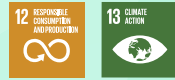


Addressing Environmental Issues

SWCC Group recognizes that identifying and addressing climate change-related risks and opportunities is an important management issue. The entire Group is advancing initiatives with the goal of achieving carbon neutrality by 2050.



Efforts to Conserve the Environment (Environmental Management)

Through trust and innovation, the SWCC Group aims to solve social issues and improve corporate value to create a sustainable and prosperous future society, with the Group coming together to tackle environmental protection activities.

Environmental principles

The SWCC Group recognizes the duty of good corporate citizens to keep our irreplaceable earth healthier for future generations, and we strive to conserve the environment through all our business activities as a way to contribute to building a society capable of sustainable development.

Basic Policy

1. Comply with relevant environmental laws and regulations and other requirements agreed to by the Company.
2. Set environmental targets with an awareness of environmental considerations in the regions of our business activities, products, and services, and promote environmental protection activities that include prevention of pollution, mitigation of climate change, and sustainable use of resources.
3. Aim to improve environmental performance and to continuously improve the environmental management system.
4. We promote dialogue with stakeholders through the disclosure of information regarding environmental issues.

Organizational structure

In the structure of the environment management system of the SWCC Group, under the Group Management Council, the Company's Sustainability Promotion Department, which are departments responsible for environmental policies, provide instruction to Group companies via the Environmental Management Subcommittee. The Group's environmental policies are established by the Sustainability Promotion Department. Following deliberation by the Environmental Management Subcommittee, the policies are advocated to the Group Management Council. The Sustainability Promotion Department regularly review the environmental management activities of the Group to maintain and improve environmental management throughout the entire Group, and carry out environmental management activities according to the regional characteristics of the business regions and sites of Group companies.

Environmental management system acquisition status

Within the SWCC Group, Group companies and sites in Japan and overseas have acquired the ISO14001 certification and are building and operating environmental management systems. Through periodic internal audits and management reviews, we evaluate the effectiveness and continual improvement of our environmental management systems. We strive for ongoing improvement.

Important themes of FY2025 environmental activities

1. Solid compliance with requirements based on revised laws and regulations
2. Execution of measures for targets in crucial issues considering sustainability (materialities)
 - ① Reduction of greenhouse gas (CO₂) emissions [thorough energy saving and promotion of renewable energy introduction]
 - ② Reduction of final disposal of waste [promotion of 3R+Renewable for plastic waste]
 - ③ Reduction of water usage
3. Promote the collection and disclosure of information regarding initiatives and outcomes (gather necessary information, make it comparable, clarify collection methods, ensure accuracy)

Organizational structure



(*) We plan to add TOTOKU to committees during FY2025

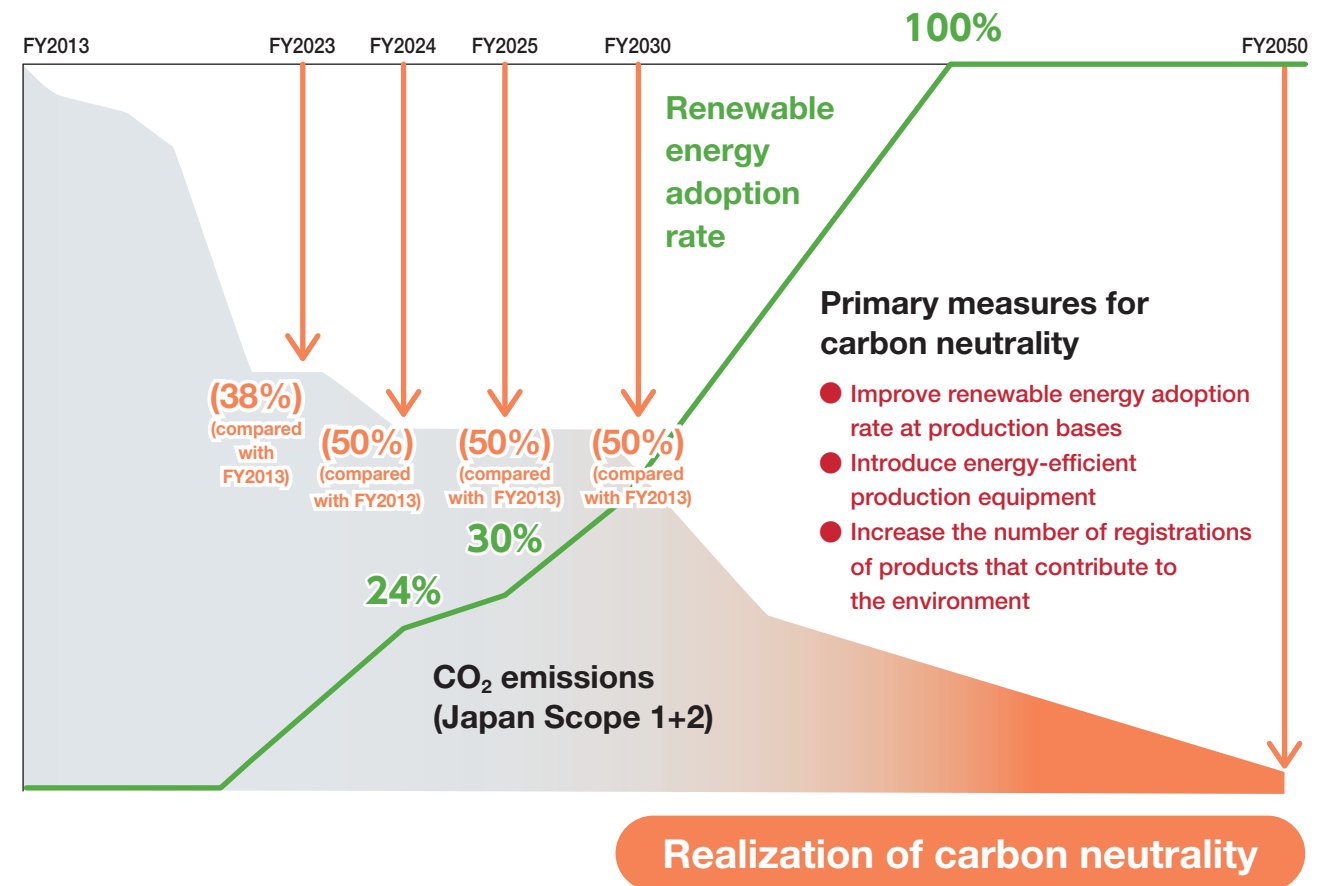
The status of ISO14001 certification acquisition is published on our website.
<https://www.swcc.co.jp/jpn/sustainability/esg/environment/management.html>

Medium- and long-term environmental plan “Green Plan 2050” and 7th Voluntary Environmental Action Plan (FY2021 to FY2025)

We are working to solve social issues through business and environmental activities that give higher consideration to ESG and Sustainable Development Goals (SDGs). We have selected important Group materialities issues regarding global warming prevention and effective use of resources for all business sites of the Group in Japan. In FY2020, we formulated the Medium- and long-term Environmental Plan “Green Plan 2050” based on the

concept of achieving carbon neutrality by 2050, established a long-term vision, and set 2030 targets. In addition, in order to realize our long-term Vision and achieve the 2030 targets, we are promoting the 7th Voluntary Environmental Action Plan as a five-year plan ending in 2025, and are also working on formulating the 8th Voluntary Environmental Action Plan for FY2026 to FY2030.

Roadmap to carbon neutrality in 2050



Progress of materialities and targets

Environmental goal	Indicators	Actual results for FY2024	7th Voluntary Environmental Action Plan [Target for FY2025]	Target for FY2030	Long-term vision
Global warming prevention	CO ₂ emissions	Reduction of 50% from FY2013 (Scope1+Scope2) Including offset	Reduction of at least 50% from FY2013 (Scope1+Scope2) Including offset (*1)	Reduction of at least 50% from FY2013 (Scope1+Scope2)	- Realize products that do not emit CO₂ or are carbon neutral - Create products that resolve environmental issues
Effective use of resources	Final waste disposal volume	Reduction of 90% from FY2018	Reduction of at least 90% from FY2018 (*2)	Reduction of at least 85% from FY2018	Achieve zero final disposal (landfill) volume
Effective use of water resources	Water usage	Reduction of 35% from FY2018	Reduction of at least 35% from FY2018 (*3)	Reduction of at least 50% from FY2018	Promote sustainable use of water resources

(*1): The target value was raised after achieving the initial goal of 45%. (*2): The target value was raised after achieving the initial goal of 80%.

(*3): The target has been raised as the initial target of 25% has already been achieved

Reduce greenhouse gases through relentless efforts and responses

FY2024 CO₂ emissions (including Scope 1 + Scope 2 and offsets through carbon credits)

CO₂ emissions at major domestic manufacturing sites have been reduced by 50% compared to the results in FY2013. By promoting energy-saving measures, purchasing electricity with non-fossil fuel certificates, and installing solar power generation, reductions exceeded the plan. As a result, the 2025 reduction target for the Seventh Environmental Voluntary Action Plan, which is the final year, will also be raised, and activities will continue to be promoted.

Acquisition of third-party verification reports of greenhouse gas emissions in FY2024

Regarding greenhouse gas emission data (Scope 1, 2) at major domestic manufacturing sites for FY2024 (from April 1, 2024, to March 31, 2025), third-party verification was conducted in accordance with ISO14064-3 by the Japan Audit and Certification Organization for Environment and Quality (JACO), and a verification report was obtained. Details are available on our website. <https://www.swcc.co.jp/jpn/sustainability/pdf/verificationreport.pdf>

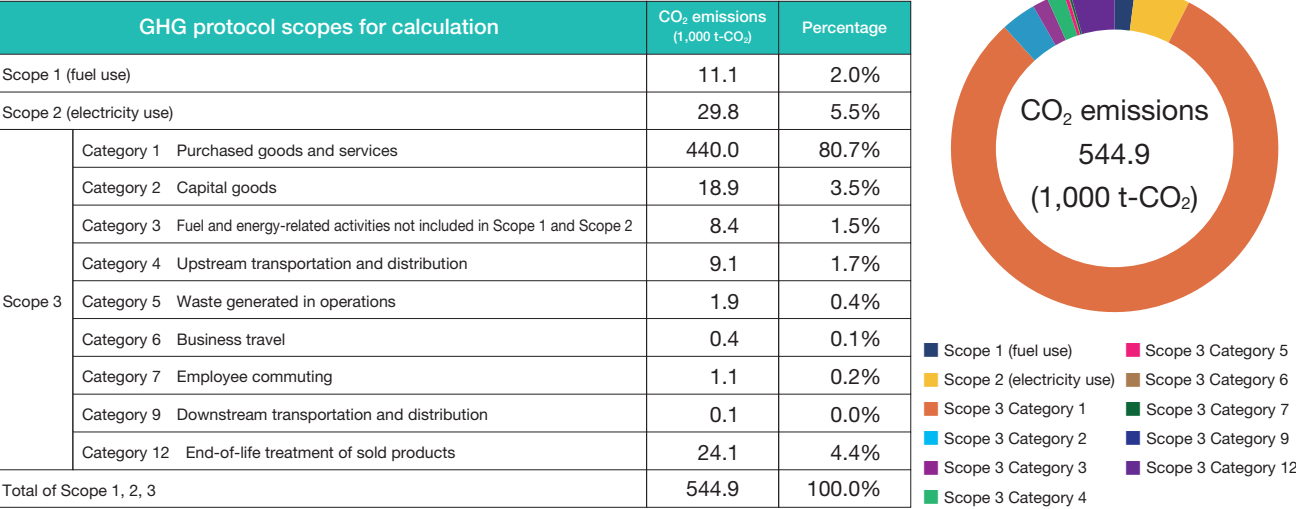
In-house introduction rate of renewable energy (including non-fossil fuel energy)

The in-house introduction rate of renewable energy was 24% in FY2024. For FY2025, we plan to further increase the introduction rate of renewable energy by expanding the use of electricity derived from non-fossil fuel sources.

Scope 3 emissions

Emissions in the supply chain for FY2024 are as follows. Since the largest amount of emissions are associated with the purchase of materials, we are working to reduce material-derived emissions with the understanding and cooperation of our suppliers.

FY2024 GHG emissions results



Promote the recycling of all resources with the collective strength of the Group

The final waste disposal (landfill) volume in FY2024 was reduced by 90% compared to the FY2018 results, surpassing the target. In FY2024, progress in material recycling of waste plastics has led to significant advances in resource circulation. Production volume is expected to increase in FY2025, resulting in increased activity, but the FY2025 target has been raised to a 90% reduction compared to FY2018 results, and we will further promote resource circulation initiatives.

Use limited water resources effectively

The amount of water used in FY2024 decreased by 35% compared to the FY2018 results. Effective measures to reduce water usage have progressed due to improvements in water leak locations through replacements of aging piping equipment and the shift to recirculated cooling water. Although production volume is expected to increase further in FY2024, we will maintain and manage current measures and aim to reduce usage by promoting the circulation of factory cooling water.

Information disclosure based on the TCFD framework

In May 2022, we announced our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In FY2024, we strengthened our governance system and conducted more specific analyses. Details are available on our website.

<https://www.swcc.co.jp/jpn/sustainability/esg/environment/tcfd.html>

Items	Contents
Governance	Board of Directors Responsible for oversight of sustainability issues, especially climate change, confirming policies for addressing significant risks and opportunities. Sustainability Committee The challenges faced by business divisions and management divisions are consolidated, and responses are discussed, with content reported to the Board of Directors at least twice a year. Skills and Compensation All directors and executive officers in charge of the Sustainability Committee are appointed after assessing whether they have the skills to oversee strategies related to climate change, and performance-based compensation linked to indicators such as greenhouse gas emissions has been established.
Strategies	At SWCC Group, we have been conducting scenario analysis as part of TCFD-based information disclosure, and have carried out more detailed analyses including quantitative assessments. ● Content of scenario analysis [types of scenarios] 1.5°C scenario: With progress in implementing policies and regulations toward a decarbonized society by 2050, the rise in average global temperature is limited to 1.5°C above pre-industrial levels 4°C scenario: If policies, regulations, and societal efforts to reduce CO₂ emissions do not progress, average global temperatures rise to 4°C above pre-industrial levels ● Analysis results (risks) Among the analysis results conducted for the business segments using scenario setting, the risks with particularly significant financial impacts as common factors are as follows. Transition risk - Copper price surge due to expanding demand for clean energy - Increased operating costs due to introduction of carbon tax ⇒ Countermeasures: Reduce greenhouse gas emissions, consider technology transformation and practical implementation through the "Green Energy Project" Physical risk - Flood risk at SWCC Sendai Plant and Aichi Factory (impact of approximately 1.5 billion yen) ⇒ Countermeasures: Strengthen BCM measures through installation of flood barriers and seawalls ● Analysis results (opportunities) Regarding opportunities, the analysis results were categorized by impact and business portfolio scale, and special focus was given to the top two business portfolios: automotive and electric power. There are concerns about delays in the progress of xEVs, but we assume the following scenario. Industry trends - Expansion of consumer preferences for reduced environmental impact - Tightened national policies (carbon tax, ZEB, regulations, etc.) - Growth in demand for electric power infrastructure driven by grid reinforcement and the spread of renewable energy and storage systems - Increased share of electric vehicles due to advances in next-generation vehicle technologies Business opportunities - Expansion and enhancement of electric infrastructure, increased demand for power cables for grid reinforcement - Rising demand for new products and technologies that contribute to efficient use of electricity and energy saving - Rising demand for high-performance products for next-generation vehicles
Risk management	Company-wide risks, including climate change, are primarily managed by the Risk Management Committee. ● Risk management committee - Responsible for company-wide risk management - Receive risk reports from each business division and management division at least twice a year, and manage progress - Report regularly to the Board of Directors ● Climate change risks and assessments - Work together with the Sustainability Committee to identify and assess risks and opportunities, taking scenario analysis results into consideration - Reevaluated based on the two axes of "stakeholder importance" and "our company's importance," and report regularly to the Board of Directors (at least twice a year)
Metrics and goals	The SWCC Group has established the environmental medium- to long-term plan "GreenPlan2050" with the slogan "Zero Environmental Impact by 2050," setting indicators and targets. An interim target for 2030 has been set within this framework. Regarding the target for FY2030, it is scheduled to be reviewed as part of the currently formulated Eighth Environmental Voluntary Action Plan.

Strengthening Partnerships

SWCC believes that partnerships with stakeholders are the foundation for sustainable growth. Each employee engages in business with a high awareness of the importance of building good relationships with stakeholders and contributing to local communities.



Relations with local communities

The SWCC Group supports solving and revitalizing challenges in local communities and, through warm-hearted activities aiming for coexistence and co-prosperity, deepens trust and contributes to sustainable growth and the realization of prosperous local communities.

Basic approach

The SWCC Group has formulated the “Policies on Social Contribution Activities”, which are the basic policies for broadly promoting social contribution activities. Based on these policies, we successively promote the creation of company-internal foundations such as a social contribution support system in order to realize a company that is trusted by and resonates with our stakeholders.

Social Contribution Activity Guidelines

The SWCC Group strives to instill a high awareness of social contribution among employees, and carries out a wide range of worthwhile activities through its products and services and actions of its employees to achieve a sustainable society.

Results for fiscal year 2024

The number of activities in FY2024 increased by 60% from FY2023. The background to this increase includes a revitalization of activities accompanying the end of the COVID-19 pandemic. A breakdown of the activities shows that there were many activities rooted in communities, such as neighborhood cleanup activities, hands-on learning, internships, local events, and contributions and donations to educational facilities. These activities are developed according to the characteristics of each base of the SWCC Group, and they reflect the characteristics of each region.

In FY2025, we aim to expand the scope of these activities through the entire Group and improve the quality of activities by sharing and developing the contents of activities of each of our bases throughout the Group and by further diversifying these activities.

Primary activities in FY2024

SWCC Mie Plant	- Participated in the INABE SDGs 4T PROJECT - Participated as a sponsor and traffic regulation attendant in the “International Cycle Road Race Tour of Japan 2024 Inabe Stage” - Participated in food drive collection volunteer activities - Conduct regular cleaning activities around offices according to the yearly plan
SWCC Sagami-hara Plant	- Gave lectures in inter-university joint education programs and career support education - SC Sagami-hara 2024 Official Sponsor - Mitsubishi Heavy Industries Sagami-hara Dynaboars 2023-24 Season Green Partner (Sponsor) - Conduct regular cleaning activities around offices according to the yearly plan
SWCC Sendai Plant	- Sponsored the Shibata Town 30th District Hometown Summer Festival - Sponsored the Sennan Factory Exploration Team, and conducted factory tours and work experiences - Conducted company seminars and free discussions for job-seeking activities at Miyagi Musubi Employment Guidance and the Meeting to Hear from Seniors - Conduct regular cleaning activities around offices according to the yearly plan
The number of SWCC Group activities in fiscal year 2024 increased by 60% compared to the previous year.	- Conduct internships for local junior high schools and high schools - Conduct regular cleaning activities around offices and factories according to the yearly plan (Aichi Factory, Watarida, SFCC, Fuji Electric Cable) - Participate in Science and Engineering Challenge (Riko Challenge) - Selecting Science and Engineering Fields for Students of Girls' Junior High School and High School - (SWCC Sagami-hara Plant, SWCC Mie Plant, Fuji Electric Cable Isehara Factory) - Sponsored the Koga Fireworks Festival (SFCC Ibaraki Plant, Logis-Works) - Sponsored the National Urban Greening Kawasaki Fair, providing pallets and supplies (Logis-Works) - Sponsored the Isehara Tourism Doukan Festival and participated in food drive activities (Fuji Electric Cable)

Customer relations (quality management)

The SWCC Group values trust, prioritizes compliance above all else, and responds to society and the times by continuing to evolve into a better company.

Basic policy

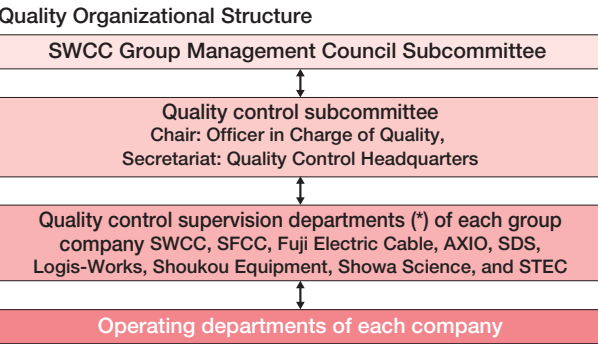
- Comply with laws, regulations, and matters agreed upon with customers.
- Work closely with customers to provide prompt technological development and creation of services and products.
 - By demonstrating our group sales capabilities, we reliably share customer needs and propose new services that integrate sales, technology, and manufacturing.
 - We realize customer-trusted manufacturing with quality as the top priority.
- Promote quality activities that create satisfaction from all stakeholders, such as customers, employees, and local communities.

Important themes of fiscal year 2025 quality activities

- Deepen knowledge and reform our culture related to quality
- Promote the shift to digitalization of inspection results and effective use of data
- Reduce failure costs due to quality issues
- Pass on high-quality manufacturing through standardization and human resource development
- Promote optimization of requirements with customers

Organizational structure

In the structure of the quality management system of the SWCC Group, under the Group Management Council, the Quality Control Management Office, which is the department responsible for quality, provides instructions to group companies via the Environmental Management Subcommittee. The Group’s quality policies are formulated by the Quality Control Management Office. Following deliberation in the Quality Control Working Group, a decision is made by the Group Management Council. The Quality Control Management Office regularly reviews the quality management activities of the Group to maintain and improve quality management throughout the entire Group, and carries out quality management activities according to the characteristics of the business regions of Group companies.



(*) We plan to add TOTOKU to committees during FY2025

Establishing quality management systems for SWCC Group products

In quality assurance operations, we have introduced a management system for measurement data, enabling automatic import of inspection data and automatic judgment of inspection results, while further clarifying the permissions of operators and approvers. This system has started operating at all locations. Furthermore, we are working to effectively utilize the collected data to improve quality. Additionally, we are strengthening both human resources and facilities at the Manufacturing Human Resource Development Center and the 2035 Factory Project to reinforce the foundation of manufacturing.

Failure costs

Since FY2018, the SWCC Group has been working to improve quality by introducing the concept of failure costs. Currently, we are working to achieve the target of reducing quality-related failure costs by 50% in FY2026 compared to FY2021.

Presentation of results of SWCC Group improvement activities

At SWCC Group, as part of improvement activities, we focus on manufacturing and people development. In order to raise employee awareness and enhance the level of activities through quality improvement and productivity enhancement, we regularly hold, twice a year, presentations on activity case studies by small-group teams and improvement projects selected from both overseas and domestic bases. In fiscal year 2024, for the first time in a while, the event was held in-person rather than online, with teams selected from overseas and domestic sites participating in a grand event.



Presentation of results of SWCC Group improvement activities

Customer satisfaction

The SWCC Group conducts customer satisfaction surveys to provide high-quality, safe products and services and to improve customer satisfaction. Through the survey, respondents were asked to rate the Group’s product quality, price, delivery time, sales and technical support systems, and sustainability on a 5-point scale, as well as to share their requests for the Company. Overall, for fiscal year 2024, we have continued to receive high praise, and have further improved upon those of fiscal year 2023.

In fiscal year 2023, the supply capacity could not keep up with the high demand for construction cables, and as a result of restricting orders, the appraisal of our delivery times decreased. However, as supply and demand normalized, praise regarding delivery times improved in fiscal year 2024. In preparation for fiscal year 2025, we will continue our efforts to further build trusting relationships with our customers.

Engagement with Business Partners (Supply Chain)

Basic approach

The SWCC Group has formulated the SWCC Group Procurement Policy and is working to build good relationships with suppliers in order to stably provide value-added products.

Conducting sustainability questionnaire surveys

Based on social demands, the SWCC Group has summarized the basic concept of social responsibility that should be fulfilled together with our business partners, as well as our requests, in the “Supply Chain Sustainability Promotion Guidelines” and the “Green Procurement Guidelines.” The SWCC Group conducts questionnaire surveys of major business partners, including SWCC Group companies, regarding the status of their sustainability initiatives. As of FY2022, we have adopted the Self-Assessment Questionnaire (SAQ) prepared by Global Compact Network Japan (GCNJ) for the survey. We evaluate items such as CSR, human rights, labor, environment, fair corporate activities, quality and safety, information security, supply chain, and coexistence with local communities, while confirming compliance with laws and international standards such as the United Nations Global Compact. We also utilize the results for education and support, determining the need for audits, and risk management within the supply chain. Compliance status with laws and initiatives for all 114 items are evaluated on a three-point scale: 1, 3, or 5 points. Additionally, from the 2025 edition onward, we reviewed the method for selecting survey target suppliers and conducted the survey with business partners accounting for 80% of our purchasing value.

In the FY2024 survey, the item on human rights received a low score of 3.5 points. In the supply chain, although progress has been made with regard to excessive working hours and minimum wage requirements, we take seriously the insufficient efforts regarding respect for culture and labor rights. We have renewed our recognition of the importance of human rights risks and are working to promote understanding and support for SWCC Group’s Human Rights Policy and Supply Chain Sustainability Promotion Guidelines, aiming for further improvement. Furthermore, for business partners with low overall evaluations, if support for improvement is not provided or issues remain unresolved after a certain period, we will consider implementing audits and reviewing contracts and transactions related to purchases.

Results of the FY2025 questionnaire

As a result of analyzing the FY2025 questionnaire, 81% of suppliers have achieved the level of engagement required by the SWCC Group (grade A or higher) in the overall evaluation, with the proportion of companies rated S increasing by 6% in particular. In category-by-category analysis, “quality/safety” once again received the highest scores compared to FY2024. Scores for “Coexistence with Local Communities” and “Environment” have decreased compared to FY2024, highlighting them as future challenges, while scores for the other items have improved from FY2024. As part of our next steps, we will examine the results of the survey in more detail, and then give feedback to suppliers on the results and conduct interviews with them to gain a more precise understanding of their circumstances. Especially with those suppliers with C grades, we will provide support for improvement, and have them establish a PDCA cycle, and thereby instill our sustainability procurement policy and improve their level in cooperation with such suppliers. The SWCC Group will continue conducting the sustainability survey and engaging in efforts to build a sustainable supply chain, which includes addressing the above mentioned challenges.

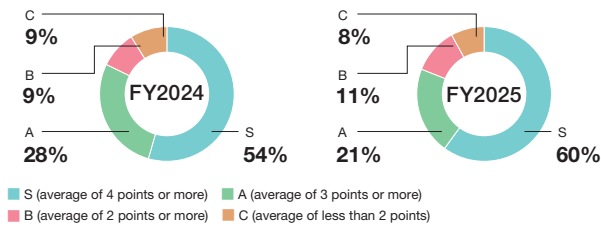
SWCC Group Procurement Policy

- 1. Comply with all applicable laws and regulations along with appropriate social practices, as well as engage in fair and equitable transactions.
- 2. Give top priority to mutual trust with its suppliers and establish a relationship where each is the best partner for the other.
- 3. Appreciate stable quality and delivery times, with continued efforts to reduce costs and a constant capacity for technological development.
- 4. Procure earth conscious materials.
- 5. Never accept any inappropriate favors from suppliers.

Survey contents

Survey period	June 2024	April 2025
Number of survey questions	114	114
Average score (5-point scale)	4.0 points	4.0 points

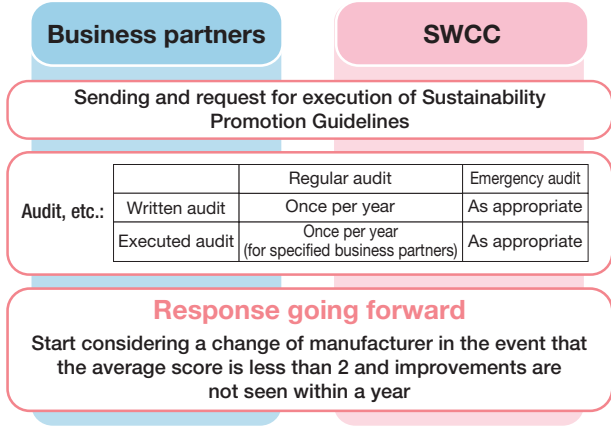
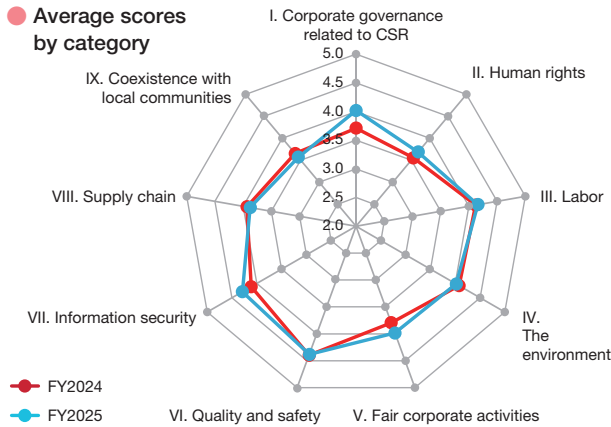
Survey results by evaluation



Actions according to assessment category

Assessment category	Percentage (%)	Actions for improvement
S (average of 4 points or more)	60	Provide feedback along with averages of all suppliers and charts for score rates by major category
A (average of 3 points or more)	21	
B (average of 2 points or more)	11	Provide feedback on scores and requests for improvement by the next time
C (average of less than 2 points)	8	Exchange opinions and implement support for improvement after a meeting

Average scores by category



Declaration of construction of partnerships

We agree with the contents of and have published the “Declaration of Construction of Partnerships” established by the “Future-creation Partnership Construction Promotion Declaration”, which is promoted by entities such as the Cabinet Office and the Small and Medium Enterprise Agency. Through the SWCC Group’s participation in the “Declaration of Construction of Partnerships”, we aim to construct sustainable business

relationships that allow us to co-exist with our business partners. To that end, we published the declaration in April 2023 and are tackling initiatives with importance on the following items. Please refer to our website for details on the “Partnership Building Declaration.”

<https://www.swcc.co.jp/jpn/sustainability/images/sengen.pdf>

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that go beyond scale and systems

We aim for coexistence and co-prosperity with our business partners through coordination that goes beyond our existing business partners and size of the company. We will achieve this by working to improve the added value in our entire supply chain by approaching our second-tier business partners through our direct business partners (from “Tier N” to “Tier N + 1”). In such cases, from the perspectives of business continuity such as in the event of a disaster and of reforms to work styles, we will also promote support such as giving advice to our business partners on introducing telework to business partners and for formulating BCPs (business continuity plans). (Individual item) • We strive to tackle digitalization of work processes with business partners and to promote streamlining throughout the supply chain.

2. Compliance with promotion standards

We aim to proactively make corrections to business practices that hinder the construction of partnerships with our business partners. We do this by adhering to the desirable business practices of excellent businesses and sub-contractors (“business promotion standards” based on the “Act on the Promotion of Subcontracting Small and Medium Enterprises”). (1) Price determination method (2) Costs borne, such as for mold management (3) Payment conditions, such as payment by check (4) Intellectual property, know-how (5) Negative effects accompanying reforms in work styles

3. Other

- We disclose our Supply Chain Sustainability Promotion Guidelines and make efforts to engage in fair transactions with our business partners.
- We regularly educate staff on compliance with laws and regulations and construct relationships of trust with our business partners through fair transactions.

Green procurement

Recognizing that “it is a fundamental responsibility of people living today to hand down our irreplaceable Earth to the next generation in a healthy state,” we keep this in mind in our material procurement activities. To prioritize purchasing products with the smallest possible environmental impact, we have formulated and published our Green Procurement Guidelines, which are used to

share environmental policies with suppliers, provide education, conduct environmental risk assessments, promote responses to environmental impacts, and audit suppliers. We are also widely soliciting proposals for environmentally friendly products, as listed below, through our website. Please refer to our website for more details on the Green Procurement Guidelines.

1. Products and packaging that consider the following throughout the entire product lifecycle (from resource extraction to disposal).

- Reduction of environmental pollutants
- Conservation of resources and energy
- Reusability
- Recyclability
- Use of recycled materials
- Ease of disposal

2. Dissemination of information

- New environmental technologies
 - Presentation of specific efforts
- https://www.swcc.co.jp/jpn/sustainability/pdf/gtgl_2.pdf

Shareholder and investor relations

For the SWCC Group to be correctly understood, trusted, and sympathized with by all stakeholders, including shareholders and investors, SWCC has developed the Disclosure Policy to disclose information.

We are also taking the utmost care to prevent the leakage of insider information through various initiatives, such as instituting a “quiet period” prior to the announcement of financial results. Regarding dialogue with shareholders and investors, we are working to enhance IR initiatives and create more opportunities for communication between our management team and a greater number of investors. We do so through the Shareholders’ Meeting, financial results briefings for institutional investors and analysts, theme-based briefings that reflect investor interests at

different times, dialogues with domestic and overseas institutional investors, briefings for individual investors, factory tours, and other events to deepen understanding of our company. With regard to financial disclosure documents, our disclosure on “management conscious of capital cost and stock price” was selected as a best practice by the Tokyo Stock Exchange, and our disclosure efforts have received external recognition. We will continue to convey the Group’s initiatives to our stakeholders in an easier-to-understand manner.

Moreover, various event reports as well as disclosure documents are posted on our website as content to deepen understanding of our Company.

Strengthening Human Capital

Viewing human resources as human capital, the SWCC Group seeks to maximize the value of our talent to enhance our corporate value over the medium to long term. We actively engage in measures to create a rewarding workplace, such as promoting the use of diverse human resources and internal systems to support challenges and growth.



Promotion of the utilization of diverse human resources (DEI)

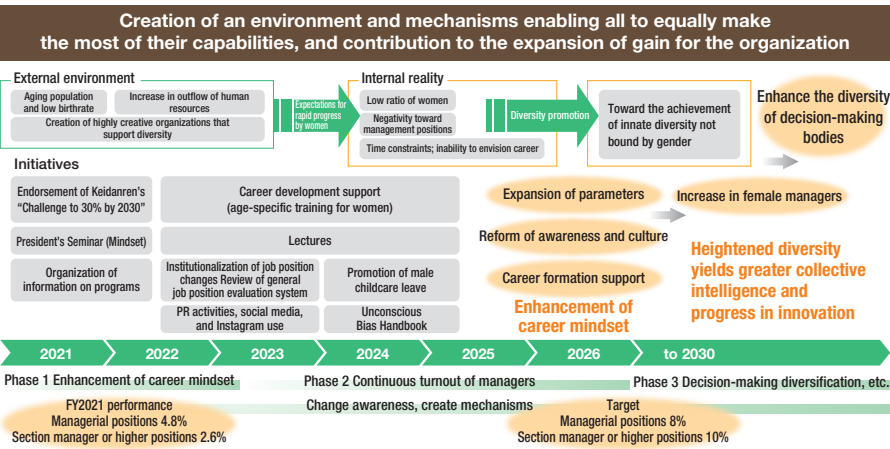
Diversity Promotion Project

Our efforts for promotion of diversity are led by the Diversity Promotion Project (nicknamed “SWCCarat”), an organization placed directly under the President. Marking the fifth year since the project’s launch, we redefined SWCCarat’s mission as “laying the foundation for innovation creation,” and in FY2024 carried out activities with both bottom-up and top-down approaches in mind. In particular, we strengthened initiatives to address and raise organizational awareness of the importance of diversity, including race, religion, gender, age, sexual orientation, disability, and nationality.

In June, we published an “Unconscious Bias Handbook” based on our company’s experiences, offering many employees opportunities to deepen their understanding of unconscious bias. In December, we held lectures and workshop to promote



understanding and acceptance of diversity. Employees who participated in the workshops shared feedback such as, “It was a good opportunity to reflect on my own thinking and actions.” Additionally, we held a workshop for executives titled “DEI for Management Leaders,” providing an opportunity for officers to discuss and reconsider the role of leaders in driving DEI. In FY2025, we plan to implement activities tailored to locations and roles, such as incorporating DEI lectures into hierarchical training and holding workshops at each site. We will also continue initiatives started at the project launch, including age-specific training for female employees aimed at achieving a female managerial ratio of 8% (with 10% for managers) or more by the end of FY2026, hosting Riko Challenge (hosted by the Cabinet Office) events to support female STEM students, university sponsorships, and activities based on the comprehensive cooperation agreement with Shibaura Institute of Technology for DEI promotion.



We were selected and honored as a “company truly striving for change” toward women’s empowerment and diversity promotion at the WECHANGE AWARDS 2025 hosted by social economic media NewsPicks. To commemorate this, and as an opportunity to think again about DEI, we distributed original chocolate to employees in conjunction with International Women’s Day.



Human resources development for the future

Initiatives of the Recruitment & Human Resource Development Group

We consider human resources to be among our most important management resources. In order to solve various social issues in the world, we actively provide educational and training opportunities that encourage individuals to voluntarily improve their abilities.

Currently, to foster talent for the future, our KPI is set as “annual average training hours per person,” with a goal of 40 hours for

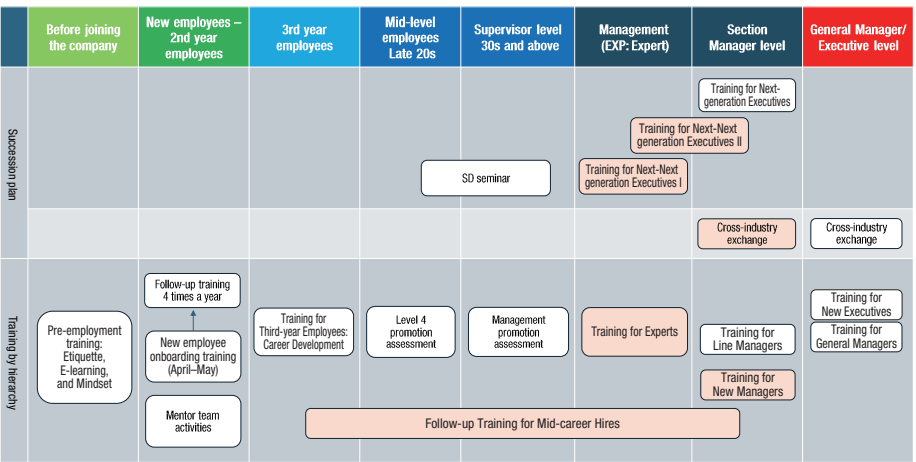
FY2026. Various initiatives are underway to achieve this.

In FY2024, the average training hours per employee was approximately 23 hours. This shows a continued increase from the 16 hours recorded in FY2023. Looking ahead, we will allocate training hours for employees to learn in pursuit of their ideal self as part of the 40-hour target, and build a system to realize career ownership (autonomous career development).

The training programs have undergone a major review of the hierarchical training structure, with new programs created for managerial positions to enhance management skills and a strengthened system to provide optimal programs for each appropriate level.

As part of the “Future-Oriented Talent Development Project,” we rolled out and expanded tiered education for skilled positions involved in manufacturing. In fiscal 2024, we started training for four grades of managerial supervisors and began cultivating internal instructors. In addition to implementing follow-up measures for next-generation executive training, we also reviewed the scope and content of succession plan training, aiming to create ongoing programs that better foster management talent.

Based on the results of the engagement survey renewed in fiscal 2024, we will identify issues and provide opportunities for learning through new training initiatives and content as part of our measures.



Alumni recruitment system poster



Poster for internal job posting system

Health and Safety Activities

As one initiative aimed at respect for human rights, the SWCC Group strives to create healthy, safe, and secure working environments for employees and to prevent illness, incidents, and accidents. We comply with national and regional laws and regulations as well as our internal regulations, and engage in health and safety activities under a commitment to placing safety first. This initiative is closely linked to the human rights policy advocated by the SWCC Group, and we are working to create an environment where every employee can work with peace of mind.

Basic Policy

1. We will promote activities to maintain the physical and mental health of workers.
2. We will promote the creation of comfortable working environments.
3. We will conduct thorough education and training to raise the safety awareness of all workers.
4. We will actively carry out measures to prevent accidents.

Promotion Structure

Health and safety management at the SWCC Group is structured in a way that extends to every Group company, through the Health and Safety Working Group led by the senior executive in charge of health and safety supervision under the Group Management Council. Safety and health policy of the Group is formulated by the Industrial Safety & Health Promotion Office and deliberated by the Health and Safety Working Group, after which it is proposed to the Group Management Council. The Industrial Safety & Health Promotion Office monitors the health and safety activities of Group companies to engage in problem solving and prevention of accidents and illnesses. In addition, the SWCC Group promotes safety and health activities tailored to each company’s business domain, with each company establishing its own safety and health management framework. Information on significant accidents, incidents, legal and regulatory issues, and similar matters are promptly reported throughout the entire Group.

Priority Topics for Health and Safety Activities in FY2025

1. Reducing mental and physical burdens through workplace environment improvements
2. Creation of safe and secure workplaces based on health and safety activity diagnoses
3. Enhancement of health and safety awareness for all through health and safety education (statutory, rank-based, etc.)
4. Promoting health enhancement initiatives, follow-up on health check results, and mental healthcare
5. Reducing occupational accident risks through risk assessment by focusing on “unsafe actions,” “unsafe conditions,” and “hazardous properties of chemicals”

Safety and Health Promotion System



(*) We plan to add TOTOKU to committees during FY2025

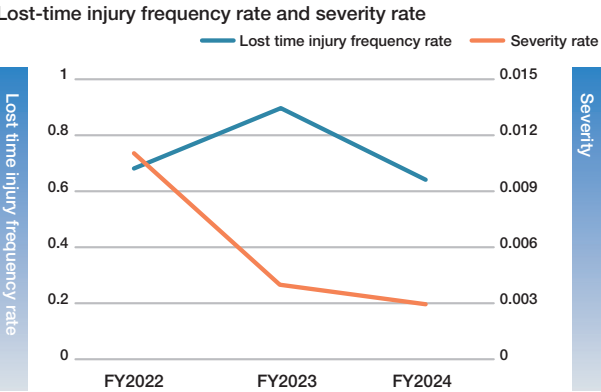
FY2024 initiatives and achievements, future issues and outlook

In FY2024, we addressed five priority topics. An overview and outcomes of initiatives, as well as changes in the frequency and severity of lost-time accidents, are presented below.

Priority topics	Overview and outcomes of initiatives
(1) Promotion of health and productivity management initiatives	● The SWCC Group was certified as an Outstanding Health and Productivity Management Organization (large enterprise category) in 2025, our sixth consecutive year of certification under the program. Logis-Works has also received certification for four consecutive years in the small and medium-sized enterprise category.
(2) Creation of safe and secure workplaces based on health and safety activity diagnoses	● Diagnoses of the dual aspects of systems and on-site management, and scoring of results, by self-diagnosis and by diagnostic teams in order to make FY2021 health and safety levels visual ● Continued mainly at SWCC and SFCC offices and plants, with the results of these initiatives leading to improved diagnostic results each year and contributing to the enhancement of health and safety activities.
(3) Enhancement of health and safety awareness for all through health and safety education (statutory, rank-based, etc.)	● New employee education and training for prospective supervisors are conducted. ● In addition to classroom learning, we incorporate hands-on training, risk awareness experiences, and review education in the learning cycle to enhance learning effectiveness.
(4) Risk assessment focused on unsafe behavior and unsafe conditions to reduce occupational accident risks	● Conducting risk assessments regularly at major workplaces across the Group's locations to reduce unsafe actions and unsafe conditions (including assessments of existing businesses and irregular projects) ● Sharing the results of risk assessments at reporting meetings to mitigate risks in related departments
(5) Addressing new chemical substance regulations	● In accordance with the new chemical substance regulations under the Industrial Safety and Health Act, we identify substances subject to risk assessment from the chemicals we use and carry out risk assessments.

The frequency rate of lost time injuries in FY2024 was 0.66 (three lost time injuries). This is a slight improvement compared to FY2023. At the same time, the severity rate slightly improved to 0.003. Both the number and severity of incidents have been trending downward. We believe the effects of focusing on key themes such as risk assessment and health and safety activity diagnoses are beginning to appear. Based on these achievements and on reviews, we will continue tackling the aforementioned priority topics in FY2025. In addition, by strengthening occupational health and safety education for managers, we aim to improve safety management.

As the core of the Manufacturing Human Resource Development Center, the Manufacturing Training Center nurtures future talent through a wide range of education, focusing on health and safety, quality, and sustainability.



Improve engagement (create rewarding work and workplaces)

The SWCC Group aims to boost engagement so that all employees can demonstrate maximum performance with higher motivation. We believe that engagement grows through mutual understanding between the Company and its employees, and through employees' attachment to and pride in their jobs and the Company. In FY2024, we will integrate our engagement surveys and employee satisfaction surveys and will reflect the opinions of employees in management measures including renewal of our organizational culture and promotion of diversity, in order to enhance a sense of unity between management and employees and to boost engagement.

Health and productivity management and workstyle reform

Our company has been certified as an Excellent Health Management Corporation for six consecutive years. We will continue to promote initiatives aimed at improving employee health. As part of these efforts, we will work on implementing the following measures.

Enhancement of health literacy (improvement of the workplace environment and self-care)

A company bears a duty of care by which it creates safe workplaces, while employees bear a duty of self-care by which they work in good health. The SWCC Group promotes health and productivity management and aims to create workplaces where employees can work in good physical and mental health.

- Assured implementation of occupational health activities: expanded interviews with occupational physicians and promotion of health guidance in cooperation with public health nurses and health insurance associations
- Hygiene subcommittee activities: health promotion activities with participation by Group employees (health seminars, sports events, etc.)



Achievement of work-life balance (creation of comfortable workplaces)

We are implementing the following measures to create opportunities for personal fulfillment and self-growth through balance between work and private life.

- Promotion of annual paid leave acquisition, reduction of overtime work (implementation of no-overtime days), and promotion of telework and flextime
- Enhancement of benefits: Discount services for leisure, sports, childcare, and nursing and caregiving support, adoption of health promotion applications, adoption of Thanks Points for giving thanks, group insurance plans (comprehensive welfare insurance, GLTD (group long-term disability income/compensation insurance)), etc.

Sharing of intentions between company and employees

The common will and empathy between the Company and employees leads to a reaffirmation of the value of work for each individual. The SWCC Group will transform its organizations to assure a sense of unity in the face of even more intense future changes in social conditions.

Sharing of our management philosophy, Purpose, and Company policy

- At Group sites, the President presents briefings on financial results and policies and holds dialogues with employees.
- We promote information sharing through SWCC videos on the Company intranet, workplace signage, and other internal communications.
- System IDs are assigned to all employees to promote IT environment improvement so that it is easy to carry out work tasks

Evaluation system review

We are conducting a review of our evaluation system to ensure that the Company and employees are able to mutually recognize each other's necessity and value.

- Competency evaluation
- Restructuring of the evaluation system so that it is appropriate and designed for changes in society, various industries, and occupations

Conducting feedback sessions

By conducting feedback sessions with each employee, we foster a sense of satisfaction regarding evaluations and compensation.

Graduate School of Business Design

In response to changing times, the SWCC Group has dispatched 10 young employees as researchers to the Graduate School of Business Design to create ideas for new businesses that generate new value. Through a curriculum of approximately six months, they conceptualized businesses that will become pillars of SWCC in the future. At the final presentation in March, all executives attended and evaluated the proposed concepts. We believe that the adopted business concepts will continue to be promoted from FY2025 onward, contributing to the construction of businesses to be developed by the SWCC Group in the future.

Projects to support sports

Our company welcomed Yuya Yamamoto, an athlete in the Nordic combined competition, as our first athlete employee in 2024. With the hiring of athlete Yamamoto, interest in Nordic combined has increased within the company, and communication among employees through sports activities has become more active, leading to stronger unity as a corporation. Yamamoto, who has set his personal purpose as "Challenge," participated as a member of the Japan national team at the 2025 FIS Nordic Combined Viessmann World Cup held in Seefeld, Austria, and achieved an outstanding result of 3rd place in the Combined event at the 79th National Sports Games Winter Ski Competition

Invigoration of communication (promotion of diversity)

In today's diversifying society, varied sort of people work together. By creating a workplace environment that facilitates internal communication, we will increase psychological safety and establish an organizational culture that makes it easy for employees to express their opinions and proposals.

- Adoption of free-address offices, mobile PCs, and enhancement of in-house Wi-Fi, utilization of satellite offices
- Promoting communication through IT tools (Microsoft 365, web meetings, chat tools, internal smartphones, etc.)

By reviewing survey vendors and implementing improvement plans tailored to actual conditions in each unit, we address organization-specific issues, aiming to enhance mutual understanding and unity among members.

We changed the survey vendor based on the 2024 survey. By collecting more multifaceted data than ever before, we are now able to more clearly grasp issues. In FY2025, to respond to employee feedback obtained from survey results, we will formulate action plans tailored to individual departmental issues and implement improvements strategically.

Improvement of equipment and environment

With the renewal of the welfare facilities, we are providing an environment that improves employee ambition. Toward our 90th anniversary in 2026, we are planning to renew our uniforms to foster a sense of unity among group companies.

Improvement activities for each organization

By tackling organization -specific issues at each division, we aim to enhance mutual understanding and a sense of unity among members.



Final presentation



Completion ceremony

(Akita Kazuno Kokutai) in Japan. We at the SWCC Group are fully committed to supporting Yamamoto's dream of success at the Olympics and aim to enhance employee engagement. We will continue to strive to create a vibrant work environment and contribute to local communities through our support for sports.



At the award ceremony for the 79th National Sports Games Winter Ski Competition (photo right)

Advancing Governance Systems

So that the SWCC Group can conduct sound business activities and be a group that creates trusted corporate value, we continue to work on the establishment and further strengthening of a corporate governance system that ensures transparency and fairness in corporate management.



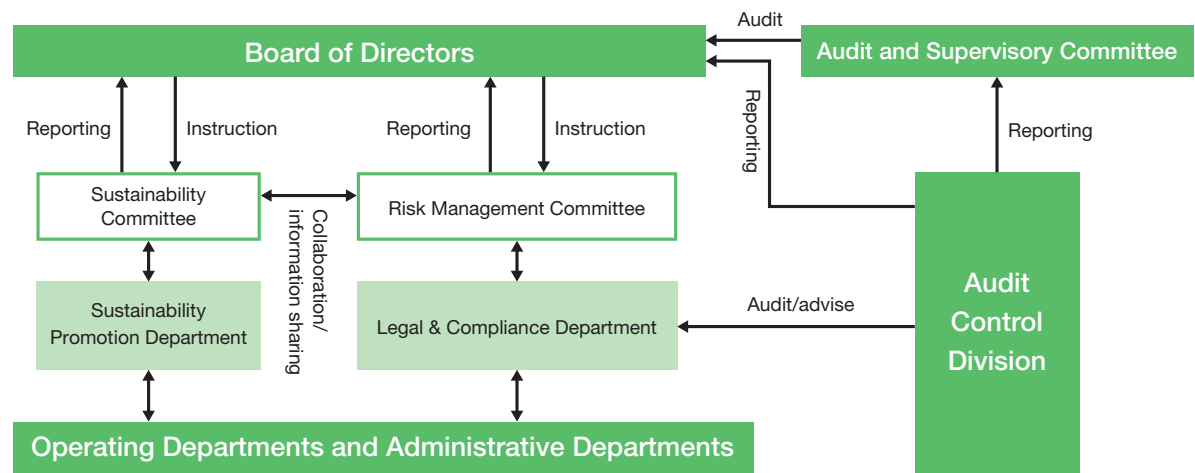
Monitoring Corporate Management—Risk Management

Risk management

For company-wide risk management at the SWCC Group, we have established a risk management system centered around the Risk Management Committee. Specifically, the Risk Management Committee, chaired by the CEO, Executive President, and Representative Director, and composed of all company executive officers and fellows appointed by the chairperson, discusses the evaluation of risks and countermeasures carried out by the business divisions, manages the progress of risk management plans and measures, and reports to the Board of Directors. We also strive to strengthen our Group-wide risk management system, which is essential for the continued development of our business. The Risk Management Department within the Legal & Compliance Division acts as a risk supervisory department. The department supervises risk management for the entire Group, which includes handling administrative operations of the Risk Management Committee, formulating rules and guidelines,

providing training, and monitoring risks.

To swiftly respond to risks that occur on a regular basis in business divisions and administrative divisions, we further operate our Risk Report System that promptly provides risk information from the relevant department to the Risk Supervision Department when a risk event occurs. When a reported risk constitutes an emergency or serious event, we share information with the Risk Management Committee and full-time Audit and Supervisory Committee members while enacting appropriate initial response, working to minimize impacts on the Group's business. To address risks related to the environment, society, and governance, we coordinate and share information with the Sustainability Promotion Department. Along with the identification of high-priority business risks, we handle climate change-related risk management and human rights-related due diligence within this system.



Major identified risks

Whether a risk equates to a major risk that could have significant impact on investors' decisions is determined by the Risk Management Committee through risk identification, analysis, and evaluation. Specifically, we quantify and analyze, using the evaluation axes of impact, likelihood, and risk management vulnerability (i.e., whether we can control the impact if the risk materializes), the residual risks that remain even after risk mitigation measures are taken for risks raised by Group companies. Based on these results, we identify risks that could

have significant impacts on the SWCC Group as major risks. In addition, since we have defined materiality based on the Basic Sustainability Policy, we are taking measures to address major risks Company-wide by adding correlations to them and risks recognized by the Corporate Department. Risks identified by the SWCC Group include but are not limited to the risks listed here. Any of these risk factors could also influence the judgment of investors.

Risk category	Materiality	Details of identified risks	Major initiatives	Remaining risks
Natural disasters, etc.	• Our earth	○ Suspension of operations at manufacturing sites caused by the following natural disasters, loss of logistics functions, etc. • Natural disasters such as massive earthquake, typhoon, and flooding	• Formulation and review of business continuity plans (BCPs) to ensure smooth initial response to anticipated risks • Systematic investments to strengthen infrastructure facilities at manufacturing sites • Purchase of disaster insurance	• Significant impact on business results in the event of substantial restrictions on systematic production activities due to prolonged deterioration of social infrastructure functions under power shortages, logistics delays, etc. caused by natural disasters beyond expectations, etc.
Changes in raw material and energy prices	• Our future • Our earth	○ Changes in prices of copper, which is the key raw material ○ Changes in prices of petrochemical products such as polyethylene	• Strengthening of management by the Group Procurement Division • Reduction of inventory through systematic stable procurement • Shifting of costs to product prices • Hedging of risk of copper price fluctuations through futures trading, etc. • Mitigation of risks through diversification of procurement sources and the use of multiple-source purchasing • Introduction of energy-saving equipment	• Significant impact on business results if the shifting of costs onto product prices is difficult or if loss occurs due to a dramatic drop in market prices
Securing and development of human resources	• Our people	○ Loss of sales opportunities ○ Impact on business continuity due to difficulties in passing on manufacturing skills ○ Decline in the quality of products and services ○ Impact of missed growth opportunities on achievement of performance targets	Please refer to “Strengthening Human Capital” for our major initiatives.	• Significant impact on business results due to organizational constraints and loss of business opportunities
Supply chain disruptions and breakdowns	• Our partnership	○ Stoppages and delays in the supply of raw materials due to supply chain disruptions and breakdowns	• Mitigation of risks through diversification of procurement sources and the use of multiple-source purchasing • Securing of substitute products • Thorough management of individual procurement sources (Management of risks of business closure and discontinuation)	• Impacts of stoppages and delays in the procurement of raw materials on business activities and business results • Increase in procurement costs due to procurement difficulties
Cybersecurity	• Our governance	○ Loss of intellectual property, customer information, or other confidential information, and reputational damage due to cyberattacks, information leaks, or system failures	• Establishment and monitoring by CSIRT • Verification of information transmission systems during incidents via incident response training held twice a year • Cybersecurity insurance coverage	• Loss of confidential information or reputational damage in case of exposure to unknown attacks • Incurrence of losses not covered by insurance
Quality issues	• Our governance	○ Occurrence of quality issues (faults and defective products) ○ Manufacturing and selling products that violate product standards, laws, regulations, or agreements with customers	• Monitoring by the SWCC Quality Supervision Department, auditing by the Audit Control Division • Thorough quality control and prevention of fraud through promotion of IT in quality assurance operations • Roll-out of Group-wide education program • Securing and training of quality division human resources • Purchase of liability insurance	• Compensation for damages, product liability claims, etc. arising from quality issues • Damage to trust and reputation due to quality issues

Information Security

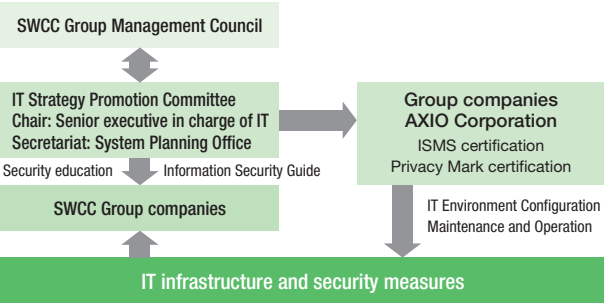
The SWCC Group has established its Information Security Policy under which it reviews countermeasures against cyber attacks and carries out annual training for employees. The SWCC Group actively undertakes investments in information security, which we recognize as a key management issue.

Information Security Basic Policy

Information handled by the SWCC Group includes customer information, management information, technology and production information, employee personal information, and other information vital to business activities. In addition to complying with laws and regulations, we will ensure confidentiality, completeness, and availability of information by developing suitable information management systems and IT environments, meeting the trust placed in us by customers. To achieve these goals, the SWCC Group has created and maintains its Information Security Guide.

Management system

The SWCC Group has established an IT strategy committee aimed at achieving the adoption and operation of information systems, with the goal of overall optimization based on our management strategies. Composed of the IT managers of Group companies, the IT Strategy Promotion Committee develops information security measures, plans and implements security education, and proposes investments in security measures. The Group company AXIO Corporation is responsible for IT infrastructure construction, maintenance, and operation, as well as the implementation of security measures.



FY2024 initiative results

With the rapid increase in the use of web conferences and the resulting rise in network traffic, we have monitored network usage while carrying out both bandwidth expansion and load distribution using a secure, web conference-dedicated network. The information security guide and information security training materials were made available in multiple languages to share security awareness with employees at business locations in each country.

FY2025 initiatives plan

In fiscal year 2025, we will conduct information security training and send multiple training emails throughout the year. By utilizing tools such as ASM, we will visualize IT assets that could be the target of cyberattacks and work on vulnerability countermeasures throughout the organization.

Business Continuity Management (BCM)

Through business continuity management (BCM), the SWCC Group prepares for risks such as natural disasters and system failures as we advance initiatives aimed at fulfilling our social responsibility through the stable supply of products to business partners. We also conduct verification and review of our business continuity planning (BCP) manual to respond swiftly to changes in the business environment and maintain the continuity of our business.

In fiscal year 2024, we reviewed hazards that require countermeasures at all Group locations and updated the BCP manual, focusing on both hazards and measures against

infectious diseases. We have implemented these measures. Additionally, in fiscal year 2025, we will verify the effectiveness of the manual and conduct site inspections.

Risks that threaten business continuity have increased and diversified in recent years, encompassing climate change, cyber attacks, geopolitical risks, contagious diseases, and more. As a group of companies that contribute to social infrastructure, the SWCC Group positions the management and reduction of risk as a key management issue and engages in ongoing related activities throughout the Group.

Compliance

In FY2022, the SWCC Group established the SWCC Way (Code of Conduct), consisting of “Swiftness,” “Passion,” and “Thinking before acting,” with the aim of achieving value creation throughout the Group. Under “Thinking before acting,” we require all officers and employees to maintain awareness of compliance, along with a commitment to work and conduct that can be shown with pride to customers and family members. In FY2022, to place importance on the trust that is a keyword in our management philosophy, make compliance a priority, and continue evolving into a better company, we also formulated our Compliance Basic Policy.

In FY2024, the Legal Department is taking the lead in implementing awareness initiatives, such as conducting training sessions with a focus on technical divisions and overseas subsidiaries, in order to further instill the SWCC Way Compliance Basic Policy across the entire SWCC Group. We also conduct

compliance education concerning the Antitrust Act, the Subcontract Act, and the Construction Business Act, and other laws and regulations closely connected to our business, as well as education on insider trading regulations and other points of note when officers and employees engage in stock transactions. We further launched a new Compliance Program by which departments develop compliance promotion activities in line with themes they have independently set. We will continue to promote compliance in FY2025, building on the activities undertaken in FY2024. We also operate a Group-wide internal Compliance Hotline reporting system with contact points inside the Company and at outside law offices. We are developing systems for the prevention and early detection of compliance violations. The SWCC Group is committed to enhancing and ensuring compliance through the continuation of these initiatives.

Corporate Governance

Basic approach

Under the SWCC Purpose, “Innovating new ideas today. Becoming the norms of tomorrow.”, and based on a management philosophy that centers on “trust” as its keyword, we recognize that the swiftness and efficiency of management, and the resulting strengthening of monitoring functions, are universal challenges for companies, and we are advancing our initiatives accordingly. While fulfilling our corporate social responsibility (CSR), the SWCC Group is also actively working to develop systems required to ensure appropriateness in the operations of our Group.

Changes in governance

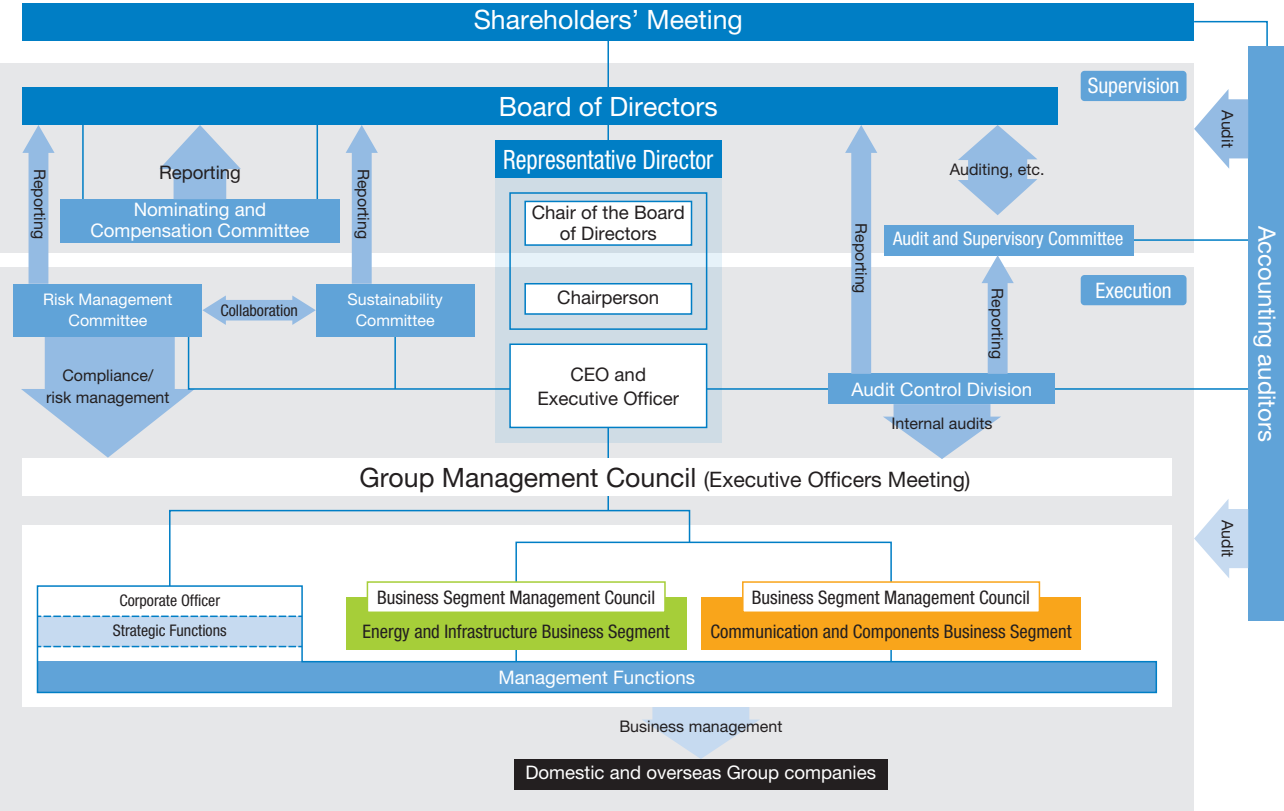
Year	2006	2015	2018	2019	2020	2023
Organizational design	Company with a board of statutory auditors (to June 2019)			Company with a board of statutory auditors (to June 2019)		
Total number of officers (excluding executive officers)	10	14	10	7	7	7
Total number of directors	6	10	7	7	7	7
Of these, outside directors	0	2	3	3	3	4
Total number of auditors	4	4	3	–	–	–
Of these, outside auditors	3	3	2	–	–	–
Executive officers	–	–	–	13	12	12
Topics	• Conversion to holding company	• Appointment of Outside Directors (From June 2015)	• Establishment of Nominating Committee (December 2018) • Establishment of Compensation Committee (December 2018) • Start of evaluation of effectiveness of the Board of Directors	• Strengthening of authority of executive officers (April 2019) • Appointment of Group CEO (June 2019) • Discontinuation of position of director • Discontinuation of advisor system	• Establishment of Chair of the Board of Directors (April 2020) • Adoption of restricted share-based remuneration plan	• Spin-off companies (April 2023) • Integration of the Nominating Committee and the Compensation Committee into the Nominating and Compensation Committee (June 2023)

Current system

We have adopted the system of a company with an audit and supervisory committee as a part of our organizational design. The purpose of this adoption is as follows.

- By delegating substantial decision-making authority for the execution of business operations to executive officers, we will increase the efficiency and speed of business execution
- Based on 1, we further enhance deliberations on key topics, such as management strategy, in Board of Directors meetings
- Primarily through the Audit and Supervisory Committee, we will work to strengthen auditing and supervisory functions

Corporate Governance System Diagram



Initiatives by the Board of Directors and by committees

Board of Directors FY2024 convened 21 times

 President  In-house  Outside

Purpose and authority	Composition
To deliberate and decide on matters regarding the management policies and business execution of the Company and its Group companies, and to supervise and ensure that the execution of directors' duties is duly and efficiently conducted. Matters discussed ● Reporting and deliberation on the progress of the Mid-Term Management Plan and the status of business execution during the current fiscal year ● Reporting and deliberation on M&A to strengthen the business portfolio in light of the business environment and competitive situation ● Reporting and deliberation on the status of dialogues with shareholders (investors) through IR activities, etc. ● Reporting and deliberation on compliance and risk management issues for the Group overall ● Reporting and deliberation on initiatives to address sustainability issues, including environmental initiatives ● Reporting and deliberation on the evaluation of the effectiveness of the Board of Directors (questionnaire survey based on advice from outside bodies)	2 directors  5 directors who are Audit and Supervisory Committee members 

Audit and Supervisory Committee FY2024 convened 17 times

Purpose and authority	Composition
To audit and supervise the execution of directors' duties through monitoring and verification of the internal control system and through effective cooperation with accounting auditors, the internal audit department, and other departments, in accordance with the audit policy and plans set forth by the Audit and Supervisory Committee. Matters discussed ● Formulating audit policies and audit plans ● Evaluation of accounting auditors and determination of appropriateness of reappointment ● Preparing audit reports	5 directors 

Nominating and Compensation Committee FY2024 convened 7 times

Purpose and authority	Composition
Following consultation with the Board of Directors, the Nominating and Compensation Committee deliberates and reports on matters related to nominations, such as succession planning and the nomination of candidates for directors and executive officers, and on matters related to compensation, such as the determination of the structure and systems for directors and senior management and the amounts of individual compensation.	4 directors 

Risk Management Committee FY2024 convened 2 times

Purpose and authority	Composition
We oversee compliance and risk management for the entire Group and continuously identify and correct any issues, thereby striving to further strengthen the SWCC Group's corporate governance system.	1 chairperson, 14 members 

Sustainability Committee FY2024 convened 2 times

Purpose and authority	Composition
We will strengthen our sustainability structure with the aim of engaging in corporate operations that are sustainable in terms of the environment, society, and economics, based on the SWCC Group's management philosophy.	1 chairperson, 10 members 

Approach to the composition of the Board of Directors

Our basic approach to corporate governance is based on the SWCC Purpose, which serves as a guidepost to align the SWCC Group's raison d'être, management, and employees along the same path, and on the recognition that the speed and efficiency of management and the accompanying enhancement of monitoring functions are universal corporate challenges. In accordance with this policy, in appointing directors we seek people who exhibit excellent character and insight and who can supervise and manage the Company. It is also our policy to appoint members with diverse backgrounds in order to cover a wide range of knowledge and expertise that we consider important to our Company.

Based on the above policy, in the Board of Directors we require experience in corporate management as well as knowledge and insight related to sustainability in order to further promote initiatives aimed at resolving social issues. We select a balanced lineup of persons who have abundant knowledge and experience in fields such as international affairs, accounting, finance, and technology.

We will continue to review the skills required for the Board of Directors in accordance with changes in management policies and strategies.

Directors' skill matrix

	Takayo Hasegawa	Tetsuo Komata	Yuji Sakakura	Takashi Mukuno	Minako Nishimura	Koji Naito	Kumiko Baba	Futoshi Yamaguchi
 Required Skills Corporate management	●	●	●	●	●	●	●	●
 Sustainability	●	●	●	●	●	●	●	●
 Sales	—	—	—	●	—	●	—	—
 Overseas business	—	●	●	●	—	●	●	—
 Accounting and finance	—	—	●	—	—	—	●	●
 Technology	●	●	—	—	●	—	—	—

Reasons for selection of skills

Skills	Reasons for selection
 Corporate management	Directors who possess robust knowledge and experience related to corporate management and who can promote the sustainable growth of the SWCC Group's corporate value are essential in achieving the goals of the Change & Growth SWCC 2026 Rolling Plan 2024 Mid-Term Management Plan.
 Sustainability	Directors who possess robust knowledge and experience concerning the environment, society, and the strengthening of corporate governance are essential in working to promote social problem-solving business, achieve a sustainable society, and enhance our corporate value on the foundation of the technologies and experience built up in our business under the SWCC Purpose.
 Sales	Directors who possess robust knowledge and experience in assessing and analyzing market trends and formulating sales strategies are essential in providing high value-added products.
 Overseas business	Directors who possess experience in overseas business management and robust knowledge and experience concerning overseas business environments are essential in sustainably growing our overseas businesses.
 Accounting and finance	Directors who possess knowledge and experience of accounting and finance are essential in carrying out growth investments aimed at sustainable enhancement of corporate value, as well as in promoting management that will improve capital efficiency based on the key management indicator of return on invested capital (ROIC).
 Technology	Directors who possess robust knowledge and experience concerning technology are essential in creating products of suitable quality, conducting wide-ranging research and development including basic research, creating new business models, promoting DX, etc.

Reasons for the selection of inside directors and outside directors

Name	Reasons for selection
Takayo Hasegawa	Over many years, he has significantly increased corporate value through excellent management skills and leadership. He has extensive business experience, achievements, and insight as a manager, and as further contributions are expected from him in the future, he has been reappointed as a director.
Tetsuo Komata	Starting April 2025, he will assume the position of CEO, Executive President, and Representative Director of our company, driving our business forward to achieve the Mid-Term Management Plan “Change & Growth SWCC2026 Rolling Plan 2024” and looking ahead to sustainable growth beyond that. He possesses extensive experience and achievements in overall management, and, based on our judgment that he can continue to contribute to enhancing the corporate value of the SWCC Group, we have reappointed him as a director.
Yuji Sakakura	Having cultivated extensive insight into management through his careers as an executive in finance-related operations at a general trading company, a securities company manager, and Chief Financial Officer at an M&A advisory firm, we expect further reinforcement of SWCC Group’s corporate governance by having him audit and supervise our management based on such experience and insight, and have therefore reappointed him as an external director.
Takashi Mukuno	He has experience and achievements in global corporate management, including in business planning at listed companies and as a top executive at one our overseas subsidiaries. Utilizing his extensive experience and achievements, he appropriately fulfills his duties as an Audit and Supervisory Committee member from a global management perspective. He was appointed as an outside director who is an Audit and Supervisory Committee member based on the expectation that he will provide accurate recommendations and oversight of execution concerning the Company’s business from a neutral and objective standpoint.
Minako Nishimura	She possesses extensive experience primarily in human resource development and career advancement, as well as high-level insights as a corporate manager. With the expectation that, from an independent standpoint, she will appropriately fulfill her duties in discussions regarding the promotion of diversity and initiatives for the development of the next generation, we have reappointed her as an outside director.
Koji Naito	He has a wide range of experience and accomplishments in corporate management, including serving as a Representative Director of a listed company. He has been selected as an outside director in the expectation that, by utilizing his extensive experience and profound insight into management, he will provide advice on management, make precise recommendations regarding our company’s business, and supervise execution.
Kumiko Baba	She has a wide range of experience and achievements, including experience as an auditor at a listed company, as well as in business planning, finance, and accounting. Making full use of her abundant experience and achievements, she has been appointed as an outside director who is an Audit and Supervisory Committee member, in the expectation that she will provide appropriate recommendations and oversight of execution concerning the Company’s business from a neutral and objective standpoint.
Futoshi Yamaguchi	He possesses extensive experience and a track record centered on the Accounting & Finance Department, and has been deeply involved in corporate management of the Company and Group companies as a director. Based on his background and insight, the Company has selected him as a director who is an Audit and Supervisory Committee member in the expectation that he will continually provide counsel and supervision of execution concerning management issues of the Company from an objective standpoint.

Evaluation of the effectiveness of the Board of Directors

We conduct analysis and evaluation of the effectiveness of the Board of Directors each fiscal year to verify that the Board functions properly. Specifically, based on the answers to the questionnaire for all directors, the Board of Directors shares the evaluation findings and identified issues, and holds constructive discussions on the ideal state of the Board.

Analysis and evaluation during the current fiscal year were conducted in the following manner, with input from an outside body. First, we conducted a survey targeting all directors who are members of the Board of Directors. Anonymity was ensured through direct responses to the outside body. The questionnaire covered multiple perspectives, including the management, deliberation, and monitoring functions of the Board of Directors, the performance of outside directors, and the operation of the Nominating and Compensation Committee as well as the Audit Committee.

As a summary of the evaluation results, firstly regarding the operation of the Board of Directors, it has been found that the Board’s members are diverse in terms of knowledge, experience, expertise, career background, age, and gender; that a sufficient frequency of Board meetings is ensured; and that discussions and exchanges of opinions are not merely formal but conducted freely, openly, and constructively. Findings also indicate that sufficient discussions are held with consideration for profitability and capital efficiency when determining management strategy and management plans. Findings further show that dialogue with shareholders (investors) through IR activities, etc. is sufficiently discussed as a matter for deliberation by the Board of Directors, with appropriate feedback provided to the Board.

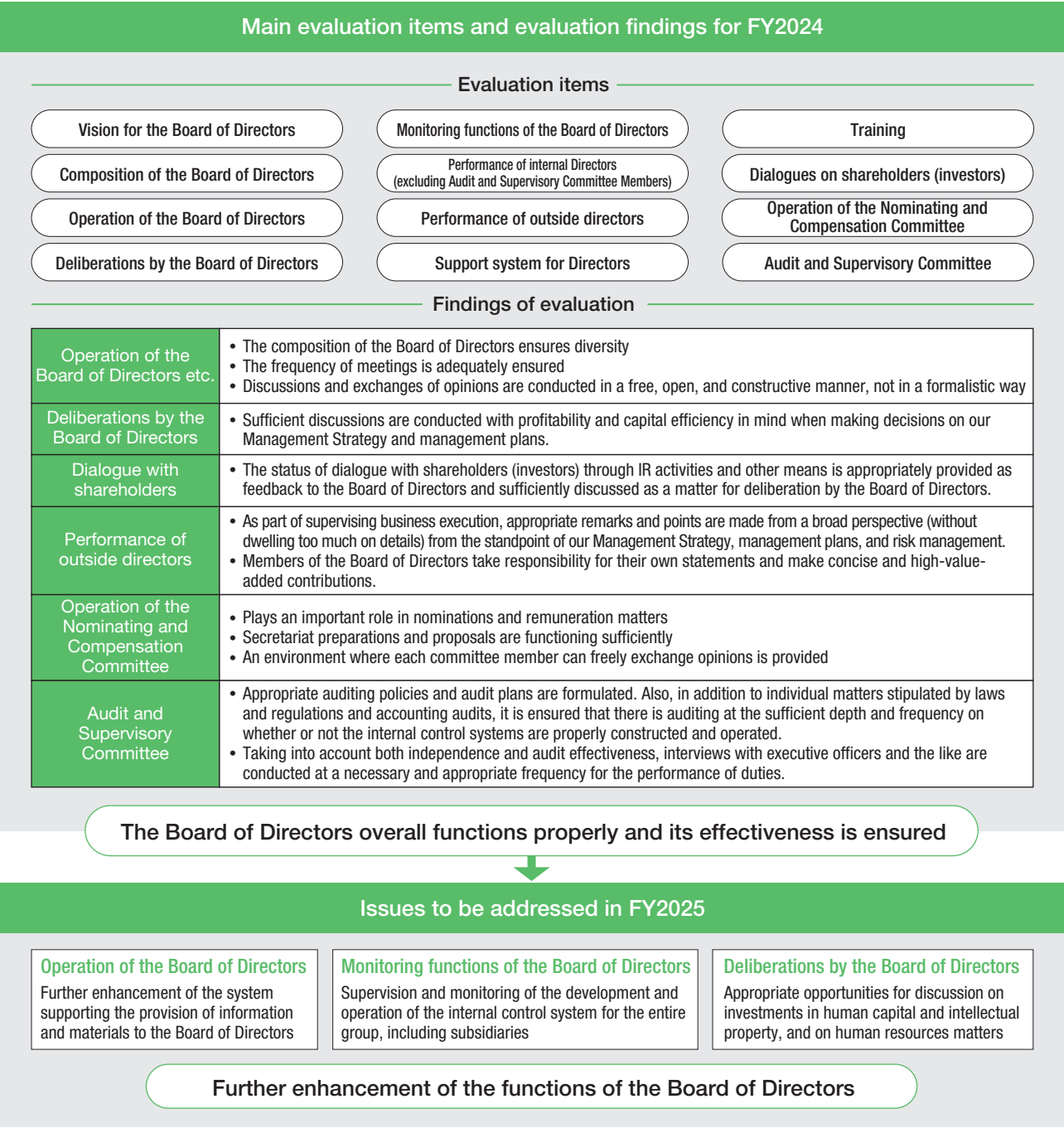
In addition, with regard to the external directors, evaluation results indicate that they actively provide advice or ask effective questions to the Board of Directors from a specialized perspective regarding performance, and that they take responsibility for their own statements in Board meetings, making concise and highly value-added contributions. In addition, regarding the operation of the Nominating and Compensation Committee, evaluation results have shown that it plays an important role in matters related to nomination and compensation, that the Secretariat’s preparations and proposals function effectively, and that an environment has been established where each committee member can freely exchange opinions. Evaluation findings confirm that the Audit and Supervisory Committee formulates appropriate auditing policies and plans, engages in accounting audits, etc., addresses individual matters stipulated in laws and regulations, conducts sufficiently deep and frequent audits of whether internal control systems are properly constructed and operated, and, with independence and audit effectiveness taken into account, conducts interviews with executive officers, etc. necessary to the performance of its duties, with appropriate frequency.

Accordingly, as the findings of all evaluations were generally favorable, the Company has determined that, on the whole, the Board of Directors is functioning appropriately and that its effectiveness is ensured.

On the other hand, concerning the management of the Board of Directors, challenges have been identified with respect to further enhancing the system supporting the provision of information and materials to the Board, supervising and monitoring the construction and operation of internal control systems for the entire Group including subsidiaries as part of the Board’s monitoring function, and ensuring appropriate opportunities for discussions related to investments in human capital and intellectual property and topics concerning personnel at Board meetings.

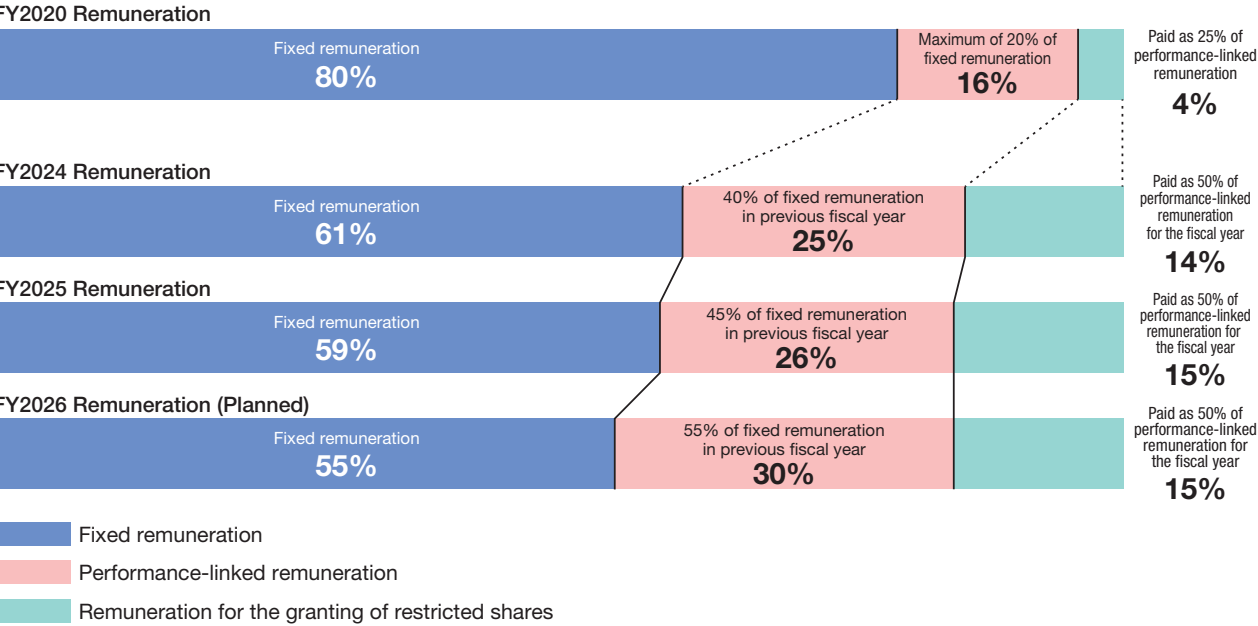
In the future, the Company’s Board of Directors will take prompt action on such issues after sufficient examination based on the effectiveness evaluation, and will continue to make efforts to enhance the functions of the Board of Directors.





Percentage breakdown of remuneration

The percentages of fixed remuneration, performance-linked remuneration, and remuneration for the granting of restricted shares that make up total remuneration are subject to re-evaluations by the Nominating and Compensation Committee. Furthermore, for these Directors (excluding directors who are Audit and Supervisory Committee members), the total amount of remuneration shall not exceed 300 million yen per year.



Payment schedule

Fixed remuneration in the form of monetary remuneration for FY2025 will be paid in equal amounts each month starting from the first month of FY2025. Performance-linked remuneration for achievements in FY2024 will be paid in June 2025. Remuneration for the granting of restricted shares will be paid by the month following the 129th Ordinary General Meeting of Shareholders, under the condition that the director has been appointed or reappointed at said meeting. Performance-linked remuneration for achievements in FY2025 will be paid in June 2026.

Matters concerning resolutions of General Meetings of Shareholders concerning directors' remuneration, etc.

Directors (excluding directors who are Audit and Supervisory Committee members). (The following applies similarly within this section.) With regard to the remuneration of directors, it was resolved at the 123rd Ordinary General Shareholders' Meeting held on June 26, 2019, that the annual amount shall be up to 300 million yen (of which up to 30 million yen is for outside directors), and the amount of remuneration for directors shall include, in order to clarify the effective upper limit, the portion of remuneration for executive officers who concurrently serve as directors as well as the portion of salary for employees who concurrently serve as directors. The number of directors as of the end of the 123rd Ordinary General Shareholders' Meeting was four (including one outside director). At the 124th Ordinary General Meeting of Shareholders held on

June 29, 2020, it was decided that, within the framework of 300 million yen per year (including a limit of 30 million yen per year for outside directors), monetary remuneration of up to 80 million yen per year would be paid to directors as monetary remuneration for the granting of restricted stock. The number of directors as of the end of the 124th Ordinary General Shareholders' Meeting was three (with no outside directors). At the Company's 123rd Ordinary General Meeting of Shareholders held on June 26, 2019, it was resolved that the remuneration of directors who are Audit and Supervisory Committee members would be within the limit of 80 million yen per year. The number of directors who are Audit and Supervisory Committee members as of the end of the 123rd Ordinary General Shareholders' Meeting was three (including two outside directors).

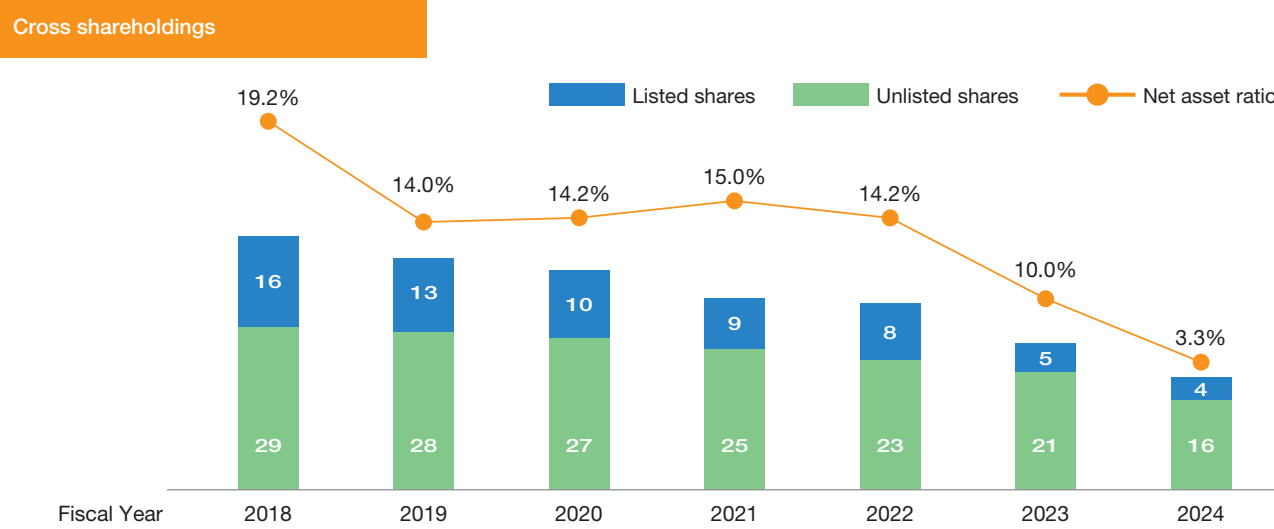
Matters concerning the determination of remuneration, etc. for individual directors

The individual amounts of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee members; the same applying hereinafter) are decided by the Board of Directors after deliberation by the Nominating and Compensation Committee, which is composed solely of independent outside directors, within the total amount of remuneration for directors determined at the Shareholders' Meeting. The Board of Directors has confirmed that directors' individual remuneration for the current fiscal year recognizes reports from the Nominating and Compensation Committee, and that the method for determining the content of remuneration, etc. and the resolved content of remuneration, etc. are consistent with said decision-making policy. Remuneration for directors who are Audit and Supervisory Committee members is decided on the basis of deliberation among directors who are Audit and Supervisory Committee members, within the maximum amount established at the General Meeting of Shareholders, in accordance with Article 361, Paragraph 3 of the Companies Act of Japan.

Cross shareholdings

As a general principle, our company has adopted a policy of not holding strategic shareholdings, and we have been taking measures to reduce the ratio of strategic shareholdings to consolidated net assets to less than 10% by the end of March 2025. With regard to individual strategic shareholdings, we limit our holdings to cases where it is judged to contribute to maintaining and enhancing the SWCC Group's medium- to long-term corporate value, and after thorough dialogue with business partners, we will continue to work on reducing strategic shareholdings in the future.

- Basic Policy on Strategic Shareholdings**
- (1) The basic policy is, in principle, not to hold such shares.
 - (2) If continued holding is unavoidable, strict verification of the rationality is conducted.
 - (3) The exercise of voting rights related to such shares is comprehensively judged in light of contributions to enhancing the Company's corporate value.



Book value (millions of yen)	6,841	5,611	6,833	8,819	9,691	7,745	2,797
Total net assets (millions of yen)	35,628	39,981	48,169	58,932	68,390	77,126	85,618
Sales value (millions of yen)	77	162	50	94	25	4,653	3,994

Note The number of stocks and the ratio of the amount recorded in the balance sheet at the end of the year to consolidated net assets is for SWCC Showa Holdings Co., Ltd. and SWCC Showa Cable Systems Co., Ltd., the consolidated subsidiaries with the largest amounts of investment shares recorded on the balance sheet. In addition, the Company absorbed SWCC Showa Cable Systems Co., Ltd. on April 1, 2023, and changed its trade name to SWCC Corporation.

Background and Process of the Change of President

We have established a succession plan to contribute to the sustainable growth and medium- to long-term enhancement of corporate value of the Company, and are systematically engaged in the selection and development of candidates for president and executive positions. Regarding the change of president, the Nominating and Compensation Committee conducts planned discussions and deliberations based on the succession plan to ensure smooth management transition. Based on this system, in April 2025, our company implemented the transition of the presidency from Hasegawa to Komata. Taking into account the term of the former president Hasegawa, as well as the progress of the Mid-Term Management Plan and management conditions, we began the process of selecting a new president several years ago. Regarding this selection process, the Nominating and Compensation Committee discussed the qualities required of the next management leader of the SWCC Group and drew up a concrete plan and schedule. For the selection, several candidates were nominated, and in addition to evaluating their past performance, personalities, and feedback from others, multiple presentations on their Vision and strategies as managers were held. The Nominating and Compensation Committee deliberated and narrowed down the candidates. Based on this selection process, Mr. Komata was named as the next presidential candidate, and was first appointed as Chief Operating Officer (COO) and Executive Vice President in April 2024, and then as Representative Director, COO, and Executive Vice President in June of the same year. Subsequently, the Nominating and Compensation Committee confirmed his leadership and management skills as Representative Director, COO, and Executive Vice President over the past year, and concluded that he was the best person to entrust with the future of SWCC, capable of accelerating the pace of reform and realizing new value creation. Accordingly, the Board of Directors appointed Komata as President in April 2025. SWCC is now at a stage of shifting its focus to growth, and under the leadership of new President Komata in March 2025, we achieved our company's first large-scale M&A deal with the acquisition of TOTOKU. With a new management leader for this growth phase, we aim to achieve further leaps forward and promote greater enhancement of corporate value.

Round-table discussion among outside directors

Contributing to the Realization of Growth under the Strengthened New Management Structure

SWCC has appointed a new president and two new external directors, and has further strengthened its management structure in preparation for the next phase of growth. We asked the five outside directors to discuss future developments.



- My Purpose

Outside Director Sakakura: “A Challenge from the Final Corner!”

Outside Director Mukuno: “The first step to breaking out of your shell is to believe in yourself. Only confident actions bring about transformation.”

Outside Director Nishimura: “Everything starts with a small step. We create the future by not forgetting gratitude, talking about the future, and embracing challenges without fear.”

Outside Director Baba: “By contributing to the growth of industry, I hope to enhance the vitality and happiness of people.”

Outside Director Naito: “Enjoy change. Enjoy differences among people.”

On the appointment of our new president
Under Hasegawa’s leadership, the SWCC Group has boldly advanced structural reforms and increased corporate value. Could you share with us the process that led to the appointment of President Komata and the discussions held by the Nominating and Compensation Committee.

Sakakura In order to ensure the sustainable growth of corporate value, the Nominating and Compensation Committee has placed importance on CEO succession, and has been discussing succession planning from an early stage. In the spring of 2023, a concrete selection process began.

Several candidates were assigned tasks, and the Nominating and Compensation Committee members and then-President Hasegawa held multiple interviews, resulting in Mr. Komata being appointed COO in 2024. Over the following year, Mr. Komata’s performance as COO was evaluated, and since he was considered to have the qualities required of the next leader, he assumed the position of Representative Director, CEO, and President in April 2025. Mr. Komata is considered to possess leadership, foresight, and execution abilities, making him the right person to further accelerate transformation.

Mukuno There were several candidates, each with outstanding individual qualities. What I valued most was originality of ideas regarding growth strategy. Among them, the direction proposed by Mr. Komata was the most persuasive and convincing. I determined that it would meet stakeholder expectations and be valued by the market, so he was selected.

Nishimura Mr. Komata was recognized for his ability to drive further business development while continuing the current transformation, as well as his skill in uniting employee opinions. While some investors viewed former President Hasegawa’s resignation as a risk, external evaluations of Mr. Komata’s statements and actions as COO were very positive, leading us to conclude he was indeed a suitable candidate for president.

Division of roles and expectations for the Chair of the Board of Directors and President
With this change in presidents, former President Hasegawa became Chair of the Board of Directors with representative rights, and Mr. Komata assumed his position. Amid these changes, we have received many questions from investors about the differences in their respective roles. As the Nominating and Compensation Committee, can you share what roles you expect of each role under this structure?

Nishimura President Komata has set forth three initiatives: “Further strengthening of growth-driver businesses,” “Establishing a second growth business,” and “Accelerating DX-driven management.” By steadily executing these initiatives, I hope he will also drive transformation toward a solutions-oriented value-creation company, developing the solutions business into a third pillar in the future.

Meanwhile, I expect Chair Hasegawa to focus on external activities, further elevating the company’s reputation and presence within the industrial sector.

Mukuno As Executive Vice President, Mr. Komata implemented Mr. Hasegawa’s vision, but going forward, while inheriting the Hasegawa approach, I hope he will not hesitate to lead boldly and assert his own style as the top executive.

Chair Hasegawa has overseen the company’s transformation through very challenging times and possesses a deep understanding of both its strengths and weaknesses, as well as insight into employee sentiment during the

transformation process. Should difficult situations arise in the future, I hope Chair Hasegawa will support President Komata, and given Chair Hasegawa’s unique position within Japan’s business community, I hope she will continue to contribute to Japanese society as much as her schedule allows.

Sakakura I expect Chair Hasegawa to lead Board of Directors discussions looking 10 years or more into the future, and, given the high level of attention earned due to her accomplishments, to play a key role in communications with the market.

With President Komata’s appointment and Chair Hasegawa’s assumption of the role of Chair of the Board of Directors, this is not a mere presidential transition but a challenge to further strengthen the management team to enhance corporate and shareholder value. With an expanded management team, we are now better positioned to realize our Vision for 2030.

Regarding the appointment of newly appointed outside directors
With the recent appointments of Mr. Naito and Ms. Baba as external directors, could you share what roles you hope to fulfill and your impressions of SWCC?

Naito At Ushio Inc., I was mainly involved in overseas business and served as president for five years from 2019. Although the company derives 70% of its sales from overseas, I worked to build a framework in which overseas group companies could maintain autonomy while being effectively overseen by headquarters, thereby enhancing overall group efficiency. I believe I can leverage my past experience to contribute as our company drives its business development (BD) strategy forward.

Baba I started my career in international sales at Toshiba Corporation, and have been involved in production, sales, and technology alliances in the digital industry sector. I have also served as head of the Management Division at JFE Engineering Corporation, and as full-time Audit & Supervisory Board Member at JFE Holdings, Inc.

What surprised me most upon becoming an external director of the company was that all external directors have hands-on experience in business operations. The fact that our members have practical management experience and deep insight matches the characteristics of our company, and I feel it has deepened the quality of our discussions. Also, I am impressed by the company’s robust, pragmatic, and rational

approach, as well as its open corporate culture, where many mid-career recruits are thriving.

Sakakura As chair of the Nominating and Compensation Committee, together with then-President Hasegawa, we shared the view that all external directors should have management experience; that attorneys and accountants are professionals who should be engaged as needed, since their involvement in management decisions is strictly as third parties, making them unfit to serve as directors.

Nowadays, any company could receive unexpected proposals at any time, making the role of external director increasingly difficult. If a takeover proposal is made without agreement, external directors are expected to make judgments and decisions from the perspectives of shareholders. I interviewed several candidates this time, and I am confident that these two have the resolve to make such decisions.

Mukuno Ms. Baba has long served as an auditor for listed companies and is well versed in governance. Mr. Naito has shouldered the responsibility of being President, which has its own unique weight. Given that you have engaged in many discussions with external directors, do you have a different view or image of the president compared to other external directors?



Nishimura With Ms. Baba joining, 3 out of the 8 directors are now women, greatly surpassing the government's target. Since each brings a wealth of experience and expertise, I expect our discussions will become even more substantial. Additionally, by participating in the Diversity Promotion Project (nickname: SWCCarat), I would like us to work together to create a culture where everyone can fully demonstrate their abilities equally.

Mr. Naito also has a wide range of experience as a top corporate executive, and since he is someone who brightens the atmosphere, I believe that our discussions will be even more open and lively than before.

Initiatives of the Nominating and Compensation Committee

Succession planning was mentioned earlier, but could you please tell us what kinds of discussions and activities the SWCC Nominating and Compensation Committee engages in on a regular basis?

Sakakura The Nominating and Compensation Committee consists of three outside directors, with the Chairman and President participating as observers, and it is generally held once a month. With regard to executive compensation, the ratio of performance-linked compensation has gradually increased so far and is now up to 55%, with the linkage ratio using KPIs such as the achievement rates for operating profit, ROIC, and ESG-related indicators. Going forward, themes for consideration include reviewing the level of fixed remuneration, raising the proportion of performance-linked compensation, and, from a shareholder's perspective, considering indicators such as TSR (total shareholder return), ROE, and medium- to long-term incentives.

Furthermore, in 2025 the number of executive officers increased to 17, so I would also like to discuss an appropriate executive management system moving forward.

Mukuno Our company has a three-tier succession plan. The SWCC Director's Seminar (SD Seminar) for mid-level employees around age 30 is different from usual training led by the HR Department in that selected employees participate. Starting this kind of training around age 30 greatly helps boost motivation and is extremely meaningful. Furthermore, since outside directors with practical experience in various industries act as instructors, participants can learn about other industries while also deepening their understanding of our company's uniqueness and position.

There is also the Next-Next Generation Management School for those around 40, and the Next Generation Executive Development Training for those in their 40s to 50s, both with an even stronger focus on select participants and with a more limited number of seats.

In addition, as outside directors, we attend management meetings as observers and can directly observe which positions the future executive candidates who participate in the Next Generation Executive Development Training occupy and how they contribute to discussions. With these perspectives in mind, we are able to undertake candidate selection at the Nominating and Compensation Committee.

Nishimura The SD Seminar is a program where participants set their own themes and develop ideas for new businesses. Participants freely share ideas and sometimes come up with surprising concepts, making it a well-rounded program for training in new business development. Additionally, by working on a single theme, employees who would not usually interact can build personal networks, which is highly valuable for the future.



Discussion at the Board of Directors

What were the most memorable topics and discussions at the Board of Directors meetings in FY2024?

Nishimura The topics from Board of Directors discussions that left an impression were "the acquisition of TOTOKU," "overseas expansion of e-Ribbon," and "governance structure of our Chinese subsidiaries." The acquisition of TOTOKU is the largest project in our company's history, with frequent progress reports, and we had many discussions on how to integrate with related departments. Although the overseas expansion of e-Ribbon felt like it took a considerable amount of time, those involved have been tenaciously participating in negotiations and things are moving in a positive direction. On the other hand, in the China business, following losses caused by a decline in the performance of our equity-method joint venture partner, strengthening the governance of our local subsidiaries emerged as an urgent issue for discussion. At the Board of Directors, we also pointed out our approach and attitudes toward overseas business, and efforts for improvement are currently underway.

Sakakura Regarding the acquisition of TOTOKU, I repeatedly asked Chairman Hasegawa and President Komata what kind of company we aspire to become through this

acquisition, and reconfirmed their commitment as managers. Those explanations conveyed a strong vision and conviction, so I supported the acquisition.

On the other hand, since there are some issues with employee engagement scores in the field, there were discussions on how to improve them going forward.

Mukuno In regard to human resources, it has been reported at Board of Directors meetings that we are strengthening recruitment to secure talent with the necessary skills for the company, and I would like to closely monitor the extent of our results. Additionally, while we have achieved the performance targets of the Mid-Term Management Plan ahead of schedule, I believe we need to continue discussing how to further improve the accuracy of annual budget planning.



Effectiveness of the Board of Directors

How is progress on the issues for FY2024, namely "human rights/labor issues," "sufficient follow-up after the implementation of resolutions," and "training opportunities required for officers"?

Nishimura Regarding human rights, the SWCC Group Human Rights Policy was established in January 2024. It is necessary to continue discussions on human rights and labor issues at suppliers in the supply chain that are difficult for our company to directly monitor. Furthermore, regarding labor issues, unfortunately, small incidents have not been

eliminated, so we discussed not only strengthening rules but also improving the workplace environment to make it safer and easier to work in.

For follow-up on matters resolved, reports are now provided semiannually, and when necessary, representatives from each segment also provide explanations.

Mukuno With regard to the training required for executives, while it is necessary to establish a system that supports the updating of skills and information that Directors need to enhance the effectiveness of the Board of Directors, the sophistication of company management also requires that not only Directors, but also executive officers continuously acquire necessary skills and share information. In such cases, since there are things that cannot be learned solely within our company, it is necessary to provide opportunities to interact with people from outside the company, such as by holding seminars with external instructors. We hope that the executives, including Executive Officers, will make greater use of these tools for their own growth.

Sakakura Even if the effectiveness of the Board of Directors is praised highly, what truly matters is substance. Last year, as an Outside Director, I met with investors from the UK and was asked about what kind of discussions actually take place at the Board of Directors and who ultimately makes the final decisions.

Toward the next stage of growth for SWCC

As we look toward future growth, please share with us the strengths SWCC should further develop and the challenges to be addressed.

Nishimura Under our goal of “Change and Growth,” we have so far focused on “Change.” With high-value-added products for domestic and overseas data centers growing steadily, the addition of TOTOKU to the Group—achieved as part of our business development (BD) strategy—has established the Communication and Components Business as our second pillar and made the direction of “Growth” even clearer. Furthermore, as we strive to evolve into a “solution proposal-based value creation company,” the rollout of the SmartStream Business, which we have pioneered in the energy and infrastructure field, is steadily shaping our envisioned future.

Mukuno TOTOKU’s business must be successfully



Our Board of Directors engages in substantial debate and is moving in a positive direction, and with the addition of Ms. Baba and Mr. Naito, I expect the discussions to become even more thorough.

integrated as part of our growth strategy. At the same time, from a perspective of overall management balance, it is important to broaden our view to include businesses other than our Power Infrastructure Business and business lines of TOTOKU, and to accurately select businesses that can generate stable profits. In particular, we aim to deepen our unique strengths, such as the development of next-generation e-Ribbon and our focus on non-ferrous metal materials, by concentrating management resources, and to leap to a new stage of growth.

Baba As we further promote our BD strategy, I felt the need to lay out and visualize a comprehensive map of our technology, intellectual property, sales, and marketing, and to build a process for advancing discussions based on this map. This will lead to greater buy-in for our strategies and make execution even more certain.

Mukuno We have reviewed our business portfolio to enhance capital efficiency under ROIC management, but to move on to the next stage of “Growth,” as Ms. Baba has mentioned, we need to utilize such a map in our thinking.

Naito I think it is important to clearly distinguish between the areas where we are particular about ROIC and those where we are not.

In addition, I would like the Board of Directors to monitor strategies for winning overseas, which includes the issue of whether we can secure sufficient human capital for overseas expansion.



FY2024 Financial Results—Key Points

Nobutaka Imai

Managing Executive Officer
In charge of accounting, general affairs,
and shared services

My Purpose

“Change”



To promote our goal of “Growth” as set forth in the Mid-term Plan, proactive investment must be made to drive growth while maintaining a stable financial base. Under ROIC management, we monitor the efficiency of invested capital by business using business-specific WACC, and use indicators such as Group-wide D/E ratio, equity capital ratio, and fixed asset ratio as financial discipline in our cash allocation. We will continue to focus on improving capital efficiency and strengthening our ability to generate cash flow.

Consolidated Balance Sheet (compared with the end of FY2023)

On March 27, the company acquired shares of TOTOKU and made it a consolidated subsidiary; consequently, only the balance sheet at the period-end reflects this as a deemed acquisition date. As a result, total assets increased by 22% (36.1 billion yen).

Efforts to streamline assets, such as improving the CCC (Cash Conversion Cycle), selling policy-held stocks, and land sales, are progressing, and increases in cash and deposits, operating capital, fixed assets, and interest-bearing debt are

primarily due to the consolidation of TOTOKU.

The realization of this M&A has been made possible by the balance sheet shifting from an improvement stage to one allowing the allocation of funds toward growth investments. A net D/E ratio of 42% and an equity ratio of 42% are both within the mid-term management plan target ranges, and going forward, we will work to improve the efficiency of invested capital increased by consolidating TOTOKU into the Group.

Consolidated Statement of Operations (compared with FY2023)

Sales increased by 11% to 237.9 billion yen, and operating income reached a record high of 20.9 billion yen. Various initiatives, such as increased production investment in strategic products addressing steady demand for power infrastructure and enhanced productivity through DX promotion, contributed to profit growth in the Energy and Infrastructure Business and drove overall improvements in the Group’s profit and profit margin. Additionally, the Communications & Industrial Devices Business has also achieved improved profitability. While passing on rising costs such as those for materials and logistics, efforts such as cost

reductions, improved earning capacity, product mix, and productivity enhancements increased the operating profit margin to 8.8% from 6.0% in the previous year, resulting in a significant operating profit rise of 8.1 billion yen to 20.9 billion yen, marking the first time it has surpassed the 20 billion yen level. On the other hand, ordinary profit decreased due to recording investment losses in equity-method affiliates and provisions for bad debt risk, but gains from the sale of fixed assets and policy-held stocks led to record-high net profit attributable to owners of the parent company.

Consolidated Statement of Cash Flows (compared with FY2023)

Operating cash flow decreased by 4.6 billion yen, totaling 13.1 billion yen. While recording the highest-ever operating profit of 20.9 billion yen, increased payments such as corporate taxes impacted operating cash flow. Despite cash

outflows due to the acquisition of TOTOKU shares (offset by a cash increase from consolidating TOTOKU), proceeds from the sale of fixed assets and policy-held stocks resulted in a positive cash flow of 100 million yen.