

Corporate Governance Report

CORPORATE GOVERNANCE

Sanken Electric Co., Ltd.

Last Update: July 4, 2025

Sanken Electric Co., Ltd.

Hiroshi Takahashi, Representative Director, President and CEO

Contact: 81-48-472-1111

Securities code: 6707

<https://www.sanken-ele.co.jp>

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

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

1. Basic Views

In order to contribute to society through power electronics and achieve the enhancement of its corporate value, the Company positions corporate governance as one of its material management issues and continues to strive to enhance its corporate governance system and functions. The Company views corporate governance at the Company as a system to enable it to take demands from a wide range of stakeholders into consideration and take timely and appropriate actions in global businesses that it engages in, which have grown more diversified and more complex, and to make speedy and bold decisions while securing transparency and fairness in the process. The Company will implement measures necessary to achieve these objectives, ensure accountability for those measures, and actively engage in dialogues with a wide range of stakeholders to further improve its corporate governance.

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

The Company complies with all principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code Updated

[Principle 1-4 Cross-Shareholdings]

- Policy regarding cross-shareholdings

The Company may hold shares in business partners and other companies in order to maintain and strengthen business relations with them and increase the Company’s medium- to long-term corporate value, and when investing in those shares, the Company determines whether the investment is justifiable by comprehensively taking account of the profit expected to be earned by strengthening the business relations, the amount of investment, and other factors. For each of those cross-shareholdings, the Board of Directors examines each year whether it is rational to continue to hold those shares from the medium- to long-term perspective by comprehensively taking account of the benefit expected to be gained by maintaining and strengthening the business relations and other factors. The Company reduces its holding of those shares when it determines it is not rational to hold them as cross-shareholdings.

- Criteria for exercising voting rights

The Company appropriately exercises voting rights attached to the cross-shareholdings after comprehensively judging whether the Company should vote for or against a given proposal by taking account of whether it will contribute to the enhancement of a proper corporate governance system or increase in shareholder value, or there will be any effect on the Company. The Company also discusses the content of proposals and other issues with the issuers of the cross-shareholdings as needed.

[Principle 1-7 Related Party Transactions]

The Company’s Regulations of the Board of Directors stipulates that when the Company directly transacts with any of its officers, the Company should explain the content, etc., of the transaction to obtain approval from the Board of Directors and that even if the transaction is approved by the Board of Directors, the Company should thereafter report on the status, etc., of the transaction to the Board of Directors.

[Supplementary Principle 2-4-1 Policies, Goals, etc., for Ensuring Diversity]

The Company promotes the recruitment of human resources with diverse backgrounds, regardless of nationality, gender, or other attributes. The Company seeks to strengthen its human resource base to lay the foundation for organizational transformation, by not only empowering women, but also leveraging the expertise of senior employees and taking other measures.

As part of its human resource development initiatives to increase female managers, the Company offers education and training programs for selected female employees jointly with its group companies in Japan, with the aim of becoming a company where female employees can be active. The percentage of female managers, which the Company has made one of its long-term consolidated key performance indicators (KPIs) with a target of 13% for fiscal 2025, currently stands at 5.8%. As for recruitment of non-Japanese employees and mid-career recruits, the Company has not set specific percentage targets but has implemented the following measures to increase the diversity of its human resources. As for recruitment of non-Japanese employees, the Company has focused on the employment of international students studying in Japan and overseas local workers, and has provided them with thorough education and training, taking into consideration the differences between Japan and other countries in attitudes to work, career development, and other aspects, with a view of making them candidates for core employees who may serve as managers in the future. The Company will continue to advance these initiatives. As for mid-career recruits, the Company has worked to develop a workplace environment where they can get rapidly on board and be effective immediately. As a result, mid-career recruits now account for about 30% of the managers at the Company. The Company will continue to advance this effort.

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

The management of the Company's corporate pension funds is overseen by the Pension Fund Management Committee, which consists of committee members elected by the Company from those engaged in accounting and other related functions and committee members elected from employees. The Pension Fund Management Committee has developed a system whereby the corporate pension funds are managed in accordance with the strategic asset mix determined to achieve targets. The Committee oversees the status of pension fund management by monitoring, as needed, entrusted asset management firms. If a significant deviation from targets is expected, the Committee holds a committee meeting as needed and takes appropriate measures such as conducting a review. With the Committee structured and operated in this way, the Company has developed a system to properly manage and oversee conflicts of interest between the Company and the beneficiaries of its corporate pension. In addition, in order to enhance expertise in corporate pension fund management and to duly perform the function of monitoring the entrusted asset management firms, the Company assigns and appoints staff with appropriate qualifications, while also providing them with educational opportunities.

[Principle 3-1 Full Disclosure]

(i) Management philosophy, management strategy, and management plan

Please see the Company's management philosophy and corporate vision and "Section 2. Overview of Business: 1. Management Policy, Business Environment, Issues to Address" in the Company's Annual Securities Report for the 108th fiscal year posted on the Company's website:

<https://www.sanken-ele.co.jp>

https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm

(ii) Basic views and basic policy on corporate governance

Please see "Section 4. Information about Reporting Company: 4. Corporate Governance" in the Company's Annual Securities Report for the 108th fiscal year posted on the Company's website:

https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm

(iii) Policies and procedures for determining compensation for officers

Basic concept for the compensation plan for officers

The Company considers its compensation plan for officers (compensation plan for executive officers) as an important corporate governance matter and has adopted a basic concept for the compensation plan as follows.

- Contributing to the procurement of excellent human resources
- Setting levels of compensation appropriate for the role and scope of responsibility for each rank
- Providing incentives toward the increased corporate value and sustainable growth of the Company
- Ensuring transparency and objectivity in the procedure for determining compensation

For other details, please see "Section 4. Information about Reporting Company: 4. Corporate Governance (4) Compensation for Officers" in the Company's Annual Securities Report for the 108th fiscal year posted on the Company's website:

https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm

(iv) Policies and procedures for electing and nominating officers, etc.

The Company considers that the Board of Directors needs to have as its members a certain number of persons who are well versed in the Company's business and its issues in order to fulfill its roles and duties effectively. In addition, in order to ensure the independence and objectivity of the Board of Directors, the Company considers that it is important to secure not only the independence as the Board of Directors, through such measures as electing independent External Directors so that they constitute the majority, but also the diversity of the Board of Directors in terms of, among others, gender, knowledge, experience, and ability. In light of these considerations, the Company nominates as candidates for its executive Directors persons who are well versed in the Company's business and its issues, etc., while also nominating as candidates for its External Directors persons who are independent, have diverse knowledge and background, are able to contribute to ensuring appropriateness in business execution from an independent standpoint, and are expected to provide advice, etc., that help increase the Company's corporate value, so that the Company can set its strategic direction properly. The Company nominates as candidates for its Directors who are Audit and Supervisory Committee Members persons who have the ability, experience, and expertise necessary for the audit and supervision of the Company and are able to contribute to securing soundness in the Company's corporate management. The Company elects as its Corporate Officers persons who are outstanding as demonstrated in their assessment in terms of ability to execute duties, character, qualifications as management members, etc. In addition, if it is found that any of the causes for disqualification stipulated in the Regulations of Corporate Officers applies to a Corporate Officer or a Corporate Officer has committed any of the acts prohibited under the Regulations of Corporate Officers, the Board of Directors deliberates and decides on dismissal of or other disciplinary measures for the Corporate Officer.

Based on the above policies, a proposal on candidates for Directors and Corporate Officers is submitted to the voluntary Nomination Committee, the majority of which consists of independent External Directors, for deliberation. After the deliberation by the Nomination Committee, the Board of Directors determines candidates for Directors and Corporate Officers, paying due respect to the advice and report of the Nomination Committee. The Board of Directors determines candidates for Directors who are Audit and Supervisory Committee Members, after obtaining the consent of the Audit and Supervisory Committee.

(v) Reasons for election and nomination of candidates for Directors (and reasons for dismissal of Directors when it occurs) are described and disclosed in the notice of convocation of the General Meeting of Shareholders.

[Supplementary Principle 3-1-3 Sustainability Initiatives, etc.]

As its sustainability initiatives, the Group has incorporated the Sustainable Development Goals (SDGs) into its management since 2020, making "reduction of CO2 emissions through advancement of our businesses (energy conservation and enhancement of efficiency)" and "mitigation of environmental impact through our business activities" the Company's material issues, and has been taking measures aimed at contributing to the resolution of global environmental and social issues and the development of industry, economy, and culture. In addition, as part of its efforts to support these activities, the Company has worked to develop secure and safe workplaces, promote flexible workstyles, and enhance employees' health, with the aim of achieving the objective of "value creation in a good working environment." In order to spur these sustainability initiatives, the Company established the Sustainability Committee in October 2021, and since then, it has been working to develop a system for advancing the initiatives, while also setting measures and defining performance indicators for ESG management.

The Group Basic CSR Policy sets out that one of the Group's aims is to contribute to the development of the international community by developing, producing, and selling energy-saving, highly efficient products for power electronics and peripheral areas in the core semiconductor business. The Company considers that addressing climate change is a material issue for achieving a sustainable social environment, and takes action and discloses information in line with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, which are widely adopted in sustainability disclosures in Japan and abroad.

For details, please see "Section 2. Overview of Business: 2. Views on and Initiatives for Sustainability" in the Company's Annual Securities Report for the 108th fiscal year:

https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm

The Company considers intellectual property a management resource necessary for achieving sustainable growth of a corporation. The Company proactively applies for patents and strives to acquire patent rights with respect to its technologies that are important from the perspective of business strategy and product development strategy, by utilizing the system, etc., to create intellectual property, such as the patent promotion leader program for exploring inventions. The Company holds patents in and outside Japan, primarily in the Asian region including Japan, and European countries and the US, which are or will be the Company's major markets. The Company keeps its technological know-how in strict confidence and ensures that its key technologies such as production processes will not be leaked outside of the Company through business collaborations with other companies, etc. In addition, the Company has raised employee awareness by providing comprehensive IP education and

proactively conducted investigations into third-party intellectual property rights as the Company works on product development in order to prevent infringement of other companies' intellectual property rights.

[Supplementary Principle 4-1-1 Outline of the Scope of Delegation from the Board of Directors to the Management]

Matters on material business execution, etc., that should be resolved by the Board of Directors are deliberated on and determined by the Board of Directors in accordance with the Regulations of the Board of Directors. Delegation of operations to Corporate Officers is determined after deliberation by the Board of Directors, and the scope of delegation and the responsibilities and authorities are clearly stipulated in the regulations on organizational authorities and division of duties.

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

Based on the basic views on corporate governance as stated above, the Company has elected six independent External Directors (including two External Directors who are Audit and Supervisory Committee Members) so that independent External Directors constitute the majority in the Board of Directors. The Company considers that this helps ensure an objective and neutral management supervisory function of the Board of Directors. Going forward, the Company will continue to explore an appropriate corporate governance system for the Company, considering demands from stakeholders and social demands regarding corporate governance, etc., comprehensively.

[Principle 4-9 Criteria for Determining the Independence of Independent External Directors and Their Qualifications]

The Company has set criteria for electing candidates for independent External Directors as follows; the candidate should be a person who is unlikely to have a conflict of interest with general shareholders and who is expected to contribute to the Board of Directors. These criteria are based on the independence standards set by the Tokyo Stock Exchange, which require the listed company to determine, among others, whether there is a business relation with the candidate and whether the business relation, if any, is material.

[Supplementary Principle 4-10-1 Nomination Committee and Compensation Committee]

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies for the Board of Directors to improve adequacy and transparency regarding the nomination of Directors and compensation for Directors. The composition, etc. of the Nomination Committee and the Compensation Committee for the fiscal year ended March 31, 2025 are as follows:

[Nomination Committee]

An External Director serves as Chairperson and External Directors constitute the majority of the membership.

Chairperson: Hideki Hirano (External Director)

Members: Noriharu Fujita (External Director), Takaki Yamada (External Director), and Hiroshi Takahashi (President and Representative Director)

Committee meeting: Held four times

In the Nomination Committee, External Directors constitute the majority and an External Director serves as Chairperson. With the aim of enhancing the independence and objectivity of the function of the Board of Directors and its accountability regarding the nomination of Representative Directors, Directors, Corporate Officers, etc., the Committee deliberates on candidates for the successor of President and Representative Director and their development plans, the election of Directors and Corporate Officers, etc., and reports on the results and provides advice to the Board of Directors. During the fiscal year ended March 31, 2025 the Committee mainly deliberated on what the Board of Directors should be and its direction, as well as the composition, etc. of the Board of Directors. The Committee also confirmed the requirements for candidates for the successor of President. In addition, the Committee deliberated on the appropriateness of their development plans using a skills matrix.

[Compensation Committee]

An External Director serves as Chairperson and External Directors constitute the majority of the membership.

Chairperson: Hideki Hirano (External Director)

Members: Takaki Yamada (External Director), Yumi Ogose (External Director), Mariko Sugawara (External Director), Hiroshi Takahashi (President and Representative Director), and Katsumi Kawashima (Director, Head of Corporate Design Headquarters)

Committee meeting: Held four times

In the Compensation Committee as well, External Directors constitute the majority and an External Director serves as Chairperson. With the aim of enhancing the independence and objectivity of the function of the Board of Directors and its accountability regarding the compensation for Directors, etc., the Committee deliberates what the Company's compensation plan for Directors and Corporate Officers should be, the compensation for individual Directors, etc., and reports on the results of deliberations regarding Directors who are not Audit and Supervisory Committee Members and Corporate Officers and provides advice to the Board of Directors. During the fiscal year ended March 31, 2025 the Committee mainly reviewed performance-linked compensation, reassessed indicators, exchanged opinions on issues related to compensation for Directors and Corporate Officers toward improving the Company's corporate value, and determined the amounts of compensation for Directors and Corporate Officers for report and advice to the Board of Directors.

[Supplementary Principle 4-11-1 Views on Balance, Diversity, and Size of the Board of Directors]

The Company has a basic policy of the Board of Directors consisting of the number of members both necessary and appropriate to secure the effective management system required for the Company's group management and ensure that the Board of Directors has substantial discussions. In addition, the Company endeavors to secure diversity and professional expertise by electing female External Directors, while also electing External Directors who have expertise in corporate management, overseas experience, qualifications as an attorney and expertise in finance and accounting. The Company's policies and procedures for electing Directors are as described in Principle 3-1 (iv) above.

As the Company examines whether the Board of Directors as a whole has necessary skills in light of the Company's management strategy, the Company produced a skills matrix under the new management structure after Ordinary General Meeting of Shareholders, which was deliberated by the Board of Directors. This skills matrix is described and disclosed in the notice of convocation of the Ordinary General Meeting of Shareholders. As External Directors are expected to play an important role in incorporating changes in the business environment into the Company's business strategy, the Company has elected External Directors who have experience in corporate management.

[Supplementary Principle 4-11-2 Directors Concurrently Serving as Officers at Other Listed Companies]

The Company's Directors who concurrently serve as officers at listed companies and the offices they concurrently hold are disclosed in the notice of convocation of the Ordinary General Meeting of Shareholders and the Annual Securities Report. The Company considers that given the offices they concurrently hold and the status of their attendance at the Company's Board of Directors meetings, they have enough time and capacity to fulfill their roles and duties as the Company's officers.

[Supplementary Principle 4-11-3 Analysis and Evaluation of the Effectiveness of the Board of Directors and the Summary of the Results]

- Evaluation method

In order to evaluate the effectiveness of the Board of Directors, the Company distributed a survey to all of its Directors, asking about (1) the function and composition of the Board of Directors, (2) the operation of the Board of Directors, (3) the provision of information for external officers, (4) progress in improvement from the previous year, and (5) overall evaluation, while also interviewing External Directors, from February to March 2025, and the data collected from the survey and the results of their analysis as well as the results of the interviews were shared and deliberated on by the Board of Directors.

- Summary of the evaluation results

The results of this latest evaluation indicate that the Company's corporate governance is by and large effective. Specifically, in the questionnaire survey and interviews with External Directors, respondents expressed a favorable view regarding discussions intended to communicate information on important topics to External Directors. Meanwhile, some respondents pointed out matters concerning the current number of Directors and the diversity of the Board of Directors in terms of age, considering the Company's scale and business contents. In addition, some respondents questioned the extent to which External Directors should be involved in deliberations on business execution to ensure the appropriateness of business execution. These results were shared with and deliberated by the Board of Directors.

- Follow-up measures

Based on the evaluation results, the Board of Directors will continue to hold discussions to recognize issues and examine improvement measures, etc., and will strive to further improve the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2 Training Policies for Directors]

The Company has provided training programs for newly elected officers and candidates for future executives to help them acquire the knowledge, etc., necessary to fulfill their roles and duties as the Company's officers, and going forward, it will extend the programs to a broader range of targets, while also working to raise program levels. In addition, the Company will strive to provide and arrange training opportunities suitable for individual officers, encourage each of them to work on self-training, and offer necessary financial support to them.

[Principle 5-1 Policies for Constructive Dialogues with Shareholders]

The Company places a high value on constructive dialogues with shareholders, and the members of its management team are leading the effort to take every opportunity to have dialogues with shareholders. Through these dialogues, the Company is working to enhance shareholders' understanding of its management policy as well as listening to and considering their analyses of the Company's management and their opinions to achieve the Group's sustainable growth and increase its medium- to long-term corporate value. Based on these policies, the Company implements financial results briefing sessions, IR activities, etc., with the Corporate Design Headquarters playing a central role. A summary of the status of the implementation of dialogues with shareholders is disclosed in the Sanken Report (integrated reports), which is posted on the Company's website: <https://www.sanken-ele.co.jp/corp/tousika/tousika01.htm>

(i) For all dialogues with shareholders, the Company's IR/SR activities are overseen by the CFO and the Head of the Corporate Design Headquarters, and the Company has established an organizational and operational structure that enables constructive dialogue. Dialogues are attended by the Representative Director, President and CEO as needed.

(ii) The Company's IR/SR activities are carried out in a collaborative framework involving the Corporate Planning & Investor Relations, Corporate Planning & Legal, and Finance Departments, under the Corporate Design Headquarters.

(iii) In addition to quarterly IR activities related to financial results, the Company also actively engages in SR initiatives, such as those related to the Ordinary General Meeting of Shareholders. The Company holds financial results briefing sessions twice a year, participates in conferences and small meetings hosted by securities firms, and organizes investor meetings, including multiple annual visits to Europe, the United States, and Asia, providing opportunities for dialogue with a wide range of shareholders and investors in Japan and overseas.

(iv) The Company has the Corporate Planning & Investor Relations Department put together opinions, and expectations and concerns about the Company collected through dialogues with shareholders and investors and report on them, depending on their level of importance and nature, to the members of the Company's management team regularly.

(v) The basic policy of the Company is to strive to disclose information fairly in order to ensure substantive equality among shareholders and investors. Based on this policy, the Company discloses material information about the Company in a timely and fair manner, and works to ensure proper information management so as not to provide such information only to certain shareholders or investors.

Initiatives to Achieve Management that Lays Emphasis on Capital Costs and Share Prices

Contents Updated	Disclosure of initiatives (update)
Availability of English disclosure Updated	Available
Updating date Updated	July 4, 2025

Explanation for Applicable Items **Updated**

The Company has formulated and is driving forward the 2024 Medium-Term Management Plan, which is a four-year plan that positions fiscal 2024 as a period of recovery from the impact of the 2024 Noto Peninsula Earthquake. The Company considers increasing corporate value by improving Sanken Core's profitability as the top priority, and "net sales of ¥100 billion or more" and "operating profit margin of 10% or higher" have been set as Sanken Core's KPIs. In fiscal 2024, in order to recover capital impaired by the earthquake, the Company sold a portion of its shares in Allegro MicroSystems, Inc., its former U.S. subsidiary. As a result, as of March 31, 2025, the equity ratio had recovered to 56.9%, the debt-to-equity (D/E) ratio to 0.4, book value per share to ¥6,371.74, and the price-to-book ratio to 1.05 times. In addition, as part of the fab-light strategy, POLAR SEMICONDUCTOR, LLC, a former U.S. subsidiary of the Company, transitioned to an indirectly held entity under U.S. capital through a third-party allotment of shares to an American investment firm. Furthermore, the Company executed a ¥30 billion reduction in interest-bearing debt and purchased ¥30 billion of treasury stock as a shareholder return initiative. The Company also took a further step in promoting collaboration with external organizations by acquiring a company with GaN device technology. In executing the 2024 Medium-Term Management Plan, the Company aims not only to improve Sanken Core's profitability but also to enhance capital costs and capital efficiency. To this end, the Company will continue to monitor an equity ratio of 50% or higher and a D/E ratio of 0.9 or lower, while promoting financial strategies aimed at achieving a return on invested capital (ROIC) that exceeds the weighted average cost of capital (WACC).

To provide long-term incentives to Directors, the Company has introduced a stock compensation plan as part of the compensation plan for Directors. Based on the deliberation by the Compensation Committee, consolidated ROE and relative total shareholder return (TSR) (evaluation relative to TOPIX electric appliances index), among others, have been set as key performance indicators (KPIs) to create a design that lay emphasis on capital costs and share prices. For details, please see “Section 4. Information about Reporting Company: 4. Corporate Governance (4) Compensation for Officers” in the Company’s Annual Securities Report for the 108th fiscal year posted on the Company’s website.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
----------------------------	-------------

Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Goldman Sachs International	2,406,909	10.36
The Master Trust Bank of Japan, Limited (Trust Account)	2,025,400	8.72
CGML PB CLIENT ACCOUNT/COLLATERAL	1,000,000	4.30
MLI FOR SEGREGATED PB CLIENT	1,000,000	4.30
ECM MF	972,357	4.18
Saitama Resona Bank, Limited	934,392	4.02
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	930,800	4.01
Suntera (Cayman) Limited as trustee of ECM Master Fund	905,900	3.90
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	890,155	3.83
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS	778,300	3.35

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	Not applicable

Supplementary Explanation Updated

- The above information shows the status of the Company’s major shareholders as of March 31, 2025.
- The Company holds 1,886,896 shares of treasury stock that are excluded from the major shareholders listed above.
- Percentage of ownership is calculated after deducting the number of shares held as treasury shares from the total number of shares issued, and presented rounded down to two decimal places.
- While large-volume holding reports (change reports) were submitted by the following large-volume shareholders in the fiscal year 2024, these shareholders are not included in the status of the Company’s major shareholders stated above, as the Company is unable to confirm the number of its shares held by these shareholders:
 1. Resona Bank, Limited and two other companies
 2. Effissimo Capital Management Pte Ltd

3. Corporate Attributes

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

—

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

—

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

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
-------------------	--

Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors Updated	10
Election of External Directors	Elected
Number of External Directors Updated	6
Number of Independent Directors among External Directors Updated	6

External Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hideki Hirano	From another company					△						
Mariko Sugawara	Attorney-at-law											
Tatsuaki Seki	From another company											
Osamu Yanagisawa	From another company											
Yumiko Moritani	From another company					△						
Yumi Ogose	Academic											

*Categories for "Relationship with the Company"

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

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

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideki Hirano		○	<p>While Mr. Hirano previously served as an officer at a bank with which the Company has transacted, he retired from the bank in 2010 and now there are no interests between him and the bank. Meanwhile, the Company has loans from multiple financial institutions and the balance of loans from the bank accounts for about 2% of the total balance of bank loans at the end of the fiscal year ended March 31, 2025. Accordingly, the Company is not materially dependent on the bank. In view of these situations, the Company considers that Mr. Hirano would not be significantly controlled by the Company's management and that he would not significantly control the Company's management. For these reasons, the Company considers that Mr. Hirano's independence is secured and that a conflict of interest is unlikely to arise between Mr. Hirano and the Company's general shareholders.</p>	<p>Mr. Hirano has deep knowledge in finance and accounting based on his background in the banking business. In addition, we believe that his experience as an Executive Officer will contribute to strengthening supervisory functions of business execution from the viewpoint of management. In 2019 he assumed office as External Audit and Supervisory Board Member of the Company and has an understanding of the Company's business. He currently serves as the chairperson of the Nomination Committee and the Compensation Committee and has made contributions to the Company's corporate governance for ensuring its transparency. Furthermore, he has also contributed to ensuring the appropriateness and adequacy in the promotion of the Group growth strategies through discussions among officers to deliberate important topics at meetings that are regularly held other than the Board of Directors meetings. For the reasons above, the Company believes that he will appropriately perform his duties such as ensuring the appropriateness of overall business execution and strengthening supervisory functions as well as contribute to ensuring the transparency of the Company's corporate governance, while the Group will promote a medium- to long-term growth strategy.</p>
Mariko Sugawara		○	—	<p>Ms. Sugawara has engaged in corporate legal affairs and M&A in various industries as well as tax suits in the field of tax laws, which is her area of study, and has a wealth of knowledge and experience as a legal professional. Accordingly, the Company believes that she will present valuable advice and opinions in the areas of legal risk and compliance. She is expected to monitor management objectively</p>

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
				<p>from an independent standpoint as an attorney-at-law, and the Company anticipates that she will also contribute to strengthening supervisory functions of the Company's Board of Directors. Furthermore, she has presented fruitful advice and opinions to the Sustainability Committee of the Company as a female External Director from the perspective of diversity of the Company, especially from a third-party viewpoint.</p> <p>For the reasons above, the Company anticipates that she will appropriately perform her duties, such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.</p>
Tatsuaki Seki		○	—	<p>Mr. Seki has made important management decisions as a Director at Seiko Epson Corporation as the company expands its business globally, and has appropriately fulfilled his supervisory role in the execution of business operations. He also has abundant experience and a proven track record in finance, accounting and management control. As General Administrative Manager of the Corporate Strategy and Administration Division of Seiko Epson Corporation, he has experience in integrating the formulation of long-term corporate growth strategies and medium-term management plans, as well as leading the development of management control systems, including the establishment of governance and compliance mechanisms, from a heightened perspective. Moreover, as General Administrative Manager of the Sustainability Promotion Office, he has contributed to Seiko Epson Corporation's sustainability management.</p> <p>For the reasons above, the Company believes that he will appropriately perform his duties, such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.</p>
Osamu Yanagisawa		○	—	<p>After joining General Electric, Mr. Yanagisawa played an important role in the internal auditing operations at the U.S. headquarters and in the finance and audit areas of affiliated companies. In addition, he served as Chief Financial Officer of Intel K.K. after joining the company. He later founded a company that</p>

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
				<p>provides startup support, services for launching new businesses, and management consulting services, and served as its chief executive. In addition, as chief executive of several start-up companies, he has worked on business commercialization in new areas, such as a P2P lending service that utilizes IT and a university-based medical equipment venture business, and has knowledge and experience as a manager in a wide range of fields.</p> <p>For the reasons above, the Company believes that he will appropriately perform his duties, such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.</p>
Yumiko Moritani		○	<p>While Ms. Moritani previously served as an officer at a bank with which the Company has transacted, she retired from the bank in 2011 and now there are no interests between her and the bank. Meanwhile, the Company has loans from multiple financial institutions and the balance of loans from the bank accounts for about 2% of the total balance of bank loans at the end of the fiscal year ended March 31, 2025. Accordingly, the Company is not materially dependent on the bank. In view of these situations, the Company considers that Ms. Moritani would not be significantly controlled by the Company's management and that she would not significantly control the Company's management.</p> <p>For these reasons, the Company considers that Ms. Moritani's</p>	<p>Ms. Moritani has deep knowledge in finance and accounting and experience and knowledge in the areas of administration and sales based on her many years of work experience at banks. She also has experience of serving as an Audit and Supervisory Board Member of Saitama Resona Bank. As she served as an External Director of a listed company related to system consulting, etc., she also has extensive knowledge of management. The Company anticipates that her experience will contribute to ensuring the adequacy and appropriateness of decision-making at the Board of Directors and the effectiveness of audits in the Audit and Supervisory Committee from an objective perspective.</p> <p>Furthermore, she has presented fruitful advice and opinions as a female External Director from the perspective of diversity such as the advancement of female employees in the Company, especially from a third-party viewpoint regarding the Sustainability Committee of the Company.</p> <p>For the reasons above, the Company anticipates that she will appropriately perform her duties as an External Director who is an Audit and Supervisory Committee Member.</p>

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
			independence is secured and that a conflict of interest is unlikely to arise between Ms. Moritani and the Company's general shareholders.	
Yumi Ogose		○	—	<p>Ms. Ogose has served as a full-time professor of the Department of Management of Technology at the Graduate School of Management of Tokyo University of Science and has engaged in developing human resources who can build business competitive advantage using technology and culture from the perspective of corporate management. Based on her knowledge gained therefrom, the Company believes that she will present valuable advice and opinions in the Company's management of technology from an objective viewpoint. Patent is a crucial element of the corporate growth and she has many years of experience in the intellectual property area. She not only serves as a university professor, but also has been active in various fields such as serving as a member of the Committee for Contents and Japan Brand Promotion of the Intellectual Property Strategy Headquarters, a Cabinet body. Based on her knowledge gained from many years of these academic activities, the Company believes that she will present valuable advice and opinions regarding its intellectual property strategy from an objective viewpoint. The Company also anticipates that she will contribute to ensuring the adequacy and appropriateness of decision-making of the Board of Directors as well as the effectiveness of audits by the Audit and Supervisory Committee. Furthermore, she has presented fruitful advice and opinions as a female External Director from the perspective of diversity such as the advancement of female employees in the Company, especially from a third-party viewpoint regarding the Sustainability Committee of the Company. Thus, she is expected to appropriately perform her duties as an External Director who is an Audit and Supervisory Committee Member.</p>

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Committee Chair
Audit and Supervisory Committee	3	1	1	2	Internal Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers

Please see “Matters regarding Directors and employees to support the Audit and Supervisory Committee” in “1. Basic Views on Internal Control System and Status of Development” of “IV. Matters Concerning the Internal Control System.”

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department Updated

The Audit and Supervisory Committee conducts regular reporting meetings with Representative Directors, reports audit results to the Board of Directors, and holds interviews with the officers responsible for strategic markets to assess the status of business execution. In addition, the Audit and Supervisory Committee engages in discussions with the Accounting Auditor, receiving reports on the audit plan, the implementation and results of audits, and exchanging opinions to monitor and examine the performance of Directors’ duties.

Internal audit plans formulated by the internal audit department must be approved in advance by the Audit and Supervisory Committee. The results of internal audits are regularly reported not only to Representative Directors, but also to the Board of Directors and the Audit and Supervisory Committee, meaning that a dual reporting line has been established. General Manager of the internal audit department attends Audit and Supervisory Committee meetings for the purpose of reporting and information sharing. In cases where instructions from Representative Directors and the Audit and Supervisory Committee conflict, priority is given to the Audit and Supervisory Committee’s direction, in order to ensure the effectiveness of internal audits.

The Company has appointed Ernst & Young ShinNihon LLC as its Accounting Auditor in accordance with the Companies Act and as the audit firm to conduct audits under the Financial Instruments and Exchange Act. The Audit and Supervisory Committee regularly holds meetings with the Accounting Auditor to exchange views and share information not only regarding financial results, but also concerning accounting audits, risk, and the status of internal controls.

Voluntarily Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee

Established

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

	Committee's Name	All Members	Full-time Members	Inside Directors	External Directors	External Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	4	1	1	3	0	0	External Director
Voluntarily Established Committee Equivalent to Compensation Committee	Compensation Committee	5	2	2	3	0	0	External Director

Supplementary Explanation

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies for the Board of Directors to improve adequacy and transparency regarding the nomination of Directors and the compensation for Directors.

In the Nomination Committee, External Directors constitute the majority of the membership and an External Director serves as Chairperson. With the aim of enhancing the independence and objectivity of the function of the Board of Directors and its accountability regarding the nomination of Representative Directors, Directors, Corporate Officers, etc., the Nomination Committee deliberates on candidates for the successor of President and Representative Director and their development plans, the election of Directors and Corporate Officers, etc., and reports on the results and provides advice to the Board of Directors. Regarding the status of the activities of the Committees, etc., please see “4-10-1 Nomination Committee and Compensation Committee” of “Disclosure Based on each Principle of the Corporate Governance Code.”

Matters Concerning Independent Directors

Number of Independent Directors

6

Other Matters Concerning Independent Directors

The Company has designated as independent officers all of the External Directors (including External Directors who are Audit and Supervisory Committee Members).

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of performance-linked compensation plan

Supplementary Explanation for Applicable Items **Updated**

Please see “3-1(iii) Policies and procedures for determining compensation for officers” of “Disclosure Based on each Principle of the Corporate Governance Code.”

Persons Eligible for Stock Options	
------------------------------------	--

Supplementary Explanation for Applicable Items
--

—

Director Compensation

Status of Disclosure of Individual Director's Compensation	No disclosure for any Directors
--	---------------------------------

Supplementary Explanation for Applicable Items
--

The total amount of compensation for each of the Director categories is disclosed in the Annual Securities Report.

Policy on Determining Compensation Amounts and Calculation Methods Updated	Established
---	-------------

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods
--

Please see “3-1(iii) Policies and procedures for determining compensation for officers” of “Disclosure Based on each Principle of the Corporate Governance Code.”

Support System for External Directors

The Legal Department, which is the Secretariat's Office of the Board of Directors and the Audit and Supervisory Committee, assists in administration and also communicates necessary information in a timely manner to External Directors as needed. In addition, the internal audit department conducts investigations at the Audit and Supervisory Committee's request and reports on the results to the Audit and Supervisory Committee. Moreover, the Secretary Department provides scheduling and other services under the support system.

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

The Company transitioned to a company with an Audit and Supervisory Committee at the 106th Ordinary General Meeting of Shareholders held on June 23, 2023, with the aim of promoting separation of management and execution, adopting a monitoring model for the Board of Directors, and further strengthening the corporate governance system.

For details, please see “Section 4. Information about Reporting Company: 4. Corporate Governance” in the Company's Annual Securities Report for the 108th fiscal year posted on the Company's website:

https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm

3. Reasons for Adoption of Current Corporate Governance System

Based on the basic concept of corporate governance, independent External Directors constitute the majority in the Company's the Board of Directors. The Company considers that this helps ensure an objective and neutral management supervisory function of the Board of Directors. Going forward, the Company will continue to explore an appropriate corporate governance system for the Company, considering demands from stakeholders and social demands regarding corporate governance, etc., comprehensively.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company held this year's Ordinary General Meeting of Shareholders on June 27, 2025.
Electronic Exercise of Voting Rights	In order to increase the convenience for individual shareholders and institutional investors as they exercise voting rights, the Company has adopted the smart proxy voting platform, which does not require the entry of an ID or password, and the electronic proxy voting platform, in addition to the system for exercising voting rights via the Internet using a PC.
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 has joined the electronic proxy voting platform operated by ICJ, Inc., while disclosing the notice of convocation of the General Meeting of Shareholders in the PDF file format (Japanese and English versions are available) before sending out the written notice.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company has posted on its website the Japanese and English versions of the notice of convocation of the General Meeting of Shareholders.
Other	The Company holds a participatory virtual General Meeting of Shareholders by livestreaming the General Meeting of Shareholders. The video of the livestream is later made available for on-demand streaming.

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 and published on its website its disclosure policies.	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds briefings for analysts and institutional investors twice a year.	Held
Online Disclosure of IR Information	In order to help appropriate investment decision and appropriate proxy voting, the Company has posted and published on its website its Securities Reports, notices of convocation of the General Meeting of Shareholders, earnings reports, documents for timely disclosure, Sanken Reports (integrated reports), presentation materials for the financial results briefing session, news releases, etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established the Investor Relations Division, Corporate Planning Office, Corporate Design Headquarters as a department 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 laid down the rules in the Management Philosophy, Code of Conduct, Management Vision, Conduct Guideline, and Sanken Group Basic CSR Policy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	For the Company's environmental preservation activities, CSR activities, etc., please see the Company's sustainability website. https://www.sanken-ele.co.jp/corp/csr/index.htm
Formulation of Policies, etc. for Information Disclosure to Stakeholders	The Company publishes the Sanken Report (integrated reports) every year. Non-financial data regarding sustainability is disclosed in the report.
Other	The Company's respect for human rights and diversity initiatives are disclosed on its sustainability website. https://www.sanken-ele.co.jp/corp/csr/index.htm

IV. Matters Concerning the Internal Control System

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

The Company's basic policy for the internal control system is as follows.

(System for ensuring that the Directors and employees perform their duties in accordance with laws, regulations, and the Article of Incorporation)

- (i) The Board of Directors deliberates material business execution, supervises the execution of duties by each Director, and checks legality, in accordance with "Regulations of the Board of Directors."
- (ii) The Company establishes and implements a "Management Philosophy," "Code of Conduct," and Sanken Conduct Guideline." The Company also ensures that the executives and employees comply with laws, regulations and the Articles of Incorporation, by familiarizing them with the compliance mindset and the importance of compliance and by implementing ongoing educational training activities, both arranged by Representative Directors.
- (iii) The internal audit department audits the performance of duties in the Company and each of the group companies, and the risk management department ensures the effectiveness of the compliance system by making the most of a whistle-blowing protocol.
- (iv) To appropriately respond to the internal control report system (hereinafter referred to as "J-SOX") under the Financial Instruments and Exchange Act, the Company has established a person in charge of J-SOX at its internal audit department and secures the reliability of financial information by undertaking a company-wide review of the control systems and measures to improve the systems on an ongoing basis.
- (v) The Company has no relationship with antisocial forces. The Company usually endeavors to establish close relationships and cooperation systems with external organizations such as police agencies and lawyers. Should the Company be subject to an undue claim, it will adopt a resolute stand and decisively refuse it.

(System for the storage and management of information with regard to the execution of duties by Directors)

The Minutes of the Board of Directors and other documents and records on important meetings, as well as the results of decision-making and other records on business execution, shall be appropriately stored and managed in accordance with laws, regulations, and various internal rules.

(Rules and other aspects of the system for managing risks of loss)

- (i) Risks associated with key investments or new businesses are discussed from various viewpoints and determined deliberatively at the Board of Directors, Management Committee, and other important meetings.
- (ii) The Risk Management Committee collects and analyzes data on various risks related to overall management, reports the details of such risks to management, and proposes countermeasures to improve the situation. The internal audit department recognizes and analyzes risks in the course of business for the Company and group companies through internal audits, and reports the results of internal audits to Representative Directors, the Board of Directors, and the Audit and Supervisory Committee.

(System for ensuring that the duties of the Directors are efficiently performed)

- (i) The Board of Directors formulates the mid-term management plan and annual budget, and checks the progress of business execution based on the report on the progress of achievement, while the Management Committee is responsible for monthly

performance management.

(ii) The Management Committee discusses basic and material matters among the items on the agenda to be resolved at the Board of Directors and the business operations to be executed by the Representative Directors. It also performs business promptly and flexibly using the corporate officer system.

(iii) The Company develops “the Fundamental Standards for Organization and Authorities,” “the Regulations on the Division of Duties,” etc. to clarify the responsibilities and authorities of each department. The Company also conducts efficient decision-making and business execution through efforts for the appropriate division of duties and cooperation among organizations.

(System for ensuring appropriate business operations within the Company and within each group company)

(i) When necessary, the Company sends its officers and employees to Group companies as incoming directors to follow up on the Company’s management policy, determine material business-related issues, and promote efficient management.

(ii) The scope of duties, authorities and responsibilities between the Company and each group company, as well as the matters to be reported to the Company, are clarified in accordance with “the Administration Standards for Subsidiaries and Affiliates” and “the Management Guidelines.”

(iii) An organization in charge of each group company is established at the Company to bear responsibility for the guidance of management and enhancement of managerial performance through close information sharing.

(Matters regarding Directors and employees to support the Audit and Supervisory Committee)

(i) Staff of the Legal Department will assist the deskwork of the Secretariat’s Office of Audit and Supervisory Committee.

(ii) When the Audit and Supervisory Committee so requests, the appointment and other personnel affairs of exclusive staff for the support of the Audit and Supervisory Committee shall be determined through consultation with the Audit and Supervisory Committee.

(iii) Such exclusive staff shall comply with instructions from the Audit and Supervisory Committee to ensure their independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of the instructions from the Audit and Supervisory Committee.

(System for reporting to Audit and Supervisory Committee)

(i) Full-time Audit and Supervisory Committee Members attend the Management Committee meetings, inspect and receive principal documents, thereby obtain information on the businesses of the Company and group companies, and report the contents of such information to the Audit and Supervisory Committee.

(ii) Representative Directors and other Directors (excluding Directors who are Audit and Supervisory Committee Members), internal audit department, and the Accounting Auditor each meet with the Audit and Supervisory Committee regularly to report the management situations of the Company and group companies and audit results.

(iii) If officers or employees find any fact or event which is likely to cause material damage to the Company or any of the group companies or discover any illegal actions in the course of business operations, such officers or employees must report the matter to the Audit and Supervisory Committee.

(iv) The internal audit department reports the results of internal audits to the Audit and Supervisory Committee, and the risk management department reports the status of implementation of the whistle-blowing protocol, and the contents of whistle-blowing to the Audit and Supervisory Committee.

(v) Regulations on the whistle-blowing protocol are stipulated to ensure that a whistle-blower will not be subjected to any disadvantageous treatment because of the said whistle-blowing.

(Policy for handling expenses and liabilities incurred from the execution of duties by Audit and Supervisory Committee Members (limited to the execution of the duties of the Audit and Supervisory Committee))

If, with respect to any expenses or liabilities to be incurred when Audit and Supervisory Committee Members perform their duties, the Audit and Supervisory Committee Members request the Company to pay them in advance, repay them, or otherwise, the Company shall promptly process the expenses or liabilities unless they are judged to be unnecessary.

(Other system for ensuring effective auditing by the Audit and Supervisory Committee)

(i) The Audit and Supervisory Committee draws up the auditing standards, audit plans, and audit policies. Each Audit and Supervisory Committee Member conducts audits properly based on his own expertise and experience. An efficient and highly effective audit system is realized through these efforts.

(ii) The internal audit department obtains approval of its audit plan from Representative Directors and the Audit and Supervisory Committee and reports on audit results to Representative Directors, the Board of Directors, and the Audit and Supervisory Committee. In addition, the internal audit department reports on the status of internal audits to the Audit and Supervisory Committee.

(iii) The internal audit department follows instructions that may be provided by the Audit and Supervisory Committee regarding internal audits. If there is any discrepancy between the Audit and Supervisory Committee’s instructions and Representative

Directors' instructions, the internal audit department prioritizes the Audit and Supervisory Committee's instructions.

For the status of the development of the internal control system, please see the Business Report described in the notice of convocation of the Ordinary General Meeting of Shareholders.

2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development

The Company has no relationship with antisocial forces. The Company usually endeavors to establish close relationships and cooperation systems with external organizations such as police agencies and lawyers. Should the Company be subject to an undue claim, it will adopt a resolute stand and decisively refuse it.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

Supplementary Explanation for Applicable Items

The basic policy on the composition of persons to control decision-making over financial and business policies of the Company and measures to realize the basic policy are as follows:

(1) As a listed Company, the stock of the Company may be traded freely by shareholders and investors, and the Board of Directors believes that the composition of persons to control decision-making over the financial and business policies of the Company should ultimately be decided by the will of the shareholders, and that the final judgment as to whether to sell the shares of the Company in response to a mass acquisition of the shares of the Company should ultimately be decided based on the will of the shareholders holding the shares. However, the management of the Company and the Company Group requires a wide range of know-how and ample experience, including proprietary semiconductor device assembly technologies, such as wafer fabrication and packaging technologies, as well as product development leveraging circuit design and modularization technologies. Further, a full understanding of the relationships that the Company has developed with stakeholders such as customers, suppliers, and employees is indispensable to management. Persons to control decision-making over financial and business policies of the Company require this understanding in order to appropriately judge the shareholder value to be realized in the future, and could potentially significantly damage the Company's corporate value and the common interests of the shareholders without it.

In addition, there is a possibility that some Large Purchases, such as to persons related to the Company conducting transactions at high prices, could substantially impair the common interests of the shareholders. In such cases, in order for the Company to appropriately receive the judgment of the shareholders regarding the relative merits and demerits of a given large-scale purchase, the Company will both request the supply of required information from the entity attempting to engage in the large-scale purchase and will also strive to ensure there is an appropriate amount of time for the disclosure of such information and deliberation on it by shareholders. Regarding the extents that are permitted by laws and regulations such as the Financial Instruments and Exchange Act, we believe that appropriate measures should be taken (Hereinafter referred to as the "Basic Policy").

(2) Measures Taken to Realize the Basic Policy and Increase Corporate Value

The Company has acted in accordance with its Management Philosophy, which states that the Company should endeavor to create and innovate technologies in its core business of semiconductors, expand global business based on proprietary technologies, and ensure a firm management base in order to maximize corporate value through timely response to social expectations for the company and long-lasting harmony with the environment. Furthermore, as a medium- to long-term management strategy, the Company has developed a medium-term management plan that the entire Group has worked toward. Also, the Company is involved in efforts to gain an appropriate evaluation of its corporate value by deepening understanding through closer dialogues with various stakeholders regarding its position as a proprietary power semiconductor manufacturer as well as its management policies and plans meant to maximize use of this position.

In order to strengthen corporate governance, the Company has strengthened the monitoring board functions of the Board of Directors by transitioning to a company with an Audit and Supervisory Committee and electing independent External Directors so that they constitute the majority. In addition, by introducing a CxO structure, we have clarified the division of

responsibilities and roles in business execution, while the adoption of a Corporate Officer system has enabled more agile business execution, thereby further strengthening management functions.

The Board of Directors believes that these measures improve the Company's corporate value and decrease the likelihood that a Large Purchase will significantly harm the common interests of the shareholders. Accordingly, these efforts are deemed to be in compliance with the Basic Policy, and are in the common interests of the shareholders.

2. Other Matters Concerning the Corporate Governance System

The status of the development of the Company's internal system for timely disclosure of corporate information is as follows:

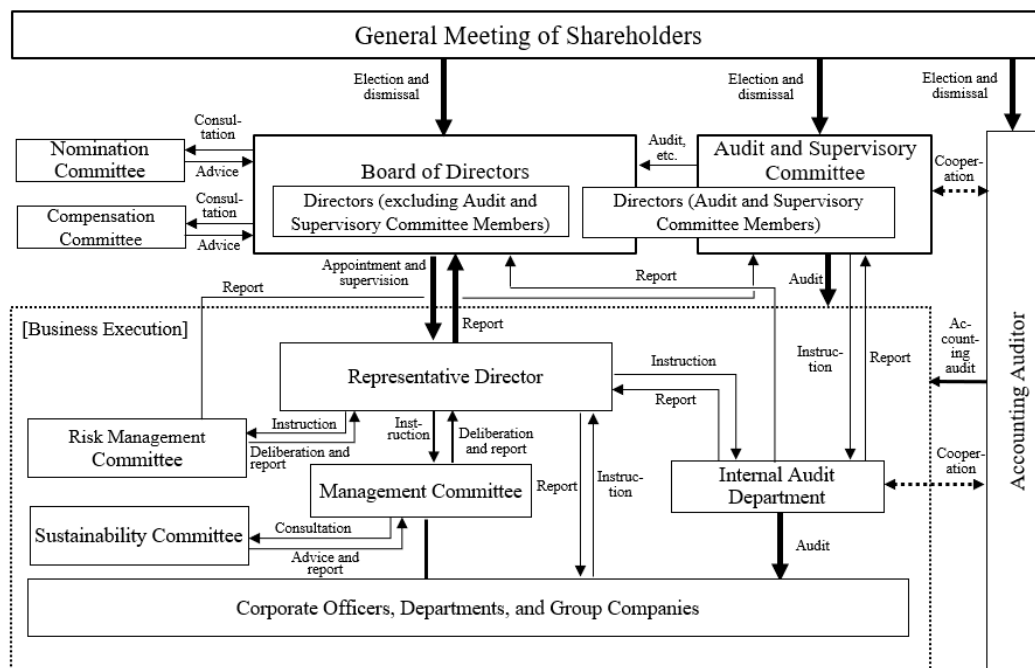
(1) Internal System for Timely Disclosure of Corporate Information

The Board of Directors and the Management Committee determine material matters in the management of the Company and its group companies and receive reports on material corporate information. Whether a piece of information submitted to these bodies (hereinafter referred to as "management information") is subject to timely disclosure is determined by the Legal Department according to the instructions of Head of Corporate Design Headquarters, who is the officer charged with information handling. The Legal Department receives reports from and has discussions with each department about management information in advance, examines proposals to be submitted to the Board of Directors, and implements other measures to gather information. If the Legal Department determines that the information is subject to timely disclosure under laws, regulations, and rules, the Company discloses the information via TDnet immediately, provided that information about decisions and financial results is disclosed after approval by these decision-making bodies and that information about facts which occurred is disclosed after their occurrence. The Investor Relations Department is responsible for responding to stakeholders, such as media and investors, and for information disclosure on the Company's website.

(2) Oversight Functions of the Internal System for Timely Disclosure

In order to strengthen its internal control, the Group has established the Internal Audit Office and formulated the "Conduct Guideline" as a guideline for compliance with ethics laws and regulations, which stipulates appropriate disclosure of corporate information. In addition, the Group operates its "whistle-blowing protocol (Helpline System)" whereby if an employee should find that any illegal or prohibited act has been committed or may be committed in the Group, the employee can report it for whistle-blowing via third-party institutions. In terms of internal information management, the Company has formulated the "Regulations on Information Management" and the "Regulations on Insider Trading Management," which provide for the regulations on the management of internal information and the guideline regarding information management, and is working to strengthen its information management system.

Reference: The Company's Corporate Governance System



Reference: The Company's Internal System for Timely Disclosure

