

Last Update: June 26, 2026
Shindengen Electric Manufacturing Co., Ltd.
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Securities code: 6844
<https://www.shindengen.com/>

The corporate governance of Shindengen Electric Manufacturing Co., Ltd. (the “Company”) is described below.

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

1. Basic Views

Corporations are required to engage in effective governance that embraces transparency and compliance. Shindengen’s basic policy is to maintain and continually improve its management system to enable prompt and precise responses to a rapidly changing operating environment.

In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Executive Management Meeting, the Audit & Supervisory Board. They operate functionally for speedy decision-making and efficient business activities, through which we pursue organic Group management.

Regarding information disclosure, we continually strive to strengthen IR activities to enhance the fairness and transparency of management.

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

- Principle 2.4.1 (Ensuring Diversity in Promotion to Core Human Resource Positions)

Our Management Philosophy states that we are *together with society, our customers, and our employees*, and in our Human Capital Management we believe that people’s growth is the source of our corporate value creation and that the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth. Aiming for personal growth and organizational invigoration, we are carrying out a human resources strategy that has a theme of *connection*.

In addition to this, we also consider the disclosure of measurable target setting to be an important subject. Going forward, we will continue to provide environments where employees at various stages

of their careers can work in comfort and with peace of mind.

Information about the state of our current initiatives is disclosed on the Company website, in our integrated report, and in our annual securities report.

Disclosure Based on each Principle of the Corporate Governance Code

- Principle 1.4 (Cross-Shareholdings)

Shindengen's cross-shareholding policy is as follows.

1. The Company may hold shares in listed companies when it considers it necessary not only for obtaining dividends but also from the viewpoint of building positive relationships with business partners and ensuring smooth business operations in order to increase corporate value in the medium to long term.

Furthermore, for each individual stock, the Board of Directors confirms the business relations and other details and verifies the purpose and the economic rationale for holding that stock on an annual basis. If no rationale can be found for holding it, measures such as reduction are taken.

2. When verifying the economic rationale for cross-shareholdings, the Company uses the acquisition price and appraised value of each stock as a basis to compare yields and capital costs such as dividends and transaction revenue. Those stocks which fall short and which are considered to have a low level of contribution to medium- to long-term growth in corporate value will be considered for reduction. The Board of Directors will deliberate on the appropriateness of continuing to hold those stocks which are considered for reduction, and the stocks will be subject to reduction or other measures if there is no recognizable rationale for holding them.

3. Shindengen decides how to exercise its voting rights after determining whether we can contribute to medium- to long-term growth in corporate value for the companies we are investing in.

We will vote in opposition in situations where shareholder value is severely damaged, or where there are serious corporate governance concerns such as corporate scandals.

- Principle 1.7 (Related Party Transactions)

As stated in [Corporate Governance Situation] Corporate Governance System in the Company's annual securities report, the Audit & Supervisory Board audits management decision-making by directors and business execution by executive officers from an independent standpoint. Additionally, in conjunction with audits by the Internal Audit Department, we have built a system for monitoring to ensure that related party transactions do not damage the common interests of the Company and its shareholders.

Furthermore, the Board of Directors Regulations stipulate that important related party transactions must be placed on the Board of Directors agenda and deliberated by the Board. Through this, the system guarantees the appropriateness of such transactions.

- Principle 2.4.1 (Ensuring Diversity in Promotion to Core Human Resource Positions)

Our Management Philosophy states that we are *together with society, our customers, and our employees*, and in our Human Capital Management we believe that people's growth is the source of

our corporate value creation and that the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth. Aiming for personal growth and organizational invigoration, we are carrying out a human resources strategy that has a theme of *connection*. In addition to this, we also consider the disclosure of measurable target setting to be an important subject. Going forward, we will continue to provide environments where employees at various stages of their careers can work in comfort and peace of mind. Information about the state of our current initiatives is disclosed on the Company website, in our integrated report, and in our annual securities report.

• Principle 2.6 (Roles of Corporate Pension Funds as Asset Owners)

Shindengen has established a defined-benefit corporate pension fund system as its defined-benefit pension system. To increase the expertise of management and display the functions expected of asset owners, we have put measures in place to allow the Personnel Department to monitor its operating status.

• Principle 3.1 (Full Disclosure)

Shindengen endeavors to fully disclose information by proactively providing information in the following ways.

(i) We disclose the contents of the Management Philosophy and Medium-Term Business Plan in places such as the Company's website. We have announced specific measures in the "Management policies, management environment and issues to address" section of the annual securities report (website: <https://www.shindengen.com>).

(ii) Please see section I1. Basic Approach for information about Shindengen's corporate governance-related policies.

(iii) The basic policy behind Shindengen's director compensation is that it should be a compensation system that is linked to shareholder profit so that it can function sufficiently as an incentive to work towards sustained growth in corporate value, and the compensation for each officer should be set at an appropriate level that reflects their individual responsibilities. Specifically, compensation for directors (including outside directors) is composed of monetary and a non-monetary compensation. Monetary compensation is made up of basic compensation (fixed compensation) and variable compensation (performance-based compensation) that depends on the fiscal year's performance and medium-to-long-term performance. Currently, non-monetary compensation takes the form of restricted stock compensation, and it is granted to directors and officers engaged in business execution, with the exception of outside directors. Compensation for executive officers is comprised solely of monetary compensation (including performance-based compensation). Regarding the performance-linked part of compensation amounts for each individual, the Nomination and Compensation Committee reports the results of its deliberations to the Board of Directors, and after the Board of Directors has deliberated on them, the specific details are delegated to the President based on the resolution of the Board of Directors.

(iv) When it comes to the nomination of Shindengen's officers (directors, auditors, and executive

officers), our Basic Policy is to select officers who contribute to the sustained growth of the Shindengen Group, and thereby contribute to increased corporate value over the medium-to-long term. The procedure for nominating candidates involves a resolution of the Board of Directors on the basis of a report from a Nomination and Compensation Committee, which has a chairperson and the majority of whose members are independent outside directors. The possibility of reappointment is decided upon through a multifaceted and comprehensive consideration of factors such as record of contribution during the tenure of the relevant officer and their potential to contribute to future increases in corporate value. In cases where an officer meets the criteria for dismissal, such as where they seriously damage the corporate value of the Shindengen Group or are deemed not to have the qualities set out in the standards for selection and the Basic Policy, the relevant officer may be dismissed through a resolution of the Board of Directors based on a report from the Nomination and Compensation Committee.

(v) The reasons for appointing, dismissing or nominating directors and auditors are disclosed in the Notice of Convocation for the General Meeting of Shareholders.

- Supplementary Principle 3.1.3 (Sustainability Initiatives)

1. Sustainability initiatives

To increase corporate value in the medium to long term, the Shindengen Group has established a Basic Sustainability Policy, based on which it conducts its business activities.

The Shindengen Group's Basic Sustainability Policy

The Shindengen Group will actively promote ESG (Environment, Social and Governance) management as we pursue our corporate mission. We will contribute to the realization of a sustainable society and strive to enhance our corporate value from a long-term perspective.

To this end, we will:

- Contribute toward achieving the goals of “decarbonization,” “a recycling-oriented society,” and “a society in harmony with nature“ in line with our Environmental Vision.
- Respect human rights and diversity and strive to improve stakeholder engagement.
- Strive to create a safe and secure workplace that is rewarding to work in through the development of human resources and improvements to the internal environment.
- Conduct management in a fair and transparent manner as we live up to the trust and expectations of a wide range of stakeholders. Information about specific initiatives is disclosed on the Company website, and in our integrated report and annual securities report.

2. Investments in human capital and intellectual property

- ① Investment in human capital

Our Management Philosophy states that we are *together with society, our customers, and our employees*, and in our Human Capital Management we believe that people's growth is the source of our corporate value creation and that the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth. Aiming for personal growth and organizational invigoration, we are carrying out a human resources strategy that has a theme of

connection.

◇Human Resources Strategy: Personal Growth and Organizational Invigoration

We aim to put in place an environment in which every one of our diverse range of employees feels reward in their work and is able to freely exercise their capabilities and in which we will create new value through a fusion of the knowledge of disciplined individuals, and our human resources strategy targets *personal growth and organizational invigoration.*

◇Theme: Empowering connections

Shindengen's Human Capital Management comprises five fields: a foundation of *respect for human rights* and *health and safety* alongside the fields for action in our human resources strategy of *human resource development, empowerment of a diverse range of human resources, and expansion of flexible working styles.* And with the aim of rebuilding the connection between people and departments that had begun to weaken due to the COVID-19 pandemic and home-working, the theme of our human resources strategy is *connection.*

②Investments in intellectual property

Our basic policy is to appropriately manage, acquire, protect, and utilize intellectual property rights, which is an important management resource, and fully respect the intellectual property rights of third parties in the course of our business operations. We invest in intellectual property based on this basic policy.

Initiatives concerning investments in human capital and intellectual property are disclosed to all shareholders through means such as the Company's website, integrated report and annual securities report. We will continue to aim at full disclosure in the future as well.

3. The impact of climate change-related risks and earning opportunities on the Company's business activities and profits

Shindengen has positioned the protection of the global environment as one of our important business tasks, and to that end we have established our Environmental Vision 2050 for promoting group-wide activities focusing on the realization of a sustainable global environment and society from a long-term perspective.

Along with clearly disclosing the Shindengen Group's stance of strengthening initiatives for tackling environmental issues, we will continuously increase our level of contribution to reducing the impact on the environment through methods such as supplying clean energy products and energy-saving products to the market and developing new technologies, with the aim of becoming a global environmental advancement company. Furthermore, information about the impact of climate change-related risks and earning opportunities on the Company's business activities and profits based on the TCFD framework is disclosed through means such as the Company's website, integrated report and annual securities report.

• Supplementary Principle 4.1.1 (Scope of Delegation to Management)

The Company clearly stipulates the responsibilities and other details of each director and executive

officer and discloses them in its annual securities report. Furthermore, in addition to the matters stipulated by laws and regulations, matters subject to resolution by the Board of Directors are also stipulated in the Articles of Incorporation and Board of Directors Regulations.

- Principle 4.9 (Independence Standards and Qualifications for Independent Directors)

Shindengen appoints independent outside directors in accordance with the independence criteria of the Tokyo Stock Exchange.

- Supplementary Principle 4.10.1 (Authority and Role of the Nomination Committee/Compensation Committee)

To improve the supervisory functions of the Board of Directors and enhance our corporate governance structure by further establishing the objectivity and transparency of the procedures concerning the nomination and compensation of directors, we have established a Nomination and Compensation Committee as a voluntary advisory body to the Board of the Directors. The majority of the Committee is made up of independent outside officers, and an independent outside officer serves as the chairman as well.

- Supplementary Principle 4.11.1 (Approach to the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and Also to Diversity and the Appropriate Size of the Board)

In light of the Company's business contents, types, scale, and other factors, Shindengen has stipulated in its Articles of Incorporation the basic principle that the number of directors shall be nine or fewer and that at least two of them shall be outside directors.

The Company's Board of Directors is made up of directors with a wealth of experience and knowledge in various fields who are expected to contribute to corporate management and business operations that will increase the Company's corporate value. The current composition is seven directors (including one woman) and three auditors (including one woman).

The appointment of candidates is carried out by resolution of the Board of Directors based on a report from the Nomination and Compensation Committee.

- Supplementary Principle 4.11.2 (Status of Concurrent Positions for Officers who Serve as Officers at Other Listed Companies)

Some of the Company's outside directors and outside auditors concurrently hold officer positions at other listed companies. A summary of significant concurrent positions and the status of concurrent positions with a business relationship to the Company are disclosed in the annual securities report.

- Supplementary Principle 4.11.3 (Analysis and Assessment of the Effectiveness of the Board of Directors as a Whole)

To improve the functions of the Board of Directors, Shindengen analyzes and assesses the board's effectiveness once a year and discloses a summary of the results. In FY 2025, the Board of Directors' effectiveness assessment (self-assessment) was carried out using the following analysis and assessment method. A summary of the results is also given below.

1. Analysis and Assessment Process

A survey about the effectiveness of the Board of Directors was administered to six directors (two of whom were outside directors) and three auditors (two of whom were outside auditors). Discussions were held on the results and the assessment was compiled, incorporating the opinions of an outside organization as well.

2. Summary of the Assessment Results

The survey checked the matters the Board of Directors considers important for effectively performing its roles and responsibilities (the constitution and management of the Board of Directors, management strategy and business strategy, etc.), and also checked the corporate ethics and risk and crisis management, and monitoring of business performance and Evaluation of Executive Management. As a result of the survey, we confirmed from the points below that the Company's Board of Directors is fulfilling its duties and functioning effectively.

- The Board of Directors operates effectively. The members are aware of their individual responsibilities and hold constructive debates and exchanges of opinion.
- We confirmed the following strengths of the Board of Directors: Effectiveness of the internal whistleblowing system, Reporting and appropriate handling of significant risks, Reporting of deliberations from the Nomination and Compensation Committee and the reporting of deliberations from the Effective Supervisory Committee of Nomination and Compensation.
- Improvements were seen in terms of the issues leading up to the previous assessment, such as the comprehensive and multifaceted examination of key issues and the implementation of the Board's PDCA cycle based on those issues.

However we also confirmed issues that needed further improvement, such as securing sufficient time for deliberations, deepening discussions on capital costs and business/product portfolios, enhancing information provision, and strengthening and overseeing internal control and risk management systems.

3. Future response

Based on these results, the Company's Board of Directors will make continuous improvements and endeavor to improve its effectiveness even further.

- Supplementary Principle 4.14.2 (Training Policy for Directors and Auditors)

To help directors and auditors obtain the knowledge needed to fulfill their roles and responsibilities, the Company provides or arranges for training opportunities, encourages diligent self-study and also assists with the necessary costs.

- Principle 5.1 (Policy for Constructive Dialogue with Shareholders)

The Company engages in dialogue with shareholders within reasonable limits with the aim of achieving sustainable growth and a medium- to long-term increase in corporate value.

We employ the measures below in order to hold appropriate and constructive dialogues with our shareholders.

- (i) The President's Office is in charge of investor relations (IR) under the leadership of the Division

Manager, President's Office.

(ii) Departments such as the President's Office, Corporate Planning Group, Finance Department and Internal Audit Department cooperate with each other through means such as holding regular liaison meetings to exchange information.

(iii) As a method of dialogue other than separate meetings with various investors, we hold briefings on financial statements for institutional investors twice a year, and the explanatory materials for these are posted on the Company's website.

(iv) The opinions from shareholders and investors that are shared during the separate meetings in every accounting period are reported to the director in charge, and major issues are reported to the Board of Directors.

(v) We have established regulations to prevent insider trading, and we manage insider information based on those regulations. We also take measures based on the regulations when engaging in dialogue with investors, such as by establishing a quiet period.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Last Updated	June 4, 2026

In our 17th Medium-Term Management Plan (FY2025–FY2027), we have set targets for the FY2027 of a consolidated operating profit margin of 5.0% and a return on equity (ROE) of 6.0%. We have also disclosed our measures to achieve management that is conscious of capital cost and stock price in the financial results briefing for the fiscal year ending March 2025. For further details, please refer to the financial results briefing materials available on our company website.

Japanese <https://www.shindengen.co.jp/ir/>

English <https://www.shindengen.com/ir/>

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	1,186,000	11.65
The Master Trust Bank of Japan, Ltd. (trust account)	1,000,000	9.83
Chuo-Nittochi Co., Ltd.	502,000	4.94
Asahi Mutual Life Insurance Company (Standing Proxy: Custody Bank of Japan, Ltd.)	405,000	3.98
Mizuho Trust & Banking Co., Ltd. Pension Trust Mizuho Bank account Re-trustee: Custody Bank of Japan, Ltd.	356,000	3.50
Custody Bank of Japan, Ltd. (trust account)	325,000	3.20
Shindengen Suppliers' Stock Ownership	310,000	3.05
Shindengen Employee Stock Ownership	213,000	2.10
Sompo Japan Insurance Inc.	200,000	1.96
Saitama Resona Bank,Limited	185,000	1.82

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
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Name of Parent Company, if applicable	None
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Supplementary Explanation	—
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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with Kansayaku Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	9
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoshihiro Nishiyama	From another company											
Yaeko Kitadai	Lawyer											
Hideto Osada	From another company											

*Categories for "Relationship with the Company".

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

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

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Nishiyama	○	-----	<p>(Reason for appointment as outside director) Yoshihiro Nishiyama was appointed in the expectation that his wealth of experience and broad knowledge as a corporate manager, including successive positions as a representative director at other companies, will allow him to offer beneficial advice about management.</p> <p>(Reason for appointment as an independent officer) He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>
Yaeko Kitadai	○	-----	<p>(Reason for appointment as outside director) Yaeko Kitadai was appointed because she possesses specialized knowledge as a lawyer as well as a high level of insight into management, based on which she is expected to give guidance and advice to management. Although she has not been directly involved in company management before, she has a wide range of knowledge about corporate legal affairs as a lawyer, as well as experience serving as an outside director at other companies, so it was determined that she would be able to suitably fulfill her professional duties as an outside director.</p> <p>(Reason for appointment as an independent officer) He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>

Hideto Osada	○	-----	<p>(Reason for appointment as outside director)</p> <p>Hideto Osada was appointed in the expectation that his wealth of experience and broad knowledge as a corporate manager, including successive positions as a representative director at other companies, will allow him to offer beneficial advice about management.</p> <p>(Reason for appointment as an independent officer)</p> <p>He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee Established

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The state of activities of the Nomination and Compensation Committee this fiscal year were as follows.

Meetings held: 5

Attendance: All committee members participated in all committee meetings.

Summary of main matters deliberated

- Selection of directorial candidates and officers
- Reviewing the equity-based compensation ratio and expanding its eligibility
- Evaluation of performance-based compensation and its reflection in compensation amounts
- Strengthening engagement with executive officers and succession planning
- Training for directors (not including Outside Directors) and officers

Note: Hideto Osada was appointed at the 102nd Ordinary General Meeting of Shareholders held on June 26, 2026.

Audit and Supervisory Board Member*

*Referred to as "kansayaku" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The auditors (Including outside auditors) and the accounting auditor (Ernst & Young ShinNihon LLC) are in a cooperative state where they hold interviews through regular meetings on issues such as the yearly audit plan and the mid-term and end-of-term audit results, and coordinate on a case-by-case basis to carry out suitable audits. The auditors and the Internal Audit Department audit the status of execution of various management activities of the Company and Group companies, and they also coordinate on a case-by-case basis to carry out suitable audits through regular meetings about audit plans and reports of the status of activities. Furthermore, the auditors and the Internal Audit Department coordinate and cooperate with the audits of the accounting auditor based on legal stipulations to carry out effective audits.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory	2

Board Members

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Harusato Nihei	From another company							△						
Akiko Ito	CPA													

*Categories for "Relationship with the Company".

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

- a. Person who executes business for the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business for or a non-executive director of the Company's parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business for a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Harusato Nihei	○	Although Mr. Nihei worked at and was a managing executive officer for Mizuho Bank, Ltd., which is the Company's main bank, he retired in March 2014.	(Reason for appointment as outside auditor) Harusato Nihei was selected for his wide range of knowledge and wealth of experience as a corporate manager, including successive positions as a director at other companies, with the expectation that he will apply this knowledge to suitably perform his duties as an outside auditor. (Reason for appointment as an independent officer) He was appointed as an independent

			<p>officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>
Akiko Ito	○	-----	<p>(Reason for appointment as outside director) Akiko Ito possesses professional knowledge and experience as a certified public accountant and tax accountant. It is judged that her many years of experience in this field, including accounting, tax, and compliance, will be both displayed and applied as an auditor for this company. (Reason for appointment as an independent officer) She was appointed as an independent officer since her independence is guaranteed because she has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company designates all persons who meet the qualifications to be independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

To serve as an incentive to increase the Company's corporate value in the medium to long term, to further enhance governance, and to encourage a greater sharing of values with our shareholders, by resolution of the regular General Meeting of Shareholders held on June 27, 2019, we introduced a compensation system for directors (excluding outside directors) that allocated restricted stock in the Company to them.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The yearly amount of compensation for directors and Audit & Supervisory Board members in FY 2025 was as follows.

The basic compensation for seven directors, including two outside directors, was ¥76 million. The total amount of compensation for directors does not include employee salaries for directors who also serve as employees. The basic compensation for four Audit & Supervisory Board members, including

three outside auditors, was ¥36 million.

Policy on Determining Remuneration Amounts
and Calculation Methods

Established

The basic policy behind Shindengen's director compensation is that it should be a compensation system that is linked to shareholder profit so that it can function sufficiently as an incentive to work towards sustained growth in corporate value, and the compensation for each director should be set at an appropriate level that reflects their individual responsibilities. Specifically, compensation for directors (including outside directors) is composed of monetary and non-monetary compensation. Monetary compensation is made up of basic compensation (fixed compensation) and variable compensation (performance-based compensation) that depends on the fiscal year's performance and medium- to long-term performance.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

There is no full-time employee in charge of assisting outside directors, but we endeavor to share information and remain in contact with them in various ways, such as by sending them materials for Board of Directors' meetings in advance under the jurisdiction of the President's Office.

By having outside auditors receive reports on audit business records from the full-time auditors during regularly-held Audit & Supervisory Board meetings, we endeavor to explain the situation within the Company and communicate the status of audit implementation to the outside auditors while also sharing information and exchanging opinions with them. Although there is no full-time employee in charge of assisting outside auditors, there is one employee attached to the auditors.

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

Shindengen has set the term of office for directors as one year, and we endeavor to strengthen our management systems by clarifying the management responsibilities of directors. Additionally, by introducing an executive officer system to separate management decision-making from business execution, we aim to speed up business execution and pursue effective management while enhancing the oversight functions of the Board of Directors. By separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. We have also established a Nomination and Compensation Committee to ensure objectivity and transparency in processes related to the nomination and compensation of directors. The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Executive Management Meeting, the Audit & Supervisory Board. They operate functionally for speedy decision-making and efficient business activities, through which we pursue organic Group management. Furthermore, we have established a Sustainability Committee chaired by the President and CEO which aims to ensure that the Shindengen Group increases its corporate value and contributes to the achievement of a sustainable society by putting its Corporate Mission into practice and promoting ESG management. We have also organized related committees under this committee so that matters that contribute to sustainability can be managed in an integrated way. Although the Company uses the “company with an Audit & Supervisory Board” system, we endeavor to maintain the independence of the Board while ensuring fair checks of business execution by adopting a system where outside auditors form the majority (one full-time auditor, two outside auditors) of the Board. We have also assigned full-time audit staff to help strengthen the audit system. Audit & Supervisory Board members receive accounting audit results from the accounting auditor. This maintains the latter’s independence while providing oversight and verification to ensure that accounting audits are being implemented appropriately. Furthermore, Shindengen’s Internal Audit Department (comprising the department manager and nine internal auditors) audits the status and operation of the internal control system to verify the execution of business activities across the Company and its group companies, reporting regularly to the Board of Directors. Regarding relations with the Audit & Supervisory Board, regular quarterly meetings are held to maintain and strengthen an appropriate audit system through reporting on audit plans and activity status, as well as the audit status of internal controls over financial reporting.

Regarding relations with the Accounting Auditor, the audit locations and the appropriateness of the evaluation are determined through consultation. In addition to holding regular quarterly meetings to exchange opinions on the necessity of changes to the evaluation scope, the Internal Audit Department receives explanations of evaluation results from the Accounting Auditor following the

completion of audits regarding the evaluation of internal controls over financial reporting conducted based on the audit plan.

The Audit & Supervisory Board, the Accounting Auditor, and the Internal Audit Department ensure the effectiveness of internal audits by collaborating through mutual information sharing.

3. Reasons for Adoption of Current Corporate Governance System

Corporations are required to engage in effective governance that embraces transparency and compliance. Shindengen's basic policy is to maintain and continually improve its management system to enable prompt and precise responses to a rapidly changing operating environment. In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Executive Management Meeting, the Audit & Supervisory Board.

We select outside directors to ensure the transparency of management and further enhance corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation for the ordinary General Meeting of Shareholders held on June 26, 2026 was sent two working days in advance, the date set by law.
Electronic Exercise of Voting Rights	In addition to the “Voting Platform for Institutional Investors” voting website, shareholders can exercise their voting rights through the shareholder registry administrator’s voting website.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In addition to participation through the “Voting Platform for Institutional Investors,” we strive to enhance the environment for the exercise of voting rights by making it possible for shareholders to exercise their voting rights through the shareholder registry administrator’s voting website.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The English version of the Notice of Convocation (Summary of Notice) is provided to shareholders overseas through the “Voting Platform for Institutional Investors.” It is also posted on the Tokyo Stock Exchange’s website as well as the Company’s website.
Other	The Notice of Convocation is posted on the Company’s website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We have formulated a Disclosure Policy containing our basic policy on and methods for information disclosure. It is available on the Company’s website.	
Regular Investor Briefings held for Analysts and Institutional Investors	They are held regularly after the release of the second quarter financial results and the main financial results for the fiscal year.	Held
Online Disclosure of IR Information	We have created an IR information page on the Company’s website where, in addition to legally mandated disclosure documents, we post information such as reports, integrated	

	reports, and financial result briefing materials.
Establishment of Department and/or Placement of a Manager in Charge of IR	We have assigned two employees to be in charge of IR within the President's Office.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Shindengen has positioned the protection of the global environment as one of our important business tasks, and to that end we have established our Environmental Vision 2050 for promoting group-wide activities focusing on the realization of a sustainable global environment and society from a long-term perspective. We have also established a Sustainability Committee and aim to increase our corporate value through the practice of our Corporate Mission and the promotion of ESG management.</p> <p>Details about these activities are posted on the Company's website.</p>

IV. Matters Concerning the Internal Control System

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

Corporations are required to engage in effective corporate governance that embraces transparent management, complies with laws and regulations (hereafter referred to as “compliance”) and ensures the trustworthiness of financial reports. Shindengen places great importance of the maintenance and continuous improvement of its management systems to enable prompt and precise responses to a rapidly changing operating environment. Under the organizational structure of our corporate governance system, a variety of meetings, including Board of Directors and Executive Management Meeting, operate functionally, make speedy decisions, and conduct efficient business activities in the pursuit of organic Group management. However, we consider the further improvement, development and operation of our internal control system to be an important management task.

In light of this, based on the promulgation of the “Act on the Partial Revision of the Companies Act (Act. No. 90 of 2014)” and “Ministerial Ordinance for Partial Revision of the Regulations for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 6 of 2015)” on May 1, 2015 in addition to the existing stipulations of Article 362 Paragraph 4 (vi) and Paragraph 5 of the Companies Act, and Article 100 Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act, we have established a Basic Policy on the Internal Control System (“This policy” hereafter), through which we will ensure the effectiveness, efficiency and appropriateness of our business affairs and connect them to the maintenance and growth of our corporate value.

This policy applies to all of the Company’s directors, auditors, executive officers and employees (a term referring to employees, associate employees, temporary employees and employees on assignment).

1. System to ensure that the performance of professional duties by directors and employees conforms with laws and regulations and the Articles of Incorporation

(1) To serve as a foundation for directors and employees in obeying laws and regulations, we have established the Shindengen Group Action Guidelines and work to ensure that all are thoroughly familiar with it.

(2) The Board of Directors will determine policies and plans for improving the internal control system, including systems for compliance, and will also receive regular reports on their status.

(3) Through the executive officer system, we have separated the business execution functions of directors (i.e. decision-making and oversight) from those of the executive officers (i.e. business execution) in order to achieve appropriate and efficient business execution while strengthening the oversight function of the directors.

(4) The Audit & Supervisory Board will audit directors’ performance of their professional duties from an independent standpoint, including the status of improvement and operation of the internal control system.

(5) The Internal Audit Department will confirm whether the internal control system is functioning effectively and monitor the execution status of improvement plans and policies.

(6) We will put an internal reporting system in place (corporate ethics hotline/internal and external consultation services) to prevent violations of laws and regulations before they occur. The Report Investigation Committee will carefully examine the contents of reports received and ensure that they are thoroughly investigated and a recurrence is prevented.

(7) The internal reporting system is designed to ensure that persons making internal reports do not suffer unfair treatment as a result of making their report.

2. System for the storage and management of information related to directors' performance of their professional duties

Information concerning the performance of professional duties by directors, such as minutes of Board of Directors' meetings, circulars, contracts, and written notices, will be stored and managed appropriately in document form or electromagnetic media in a location stipulated by document regulations. At the same time, we will take any measures required to prevent leaks on a case-by-case basis and put a system in place to allow them to be accessed by the correct people who need to do so.

3. Other systems pertaining to regulations for managing the risk of loss

(1) For individual risks of loss at the Company (such as environmental, disaster, quality, and export control risks), under the instructions of the director managing each those risks, the relevant departments will put various regulations and stipulations in place, consider how to prevent them and respond after the fact, and conduct implementation, education and auditing activities.

(2) We will establish cross-organizational expert committees as necessary to tackle individual risks, and they will operate the same way as above.

(3) The Internal Audit Department will monitor the status of execution to ensure that the risk management of the corporate group is functioning effectively.

4. System for ensuring that directors are performing their professional duties efficiently

(1) A system will be put in place to classify the areas of responsibility for directors and ensure that they perform those duties efficiently.

(2) By delegating authority to executive officers, we will increase the speed of business execution and allow the Board of Directors to focus on decision-making and its oversight functions.

(3) We will establish Medium-Term Business Plans as targets to be achieved, formulate yearly plans according to our management policy for the fiscal year in question, set business targets by business department and carry out specific measures that need to be implemented.

5. System for ensuring the appropriateness of business carried out by the corporate group that consists of the Company, its parent company and its subsidiaries

(1) We will strive to ensure thorough familiarity with the Shindengen Group Action Guidelines to make sure that the business carried out by the corporate group is done appropriately.

(2) The Group will be operated as a whole through a system where, in accordance with the subsidiary management regulations, subsidiaries will submit the necessary documents to their parent company through the relevant business departments and committees in order to report the status of their business and financial affairs, the progress of their business plans and other such information.

(3) There will be clear rules concerning the organizational decisions of each subsidiary.

(4) The Audit & Supervisory Board will perform audit duties for subsidiaries from an independent standpoint, including checking the status of improvement and operation of the internal control system.

(5) Through an internal reporting system (corporate ethics hotline) for the corporate group, we will try to prevent violations of laws and regulations at subsidiaries before they occur.

6. Matters concerning the employee in question when the Audit & Supervisory Board seeks to assign an employee

to assist in its duties

To serve as an organization assisting the Audit & Supervisory Board in its duties, a full-time assistant position to the Audit & Supervisory Board will be established and suitable personnel will be assigned to it.

7. Matters concerning the independence of the employee in the previous item from the directors

To ensure the appropriate performance of duties by the assisting employee, performance evaluations or reassignments of assisting employees will be determined with the consent of the Audit & Supervisory Board in accordance with any applicable Audit & Supervisory Board auditing standards (regulations).

8. Systems for directors and employees to report to auditors, and other systems for reporting to the Audit & Supervisory Board

Directors and employees will report to the Audit & Supervisory Board as necessary regarding matters designated by law as well as matters with a significant impact on the Company and affiliated companies, the status of implementation of internal audits, the status of internal reporting (taking the duty of confidentiality into account), and other reporting matters determined in advance upon discussion with the Audit & Supervisory Board.

9. Other systems to ensure that Audit & Supervisory Board members are carrying out audits effectively.

(1) The representative director and Audit & Supervisory Board members will hold regular meetings to raise their mutual awareness.

(2) In order for Audit and Supervisory Board members to perform their professional duties appropriately, the members will cooperate to ensure that communication between them and directors, etc. of affiliated companies, and the collection and exchange of information are conducted appropriately.

(3) If the Audit and Supervisory Board members consider it necessary for the performance of their professional duties, the system will allow them to cooperate with lawyers, the accounting auditor, and other external experts.

(4) When Audit and Supervisory Board members pay in advance or request reimbursement for expenses necessary for the auditors to perform their professional duties, the necessary payment will be made according to the request, except in cases where it is determined that the expense was not a necessary one.

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

The Company has absolutely no relationships with anti-social forces that threaten the safety and order of civil society and firmly rejects any demands from such forces.

The Administration Department serves as the overall department in charge of such issues. It works closely with relevant organizations to receive guidance and advice from them, and it has also created a "Response Manual" and works to put the necessary systems in place.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation for Applicable Items

As long as the free purchase and sale of the Company's shares as a listed company is allowed, the Company believes that it is fundamental for the persons who control the Company's financial affairs and business policies to ultimately be determined based on the free will of our shareholders. Additionally, if a specific individual attempts to purchase the Company's shares on a large scale, we believe that both the intended buyer and the Company's Board of Directors must provide the necessary and sufficient information to allow the shareholders to make a suitable decision on whether to accept or reject the sale. Accordingly, we believe that establishing a system to allow the large-scale purchase of the Company's shares to be carried out according to reasonable rules is consistent with securing and increasing the Company's corporate value and the common interests of shareholders.

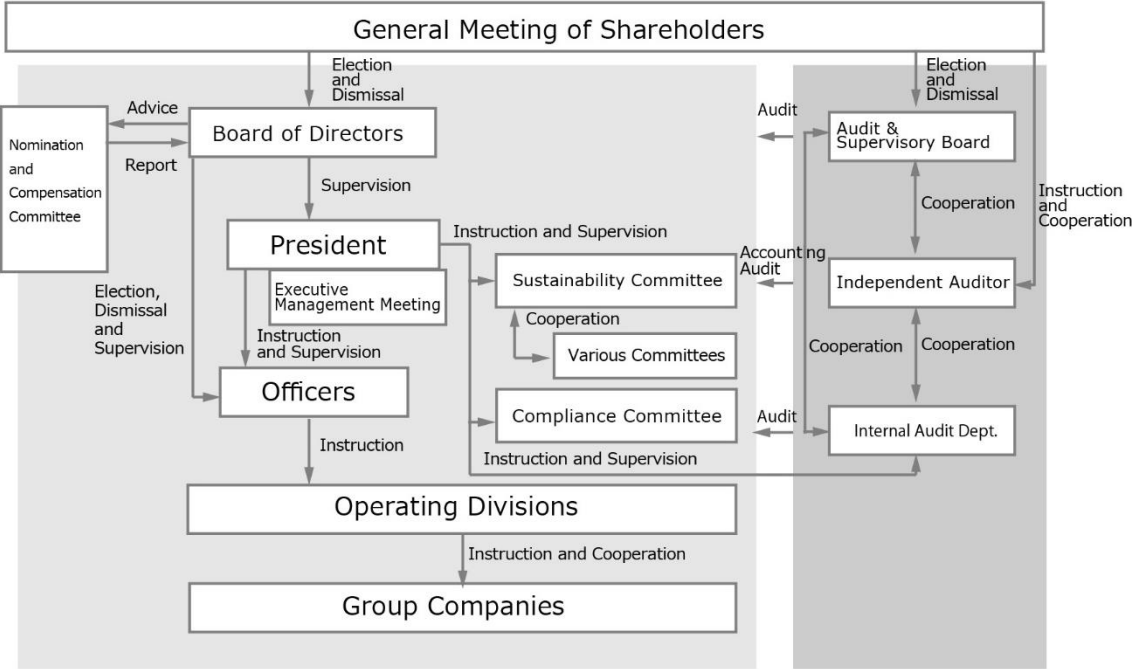
That said, it cannot be denied that there are some large-scale purchases that significantly harm the common interests of shareholders, such as those that use mechanisms that coerce shareholders into selling their shares, or those that are likely to cause damage that the Company will find it difficult to recover from. We believe that persons who engage in such purchases or similar actions are not suitable to control the Company's financial affairs and its business policies. In our opinion, those who are suitable to control the Company's financial affairs and business policies must maintain relationships of trust with the various stakeholders who support the Company, and must adopt a medium- to long-term perspective and adhere to a stable management system in order to increase the corporate value of the Shindengen Group and secure and increase the common interests of shareholders.

For details about these anti-takeover measures, please refer to the Company's announcement dated May 14, 2025 and titled, "Notice Regarding the Update of the Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Response Policies)" on the Company's website (<https://www.shindengen.com/ir/>).

2. Other Matters Concerning the Corporate Governance System

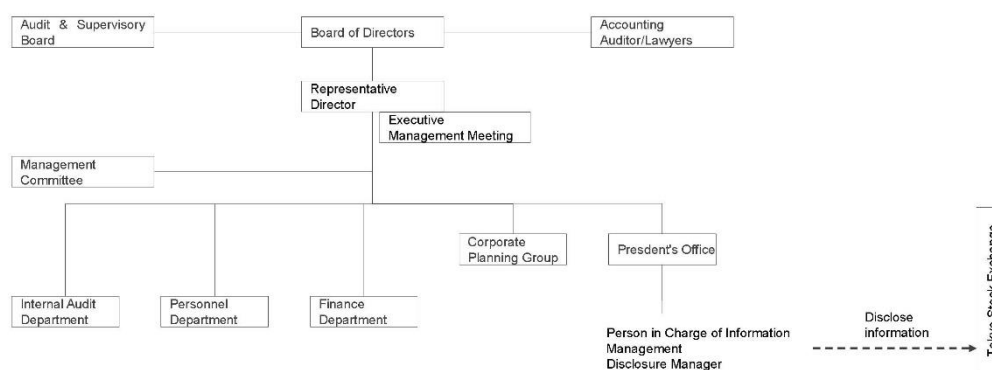
END

[Corporate Governance System]



[Status of Internal System Concerning the Timely Disclosure of Company Information]

The status of the Company's internal system for the timely disclosure of company information is as follows.



[Status of the Company's Internal System for Timely Disclosures]

The Company has put a system in place to disclose major matters (information about decisions, facts about events) based on the "Regulations for the Announcement of Company Information Outside the Company" which stipulate the basic operations for information disclosure.

- Important matters approved or resolved by the Board of Directors which need to be disclosed in accordance with timely disclosure regulations
- Matters that the Company determines require timely disclosure
- Other important information about decisions or facts about events

To ascertain important matters, the person responsible for the relevant department reports the event or decision in question to the representative director or the person in charge of information management. The person in charge of information management considers the necessity of a suitable disclosure, and if they determine that a disclosure is necessary, they endeavor to disclose it as soon as possible. The duty of information disclosure will be carried out by a specialist in charge upon the instructions of the person in charge of information management.

To prevent the pre-disclosure leakage of information outside the Company, the Company

mandates that information about important matters must be handled via the person in charge of information management during this process leading up to disclosure.

Additionally, we have positioned the Company's website as an important information source for shareholders and investors, and we endeavor to actively disclose information there.

We have established an Internal Audit Department to monitor the state of execution of various management activities in the Company and the Company Group, and we strive to strengthen our checking systems.