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Corporate Governance Report

CORPORATE GOVERNANCE

TACHI-S CO., LTD.

Last Update: July 2,2024

TACHI-S CO., LTD.

Yuichiro Yamamoto,

Representative Director & President

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The corporate governance of TACHI-S CO., LTD. (the “Company”) is described below.

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

1. Basic Views

Under our purpose of “Supporting People and the Earth through ‘Seating’ Technology,” TACHI-S CO., LTD. (the “Company”) recognizes that achieving our Corporate Vision, “To live in harmony with individuals and society and to put smiles on people’s faces by continuously creating living spaces of comfort and enrichment,” will contribute to the sustainable growth of the TACHI-S Group and the enhancement of corporate value over the medium to long term, and we consider it important that we focus on enhancing corporate governance in order to support these efforts. The Company works continuously to enhance corporate governance in accordance with the following basic principles.

- (1) Endeavor to protect the rights and equality of shareholders, and create an environment where those rights can be exercised appropriately.
- (2) Endeavor for appropriate cooperation with stakeholders other than shareholders (customers, employees, trading partners, local communities, etc.).
- (3) Endeavor to ensure appropriate information disclosure and transparency.
- (4) Endeavor for the appropriate execution of the roles and responsibilities of the Board of Directors, based on our fiduciary responsibility and accountability to shareholders.
- (5) Endeavor for constructive dialogue with shareholders.

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

<Principle 1.4> (Cross-Shareholdings)

- (1) Policy Related to Cross-Shareholdings

In order for the TACHI-S Group to successfully compete in the global market as an automobile components manufacturer and continue to grow sustainably in the future, cooperative relationships with various stakeholders, regardless of industry, are

essential. Accordingly, for cross-shareholdings held based on a comprehensive assessment of their importance for business strategy, strengthening relationships with customers and suppliers, maintaining relationships with local communities, etc., the Company will continue to hold those deemed necessary for business purposes in the future, within a reasonable extent. On the other hand, the Company's basic policy related to cross-shareholdings is to change the content of holdings, including reducing cross-shareholdings, in accordance with the creation of new businesses and business evolution. Specifically, the Company's basic policy for listed shares is to "ensure that cross-shareholdings are less than 10% of consolidated net assets." The Board of Directors specifically investigates and considers the purpose of holding, economic rationality, etc., and verifies the appropriateness of holding individual stocks, and, in principle, the Company endeavors to reduce any holdings that are not consistent with the purpose of holding by sale, etc., after taking into consideration the impact on the market and other factors.

Disclosure Based on each Principle of the Corporate Governance Code

Update

<Principle 1.7> (Related Party Transactions)

The approval of the Board of Directors is required for any competing transactions and transactions with conflicts of interest by Directors and Executive Managing Officers, and in the event that any such transactions are performed, the Board of Directors receives a report on the material facts thereof.

<Supplementary Principle 2.4.1> (Ensuring Internal Diversity)

In May 2021, the Company announced the Medium-term Management Plan "Transformative Value Evolution (TVE)." This plan incorporates the concept of "amid times of great change, promote the evolution of value through self-transformation, and offer new value," and we believe it is important that we develop human resources in such a way that each and every employee can achieve self-reformation. Accordingly, we have set the "implementation of management that focuses on human resources development" as a target. At the same time, we provide training for "mid-level managers" to enable them to recognize that they are the frontlines of management, and to be aware that it is their role and responsibility as managers to enable team members to execute their duties with vitality and take on new challenges. On the other hand, in order to enable all employees to design their own careers and take on new challenges, we are focusing on improvements to our personnel systems (JOB type, FA type, public recruitment type, incentive type), and have introduced systems to give all employees a strong sense of job satisfaction in their work, which we will level up in the future. Additionally, we will take steps to clarify positions (key positions) that are strategically important for supporting the continued development of the Company in the global domain. At the same time, we will intentionally develop, pool, and assign the young seedlings of human resources who will support the next generation, regardless of whether they are women, non-Japanese nationals, or mid-career hires, thereby enhancing and securing our human resources for global domains. We have reviewed the number of key positions, and there are 29 people in Japan and 2 people overseas employed in key positions at present. In addition, the percentage of female employees is 10.6% in Japan, the percentage of non-Japanese nationals is 3.1%, and the percentage of mid-career hires is 62.1%. We will promote efforts to continue enhancing diversity in the future. Furthermore, the percentage of female managers is 4.5% at present in Japan, and it is difficult to achieve the initial target of 10% female managers in FY2024. However, we are following up on progress by setting a commitment and training target for the improvement of the work environment by top management toward achieving the government target of 30% female executives in 2030. In addition, we set a new target of 15% as the ratio of female managers in 2030 and we are aiming to

achieve this goal. Regarding the detail of the Company's initiatives for ensuring diversity in human resources, please refer to the "Annual Securities Report for the Fiscal Year Ended March 31, 2024" and the "Notice of the 72nd Annual General Meeting of Shareholders" posted on the Company's website.

(<https://www.tachi-s.co.jp/LinkClick.aspx?fileticket=oX8tEdAMDRU%3d>)

(https://www.tachi-s.co.jp/Portals/0/images/ir/stock_information/meeting/72shoushu_en.pdf)

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

The Company's pension plans consist of a defined benefit corporate pension plan and a defined contribution pension plan. The Company has established a "Basic Policy Related to the Management of Pension Assets," and aims to ensure the stable management of assets. We receive regular reports from asset management institutions, and staff working in financial, labor, and personnel-related roles hold meetings as necessary. In addition, departments related to the management of pension assets also endeavor to enhance operational knowledge, including participating in external training and seminars as necessary. Additionally, we also ensure there are no conflicts of interest between the beneficiaries of corporate pensions and the Company, by delegating the management of funds to multiple asset management institutions and entrusting the selecting of investment targets and exercise of voting rights to the asset management institutions.

<Principle 3.1> (Full Disclosure)

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

The Company has grown from a seat manufacturer to a "seat system creator" capable of the integrated development and production of seat systems, then into a "global seat system creator," capable of supplying products around the world. The Company has also grown in line with the globalization of our customers, but the environment surrounding the Company has changed significantly as the automobile industry has entered a period of great change, of the type that occurs once every 100 years. We have defined the "purpose for existence of TACHI-S" and formulated a Medium-term Management Plan for FY2021 to FY2024, "Transformative Value Evolution (TVE)," in order to achieve sustainable growth by changing existing approaches, offering new value through our business activities, and surviving as a truly independent company. For details, please refer to the "Financial Result Presentations" and "Corporate Philosophy" on the Company's website.

(<https://www.tachi-s.co.jp/en/ir/strategy/plan.html>)

(<https://www.tachi-s.co.jp/en/company/philosophy.html>)

(2) Basic views and guidelines on corporate governance

Please refer to the "Basic Policy of Corporate Governance" posted on the Company's website.

(https://www.tachi-s.co.jp/Portals/0/images/sustainability/governance/corporate_governance/basic_policy_of_corporate_governance.pdf)

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

Please refer to section II-1 [Director Remuneration] in this report.

- (4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of Director and Audit & Supervisory Board Member candidates

Please refer to section II-2 “Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” in this report.

- (5) Explanations with respect to individual appointments/dismissals of senior management and nominations of Director and Audit & Supervisory Board Member candidates

The individual selection reasons for Directors and Audit & Supervisory Board Members, including outside officers, are provided in the “Notice of the General Meeting of Shareholders.”

<Supplementary Principle 3.1.3> (Sustainability Initiatives)

The Company’s Corporate Vision is “To live in harmony with individuals and society and to put smiles on people’s faces by continuously creating living spaces of comfort and enrichment.” We focus on ESG in order to meet the demands and expectations of stakeholders and contribute to the achievement of a sustainable society through the implementation of this vision. Additionally, in May 2022, the Company announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have since used climate change scenarios to analyze risk and opportunities for our businesses, and reflected the results in strategies and risk management as part of efforts to enhance corporate value.

For details about the Company’s sustainability initiatives, as well as the impact of climate change-related risks and revenue opportunities on the Company’s business opportunities, earnings, etc., please refer to the “Annual Securities Report for the Fiscal Year Ended March 31, 2024” posted on the Company’s website.

<https://www.tachi-s.co.jp/LinkClick.aspx?fileticket=oX8tEdAMDRU%3d>

<Supplementary Principle 4.1.1> (Matters to be Determined by the Board of Directors and Scope of Delegation to Management)

The Board of Directors makes decisions concerning matters set forth in laws and regulations and the Articles of Incorporation, as well as important matters related to management. These matters are clarified in the “Board of Directors Regulations.” The Company has also introduced an Executive Managing Officer system, where decisions on matters other than those determined by the Board of Directors are delegated to the Executive Managing Officer Meeting and Executive Managing Officers. The Executive Managing Officer Meeting and Executive Managing Officers engage in management based on various regulations related to decision-making authority, determined in accordance with the scale and nature of the transaction/operations. Furthermore, a system is in place where the Board of Directors receives timely reports on the results of decision-making by the Executive Managing Officer Meeting.

<Principle 4.9> (Independence Standards and Qualification for Independent Outside Directors)

Please refer to section II-1 [Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members] of this report or “Criteria for Assessing Independence of Outside Directors/Audit & Supervisory Board Members” in the “Basic Policy of Corporate Governance” posted on the Company’s website.

https://www.tachi-s.co.jp/Portals/0/images/sustainability/governance/corporate_governance/basic_policy_of_corporate_governance.pdf

<Supplementary Principle 4.10.1> (Approach, Authority, Roles, etc., Related to the Independence of the Structure of the Nomination Committee and the Remuneration Committee)

The Company has established the Personnel and Compensation Committee as a voluntary committee, which verifies the validity of policies related to the diversity of the Board of Directors and the skills of Directors, as well as standards and processes for the election and reelection of Directors, and the appropriateness of successor plans and their implementation, while also checking the validity of the selection of Director candidates. The Personnel and Compensation Committee also verifies Director remuneration policies, checks the validity of remuneration amounts, including individual allocations, and proposes the results to the Board of Directors. The Personnel and Compensation Committee consists of three independent Outside Directors, including the chair of the committee, and two internal Directors, for a total of five members. One Audit & Supervisory Board Member also participates as an observer and is able to state his or her opinions.

<Supplementary Principle 4.11.1> (Policies and Procedures Related to the Selection of Directors)

When nominating Director candidates, candidates are selected while taking into consideration a diverse balance of knowledge and experience for the Board of Directors as a whole, including covering each of the Company's functions, to ensure the Board of Directors is able to sufficiently fulfill its management decision-making and supervisory roles. In addition, the Company has achieved a balanced structure by selecting a certified public accountant, attorney, and corporate managers for the four Outside Directors, including a female Director. The term of office of Directors is also one year, to contribute to the flexible creation of the optimal management structure in response to changes in the management environment. Additionally, the Personnel and Compensation Committee deliberated the skill matrix for Directors that includes the skills required to achieve the Medium-term Management Plan (TVE) determined in May 2021, then it was decided upon by the Board of Directors, and provided in the Notice of the Annual General Meeting of Shareholders.

<Supplementary Principle 4.11.2> (Holding of Concurrent Positions as Officers of Other Listed Positions by Directors and Audit & Supervisory Board Members)

Please refer to the "Notice of the 72nd Annual General Meeting of Shareholders" posted on the Company's website.

https://www.tachi-s.co.jp/Portals/0/images/ir/stock_information/meeting/72shoushu_en.pdf

<Supplementary Principle 4.11.3> (Outline of Results of Analysis and Assessment of the Effectiveness of the Board of Directors as a Whole)

The effectiveness of the Board of Directors is evaluated through deliberations by the Board of Directors, and improvements are made as necessary. In addition, in order to contribute to better effectiveness, after the end of the fiscal year, questionnaires are provided to all Directors and Audit & Supervisory Board Members, including outside officers, or once every three years in principle, effectiveness assessments are conducted utilizing a third party, including interviews, and the Board of Directors assesses effectiveness based on the results. In FY2023, we conducted an assessment of effectiveness with questionnaires, and as a result, we recognized that the Board of Directors is functioning effectively. At the same time, we also clarified issues based on changes in the external environment, etc., and we will continue focusing on improvements.

<Supplementary Principle 4.14.2> (Director and Audit & Supervisory Board Member Training Policies)

In addition to providing required advance training to newly appointed officers on their roles and responsibilities, knowledge related to the Company, etc., the Company's policy is also to provide and arrange opportunities for the acquisition and appropriate updating of necessary knowledge after appointment, and provide support for related expenses.

<Principle 5.1> (Policy for Constructive Dialogue with Shareholders)

Please refer to II-5. Dialogue with Shareholders in the "Basic Policy of Corporate Governance" posted on the Company's website. (https://www.tachi-s.co.jp/Portals/0/images/sustainability/governance/corporate_governance/basic_policy_of_corporate_governance.pdf)

[Implementation Status of Dialogue with Shareholders]

For constructive dialogue with shareholders, the Company holds earnings results briefings twice a year, and also holds individual interviews as necessary when requested by institutional investors in Japan and overseas, etc. The Board of Directors also receives reports as appropriate on the content of these interviews.

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

The Company analyzes and assesses the current status of the cost of capital, capital profitability, and market valuations, and in the Medium-term Management Plan (TVE) announced in May 2021, the Company formulated businesses strategies and financial/capital strategies under the strategic policy of "implementing management that is conscious of the cost of capital," as part of concerted efforts to achieve strategic targets. For details of the Medium-term Management Plan (TVE) announced in May 2021, please refer to "FY2021-2024 Medium-term Management Plan" on the Company's website.

(<https://www.tachi-s.co.jp/en/ir/strategy/plan.html>)

In addition, for information about the status of the Company's latest initiatives, please refer to "FY2023 Financial Result."

(<https://www.tachi-s.co.jp/LinkClick.aspx?fileticket=EF4cXJmbkq8%3d>)

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Update

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,208,500	15.05
Custody Bank of Japan, Ltd. (Trust Account)	1,682,098	4.86
Kiyoshi Saito	859,395	2.48
STATE STREET BANK AND TRUST COMPANY 505223	807,353	2.33
Sumitomo Mitsui Banking Corporation	750,000	2.17
TACHI-S Business Partner Share Ownership Association	707,850	2.05

STATE STREET BANK AND TRUST COMPANY 505103	535,726	1.55
SSBTC CLIENT OMNIBUS ACCOUNT	522,831	1.51
Saito Co., Ltd.	514,500	1.49
Noriko Yamamoto	511,100	1.48

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation	Update
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- The above “Status of Major Shareholders,” is as of March 31, 2024, including the following supplementary explanations.
 - The above “Percentage” is calculated based on the total number of shares outstanding excluding treasury shares.
1. Of the above number of shares held, the number of shares associated with trust operations are as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account)	4,956,500 shares
Custody Bank of Japan, Ltd. (Trust Account)	1,679,598 shares
 2. In addition to the above, there are also 629,684 treasury shares. Furthermore, treasury shares do not include the Company’s shares held by the “share delivery trust for Directors” and the “share delivery trust for employees.”
 3. Strategic Capital Co., Ltd. is no longer a major shareholder in the Change Report to a Statement of Large Volume Holdings submitted for public viewing on June 7, 2023.
 4. In a Change Report to a Statement of Large Volume Holdings submitted for public viewing on October 12, 2022, it was stated that Brandes Investment Partners L.P. held the following shares as of October 5, 2022, but the Company has not been able to confirm the actual number of shares held as of March 31, 2024, and therefore, they are not included in the status of major shareholders.

Brandes Investment Partners L.P.	
[Number of shares held]	1,505,500 shares [Percentage of shares held] 4.27%
 5. In a Change Report to a Statement of Large Volume Holdings submitted for public viewing on November 28, 2022, it was stated that Grantham, Mayo, Van Otterloo & Co. LLC held the following shares as of November 18, 2022, but the Company has not been able to confirm the actual number of shares held as of March 31, 2024, and therefore, they are not included in the status of major shareholders.

Grantham, Mayo, Van Otterloo & Co. LLC	
[Number of shares held]	1,449,300 shares [Percentage of shares held] 4.11%
 6. In a Change Report to a Statement of Large Volume Holdings submitted for public viewing on July 10, 2023, it was stated that Strategic Capital, Inc. held the following shares as of July 3, 2023, but the Company has not been able to confirm the actual number of shares held as of March 31, 2024, and therefore, they are not included in the status of major shareholders.

In addition, the Company has confirmed a change in major shareholders based on a Statement of Large Volume Holdings (Change Report) dated June 7, 2023, and has therefore submitted an Extraordinary Report (Change of Major Shareholder) on June 16, 2023.

Strategic Capital, Inc.

[Number of shares held] 1,573,000 shares [Percentage of shares held] 4.46%

7. In a Change Report to a Statement of Large Volume Holdings submitted for public viewing on January 19, 2024, it was stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. held the following shares as of January 19, 2024, but the Company has not been able to confirm the actual number of shares held as of March 31, 2024, and therefore, they are not included in the status of major shareholders.

Sumitomo Mitsui Trust Asset Management Co., Ltd.

[Number of shares held] 946,100 shares [Percentage of shares held] 2.68%

Nikko Asset Management Co., Ltd.

[Number of shares held] 760,200 shares [Percentage of shares held] 2.16%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
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	¥100 billion or more but less than ¥1 trillion
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

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

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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	Outside Director
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshio Kinoshita	CPA											
Mihara Hidetaka	Lawyer											
Yoshiaki Nagao	Other											
Sachiko Tsutsui	Other											

*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

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Toshio Kinoshita	○	—	Mr. Toshio Kinoshita has been selected as Outside Director, as he has superior judgment as a certified public accountant and considerable auditing work experience at overseas locations over many years, and has a high level of insight into corporate management, including management support for other companies, which he has cultivated at a company where he serves as Representative Director and President. He is also expected to contribute to the appropriate decision-making of the Board of Directors from an objective and global standpoint. In addition, he does not fall under any of the above categories a through k, and he monitors management from an objective and neutral viewpoint that is not biased toward the interests of major shareholders, major business partners, management, etc., in addition, as chairman of the Board of Directors, he has contributed to the operation of the Board of Directors and the improvement of governance. The Company has judged that there is no risk of a conflict of interest with general shareholders, and that he is appropriately qualified as an independent officer.
Mihara Hidetaka	○	—	Mr. Hidetaka Mihara has been selected as Outside Director, as he has specialized knowledge and experience in corporate legal affairs as a lawyer, and also has superior insight into corporate management and the formulation of management strategies, which he cultivated through various corporate projects such as corporate rehabilitation and M&A. He is also expected to contribute to strengthening the corporate governance function of the Group. In addition, he does not fall under any of the above categories a through k, and he monitors management from an objective and neutral viewpoint that is not biased toward the interests of major shareholders, major business partners, management, etc. Accordingly, the Company has judged that there is no risk of a conflict of interest with general shareholders, and that he is appropriately qualified as an independent officer.
Yoshiaki Nagao	○	—	Mr. Yoshiaki Nagao has been selected as Outside Director, as he has extensive experience and knowledge as a top executive, having been involved in the management of domestic and overseas companies for many years. He is also expected to contribute to the appropriate decision-making of the Board of Directors from a wide range of management perspectives. In addition, he does not fall under any of the above categories a through k, and he monitors management from an objective and neutral viewpoint that is not biased toward the interests of major shareholders, major business partners, management, etc., in addition, as chairman of the Personnel and Compensation Committee, he contributes to ensuring transparency and fairness in the nomination and compensation decision process. The Company has judged that there is no risk of a conflict of interest with general shareholders, and that he is appropriately qualified as an independent officer.

Sachiko Tsutsui	○	—	Ms. Sachiko Tsutsui has been nominated as a candidate for Outside Director, as she has long been involved in overseas business development, management support for IT service-related companies, and management of group subsidiaries at global companies, and has abundant experience and broad knowledge of corporate management as well as a wealth of expertise cultivated through her experience in M&A and IPO advisory services as well as SDG consulting at financial institutions. She is also expected to contribute to the appropriate decision-making of the Board of Directors from a global and diverse standpoint. In addition, he does not fall under any of the above categories a through k, and he monitors management from an objective and neutral viewpoint that is not biased toward the interests of major shareholders, major business partners, management, etc. Accordingly, the Company has judged that there is no risk of a conflict of interest with general shareholders, and that he is appropriately qualified as an independent officer.
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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	Personnel and Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Personnel and Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

The Company is a company with a board of company auditors, but in order to complement the functions of the Board of Directors, the Company has established a Personnel and Compensation Committee as a voluntary committee. This committee deliberates matters related to personnel and remuneration for officers, etc., and proposes the results to the Board of Directors. The Personnel and Compensation Committee (meets seven times a year) consists of up to five Directors, including three Outside Directors, and one Audit & Supervisory Board Member also participates as an observer and is able to state his or her opinions. Through the establishment of this committee, the Company is working to ensure the objectivity and transparency of personnel and remuneration related to officers, etc., and thus enhance corporate governance.

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	4

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

In order to make assessments concerning the appropriateness of the accounting auditor's audit methods and results, and in order to enhance the quality of audits by both Audit & Supervisory Board Members and accounting auditor, increase the efficiency of audits, and contribute to enhancing and strengthening corporate governance, three-party meetings consisting of Audit & Supervisory Board Members, accounting auditor, corporate domains, and the Business Audit Office are held on a regular basis four times a year, to engage in the timely and appropriate information and opinion exchange concerning corporate governance, internal controls, management as a whole, etc. Additionally, the Audit & Supervisory Board and accounting auditor hold meetings to check and exchange views on matters such as audit policies for both parties' audit plans and key audit matters, and to ensure a shared awareness of issues through the provision of Company information by Audit & Supervisory Board Members, etc. Additionally, during and at the end of fiscal years, Audit & Supervisory Board Members also attend audits of subsidiaries, etc., obtain information about audit results, etc., and use these as methods to further enhance the effectiveness of audits.

In addition, when investigating the status of corporate operations and property, and performing other audit duties, Audit & Supervisory Board Members work with the Business Audit Office, which is the internal audit department, as they endeavor to perform efficient audits. At the start of the fiscal year, Audit & Supervisory Board Members exchange views with the Business Audit Office concerning matters such as audit policies for audit plans, the implementation of policies, and the details of implementation. In addition, in liaison meetings held as necessary, Audit & Supervisory Board Members receive reports, exchange views, and gather information on the implementation status of operational audits, the status of compliance activities, education on compliance with laws and regulations, risk management system audits, subsidiary audits, etc. Audit & Supervisory Board Members sufficiently consider and utilize the results of internal audits to ensure their audits are efficient, thus endeavoring to ensure, maintain, and develop sound management at the Company.

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

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
Shinsuke Matsuo	Lawyer										○			
Nobuaki Ozawa	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.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the 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 f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

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

Update

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinsuke Matsuo	○	Mr. Shinsuke Matsuo is affiliated with Sakura Kyodo Law Offices, with which the Company has concluded a legal advisory agreement, but attorney fees paid to Sakura Kyodo Law Offices in the most recent fiscal year were negligible for both parties, amounting to less than 0.001% of the Company's consolidated net sales and less than 0.13% of the law office's net sales. In addition, the Company has established independence standards for outside officers, which he does not infringe upon and has not over the past five years. Accordingly, there is no risk of a conflict of interest with general shareholders, and it is does not affect his independence.	Mr. Shinsuke Matsuo has abundant experience as a lawyer, and contributes significantly to strengthening the audit functions of the Company. Accordingly, the Company has selected him as an Outside Audit & Supervisory Board Member. Furthermore, he falls under the above category j, but as described on the left, there is no risk of a conflict of interest with general shareholders, and the Company recognizes that he is suitably qualified as an independent officer.

Nobuaki Ozawa	○	—	Mr. Nobuaki Ozawa has been selected as Outside Audit & Supervisory Board Member, as he has financial expertise and experience as a certified public accountant, and we expect him to utilize the same in the Group's auditing. In addition, he does not fall under any of the above categories through m, and he monitors management from an objective and neutral viewpoint that is not biased toward the interests of major shareholders, major business partners, management, etc. Accordingly, the Company has judged that there is no risk of a conflict of interest with general shareholders, and that he is appropriately qualified as an independent officer.
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

6

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has established Criteria for Assessing Independence of Outside Directors/Audit & Supervisory Board Members as follows.

<Criteria for Assessing Independence of Outside Directors/Audit & Supervisory Board Members>

If, as a result of an investigation within a reasonably possible extent by the Company, the Board of Directors judges that an Outside Director or Outside Audit & Supervisory Board Member (hereinafter, collectively referred to as "Outside Directors/Audit & Supervisory Board Members") satisfies the conditions set forth below, he or she shall be judged to be independent from the Company.

1. The person in question is not a current or former Executive(1) of the Company or a related company ("Group Companies").
2. Over the past 5 years, a Close Relative(2) of the person has not been an Executive(1) of any Group Companies.
3. The following items are not currently applicable to the person and have not been applicable to the person in the past 5 years:
 - 1) The person is a large shareholder of the Company (a person who directly or indirectly controls voting rights worth 10% or more of total voting rights in the Company) or an Executive(1) of such a large shareholder.
 - 2) The person directly or indirectly controls voting rights worth 10% or more of total voting rights in Group Companies or is an Executive(1) of such a large shareholder.
 - 3) The person is a Person for whom Group Companies are Important Clients(3) or who is an Executive(1) of such an entity.
 - 4) The person is an Executive(1) of an Important Client of Group Companies(4).
 - 5) The person is an Executive(1) of an Important Lender to Group Companies(5).
 - 6) The person is affiliated with an auditing firm performing the Company's statutory audits.
 - 7) The person is a consultant, an accounting professional or a legal professional (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group) that has received from Group Companies a large amount(6) of money or other assets other than remuneration for directors (and other officers).

- 8) The person is a recipient of a large amount(6) of donations or grants from Group Companies (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group).
 - 9) The person is an Executive(1) of a company to which Group Companies appoint Directors (regardless of whether such Directors are executive or non-executive).
4. None of the person's Close Relatives are persons in regards to whom Items (1) to (9) of paragraph 3 above apply (but limited to cases where such a Close Relative is an Important Person(7)).

(Note)

- (1) An Executive is defined as a person who is either a Director (excluding an Outside Director) of a company or organization, an Executive Director, an Executive Officer, an employee who manages operations, a Senior General Manager or other equivalent person or employee who manages operations.
- (2) A Close Relative is defined as a dependent, a relative to the second degree or a cohabitating relative.
- (3) A Person for whom Group Companies are Important Clients is defined as a person who has received 2% or more of their consolidated annual gross revenues from Group Companies during that person's most recent fiscal year.
- (4) An Important Client of Group Companies is defined as a person who has paid 2% or more of the gross annual consolidated revenues of Group Companies in the Company's most recent fiscal year.
- (5) An Important Lender to Group Companies is defined as a person who has provided finance to Group Companies that represents an amount worth 2% or more of consolidated total assets as of the end of the Company's most recent fiscal year.
- (6) A large amount is defined as an annual average over the past five fiscal years of 10 million yen or more in the case of an individual, or 2% or more of the consolidated net sales or total income of a group in the case where a group such as a legal corporation or association is such a recipient.
- (7) An Important Person is defined as a person who is either a Director, an Audit & Supervisory Board Member, an Executive Officer and a General Manager or above.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

At the 66th Annual General Meeting of Shareholders held on June 22, 2018, the Company submitted and received approval for a proposal to introduce a performance-linked stock remuneration plan, in order to further clarify the link between the remuneration of Directors of the Company (excluding non-executive Directors; hereinafter, the same applies) and the business performance and share value of the Company, and to increase motivation to contribute to enhancing business performance over the medium- to long-term and maximizing corporate value, by ensuring that Directors share with shareholders the benefits and risks of fluctuations in the share price. The initial trust period was three years, and the Company contributes a maximum of up to 200 million yen in cash for this trust period as funds for the acquisition of the Company's shares necessary for delivery to Directors. In addition, the trust shall use the cash contributed by the Company as funds to acquire the Company's shares, either through the disposal of treasury shares by the Company or on exchange markets. Based on the Share Delivery Rules established by the Board

of Directors of the Company, the Company shall grant each Director points corresponding to their rank, level of achievement of business performance targets, etc., on the date when points are granted during the trust period, as determined in the Share Delivery Rules.

Provided, however, that the total number of points to be granted by the Company to Directors shall be limited to a maximum of 168,000 points for each period of three fiscal years.

Furthermore, Directors shall receive delivery of the Company's shares at the time of retirement, in principle.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items	Update
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(FY2023)

Remuneration paid to Directors: 267 million yen (including 31 million yen for Outside Directors)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration for the Directors of the Company is intended to be a system that takes into account joint ownership by Directors and shareholders of the risks and benefits associated with the corporate value of the Company, with the aim of incentivizing Directors to work for the sustainable growth of the Group and to improve corporate value over the medium to long term. Specifically, it consists of monthly remuneration (fixed), bonuses, and share-based remuneration (variable). The proportion of the different types of remuneration is roughly 2:1 in favor of fixed to variable (bonuses, share-based remuneration). The higher the position of the individual, the higher the proportion of the variable part. Furthermore, for Outside Directors, in consideration of their role neither bonuses nor share-based remuneration are paid. The remuneration system for Audit & Supervisory Board Members consists of monthly remuneration only to ensure the Outside Audit & Supervisory Board Members. In order to prevent them from being influenced by the performance of the Company, bonuses are not paid. In addition, the methods used to decide the Policy are deliberated by a non-statutory Personnel and Compensation Committee ("the Personnel and Compensation Committee") based on surveys of officer remuneration conducted by external survey organizations, with the results submitted as

a proposal to the Board of Directors, which passes a resolution. The Personnel and Compensation Committee consists of five Directors, including three Outside Directors, and one Audit & Supervisory Board Member also participates as an observer and is able to state his or her opinions.

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

The Company has not specified any dedicated staff for outside officers, but the Secretariat of the Board of Directors plays a central role in addressing any such needs. In addition, a system is in place whereby Audit & Supervisory Board Members perform audits while cooperating with the Business Audit Office as necessary. Furthermore, meeting materials are distributed in advance.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/CEO ended	Term
Kiyoshi Saito	Executive Advisor	Advice based on experience and knowledge, in accordance with requests from management	Part-time, with remuneration	June 20, 2023	Up to four years
Taro Nakayama	Special Corporate Advisor, Chairman of Board of Directors of a subsidiary	Advice based on experience and knowledge, in accordance with requests from management Chairman of Board of Directors of a subsidiary	Part-time, with remuneration	June 20, 2023	One year, in principle

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. 2

Other Related Matters

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

<Execution of business operations, supervision>

The Board of Directors consists of nine members, including four Outside Directors, and meets once a month, in principle. In addition to making decisions on important management matters, including legal matters, it also supervises the execution of business operations.

In addition, in order to efficiently promote the execution of business operations, the Executive Managing Officer Meeting, which

consists of 15 Executive Managing Officers, including five who serve concurrently as Directors, meets twice a month to determine, deliberate, and submit reports on important matters other than those resolved by the Board of Directors.

The status of each Director's attendance at meetings of the Board of Directors held in the fiscal year under review (April 1, 2023 to March 31, 2024) was as follows.

(Directors)

- Taro Nakayama Board of Directors: Attended all 4 out of 4 meetings (retired as Director on June 20, 2023)
- Yuichiro Yamamoto Board of Directors: Attended all 15 out of 15 meetings
- Atsushi Komatsu Board of Directors: Attended all 15 out of 15 meetings
- Kiyoshi Saito Board of Directors: Attended all 4 out of 4 meetings (retired as Director on June 20, 2023)
- Takao Ito Board of Directors: Attended all 15 out of 15 meetings
- Shigeo Komatsu Board of Directors: Attended all 4 out of 4 meetings (retired as Director on June 20, 2023)
- Akiyoshi Murakami Board of Directors: Attended all 11 out of 11 meetings
- Tsutomu Okouchi Board of Directors: Attended all 11 out of 11 meetings
- Toshio Kinoshita (Outside) Board of Directors: Attended all 15 out of 15 meetings
- Hidetaka Mihara (Outside) Board of Directors: Attended all 15 out of 15 meetings
- Yoshiaki Nagao (Outside) Board of Directors: Attended all 15 out of 15 meetings
- Sachiko Tsutsui(Outside) Board of Directors: Attended all 11 out of 11 meetings

(Audit & Supervisory Board Members)

- Naozumi Matsui Board of Directors: Attended all 15 out of 15 meetings
- Masato Kimura Board of Directors: Attended all 15 out of 15 meetings
- Shinsuke Matsuo (Outside) Board of Directors: Attended all 15 out of 15 meetings
- Nobuaki Ozawa (Outside) Board of Directors: Attended all 15 out of 15 meetings

(Note)

- (1) The attendance of Mr. Akiyoshi Murakami, Mr. Tsutomu Okouchi and Ms. Sachiko Tsutsui is for the period after their appointments as Directors on June 20, 2023.
- (2) Mr. Taro Nakayama, Mr. Kiyoshi Saito and Mr. Shigeo Komatsu retired from their positions at the conclusion of the 71st Annual General Meeting of Shareholders held on June 20, 2023.

3. Reasons for Adoption of Current Corporate Governance System

In order to clarify management responsibilities and enhance the efficiency of management, the Company has established a term of office of one year for Directors, and has also introduced an Executive Managing Officer system. In addition, the Company has also elected four Outside Directors (one lawyer, one certified public accountant, and two corporate managers) and two Outside Audit & Supervisory Board Members (one lawyer and one certified public accountant), who are not biased toward the management of the Company or any specific stakeholders, and who monitor management from an objective and specialist perspective. Accordingly, at present, the Company has judged that the most reasonable system is in place for the corporate governance of the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Update

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of the Annual General Meeting of Shareholders held on June 25, 2024 was sent on June 3, 2024.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company establishes a schedule for the General Meeting of Shareholders that avoids days when meetings are concentrated.
Electronic Exercise of Voting Rights	Since the Annual General Meeting of Shareholders held on June 23, 2017, the Company has adopted the exercise of voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the Annual General Meeting of Shareholders held on June 23, 2020, the Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company creates English versions of Notices of the General Meeting of Shareholders and notices of resolutions, and posts them on its website together with the Japanese versions.

2. Status of IR-related Activities

Update

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company posts disclosure policies in Japanese and English on its website	
Regular Investor Briefings held for Analysts and Institutional Investors	Most recently, the Company held a second quarter earnings results briefing for the fiscal year ended March 31, 2024 on November 24, 2023, and held a year-end earnings results briefing for the fiscal year ended March 31, 2024 on May 28, 2024, at an actual venue and online.	Yes
Online Disclosure of IR Information	The Company has established a website for shareholders and investors, where it posts IR materials. (https://www.tachi-s.co.jp/en/ir/library/)	
Establishment of Department and/or Placement of a Manager in Charge of IR	Department in charge of IR: Corporate Planning Office	
Other	The Company responds to requests for individual meetings, etc., with analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

Update

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established a “Charter of Corporate Behavior” that each Group company must comply with, as well as a “Code of Conduct” that officers and employees must observe in their actions, and it works to spread awareness of and compliance with these codes. These have been established to ensure observance with laws and regulations as well as a high sense of ethics in our conduct, concerning relationships with various stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Through FY2003, the Company acquired ISO14001 certification at all domestic business offices, and is focusing on environmental conservation activities based on the environmental policies of the Company. In addition, based on the ESG approach of the Company, the Company endeavors to fulfill its social responsibility by contributing to society through business activities. The Company has established a Sustainability website within its website, where it posts details of its activities, etc. (https://www.tachi-s.co.jp/en/sustainability/)
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has established a “Corporate Charter” that each Group company must comply with, as well as a “Code of Conduct” that officers and employees must observe in their actions. In these codes, the Company expresses its stance toward the disclosure of corporate information, and also sets forth that it will disclose accurate information in a fair and timely manner.

IV. Matters Concerning the Internal Control System

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

1. Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, and systems to ensure the appropriateness of business operations in the TACHI-S Group
 - 1) The officers and employees of the TACHI-S Group act in accordance with the “TACHI-S Corporate Charter” and the “TACHI-S Code of Conduct.”
 - 2) Based on the Compliance Operational Rules, the Company has established an Ethics Committee and a Compliance Committee.
 - 3) Each company in the TACHI-S Group appoints an appropriate number of compliance promotion staff, while also establishing an internal reporting system and regularly reporting the status of the implementation thereof to the Company.
 - 4) The Company regularly checks the status of the development of internal control systems at each TACHI-S Group company, identifies any problems and issues, and takes steps toward improvement.

- 5) In order to ensure appropriate business operations, the Business Audit Office regularly audits each TACHI-S Group company.
 - 6) The TACHI-S Group blocks any relationship with antisocial forces.
2. Systems to store and manage information related to the execution of business operations by Directors
 - 1) The Company records in writing and stores information related to the execution of business operations by Directors, in accordance with laws and regulations and internal rules. Directors and Audit & Supervisory Board Members are able to view these documents at any time.
 - 2) Confidential corporate information and personal information are appropriately managed in accordance with the Information Security Policy and Personal Information Protection Rules.
 3. Regulations and other systems related to managing the risk of loss to the TACHI-S Group
 - 1) The Company has formulated Risk Management Rules, which set forth rules related to risk management in the TACHI-S Group, etc., and works to identify problems and issues related to risk management in each company in the TACHI-S Group.
 - 2) Each company in the TACHI-S Group formulates measures to respond to risk suited to the characteristics of each company, based on the aforementioned problems and issues, and ensures officers and employees are aware of these measures.
 4. Systems to ensure that the execution of duties by Directors of the TACHI-S Group is performed efficiently
 - 1) The Company uses an Executive Managing Officer system to ensure the flexible execution of business operations.
 - 2) The Company has formulated the TACHI-S Group Medium-term Management Plan, and each company in the TACHI-S Group formulates fiscal year plans aimed at making this plan a reality. The Company manages the progress of these plans through the Executive Managing Officer Meeting and other committees.
 - 3) Each company in the TACHI-S Group sets forth standards related to the division of duties, rights, decision-making, and other aspects of their organizations.
 5. Systems for reporting matters related to the execution of duties by Directors, etc., of subsidiaries of the Company to the Company
 - 1) The Company works to spread awareness of the Affiliated Company Management Rules set forth by the Company among each TACHI-S Group company, and each TACHI-S Group company is obliged to submit reports to the Company and obtain the Company's approval.
 - 2) Each TACHI-S Group company submits monthly earnings reports and reports on business plan progress and issues to the Company at Business Report Meetings held every six months.
 6. Systems related to employees to assist with the duties of Audit & Supervisory Board Members and matters related to the independence of those employees from Directors

- 1) Audit & Supervisory Board Members may request that the Company appoints employees to assist them with their duties, as necessary.
 - 2) If the Company appoints employees to assist with the duties of Audit & Supervisory Committee Members, the approval of the Audit & Supervisory Board shall be required for all personnel transfers, personnel evaluations, and disciplinary treatment related to those employees.
 - 3) Audit & Supervisory Board Members shall cooperate with the Business Audit Office to perform efficient audits.
7. Systems for Directors and employees of the TACHI-S Group to submit reports to Audit & Supervisory Board Members
- 1) Directors and employees of the TACHI-S Group shall immediately submit a report to the Audit & Supervisory Board if they discover any facts that cause or may cause significant harm to the Company.
 - 2) Directors and employees of the TACHI-S Group shall submit reports to Audit & Supervisory Board Members concerning matters related to the execution of business operations, regularly and as necessary, in accordance with requests from Audit & Supervisory Board Members.
8. Systems to ensure that persons who submit a report to Audit & Supervisory Board Members are not treated unfavorably
- 1) Each company in the TACHI-S Group prohibits the unfavorable treatment of Directors and employees who submit reports to Audit & Supervisory Board Members for the reason of having submitted the report, and it takes steps to ensure awareness of and compliance with this fact among the Directors and employees of the Group.
 - 2) In rules related to internal reporting systems at each TACHI-S Group company, it is established that Directors and employees shall not be dismissed or be subject to any other unfavorable treatment for the reason of having submitted a report.
9. Matters related to policies concerning the advance payment of expenses arising in the course of the execution of the duties of Audit & Supervisory Board Members, procedures for redemption, and the handling of other expenses and obligations arising from the execution of duties
- 1) If an Audit & Supervisory Board Member submits a request to the Company for the advance payment of expenses, etc., for the execution of his or her duties, pursuant to Article 388 of the Companies Act, the Company shall promptly pay the relevant expenses or process the relevant obligations, after examination by the relevant department.
10. Other systems to ensure the effective performance of audits by Audit & Supervisory Board Members
- 1) In order to ensure the effective performance of audits by Audit & Supervisory Board Members, Directors shall actively cooperate with the attendance of Audit & Supervisory Board Members at important meetings, their viewing of important documents, and on-site audits of plans and subsidiaries.
 - 2) 2) Directors ensure a system is in place where Audit & Supervisory Board Members can regularly exchange views with Representative Directors, Executive Managing Officers, and the accounting auditor.

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

In the TACHI-S Corporate Charter and Code of Conduct, there are provisions to the effect that the TACHI-S Group shall adopt a firm stance toward antisocial forces and shall refuse any relationship with such forces, and the TACHI-S Group works to spread awareness of and ensure compliance with these rules through training, etc. In addition, in Corporate Domains, there is a system in place for collecting and managing information related to antisocial forces in cooperation with specialist external institutions, and implementing a prompt response in the event of any emergency.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
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2. Other Matters Concerning the Corporate Governance System

<Outline of Timely Disclosure System>

The status of internal systems related to the timely disclosure of corporate information by the Company is as follows.

1. Basic Stance on Information Disclosure

The Company strives to increase society's trust in and promote understanding of corporate activities through fair and timely information disclosure in order to meet the expectations of shareholders and investors.

The Company will also disclose information in accordance with related laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act and the Timely Disclosure Rules of the Tokyo Stock Exchange, and will voluntarily disclose information that the Company regards as necessary and useful to be understood, even when none of the above applies.

2. Status of internal systems related to timely disclosure

For material corporate information, including information related to subsidiaries, whether a decision, occurrence, or earnings information, a system is in place where the General Manager of the General Affairs Department, General Manager of the Finance Department, and General Manager of the Corporate Planning Office investigate the necessity of information disclosure, and information is disclosed after obtaining approval from the person responsible for information handling, based on a resolution by the Board of Directors and the Executive Managing Officer Meeting (the "Officer Meeting"). Furthermore, decisions on whether or not material corporate information is classed as timely disclosure information are made based on the Securities Listing Regulations of the Tokyo Stock Exchange, after consultation with related departments in accounting and finance, legal affairs, public relations, research and development, production, etc. The Company determines the content to be publicly disclosed, as well as the timing and method thereof, with the approval of the Representative Director and President.

Following this decision, in principle the Representative Director and President, or someone delegated thereby, performs the information disclosure, and the department responsible for public relations at the Company manages the information disclosure.

In addition, the Company publicly discloses documents in accordance with the Companies Act, Financial Instruments and Exchange Act, and other related laws and regulations via an appropriate method, and also promptly posts the same documents on the Company's website after disclosure. In addition, the Company also publicly discloses material information under the Timely Disclosure Rules set forth by the Tokyo Stock Exchange on the "Timely Disclosure Network (TDnet)" provided by the Exchange. After disclosure, the Company also promptly posts the same documents on the Company's website, while also publicly disclosing information that does not fall under the Timely Disclosure Rules via an appropriate method based on the intent of information disclosure.

1) Decisions

The Board of Directors resolves important matters related to management, and the Executive Managing Officer Meeting resolves important matters related to the execution of business operations other than matters to be resolved by the Board of Directors.

The person responsible for information handling assesses the necessity of disclosing any proposals submitted to the Officer Meeting, after advance inspection by the General Manager of the General Affairs Department, General Manager of the Finance Department, and General Manager of the Corporate Planning Office. If disclosure is deemed necessary, the person responsible for information handling reports the content of disclosure to the Officer Meeting, and promptly discloses the information after the approval by resolution of the relevant proposal.

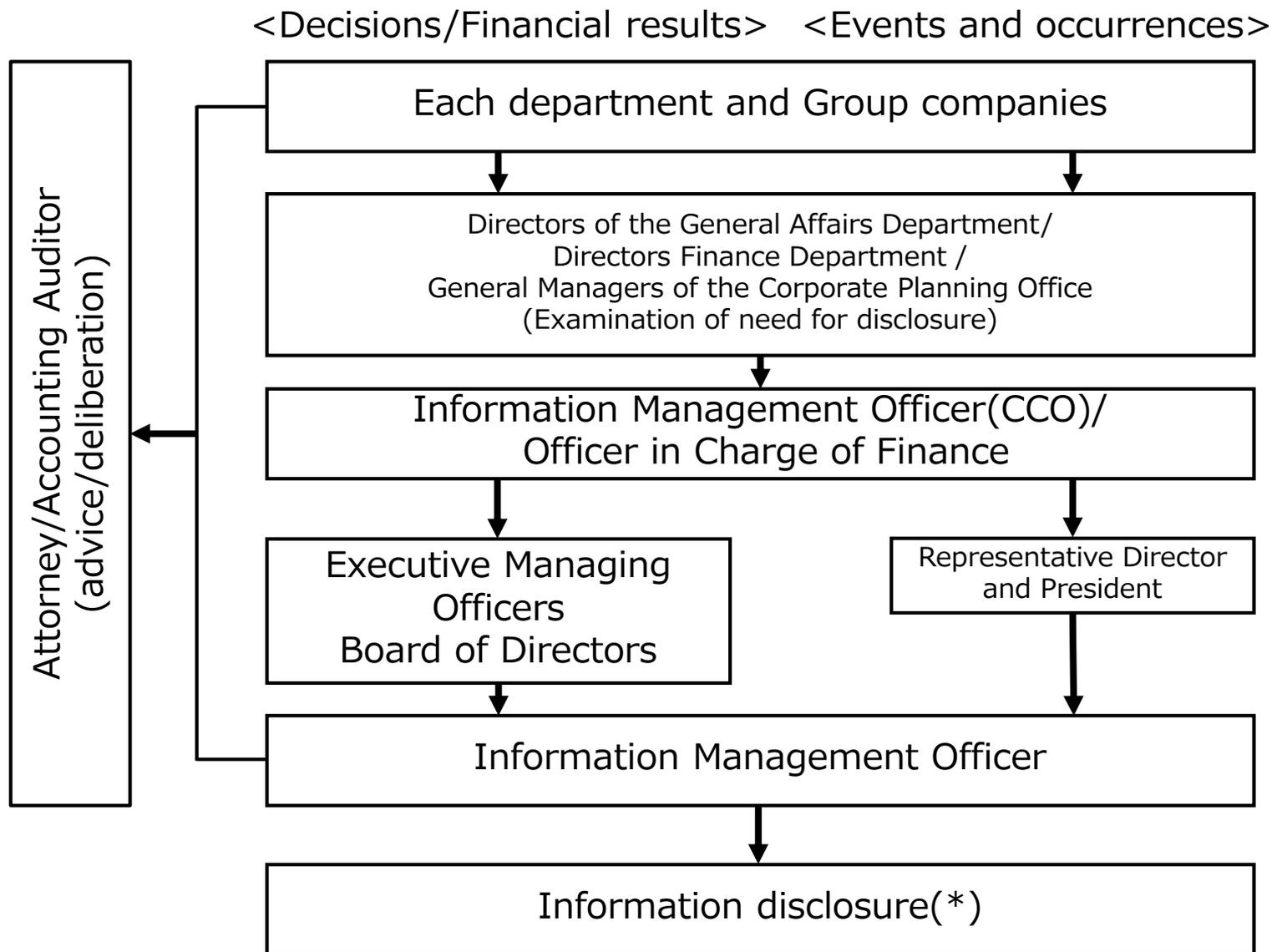
2) Earnings information

The General Manager of the Finance Department prepares quarterly earnings information based on information from each department and Group company, and the Officer Meeting resolve and approve this information after inspection by the officer responsible for financial affairs. After approval by resolution of the relevant proposal at the Officer Meeting, the person responsible for information handling shall promptly disclose the information.

3) Occurrences

The person responsible for information handling assesses the necessity of disclosing information related to occurrences recognized by each department or Group company, after advance inspection by the General Manager of the General Affairs Department and the General Manager of the Finance Department. If disclosure is deemed necessary, the person responsible for information handling promptly discloses the information, after submitting a report to the Representative Director and President.

<Timely Disclosure Framework Diagram>



*Depending on the content of information to be disclosed, in addition to registration on TDnet and posting on the Company's website, the Company also holds press briefings, posts documents, etc., as appropriate.

General Meeting of Shareholders

