

Diversity in the Board of Directors and officers

Our Board of Directors consists of five men and two women, including three Outside Directors with expertise as lawyers, certified public accountants, and tax accountants, ensuring a diverse Board composition. The Board of Directors receives valuable feedback and advice from Independent Outside Directors who bring multifaceted perspectives and specialized knowledge, leading to very active discussions.

We maintain a policy of ensuring that at least one-third of the Directors are Independent Outside Directors. While specific timing and selection of individuals are yet to be determined, we are considering the appointment of Independent Outside Directors with business management experience to further strengthen governance and enhance diversity.

Policy on appointment of Directors and Outside Directors, and nomination of candidates

When appointing and nominating Directors, decisions are made by the Board of Directors based on deliberations by a voluntary Nomination & Compensation Advisory Committee, which is composed of a majority of Independent Outside Directors and follows the selection criteria established by the Company.

Outside Directors are determined through a similar process based on the selection criteria and independence criteria established by the Company.

CEO succession plan

The qualifications required of a CEO are set out below. The President recommends candidates for succession, and after deliberation by the Nomination & Compensation Advisory Committee, the committee reports to the Board of Directors, which then makes a decision by resolution of the Board.

Qualifications required of a CEO

- (1) Meet the requirements set out in the criteria for appointment of Directors
- (2) Possess the ability to formulate plans and execute them on their own, as well as the ability to exercise leadership in order to achieve the Group's sustainable growth and enhance its corporate value over the medium to long term

Evaluating the effectiveness of the Board of Directors

In May 2024, all Directors and Audit & Supervisory Board Members were asked to complete a questionnaire regarding the effectiveness of the Board of Directors.

Questionnaire items for evaluation

1. Size and composition of the Board of Directors
2. Operation of the Board of Directors
3. Agenda of the Board of Directors
4. Support system for the Board of Directors

Assessment by a third-party is scheduled to be incorporated in the evaluation of the effectiveness of the Board of Directors in the fiscal year ending March 31, 2025.

Results of (issues from) evaluation of the effectiveness of the Board of Directors in FY2024/3 and policies for FY2025/3

FY2024/3 issues	<ul style="list-style-type: none">• Some of the materials submitted to the Board of Directors lacked sufficient time for prior review. To enhance discussions at Board meetings, it is necessary to ensure that ample time is provided for prior review by preparing the materials in advance.• To enhance discussions at Board meetings, it remains essential to select and focus on important deliberation matters. Therefore, it is necessary to continue considering the delegation of authority to the Group Management Meeting and other such bodies.• To further enhance corporate value, it is crucial to strengthen the Board of Directors supervisory function, enhance corporate governance, and expedite decision-making processes in management.
FY2025/3 policies	<ul style="list-style-type: none">• Regarding the materials submitted to the Board of Directors, we will continue preparing documents that clearly outline the points for discussion. In addition, to ensure sufficient time for prior review, we will prepare the materials well in advance before submitting to the Board.• We will continue reviewing which matters should be deliberated by the Board of Directors and which should be delegated to the Group Management Meeting or other relevant committees.• We will strengthen the supervisory function of the Board of Directors and further enhance corporate governance through the transition to a company with an audit and supervisory committee, while also working to speed up the decision-making process.