful of maintaining the perspective of a wide range of stakeholders, including shareholders and investors, while supervising and auditing management.

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Leveraging expertise in R&D and human capital to contribute to value creation by diverse individuals

Miho Hanafusa
Member of the Board (Outside Director)

When I first visited the company, what struck me most was how cheerfully and sincerely the employees approached their work. During my plant tour, I was able to experience firsthand the sincere commitment to manufacturing rooted in the production floor and the aspiration to continuously pursue quality. Behind the competitive products and services, strong businesses, and the high operating income ratio, lie superior technical capabilities that cannot be replicated overnight and strong relationships of trust with our customers. I also deeply resonated with how the Niterra Way, which underpins these strengths, serves as the source of autonomous action for every employee.

For many years, I have been involved in R&D and the management and have led the launching of new businesses and talent development. In doing so, while I have felt the difficulty of translating superior technology into social implementation, I have also realized that co-creation that incorporates external expertise is a powerful driver for innovation. To grow the seeds of technology into viable businesses, it is important not to rely solely on an in-house approach but to expand external touchpoints and consider from an early stage who to partner with and what kind of team is needed for realization. To ensure the company's further growth, I believe it is essential to maintain a balance across businesses, aiming for stable growth in current businesses while appropriately allocating management resources to new businesses that leverage our core assets.

Furthermore, based on my experience in policy formulation for promoting women's empowerment at government agencies and in promoting sustainability at the Japanese network of UN agencies, I place great importance on the active involvement of diverse talent, which is the core of human capital management. Even in today's era where advanced technologies such as AI are becoming widespread, people remain the ultimate source of differentiation. I believe it is important to evolve a culture where each individual thinks autonomously and proactively, and through frank and open communication, creates new value not through simple addition, but through multiplication. As a prerequisite, it is essential to establish an appropriate evaluation system where diverse personalities can leverage their strengths, as well as an environment that protects the physical and mental health and safety that form the foundation of the manufacturing industry.

As an Outside Director, I will leverage the expertise I have cultivated in both operations and management to connect the company's strengths to its next stage of growth. I will listen sincerely to our stakeholders, especially valuing the thoughts of individual employees and insights from the production floor, contributing to the creation of an organization where diverse individuals can thrive, demonstrate their strengths, drive transformation for the next generation, take on challenges, and continuously generate new value.



Supporting flexible challenges toward transformation through appropriate risk management and a global perspective

Kohei Kodama
Member of the Board (Outside Director),
Audit and Supervisory Committee Member

As a company that boasts the global top share in core products such as spark plugs, I feel we are a company that can be proud of its standing within the Japanese manufacturing industry on a global stage. On the other hand, against a backdrop of environmental issues and structural changes in the industry, we are also at a critical juncture where transforming our conventional business model has become indispensable. Precisely because our current performance is strong, we must maintain a healthy sense of urgency and steadily develop the next pillars of our growth.

For Japanese companies to truly compete in the global market, it is essential to move beyond a Japanese-style export-oriented mindset, understand world-standard perspectives and governance, and maintain an attitude of bridging the gap with the current state. As an Outside Director, I wish to leverage my two backgrounds to contribute to the company's transformation.

The first is my global-standard perspective cultivated through 14 years of overseas assignments, in addition to my extensive practical experience in legal affairs, risk management, and M&A at operating companies. For the company to reorganize its business portfolio and challenge itself in wider markets, corporate functions must also move beyond being merely defensive administrative departments. It is important to establish a form of legal and risk management that directly contributes to the business by actively utilizing technologies such as AI and leading diverse global talent. Utilizing my expertise from participating in the formulation of government guidelines, I will constructively support the management team's challenges as an Audit and Supervisory Committee member while appropriately controlling risks.

The second is my experience in Silicon Valley, USA, where I supported nearly 500 startups as a pro bono* consultant. I have witnessed the process of unconventional ideas growing into businesses, as well as the reality of many companies withdrawing before achieving their goals. What successful companies have in common is the ability to flexibly change their form, like an amoeba, to adapt to the environment. Clinging to past successes can lead to missing out on future growth opportunities.

Even if the company transforms its business model and evolves into a different corporate entity from what it is today, we can become a company that survives for another 100 years by continuing flexible self-transformation. I wish to be a part of that journey. To achieve this, I will provide highly effective recommendations and dedicate myself to the sustainable enhancement of the company's corporate value.

*Pro bono: Social contribution activities conducted by utilizing professional expertise and skills.

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In a highly uncertain era where answers are elusive, we will strive to deepen discussions within a diverse Board of Directors to support the sustainable improvement of corporate value

Takeshi Kawai Representative Director, Chairman of the Board

Deriving the optimal solution instead of the compromise solution

Effective FY2026, coinciding with the renewal of our management structure, I will serve as Chairman of the Board of Directors. Under the leadership of former Chairman Shinichi Odo, the Niterra Group's Board of Directors has continuously worked to strengthen its governance system. As a result, Independent Outside Directors with diverse careers now make up the majority of the Board, and I believe we have steadily established a foundation for frank exchanges of opinion while maintaining a balance between expertise and a managerial perspective. Objective and multifaceted insights from Outside Directors are crucial elements that deepen discussions from perspectives different from those of the execution side, thereby enhancing the effectiveness of the Board of Directors.

On the other hand, as our corporate scale expands, the number of Group companies grows, and the need for business portfolio transformation increases, the role required of the Board of Directors is becoming even more sophisticated. That is why it is necessary to further leverage external perspectives and specialized expertise to ensure appropriate supervision of execution and improve the quality and speed of management.

In today's era where answers are elusive, what is required of the Board of Directors is not mere approval, nor a compromise solution that simply averages out various opinions. First, as Chairman, I will focus on drawing out diverse opinions from both internal and Outside Directors to deepen discussions. Furthermore, based on multifaceted considerations, I am determined to ensure that the Board functions not just as a place for expressing opinions but as a forum for deriving an optimal solution decisively as a company.

Key Themes: "Group governance," "risk response," and "selection and concentration"

Along with the changes surrounding us, one of the themes that requires urgent and deeper discussion is the nature of "Group governance." As we expand our corporate scale through business growth and M&A, while also increasing our reach across business domains and regions, we have entered a phase where conventional governance is no longer sufficient. What is important is not just establishing regulations, but sharing a sense of purpose and making them actually function. We must ensure effectiveness in the system for detecting anomalies early and linking them to necessary decisions and responses as our businesses and regions expand. To achieve this, I believe it is essential to foster an organizational culture that avoids silos and develops human resources who can propose and make decisions with their own will, rather than leaving everything to a few leaders.

The second theme is the response to "risks that could affect the business." Amid increasing uncertainty and complicating risk factors, we are required to prepare by assuming multiple scenarios in advance and considering options for risks such as raw material procurement associated with geopolitical risks. The Board of Directors should not only review proposals from the execution side but also engage in discussions that go deeper, assessing whether necessary options have been sufficiently considered and whether decisions to take risks are appropriate.

Third, as a theme for mid- to long-term growth, I highlight "selection and concentration." We will carefully examine the differences in profitability between businesses to determine whether unprofitable businesses should be restructured or divested. In cases of divestiture, I intend to lead broad discussions, including what seeds for growth we should sow next.

Facing complex management challenges with a clear company-wide commitment

There are no clear answers to these three themes. That is precisely why the Board of Directors is required not only to review proposals from the execution side but also to deepen discussions from diverse perspectives and lead them toward decisions that embody the collective will of the company. In doing so, it is important to use our philosophy system, the Niterra Way, as a touchstone while multifacetedly considering the business environment, risks, and impact on corporate value. By utilizing executive retreats and off-site meetings, I will increase opportunities for both internal and Outside Directors to discuss mid- to long-term management issues frankly, further enhancing the effectiveness of our supervisory functions.

Amidst various challenges, as Chairman, I intend to lead the Board of Directors to balance appropriate supervision with the promotion of management, fulfilling our corporate accountability with transparency.

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Members of the Board (as of June 26, 2026)



Representative Director, Chairman of the Board

Takeshi Kawai

Born October 13, 1962

April 1987	Joined NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
February 2011	General Manager of Sensor Engineering Dept. II, Sensor Div., Automotive components Group
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
April 2026	Representative Director, Chairman of the Board, up to the present

Shares held: 38,242
Years in office: 11



Representative Director, President
In charge of All Divisions and Group Internal Audit Headquarters / General Manager of Global Strategy Div.

Keiji Suzuki

Born March 1, 1971

April 1993	Joined NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
June 2017	General Manager of Engineering Dept., Sensor Div.
October 2018	Deputy General Manager, Sensor Div.
April 2019	Corporate Officer
April 2020	Executive Officer
June 2025	Member of the Board, Executive Officer
April 2026	Representative Director, President, up to the present

Shares held: 9,459
Years in office: 1



Member of the Board, Executive Officer
In charge of President's Group and Group Internal Audit Headquarters / General Manager of Tokyo Branch

Koji Suzuki

Born December 23, 1964

April 1988	Joined NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
November 2014	General Manager of OEM Sales & Marketing Dept., Sales and Marketing Div., Automotive components Group
April 2017	General Manager of Automotive components Sales & Marketing Div. and General Manager of OEM Sales & Marketing Dept.
April 2018	Corporate Officer
April 2019	Executive Officer
June 2026	Member of the Board, Executive Officer, up to the present

Shares held: 15,700
Years in office: Newly appointed

Note 1 Years served as auditors are included for Members of the Board that served as auditors before their appointment.
Note 2 Numbers of shares held are current as of March 31, 2026. Shares include individual shares in Niterra Executive Shareholding Association.

For more information on Corporate Officers, please visit the following website.
https://www.niterragroup.com/english/corporate/profile/executive/



Member of the Board (Outside Director)

Chiharu Takakura

Born December 22, 1959

April 1983	Joined the Ministry of Agriculture, Forestry and Fisheries
May 1992	Obtained an MBA from Georgetown University (U.S.)
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	Member of the Board, Head of Well-being Management Promotion Division, ROHTO PHARMACEUTICAL CO., LTD.
June 2021	Outside Audit and Supervisory Board Member, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
April 2022	Member of the Board, Chief Human Resource Officer, ROHTO PHARMACEUTICAL CO., LTD
June 2022	Member of the Board (Outside Director), NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.), up to the present
June 2023	Member of the Board (Outside Director), Nomura Real Estate Holdings, Inc., up to the present Member of the Board (Outside Director), Mitsui Sumitomo Insurance Company, Limited, up to the present

Shares held: 1,762
Years in office: 5 (including 1 year as an outside auditor from June 2021 to June 2022)



Member of the Board (Outside Director)

Takayoshi Mimura

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	Member of the Board, Managing Executive Officer, responsible for Hospital Company and Sales Supervisory Dept., Terumo Corporation
June 2009	Member of the Board, Managing Executive Officer, Representative of China/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	Member of the Board, Corporate Advisor, Terumo Corporation
June 2022	Corporate Advisor, Terumo Corporation Member of the Board (Outside Director), AUTOBACS SEVEN Co., Ltd. Member of the Board (Outside Director), Mitsui Chemicals, Inc., up to present
June 2023	Member of the Board (Outside Director), Niterra Co., Ltd., up to the present
June 2026	Member of the Board (Outside Director), Nihon Kohden Corporation, up to the present

Shares held: 1,708
Years in office: 3



Member of the Board (Outside Director)

Hisanori Makaya

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	Member of the Board, Corporate Vice President, FUJIFILM Corporation
June 2017	Member of the Board, Senior Vice President, Fuji Xerox Co., Ltd. (currently FUJIFILM Business Innovation Corp.)
June 2019	Member of the Board, Executive Vice President, Fuji Xerox Co., Ltd.
April 2021	President and CEO, Representative Director, FUJIFILM Business Innovation Corp.
April 2022	Chairman and Member of the Board, FUJIFILM Business Innovation Corp.
June 2024	Member of the Board (Outside Director), Niterra Co., Ltd., up to the present
May 2025	Member of the Board (Outside Director), YASKAWA Electric Corporation, up to the present
June 2025	Member of the Board (Outside Director), ENEOS Holdings, Inc., up to the present

Shares held: 1,052
Years in office: 2



Member of the Board (Outside Director)

Miho Hanafusa

Born February 16, 1965

April 1989	Joined Mitsubishi Kasei Corporation (currently, Mitsubishi Chemical Corporation)
April 2009	General Manager of Commercialization Promotion Department, Mitsubishi Chemical Group Science and Technology Research Center, Inc. (currently, Mitsubishi Chemical Corporation)
April 2012	Manager of KAITEKI Group, Corporate Strategy Office, Mitsubishi Chemical Holdings Corporation (currently, Mitsubishi Chemical Group Corporation)
September 2014	Administrative Deputy Chief of Center for Talent Interchanges between the Government and Private Entities, Cabinet Office Deputy Director General for Gender Equality Bureau, Cabinet Office Deputy Secretary General of Promotion Office for Creating a Society in Which All Women Shine and the Headquarters for the Promotion of Gender Equality, Cabinet Secretariat
April 2017	Senior Associate Director, General Manager of Information, Electronics & Display Planning Department, Mitsubishi Chemical Corporation
April 2018	Executive Officer, General Manager of Information, Electronics & Display Planning Department, Mitsubishi Chemical Corporation
April 2019	Executive Officer, General Manager of Development Division and General Manager of R&D Promotion Department, Mitsubishi Chemical Corporation
April 2021	President, Mitsubishi Chemical Research Corporation
March 2026	Member of the Board (Outside Director), Sumitomo Heavy Industries, Ltd., up to the present
June 2026	Member of the Board (Outside Director), NTT, Inc., up to the present Member of the Board (Outside Director), Niterra Co., Ltd., up to the present

Shares held: 0
Years in office: Newly appointed



Member of the Board, Standing Audit and Supervisory Committee Member

Kenji Isobe

Born August 9, 1963

April 1986	Joined NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
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	Member of the Board, Corporate Officer
April 2019	Member of the Board, Executive Officer
June 2022	Executive Officer
April 2024	Standing Advisor
June 2024	Member of the Board, Standing Audit and Supervisory Committee Member, up to the present

Shares held: 21,924
Years in office: 6 (including 4 years as a Member of the Board from June 2018 to June 2022)



Member of the Board (Outside Director), Audit and Supervisory Committee Member

Fumiko Nagatomi

Born November 28, 1952

April 1981	Registered as an attorney, Joined Hachisuka Law Firm
April 1989	Opened Nagatomi Law Firm, up to the present
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 and Supervisory Board Member, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
June 2022	Member of the Board (Outside Director), Audit and Supervisory Committee Member, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.), up to the present

Shares held: 4,040
Years in office: 9 (including 5 years as an outside auditor from June 2017 to June 2022)



Member of the Board (Outside Director), Audit and Supervisory Committee Member

Hideyo Uchiyama

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, KPMG 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 the present
June 2016	Audit and Supervisory Board Member (Independent), OMRON Corporation
June 2017	Outside Audit and Supervisory Board Member, SOMPO Holdings, Inc.
June 2018	Member of the Board (Outside Director), Eisai Co., Ltd.
June 2019	Member of the Board (Outside Director), SOMPO Holdings, Inc.
June 2024	Member of the Board (Outside Director), Audit and Supervisory Committee Member, Niterra Co., Ltd., up to the present

Shares held: 163
Years in office: 2



Member of the Board (Outside Director), Audit and Supervisory Committee Member

Kohei Kodama

Born May 24, 1961

April 1987	Joined Hitachi, Ltd.
February 1997	In-house Attorney, Hitachi America, Ltd.
February 2011	General Manager of Legal Division, Legal and Communications Group, Hitachi, Ltd.
April 2013	General Manager of Legal and Operation Support Division, Infrastructure Systems Company, Infrastructure Systems Group, Hitachi, Ltd.
April 2017	Chief Business Risk Management Officer (CBRO) of System & Services Business Division, Hitachi, Ltd.
April 2018	Vice President and Executive Officer, and General Counsel, Officer in charge of Risk Management, Hitachi, Ltd.
April 2020	Vice President and Executive Officer, Chief Legal Officer (CLO), General Counsel, Chief Risk Management Officer (CRMO), and Officer in charge of Audit, Hitachi, Ltd.
April 2024	Executive Advisor, Hitachi, Ltd.
June 2025	Member of the Board (Outside Director), Audit and Supervisory Committee Member, IR Japan Holdings, Ltd., up to present
June 2026	Chairman, Japan Association for Chief Legal Officers, up to the present Member of the Board (Outside Director), Audit and Supervisory Committee Member, Niterra Co., Ltd., up to present

Shares held: 0
Years in office: Newly appointed

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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. Under this system, the Representative Director and President has ultimate responsibility for risk management, while the Corporate Officer in charge of the Business Management Department is responsible for its promotion. 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 Representative Director and President, to implement company-wide risk management.

In FY2025, the Risk Management Committee met twice to report and discuss 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 FY2025, we identified four 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 1. Risks related to global conditions and changes in foreign exchange rates 6. Risks related to the procurement and 9. Risks related to information security, are also included among the key initiatives under the Key Management Priorities and are considered priority issues for sustainability management.

Business risks

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

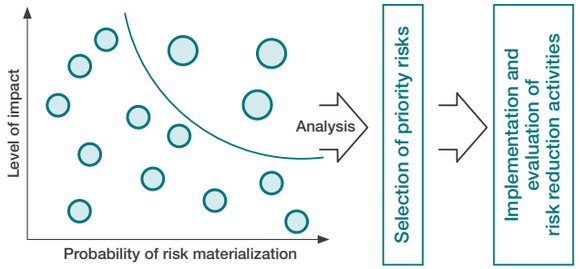
For more information on our risk initiatives, please refer to page 30 of our Annual Securities Report.
https://contents.xj-storage.jp/xcontents/AS06537/6b0c04fe/5acb/4262/a4f7/0228f69af68d/20260831093327925s.pdf

Business Continuity Management (BCM)

We conduct BCM activities in preparation for possible earthquakes and other large-scale disasters. Specifically, we undertake disaster preparedness and mitigation initiatives 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 to formulating business continuity plans (BCPs) across the Group that establish initial response arrangements and recovery procedures, we regularly conduct BCP drills.

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

Risk recognition	**Identify risks** List the related risks for each operational process.
Risk analysis	**Analyze the impact of risks, probability of their materialization and how measures are taken against them** Make analysis based on the evaluation results provided by the Business Management Dept. and other departments in charge of the risks.
Risk evaluation	**Evaluate and prioritize the risks based on the analysis results** Based on the risk analysis results, select the candidates for priority risks.
Selection of priority risks	**Select particularly significant risks (priority risks) and departments in charge of the risks** The Risk Management Committee selects the priority risks and the departments in charge of the risks.
Planning, implementing and monitoring of measures	**Plan, implement and monitor priority risk reduction activities** The departments in charge of the risks plan and conduct risk reduction activities and the Business Management Dept. monitors the activities.
Review	**Evaluate the risk reduction activities to give instructions for improvement as needed** The results of the risk reduction activities are reported to the Risk Management Committee, which evaluates the level of achievement and gives instructions for improvement as needed.



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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 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. Gifts and entertainment shall be provided or accepted legally and within the limits of social norms (based on legitimate business purposes and industry standards). Furthermore, we will not make any illegal political contributions or donations.
- We regularly provide education and training for our officers and employees to improve awareness of compliance and anti-corruption, and to prevent any illegal or unethical conduct by ensuring that they act proactively with high ethical standards and accurate knowledge.
- 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 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. Additionally, important decisions made by the Compliance Committee are reported to the Board of Directors through the Corporate Management Committee under the supervision of the Board of Directors, thereby establishing an effective framework for promoting compliance.

In FY2025, 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 among employees in Japan 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; and Compliance Promotion Rules (for Managers/Mid-level Employees), which explains the roles of each level of employee.

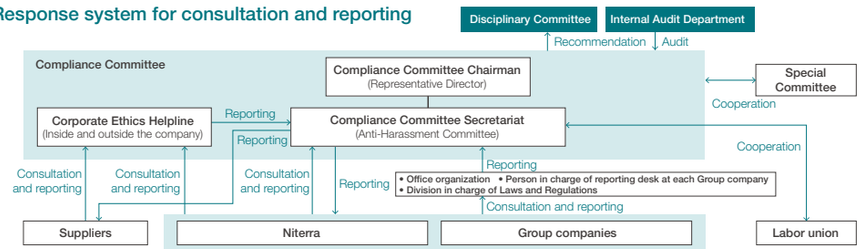
In FY2025, we conducted a compliance awareness survey targeting employees in Japan and reported the results to the Compliance Committee. Departments and Group companies that did not achieve satisfactory results undertake improvement initiatives, which we verify the effectiveness of. In addition, aiming to foster a unified ethical mindset across the entire Group, including overseas, we prepared and rolled out the Global Compliance Guidebook.

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 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 treated disadvantageously. 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 and promptly deal with any problems confirmed. In FY2025, we established external reporting channels for the two companies that newly joined the Group. Including consultations from Group companies, there were 125 cases of consultations and reports on harassment, labor, and other issues. Incidents where problems were identified were promptly resolved and corrective action was taken. In addition, we have established a dedicated contact point for job seekers regarding job-hunting harassment, which began operations in FY2026. We have also established contact points at each of our overseas Group companies and investigated the performance and effectiveness of the internal reporting system at all of them. Together with the results of the aforementioned compliance awareness survey of employees in Japan, we confirmed improvements in awareness and trust in the system throughout the Group.

Response system for consultation and reporting



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Compliance Initiatives

Anti-corruption initiatives

Our Corporate Code of Conduct stipulates "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." Following this, we are committed to preventing corrupt practices as a participant in the UN Global Compact.

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 to ensure compliance with U.S. laws and regulations, including the Export Administration Regulations (EAR).

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 taxes paid per country, please visit our website: https://www.sustainability.niterragroup.com/en/themes/347/#anchor17

Tax Promotion System

The Corporate Officer in charge of finance oversees tax matters. He or she reports important matters to the Management Meeting 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 on the execution of their duties, including financial and tax matters. 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.

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.

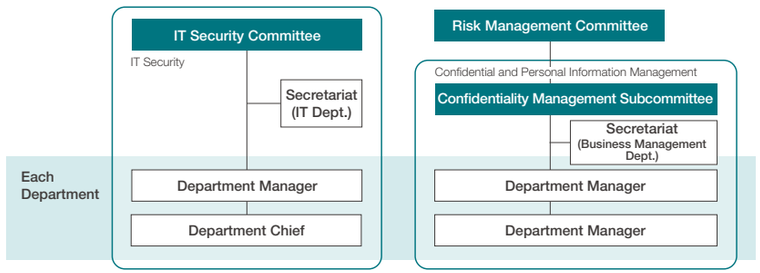
Action Guidelines

- 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.
- We establish requirements necessary for the maintenance and improvement of our information security level for business partners, including suppliers, who handle our group's information assets, and promote appropriate management.

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 it contains the corporate officer in charge of the Global Strategy Division. Additionally, important decisions made by the IT Security Committee are reported to the Board of Directors through the Corporate Management Committee. In FY2025, 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 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 Corporate Officer of the Business Management Department. In FY2025, the subcommittee met once to report incidents and provide information about revisions made to our privacy policy.



Information Security Management System

In response to information security risks that threaten companies and organizations, we set information security as one of the key initiatives under our key management priorities (materiality) and are building an information security management system equivalent to 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 Japan's Act on the Protection of Personal Information (APPI), 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. In FY2025, we revised our privacy policy, regulations, and guidelines, incorporating changes such as a review of the purposes of use.

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