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Corporate Governance Report

CORPORATE GOVERNANCE

EIZO Corporation

Last updated: April 17, 2024

EIZO Corporation

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<https://www.eizoglobal.com/>

The status of the corporate governance of EIZO Corporation (the “Company”) is as follows.

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

1. Basic Views

The Company strives to continuously improve its corporate value by building and maintaining relationships of trust with its stakeholders that support it. To achieve this, it is essential to ensure sound, efficient, and transparent management, and the Company regards the enhancement of corporate governance as an important management issue.

For details on the Company's governance structure based on this basic policy, please refer to “II-2. Matters Related to Functions of Business Execution, Audit and Supervision, Nomination, Remuneration Decisions, etc. (Overview of Current Corporate Governance Structure)” in this Report.

[Reasons for Not Implementing the Principles of Japan's Corporate Governance Code]

The information is based on the revised Code of June 2021.
(Includes principles applicable to the Prime Market since April 2022.)

[Principle 1.4] (Cross-Shareholdings)

<Policy on cross-shareholdings>

The Company holds shares of business partners that contribute to the enhancement of corporate value over the medium- to long-term, including the continuation of good business relationships and the building of long-term relationships of trust, as cross-shareholdings. The Board of Directors determines the appropriateness of holding such shareholdings at least once a year by comprehensively reviewing the purpose of holding each individual stock, transaction status, share price, dividend amount, etc. Periodic and ongoing verification will continue to be conducted to review the necessity of holding or selling shares.

<Criteria for exercising voting rights pertaining to cross-shareholdings>

With respect to the exercise of voting rights in cross-shareholdings, the Company carefully examines the management policies, business performance, and other aspects of the companies in which the shares are held, as well as the content of proposals, and determines whether the exercise contributes to the enhancement of shareholder value over the medium- to long-term.

[Disclosure Based on the Principles of Japan's Corporate Governance Code]

Updated

[Principle 1.7] (Related Party Transactions)

The Company conducts periodic investigations of transactions between the Company and its Directors and their immediate families regarding the existence of such transactions. The approval of the Board of Directors is required for any self-dealing, conflict-of-interest transactions, or any other important transactions engaged into by Directors, and such transactions must be reported to the Board of Directors without delay after the transaction to confirm its rationality and appropriateness so that the transaction will not harm the interests of the Group or the common interests of its shareholders.

In addition, transactions with related parties are disclosed in annual financial statements and other documents in accordance with laws and regulations.

[Supplementary Principle 2.4.1] (Ensuring Diversity)

The Company aims to propose products, systems, and solutions that exceed customers' expectations with imaging technology at the core. A medium-term human resource development policy has been formulated in which, “We will develop human resources with more flexible thinking and practical skills to respond to the age of VUCA, based on the development of diverse human resources who can ‘create’ and ‘support’ the next business model amid the increasing sophistication and complexity of manufacturing.”

Regarding the promotion of females to management positions, the Company aims to achieve a 7% ratio of female managers in Japan by 2025. To promote activities of female employees, the Company is working to create an environment in which women can balance work and family life, and is promoting initiatives such as the establishment of leaves of absence and shortened working hours. In Japan, measures are being promoted such as reinforcing the recruitment of female employees, appointing women to leadership positions, and enhancing training systems, including career design training for female employees, which will lead to achieving the target ratio of female managers.

[Current ratio of female managers: 4 managers/3.7% in Japan, 20 managers/21.3% overseas]

Targets have not been set for the appointment of foreign nationals to management positions.

The Group consists of 18 companies around the world, including Japan, Germany, China, and the U.S., with employees representing 36 nationalities. The Company's idea is that human rights of each individual should be respected rather than numerical targets, and that appropriate personnel should be appointed as managers based on a fair evaluation of their abilities. In principle, top management of group companies in each country is staffed by local personnel, and we strive to create a suitable work environment while taking advantage of the diversity of situations, cultures, and customs in each country in our economic activities.

[Current status of promotion of foreign nationals to management positions: 2 managers/1.8% in Japan]

There is also a policy of fairly evaluating and appointing suitable mid-career hires, and there is no set numerical targets for management positions.

[Current status of promotion of mid-career hires to management positions: 47 managers/43.1% in Japan]

Details of the above-mentioned initiatives are available on the Company's website.

<https://www.eizoglobal.com/sustainability/social/diversity/>

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

The Company has introduced a defined contribution pension plan for the purpose of asset building for its employees.

In order to contribute to the management of each investment, appropriate investment institutions and investment products are selected, and regular training is provided to employees.

[Principle 3.1] (Full Disclosure)

i) Company objectives (e.g., business principles), business strategies and business plans

<Corporate Philosophy and Principles of Conduct>

The Company has established a corporate philosophy and principles of conduct, which are posted on the Company's website.

<https://www.eizoglobal.com/company/code/>

<Management Strategy and Plan>

The Company has formulated its 7th Mid-Term Business Plan (three years), with FY2021 as the first year. Details of this 7th Mid-Term Business Plan are available on the Company's website.

<https://www.eizoglobal.com/ir/management/plan/>

ii) Basic Views and Basic Policy on corporate governance

The Company's basic views are outlined in "I-1. Basic Views" of this Report.

In addition, our basic policy is to continuously enhance corporate governance in accordance with the principles of the Corporate Governance Code.

iii) Board policies and procedures in determining the remuneration of the senior management and Directors

Please refer to "II-1. Matters Related to Institutional Structure, Organizational Operation, etc." ([Directors' Remuneration] "Disclosure of Policy for Determining Remuneration or Calculation Method") of this Report.

iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of Directors

The Company nominates candidates for the Board of Directors who, in addition to satisfying the eligibility requirements required by laws and regulations, have outstanding abilities, experience, character and insight related to corporate management. In addition to the above, the Company appoints External Directors who are capable of supervising and auditing corporate management and business execution from objective and diverse perspectives.

Under the above nomination policy, the appointment and dismissal of senior management and the nomination of candidates for Directors are resolved by the Board of Directors after deliberation and reporting by the Nomination and Remuneration Advisory Committee in order to ensure the objective validity and transparency of the decision-making procedures of the Board of Directors. The consent of the Audit and Supervisory Committee is required for candidates for Directors who are members of the Audit and Supervisory Committee.

Although the term of office of an Executive Director is one year, in the event that an Executive Director falls under any of the prohibitions set forth in the Company's internal rules, or if circumstances arise that are deemed inappropriate, the dismissal of the Executive Director will be submitted to the General Meeting of Shareholders by resolution of the Board of Directors, following deliberations and recommendations by the Nomination and Remuneration Advisory Committee.

v) Explanations with respect to the individual appointments/dismissals and nominations

The reasons for the selection and nomination of candidates for Directors are disclosed in the Reference Documents for the Ordinary General Meeting of Shareholders, which presents the agenda for the election.

[Supplementary Principle 3.1.2] (Disclosure and provision of information in English)

In order to provide global stakeholders with information promptly and reliably, the Company discloses its consolidated financial results presentation materials in Japanese and English simultaneously on a quarterly basis on the Company and Tokyo Stock Exchange websites, as well as other information in English, such as summary of financial results, English financial statements, Mid-Term Business Plan, notices of convocation of the ordinary general meetings of shareholders, and this Corporate Governance Report. The Integrated Report, which describes initiatives to enhance corporate value over the medium- to long-term in terms of both financial and non-financial information, is disclosed on the Company's website in both Japanese and English. The Company will continue to disclose and provide necessary information in English.

[Supplementary Principle 3.1.3] (Initiatives on sustainability, etc.)

The Company's corporate philosophy is "through the pursuit of imaging solutions, we enrich people in their professional and personal lives." The "EIZO Group Principles of Conduct," a set of action guidelines for achieving these goals, stipulates that the Company will provide products, systems, and services that contribute to solving various social issues based on its unique technologies and ideas, and that the Company will conduct business activities with integrity and with consideration for the environment, human rights, and ethics. These principles of conduct constitute the Company's sustainability policy.

1) Responding to Climate Change

Since the launch of the EIZO brand, the Company has been consistently working on the most advanced environmental measures, setting targets for reducing GHG emission across all business activities, and taking other actions to combat climate change. In May 2021, the Company supported the recommendations of the TCFD and analyzed the risks and opportunities to its business posed by climate change. Additionally, to address the identified risks and opportunities, the Company organized its existing initiatives and future plans, and disclosed "Transition to Net Zero" in May 2023. The GHG reduction targets for 2030 presented in this plan have received SBT certification as scientifically aligned targets.

[TCFD Disclosure] (the Company's website)

<https://www.eizoglobal.com/sustainability/environment/tcfd/>

[Transition to Net Zero] (the Company's website)

<https://www.eizoglobal.com/sustainability/environment/transition/>

2) Human Capital

In April 2022, the Company established the EIZO Group Human Rights Policy and is working to build a human rights management system to foster "respect for human rights and diversity" and a "broadminded corporate culture that encourages free and creative activity," which the Company has identified as materiality. The Company is also working to maximize the value of human resources through occupational health and safety initiatives, including health management, and human resource development.

[EIZO Group Human Rights Policy] (the Company's website)

<https://www.eizoglobal.com/sustainability/social/respect/>

[Human Capital] (the Company's website or pp47-53 of Integrated Report 2023)

<https://www.eizoglobal.com/sustainability/social/>

<https://www.eizoglobal.com/ir/report/integratedreport/>

3) Intellectual Property

The Company considers the technologies and designs created in the process of developing its products to be one of its most important assets, and it makes appropriate investments in their formation, while striving to protect them through active acquisition of patents and design rights.

[Intellectual Property] (the Company's website or pp43-44 of Integrated Report 2023)

<https://www.eizoglobal.com/sustainability/value/property/>

<https://www.eizoglobal.com/ir/report/integratedreport/>

[Supplementary Principle 4.1.1] (Summary of scope of the matters delegated to the management)

The Company's Board of Directors Rules stipulate matters to be resolved in accordance with laws and regulations and the Articles of Incorporation, as well as matters to be decided by the Board of Directors as important matters that could affect management. The authority to execute other business operations is clarified for each position according to internal rules.

[Principle 4.9] (Independence Standards and Qualification for Independent External Directors)

The Company believes that to ensure objective and transparent governance, it is necessary for External Directors to have sufficient independence, and has established the following "Criteria for Independence of External Directors."

<Criteria for Independence of External Directors>

1. The Company's Board of Directors shall deem an External Director or a candidate for External Director of the Company to have independence in the event that he/she does not fall under any of the items below in the current fiscal year and in the previous three (3) fiscal years.
 - (1) A person executing business operations (*) of EIZO Group's business partner, its parent company, or important subsidiary whose transaction amount exceeds two (2) % of the consolidated net sales of EIZO Group or the business partner.
 - (2) A person executing business operations of a financial institution or other lenders, or its parent company or important subsidiary which is indispensable for EIZO Group's financing and on which the Group depends to the extent that there is no substitute.
 - (3) A consultant, accounting professional, or legal professional who has received from EIZO Group monetary consideration or other properties equivalent to ten (10) million yen or more during a year, excluding officers' remuneration (in case a corporation, association, or other organization receives such properties, a person who belongs to such organization).
 - (4) A person executing business operations of a major shareholder of the Company (who holds ten (10) % or more of the voting rights of the Company directly or indirectly) or its parent company or important subsidiary.
 - (5) A representative partner, certified public accountant, partner, or employee of the audit firm that is the current Accounting Auditor of EIZO Group. Or, a person who has belonged to the audit firm that was the Accounting Auditor of EIZO Group during the previous three (3) fiscal years and was engaged in actual auditing work on EIZO Group.
 - (6) A person executing business operations or a Corporate Auditor of a company, or its parent company or subsidiary that accepts Directors from EIZO Group.
 - (7) A person who has received a donation of ten (10) million yen or more during a year from EIZO Group (in case a corporation, association, or other organization receives such donation, a Director of such an organization or a person directly involved in research, education, or other activities related to such a donation).
 - (8) A spouse or relative within the second degree of kinship of a person executing business operations who falls under any of (1) to (7) above.
 - (9) Notwithstanding the foregoing, any other person who has special grounds that could give rise to a conflict of interests with the Company or its general shareholders, preventing him/her from fulfilling duties as an Independent External Director.
 - (*) A person executing business operations means a Director (excluding an External Director), corporate officer, operating officer or other similar person, or employee.
2. In case an External Director ceases to have the independence stipulated in the Criteria, he/she shall notify the Company immediately.
3. Amendments to the Criteria shall be resolved by the Board of Directors.

[Supplementary Principle 4.10.1] (Nomination committee and remuneration committee)

The Company has established the Nomination and Remuneration Advisory Committee, a voluntary advisory body to the Board of Directors, for the purpose of further improving the objectivity, adequacy, and transparency of the decision-making procedures of the Board of Directors and further enhancing the corporate governance structure by obtaining appropriate involvement and advice from External Directors with respect to Director nominations and Director remuneration excluding those who are members of the Audit and Supervisory Committee.

The members of the Nomination and Remuneration Advisory Committee are appointed by the Board of Directors from among its members, the majority of whom are Independent External Directors. Additionally, an Independent External Director is selected as chairperson of the committee.

[Principle 4.11] (Preconditions for Board Effectiveness)

The Company's Board of Directors currently consists of nine members, four of whom are Independent External Directors who meet the Company's "Criteria for Independence of External Directors".

The composition of the Board of Directors is designed to be optimal for the Company by ensuring a balance and diversity of knowledge, experience, and skills of the Board of Directors as a whole, taking into consideration the scale and business structure of the Company.

[Supplementary Principle 4.11.1] (Views on the appropriate balance, diversity, and size of the Board of Directors as a whole in terms of knowledge, experience, and skills)

The Company's Board of Directors currently consists of nine members, four of whom are Independent External Directors who meet the Independence criteria described in [Principle 4.9].

The composition of the Board of Directors is designed to be optimal for the Company by ensuring a balance and diversity of knowledge, experience, and skills of the Board of Directors as a whole, taking into consideration the scale and business structure of the Company.

The knowledge and expertise of each Director is described in a skills matrix, which is published in the Reference Documents for the Ordinary General Meeting of Shareholders, the Integrated Report and other documents.

[Board Composition] (the Company's website)

<https://www.eizoglobal.com/sustainability/governance/board/>

[Supplementary Principle 4.11.2] (Concurrent positions held by Directors)

Significant concurrent positions held by Directors are disclosed in the Business Report and the Reference Documents for the Ordinary General Meeting of Shareholders.

[Business Report]

https://www.eizo.co.jp/ir/stock/invitation/56_invitation.pdf (in Japanese only)

[Reference Documents]

https://www.eizoglobal.com/ir/meeting/56_invitation_e.pdf

[Reference Documents (Directors serving as Audit and Supervisory committee Members)]

https://www.eizoglobal.com/ir/meeting/55_invitation_e.pdf

[Supplementary Principle 4.11.3] (Summary of results of analysis and evaluation of the effectiveness of the Board of Directors as a whole)

1) Evaluation Method

The Company's Board of Directors evaluated the effectiveness of the Board of Directors as a whole in the form of a discussion among all Directors, from the perspectives of the Board's governing structure, supervisory functions, and its dialogue with shareholders.

<Effectiveness evaluation items for fiscal year 2022>

- Composition of the Board of Directors (three items)
- Operation of the Board of Directors (seven items)
- Management strategy (seven items)
- Performance monitoring and management evaluation (one item)
- Business ethics and risk management (two items)
- Dialogue with shareholders (one item)

2) Summary of Evaluation Results

Generally favorable evaluation results were obtained for all evaluation items and it was confirmed that the Board of Directors is functioning effectively, ensuring sufficient effectiveness to appropriately make decisions and approve important management matters and supervise business execution through organic collaboration with the Management Committee.

On the other hand, the following issues were identified with regard to "operation of the Board of Directors," "management strategy," and "dialogue with shareholders."

- Further enhancement of information sharing with outside directors
- Ongoing discussion of medium- to long-term management strategies
- Expansion of information disclosed to stakeholders

3) Future Actions

The Company's Board of Directors will work to further enhance the effectiveness of the Board of Directors based on the evaluation results for fiscal year 2022 described above.

[Supplementary Principle 4.14.2] (Training policy for Directors)

In order to deepen their understanding of the Group, External Directors are required to receive explanations from the officer in charge, etc. in a timely manner after assuming office regarding the business overview, financial information, organization, etc. In addition, Directors are to receive information from internal and external sources on matters such as economic conditions, industry trends, financial accounting, and compliance,

which are necessary to fulfill their supervisory and auditing functions.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)

The Company recognizes the importance of building relationships of trust with shareholders and investors in order to achieve sustainable growth and enhance corporate value over the medium- to long-term, and is actively engaging in proactive dialogue to that end.

Specifically, the President & COO oversees all aspects of dialogue with shareholders, and a department in charge of investor relations has been established to carry out investor relations activities to engage in dialogue with shareholders. The Company is working to enhance dialogue by holding financial results briefings, Mid-Term Business Plan briefings, briefings for individual investors, and other such events.

Opinions and requests from shareholders obtained through such dialogue are reported to management and related departments as appropriate by the department in charge of investor relations.

In order to enhance dialogue, the department in charge of investor relations works closely with related departments, such as corporate planning, accounting and finance, development, and sales, to receive necessary information. In addition, insider information related to such activity is strictly managed in accordance with internal rules for the prevention of insider trading.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

The Company's initiatives to implement management that is conscious of cost of capital and stock price, were announced on the following Company's websites on May 12, 2023.

[Change Basic Policy on Profit Distribution to Shareholders] (p23 of Consolidated Financial Highlights Fiscal Year 2022)

<https://www.eizoglobal.com/ir/material/DC23-005.pdf>

[Basic Policy on Profit Distribution to Shareholders revised on May 12, 2023] (the Company's website)

<https://www.eizoglobal.com/ir/stock/dividend/>

2. Capital Structure

Foreign shareholding ratio	20% to less than 30%
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[Major Shareholders]

Name or Company Name	Number of Shares Owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,585,200	12.57
Custody Bank of Japan, Ltd. (trust account)	2,139,300	10.40
The Hokuriku Bank, Ltd.	836,900	4.07
The Hokkoku Bank, Ltd.	794,900	3.86
Hiroshi Murata	658,840	3.20
Yoshiki Sasaki	570,000	2.77
Hiroaki Corporation, Ltd.	567,600	2.76
Hazuki Corporation, Ltd.	567,600	2.76
EIZO Employee Shareholding Association	487,470	2.37
FUJI CORPORATION	379,900	1.85

Controlling Shareholder (excluding parent company)	-----
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year End	March
Industry	Electrical equipment

Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales of the Previous Fiscal Year	More than 10 billion yen and less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 10 and less than 50

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

5. Other Special Circumstances That May Have a Significant Impact on Corporate Governance

// Business management organization and other corporate governance structure related to management decision-making, execution and supervision

1. Matters Pertaining to Institutional Structure, Organizational Management, etc.

Organizational structure	Company with an Audit and Supervisory Committee
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[Board of Directors]

Number of Directors under the Articles of Incorporation	10
Term of Office of Directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors Updated	Chairman & CEO
Number of Directors	9
Appointment of External Directors	Appointed
Number of External Directors	4
Number of External Directors designated as Independent Directors	4

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Suzuki	From another company								△			
Hiroji Takino	From another company								△			
Toru Inoue	From another company								△			
Masako Osuna	Scholar											

* **Items regarding relationship with the Company**

* “○” if the person is applicable to each item “currently or recently,” “△” if the person was applicable to each item in the “past.”

* “●” if the person’s close relative is applicable to each item “currently or recently,” “▲” if the person’s close relative was applicable to each item in the “past.”

a A person executing business operations of a listed company or its subsidiary.

b A person executing business operations or non-executive director of a parent company of a listed company.

c A person executing business operations of a fellow subsidiary of a listed company.

d A person whose main business partner is a listed company or a person executing business operations of such entity.

e A major business partner of a listed company or a person executing business operations of such entity.

f A consultant, accounting professional or legal professional who has received a large sum of money or other properties excluding officers’

remuneration from a listed company.

- g A major shareholder of a listed company (If such major shareholder is a corporation, a person executing business operations of the corporation).
- h A person executing business operations (only the person in question) of a business partner of a listed company (those that do not fall under d, e and f).
- i A person executing business operations of an entity with which a relationship of mutual appointment of external officers exists (only the person in question).
- j A person executing business operations of a company to which a listed company makes donations (only the person in question).
- k Other

Relationship with the Company (2)

Name	Audit and Supervisory Committee	Independent Directors	Supplementary Explanation of Applicable Items	Reasons for Appointment
Masaaki Suzuki	○	○	In the past, Mr. Suzuki was employed by Mizuho Bank, Ltd., one of the Company's correspondent banks. As of March 31, 2023, the Company had no borrowings from the bank, and therefore, the Company concluded that this would not affect his independence.	He has offered his valuable and straight opinions and proposals on the decision-making processes of the Company, based on a wealth of experience acquired at a financial institution and experience developed in the management of business corporations, as well as extensive knowledge, thereby contributing to the soundness and transparency of the management as a leading External Director. The Company expects that he will continue to contribute to enhancing the corporate value of the Company by strengthening the effectiveness of its management oversight functions. The Company has determined that there is no conflict with the Criteria for Independence of External Directors set forth by the Company and the independence standards set forth by the stock exchange, and that there is no risk of conflict of interest with general shareholders, and has designated him as an Independent Director.
Hiroji Takino	○	○	In the past, Mr. Takino was employed by The Hokuriku Bank, Ltd., one of the Company's correspondent banks. As of March 31, 2023, the Company held loans from the bank, but the amount was insignificant at less than 1.5% of consolidated total assets, and not material to the Company's financing. Therefore, the Company has determined that this would not affect his independence.	He has offered his valuable and straight opinions and proposals on the decision-making processes of the Company, based on a wealth of experience acquired at financial institutions and experience developed as a manager of a business corporation and extensive knowledge, thereby executing his duties as an External Director fairly and neutrally. The Company expects that he will continue to contribute to enhancing the corporate value of the Company by strengthening the effectiveness of its management oversight functions. The Company has determined that there is no conflict with the Criteria for Independence of External Directors set forth by the Company and the independence standards set forth by the stock exchange, and that there is no risk of conflict of interest with general shareholders, and has designated him as an Independent Director.
Toru Inoue	○	○	Although Mr. Inoue was formerly employed by Murata Manufacturing Co., Ltd., which has transactions with the Company for the purchase of components, etc., the transaction amount in fiscal year 2022 was minimal, accounting for less than 0.5% of consolidated net sales of both the Company and Murata Manufacturing, and the Company has determined that this does not affect his independence.	He has a wealth of experience and a proven track record in business operations, planning, and accounting over many years as a manager of a business corporation, and the Company expects that he will provide accurate advice and supervision of the Company's management as an External Director based on his extensive knowledge cultivated over many years in the electronics industry. The Company has determined that there is no conflict with the Criteria for Independence of External Directors set forth by the Company and the independence standards set forth by the stock exchange, and that there is no risk of conflict of interest with general shareholders, and has designated him as an Independent Director.
Masako Osuna	○	○	———	Ms. Osuna has worked at the Japan External Trade Organization (JETRO) for many years and is currently a professor in the Office of Industry-University Collaboration at the Kanazawa Institute of Technology and is also widely active as an Outside Director of Hibiya Engineering, Ltd., and an Outside Auditor of C.I. TAKIRON Corporation. With this wealth of experience and a high level of expertise with a focus on international economics, the Company expects that she will be able to

				provide appropriate advice and checks to ensure the appropriateness of the Board's decision-making. The Company has determined that there is no conflict with the Criteria for Independence of External Directors set forth by the Company and the independence standards set forth by the stock exchange, and that there is no risk of conflict of interest with general shareholders, and has designated her as an Independent Director.
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[Audit and Supervisory Committee]

Committee Composition and Attributes of Chairperson

	All Committee Members (number of persons)	Full-time Committee Members (number of persons)	Internal Directors (number of persons)	External Directors (number of persons)	Committee Chair (Chairperson)
Audit and Supervisory Committee	5	1	1	4	External Director

Appointment of Directors and employees to assist with the duties of the Audit and Supervisory Committee	Yes
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Matters concerning the independence of such Directors and employees from Executive Directors

The duties of the Audit and Supervisory Committee are assisted by the Internal Auditing Department. The Internal Auditing Department is required to follow the instructions of the Audit and Supervisory Committee with respect to such auxiliary operations. Those engaged in such auxiliary duties may concurrently perform other duties, but any personnel matters shall be subject to the prior consent of the Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee, Accounting Auditor and Internal Auditing Department

The Audit and Supervisory Committee holds regular meetings with the Internal Auditing Department and the Accounting Auditor and exchanges information as needed to conduct audits and supervision in coordination with each other.

[Optional Committee]

Establishment of optional committee(s) equivalent to a nomination committee or remuneration committee	Yes
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Status of establishment of optional committee, composition of members, and attributes of the committee chair (chairperson)

	Name of committee	All Committee Members (number of persons)	Full-time Committee Members (number of persons)	Internal Directors (number of persons)	External Director (number of persons)	External Experts (number of persons)	Other (number of persons)	Committee Chair (Chairperson)
Optional committee equivalent to a nomination committee	Nomination and Remuneration Advisory Committee	6	0	2	4	0	0	External Director
Optional committee equivalent to a remuneration committee	Nomination and Remuneration Advisory Committee	6	0	2	4	0	0	External Director

Supplementary Explanation

The Company established a Nomination and Remuneration Advisory Committee on February 1, 2021, pursuant to a resolution of the Board of

Directors. The committee added the function of nominating Directors to the existing Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee deliberates and makes recommendations on matters related to the nomination policy, election and dismissal of Directors as well as the system determining the amount of remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee). The members of the Nomination and Remuneration Advisory Committee are appointed by the Board of Directors from among its members, the majority of whom are Independent External Directors. The Nomination and Remuneration Advisory Committee currently has six members, four of whom are Independent External Directors.

[Independent Directors]

Number of Independent Directors	4
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Other matters related to Independent Directors

The Company designates all External Directors who meet the qualifications of Independent Directors as Independent Directors.

[Incentives]

Implementation of measures to provide incentives to Directors	Introduction of performance-linked remuneration system, etc.
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Supplementary explanation of applicable items

The Company has introduced a performance-linked remuneration and restricted stock remuneration system linked to consolidated operating income for each fiscal year for Executive Directors.

Grantees of stock options	
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Supplementary explanation of applicable items

[Remuneration of Board of Directors]

Disclosure status (of individual Directors' remuneration)	Individual disclosure for some
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Supplementary explanation of applicable items

The amount of remuneration for Directors is disclosed in the Business Report and Annual Financial Statements. In addition, the Company discloses individual remuneration for certain directors in its Annual Financial Statements to the extent required by laws and regulations.

Policy for determining remuneration amounts or calculation method	Yes
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Disclosure of policy for determining remuneration amounts or calculation method

a. Basic policy

The Company's basic policy is to set the remuneration of Directors at an appropriate level based on the responsibilities and duties of each Director, taking into consideration the following items. The remuneration system shall consist of fixed remuneration, performance-linked remuneration (both as monetary remuneration), and stock-based remuneration as non-monetary remuneration. Performance-linked remuneration and stock-based remuneration shall be paid to Executive Directors.

- 1) Motivation for medium- to long-term corporate growth of the Company and sustainable enhancement of corporate value
- 2) Role to fulfill corporate social responsibility
- 3) Business environment, performance, and execution of duties
- 4) Securing human resources with excellent management skills
- 5) The Company's business content and scale

The method of determining remuneration, etc., and the level of remuneration for each position shall be set forth in internal rules to be decided

by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee, in which Independent External Directors constitute the majority. The specific amount to be paid and the number of shares to be granted for each fiscal year shall also be determined to the extent determined by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee in accordance with the relevant internal rules.

In addition, the remuneration system and remuneration levels, etc. shall be reviewed in a timely and appropriate manner in response to changes in the business environment and other factors.

- b. Policy for determining the amount of remuneration, etc. by individual for fixed remuneration (monetary remuneration), including policy for determining the timing or conditions of granting remuneration

The basic remuneration of the Company's Directors shall be a monthly fixed remuneration, which shall be determined in accordance with their position, responsibilities, and years in office, taking into consideration the standards of other companies, the Company's performance, and the level of employee salaries, as well as other factors in a comprehensive manner.

- c. Policy for determining the details and calculation method of the amount or number of performance-linked and non-monetary remuneration, etc. (including policy for determining the timing or conditions of granting remuneration)

The Company's performance-linked remuneration and non-monetary stock-based remuneration shall each consist of the following.

1) Performance-linked remuneration shall be based on the amount of consolidated operating income for the fiscal year for which it is paid, in order to motivate Directors to improve their performance and to appropriately reflect the results of each fiscal year. The amount of performance-linked remuneration shall be calculated by multiplying 2% of consolidated operating income by the number of points stipulated in the internal rules for each position of Executive Directors eligible for payment. However, the maximum total amount shall be 150 million yen. Performance-linked remuneration shall not be paid if the ratio of consolidated operating income to net sales is less than 2% or if the amount of consolidated net income is less than 1,000 million yen. The calculated amount of performance-linked remuneration shall be paid as Directors' bonuses each year after the Ordinary General Meeting of Shareholders following the end of the fiscal year.

2) Stock-based remuneration shall be granted to executive Directors who are determined by the Board of Directors as restricted stock with a certain Transfer Restriction Period in order to share value with shareholders and to provide an incentive to continuously improve corporate value. The total amount and total number of shares of stock-based remuneration per fiscal year shall be determined by the Board of Directors, with the maximum amount of 50 million yen and 20,000 shares. The specific amount of stock-based remuneration shall be calculated based on the points stipulated in the internal rules for each position of executive Directors who are eligible for payment. The number of shares to be granted shall be calculated based on the trading price on the stock exchange so that the amount to be paid per share will not be particularly favorable to the executive Directors.

The timing of the granting of stock-based remuneration shall be determined by a resolution of the Board of Directors after the Ordinary General Meeting of Shareholders following the end of the fiscal year. Directors who have been granted shares of stock shall not transfer, grant a security interest in, or otherwise dispose of such shares until they retire from their positions as officers or employees of the Company or its group companies, as previously determined by the Board of Directors.

- d. Policy on determining the ratio of the amounts of fixed remuneration, performance-linked remuneration, and stock-based remuneration to the amount of remuneration, etc. for individual Directors

Performance-linked remuneration shall be based on the amount of consolidated operating income for the fiscal year for which the remuneration is paid, and the higher the position, the higher the weight of the performance-linked remuneration. The Board of Directors will determine the appropriate allocation of stock-based remuneration as long-term incentive remuneration. The specific calculation method of the amount of performance-linked remuneration and the amount of stock-based remuneration is as described in c. above. Depending on performance, the ratio of performance-linked remuneration to the total amount of fixed remuneration, performance-linked remuneration and stock-based remuneration (total amount of remuneration) generally ranges from 0% to 50%, and the ratio of stock-based remuneration to the total amount of remuneration generally ranges from 0% to 25%.

- e. Other important matters concerning the determination of the details of remuneration, etc. for individual Directors

The details, calculation method and amount of remuneration, etc. for each individual Director shall all be in accordance with internal rules established by the Board of Directors after deliberation and report by the Nomination and Remuneration Advisory Committee. The determination of the specific amount of fixed remuneration for each individual shall be delegated to and finally determined by the CEO in accordance with the relevant internal rules. The scope of delegation to the CEO shall be determined by the Board of Directors, subject to the report of the Nomination and Remuneration Advisory Committee.

[Support System for External Directors]

Updated

The duties of the Audit and Supervisory Committee are supported by the Internal Auditing Department. The Internal Auditing Department reports directly to the Audit Committee as well as to the President & COO, ensuring a dual reporting line.

In addition, when attending meetings of the Board of Directors and other important meetings, External Directors receive materials from the department in charge and receive advance briefings on important proposals.

2. Matters pertaining to functions such as business execution, audit and supervision, appointment, and remuneration decisions (overview of current corporate governance structure) Updated

(Board of Directors)

The Board of Directors of the Company is composed of four Directors (excluding Directors who are members of the Audit and Supervisory Committee) and five Directors who are members of the Audit and Supervisory Committee, and meets on an as-needed basis in addition to the meeting schedule arranged each fiscal year. The Board of Directors deliberates on key management decisions and receives regular reports on the status of operational execution. Members engage in lively discussions for decision-making and reinforce the supervisory function for management. The chairperson is Yoshitaka Jitsumori, Chairman & CEO. In fiscal year 2023, the Company held 10 Board of Directors meetings, with 100% attendance by all Directors*1.

(Management Committee)

The Management Committee is convened in a timely manner to accelerate strategic decision-making, respond to important issues, and deliberate or report on the status of operations and other matters. The Management Committee is mainly composed of internal directors and operating officers.

(Operating Officer System)

The Company operates an Operating Officer System to separate management supervision from operational execution and expedite the implementation of operations.

(Audit and Supervisory Committee)

The Audit and Supervisory Committee of the Company is composed of five members, including four Independent External Directors, and meets on an as-needed basis in addition to the meeting schedule arranged each fiscal year. The Audit and Supervisory Committee, in accordance with the audit policy and plans, audits and supervises the execution of duties by the Board of Directors by attending the Board of Directors and other important meetings as well as examining corporate operations and assets. The Audit and Supervisory Committee is chaired by Masaaki Suzuki, an Independent External Director and Chairman of the Audit and Supervisory Committee. In fiscal year 2023, the Company held nine Audit and Supervisory Committee meetings, with 100% attendance by all members. *1

(Nomination and Remuneration Advisory Committee)

The Nomination and Remuneration Advisory Committee was established as an optional advisory body to the Board of Directors in order to ensure transparency and objectivity of decisions on the nomination and remuneration of Directors. It deliberates and makes recommendations on matters related to the nomination policy, election and dismissal of Directors, as well as the system determining the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members). The Nomination and Remuneration Advisory Committee currently has six members, four of whom are Independent External Directors. The Nomination and Remuneration Advisory Committee is chaired by Masaaki Suzuki, an Independent External Director and Chairman of the Nomination and Remuneration Advisory Committee. In fiscal year 2023, the Company held seven Nomination and Remuneration Advisory Committee meetings, with 100% attendance by all members*1.

(Internal Auditing System)

The Company has established the Internal Auditing Department as its internal auditing division. The Internal Auditing Department carries out internal audits based on the "Basic Annual Audit Plan" which stipulates the audit policy and reports its results to the President & COO. The Internal Auditing Department is staffed by two people, and the Senior Manager of the Department appoints a separate auditor who is familiar with the operations of the Internal Auditing Department as necessary to conduct audits.

(Accounting Auditor)

The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC and has been audited by the firm.

*1 Director who was newly appointed during fiscal year 2023 attended all meetings of the Board of Directors held during his term of office.

3. Reasons for Adopting the Current Corporate Governance Structure

The Company has adopted the current corporate governance structure based on the judgment that the above structure as a company with an Audit and Supervisory Committee will strengthen the Board of Directors' audit and supervisory functions and management transparency, as well as reinforce corporate governance and enhance corporate value over the medium- to long-term, while enhancing prompt decision-making and business execution.

/// Implementation of Measures Concerning Shareholders and Other Stakeholders

1. Efforts to Vitalize Ordinary General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary Explanation
Early dispatch of notice of convocation of ordinary general meetings of shareholders	The Company strives to send out the notice of convocation early enough to ensure that shareholders have sufficient time to consider the contents of resolutions at the Ordinary General Meeting of Shareholders and the state of business. The Notice of Convocation of the 56th Ordinary General Meeting of Shareholders (for the fiscal year ended March 31, 2023), held on June 22, 2023, was sent on June 1, three weeks prior to the date of the Meeting.
Setting of Ordinary General Meeting of Shareholders Day Avoiding Concentrated Days	To facilitate participation by shareholders in the Ordinary General Meeting of Shareholders, the Company tries to avoid the days on which many meetings are concentrated, and held the 56th Ordinary General Meeting of Shareholders (for the fiscal year ended March 31, 2023) on June 22, 2023.
Exercise of voting rights by electromagnetic means	The Company adopts the exercise of voting rights by an electromagnetic method using the voting website of a securities transfer agent.
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise their voting rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of the notice of convocation (summary) in English	English versions of the Notice of Convocation and Reference Documents for the Ordinary General Meeting of Shareholders have been prepared and are available on the Company's website.
Other	An explanatory meeting for shareholders is held after the Ordinary General Meeting of Shareholders.

2. Status of IR Activities

	Supplementary Explanation	Explanation by the representative himself
Preparation and publication of disclosure policy	Posted on the Company's website. https://www.eizoglobal.com/ir/disclosure/	Yes
Regular briefings for analysts and institutional investors	Financial results briefings are held at the end of the second quarter and at the time of the announcement of fiscal year-end financial results.	
Posting of IR Materials on Website	Financial results and other disclosure materials, annual and quarterly financial statements. https://www.eizoglobal.com/ir/	
Establishment of department (person in charge) related to IR	Department in charge of IR: Investor Relations (IR) Department IR Office Liaison Officer: Manabu Arise; Director, Executive Operating Officer, Senior Manager of Accounting & Finance Department, Senior Manager of IR Department	

3. Initiatives Pertaining to Respect for Stakeholders

	Supplementary Explanation
Respect for Stakeholder Position Stipulated in Internal Rules and Regulations	The "EIZO Group Principles of Conduct" stipulates that the Company shall "seek to build and maintain strong bonds of trust with our stakeholders (i.e. business partners, employees, shareholders, and the local community)." https://www.eizoglobal.com/company/code/
Implementation of environmental preservation activities, CSR activities, etc.	The "EIZO Group Principles of Conduct" is the basic sustainability policy, and in accordance with this policy, the Company strives to provide products and services that solve various social issues with its unique technologies and ideas, and promotes business activities to realize a sustainable society through compliance with laws and regulations, respect for human rights, social contributions, and reduction of environmental impact. In 2022, the Company identified its materiality (key issues) based on the "level of importance to stakeholders" and "level of importance to the EIZO Group." Specific initiatives are available on the Company's website and in the Integrated Report.
Formulation of Policy on Provision of Information to Stakeholders	The Company has formulated a "Disclosure Policy," which stipulates the provision of fair and accurate information to stakeholders.

IV Matters Related to the Internal Control System

1. Basic Views and Status of Internal Control System

(Basic Views)

Together with our stakeholders who support the Company, we aim to be a company that continuously produces appropriate results.

The Company also recognizes that the establishment and maintenance of an internal control system is essential for the pursuit of operational effectiveness and efficiency, compliance, and reliable financial reporting, and has positioned it as a key management issue.

The Company's Board of Directors has established the following systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the propriety of the Company's operations.

1. System to ensure that the execution of duties by Directors and employees of the corporate group complies with laws and regulations and the Articles of Incorporation
The Board of Directors of the Company shall establish the "Corporate Philosophy," "EIZO Group Principles of Conduct," "EIZO Group Human Rights Policy" and "Compliance Regulations" for all officers and employees of the Company and its group companies, and shall develop and enhance the compliance program as follows, so that the performance of duties by Directors and employees of the Company and its group companies shall comply with laws, regulations and the Articles of Incorporation and fulfill corporate social responsibility.
 - a. Establish a Compliance Committee to develop and operate a compliance program.
 - b. In order to ensure thorough compliance, the Company shall educate the Group's Directors and employees, foster compliance awareness, and conduct audits and other activities to ensure the proper operation of the compliance program.
 - c. Through the development and operation of an Internal Whistle-Blowing System, the Company shall prevent the occurrence of serious incidents that could significantly damage corporate value, such as the loss of corporate credibility due to violations of laws and regulations.
 - d. No relationship with anti-social groups or organizations that threaten the order and safety of civil society. In addition, the Company shall take a firm stand against unreasonable demands from anti-social groups and organizations, and shall not engage in any acts that encourage their activities.
2. System for the storage and management of information related to the execution of duties by Directors
The following documents related to important decision-making and reporting concerning the execution of duties by Directors shall be stored and managed appropriately and securely in accordance with the "Document Management Regulations" and "Regulation Management Regulations," etc.
 - a. Minutes of the Ordinary General Meeting of Shareholders, Board of Directors' meetings, Management Committee meetings, and related documents
 - b. Minutes of important internal meetings and related materials
 - c. Documents regarding managerial decisions and other important internal application documents
 - d. Copies of accounting books, financial statements, important contracts, documents filed with government agencies or other public institutions or with financial instruments exchanges, and other important documents
3. Regulations and other systems for managing the risk of loss in the corporate group
Based on the "Basic Regulations on Risk Management," the Company shall establish a system for the integrated and centralized management of risks that may affect the business activities of the group.
 - a. The Management Committee shall identify "important risks" that are judged to have a high impact on the Company's business and determine risk countermeasures.
 - b. Establish a Risk Management Committee to analyze, identify, prevent, and control risks by category through the application of various regulations concerning accounting, information management, health and safety, quality assurance, and environmental management, etc.
 - c. With regard to business continuity activities, a business continuity plan (BCP) shall be formulated to ensure a prompt and appropriate response in the event of risk occurrence.
4. System to ensure the efficient execution of duties by Directors in the corporate group
The Company shall establish the following structure to accelerate the decision-making process for the group's management strategies and to strengthen the management supervision and business execution systems.
 - a. Regular meetings of the Board of Directors: Meetings shall be held in accordance with a schedule to be arranged each fiscal year, and extraordinary meetings of the Board of Directors shall be held as necessary.
 - b. Operating Officer System: To separate management supervision from business execution, an Operating Officer System will be introduced for prompt business execution.
 - c. Management Committee: A Management Committee mainly composed of internal directors and operating officers shall be established to efficiently deliberate and discuss important management issues.
 - d. The status of business execution by group companies shall be reported regularly at regular meetings of the Board of Directors, and important matters shall be deliberated at meetings of the Board of Directors and the Management Committee.
5. System to ensure the appropriateness of business operations in the corporate group
The compliance and risk management systems of the group companies shall be managed by the Company in accordance with the "Compliance Regulations" and the "Risk Management Basic Regulations." With respect to the execution of business by group companies, the Company shall manage group companies as necessary and appropriate according to their conditions by means of a reporting and approval system for important matters based on the "Group Company Management Regulations" and the "Approval & Report Policy" and by utilizing the internal audit system, etc.
6. Matters concerning Directors and employees to assist with the duties of the Audit and Supervisory Committee, matters concerning the independence of such Directors and employees from other Directors (excluding Directors who are Audit and Supervisory Committee members), and matters concerning the effectiveness of instructions given by the Audit and Supervisory Committee to such Directors and employees
The duties of the Audit and Supervisory Committee are assisted by the Internal Auditing Department. The Internal Auditing Department is

required to follow the instructions of the Audit and Supervisory Committee with respect to such auxiliary operations. Those engaged in such auxiliary duties may concurrently perform other duties, but any personnel matters shall be subject to the prior consent of the Audit and Supervisory Committee.

7. Systems for Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees to report to the Audit and Supervisory Committee, and systems for Directors, auditors, etc., and employees of subsidiaries or persons who receive reports from these persons to report to the Company's Audit and Supervisory Committee

Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of the Company group shall promptly and appropriately report matters concerning the execution of business operations when requested by a member of the Audit and Supervisory Committee selected by the Company's Audit and Supervisory Committee.

If any Director (excluding Directors who are members of the Audit and Supervisory Committee) or employee of the Company group discovers any material fact in violation of laws, regulations, or the Articles of Incorporation, or any fact that may cause significant damage to the Company, such fact shall immediately be reported to the Audit and Supervisory Committee.

The department in charge of the group's Whistle-Blowing System shall report to the Audit and Supervisory Committee any whistle-blowing received from the group's Directors (excluding Directors who are members of the Audit and Supervisory Committee) or employees.

It should be noted that any person who reports to the Audit and Supervisory Committee, including those who use the Whistle-Blowing System, shall be prohibited from being treated unfavorably for making such a report, and this shall be made known to all employees.

8. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

Certain members of the Audit and Supervisory Committee selected by the Audit and Supervisory Committee may attend important meetings such as the Management Committee, inspect important documents including minutes of important meetings and approval documents as well as internal audit reports, and request explanations from Directors and employees of the group as necessary. In addition, the Audit and Supervisory Committee will meet with the Accounting Auditor and the Internal Auditing Department as necessary to ensure close collaboration. The Company shall take necessary measures to pay for expenses incurred in the performance of duties by the Audit and Supervisory Committee.

2. Basic Views on Elimination of Anti-social groups and Status of Improvement

The "EIZO Group Principles of Conduct" stipulates that the Company shall "not have any relations with anti-social groups or organizations that pose a threat to the order or safety of civil society" and the Company ensures that all employees comply with this "EIZO Group Principles of Conduct".

In addition, the General Affairs Department serves as the supervising department, collecting information on anti-social groups and organizations, and working with the police and lawyers to cut off relationships with anti-social groups and organizations.

V Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	None
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Supplementary explanation of applicable items

2. Other Matters Related to Corporate Governance Structure, etc. Updated

Overview of Timely Disclosure System

The Company's internal system for timely disclosure of corporate information is as follows.

1. Basic policy on timely disclosure

The Company believes it is important to disclose information in a timely and appropriate manner and to fulfill its accountability to all stakeholders, including shareholders and investors. To this end, the Company will comply with the timely disclosure rules of the Tokyo Stock Exchange.

The Company has also established the "EIZO Group Principles of Conduct" as the standards on which the decisions, evaluations, and actions of the Company's officers and employees in their business activities should be based. The "EIZO Group Principles of Conduct" states that the Company will "disclose information to our stakeholders in an appropriate and timely manner to maintain the fairness and transparency in our management," and the Company is working to ensure that all employees are familiar with this policy.

In order to fulfill its social responsibility as a publicly listed company, the Company will continue to strive to provide timely and appropriate corporate information.

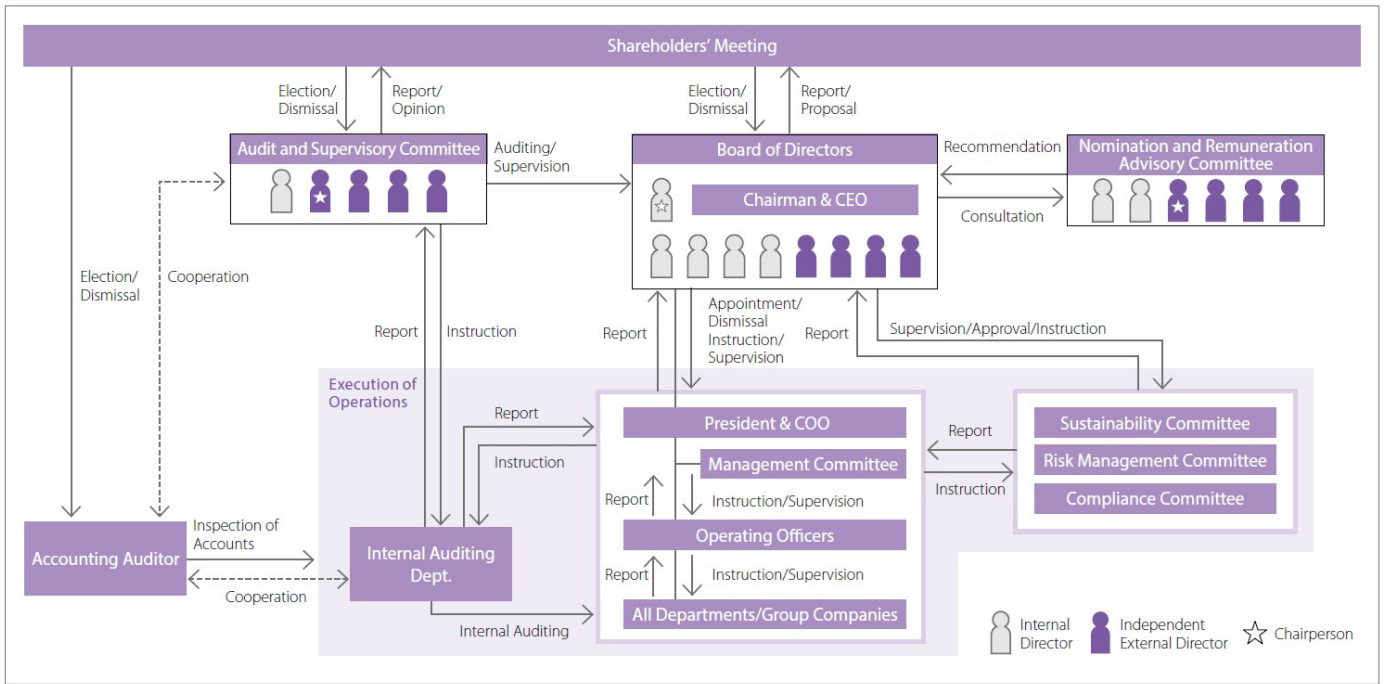
2. Internal system for timely disclosure

In order to ensure fair, timely, and appropriate disclosure of corporate information, the Company has designated the Director in charge of general affairs as the "Chief Management Officer." The Chief Management Officer is responsible for centrally ascertaining and managing corporate information and directing the disclosure of information based on accurate management judgment. In disclosing corporate information, the Chief Management Officer instructs the Senior Manager of the General Affairs Department to disclose the information, and the Senior Manager of the General Affairs Department discloses the information based on such instructions.

In disclosing corporate information in a timely and appropriate manner, the facts of decisions are deliberated by the Board of Directors, and after

their decision and approval, the Senior Manager of the General Affairs Department carries out the disclosure. As for the facts of the occurrence, the Senior Manager of the General Affairs Department carries out the disclosure based on the instructions of the Chief Management Officer, after verifying the facts.

Corporate Governance System



Schematic diagram of timely disclosure system

