

**Last Update: March 29, 2024**

**Toyo Tanso Co, Ltd**

Naotaka Kondo,

Representative Director, Chairman & President, CEO

Contact: Planning Department, Corporate Planning Division

Securities code: 5310

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

The corporate governance of Toyo Tanso Co., Ltd. (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information**

### **1. Basic Views**

In order to respond to the trust placed in us by our stakeholders including shareholders, customers, employees and society, and to achieve sustainable growth and medium- to long-term corporate value, while following the fundamental philosophy and management policies below as our basic principle, the Company and the TOYO TANSO GROUP have built a structure of corporate governance aiming to make transparent, fair, quick and decisive decisions while keep maintaining a balance between management supervision and the execution of duties.

[Fundamental philosophy]

The Company and the TOYO TANSO GROUP aim to contribute to society through our business activities, based on the fundamental philosophy that “The TOYO TANSO GROUP contributes to the world through the pursuit of the possibilities inherent in carbon(C).”

[Management policies]

1. With raising the level of customer satisfaction constituting the predominant theme of management, we shall aim to provide optimal levels of quality, delivery times, costs, and services and engage in corporate activities accordingly.
2. Through carbon technologies, it is our goal to be a constantly growing, future-oriented corporate group highly trusted by shareholders and the general public.
3. We are committed to building a rewarding workplace that respects the independence and creativity of employees, encourages employees to have goals, and permits fair evaluations.
4. Based on compliance with laws and social norms, we shall observe public order as well as contribute to society through conscientious and fair corporate activities.
5. We shall aim to coexist in a state of consonance with people, carbon technologies, and the natural environment and engage in corporate activities that will contribute to the conservation of the global environment.

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

[Supplementary Principle 4-1(3): Succession Planning for the CEO and Other Top Executives]

The Board of Directors of the Company determines successors for the CEO and other top executives, after receiving suggestions for appointment approved by the Nomination/Remuneration Committee based on sufficient deliberation in light of the appointment criteria of the Company, and the Company is currently in the process of developing systems for succession planning and its supervision.

Furthermore, the Company has identified “areas of expertise and experience for Directors and Audit & Supervisory Board Members” as skills necessary for managers, and develops skills of management candidates, by providing support such as training opportunities focused on classroom learning and placement assistance, and nurtures and coaches management candidates as appropriate.

## Disclosure Based on the Principles of the Corporate Governance Code [Updated]

(New)

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

The Company recognizes improving profitability to be one of the most important management issues and has set a management target of “ROE of 12%,” which is a level that exceeds the cost of capital, in the Medium-Term Management Plan (2024–2028), ensuring that the Board of Directors has a good understanding of the Company’s cost of capital.

While ROE in FY2023 was 9.3%, in the Medium-Term Management Plan, the Company plans to carry out aggressive shareholder returns with a dividend payout ratio of 30% or more and make proactive strategic investments for business expansion using cash generated through high profitability and financial leverage including borrowings. With these measures, the Company seeks to achieve further business expansion and profit growth, and improve capital efficiency.

[Updated]

[Principle 1-4: Cross-Shareholdings]

Taking into consideration changes in the environment surrounding the Corporate Governance Code and the fact that the risk of fluctuations in share prices may significantly impact the Company’s financial position, the TOYO TANSO GROUP holds, as cross-shareholdings, shares that are deemed to contribute to enhancing the corporate value of the TOYO TANSO GROUP through the maintenance and strengthening of business relationships with issuers and trouble-free transactions, from a medium- to long-term perspective. When the Company assesses that there is little meaning in holding shares, it will take actions to reduce its holdings, such as selling all or part of the shares, after considering the impact on the market and other factors.

In accordance with this policy, every year, the Board of Directors comprehensively verifies the purpose of holding, the benefits of holding (dividends received and gains from business transactions), the risks, the cost of capital, etc., for individual cross-shareholdings. As a result of this verification, all shares held as of December 31, 2023, fulfill the holding criteria. If, however, any holdings do not satisfy these criteria, the Board of Directors will examine the future impact of continuing to hold the cross-shareholdings on its financial targets, customer base, etc., through dialogue with the issuer, and it will thereby verify the appropriateness of the cross-shareholdings, and will reconfirm and consider whether to continue holding them.

When exercising voting rights for individual cross-shareholdings, the Company makes an assessment for each proposal, after comprehensively considering factors such as whether it can be expected to enhance the corporate value of the investee over the medium to long term, and whether there is any possibility that it will harm shareholder value.

[Principle 1-7: Related Party Transactions]

The Board of Directors must approve any competing transactions or transactions with conflicts of interest, as set forth in laws and regulations, between the Company and officers, and when such transactions are conducted, the content thereof must be reported within a certain time period. In addition, the Company makes reasonable choices concerning transactions with major shareholders, etc., after considering factors such as the necessity and cost-effectiveness of the transaction, and approval of the Board of Directors is also obtained for transactions that meet certain criteria set forth in the Board of Directors Regulations and very important transactions.

[Supplementary Principle 2-3 (1): Response to Sustainability Issues]

The Board of Directors recognizes factors such as consideration for climate change and other global environmental issues, respect for human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters as management issues related to sustainability, and the Sustainability Promotion Department, Risk & Compliance Committee, and responsible departments promote initiatives under the control of the Sustainability Committee.

[Updated]

[Supplementary Principle 2-4 (1): Policy on ensuring diversity in recruitment of core personnel, etc.]

The prohibition of discrimination is a basic principle of the Company, including discrimination on the basis of gender and nationality, as well as religion, age, disability, and other differences between people, and the Company aims to foster a corporate culture where employees with differing values and ideas respect each other, and where there is an abundance of trust and co-creation, enabling employees to feel fulfilled in their work.

The Company is also committed to professional human resource development based on the following basic views, in order to grow along with employees, as a trustworthy company that creates social value.

<Basic Views on Human Resource Development>

The TOYO TANSO GROUP based on the recognition that human resources are our most important asset and that human growth is the driving force of our company's development, we nurture human resources capable of working across national borders by offering opportunities to grow global perspective through working overseas and providing training to improve communication skills and to strengthen global teamwork, in accordance with company policies deeply linked to our fundamental philosophy.

We emphasize the development of employee capabilities in order to ensure a strong organizational foundation. We continuously provide educational and upskilling opportunities in order to develop human resources that can flexibly respond to a rapidly changing business environment with zero-based thinking, support the development of leadership and problem-solving capabilities, and create an environment that encourages autonomous career development.

Furthermore, we value innovation, and aim to develop strongly competitive human resources by encouraging new ideas and creativity.

Finally, we foster employees' awareness of ethics and social responsibilities in order to develop human resources with a high level of sensitivity to their contribution to society. We value sustainability, and promote initiatives to tackle social issues such

as the environment.

As our plan to appoint core personnel for April 2021 to March 2024, we have set targets of achieving a ratio of women in managerial positions (non-consolidated basis) of 7% or more, and an average ratio of women among new hires (non-consolidated basis) of 20% or more. Achievements in FY2022 were an 8.3% representation of women in managerial positions (non-consolidated basis) and 15.4% women among new hires (non-consolidated basis).

Furthermore, the Company has developed a workforce plan linked to the business strategy, in the Medium-term Management Plan, and is hiring personnel (graduate and mid-career workers) in accordance with the said plan. We ensure diversity by hiring talented people regardless of nationality, and build the foundation of our corporate policy of “becoming a global business.” Evaluation and assignment of employees is based on the same assessment criteria for all employees, without setting targets for assignment of foreign nationals or mid-career hires, etc., so we do not discriminate based on nationality or whether the employee is a recent graduate or mid-career hire.

[Principle 2-6: Function as a Corporate Pension Asset Owner]

The Company entrusts its corporate pension fund to an asset management institution that has expressed its acceptance of the Stewardship Code, and has appointed an employee within the Human Resources Department, which is the department responsible for corporate pension, as the person in charge of corporate pension. This person receives regular reports from the asset management institution concerning management systems, the level of achievement of management targets, composition of assets, and other information, the details of which are also reported to the Board of Directors. Based on the content of those reports, he or she works with an appropriately qualified employee from the Finance and Accounting Department to discuss the appropriateness of the management of the corporate pension by the managing institution, including stewardship activities, makes revisions to the composition of assets, etc., as necessary, and performs monitoring to ensure that any potential conflicts of interest between beneficiaries and the Company are appropriately managed, etc.

[Principle 3-1-i: Full Disclosure: Company Objectives (Fundamental Philosophy, etc.), Business Strategies, and Business Plans]

- Fundamental philosophy: This information is provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information 1. Basic Views” in this report as well as the Company’s website.

<https://www.toyotanso.com/sustainability/governance/corporate-governance.html>

- Business strategies and business plans: This information is provided in disclosure materials, financial results presentation materials, and other documents. Each type of document is provided on the Company’s website.

Medium-term management plan: <https://www.toyotanso.com/IR/plan.html>

Financial results presentation materials: <https://www.toyotanso.com/IR/presentation.html>

[Principle 3-1-ii: Full Disclosure: Basic Views and Guidelines on Corporate Governance]

This information is provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information 1. Basic Views” in this report.

[Principle 3-1-iii: Full Disclosure: Policies and Procedures for Determining the Remuneration of Senior Management and Directors]

This information is provided in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in this report.

[Principle 3-1-iv: Full Disclosure: Policies and Procedures for the Appointment/Dismissal of Senior Management and the Nomination of Director and Audit & Supervisory Board Member Candidates]

When nominating Director and Audit & Supervisory Board Member candidates and appointing/dismissing Executive Officers, the Board of Directors nominates persons that possess the abundant experience, excellent skills and insight, and advanced expertise suitable for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company, in order to uphold the corporate philosophy of the Company, achieve sustainable growth, and enhance medium- to long-term value, with the prerequisite that these persons satisfy the Company’s criteria for appointment.

In addition, when selecting Director and Executive Officer candidates, the Company’s basic policy is to make appointments regardless of age, gender, nationality, and whether they are from inside or outside the Company. Furthermore, with regard to Outside Directors, the Company also enhances the transparency and fairness of management and ensures the transparency of processes related to the personnel serving as Directors, Audit & Supervisory Board Members, and Executive Officers by ensuring that the Nomination / Remuneration Committee provides recommendations to the Board of Directors concerning persons with these qualities, together with the reasons thereof, with the prerequisite that they satisfy the conditions stipulated in the Companies Act and the conditions for Independent Directors and Independent Audit & Supervisory Board Members set forth by the Tokyo Stock Exchange, as well as the Company’s independence standards.

Furthermore, the consent of the Audit and Supervisory Board is obtained for the nomination of Audit & Supervisory Board Member candidates.

The Board of Directors makes decisions concerning the dismissal of Directors or Executive Officers, after receiving suggestions for dismissal approved by the Nomination / Remuneration Committee based on sufficient deliberation in light of the dismissal criteria of the Company, pursuant to a consultation by the Board of Directors.

[Principle 3-1-v: Explanations with Respect to Individual Appointments and Nominations when Nominating Director and Audit & Supervisory Board Member Candidates]

This information is provided in the reference documents attached to convocation notices for the General Shareholders Meeting.

Convocation notices for the General Shareholders Meeting are posted on the Company’s website.

<https://www.toyotanso.com/IR/meeting.html>

[Updated]

[Supplementary Principle 3-1 (3): Disclosure of Initiatives on Sustainability]

<Initiatives on Sustainability>

The Company established the Sustainability Committee as an important management body and the Sustainability Promotion Department as a dedicated department, through which it pursues sustainability management to implement strategic initiatives aimed at solving environmental and social issues, including formulation of measures and plans, identification of materiality in relation to ESG (Environment, Society, and Governance), and establishment of indicators for setting targets. Please refer to the Company’s

website for information about our sustainability initiatives.

<https://www.toyotanso.com/sustainability/>

In addition, we indicated our support for the TCFD recommendations, and we are gradually disclosing information based on the disclosure framework recommended by the TCFD, including analyzing and collecting information related to the impact of climate change-related risks and earning opportunities on our business activities and profits. More details can be found on the Company's website.

<https://www.toyotanso.com/sustainability/environment/tcf.html>

Furthermore, we are currently considering measures to address risks and business opportunities, as well as necessary indicators and targets.

#### <Investment in Human Capital>

Investment in human capital is conducted based on our basic views on human resources development (refer to I Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information, Disclosure Based on the Principles of the Corporate Governance Code [Supplementary Principle 2-4 (1): Policy on ensuring diversity in recruitment of core human resources, etc.]).

As an example of this, we are conducting language education at the expense of the Company (total cost amounts to 6.5 million yen (for the period from November 2022 to October 2023)), etc.

#### <Investment in Intellectual Property>

The TOYO TANSO GROUP has developed and is implementing an intellectual property strategy based on the fundamental policies of 1. supporting business development through intellectual property-related activities, 2. appropriate protection of results of activities, including intellectual property and know-how in products, technologies, and services, 3. respecting the intellectual property rights of others, and 4. legitimate exercise of rights. Our IP strategy in line with these fundamental policies is being implemented through the following systems and measures, etc.

- We employ R&D management through a stage gate method to respect the rights of others and avoid infringement, and we implement systems to avoid infringing the rights of others, such as by the Intellectual Property Department participating in R&D from the initial stages, and checking the status at each step through to commercialization and marketing. These systems realize appropriate collaboration with other companies and outside research institutions, such as cross-licensing and joint research, and lead to results that would not be possible through our own technology and know-how alone.

- Building barriers to entry by others through intellectual property

The TOYO TANSO Head Office and major domestic and overseas affiliates strategically differentiate patent applications and rights and confidential know-how, and build barriers to entry by others.

- IP landscape initiatives

In order to develop our IP strategy, we are developing human resources (IP analysts, etc.) who can execute IP landscapes, and provision of investigation tools. We intend to use them for analysis of business conditions, analysis of new and supplementary themes, and searching for new applications for the Company's patents.

- Increased motivation for invention through the employee invention incentive scheme

Patents that have contributed to business are evaluated each year based on the Employee Invention Regulations, and a share of profit

is provided to the inventor.

FY2023 R&D expenses amounted to 1,043 million yen.

[Supplementary Principle 4-1 (1): Overview of Scope of Delegation to Management]

The Board of Directors makes decisions concerning important matters set forth in laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations. In addition, to ensure prompt decision-making and clarify responsibilities, the Company has introduced an Executive Officer system. The day-to-day execution of business operations is delegated to Executive Officers, and important management matters are deliberated and matters to be reported to the Board of Directors are discussed by the Management Meeting, which consists of Directors and Executive Officers. In this way, the Company ensures the validity of judgments when making decisions concerning important matters. Each Executive Officer is appointed by the Board of Directors to lead the internal organizations they oversee, execute business operations, and take responsibility for the development and promotion of business operations in accordance with management policies, management plans, etc.

[Supplementary Principle 4-2 (2): Basic Policy on Sustainability Initiatives]

The Company's basic policy on sustainability is as follows.

At the TOYO TANSO GROUP, all employees shall carry out their duties with independence and a sense of responsibility based on the governance policy established by the Board of Directors. They shall strive to provide the value that is expected by all stakeholders (customers, suppliers, local communities, shareholders and investors, and employees). So that we can be a company that continually contributes to improving sustainability (sustainable societal growth and preservation of the global environment), our policy is to achieve continual advancements through our business activities while increasing the sustainability of corporate growth.

Based on this policy, we will conduct all business activities throughout our value chain with a basic approach that is strongly focused on contributing to society while achieving continued growth. This includes technological innovations and creation of value for society and customers through our products, as well as consideration for the global environment, ensuring safety and health, compliance and risk management, fair business practices, respect for human rights and diversity, and harmony with society through social contribution activities.

[Updated]

[Principle 4-8: Effective Use of Independent Directors]

The Company has appointed three Independent Directors, meaning that Independent Directors make up 60% of the total number of Directors (five). As a result, a structure has been created for the Board of Directors of the Company that ensures objectivity and independence.

[Principle 4-9: Independence Standards and Qualification for Independent Directors]

When appointing Independent Directors, the Company selects candidates in accordance with our own criteria, in addition to the criteria set forth by the Companies Act and the Tokyo Stock Exchange.

[Supplementary Principle 4-10 (1): Policy, Mandates, Roles, etc., Related to the Independence of the Composition of the Nomination / Remuneration Committee]

The Company has established a Nomination / Remuneration committee, and ensures the independence of the committee by appointing Outside Directors as a majority of members. For information regarding the role, etc., of the Nomination / Remuneration committee, please refer to II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System).

[Principle 4-11: Preconditions for the Board of Directors and Audit and Supervisory Board Effectiveness]

When selecting Director candidates, the Company's basic policy is to make appointments regardless of age, gender, nationality, and whether they are from inside or outside the Company. As such, the Company ensures the effectiveness of the Board of Directors as a whole through a composition that has a good balance of knowledge, experience, and skills.

[Supplementary Principle 4-11 (1): Views on the Balance of Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Size]

The Board of Directors of the Company consists of Directors with a wide range of experience and knowledge, including persons with experience in corporate management, persons with knowledge of carbon materials and the industry, and persons with knowledge in specialized areas, such as finance and accounting and risk management. In particular, for Outside Directors, the Company selects persons with superior knowledge and abundant experience in any of the following areas, based on the duties they are expected to fulfill: (1) global corporate management, (2) risk management, compliance with laws and regulations and other aspects of internal controls, and corporate ethics, (3) finance, accounting, and taxation, and (4) knowledge of development, technology, production, sales, etc.

For a skill matrix of the areas of expertise and experience of Directors and Audit & Supervisory Board Members, please refer to V. Other 2. Other Matters Concerning the Corporate Governance System.

[Supplementary Principle 4-11 (2): Concurrent Positions of Directors and Audit & Supervisory Board Members as Officers at Other Listed Companies]

Concurrent positions held by Directors and Audit & Supervisory Board Members as officers at other listed companies are disclosed every year in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this report, Reference Documents for the General Shareholders Meeting, and annual securities reports.

At present, one Outside Directors serve concurrently as officers at other listed companies, but the Company has judged that it is within a reasonable scope. No other Directors or Audit & Supervisory Board Members serve concurrently as officers at other listed companies, etc.

[Updated]

[Supplementary Principle 4-11 (3): Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company distributes questionnaires to all Directors and Audit & Supervisory Board Members. The questions mainly evaluate: 1. the responsibilities and role of the Board of Directors, 2. the size, composition, and structure of the Board of Directors, 3. the operation of the Board of Directors, and 4. relationships with stakeholders. Based on the answers to these questionnaires, the Board



of Directors evaluates and analyzes the effectiveness of the Board of Directors as a whole every year. In terms of results for fiscal 2023, the evaluation showed that the Board of Directors of the Company is fulfilling its roles and responsibilities in accordance with the principles of the Corporate Governance Code, and that the effectiveness of the Board of Directors has generally been ensured. On the other hand, however, the Company is aware that it should further enhance and develop its efforts in three areas: (1) deliberation concerning the direction of corporate strategy, the Medium-term Management Plan, etc., at meetings of the Board of Directors, (2) the formulation of succession plans, and (3) progress of initiatives and improvement of issues identified in last fiscal year's evaluation of the effectiveness of the Board of Directors. Accordingly, the Company is focusing on improvements in these areas.

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

The Company offers, arranges, and bears all expenses for training opportunities for Directors, Audit & Supervisory Board Members, and Executive Officers aimed at ensuring that they acquire the necessary knowledge in relation to the Company's businesses, finances, organization, etc., at the time of their appointment, providing opportunities to develop a sufficient understanding of the roles and responsibilities required of them, and continuously renewing this learning during their time in office. Examples of specific initiatives include a plan to conduct regular training for management candidates, etc., as necessary, in addition to Directors, Audit & Supervisory Board Members, and Executive Officers.

(Updated)

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

In order to engage in constructive dialogue with shareholders and investors, the Company has established a department responsible for IR, which consults with Representative Directors, responsible Directors, etc., on policies and ways to respond, and endeavors to engage in proactive activities. As part of these activities, in addition to financial results briefings, the Company systematically holds interviews with shareholders and investors, briefings, etc., and relays opinions and questions received to the Board of Directors, etc., on a regular basis.

These activities consist of financial results briefings mainly for analysts and institutional investors (for full-year and first-half results), participation in small meetings and conferences hosted by securities companies, face-to-face and online individual meetings (investor relations (IR) and shareholder relations (SR)), as well as visits to overseas institutional investors, business briefings and other events that are organized as appropriate.

Please refer to our website for our Disclosure Policy. <https://www.toyotanso.com/IR/Policy.html>

[Status of dialogue with shareholders and investors, and related information (FY2023)]

Company attendees

- Representative Director, Chairman, President & CEO, and person in charge of IR

Implementation status \*number of companies is the aggregate number

- Financial results briefings: 2 times (full-year results, half-year results)
- Small meetings hosted by securities companies: 11 times
- Individual meetings (IR)

Analysts of securities companies: 38 companies, investors: 183 companies (of which 137 domestic investors, 46 foreign investors)

- Individual meetings (SR): 12 companies

Main dialogue themes and investor interests

- Overview of financial results, forecast for the next fiscal year, medium-term management plan, business summary, ESG/sustainability initiatives, etc.

(Updated)

[Principle 5-2: Establishing and Disclosing Business Strategies and Business Plans]

[Supplementary Principle 5-2-1: Announcing Business Portfolios]

In the five-year Medium-term Management Plan covering 2024 to 2028, announced in February 2024, the Company presented earnings targets and targets related to profitability and capital efficiency (net sales, operating income, and ROE), and also provided explanations concerning the business portfolio, allocation of management resources, and other factors. The Company will revise this content as necessary, in accordance with future changes in this plan, etc.

For information about the Medium-term Management Plan, please refer to the Company's website.

<https://www.toyotanso.com/IR/plan.html>

## 2. Capital Structure

Foreign Shareholding Ratio [Updated]	10% or more and less than 20%
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### Status of Major Shareholders [Updated]

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,468,500	11.77
Custody Bank of Japan, Ltd. (Trust Account)	2,261,800	10.78
Tomoko Kondo	1,560,704	7.44
Naotaka Kondo	1,218,076	5.81
Kondo Holdings Co., Ltd.	1,165,000	5.55
Kondo Zaidan	834,000	3.98
NT Corporation, Ltd.	626,000	2.98
Takako Kondo	620,060	2.96
Junko Morita	600,044	2.86
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	546,500	2.61

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-----
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Name of Parent Company, if applicable	None
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### Supplementary Explanation [Updated]

1. "The status of major shareholders" is as of December 31 2023, and the shareholding ratio is calculated after deducting treasury shares (20,167 shares).

2. Although the shares below were stated as being held as of May 31, 2023, in a Statement of Changes submitted for public viewing on June 2, 2023, the Company has not been unable to confirm the actual number of shares held by Ichiyoshi Asset Management Co., Ltd. as of December 31, 2023, and therefore this company is not included in the above Status of Major Shareholders.

Name	Number of Share Certificates, etc., Held	Holding Ratio of Share Certificates, etc. (%)
Ichiyoshi Asset Management Co., Ltd.	669,700	3.19

3. Although the shares below were stated as being held as of November 30, 2023, in a Statement of Changes submitted for public viewing on December 4, 2023, the Company has not been unable to confirm the actual number of shares held by SPARX Asset Management Co., Ltd. as of December 31, 2023, and therefore this company is not included in the above Status of Major Shareholders.

Name	Number of Share Certificates, etc., Held	Holding Ratio of Share Certificates, etc. (%)
SPARX Asset Management Co., Ltd.	1,092,400	5.20

4. Although the shares below were stated as being jointly held as of November 30, 2023, in a Statement of Changes submitted for public viewing on December 7, 2023, the Company has not been unable to confirm the actual number of shares held by Mizuho Bank, Ltd., Mizuho Securities Co., Ltd., and Asset Management One Co., Ltd. as of December 31, 2023, and therefore these companies are not included in the above Status of Major Shareholders.

Name	Number of Share Certificates, etc., Held	Holding Ratio of Share Certificates, etc. (%)
Mizuho Bank, Ltd.	360,000	1.71
Mizuho Securities Co., Ltd.	3,491	0.02
Asset Management One Co., Ltd.	935,800	4.46

5. Although the shares below were stated as being jointly held as of December 29, 2023, in a Statement of Changes submitted for public viewing on January 9, 2024, the Company has not been unable to confirm the actual number of shares held by Nomura Securities Co., Ltd., NOMURA INTERNATIONAL PLC, and Nomura Asset Management Co., Ltd. as of December 31, 2023, and therefore these companies are not included in the above Status of Major Shareholders.

Name	Number of Share Certificates, etc., Held	Holding Ratio of Share Certificates, etc. (%)
Nomura Securities Co., Ltd.	167,214	0.80
NOMURA INTERNATIONAL PLC	48,581	0.23
Nomura Asset Management Co., Ltd.	1,226,800	5.84

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	December
Business Sector	Glass & Ceramics Products
Number of Employees (Consolidated) as of the End of the	1,000 or more

Previous Fiscal Year	
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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

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

### 1. Organizational Composition and Operation

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

### Directors

Number of Directors Stipulated in Articles of Incorporation	8
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors [Updated]	5
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
Shusuke Matsuo	From another company									△		
Keiko Kosaka	Lawyer											
Makio Naito	Scholar									△		

\*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 of the Company or a subsidiary

b. Person who executes business or a non-executive director of a parent company

- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member remuneration from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of 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 self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Shusuke Matsuo	○	<p>(Important concurrent position) None</p> <p>Shusuke Matsuo served at KUREHA CORPORATION, the group company of a client of the Company, but he retired from KUREHA CORPORATION in June 2017. Moreover, in the 82nd fiscal year of the Company (from January 1, 2023, to December 31, 2023), the amount of transactions between the Company and the client was about ¥58,000,000, which is less than 1% of the Company's or the client's net sales, and there was no transaction between the Company and KUREHA CORPORATION. Therefore, it is considered that there is no risk of conflict of interest between Shusuke Matsuo and general shareholders.</p>	<p>The Company has appointed Shusuke Matsuo as Outside Director judging that he can be expected to appropriately fulfill the role of overseeing execution of business and contribute to the discussion and examination of overall management strategy, given his work experience serving on the management at chemical manufacturers, experience as a manager at overseas subsidiaries of a general trading company, extensive experience and knowledge concerning management from a global perspective, and experience as an Outside Director of the Company. In addition, he does not have any special interest relationships with the Company, and therefore the Company has judged that his position is neutral, and he is appropriately qualified as an Independent Director.</p>
Keiko Kosaka	○	<p>(Important concurrent position) • Partner, Irokawa Legal Professional Corporation Outside Director (Audit and Supervisory Committee Member), Nihon Yamamura Glass Co., Ltd.) Outside Audit &amp; Supervisory Board Member, Asia &amp; Pacific Trade Center Co., Ltd. Outside Director (Audit Committee Member), FALCO HOLDINGS Co., Ltd.</p> <p>There are no transactional or other relationships between the office/companies and the</p>	<p>The Company has appointed Keiko Kosaka as Outside Director because she has knowledge and experience with corporate law cultivated over many years as a lawyer in that area. Furthermore, based on her experience of contributing to auditing at the Company as an Outside Audit &amp; Supervisory Board Member since March 2018 and her experience as an outside director and outside Audit &amp; Supervisory Board Member at other companies, the Company has judged that she can be expected to appropriately fulfill the role of overseeing the execution of business and contribute to the strengthening of the Company's corporate governance. In addition, she does not have any special interest relationships with the Company, and therefore the Company has judged that her position is neutral, and</p>

		Company.	she is appropriately qualified as an Independent Director.
Makio Naito	○	(Important concurrent position) None  Makio Naito served at HOSOKAWA MICRON CORPORATION, a client of the Company, from which he retired in December 2014. In the 82nd fiscal year of the Company (from January 1, 2023, to December 31, 2023), the amount of transactions between the Company and the client was about ¥25,000,000, which is less than 1% of the Company's or the client's net sales. Therefore, it is considered that there is no risk of conflict of interest between Makio Naito and general shareholders.	The Company has appointed Makio Naito as Outside Director, as it has judged that he can be expected to offer useful advice for the development of the Company's business, because, in addition to his experience serving in research and management positions at industrial machinery manufacturers, he also has a wealth of academic experience as a specialist, with many years of engagement in research relating to powder engineering at OSAKA UNIVERSITY, where he served as a professor. He is expected to appropriately fulfill the role of overseeing the execution of business from an objective standpoint regarding the Company's overall management, and contribute to the discussion and review of overall management. In addition, he does not have any special interest relationships with the Company, and therefore the Company has judged that his position is neutral, and he is appropriately qualified as an Independent Director.

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 Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination / Remuneration committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination / Remuneration committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

An overview of the Nomination / Remuneration Committee is provided in 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System). Furthermore, this committee performs the functions of both a nomination committee and a remuneration committee.

### Audit & Supervisory Board Member\*

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

Establishment of Audit and Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	3

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

Through attendance at meetings of the Board of Directors and other such meetings, Outside Audit & Supervisory Board Members receive reports from the Internal Audit Department concerning the results of audits of the previous fiscal year, audit plans for the current fiscal year, and audit progress. Outside Audit & Supervisory Board Members also endeavor to enhance functions related to the monitoring of management through collaboration with Accounting Auditors, including regularly exchanging views.

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

#### Outside Audit & 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
Kazuhiro Imai	Tax Accountant													
Junko Uemura	Lawyer													

\*Categories for "Relationship with the Company".

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

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit & Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member remuneration from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

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

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment

Kazuhiro Imai	○	(Important concurrent position) Certified public tax accountant, Imai Certified Tax Accountant Office  There are no transactional or other relationships between the office and the Company.	The Company has appointed Kazuhiro Imai as Outside Audit & Supervisory Board Member because he has diverse knowledge and experience in finance and accounting as a certified public tax accountant. Moreover, it is considered that he will be able to execute duties as an Outside Audit & Supervisory Board Member appropriately. In addition, he does not have any special interest relationships with the Company, and therefore the Company has judged that his position is neutral, and he is appropriately qualified as an Independent Audit & Supervisory Board Member.
Junko Uemura	○	(Important concurrent position) Partner lawyer, Kansai Law & Patent Office  There are no transactional or other relationships between the office and the Company.	The Company has appointed Junko Uemura as Outside Audit & Supervisory Board Member because she has extensive knowledge and experience regarding law, with a focus on corporate law, gained as a lawyer. Moreover, it is considered that she will be able to execute duties as an Outside Audit & Supervisory Board Member appropriately. In addition, she does not have any special interest relationships with the Company, and therefore the Company has judged that her position is neutral, and she is appropriately qualified as an Independent Audit & Supervisory Board Member.

## Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

Number of Independent Directors and Independent Audit &  
Supervisory Board Members

5

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

All Outside Directors and Outside Audit & Supervisory Board Members who satisfy the qualifications required of Independent Directors and Independent Audit & Supervisory Board Members are designated as such.

## Incentives

Implementation Status of Measures related to Incentives  
Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

This information is provided in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in this report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items



## Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

[Updated]

No Disclosure for any Directors

Supplementary Explanation for Applicable Items [Updated]

Total amounts of remuneration, etc., for each classification of officers, the total amounts of each type of remuneration, etc., and the number of eligible officers

Officer Classification	Total Amount of Remuneration, etc.	Total Amount Per Type of Remuneration, etc.	Number of Eligible Officers
Directors (excluding Outside Directors)	131 million yen	Basic remuneration: 98 million yen Performance-linked remuneration: 32million yen	3
Outside Director	22 million yen	Basic remuneration: 22 million yen Performance-linked remuneration: —	4
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member)	16 million yen	Basic remuneration: 16 million yen Performance-linked remuneration: —	1
Outside Audit & Supervisory Board Member	11 million yen	Basic remuneration: 11 million yen Performance-linked remuneration: —	2

Note:

1. The number of officers and total amount of remuneration, etc. stated above include one Outside Director who retired due to expiration of his term of office at the conclusion of the Ordinary General Shareholders Meeting held on March 30, 2023.
2. Information regarding performance indicators for performance-linked remuneration, etc., is provided in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in this report. Furthermore, the results for the performance evaluation indicators “ROE” and “achievement rate of the operating income target” in the current fiscal year were 9.3% and 109.2%, respectively.
3. The amount of monetary remuneration for Directors was resolved to be 540 million yen or less per year at the 77th Ordinary General Shareholders Meeting held on March 28, 2019. The number of Directors at the conclusion of this General Shareholders Meeting was eight (including three Outside Directors).
4. The amount of monetary remuneration for Audit & Supervisory Board Members was resolved to be 36 million yen or less per year at the 77th Ordinary General Shareholders Meeting held on March 28, 2019. The number of Audit & Supervisory Board Members at the conclusion of this General Shareholders Meeting was three (including two Outside Audit & Supervisory Board Members).

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof [Updated]

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

At a meeting of the Board of Directors held on February 26, 2021, the Company passed a resolution concerning a policy on

determining the content of remuneration, etc., for individual Directors. At the meeting of the Board of Directors held on January 25, 2024, the Company resolved to add performance indicators for medium- to long-term incentive remuneration and establish new ESG indicators. When making this resolution, the Board of Directors had consulted the Nomination / Remuneration Committee about the content of the resolution in advance, and received a report from the committee.

In addition, with regard to individual Directors' remuneration, etc., for the fiscal year under review, the Board of Directors has confirmed the fact that the method for determining the content of remuneration, etc., and the fact that the content of remuneration, etc., that has been determined are consistent with this policy, and the fact that the report from the Nomination / Remuneration Committee has been respected. As such, the Company has judged that individual Directors' remuneration, etc., for the fiscal year under review is consistent with the policy for determining remuneration.

The content of the policy for determining the content of remuneration, etc., for individual Directors is as follows.

a. Basic Policy Regarding the Determination of Remuneration

The Company's basic policy is to maintain a remuneration system that functions sufficiently as a sound incentive to enhance corporate value in a sustainable manner and contribute to sustainable social development, both of which are linked to shareholder interests, while also taking into consideration the Medium-term Management Plan. Remuneration for Executive Directors is composed of monthly remuneration as basic remuneration, and short-term incentive remuneration and medium- to long-term incentive remuneration as performance-linked remuneration. The Company selects indicators for performance-linked remuneration with the aim of increasing their relationship to business performance in the relevant fiscal year, as well as medium- to long-term business performance. Remuneration for Non-executive Directors, who are responsible for supervisory functions, is composed only of monthly remuneration as basic remuneration, in view of their duties.

b. Policy Regarding Determination of the Amount of Remuneration, etc., for Individual Basic Remuneration (Monetary Remuneration) (Including Policy Related to Determination of the Timing and Conditions of Granting Remuneration, etc.)

Basic remuneration for Directors consists of fixed monthly remuneration, and is determined after comprehensive consideration of Directors' positions, responsibilities, and evaluation while in office, as well as remuneration levels at other companies, the business performance of the Company, and the level of employee salaries.

c. Policy Related to Determining Policy for Calculating the Content and Amount of Performance-linked Remuneration (Including Policy Related to Determination of the Timing and Conditions of Granting Remuneration, etc.)

For the amount of money paid at a certain time after the end of each fiscal year as short-term incentive remuneration, if the amount paid when performance targets are met is 100, it generally fluctuates within a range of around 0 to 150, in accordance with the level of achievement. Indicators for the evaluation of performance are "ROE," in order to share interests with shareholders, the "achievement rate of the operating income target," to show profitability, and the "individual evaluation of each officer," and the Company considers the revision of these indicators as appropriate based on the business environment, changes in the role of each officer, and other factors.

For the amount of money paid the year after the final fiscal year of the Medium-term Management Plan as medium- to long-term incentive remuneration, if the amount paid when performance targets are met is 100, it generally fluctuates within a range of around 0 to 150, in accordance with the level of achievement. The performance evaluation period lasts for the next three to five fiscal years,

and during the first fiscal year of the performance evaluation period, the Company establishes performance targets for the final fiscal year of the performance evaluation period. Indicators for performance evaluation consist of the following: performance indicators prioritized under the Medium-Term Management Plan, namely “operating profit,” “growth rate of the Company’s stock” (calculated by dividing the growth rate of the Company’s stock during the applicable period by TOPIX growth rate during the applicable period), “ROE,” and “net sales”; and ESG indicators, which are “CDP’s climate change scores” and “Global Engagement Survey.” Changes to these indicators are considered as appropriate in line with revisions to the TOYO TANSO GROUP’s management policies.

d. Policy for Determining the Proportion of the Amount of Monetary Remuneration and the Amount of Performance-linked Remuneration, etc. to the Amounts of Individual Remuneration, etc. for Directors

The Company sets remuneration proportions for Executive Directors at levels that will enable it to secure and retain excellent professional personnel in each area of management and appropriately increase employee ambition, taking into consideration remuneration proportions at listed companies and companies of the same size and industry, as well as the ability to pay, based on corporate earnings, financial position, and other factors. For the total amount of remuneration, the proportions of (1) “basic remuneration,” (2) “short-term incentive remuneration (STI) paid when target performance is achieved,” and (3) “medium- to long-term incentive remuneration (LTI) paid when target performance is achieved” are generally around 60%, 20%, and 20%, respectively, and remuneration is designed such that the more senior the position of the Director, the greater the proportion of variable remuneration.

Grade	Remuneration Ratio (Basic Remuneration : STI : LTI)
G0 Chairman / CEO grade	60.0%:20.0%:20.0%
G1 President grade	60.0%:20.0%:20.0%
G2 Director grade	63.0%:18.5%:18.5%
G3 Director grade	64.0%:18.0%:18.0%

e. Matters Related to the Determination of the Content of Individual Remuneration, etc., for Directors

The Board of Directors determines the amount of individual remuneration for Representative Directors after deliberation by the Nomination / Remuneration committee. In addition, the Board of Directors also determines individual remuneration for each Director after deliberation by the Nomination / Remuneration committee, following an evaluation of performance and other factors by Representative Directors, based on certain criteria.

f. Activities of the Board of Directors and the Nomination / Remuneration committee

In the current fiscal year, at a meeting held on March 22, 2023, the Nomination / Remuneration Committee deliberated the level of achievement of performance evaluation indicators and amount to be paid to each officer based on individual evaluations, for short-term incentive remuneration. Subsequently, at the meeting of the Board of Directors held on the same day, the Committee’s report was presented and a resolution was passed on the amount of short-term incentive remuneration for the fiscal year ended December 31, 2022.

Furthermore, at the meeting held on May 10, 2023, the Nomination / Remuneration Committee deliberated on medium- to long-term incentive remuneration, specifically on the remuneration amount based on level of achievement of performance evaluation indicators and on the remuneration amount for the period that concluded with the fiscal year ended December 31, 2022. Subsequently, at the

meeting of the Board of Directors held on May 24, 2023, the Committee's report was presented and a resolution was passed on the amount of medium- to long-term incentive remuneration.

g. Guidelines for the Ownership of Company Stock by Officers

From the standpoints of boosting the desire and morale to increase corporate value over the long term and aligning the interests of the management team and shareholders, to have the management team and shareholders further share the benefits of increases in the company stock price and the risks of decreases in the company stock price, we have established guidelines for the Company's Directors concerning the ownership of company stock, including provisions for the target stock ownership in accordance with the Directors' individual positions. Based on these guidelines, Directors work to purchase a fixed amount of company shares monthly through the Officers' Shareholding Association and continuously hold the acquired shares through the duration of their terms of office.

### Support System for Outside Directors and/or Outside Audit & Supervisory Board Members

The Secretarial Department takes responsibility for supporting Outside Directors and Outside Audit & Supervisory Board Members, and communicates all necessary matters, etc. This department provides support to ensure the trouble-free execution of duties by Outside Directors and Outside Audit & Supervisory Board Members, including distributing meeting agendas and other materials in advance for meetings of the Board of Directors and other important meetings attended by Outside Directors and Outside Audit & Supervisory Board Members.

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

The Board of Directors makes important management decisions and supervises the execution of duties, and at the same time, the Company also makes efforts to further strengthen audit and supervisory functions as a Company with Audit and Supervisory Board.

### Board of Directors

The Board of Directors consists of five Directors, including two Directors from within the Company (Naotaka Kondo and Tatsuro Hamada) and three Outside Directors (Shusuke Matsuo, Keiko Kosaka, and Makio Naito), and the Representative Director, Chairman & President, CEO, Naotaka Kondo, chairs meetings.

The Board of Directors holds regular monthly meetings and extraordinary meetings as necessary, and it makes decisions concerning the Company's management policies and other important matters. In addition, to ensure prompt decision-making and clarify responsibilities, the Company has introduced an Executive Officer system, and the day-to-day execution of business operations is delegated to Executive Officers. Each Executive Officer is appointed by the Board of Directors to lead the internal organizations they oversee, execute business operations, and take responsibility for the development and promotion of business operations in accordance with management policies. In addition to supervising the execution of duties by each Director, the Board of Directors also supervises the execution of business operations by Executive Officers.

In the current fiscal year, the Board of Directors deliberated and reported on such matters as convocation of and matters to be deliberated at general shareholders' meeting, matters related to general management and to settlement of accounts, finance and internal control, matters related to personnel such as officers and management team, matters related to the organization, matters

related to Group companies, and sustainability-related matters. The attendance of individual Directors and Audit & Supervisory Board Members are as follows.

Title	Name	Attendance
Chairman & President (Representative Director)	Naotaka Kondo	17 out of a total of 17 meetings
Director	Tatsuro Hamada	17 out of a total of 17 meetings
Director (Outside)	Shusuke Matsuo	17 out of a total of 17 meetings
Director (Outside)	Keiko Kosaka	17 out of a total of 17 meetings
Director (Outside)	Makio Naito	13 out of a total of 13 meetings <sup>(Note)</sup>
Full-time Audit & Supervisory Board Member	Toshimi Boki	17 out of a total of 17 meetings
Audit & Supervisory Board Member (Outside)	Kazuhiro Imai	17 out of a total of 17 meetings
Audit & Supervisory Board Member (Outside)	Junko Uemura	17 out of a total of 17 meetings

(Note) The number of meetings attended by Director Makio Naito indicates the number of the Board of Directors meetings held during the current fiscal year that he attended after assumption of office on March 30, 2023.

#### Audit and Supervisory Board

The Audit and Supervisory Board consists of three Audit & Supervisory Board Members, including one Audit & Supervisory Board Member from within the Company (Toshimi Boki) and two Outside Audit & Supervisory Board Members (Kazuhiro Imai and Junko Uemura), and Audit & Supervisory Board Member Toshimi Boki chairs meetings.

The Audit and Supervisory Board holds regular monthly meetings and extraordinary meetings as necessary, and it receives reports and shares information on the status of the execution of duties by each Audit & Supervisory Board Member, as part of efforts to ensure the effectiveness of audits. Furthermore, to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, the Company has appointed one substitute Audit & Supervisory Board Member.

#### Management Meeting

The Management Meeting consists of officers of the Company (Directors and Audit & Supervisory Board Members), Executive Officers of the Company, and related officers and employees, and the Representative Director, Chairman & President, CEO, Naotaka Kondo, chairs meetings.

In principle, the Management Meeting meets once a month, and works to ensure prompt decision-making and strengthen the execution of business operations, while also ensuring the validity of assessments in important decision-making, by deliberating important management matters and discussing matters to be reported to the Board of Directors.

#### Nomination / Remuneration Committee

The Nomination / Remuneration committee, which is a voluntary advisory body for the Board of Directors, consists of three Directors, including one Director from within the Company (Naotaka Kondo) and two Outside Directors (Shusuke Matsuo and Keiko Kosaka), and Outside Director Shusuke Matsuo chairs the committee.

The objective of the Nomination / Remuneration Committee is to make processes for deliberating personnel matters (appointment and dismissal) and remuneration for Directors, Executive Officers, and Audit & Supervisory Board Members more transparent, and

further strengthen corporate governance systems. As such, the committee deliberates personnel matters and matters related to remuneration, etc., concerning Directors, etc., and provides reports to the Board of Directors. We conduct deliberation and consideration as necessary with regard to the policy and role of the Nomination / Remuneration Committee, directors' nomination and dismissal criteria, etc.

At its meetings held during the current fiscal year, the Nomination / Remuneration Committee deliberated on such matters as those related to director candidates and directors' remuneration. The attendance of individual Directors are as follows.

Title	Name	Attendance
Chairman & President (Representative Director)	Naotaka Kondo	7 out of a total of 7 meetings
Director (Outside)	Shusuke Matsuo	7 out of a total of 7 meetings
Director (Outside)	Keiko Kosaka	7 out of a total of 7 meetings

#### Governance Committee

The Governance Committee, which is a voluntary advisory body for the Board of Directors, consists of three Directors, including one Director from within the Company (Naotaka Kondo) and two Outside Directors (Shusuke Matsuo and Makio Naito), and the Representative Director, Chairman & President, CEO, Naotaka Kondo, chairs the committee.

The objective of the Governance Committee is to increase the transparency and fairness of management and sustainably enhance the corporate governance of the TOYO TANSO GROUP, taking into consideration the standpoints of all stakeholders. As such, the committee deliberates important matters related to corporate governance, and provides reports and advice to the Board of Directors. At its meetings held during the current fiscal year, the Governance Committee deliberated such matters as those related to evaluation of the effectiveness of the Board of Directors, cost of capital, and corporate governance report. The attendance of individual Directors are as follows.

Title	Name	Attendance
Chairman & President (Representative Director)	Naotaka Kondo	3 out of a total of 3 meetings
Director (Outside)	Shusuke Matsuo	3 out of a total of 3 meetings
Director (Outside)	Makio Naito	1 out of a total of 1 meeting <sup>(Note)</sup>

(Note) The number of meetings attended by Director Makio Naito indicates the number of the Governance Committee meetings held during the current fiscal year that he attended after assumption of office on March 30, 2023.

#### Risk & Compliance Committee

The Risk & Compliance Committee consists of Directors and Executive Officers appointed by the Representative Director, and is chaired by Naotaka Kondo, Representative Director, Chairman & President, CEO.

The Risk & Compliance Committee, under the supervision of the Board of Directors, deliberates and decides policies on important issues related to risk and compliance, for the purpose of ensuring the Group's compliance with laws and regulations, the Articles of Incorporation, and corporate ethics, and establishing a firm risk management.

#### Sustainability Committee

The Sustainability Committee consists of the Committee and three promotion groups that are set up under the Committee to engage

in activities related to their respective areas of business activities, production activities, and people and organization (ESG Value Creating and Promoting Group, Sustainable Consumption and Production Group, and People and Organizational Vitalization Group). The Sustainability Committee is chaired by Naotaka Kondo, Representative Director, Chairman & President, CEO. The Committee chairperson appoints the head of each promotion group.

The Sustainability Committee establishes the Group’s sustainability promotion system, and deliberates and decides policies on important sustainability-related issues with the aim of promoting sustainable societal development and preservation of the global environment, as well as sustainable growth of the Group.

#### Internal Auditing Department

The Company has established an Internal Auditing Department, which reports directly to the President. The Internal Auditing Department conducts audits of the appropriateness of operations of the TOYO TANSO GROUP, the reliability of financial reporting, the effectiveness of management, the status of compliance, and other matters. In addition, the Internal Auditing Department also mutually cooperates with Audit & Supervisory Board Members and the Accounting Auditors as part of efforts to conduct effective audits, including exchanging information as necessary and taking steps to share information.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the current corporate governance system because the execution of business operations is separated from audits and supervision, and it enables us to ensure the transparency, reasonableness, and legality of management judgments, as well as the objectivity and neutrality of functions related to monitoring management, through the function of each of the Board of Directors, Management Meeting, Audit and Supervisory Board, Accounting Auditors, Internal Auditing Department, Nomination / Remuneration Committee, Governance Committee, Sustainability Committee, and Risk & Compliance Committee.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Sent prior to the date stipulated by law.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The financial year of the Company ends in December, so the day when the General Shareholders Meeting is held does not fall on peak days throughout the year.
Electronic Exercise of Voting Rights	The Company has adopted methods for the exercise of voting rights via the Internet, as well as cellular telephones and smartphones.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the platform for the electronic exercise of voting rights operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company provides English versions of convocation notices (summaries) to the Tokyo Stock Exchange and on the Company’s website.
Other	Convocation notices are provided on the Company’s website ahead of the date they are sent out.

## 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 has formulated a disclosure policy, which is provided on the Company's website. <a href="https://www.toyotanso.com/IR/Policy.html">https://www.toyotanso.com/IR/Policy.html</a>	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds briefings after the announcement of full-year financial results and financial results for the second quarter of the fiscal year.	Held
Online Disclosure of IR Information	The Company has established a dedicated IR page on its website, where it provides information concerning financial results, timely disclosure materials, and shareholder newsletters. In addition, the Company also provides annual securities reports and quarterly securities reports, convocation notices for General Shareholders Meetings and notices of resolutions, and other documents.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Planning Department of the Corporate Planning Division is in charge of IR.	

## 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established Standards of Conduct within the TOYO TANSO GROUP and a disclosure policy. In these rules, the Company stipulates the importance of relationships with all stakeholders of the Company, including shareholders and investors, as well as respect for their position.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Based on our fundamental philosophy that "the TOYO TANSO GROUP contributes to the world through the pursuit of the possibilities inherent in carbon(C)," the Company will contribute to sustainable development by maintaining sound relationships with all stakeholders, and tackling issues related to the environment and society. Please refer to the Company's website for information concerning the Company's sustainability initiatives. <a href="https://www.toyotanso.com/sustainability/">https://www.toyotanso.com/sustainability/</a>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company endeavors to fairly and promptly share accurate and easy-to-understand corporate information with all stakeholders of the Company, including shareholders and investors. When disclosing information, the Company complies with the Financial Instruments and Exchange Act and the rules set forth by securities exchanges, while also endeavoring to provide information on our website, as appropriate, as part of our endeavor to disclose



information more broadly and fairly. Furthermore, outside of matters required to be disclosed under laws and regulations, the Company will also promote the disclosure of non-financial information, etc., on our website.

## IV. Matters Concerning the Internal Control System

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

Based on our fundamental philosophy that “the TOYO TANSO GROUP contributes to the world through the pursuit of the possibilities inherent in carbon(C),” the TOYO TANSO GROUP (referring to the corporate group consisting of the Company and subsidiaries of the Company; hereinafter, the same applies) aims to be a constantly growing, future-oriented corporate group, highly trusted by shareholders and the general public. Accordingly, systems to ensure the appropriateness of the business operations of the Company are as follows.

1. Systems to Ensure that the Execution of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation
  - (1) In order to contribute to society through sincere and fair corporate activities, with the utmost priority on compliance with laws and regulations, the Articles of Incorporation, and corporate ethics, the TOYO TANSO GROUP has formulated management policies, the Standards of Conduct, and the Compliance Guidebook, which together form the core of efforts to create internal control systems for the TOYO TANSO GROUP as a whole.
  - (2) The Board of Directors makes decisions concerning important matters, including matters related to compliance with laws and regulations, the Articles of Incorporation, and corporate ethics, as well as management policies, etc., and also supervises the execution of duties by each Director.
  - (3) The Company has established a Governance Committee and a Nomination / Remuneration Committee as voluntary advisory bodies to the Board of Directors, through which it increases the transparency and fairness of management and ensures the transparency of processes related to decisions concerning personnel matters and remuneration for Directors, Audit & Supervisory Board Members, and Executive Officers.
  - (4) In order to establish systems for compliance with laws and regulations, the Articles of Incorporation, and corporate ethics, and establish a risk management system, the TOYO TANSO GROUP has established the Risk & Compliance Committee as an organization to oversee these matters. The committee deliberates important issues and resolves policies related to risk and compliance. Responsible departments also manage and respond to specific risks, and their efforts are overseen by the Risk & Compliance Committee.
  - (5) The TOYO TANSO GROUP will reject all relationships with antisocial forces or organizations that threaten public order and safety. Furthermore, if the TOYO TANSO GROUP is approached with any unreasonable demands, etc., it will respond firmly in collaboration with related institutions.
  - (6) In order to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, the TOYO TANSO GROUP conducts internal education, training, and other activities to spread awareness as appropriate.
  - (7) Audit & Supervisory Board Members and the Internal Auditing Department conduct audits of whether the execution of business operations by Directors and employees is efficient and appropriate, in line with laws and regulations, the Articles of Incorporation,

and the regulations of the Company.

(8) In order to quickly discover and rectify any misconduct, etc., the TOYO TANSO GROUP has established and operates an internal reporting system, with thorough measures to protect persons making reports, etc.

## 2. Systems Related to the Preservation and Management of Information Pertaining to the Execution of Duties by Directors

The Company has established and maintains internal regulations related to information pertaining to the execution of duties by Directors, with the objective of ensuring that this information is appropriately and reliably preserved, managed, and viewed.

## 3. Regulations and Other Systems Related to the Management of Risk of Losses to the TOYO TANSO GROUP

(1) Under the oversight of the Risk & Compliance Committee, the TOYO TANSO GROUP endeavors to prevent losses from occurring and increasing as a result of various types of disasters and other corporate risks expected to significantly impact employees, assets, operational continuity, etc.

(2) The TOYO TANSO GROUP will form a response headquarters and engage in prompt and appropriate crisis management for any disasters that occur or other corporate risks that materialize.

## 4. Systems to Ensure the Efficiency of the Execution of Duties by Directors of the TOYO TANSO GROUP

(1) The Board of Directors of the Company meets once a month, and also holds extraordinary meetings as necessary, and makes decisions concerning management policies and other important matters for the TOYO TANSO GROUP as a whole. To ensure the promptness of decision-making, the Board of Directors delegates the day-to-day execution of business operations to Executive Directors, and it supervises the execution of business operations by Directors and Executive Officers.

(2) At subsidiaries of the Company, the Board of Directors for each company meets regularly, including local site managers at the subsidiaries of the Company, and makes decisions concerning management policies and other important matters.

## 5. Systems to Ensure the Appropriateness of Business Operations in the TOYO TANSO GROUP

(1) As a system for ensuring the appropriateness of the business operations of the TOYO TANSO GROUP, the Company has formulated Affiliate Company Control Rules and associated internal regulations, thereby developing a system for managing the businesses of the TOYO TANSO GROUP.

(2) Internal audits of the TOYO TANSO GROUP are conducted in collaboration with related departments regularly and as needed, in accordance with the regulations of the Company.

## 6. Systems for Employees to Assist with the Duties of Audit & Supervisory Board Members and Matters Related to Independence of those Employees from Directors

The Company has established regulations related to employees to assist with the duties of Audit & Supervisory Board Members, under which assistants for Audit & Supervisory Board Members may be appointed from among employees of the Company, in order to assist with the duties of Audit & Supervisory Board Members. If assistants for Audit & Supervisory Board Members are appointed, the independence of these assistants from the Board of Directors will be secured by ensuring that Audit & Supervisory Board Members have the authority to issue orders to these assistants, as well as the right of consent in relation to personnel changes, personnel evaluations, disciplinary action, and other such matters.

7. Systems for Directors and Employees of the TOYO TANSO GROUP to Make Reports to Audit & Supervisory Board Members of the Company, Other Systems Related to Reports to Audit & Supervisory Board Members of the Company, and Systems to Ensure that Audits by Audit & Supervisory Board Members of the Company are Conducted Effectively

- (1) The Company has developed a system for Directors and employees of the TOYO TANSO GROUP to quickly make reports to Audit & Supervisory Board Members of the Company concerning matters set forth in laws and regulations, as well as significant violations of laws, regulations, and the Articles of Incorporation, matters that may significantly impact the management or business performance of the TOYO TANSO GROUP, the results of audits conducted by the Internal Auditing Department, and any matters reported via the internal reporting system that the Audit & Supervisory Board Members of the Company must receive a report on for the execution of their duties.
- (2) The above notwithstanding, Audit & Supervisory Board Members of the Company may request reports from Directors and employees of the TOYO TANSO GROUP at any time, as necessary, and any Directors or employees who are requested to provide a report must comply with the request.
- (3) Audit & Supervisory Board Members of the Company conduct efficient audits by collaborating closely with the Internal Auditing Department when conducting investigations into the business operations and assets of the TOYO TANSO GROUP and executing other audit duties.
- (4) The Directors and employees of the TOYO TANSO GROUP can make reports to Audit & Supervisory Board Members of the Company, in addition to the usual internal reporting hotline, in cases when Directors or Executive Officers are involved or suspected of being involved in illegal acts, etc.
- (5) The Company prohibits any unfavorable treatment toward Directors and employees of the TOYO TANSO GROUP who have made a report to an Audit & Supervisory Board Member of the Company for the reason of having made the report.
- (6) Audit & Supervisory Board Members of the Company determine budgets in advance as necessary for the execution of their duties. For expenses paid out for emergencies or extraordinary circumstances, however, Audit & Supervisory Board Members may demand subsequent repayment from the Company.

## **2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development** [Updated]

### **1. Basic Views on Measures for Eliminating Antisocial Forces**

The TOYO TANSO GROUP sets forth in the “Standards of Conduct” that we should act in accordance with laws and regulations, as well as corporate ethics. As such, the TOYO TANSO GROUP has declared that it will reject all relationships with antisocial forces, and will adopt a firm stance in its response to any such forces.

### **2. Status of Development Aimed at Elimination of Antisocial Forces**

With the General Affairs Department as the responsible department, the TOYO TANSO GROUP promotes activities to eliminate antisocial forces, under the supervision of the Risk & Compliance Committee, including establishing manuals for responding to unreasonable demands from antisocial forces, and taking steps to respond correctly and promptly in emergencies, while also conducting education and spreading awareness through compliance training and other means. In addition, the Company is also a member of the Osaka Corporate Defense Countermeasures Federation, through which we collect information related to antisocial forces, deepen our collaborative relationships with the police with jurisdiction in the area, attorneys, and others, and create systems

for cooperation in the event of emergencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

The Company does not plan to adopt any specific countermeasures at present, but will consider their introduction as necessary in future.

### 2. Other Matters Concerning the Corporate Governance System

#### 1. Other Matters Concerning the Corporate Governance System

We recognize that sound corporate management is our responsibility as a company and is an enduring theme of the utmost importance. As the TOYO TANSO GROUP looks to further enhance corporate governance, in addition to developing and strengthening the above systems and initiatives, we will also take steps to promote corporate governance that functions more effectively, based on our recognition of this as our first principle. In order to do so, the TOYO TANSO GROUP will strengthen systems for spreading awareness to ensure that each and every manager and employee maintains a high level of awareness at all times, and we will also take steps to further enhance corporate governance by listening earnestly to feedback from our shareholders and other stakeholders.

#### 2. Overview of Timely Disclosure

The Company's internal systems related to the timely disclosure of corporate information are as follows.

##### (1) Systems for Managing Internal Information, etc.

- a. The General Manager of the Planning Department of the Corporate Planning Division takes responsibility as the overall manager in charge of internal information, etc., as delegated by the President. In addition, the General Managers of each department are designated as managers of internal information.
- b. When executing their duties, employees are made thoroughly aware that they should report information they have learned to General Managers. In addition, General Managers who receive such reports will consider the information therein, and if they judge that it is internal information that must be managed, they will promptly report it to the General Manager of the Planning Department of the Corporate Planning Division and take all possible measures to prevent any leaks of the information either within or outside the Company.
- c. The General Manager of the Planning Department of the Corporate Planning Division will decide whether internal information, etc., reported by General Managers is internal information that must be managed, in light of the Financial Instruments and Exchange Act and other related laws and regulations.
- d. The General Manager of the Planning Department of the Corporate Planning Division will report any internal information that he or she has decided is internal information that must be managed to the President. He or she will also determine the details of the handling of the information, provide instructions to related General Managers as necessary, and take any necessary and sufficient measures to manage the internal information, etc.
- e. The General Manager of the Planning Department of the Corporate Planning Division will provide instructions to prevent leaks of

any internal information that he or she has determined is internal information that must be managed. The internal information will be publicly announced at an appropriate time, via an appropriate method, in accordance with the Financial Instruments and Exchange Act, related ministerial orders, and the rules of securities exchanges.

#### (2) Measures to Prevent Insider Trading by Officers and Employees

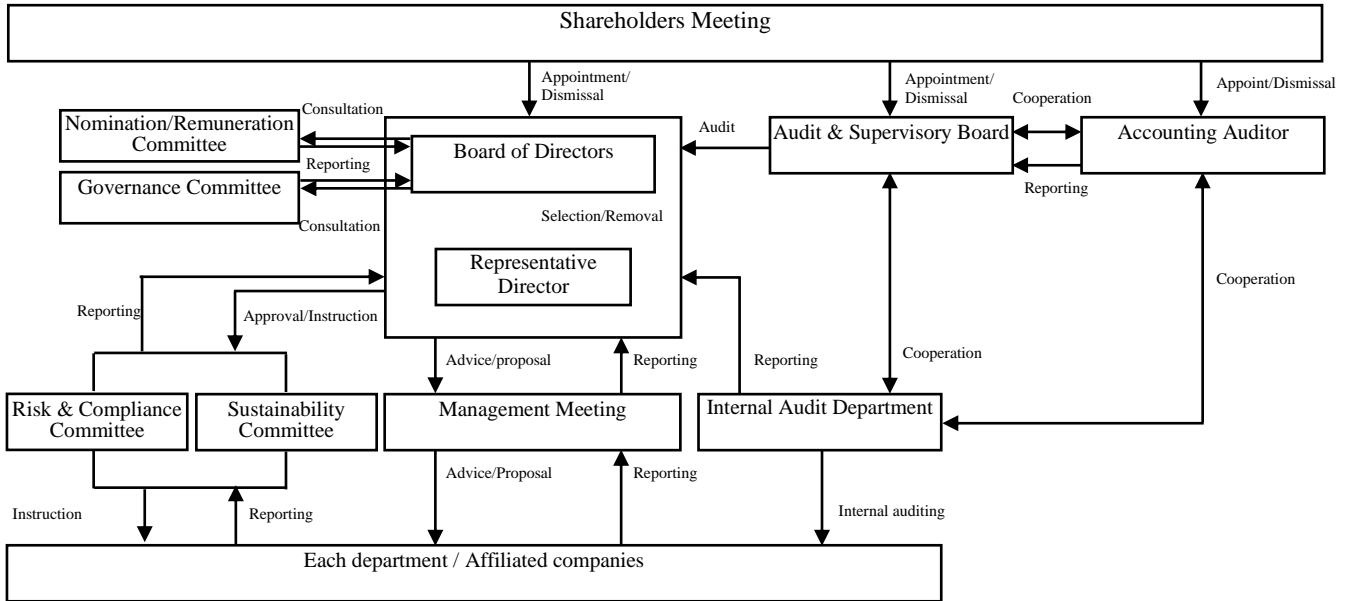
The Company has formulated the “Rules of Management of Insider information and Prevention of Insider trading” and established Standards of Conduct related to the management of internal information and the sale and purchase of the Company’s shares, etc., by officers and employees, and endeavors to prevent insider trading among officers and employees by spreading awareness of the content of these regulations.

As a specific example, when officers of the Company intend to conduct a sale, purchase, etc., in relation to the Company’s share certificates, etc., they must submit notification to the General Manager of the Planning Department of the Corporate Planning Division in advance, and conduct the transaction after approval has been received, and when the transaction has been completed, they are obligated to submit a post-transaction report.

#### (3) Development of Timely Disclosure System and Status of Operation

The Company has built a system for timely disclosure whereby the Planning Department of the Corporate Planning Division performs operations related to disclosure, with the General Managers of related departments taking responsibility as managers of information, and the General Manager of the Planning Department of the Corporate Planning Division taking responsibility as the overall manager in charge.

[Overview of corporate governance]



Experience/Expertise Skills Matrix of Directors and Audit & Supervisory Board Members

Position	In charge	Name	General management	Priority businesses / Industry experience (material industry)	Global management	Sales/ Marketing	R&D / Production technology	Quality management / Procurement, logistics	Sustainability (ESG)	IT / AI, IoT / DX	Legal affairs / human-resources / risk management, etc.	Finance / Legal financial accounting / Managerial accounting / Tax practice, etc.
Chairman & President (Representative Director)	Chief Executive Officer (CEO), In charge of Administration Division and Global Sales Division	Naotaka Kondo	○	○	○	○	○	○	○	○	○	○
Director	Director of Corporate Planning Division, in charge of Global Supply Chain Promotion Department, Global R&D Division and Production Division	Tatsuro Hamada	○	○	○	○	○	○	○			
Director (outside)		Shusuke Matsuo	○	○	○	○					○	○
Director (outside)		Keiko Kosaka							○		○	
Director (outside)		Makio Naito	○	○	○		○		○			
Audit & Supervisory Board Member (full-time)		Toshimi Boki						○		○		○
Audit & Supervisory Board Member (outside)		Kazuhiro Imai										○
Audit & Supervisory Board Member (outside)		Junko Uemura									○	

END