Last Update: September 8, 2026

SEIKO GROUP CORPORATION

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https://www.seiko.co.jp/en/

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The corporate governance of SEIKO GROUP CORPORATION (the "Company") is described below:

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

1. Basic Views

Basic Principle of Corporate Governance

Based on the principle "being a company that is trusted by society", the Company considers "compliance with relevant laws and regulations", "implementation of management transparency and fairness", and "honoring social ethics" as core business goals. In order to achieve these goals, the Company will strengthen and promote its corporate governance framework and strive to achieve sustainable growth of the Company and its subsidiaries (the "Company Group") and increase its corporate value.

Basic Policy

(1) Securing the Rights and Equal Treatment of Shareholders

The Company strives to develop a necessary environment that effectively ensures the rights of shareholders including voting rights at the General Meeting of Shareholders, and provides them with necessary information accurately so that they can exercise their rights appropriately. The Company is also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

(2) Appropriate Cooperation with Stakeholders other than Shareholders

The Company recognizes that its social responsibility is to contribute to the realization of a sustainable society through implementation of the Company Group's basic principle "being a company that is trusted by society". Under such recognition, the Company strives to cooperate appropriately with its various stakeholders, including its shareholders, customers, business partners, members of local communities and employees.

(3) Ensuring Appropriate Information Disclosure and Transparency

In order to obtain appropriate evaluation from its various stakeholders including its shareholders, and to engage in a constructive dialogue with shareholders, the Company strives not only to disclose appropriate information in compliance with relevant laws

and regulations, but also to disclose other information in a timely and appropriate manner so that such information would be clear and useful for the people who use it.

(4) Responsibilities of the Board of Directors

The Board of Directors will engage in free and constructive discussions and exchanges of opinions, and will appropriately fulfill its roles and responsibilities for the sustainable growth of the Company and the enhancement of corporate value over the medium to long-term, including making decisions on important management matters such as business strategies, establishing an environment that supports swift and decisive decision-making by senior management, and enhancing management supervision.

(5) Dialogue with Shareholders

The Company will promote constructive dialogue with its shareholders to contribute to sustainable growth and the enhancement of corporate value over the medium to long-term based on "Basic Policies on Constructive Dialogue with Shareholders".

Basic Policies on Constructive Dialogue with Shareholders

https://www.seiko.co.jp/en/ir/management/governance/system.html#anc01

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

[Supplementary Principle 4-10-1 Considerations, Authority, and Roles Regarding the Independence of the Nomination and Compensation Committees]

In order to enhance the objectivity and transparency of management, the Company has established the Corporate Governance Committee as an advisory body to the Board of Directors.

The Committee deliberates on matters relating to compensation for Officers, nomination of Officer candidates including succession planning, appointment and dismissal of the senior management such as Representative Directors, and other matters regarding corporate governance from an objective and fair perspective, and reports to the Board of Directors.

Although independent Outside Directors do not constitute the majority of the Committee, the Committee's independence and objectivity are ensured as the majority (6 out of 8 members) are independent Outside Directors and independent Outside Audit & Supervisory Board Members who meet the independence criteria set by the Tokyo Stock Exchange.

For more details on the composition of the Committee, please refer to section "II.1. Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson" in this report.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4 Cross-Shareholdings]

-Policy related to Cross-Shareholdings

From the perspective of improving the corporate value of the Company Group in the mid- to long-term, the Company has a policy to reduce shares that are deemed not to have a significance of holding them, taking comprehensively into consideration the Company's management strategy, business relationships with clients, and the benefits and risks, etc., associated with holding in

view of its capital cost.

-Disclosure of the Examination of the Appropriateness of Holding Policy related to Cross-Shareholdings

The Company's Board of Directors verifies each year the rationale for the holding of all listed shares held in cross-shareholding by the Company Group through examination of the importance of the issuer as a business partner and benefits and risks of shareholding in view of its capital cost and other factors.

Most recently, an individual verification was conducted at the meeting of the Board of Directors held in September 2026.

With regard to certain shares, which were determined to be of no significance or lacking in rationale to justify their continued holding, the Company is proceeding with discussions toward their disposal. Based on the above policy on cross-shareholdings, the Company sold three stocks among the cross-shareholdings held by a subsidiary in fiscal year 2025.

-Standards for Exercising Voting Rights on Cross-Shareholdings

With regard to the exercise of voting rights on cross-shareholdings, the Company exercises its voting rights, upon fully respecting management policies and strategies, etc. of the issuing company, by comprehensively determining on whether the proposal contributes to the sustained growth and the mid-to long-term enhancement of corporate value of the issuing company, and whether or not it undermines shareholder value, among other factors. In addition, in making such decisions for particularly important proposals, the Company holds dialogue with the issuing company, as necessary. The proposals deemed important by the Company are as follows:

-Proposals on appointment of Directors and Audit & Supervisory Board Members

-Proposals on reorganization of corporate structure including mergers

-Proposals on takeover defense measures

-In addition to the above, proposals that may undermine shareholder value

[Principle 1-7 Procedure for Transactions between Related Parties]

Regarding transactions involving conflicts of interest with directors, these are designated as matters for resolution by the Board of Directors according to the Board of Directors' regulations. The transaction details are presented and approved by the Board of Directors.

Additionally, transactions with related parties such as major shareholders and affiliated companies are subject to the same scrutiny as transactions with third parties. The reasonableness of the transaction conditions is examined, and approval procedures based on internal rules are carried out. The details of these transactions are disclosed in the securities report.

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources, etc.]

The Company promotes Diversity, Equity & Inclusion (DE&I) based on the belief that building an organization that adapts to change requires bringing together individuals with diverse values and strengths, and enabling each member to fully demonstrate their capabilities.

<Voluntary and Measurable Goals and Status of Ensuring Diversity>

[Women]

Regarding the promotion of women's participation, since the fiscal year 2013, the Company has been working on creating an environment through training and lectures, information dissemination via a dedicated site within the Company Group, and the introduction of various systems. The Company Group aims to increase the percentage of women in managerial positions to 20.0% by April 2027. As of April 2026, the percentage of female managers of the Company Group is 16.1%.

(Note) This includes the total number of managers in the Company, 8 domestic direct subsidiaries, 4 domestic subsidiaries of SEIKO WATCH CORPORATION, 1 domestic subsidiary of Seiko Instruments Inc., and 8 domestic subsidiaries of SEIKO Solutions Inc.

[Foreign Nationals]

The Company believes that the active participation of diverse human resources leads to the continuous creation of innovation within the Company Group. Therefore, the Company is also engaged in global recruitment (hiring foreign nationals). The Company will continue to strengthen global recruitment and ensure diversity among core personnel through a bottom-up approach.

[Mid-Career Hiring]

To promote value creation by utilizing external knowledge, the Company actively promotes mid-career hiring. The Company conducts fair and impartial recruitment and appointment of experienced personnel based on individual merit. The Company also strives to create an environment that enables new members to play a central role and contribute to organizational culture transformation and innovation creation, ensuring their early success and retention.

<Human Resource Development Policy, Internal Environment Improvement Policy, and Their Status for Ensuring Diversity>

(Overall Policy)

The Company Group has established the following basic policy for human resource strategy in the current medium-term management plan, aiming to realize the desired state by 2026:

"Work together to become a solutions company, striving to develop human resources,
improve diversity, and build a strong organizational culture, thereby enhancing employees'
job satisfaction and providing fertile ground for innovation"

Under this basic policy, the human resources strategy focuses on the following key themes: developing talent capable of creating new value amidst complex social issues, promoting diversity, equity, and inclusion to build a resilient organization, and fostering an organizational culture necessary for generating new innovations. The Group will continue to enhance engagement through these initiatives. Additionally, the Group will strengthen its ongoing efforts in 'health management' and 'respect for human rights,' positioning them as foundational activities in its human resources strategy.

1. Development of Future Executive Candidates

To increase corporate value and achieve sustainable growth in a complex business environment, it is essential to develop the executive personnel who will be responsible for Group management and the advancement of each business in an early and systematic manner.

The Company classifies future management leaders into three categories: “Top Successors,” “Core Leaders,” and “Next-Generation Leaders.” Based on this framework, the Company promotes succession planning for key positions, talent visualization initiatives aimed at accelerating appointments to senior management positions, management literacy education for next-generation leadership candidates, and assignments to more challenging roles (tough assignments).

In the training program for next-generation leadership candidates, the Company selects employees with diverse backgrounds from Group Companies to spend approximately one year learning the fundamentals of management strategy while creating their visions as transformation leaders and developing leadership skills. After the candidates complete the program, the Company accelerates their growth by assigning them to more demanding roles and duties where the environment changes significantly.

2. Middle Management Support

As workplace diversity increases, employees’ work attitudes and values are becoming more varied, and uniform management theories are no longer effective. In addition, from the perspectives of risk management and compliance, the level of difficulty and complexity in management is increasing, raising the burden on the supervisors who oversee organizations and subordinates.

To support these frontline managers, the Company has established a “Manager Support Platform” and provides efficient and effective programs at appropriate times for managers facing increasingly complex management challenges.

3. Initiatives to Support Women’s Empowerment

In fiscal year 2024, the Company launched a new program called “Seiko Woman Academy,” aimed at fostering leadership mindsets among female employees at an early stage. This academy brings together next-generation female leadership candidates selected from across the Group companies. In addition to leadership training, participants gain practical knowledge and experience through interactions with female role models. The program also promotes networking among participants and provides career advancement support, creating an environment where female employees can confidently take the next step in their professional journey.

4. Efforts to Support “Work-Life Balance”

Following the revision of the Act on Childcare Leave/Caregiver Leave on October 1, 2022, the Company introduced paternity leave (up to 4 weeks within 8 weeks after the birth of a child) for male employees (regular employees), providing 100% paid leave exceeding legal requirements. To promote the acquisition of paternity leave by men, the Company actively engages in initiatives such as sending messages from top management to Group employees and holding seminars. The Company also promotes understanding not only among leave takers but also among supervisors and colleagues in the workplace. These efforts include initiatives such as sharing relay-style stories on the intranet from Group employees involved in childcare. This is part of a company-wide approach to foster a supportive environment for paternity leave. The paternity leave acquisition rate for

male employees of the Company in fiscal year 2025 was 97.3%.

(Note) This figure covers the Company and 8 domestic direct subsidiaries.

In addition, following the amendment of the Child Care and Family Care Leave Act effective April 1, 2025, the Company has strengthened its support framework for balancing work and caregiving by providing e-learning programs on caregiving, developing a caregiving system manual, and establishing consultation services related to caregiving support.

5.Establishing Systems for Flexible Working Styles

As values regarding work styles diversify, the Company believes it is essential to create an environment where employees can work productively without being constrained by location or time. In addition to establishing a system of shorter working hours to accommodate childcare and nursing care, the Company continues to support remote work and shared office systems in order to promote flexible, efficient working styles regardless of time or location.

6. Activating Senior Talent

The Company is working to improve the situation for senior employees. It aims to create an environment where they feel that they are still contributing meaningfully to the Company's corporate growth by nurturing their successors and constantly improving its operations.

7. Promotion of Employment of People with Disabilities

In recognition of their efforts to meet the challenge of diversity, SEIKO GROUP CORPORATION and seven operating companies (SEIKO WATCH CORPORATION and its two domestic subsidiaries; SEIKO Time Creation Inc.; WAKO Co., Ltd.; Human Capital Co., Ltd.; and Aoba Watch Service) have received special certification within the Group. As of June 1, 2026, the Group's employment rate for people with disabilities has reached 2.55%, meeting the legally mandated rate.

8. Respect for Human Rights

In fiscal year 2025, the Company provided anger management training for Group senior management from the perspective of preventing harassment and ensuring psychological safety within organizations.

9. Organizational Culture Reform

The Group believes that it must enhance Group synergies and develop a new corporate culture that drives innovation if it is to transform itself into a solutions company. To this end, in fiscal year 2023, it launched the SWING Project, an initiative for promoting organizational culture reform. SWING is an acronym of Seiko (the Seiko Group), Will, Identity, Natural, and Glory. The project name expresses the Group's desire to "swing" our organizational culture, creating waves that shake and transform it.



Since the launch of the project, initiatives such as the relaxation of the office dress code and open dialogue between management and employees have been implemented. In fiscal year 2025, the Company introduced the Seiko Group Internal Recruitment System and the Career Challenge System as measures to boost the career autonomy of employees. Providing support for employees to take on challenges of their own volition in new areas will enable them to acquire multifaceted perspectives and flexible thinking skills. This approach will spur creativity and drive innovation across the Group. The Company will also maintain its existing initiatives for promoting interactions and communication across vertical and horizontal organizational boundaries. At the same time, the Company will further enhance employee engagement by encouraging employees to embrace challenges autonomously.

10. Promoting Health Management of Employees

Regarding health management, which is a foundational activity of the Company's human resource strategy, the Company unveiled its Declaration of Health Management in fiscal year 2019. Based on this declaration, it established a Health Management Promotion System and promotes initiatives to maintain and improve the health of employees across the Group. Meanwhile, the Group was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large-Enterprise Category) for the seventh consecutive year since fiscal year 2019. In addition, five Group companies—SEIKO WATCH CORPORATION, Seiko Instruments Inc., SEIKO Solutions Inc., SEIKO Time Creation Inc., and WAKO Co., Ltd.—were also recognized under the Large-Enterprise Category, while two— SEIKO NPC CORPORATION and Human Capital Co., Ltd.—were recognized under the small and medium-sized enterprise category.

<Promotion System and Declaration of Health Management>



Declaration of Health Management

Each and every one of our employees is the driving force that enables Seiko to continue its relentless pursuit of innovation.
Without our people, Seiko would not be able to produce such strong emotions in our customers or such a high level of trust in society.
We consider our staff to be our single greatest asset, and we constantly strive to maintain and improve their health and well-being.
We will continue to aim for the sustainable growth of our Group by creating an environment in which all our employees can enjoy their work and enjoy being part of the Seiko community.

Shuji Takahashi
President
SEIKO GROUP CORPORATION

To measure the effectiveness of these initiatives, the Company regularly conducts a Group-wide engagement survey. The results are used to identify organizational and human resource-related issues and to continuously inform and improve future initiatives.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Company has adopted a defined contribution pension plan to flexibly respond to the asset formation needs of its employees' diverse life plans. As an asset owner, the Company does not manage corporate pensions.

The management institutions and investment products for the defined contribution pension plan are appropriately selected based on expertise and track record. Additionally, the Company regularly provides employees with education and information on asset management.

[Principle 3-1 Enhancement of Information Disclosure]

(1) Management Philosophy, Management Strategies, and Management Plan

Please refer to the Company website for the Company's Purpose, Corporate Philosophy, Sustainability Policy, Group 10-year vision, and Mid-Term Management Plan (the fiscal year 2022-the fiscal year 2026).

"Purpose & Corporate Philosophy & Sustainability Policy & Group 10-year vision"

https://www.seiko.co.jp/en/group/purpose_and_philosophy/

"Mid-Term Management Plan"

https://www.seiko.co.jp/en/ir/management/plan/

(2) Basic Approach to and Policy for Corporate Governance

Please refer to Section “I.1. Basic Views” of this report.

(3) Policy and Procedure for Setting Compensation for Senior Management and Directors

For details on the policies and procedures regarding the determination of senior management’s and Directors’ compensation, please refer to Section “II.1. Director Remuneration” of this report.

(4) Policy and Procedure for the Board of Directors’ Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Audit & Supervisory Board Members

The Company believes that it is essential that candidates for senior management, Directors and Audit & Supervisory Board Members have the character and knowledge suitable for their respective duties.

Based on this concept, in the appointment of senior management and the nomination of candidates for internal Directors, comprehensive consideration is given from the standpoint of appointing the right person for the right position, so that talent is appointed in a well-balanced manner to cover functions of the Company as a holding company as well as the Company Group’s business fields, while ensuring accurate and timely decision-making.

In the nomination of candidates for internal Audit & Supervisory Board Members, comprehensive consideration is given from the standpoint of whether the candidate possesses knowledge of the Company Group’s businesses as well as insight regarding finance, accounting and legal affairs, and whether the candidate can contribute to ensuring the soundness of management.

In the nomination of candidates for Outside Directors, comprehensive consideration is given from the standpoint of whether the candidate possesses abundant experience and a high degree of knowledge of corporate management and specific fields.

In the nomination of candidates for Outside Audit & Supervisory Board Members, comprehensive consideration is given from the standpoint of whether the candidate possesses insight regarding finance, accounting and legal affairs, as well as abundant experience and a high degree of knowledge of specific fields.

Based on the above policy, the Board of Directors determines the candidates proposed by the representative directors, upon deliberation by the Corporate Governance Committee, the majority of which comprises independent outside officers.

In addition, with regard to the dismissal of senior management, in situations in which dismissal standards determined by the Board of Directors apply, such as when senior management is not fully fulfilling his or her function in light of evaluations including the Company’s performance, the Corporate Governance Committee conducts deliberations in a timely manner, and the Board of Directors, based on the results of such deliberations, determines the dismissal of senior management.

(5) Explanation of the Individual Appointments and Dismissals of Senior Management, and the Nomination of Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors, based on the aforementioned (4)

For the individual backgrounds and reasons for the appointment and dismissal of Directors and Audit & Supervisory Board Members, please refer to the Notice of the Ordinary General Meeting of Shareholders.

“Notice of the Ordinary General Meeting of Shareholders”

https://www.seiko.co.jp/en/ir/library/meeting.html

Reasons for the Appointment of Executive Officers Who Do Not Concurrently Serve as Directors:

-Hiromi Kanagawa

The Company appoints Ms. Hiromi Kanagawa as a Senior Executive Vice President, expecting her to effectively execute her duties by utilizing her wealth of experience and achievements, including the following: (i) having been engaged mainly in domestic and international marketing for the Watches Business as a member of the Company Group since joining the Company; and (ii) currently in charge of Sustainability Promotion, Corporate Branding and Public Relations.

-Makoto Ichimura

The Company appoints Mr. Makoto Ichimura as an Executive Vice President, expecting him to effectively execute his duties by utilizing his wealth of experience and achievements, including the following: (i) having been engaged mainly in secretariat, public relations, and corporate strategy planning as a member of the Company Group since joining the Company; and (ii) currently in charge of Secretariat, General Affairs and New Business Creation.

-Hiromi Nakagawa

The Company appoints Ms. Hiromi Nakagawa as a Senior Vice President, expecting her to effectively execute her duties by utilizing her wealth of experience and achievements, including the following: (i) having been engaged mainly in corporate planning as a member of the Company Group since joining the Company; and (ii) currently in charge of Human Resources and Group HR Strategy Planning.

-Kiyoko Niwasaki

The Company appoints Ms. Kiyoko Niwasaki as a Senior Vice President, expecting her to effectively execute her duties by utilizing her wealth of experience and achievements, including the following: (i) having been engaged mainly in public relations and marketing as a member of the Company Group since joining the Company; and (ii) currently being engaged in management direction as President of WAKO Co., Ltd. and in charge of the Emotional Value Solutions Domain.

[Supplementary Principle 3-1-3 Sustainability Initiatives]

Disclosure of Sustainability Initiatives and Investments in Human Capital and Intellectual Property

The Company Group aims to contribute to solving social issues and achieve sustainable growth together with society. In Mid-Term Management plan “SMILE145”, the Company positions the Sustainability strategy, human resources strategy, DX strategy, branding strategy, and R&D strategy as core group strategies. The KPIs, investments, and other details of these strategies are disclosed in “SMILE145”.

Mid-Term Management Plan

https://www.seiko.co.jp/en/ir/management/plan/

Impact of Climate Change Risks and Revenue Opportunities on Business Activities and Earnings

The Company has expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures

(TCFD) and has been disclosing climate-related information on its website in accordance with these recommendations since 2023.

Information Disclosure Based on TCFD Recommendations
https://www.seiko.co.jp/en/csr/environment/tcfd/

[Supplementary Principle 4-1-1 Scope of Matters Delegated to Management]
The Board of Directors makes decisions on fundamental management matters and important business executions based on the Regulations of the Board of Directors, in addition to matters set forth in laws and regulations and the Articles of Incorporation. Decisions on other business executions are delegated to the management based on the Rules of Administrative Authority.

[Principle 4-9 Standards for Judging Independence of Outside Directors]
In determining the selection of Outside Directors, the Company nominates candidates who possess extensive experience and high insight in corporate management and various specialized fields, as well as the character suitable for their duties.
Additionally, the Company designates as independent officers those who meet the independence standards set by the Tokyo Stock Exchange and can contribute to enhancing the supervisory function over management.
Based on the above, the Company has appointed 3 independent Outside Directors.

[Supplementary Principle 4-11-1 Balance, Diversity and Extent of Knowledge, Experience and Capabilities of the Board of Directors]
The Board of Directors strives to ensure an appropriate balance of knowledge, experience, and skills, as well as diversity in terms of gender, internationality, career background, and age, and an appropriate size for the Board as a whole.
Given that the Company operates a wide range of businesses globally, the Company appoints internal directors from senior management who are well-versed in the functions of the holding company and the various business areas of the Company Group, to enable accurate and prompt decision-making and supervision of business execution. Additionally, the Company appoints Outside Directors who have extensive experience and high insight in corporate management and various specialized fields.
Based on the above considerations, the Articles of Incorporation stipulate that the number of directors should be no more than 13.
Furthermore, the skill matrix, which lists the knowledge, experience, and skills of each officer, is included in the Notice of the 165th Ordinary General Meeting of Shareholders.

“The Notice of the 165th Ordinary General Meeting of Shareholders”
https://www.seiko.co.jp/en/ir/library/meeting.html

[Supplementary Principle 4-11-2 Concurrent Positions of Directors and Audit & Supervisory Board Members]

Please refer to the Notice of the 165th Ordinary General Meeting of Shareholders for the concurrent positions of the Company's Directors and Audit & Supervisory Board Members at other listed companies.

"The Notice of the 165th Ordinary General Meeting of Shareholders"

https://www.seiko.co.jp/en/ir/library/meeting.html

[Supplementary Principle 4-11-3 Evaluation of Effectiveness of the Board of Directors]

The Company conducts an evaluation of the effectiveness of the Board of Directors and discloses a summary of the results on its website.

Summary of the Results of the Evaluation of the Effectiveness of the Board of Directors

https://www.seiko.co.jp/en/ir/management/governance/system.html#anc02

[Supplementary Principle 4-14-2 Training for Directors and Audit & Supervisory Board Members]

The Company provides Directors and Audit & Supervisory Board Members with necessary opportunities, arrangements, and financial support to acquire the knowledge and information required to fulfill their roles and responsibilities, both at the time of their appointment and continuously thereafter, including training conducted by external organizations.

Additionally, for Outside Directors and Outside Audit & Supervisory Board Members, the Company provides information regarding the business, finance, and organization of the Company Group, as well as opportunities to deepen their understanding of the Company Group through explanations of the business overview of Group companies and visits to business sites.

[Principle 5−1 Basic Policies on Constructive Dialogue with Shareholders]

Basic Policies on Constructive Dialogue with Shareholders are disclosed on the Company website.

Basic Policies on Constructive Dialogue with Shareholders

https://www.seiko.co.jp/en/ir/management/governance/system.html#anc01

[Status of Engagement with Shareholders and Related Matters]

The Status of Engagement with Shareholders and Related Matters in the fiscal year 2025 is as follows:

1. Responsible person

Financial results briefings:	Chairman, Group CEO, and Group CCO, President, Director, Senior Executive Vice President (including Executive Officer in charge of IR), Director, Executive Vice President
Business briefings:	President of an operating company

Conferences sponsored by securities companies:	President of an operating company, Officer in charge of IR and General Manager in charge of IR
Individual Interviews:	Officer in charge of IR and General Manager in charge of IR

2. Overview of the Interview

Financial results briefings:	4 times
Business briefings:	2 times
Small meeting by the President	2 times
Facility visit:	5 times
Individual Interviews:	276 times including overseas investor roadshow and conferences

3. Main Themes and Points of Interest in the Interview

A summary of the Q&A session at the Consolidated Results Presentation is disclosed on the Company website.

https://www.seiko.co.jp/en/ir/library/presentation.html

4. Feedback to Management

- Share the content of questions and comments from investors and analysts during individual meetings on a monthly basis.
  Recipients: the Company management and related departments
- Share analyst reports issued by securities companies as needed.
  Recipients: the Company management, presidents of major Group companies, and related departments
- Report on IR activities to the Board of Directors once a year.

5. Actions Based on Feedback from Institutional Investors and Analysts

- Enhancing communication on management strategies through various IR presentations and materials

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

Content	Disclosure of Initiatives (Updated)
Date of Update	May 18, 2026

Explanation

The Company is committed to implementing management that is conscious of capital costs and stock price in order to enhance corporate value on a sustainable basis. Under the Eighth Mid-Term Management Plan, the Company has promoted profitability improvements through efficient investments based on portfolio management, optimization of assets, and reduction of interest-bearing debt. As financial targets for the final fiscal year (FY2026), the Company aims to achieve ROE exceeding 9.0% and ROIC exceeding 6.5%.

In fiscal year 2025, these initiatives resulted in ROE of 13.3% and ROIC of 9.3%, significantly improving capital efficiency.

In fiscal year 2026, the Company intends to strengthen growth investments in preparation for the next mid-term management plan. The Company will also continue efficient capital allocation while balancing growth improvements, financial soundness, and shareholder returns, with the aim of maintaining high levels of ROE of 12-13% and ROIC of 9-10%.

Through these initiatives, the Company will pursue both accelerated growth strategies and further improvements in capital efficiency, with a focus on maximizing corporate value.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price is disclosed on pages 20 to 22 of the presentation materials for the "FY2025 Consolidated Results" available on the Company website.

https://www.seiko.co.jp/en/ir/2026/06/18/f89ad8cf4b7eb64b185d850edb309771abc32a9f.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Sanko Kigyo K.K.	4,436,500	10.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,761,100	9.10
Etsuko Hattori	3,613,908	8.74
Shinji Hattori	2,279,289	5.51
Hideo Hattori	1,622,455	3.92
The Dai-ichi Life Insurance Company, Limited	1,440,000	3.48
Custody Bank of Japan, Ltd. (Trust Account)	1,345,900	3.26
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	1,023,150	2.47
J.P. MORGAN BANK LUXEMBOURG S.A. 384513	982,002	2.38
STATE STREET BANK AND TRUST COMPANY 505223	805,841	1.95

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

Supplementary Explanation

The above "Status of Major Shareholders" is based on the shareholder register of the Company as of March 31, 2026.

The Company conducted a two-for-one share split effective April 1, 2026. The number of shares shown above is stated on a pre-share-split basis.

The following large shareholding report has been made available for public viewing, but the Company has not been able to confirm the number of shares under substantial ownership as of March 31,2026, so it is not included above.

Provided by: JP Morgan Asset Management (Japan) Limited and its four joint shareholders

Submitted: March 4, 2026

Number of shares under ownership: 2,517,304shares

Holding ratio of share certificates, etc.: 6.08%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Precision Instruments
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	50 or more but fewer than 100

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

—

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

—

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*

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

Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Noboru Saito	From another company								○			
Hideki Kobori	From another company											
Shihoko Urushi	Others											

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

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. 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
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. 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)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Noboru Saito	○	Mr. Noboru Saito is currently serving as Representative Director, Executive Corporate Officer of BIPROGY Inc. The BIPROGY Group and the Company Group have transactions in the Systems Solutions Business. However, these transactions constitute less than one percent of the consolidated net sales of each of BIPROGY Inc. and the Company and are thus insignificant.	He has been appointed due to his extensive experience and high level of insight cultivated through his long career as a corporate executive. The Company expects him to contribute to strengthening the supervisory function of business execution and to provide advice from a broad managerial perspective. Additionally, he meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated him as an independent officer, judging that there is no risk of conflict of interest with general shareholders.
Hideki Kobori	○	—	He has been appointed due to his extensive experience and high level of insight cultivated through his long career as a corporate executive. The Company expects him to contribute to strengthening the supervisory function of business execution and to provide advice from a broad managerial perspective. Additionally, he meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated him as an independent officer, judging that there is no risk of conflict of interest with general shareholders.

Shihoko Urushi	○	—	She has been appointed due to her extensive experience and high level of insight cultivated through her long career as an educational institution executive. The Company expects her to contribute to strengthening the supervisory function of business execution and to provide advice from a broad managerial perspective. Additionally, she meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated her as an independent officer, judging that there is no risk of conflict of interest with general shareholders.

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	Corporate Governance Committee	8	0	2	3	0	3	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Corporate Governance Committee	8	0	2	3	0	3	Inside Director

Supplementary Explanation

The approach to the independence, authority, and roles of the Corporate Governance Committee is described in this report under 'I.1. [Supplementary Principle 4-10-1 Considerations, Authority, and Roles Regarding the Independence of the Nomination and Compensation Committees]'

The members and the chairperson of the Corporate Governance Committee are as follows:

Chairman:	Chairman, Group CEO, and Group CCO	Shinji Hattori
	President	Shuji Takahashi
	Outside Director	Noboru Saito
	Outside Director	Hideki Kobori
	Outside Director	Shihoko Urushi
	Outside Audit & Supervisory Board Member	Hideki Amano
	Outside Audit & Supervisory Board Member	Masatoshi Yano
	Outside Audit & Supervisory Board Member	Kenji Sakurai

The 'Other' members of the above committee composition are 3 Outside Audit & Supervisory Board Members.

In the fiscal year 2025, the Company held a total of 5 Corporate Governance Committee meetings, focusing primarily on the selection of candidates for Directors and other positions as well as the succession plan. Additionally, the committee deliberated on revisions to certain aspects of the compensation system for Officers and the payment amounts for performance-linked compensation for executives based on their respective positions. The attendance of each member is as follows:

Chairman, Group CEO, and Group CCO	Shinji Hattori	5/5（100.0%）
President	Shuji Takahashi	5/5（100.0%）
Outside Director	Noboru Saito	5/5（100.0%）
Outside Director	Hideki Kobori	4/5（80.0%）
Outside Director	Masahiko Uotani	5/5（100.0%）
Outside Director	Shihoko Urushi	5/5（100.0%）
Outside Audit & Supervisory Board Member	Hideki Amano	5/5（100.0%）
Outside Audit & Supervisory Board Member	Masatoshi Yano	5/5（100.0%）
Outside Audit & Supervisory Board Member	Kenji Sakurai	5/5（100.0%）

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	5
Number of Audit and Supervisory Board Members	5

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

The collaboration status between the Audit & Supervisory Board Members and the Accounting Auditor is as follows:

The Audit & Supervisory Board Members hold regular meetings with the Accounting Auditor and exchange information as needed.

The collaboration status between the Audit & Supervisory Board Members and the Internal Audit Department is as follows:

The Internal Audit Department is responsible for internal audit operations and collaborates with the Audit & Supervisory Board Members.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

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
Hideki Amano	Certified Public Accountant								△					
Masatoshi Yano	From another company							△						
Kenji Sakurai	From another company										○			

*Categories for "Relationship with the Company".
(Use "○" when the person presently falls or has recently fallen under the category; "△" when the person fell under the category in the past; "●" when a close relative of the person presently falls or has recently fallen under the category; and "▲" when a close relative of the person fell under the category in the past.)

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

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideki Amano	○	Mr. Hideki Amano is from KPMG AZSA LLC, the Company's Accounting Auditor.	He has been appointed due to his extensive knowledge and experience cultivated

		However, he has never been directly involved in the Company's audit operations. Additionally, since stepping down as Executive Senior Partner of KPMG AZSA LLC in June 2016, he has not been involved in the firm's management.	through his long career as a certified public accountant, with the expectation that he will fulfill an appropriate audit function. Additionally, he meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated him as an independent officer, judging that there is no risk of conflict of interest with general shareholders.
Masatoshi Yano	○	Mr. Masatoshi Yano is from Mizuho Bank, Ltd., the Company's main lender. However, he has not been involved in the bank's operations since stepping down as Deputy President and Director in March 2013.	He has been appointed due to his extensive experience and high level of insight cultivated through his long career as a corporate executive, with the expectation that he will fulfill appropriate audit function. Additionally, he meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated him as an independent officer, judging that there is no risk of conflict of interest with general shareholders.
Kenji Sakurai	○	Mr. Kenji Sakurai is from THE DAI-ICHI BUILDING CO., LTD., which has real estate lease transactions between the company and the Company Group. However, since stepping down as the President and Representative Director of that company in March 2026, he has not been involved in its business execution. The scale of these transactions is less than 1% of both the company's net sales and its consolidated net sales. Additionally, he is from Dai-ichi Life Holdings, Inc., but has not been involved in its operations since stepping down as Director in June 2021.	He has been appointed due to his extensive experience and high level of insight cultivated through his long career as a corporate executive with the expectation that he will fulfill appropriate audit function. Additionally, he meets the requirements for independent officers as defined by the Tokyo Stock Exchange and has no special interests with the Company. Therefore, the Company has designated him as an independent officer, judging that there is no risk of conflict of interest with general shareholders.

		There are insurance contract transactions between their group and the Company Group, but the scale of these transactions is also less than 1% of both their consolidated ordinary revenues (equivalent to consolidated net sales) and its consolidated net sales. In addition, the Company Group has borrowed funds from the Dai-ichi Life Group. However, the amount of such borrowings constitutes less than 1% of consolidated total assets of Dai-ichi Life Holdings, Inc. and the Company, and is thus insignificant.	

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 designates all outside officers who meet the requirements for independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Compensation Scheme

Supplementary Explanation for Applicable Items

The Company provides performance-linked compensation to Executive Directors and Executive Officers.
Please refer to Section “II.1. Director Remuneration” of this report for details regarding the performance-linked compensation.
Additionally, since the fiscal year 2018, some subsidiaries have also implemented the same performance-linked compensation system as the Company.

Persons Eligible for Stock Options	—

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The compensation amounts are disclosed in the Business Report and the Annual Securities Report, and they are available on the Company's website. Additionally, in the Securities Report, the Company individually discloses the compensation of those whose total consolidated compensation exceeds 100 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company resolved at the Board of Directors on a policy for determining the content of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents), as a) to f) below. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are independent outside officers, as an advisory body for the Board of Directors, the said policy was determined at the Board of Directors based on the deliberations.

a) Basic policy for compensation for Directors and Executive Officers (Senior Vice Presidents)

In determining compensation for Directors and Audit & Supervisory Board Members of the Company, the basic policy is as follows:

- The Company shall secure the transparency and objectivity of the compensation and maintain the appropriate level of compensation corresponding to their roles and responsibilities.
- Aiming for sustainable growth and mid- to long-term enhancement of the corporate value of the Company and the Company Group, the Company shall promote the execution of duties in line with the corporate philosophy and management strategy, and motivate them to achieve corporate targets.

The level of compensation shall be determined based on results of surveys on compensation for Directors and Audit & Supervisory Board Members conducted by a third party that target peer companies similar in terms of business activity and scale.

b) Compensation system for Directors and Executive Officers (Senior Vice Presidents)

Compensation for Executive Directors and Executive Officers (Senior Vice Presidents) comprises "basic compensation", which is fixed compensation, "bonuses" that are linked to performance (short-term incentive compensation), and "stock compensation" (mid- to long-term incentive compensation). Compensation for non-executive Directors such as Outside Directors comprises only of "basic compensation".

c) Policy for determining the amount of compensation, etc. for individual Directors regarding basic compensation (monetary compensation) (including the policy for the timing to provide compensation, etc. or the determination of conditions)

Basic compensation for Directors and Executive Officers (Senior Vice Presidents) of the Company shall be monthly fixed compensation. The amount shall be determined by taking into account comprehensive factors, while considering the level of peer companies and the length of service, etc., according to their roles and responsibilities.

d) Policy for determining performance-linked compensation, etc. and the content and amount of non-monetary compensation, etc., or the calculation method for the number (including the policy for the timing to provide compensation or the determination of conditions)

Performance-linked compensation, etc. shall consist of "bonuses" as monetary compensation and "stock compensation" as non-monetary compensation, etc.

Performance indicators related to the performance-linked compensation shall consist of the significant management indicators set forth in the Eighth Mid-Term Management Plan (SMILE145) for the 5 years from the fiscal year 2022 to the fiscal year 2026.

(Bonuses)

For bonuses, a standard payment shall be the amount obtained by multiplying the basic compensation by a coefficient determined for each position. The individual payments for the Chairman and President shall be determined by multiplying the standard payment by the payment ratio according to the performance achievement ratio. The individual payments for Executive Directors other than Chairman and President and Executive Officers (Senior Vice Presidents) shall be determined by adding the amounts obtained by multiplying the standard payments by the payment ratio according to the performance achievement ratio, to the amounts obtained by multiplying the standard payments by the payment ratio based on qualitative evaluations. Bonuses shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values.

- Performance indicators

(i) Consolidated operating profit (ii) Consolidated gross profit margin (iii) Personal evaluations

(Note) The target values for (i) and (ii) shall be the earnings forecast values announced at the beginning of the fiscal year.

(Exceptions)

If an unpredictable situation (an event that significantly affects consolidated business results or corporate value) occurs during the evaluation period, the target value shall be revised within a reasonable range by resolution of the Board of Directors after consulting with the Corporate Governance Committee.

- Timing of payment and delivery

The portion for the current fiscal year shall be paid at the end of June in the following year.

- Clauses for return of compensation

If Executive Director or Executive Officer (Senior Vice President) is dismissed or if Executive Director or Executive Officer (Senior Vice President) commits an act that causes serious damage to the Company or any other non-conformity similar to such act before his/her retirement, all or part of the bonus to be paid may be reduced by resolution of the Board of Directors.

(Stock compensation)

For stock compensation, points obtained by converting the individual benefits into the number of shares shall be granted each fiscal year. The individual benefits shall be the amounts determined by adding the standard benefits (fixed portion) obtained by multiplying the basic compensation by a coefficient determined for each position, to the amount obtained by multiplying the standard benefits by the payment ratio based on financial and non-financial (ESG) evaluations (performance-linked portion). The performance-linked portion of the stock compensation shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values. The guideline for the ratio of the fixed portion and the performance-linked portion shall be 50%, respectively (when the performance achievement ratio is 100%).

- Performance indicators

(i) Consolidated operating profit (ii) Consolidated gross profit margin (iii) Consolidated ROIC (iv) ESG evaluation: CO2 emissions reduction rate (Scope 1 and 2), etc.

(Note) The target values for (i) to (iii) for the first and final fiscal years of the Eighth Mid-Term Management Plan shall be the externally published values. For the second through fourth fiscal years of the Plan, the target values shall be the previous fiscal year's results plus the difference (ratio) between the current fiscal year's plan values and the previous fiscal year's plan values. The target value for (iv) shall be based on the policy under the Eighth Mid-Term Management Plan for the respective fiscal year.

(Exceptions)

If an unpredictable situation (an event that significantly affects consolidated business results or corporate value) occurs during the evaluation period, the target value shall be revised within a reasonable range by resolution of the Board of Directors after consulting with the Corporate Governance Committee.

- Timing of payment and delivery

The points for the current fiscal year shall be granted at the end of June in the following year. At the time of retirement, 1 point shall be converted to 1 stock, and the Company's stocks shall be delivered.

- Clauses for return of compensation

If the prospective recipient is dismissed or if the prospective recipient commits an act that causes serious damage to the Company or the Company Group or any other non-conformity similar to such act before his/her retirement, all or part of the stocks to be delivered and money to be paid may be reduced by resolution of the Board of Directors of the Company or the Company Group.

e) Policy for determining the ratio of the amount of monetary compensation, the amount of performance-linked compensation, etc., or the amount of non-monetary compensation, etc. to the amount of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents)

With regard to the compensation ratio of each type for Executive Directors and Executive Officers (Senior Vice Presidents), the level of peer companies shall be considered so that it will be an appropriate ratio as an incentive to contribute to the enhancement of the corporate value of the Company. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are independent outside officers, as an advisory body for the Board of Directors, the said policy shall be determined at the Board of Directors based on the deliberations. The guideline for the compensation ratio of each type shall be

as follows (when the performance achievement ratio and the payment ratio based on qualitative evaluations are 100%):

- Representative Directors

Basic compensation : Bonuses : Stock compensation = 50(1.0) : 25(0.50) : 25(0.50)

- Executive Directors other than Representative Directors

Basic compensation : Bonuses : Stock compensation = 60(1.0) : 20(0.33) : 20(0.33)

- Executive Officers (Senior Vice Presidents) who are not Directors

Basic compensation : Bonuses : Stock compensation = 70(1.0) : 15(0.21) : 15(0.21)

f) Matters for determining the content of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents)

With regard to part of compensation for individuals, Chairman and President shall be delegated the specific contents based on the resolution of the Board of Directors. The content of such authority shall be the amount of basic compensation for each Director and Executive Officer (Senior Vice President) and the qualitative evaluations of bonuses for each Executive Director and Executive Officer (Senior Vice President).

The Corporate Governance Committee shall deliberate annually on the level of compensation for each position of Directors and Executive Officers (Senior Vice Presidents), so that the authority may be properly exercised by Chairman and President. Chairman and President who have received the said delegation shall be required to make decisions based on the content of the deliberations.

Performance-linked compensation, etc. of individual Executive Directors and Executive Officers (Senior Vice Presidents) (excluding the above-mentioned delegation) shall be determined in accordance with the rules (the rules which stipulate the calculating method of performance-linked compensation, etc. and non-monetary compensation, etc. in accordance with the policy d) above) established by resolution of the Board of Directors.

After being deliberated on by the Corporate Governance Committee, a majority of the members of which are independent outside officers, as an advisory body for the Board of Directors, the said contents of the compensation, etc. shall be determined by the Board of Directors based on the deliberations.

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

For Outside Directors and Outside Audit & Supervisory Board Members, in addition to the training for Directors and Audit & Supervisory Board Members as described in the “Disclosure Based on Each Principle of the Corporate Governance Code”, full-time Directors and full-time Audit & Supervisory Board Members provide prior explanations of matters to be submitted to the Board of Directors. Additionally, the department in charge of the Board of Directors’ secretariat supports the overall execution of duties by Outside Directors and Outside Audit & Supervisory Board Members.

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
—	—	—	—	—	—

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

Other Related Matters

The Company may appoint former Representative Directors and Presidents, etc. as Advisors, etc. in accordance with internal rules. The term of office for Advisors is 1 year, and their appointment, reappointment, duties, compensation, and other treatment are determined by the Board of Directors after deliberation by the Corporate Governance Committee, which is composed of a majority of Outside Officers.

Regarding their duties, it is planned that they will be individually assigned tasks such as social contribution activities, activities in industry and business associations, advising the current management, handing over important matters, and maintaining and expanding business relationships. However, Advisors, etc. will not be involved in the Company's management decision-making. Currently, there are no eligible candidates.

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

(1) Overview of the Business Execution System

The Company, as a holding company, aims to clarify management responsibilities for each business while establishing an organizational structure that can respond to changes in the business environment through prompt management decisions and agile implementation of measures. Specifically, the Board of Directors, composed of 9 directors (including 3 Outside Directors and 1 female Director), constantly monitors the status of consolidated subsidiaries, receives explanations from each operating company as necessary, and strives to make prompt and appropriate decisions to understand the business execution status of each operating company.

The Board of Directors makes decisions and supervises the execution of important business operations and matters related to the basics of management based on laws, regulations, and the Articles of Incorporation, as well as the Board of Directors' regulations. In the fiscal year 2025, the Board of Directors held 13 meetings and focused on discussing initiatives for each strategic domain, core strategies centered on non-financial factors such as human capital and sustainability based on the 8th Mid-Term Management Plan (SMILE145) announced in May 2022, the planned development of senior management candidates, evaluation of the effectiveness of the Board of Directors, revisions to certain aspects of the compensation system for Officers and share split and other related matters.. The attendance status of individual Directors and Audit & Supervisory Board Members is as follows:

Chairman, Group CEO, and Group CCO	Shinji Hattori	13/13 (100.0%)
President	Shuji Takahashi	13/13 (100.0%)
Director, Senior Executive Vice President	Akio Naito	12/13 (92.3%)
Director, Senior Executive Vice President	Jun Sekine	13/13 (100.0%)
Director, Executive Vice President	Taku Yoneyama	13/13 (100.0%)
Director, Executive Vice President	Yoichi Endo	13/13 (100.0%)
Outside Director	Noboru Saito	13/13 (100.0%)
Outside Director	Hideki Kobori	12/13 (92.3%)
Outside Director	Masahiko Uotani	13/13 (100.0%)
Outside Director	Shihoko Urushi	13/13 (100.0%)
Audit & Supervisory Board Member	Takashi Nishimoto	13/13 (100.0%)
Audit & Supervisory Board Member	Minoru Nakao	13/13 (100.0%)
Outside Audit & Supervisory Board Member	Hideki Amano	13/13 (100.0%)
Outside Audit & Supervisory Board Member	Masatoshi Yano	12/13 (92.3%)
Outside Audit & Supervisory Board Member	Kenji Sakurai	13/13 (100.0%)

The Company has introduced an executive officer system to strengthen the supervisory function by separating management decision-making and supervision from business execution. Additionally, the Company holds a Strategic Conference for Management composed of full-time Officers and Executive Officers to share the Group's management policies and information and discuss medium- to long-term business strategies. Furthermore, to enhance the objectivity and transparency of management, the Company has established a Corporate Governance Committee, with a majority of its members being independent Outside Officers, as an advisory body to the Board of Directors.

(2) Status of audit by Audit & Supervisory Board Members

The audit & Supervisory Board is composed of 2 full-time Audit & Supervisory Board Members and 3 Outside Audit & Supervisory Board Members. Mr. Takashi Nishimoto and Mr. Minoru Nakao, Audit & Supervisory Board Members, have experience in finance and accounting and have reasonable-degrees of knowledge about finance and accounting. Mr. Hideki Amano, Outside Audit & Supervisory Board Member, is a certified public accountant, and has reasonable-degree of knowledge about finance and accounting.

- Status of activities by the Audit & Supervisory Board

The average time required for the Audit & Supervisory Board meetings, which were held eight times during the current fiscal year 2025, was about 1.8 hours. The attendance of each Auditors is as follows:

Audit & Supervisory Board Member	Takashi Nishimoto	8/8（100.0%）
Audit & Supervisory Board Member	Minoru Nakao	8/8（100.0%）
Outside Audit & Supervisory Board Member	Hideki Amano	8/8（100.0%）
Outside Audit & Supervisory Board Member	Masatoshi Yano	8/8（100.0%）
Outside Audit & Supervisory Board Member	Kenji Sakurai	8/8（100.0%）

The Audit & Supervisory Board received direct reports on the following matters at the Audit & Supervisory Board meetings held during the fiscal year 2025.

Accounting Auditor: Audit plans, progress and results of audits, status of deliberations on KAM

Accounting Department: Reports on the status of quarterly financial results, etc.

Internal Audit Department: Reports on the status of internal control audits in accordance with J-SOX and the Companies Act, etc.

Corporate Ethics Committee Secretariat: Reports on the status of corporate ethics activities

In addition to the above, the Audit & Supervisory Board shared information and exchanged opinions through discussions with Representative Directors and Audit & Supervisory Board meetings attended by Outside Directors. The Audit & Supervisory Board also conducted inspections of important Group operating sites and exchanged information and opinions with full-time Audit & Supervisory Board Members of major subsidiaries.

- Matters deliberated by the Audit & Supervisory Board

The selection of full-time Audit & Supervisory Board members, the formulation of the audit policy and audit plan, and audit of the development and operational status of the internal control system, consent for the accounting auditor's compensation, evaluation of the accounting auditor, audit of business reports, financial statements, etc., preparation of audit reports, and discussion on Key Audit Matters (KAM), and prior approval of non-audit services provided by the external auditor.

- Activities of the Audit & Supervisory Board Members

In accordance with audit policies and the assignment of duties established by the Audit & Supervisory Board, Audit & Supervisory Board Members made efforts to collect information and establish an adequate audit environment by communicating with Directors, Executive Officers (Senior Vice Presidents), the Internal Audit Department, and other departments. In addition, Audit & Supervisory Board Members attended important meetings including of the Board of Directors, Strategic Conference for Management, Risk Management Committee, Sustainability Committee, and various other committees to receive reports regarding the execution of duties from Directors, Executive Officers (Senior Vice Presidents), and departments in charge, and requested explanations as necessary. Audit & Supervisory Board Members also inspected important decision-making documents and examined the status of operations and the condition of the Company's assets. With regard to subsidiaries, Audit & Supervisory Board Members concurrently served as Audit & Supervisory Board Members of major subsidiaries and strived to communicate and exchange information with Directors, Audit & Supervisory Board Members, etc. of subsidiaries and received business reports from subsidiaries as necessary. As for internal control systems, the Audit & Supervisory Board Members periodically received reports from Directors and Executive Officers (Senior Vice Presidents) regarding the development and operation thereof. Audit & Supervisory Board Members also held monthly regular report meetings with the Internal Audit Department, requested explanations on the current status, and expressed opinions. Audit & Supervisory Board Members monitored and examined whether the Accounting Auditor was maintaining an independent position and conducting audits appropriately, obtained reports on the execution of duties from the Accounting Auditor, and requested explanations as necessary. Audit & Supervisory Board Members also discussed Key Audit Matters (KAM) with the Accounting Auditor and requested explanations as necessary. In addition, Audit & Supervisory Board Members held quarterly joint meetings with the Accounting Auditor and the Internal Audit Department to share information and exchange opinions.

(3) Status of internal audit

The Internal Audit Department, reporting directly to the President, cooperates with Audit & Supervisory Board Members to support their duties, pursuant to the internal rules. However, employees assigned at the Internal Audit Department shall not concurrently engage in duties related to business execution, the relocation of the General Manager of the Internal Audit Department shall be consulted between the President and the Audit & Supervisory Board in advance, and opinions of the Audit & Supervisory Board Members shall be respected, and a system shall be established for the General Manager of the Internal Audit Department to directly report to not only the President, but also, the Board of Directors, Audit & Supervisory Board Members, or the Audit & Supervisory Board as necessary, thereby their independence and effectiveness are enhanced.

(4) Status of financial audit

a. Name of auditing firm

KPMG AZSA LLC

b. The length of years the Accounting Auditor has served

48 years

The foregoing refers to the period subsequent to the incorporation of Tatsuo Inoue Audit Corporation as an audit corporation, which is one of the predecessors of KPMG AZSA LLC, the Company's incumbent accounting auditor.

c. Certified public accountants having executed accounting audit works

Toshiyuki Nishida

Hidenori Kawamura

Mitsuru Sato

d. Working with to assist the above accountants in conducting audit of the Company

17 certified public accountants, 10 successful applicants who have passed the Certified Public Accountants examination and 37 other people.

e. Policy and reasons for appointment of Accounting Auditor

Based on the evaluation and appointment criteria as well as policy for determining dismissal or non-reappointment of the Accounting Auditor specified by the Audit & Supervisory Board of the Company, the Company confirmed that KPMG AZSA LLC has the expertise, independence, and quality management system required for the Accounting Auditor of the Company as well as the system to perform audits of the Company's global activities in an integrated manner. After comprehensive examination based on its audit track record, the Company decided that KPMG AZSA LLC is adequate and appointed the firm as its Accounting Auditor. Pursuant to laws and regulations, if any reasonable event occurs to the Accounting Auditor, the Audit & Supervisory Board shall dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members. In addition, if it is deemed difficult for the Accounting Auditor to properly perform audits, the Company shall propose a resolution for dismissal or non-reappointment of the accounting auditor to the Ordinary General Meeting of Shareholders.

f. Valuation of accounting auditor by the Audit & Supervisory Board

The Audit & Supervisory Board of the Company has established the criteria for evaluation and appointment of the accounting auditor, and carries out evaluation of the accounting auditor based on those criteria in each fiscal year. The Audit & Supervisory Board conducted evaluation for the current fiscal year upon deliberation, based on reports on the quality management system, etc., from the accounting auditor and opinions of the Financial Management Department and Internal Audit Department.

(5) Overview of agreements limiting liability

The Company entered into an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members, to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof. The upper limit of liability for damages under the agreement shall be the minimum limit of liability prescribed in Article 425, paragraph 1 of the Companies Act. The limitation on liability is permitted only when such Outside Directors or Outside Audit & Supervisory Board Members have acted in good faith and without gross negligence in performing their duties that caused the liability.

(6) Overview of directors and officers liability insurance

The Company has entered into a directors and officers liability insurance (D&O insurance) policy stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insured parties under the insurance policy are the Company, its subsidiary Seiko Instruments Inc., its Directors, Audit & Supervisory Board Members, Senior Vice Presidents, managerial personnel, and officers dispatched outside the Company. The Company and Seiko Instruments Inc. bear the insurance premium. The insurance policy covers the insured against claims for damages and costs of litigation arising out of the execution of business by the insured. However, The Company has taken measures to ensure that the appropriateness of the execution of duties by directors and officers is not compromised by excluding from coverage damage caused by criminal or intentionally illegal acts.

3. Reasons for Adoption of Current Corporate Governance System

Based on the principle “being a company that is trusted by society”, the Company considers “compliance with relevant laws and regulations”, “implementation of management transparency and fairness”, and “honoring social ethics” as core business goals. In order to achieve these goals, the Company will strengthen and promote its corporate governance framework and strive to achieve the Group’s sustainable growth and increase corporate value.

In the Company’s management system, which operates as a holding company, this corporate governance system is considered optimal for realizing the aforementioned core business goals.

Additionally, Outside Directors are expected to strengthen the supervisory function over management from an independent standpoint.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sent the notice of convocation for the Ordinary General Meeting of Shareholders, scheduled for June 25, 2026, on June 5,2026 (20 days before the meeting of shareholders). Additionally, prior to sending the notice, it was published early on May 27 on the Company's and the Tokyo Stock Exchange website.
Electronic Exercise of Voting Rights	Since the 155th Ordinary General Meeting of Shareholders held in June 2016, the Company has adopted electronic methods for exercising voting rights.
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 155th Ordinary General Meeting of Shareholders held in June 2016, the Company has been participating in the electronic voting platform operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares notice of the General Meeting of Shareholder in English and publishes it on both the Company's and the Tokyo Stock Exchange's websites.
Other	The Company strives to make the shareholders' meeting easy to understand and highly convenient for shareholders by implementing visual presentations of business reports and live streaming over the internet. Additionally, after the shareholders' meeting, the Company publishes the resolution notice and the extraordinary report on the results of the exercise of voting rights on its website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company established an IR policy in March 2009 and has published it on its website.	
Regular Investor Briefings held for Individual Investors	The Company holds seminars for individual investors (irregularly) at hosted by securities companies every year. Additionally, the Company has a page for individual investors on its website, where it clearly presents business activities and performance.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds quarterly financial results briefings for analysts and institutional investors, with the President or the officer in charge of IR as the presenters. Additionally, to promote constructive dialogue, the Company conducts small meetings with the President, briefings on major business companies, and facility tours.	Held
Regular Investor Briefings held for Overseas Investors	In addition to conducting individual meetings through online and other means by the responsible executive, the Company also provides explanations to overseas investors by participating in conferences hosted by securities companies and conducting overseas roadshows, where the President and CFO serve as the main presenter.	Not Held
Online Disclosure of IR Information	The Company publishes value reports, medium-term management plans, financial information (such as financial results, materials from financial results briefings, main Q&A from briefings), securities reports, timely disclosure information other than financial information, and other investor-related information in both Japanese and English, in principle. Additionally, notices of convocation and resolutions of the Ordinary General Meeting of Shareholders, etc., are also published. (Japanese site: https://www.seiko.co.jp/ir/) (English site: https://www.seiko.co.jp/en/ir/)	
Establishment of Department and/or Placement of a Manager in Charge of IR	IR-related activities are handled by the Company's Corporate Strategy Planning Department.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Seiko Group, driven by its group purpose of "As a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles." is committed to business activities that realize "WITH" (W : Well-being—A Better Life / I : Inclusion—For All People / T : Trust—Certainty and Trust / H : Harmony—With the Earth). This commitment is part of its sustainability policy, which aims to realize the Group's steady growth and contribute to the development of a sustainable society. The Seiko Group has established 13 materialities (key issues) based on "WITH" and is promoting key actions to address these issues. Important matters related to sustainability are discussed and resolved by the Sustainability Committee and reported to the Board of Directors. For more details, please refer to the "Sustainability" section on the Company website. https://www.seiko.co.jp/en/csr/sustainability_policy/ Outlined below are the key activities in the areas of Environment and Social: (Environment) In accordance with the Company's Environmental Policy, the Company complies with relevant laws and regulations while actively and continuously working to preserve the global environment, which supports the realization of a sustainable society. These efforts include initiatives for decarbonization, biodiversity conservation, water resource conservation, and resource circulation, along with a strong focus on information disclosure. In the area of decarbonization, the Company has set ambitious greenhouse gas reduction targets: a 42% reduction in Scope 1, 2 emissions and a 25% reduction in Scope 3 emissions by fiscal year 2030 compared to fiscal year 2022, and achieving net zero emissions by fiscal year 2050. To meet these goals, the Company is accelerating energy-saving initiatives and actively adopting renewable energy. In fiscal year 2024, the Company achieved 100% renewable electricity usage at its domestic sites. In fiscal year 2025, Scope 1 and 2 emissions were reduced by 48.1% compared with fiscal year 2022 levels, and the Group-wide renewable energy ratio improved to 53.0%. Regarding Scope 3 emissions, the Company has enhanced calculation accuracy through the use of primary data and obtained third-party assurance covering Scope

1, Scope 2 and Scope 3 emissions (Categories 1, 4 and 11).

With respect to biodiversity conservation, the Company has assessed dependencies, impacts, risks and opportunities relating to natural capital across the value chain and is advancing enhanced disclosure in line with the TNFD recommendations.

In water resource management, the Company promotes water conservation and circulation initiatives, including pure-water recycling. For resource circulation, the Company has established a target of achieving a recycling rate of at least 90% in Japan by fiscal year 2030.

For more details, please refer to the "Environment" section within the "Sustainability" page on the Company website.

https://www.seiko.co.jp/en/csr/environment/

(Social)

In May 2022, the Company formulated a human rights policy, and in November of the same year, established policies for investigating, identifying, and evaluating significant human rights risks within the group, as well as responding to each significant human rights risk. Currently, the Company is implementing human rights due diligence processes, including preventive and corrective measures against potential negative impacts, monitoring, and external information disclosure.

In the Company's human resources strategy, it positions human resource development as a pillar of the growth strategy, working to improve engagement and promote diversity, thereby contributing to the sustainable growth and development of its business. Regarding procurement, the Company revised its procurement policy and established procurement guidelines in November 2022. In the fiscal year 2023, the Company launched the "Responsible Procurement Liaison Meeting" across the Group. It also distributed explanatory videos to suppliers to promote understanding of the Procurement Guidelines and conducting SAQ (Self-Assessment Questionnaire) surveys. The responses from suppliers were aggregated and analyzed to assess potential risks, and the results were shared with all suppliers as feedback. In addition, the Company established a Responsible Mineral Procurement Policy in November 2023 and conducts supply chain investigations, including identifying countries of origin and smelters of minerals.

For more details, please refer to the "Social" section within the "Sustainability" page on the Company website.

	https://www.seiko.co.jp/en/csr/society/ As a member of the global society, the Company is also participating in initiatives such as “The Valuable 500” and by signing the “UN Global Compact”, contributing to the realization of a sustainable society. Details of these activities are available on the “Sustainability” page on the Company’s website and in the “Value Report”. https://www.seiko.co.jp/en/csr/ https://www.seiko.co.jp/en/ir/library/value_report.html
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company’s “Corporate Ethics Action Guidelines” stipulate the appropriate and timely disclosure of corporate information to stakeholders.

IV. Matters Concerning the Internal Control System

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

(1) System to ensure that the duties of Directors, Executive Officers (Senior Vice Presidents), and employees are executed in compliance with laws and regulations and the Articles of Incorporation

In order for Directors, Executive Officers (Senior Vice Presidents), and employees (hereinafter, the "Officer(s) and Employee(s)" or "Officer(s) or Employee(s)") to comply with corporate ethics, laws and regulations, and internal rules, the Company shall establish the "Basic Principles of Corporate Ethics" and the "Action Guidelines for Corporate Ethics" to thoroughly ensure their compliance with corporate ethics and laws and regulations, as follows:

(i) The President shall repeatedly convey the spirit of the "Basic Principles of Corporate Ethics" to all Officers and Employees to ensure that compliance with corporate ethics and the laws and regulations are the basis for every corporate activity.

(ii) The "Corporate Ethics Committee" chaired by the President shall discuss corporate ethical issues that might significantly affect the Company Group and matters related to revisions of the system to comply with corporate ethics, and report the results of discussion to the Board of Directors.

(iii) The Company shall develop a system where any Officer or Employee who finds any action suspected of violating the laws and regulations can promptly report such findings to the "Corporate Ethics Committee", and establish a "Corporate Ethics Helpline" as a means for reporting information.

(iv) The Company shall continuously provide training sessions on corporate ethics to Officers and Employees to foster and enhance their awareness of compliance with corporate ethics and laws and regulations.

(2) System to store and manage information regarding execution of the duties of Directors and Executive Officers (Senior Vice Presidents)

(i) Pursuant to the "Internal Document Management Rules", the Company shall record information regarding execution of the duties of Directors and Executive Officers (Senior Vice Presidents) in a document or in an electromagnetic medium, and store and manage it properly.

(ii) Directors, Executive Officers (Senior Vice Presidents), and Audit & Supervisory Board Members may inspect such document or medium at any time pursuant to the "Internal Document Management Rules".

(3) Regulations and systems for loss risk management of the Company and its subsidiaries

(i) Pursuant to the "Risk Management Rules", the Company shall set forth the basic policy for risk management of the Company Group and develop a risk management system.

(ii) The Company shall establish the "Risk Management Committee" chaired by the President in order to build, develop and monitor risk management processes, including understanding business risks that might affect the activities of the Company Group, and identifying, analyzing, evaluating and monitoring risks.

(iii) The Risk Management Committee shall report the status of each risk to the Board of Directors, regularly or as necessary, pursuant to the "Risk Management Rules".

(4) System to ensure that the duties of Directors and Executive Officers (Senior Vice Presidents) of the Company and its subsidiaries are efficiently executed

(i) The Company shall develop a Mid-Term Management Plan as the target to be shared by Officers and Employees of the Company Group. It shall also review the progress of annual budgets consisting of the said plan on a quarterly basis using the management accounting method, and promote the efficiency of operation by considering and implementing an remedial measures for the progress of annual budget.
(ii) In order to respect autonomous and independent management of its subsidiaries while contributing to the proper and efficient operation of the Group management, the Company shall develop basic management rules therefor. It shall also establish Management Conference comprising standing Directors and Executive Officers (Senior Vice Presidents) of the Company and respective President of major subsidiaries of the Company, in order to share the management policy and management information of the Company Group, and to discuss medium- to long-term business strategies.
(iii) The Company shall clarify the assignment of duties of Directors and Executive Officers (Senior Vice Presidents), and the responsibility and authority of each division/department, and secure the efficient execution of the duties of Directors and Executive Officers (Senior Vice Presidents).

(5) System to ensure the proper operations of the Corporate Group comprising the Company and its subsidiaries
(i) The Company shall assist its subsidiaries to develop a system to comply with corporate ethics, and laws and regulations, and other systems to ensure their proper operations.
(ii) Each subsidiary of the Company shall share the “Basic Principles of Corporate Ethics” and the “Action Guidelines for Corporate Ethics” established by the Company, and manage its operations pursuant to them. The Company shall set forth the rules for reporting any violation of laws and regulations by any subsidiary, and assist its subsidiaries to develop their internal reporting systems.
(iii) Pursuant to the “Consolidated Business Management Rules”, the Company shall request that each subsidiary consult in advance with, and report to, the Company regarding significant management-related matters, and whenever necessary, shall dispatch its Officers or Employees as Directors or Audit & Supervisory Board Members of the subsidiary so as to properly supervise and audit the operation of subsidiary.
(iv) Pursuant to the “Consolidated Business Management Rules”, each subsidiary shall report its business results, financial position and other important matters to the Company, and whenever necessary, the President of the relevant subsidiary shall report the execution status of the operations to the Board of Directors of the Company. (v) The Company’s Internal Audit Department shall conduct internal audits on each subsidiary regarding the execution status of the operations, compliance with laws and regulations, the Articles of Incorporation, and risk management.

(6) Matters related to employees to assist the duties of Audit & Supervisory Board Members
(i) Internal Audit Department shall be responsible for assisting the duties of Audit & Supervisory Board Members.
(ii) Employees who are assigned to the Internal Audit Department shall not concurrently hold duties related to the execution of operations.
(iii) Regarding any transfer of the General Manager of the Internal Audit Department, the President shall discuss with the Board of Audit & Supervisory Board Members in advance, and shall respect the Audit & Supervisory Board’s opinions.

(7) System for reporting to Audit & Supervisory Board Members

(i) Each Officer and Employee of the Company shall regularly report to Audit & Supervisory Board Members the status of finance, compliance with corporate ethics, risk management, and internal audits. If any Director/employee finds any fact likely to significantly damage the Company or its subsidiaries, any violation of laws and regulations or internal rules, he/she shall immediately report such findings to the Audit & Supervisory Board Members of the Company.

(ii) The Company shall develop a reporting system where if any Director, Executive Officer (Senior Vice President), Audit & Supervisory Board Member or employee of a subsidiary finds any material violation of laws and regulations or internal rules regarding the execution of operations of the Company or the subsidiary, or any fact which is likely to significantly damage the Company, he/she or the person who was reported by him/her shall report it to the Audit & Supervisory Board Members of the Company.

(iii) The Company shall develop necessary systems to ensure that the person who makes the report in accordance with the preceding 2 paragraphs might not be treated disadvantageously on the grounds of having made such report.

(iv) In conducting internal audits, the General Manager of the Internal Audit Department shall cooperate with Audit & Supervisory Board Members in advance and make efforts to report important matters to Audit & Supervisory Board Members in a timely manner. In addition, the General Manager of the Internal Audit Department shall report the results of internal audits to Audit & Supervisory Board Members without delay and regularly report such results to the Audit & Supervisory Board of the Company.

(8) Other systems to ensure that audits by Audit & Supervisory Board Members are effectively conducted

(i) The Company shall ensure a system where, besides the Internal Audit Department, the department in charge of General Affairs and the department in charge of Finance and Accounting shall assist audits by Audit & Supervisory Board Members from time to time based on respective instructions from Audit & Supervisory Board Members.

(ii) The Company shall ensure that Audit & Supervisory Board Members attend important meetings and committees which are established and held by the Board of Directors in a timely manner to ensure proper operations of the Company.

(iii) The President shall meet and consult with the Audit & Supervisory Board, as necessary, and exchange opinions regarding important management issues.

(iv) If a Audit & Supervisory Board Member requests that the Company pay expenses incurred in connection with executing his/her duties, the Company shall promptly reimburse such expenses unless the Company proves that such expenses are not necessary for the Audit & Supervisory Board Member to execute his/her duties.

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

The Company maintains a fundamental stance of not engaging with, allowing intervention from, or being influenced by anti-social forces or organizations. This principle is outlined in the Company's "Corporate Ethics Action Guidelines".

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

[Overview of the Timely Disclosure System]

The Company upholds “being a company that is trusted by society” as its principle. Based on this principle, the Company strives for timely and appropriate information disclosure and sincere, transparent communication. Below is an overview of the Company’s internal system for timely disclosure:

1. Collection of Company Information

Important company information from the Company and subsidiaries is reported to either its Accounting Department or General Affairs Department by each department of the Company and subsidiaries.

2. Determination of Timely Disclosure

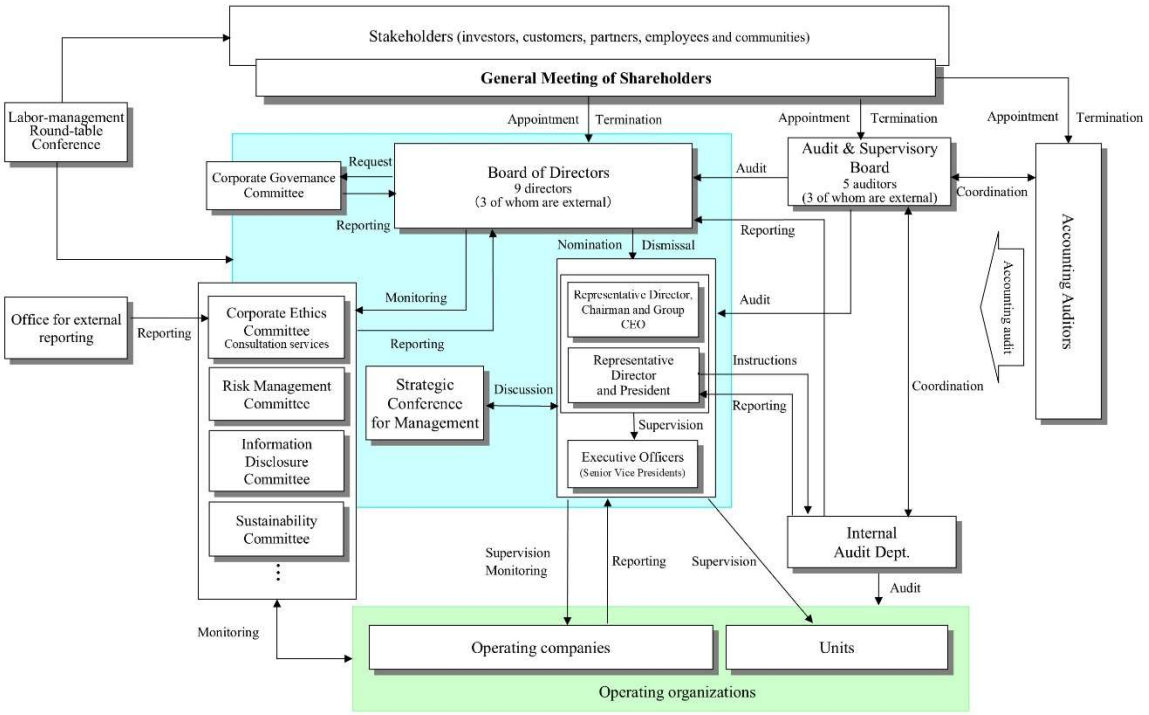
The Company information collected through the above method is assessed by the Accounting Department and General Affairs Department to determine the necessity of timely disclosure based on the Securities Listing Regulations set by the Tokyo Stock Exchange and related laws. For information that requires timely disclosure, the relevant department drafts the disclosure content.

3. External Timely Disclosure

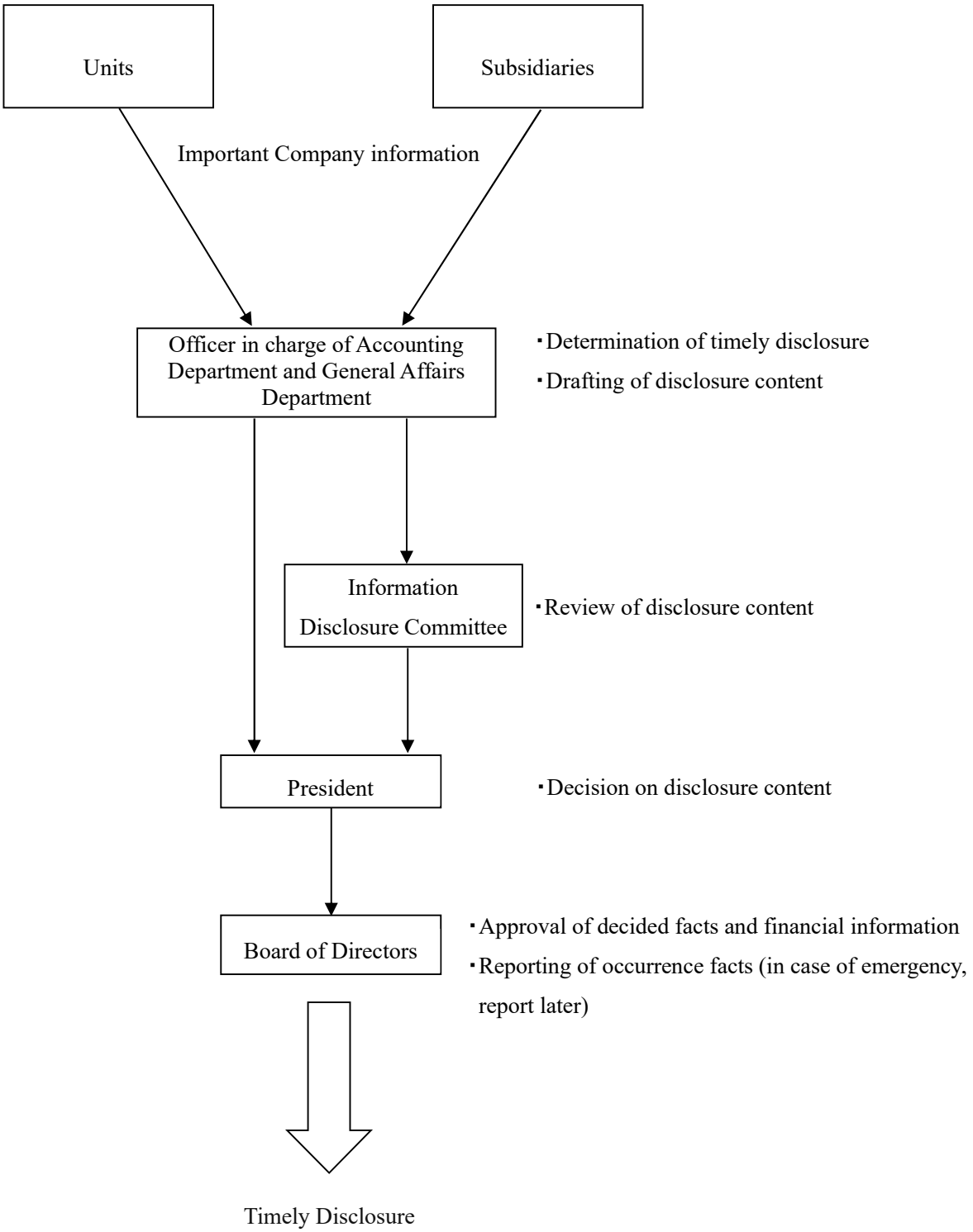
The disclosure content drafted by the Accounting Department and General Affairs Department is confirmed by the President. Decisions and financial information are resolved by the Board of Directors, and occurrence facts are reported to the Board of Directors (in urgent cases, reported later). The information is then disclosed. The disclosed information, after going through these internal procedures, is promptly disclosed to the Tokyo Stock Exchange and posted on the Company website without delay to ensure thorough information disclosure.

4. Information Management

Information related to decisions, financial information, and occurrence facts is managed internally in accordance with the Group Insider Trading Prevention Management Regulations to ensure thorough internal management.


Stakeholders (investors, customers, partners, employees and communities)
General Meeting of Shareholders
Labor-management Round-table Conference
Appointment
Termination
Appointment
Termination
Appointment
Termination
Corporate Governance Committee
Request
Board of Directors
9 directors
(3 of whom are external)
Audit
Audit & Supervisory Board
5 auditors
(3 of whom are external)
Coordination
Accounting Auditors
Accounting audit
Reporting
Reporting
Nomination
Dismissal
Office for external reporting
Reporting
Corporate Ethics Committee
Consultation services
Monitoring
Reporting
Representative Director, Chairman and Group CEO
Audit
Risk Management Committee
Strategic Conference for Management
Discussion
Representative Director and President
Instructions
Reporting
Coordination
Information Disclosure Committee
Supervision
Executive Officers
(Senior Vice Presidents)
Sustainability Committee
Internal Audit Dept.
Supervision
Monitoring
Reporting
Supervision
Audit
Monitoring
Operating companies
Units
Operating organizations

【Timely Disclosure System Diagram】



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