

The state of corporate governance of SWCC SHOWA HOLDINGS CO., LTD. (“the Company”) is described below.

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

1. Fundamental Views

Based on the SWCC Group’s Purpose “Innovating new ideas today. Becoming the norms of tomorrow,” our basic policy for corporate governance is to conduct activities with the recognition that speeding up and streamlining management as well as enhancing relevant monitoring functions are universal challenges for all companies based on our management philosophy, in which the keyword is “trust.”

The Company is committed to actively developing a system required to ensure appropriate operations of the Group while fulfilling its corporate social responsibility (CSR).

[Reasons for Non-compliance with Principles of Japan’s Corporate Governance Code]

The Company implements each principle of Japan’s Corporate Governance Code.

[Disclosure Based on Principles of Japan’s Corporate Governance Code] Updated

[Principle 1.4: Cross-Shareholdings]

The Company’s basic policy is not to hold shares as cross-shareholdings in principle, and if we must continue to hold shares, we will strictly verify the rationale behind such holdings. Moreover, any decision on the exercise of voting rights related to such cross-shareholdings will be made comprehensively in light of their contribution to the enhancement of the corporate value of the SWCC Group.

Under this basic policy, the Company’s immediate goal is to reduce the ratio of shares held as cross-shareholdings to consolidated net assets to less than 10% of the amount recorded on the balance sheet at the end of the fiscal year.

[Principle 1.7: Related Party Transactions]

The Company requires any competitive transactions or transactions that may cause conflicts of interests involving directors or corporations which are substantially controlled by directors to be deliberated and approved in advance by the Board of Directors and then to be reported on afterwards. In addition, officers of the Company and its subsidiaries are asked by the division in charge to submit a survey form on related party transactions on a regular basis each year.

In addition, the Company requires transactions with major shareholders to be deliberated and approved individually at the Group Management Council and Board of Directors, taking their materiality and profitability into consideration.

[Supplementary Principle 2.4-(1): Ensuring diversity at the Company, including the Empowerment of Women]

The Company aims to be an organization that flexibly accepts and capitalizes on diverse personalities of employees such as different attributes and working conditions and recruits diverse human resources with different backgrounds.

1. Women

In line with the basic principles of the Basic Act for Gender Equal Society and the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we launched the Female Empowerment Project SWCCarat in April 2021. Directly under the control of the President, the purpose of the project is to drive initiatives to ensure that female employees can fully demonstrate their individuality and capabilities, and participate even more actively in the workplace. The Company is promoting female participation and career advancement in the workplace by setting fiscal 2026 female empowerment targets as shown below. The Company also announced its support for the aspirational target for 30% of executives to be women by 2030 set by the Keidanren (Japan Business Federation) in August 2021.

[Targets for the advancement of women]

- Ratio in management positions 8% by FY2026 (approx. two times the FY2020 level)
- Ratio in section leader level and higher positions 10% by FY2026 (approx. seven times the FY2020 level)

As specific initiatives, the Company is implementing various measures including seminars on career mapping by the President and the introduction of training depending on age.

[Results versus targets (FY2022)]

- Ratio in management positions 6%
- Ratio in section leader level and higher positions 2.8%

* The above ratios are calculated based on the Company and SWCC SHOWA CABLE SYSTEMS CO., LTD., which is a consolidated subsidiary of the Company, as of March 31. On April 1, 2023, the Company merged with Showa Cable Systems Co., Ltd. through the absorption-type merger and changed its trade name to SWCC Corporation.

Other initiatives for the advancement of women in the Company are disclosed in the Company’s Integrated Report.

https://www.swcc.co.jp/eng/company/ir_documents/esg.html

Furthermore, from April 2023, we have added male employees to the Female Empowerment Project to develop it into the Diversity Promotion Project, which will encourage the use of childcare leave and other leaves not limited to women and initiatives to provide

awareness of unconscious bias.

2. Foreign nationals and midcareer hires

The Company promotes the appointment of diverse human resources based on the view outlined above, and actively implements initiatives such as the appointment of foreign nationals and midcareer hires to management positions and as core human resources. The Company's basic policy is to conduct personnel evaluations based on ability and results, regardless of nationality or other attributes, and since the Company attaches importance to personnel strategies that are consistent with business strategies and business expansion, no measurable targets for foreign nationals and mid-career hires have been set. Current results are as shown below.

[Foreign nationals]

- Ratio in management positions 1.7%
- Ratio of employees in key positions 6.3%

[Mid-career hires]

- Ratio in management positions 39.5%
- Ratio of employees in key positions 25.0%

3. Human resource development policies to ensure diversity

Based on the idea that the power of employees is the power of the company, the Company operates education and training programs with the aim of developing talent that can respond flexibly and solve problems, and above all is trusted by stakeholders, in this age of VUCA (Volatility, Uncertainty, Complexity, Ambiguity).

The concept of diversity—to utilize people with a diverse range of values and backgrounds—is important in the age of VUCA. The Company believes that gathering diverse people in an organization and fostering a culture where people accept diverse values enables the organization to respond to Volatility, Uncertainty, Complexity, and Ambiguity and easily bring about change. Therefore, the Company holds training programs by a cross-functional team with members from across the Group.

Details of the Company's human resource development are disclosed on the Company's Integrated Report.

https://www.swcc.co.jp/eng/company/ir_documents/esg.html

4. Policy on the development of internal environment to ensure diversity

The Company has developed an internal environment to ensure diversity based on the views outlined above.

More specifically, the Company operates the systems shown below.

(1) Performance-based human resource system

The Company has adopted a human resource system that evaluates employees with certain qualification-based gradings according to their role and competence.

(2) Area-specific career-track position system

By expanding opportunities to apply for jobs within the Company and creating a new type of career-track position, the Company has established a system for career track positions limited to specific geographic areas to encourage the promotion of ambitious human resources from technical positions and administrative positions to career track positions.

(3) In-house recruitment system

The in-house recruitment system seeks to increase employee motivation through voluntary application for internal projects, etc., thereby accelerating employees' career development and providing them with opportunities to demonstrate their skills.

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company has developed a basic policy concerning pension asset management, for the stable payment of future pension benefits, and entrusts pension asset management to multiple management institutions. The Company has also established a Pension Committee, which consists of the officer in charge of Business Management, the officer in charge of Human Resources and General Affairs, the persons in charge of the Business Management, the Human Resources and General Affairs and the Finance Departments, and trade union leaders as representatives of the beneficiaries, and which is responsible for properly managing and administering pension assets and monitoring management status on a regular basis. In addition, the Company focuses on systematically appointing and allocating appropriate human resources to take charge of management including hiring human resources who have worked for many years at financial institutions.

[Principle 3.1: Full Disclosure]

1. The Company's purpose, management philosophy, management strategies and medium-term business plan are disclosed on its website.

- <https://www.swcc.co.jp/jpn/company/idea.html>
- <https://www.swcc.co.jp/jpn/company/policy/index.html>
- <https://www.swcc.co.jp/jpn/ir/policy/plan.html>

2. The Company's fundamental views on corporate governance are as stated in "1. Fundamental Views" under "Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information" above. The Company's basic policy is to continuously strive to realize effective corporate governance in accordance with the Fundamental Views on Corporate Governance and the aims of each of the principles of the Corporate Governance Code.

3. The Company has established a policy for determining details of compensation, etc. of individual directors (excluding directors who are Audit and Supervisory Committee members). An outline is provided below.

(1) Composition of Compensation

Remuneration for directors (excluding directors who are Audit and Supervisory Committee members) comprises three types of fixed remuneration, annual performance-linked remuneration as short-term incentive remuneration, which is variable remuneration, and restricted share-based remuneration as long-term incentive remuneration for the purpose of providing an incentive to sustainably increase the Company's corporate value and to achieve further value sharing between directors and shareholders for as long as possible. By encouraging a management commitment from both short- and long-term perspectives,

the remuneration structure is designed to appropriately reward performance. In addition, only fixed remuneration, not including incentive remuneration, is provided to directors who are Audit and Supervisory Committee members, as they are responsible for management supervision and are not in a position to execute business.

Of these, the monetary amount of the annual performance-linked remuneration, which is short-term incentive remuneration, is determined based on the achievement of the Company performance indicators according to the degree of achievement of operating income and ROIC performance forecasts announced at the beginning of the relevant fiscal year and ESG-related indicators, specifically the rate of internal adoption of renewable energy, greenhouse gas (CO₂) emissions, and the frequency rate of lost-time injuries. The remuneration indicators, formula, and annual performance-linked system are as follows.

(a) Indicators:

1) The Company performance indicators

Payment will be made based on the operating income achievement rate (A) and the ROIC achievement rate (B). Details are as follows.

- Operating income achievement ratio (A) = (current operating income outlook ÷ current operating income target) x 100%
- ROIC achievement ratio (B) = (current ROIC outlook ÷ current ROIC target) x 100%

2) ESG related Indicators

Payment will be made based on the number of items achieved among the in-house introduction rate of renewable energy (C), greenhouse gas (CO₂) emissions (D) and the frequency rate of lost-time injuries (E).

(b) Formula

Amount of annual performance-linked remuneration = Amount of fixed remuneration x (Achievement rate of annual targets in the Company performance (A x 50% + B x 50%) + Achievement rate of annual targets in the ESG-related indicators (the number of items achieved among C, D and E))

(c) Achievement rate of annual targets (percentage and system)

[Annual target indicators]	[Percentage]	[Payment rate]
The Company performance - Operating profit	15%	0 to 150%
The Company performance - ROIC	15%	0 to 150%
ESG-related indicators - In-house introduction rate of renewable energy - Greenhouse gas emissions - Frequency rate of lost-time injuries	5%	0 to 110%

(2) Percentage Breakdown of Remuneration

The percentage of fixed remuneration, performance-linked remuneration, and remuneration to grant restricted shares that make up total remuneration are reevaluated by the Nomination and Compensation Committee each time. Furthermore, the total amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) shall not exceed ¥300 million per year.

Regarding remuneration for fiscal 2023, 35% of the fixed remuneration will be paid as performance-linked remuneration (assuming that the payment rate of the Company performance and ESG-related indicators, which are indicators for annual performance-linked remuneration, is 100%) and an amount equivalent to 17.5% of the fixed remuneration will be paid as remuneration to grant restricted shares (long-term incentive remuneration).

(3) Payment Schedule

Monetary remuneration combining fixed and performance-linked remunerations for fiscal 2023 shall be paid in equal amounts each month starting the first month of fiscal 2023.

Remuneration to grant restricted shares shall be paid by the month following the 127th Ordinary General Meeting of Shareholders, under the condition that the director has been appointed or reappointed at said meeting.

Monetary remuneration related to fixed remuneration for fiscal 2024 shall be paid in equal amounts each month starting from the first month of fiscal 2024, and monetary remuneration related to performance-linked remuneration, which is consideration for business execution in fiscal 2023, shall be paid at the end of June 2024, when the 128th Ordinary General Meeting of Shareholders will be held. Remuneration to grant restricted shares shall be paid by the month following the 128th Ordinary General Meeting of Shareholders, subject to election or reappointment at said meeting.

4. Policies and procedures by which the Board of Directors appoints and dismisses executive management and nominates director candidates are as shown below.

The Company's Board of Directors has established "Criteria for Nominating Director and Corporate Officer Candidates" and "Independence Criteria for Outside Officers" as well as "Criteria for Dismissing Directors and Corporate Officers," to enhance objectivity and transparency in relation to the election and dismissal of directors and other officers.

(1) Criteria for Nominating Director and Corporate Officer Candidates

As director and executive officer candidates, the Company selects, by resolution of the Board of Directors, individuals who exhibit excellent character and insight and can supervise and manage the company, regardless of gender, nationality or other individual characteristics, in accordance with its Fundamental Views on Corporate Governance. The term of office of directors (excluding directors who are Audit and Supervisory Committee members) and executive officers in one year.

[Directors]

a. Director candidates shall be individuals who have the career history, competence, leadership skills, medium-to-long-term perspective and high ethical standards required of someone involved in management decision-making and supervising business execution.

- b. Director candidates shall be individuals who respect and implement the Company's corporate philosophy, have integrity that will earn them the trust of business partners, shareholders, local communities and employees, comply with laws and regulations, corporate action guidelines and internal and external ethics and norms, and have the insight and fairness required of a director.
- c. Independent outside director candidates shall be individuals who, in addition to the foregoing, can be judged as independent based on the "Independence Criteria for Outside Officers" established by the Company.

[Executive Officers]

- a. Executive officer candidates shall be individuals who are capable of actually proposing and executing management strategies, plans, etc. for sustainably improving the Company's corporate value based on the Company's operating environment and contributing to enhancement of corporate value in the medium and long term, and who are capable of constantly verifying progress and maintaining efforts for improvement.
- b. Executive officer candidates shall be individuals who adapt to market changes, adopt a principled approach and by nature observe laws and regulations, develop and implement compliance, internal controls and risk and crisis management, and who have the qualities employees can aspire to emulate.
- c. Executive officer candidates shall be individuals who discuss freely and easily, express constructive opinions, and make suggestions at meetings of the Management Council, etc., who have a comprehensive understanding of the management resources of the group as a whole, and who by nature develop coherent strategies and systems etc.
- d. Executive officer candidates shall also be individuals who have the qualities required of executive officers in charge of executing the business of the entire group.

(2) Independence Criteria for Outside Officers

Outside officers and outside officer candidates are deemed to be independent if, following investigation by the Company as far as is reasonably practicable, they are deemed not to fall under any of the following categories.

- a. An executive*1 of the Company or its subsidiary (hereinafter collectively referred to as the "Group") or a person who was an executive of the Group in the past 10 years;
- b. An entity for whom the Group is a major trading partner *2 or an executive thereof;
- c. An entity which is a major trading partner *3 for the Group or an executive thereof;
- d. A major shareholder which owns, directly or indirectly, 10% or more of all voting rights of the Company or an executive thereof;
- e. A person who belongs to an audit corporation that serves as the Group's accounting auditor;
- f. An attorney, certified public accountant, tax accountant, or other consultant who has received significant amounts*4 of monetary consideration or other property benefits from the Group, excluding officer remuneration;
- g. A person who belongs to a law firm, audit corporation, tax accountant corporation, consulting firm or other corporation, or an association or other group that has received significant amounts of monetary consideration or other property benefits from the Group, or a person who has received significant amounts of donations or assistance from the Group, or a director or other executive of a corporation or an association or other group which has received significant amounts of donations or assistance from the Group;
- h. A person who falls under any of b. to g. in the past 3 years;
- i. A close relative*5 of a person who falls under any of b. to g.

*1 The term "executive" means an executive director, an executive, an executive officer, or any other employee in a senior management position.

*2 The term "major trading partner" means a partner who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of such entity, or a financial institution whose loan amount to Group exceeds 2% of the Group's consolidated total assets as of the end of the most recent fiscal year.

*3 The term "entity which is a major trading partner" means a partner who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of the Group.

*4 The term "significant amounts" means the following amounts annually on average in the past three years: for individuals, 10 million yen or more; and for corporations or other groups, more than 2% of their consolidated sales or total revenues.

*5. The term "close relative" means a spouse or a relative within the second degree of kinship.

(3) Criteria for Dismissing Directors and Corporate Officers

If a director or executive officer of the Company is judged to potentially fall under any of the following items, the Board of Directors shall make a decision on dismissal based on deliberation and verification by the Nomination and Compensation Committee.

- a. Committing any act that is offensive to public order and morals (including being deemed to be involved in a socially condemnable relationship with Anti Social Forces);
- b. Violating laws or regulations or the Articles of Incorporation or other rules of the Group and causing the Group heavy losses or disrupting its business;
- c. Not being deemed to have the qualities specified in the "Criteria for Nominating Director and Corporate Officer Candidates;"
- d. Causing a significant slump in the Group's business results (applies to Representative Director, President and Group CEO only);
- e. Causing a significant slump or business slowdown in the business or domain of which he or she is in charge (applies to executive officers only);
- f. Having serious difficulty performing duties due to health or other reasons;

5. The Company's policy is to disclose reasons for the election of all director candidates (and reasons for dismissal in the case of dismissal) individually in the convocation notice for the General Meeting of Shareholders.

The convocation notice for the General Meeting of Shareholders is disclosed on the Company's website.

<https://www.swcc.co.jp/jpn/ir/stock/meeting.html>

[Supplementary Principle 3.1-(3): Full Disclosure]

1. Sustainability Initiatives

(1) Organizational Structure to Address Sustainability Issues

The Company strengthened the sustainability framework to promote corporate operations that are environmentally, socially and economically sustainable, establishing the Sustainability Committee in July 2022.

The Sustainability Committee is responsible for drawing up the Group's Sustainability Basic Policy, identifying materiality (material issues), promoting sustainability strategies based on risks and opportunities, and making reports and recommendations to the Board of Directors on sustainability issues and actions to address them, and it meets at least once every half, in principle. In addition, the Sustainability Promotion Office, established in April 2022, was reorganized into the Sustainability Promotion Department in April 2023 to increase the number of personnel and review the structure.










(2) Material Issues

In August 2022, the Company identified the social issues that would have a significant impact both on the Company and its stakeholders, specified the priority issues, grouped social issues with high priority into five materiality themes ("Technology," "Environment," "Community," "People," and "Governance") by similar fields, and formulated concrete plans of action, indicators and KPIs on each theme. Material issues will continue to be reviewed on a regular basis, to coincide with the formulation of the Medium-Term Management Plan, for example.

Details of the Company's sustainability initiatives are disclosed on the Company's website.

<https://www.swcc.co.jp/jpn/sustainability/index.html>

(Five material issues of the SWCC Group)

[Category] Theme		Course of action
[Technology] Creating Our future	 	Spread sustainable clean energy through superior technology and innovation Create resilient infrastructure for the future society
[Environment] Being friendly to Our earth	 	Reduce greenhouse gases through relentless efforts and responses Promote the recycling of all resources with the collective strength of the Group Use limited water resources effectively
[Community] Our partnership to work together	 	Value connections and develop alongside local communities Cooperate with the value chain in the spirit of empathy, coexistence and co-prosperity
[People] Helping Our people shine	 	Promote the utilization of diverse human resources (Diversity & Inclusion) Human resources development for the future Improve engagement (create rewarding work and workplaces)
[Governance] Our Governance for better company		Monitor corporate management Provide good-quality and safe products and services

2. Information on investment in human capital and intellectual property, etc.

(1) Human capital

For one of the material issues, the Company adopted "Develop human resources for the future" as an action policy based on the theme of "Our people." In accordance with this policy, the Company will strive for even greater investment in human capital.

Specific initiatives include a performance-based personnel system, job-based employment, promotion of female advancement, improvement of the employment environment by extending the retirement age, promotion of health and productivity management, introduction of a mentoring system for new employees, and investments in human resource development. Through these initiatives, we are fostering a corporate culture full of change and challenge, in which all employees respond flexibly to changes in the business environment and come up with various ideas to address social issues, while promoting the creation of a framework in which employee growth leads to the growth of the Group.

Details about initiatives related to human capital are disclosed in the Integrated Report.

https://www.swcc.co.jp/eng/company/ir_documents/esg.html

(2) Intellectual property

With the materiality "Our future" as the theme, the Company adopted "Promote the widespread use of sustainable, clean energy through outstanding technology and innovation" and "Build resilient infrastructure for future society" as action policies and will focus on investment in intellectual property in line with these policies.

In specific initiatives, the Company is engaged in IP landscape activities, building on the core technology accumulated by the SWCC Group to create new businesses based on IP information and market information, in order to develop high added value products and solutions unbound by existing frameworks and customs. Furthermore, the Company will concentrate its IP power on selected priority businesses in its business portfolio and will work to achieve an FY2026 target for the number of patent applications relating to SDG 7 and SDG 11 of at least 100.

Details of initiatives related to intellectual property are disclosed in the Integrated Report.

https://www.swcc.co.jp/eng/company/ir_documents/esg.html

3. Response to the TCFD Recommendations

On May 25, 2022, the Company expressed its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), which was created by the Financial Stability Board (FSB). Based on the recognition that management must address the important issues of identifying and addressing climate-related risks and opportunities, the Company discloses information related to its governance, strategy, risk management, and metrics and targets around climate-related risks and opportunities in line with the TCFD recommendations.

Details of the Company's support for the TCFD recommendations and initiatives to address climate change are disclosed on the

Company's website.

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

https://www.swcc.co.jp/jpn/news/detail/2022/news_4023.html

[Supplementary Principle 4.1-(1) Roles and Responsibilities of the Board]

The Company has established a Group Management Council as a body for deliberating matters regarding the management of the Group, in addition to the Board of Directors. The Board of Directors deliberates on and determines matters specified by laws and regulations and the Articles of Incorporation and matters set out in the Board of Directors' Regulations as important matters regarding the management of the Company and the Group, while the Group Management Council deliberates on and determines matters specified in the SWCC Group Business Management Regulations as matters regarding the management of the Group.

The responsibilities of each director and matters regarding the delegation of authority for business execution are determined by the Board of Directors, upon election, in principle, in accordance with laws and regulations and the Company's Official Authority Regulations. The Company has also put in place a system under which meetings of the Group Management Council are attended by the chiefs of each business segment in addition to the Company's directors and matters deliberated at meetings of the Group Management Council are properly reflected in the business execution of each business segment through executive officers.

Furthermore, the Company's Nomination and Compensation Committee has played a central role in formulating the SWCC Next Generation Business Leader Succession Plan for the purpose of ensuring the Group's sustainable growth and maintaining and building a resilient management structure from a medium-to-long term perspective and, based on this succession plan, the Company identifies next-generation business leaders and delivers seminars for selected employees as part of efforts to develop successors.

[Principle 4.9: Independence Criteria for Outside Officers]

When selecting candidates for independent outside directors, the Company makes decisions based on the independence standards specified by Tokyo Stock Exchange Inc. and the Company's Independence Criteria for Outside Officers.

[Supplementary Principle 4.10-(1) Use of Optional Systems]

1. Nomination and Compensation Committee established

The Company has established the Nomination and Compensation Committee as advisory bodies to the Board of Directors. The Company established these committees for the purpose of increasing the objectivity and transparency of the process for determining the personal affairs and remuneration of directors and further enhancing and strengthening corporate governance by properly ensuring that outside directors have the opportunity to be involved in the process and offer advice,

2. Authority and Roles, etc. of the Nomination and Compensation Committee

Nomination and Compensation Committee mainly deliberates and reports on the matters shown below upon request from the Board of Directors.

- Matters regarding the election and dismissal of directors (matters to be resolved by a General Meeting of Shareholders)
- Matters regarding the election and dismissal of representative directors and directors with specific titles
- Matters regarding the election and dismissal of executive management (includes executive officers and directors of subsidiaries; the same applies hereinafter)
- Basic policies and procedures, etc. regarding the election and dismissal of directors and executive management
- Basic policies and procedures, etc. regarding the election and dismissal of representative directors and directors with specific titles
- Matters regarding succession planning
- Matters regarding the structure of remuneration for directors and executive management and remuneration system policies, etc.
- Matters regarding the maximum amount of remuneration for directors (matters to be resolved by the General Meeting of Shareholders)
- Matters regarding the remuneration of directors and executive management
- Other important management matters as deemed necessary by the Board of Directors

3. Independence of the Nomination and Compensation Committee

In accordance with the Nomination and Compensation Committee Regulations, the Nomination and Compensation Committee shall consist of three or more directors selected by resolution of the Board of Directors, a majority of whom shall be independent outside directors. In order to strengthen corporate governance, the Committee consists of four directors (including four independent outside directors and chaired by an independent outside director) as of the date of submission of this report.

The Company judges the committee to be independent, given that the majority of its members are independent outside directors as explained above.

[Supplementary Principle 4-11-(1): Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit and Supervisory Committee]

1. Policy for electing directors

As director candidates, the Company shall select, by resolution of the Board of Directors, individuals who exhibit excellent character and insight and can supervise and manage the company, regardless of gender, nationality or other individual characteristics, in accordance with its Fundamental Views on Corporate Governance.

2. Size of the Board of Directors

The Company determines the number of directors based on consideration of the balance of knowledge, experience and abilities of the Board of Directors as a whole, diversity, and the scale of the Group's business. The Company elects two directors (excluding directors who are Audit and Supervisory Committee members) and five directors who are Audit and Supervisory Committee members, on this basis that this is the appropriate number of directors. Four of the members of the board are independent outside directors capable of advising on and supervising the Company's management from an independent perspective. The independent outside directors have business management experience at other companies.

3. Procedure for electing directors

The Company's policy on the election of Directors is that the Nomination and Compensation Committee shall hold deliberations and the Board of Directors shall respect the report of the Nomination and Compensation Committee when making final decisions, in order to enhance the objectivity and transparency of the process.

4. Combination of skills and other qualities possessed by directors

The Company's policy is that the members of the Board of Directors should have excellent character and insight and be capable of supervising and executing the Company's management, and that they should be from diverse backgrounds so that they cover a wide range of knowledge and expertise that the Company deems important.

Based on this policy, in addition to experience in corporate management, we consider knowledge and expertise in sustainability essential to further promote efforts to solve social issues, and appoint persons with a wealth of knowledge, expertise, and experience in the areas of sales, international business, accounting and finance, and technology in a balanced manner. We will continue to review the skills required for the Board of Directors in response to changes in management policies and strategies.

(Directors' skill matrix)

Name	Takayo Hasegawa	Dongcheng Zhang	Yuji Sakakura	Seiichiro Ichikawa	Takashi Mukuno	Minako Nishimura	Takashi Togawa
Essential skill							
Corporate management	●	●	●	●	●	●	●
Sustainability	●	●	●	●	●	●	●
Sales		●			●		
Overseas business		●	●		●		
Accounting & finance			●				●
Technology	●			●		●	

(Reasons for selection of skill items)

Skill items	Reason for choosing this theme
Corporate management	Directors possessing extensive knowledge and experience in corporate management, who can promote the sustainable growth of the SWCC Group's corporate value, are essential to achieving the goals of the medium-term management plan, Change & Growth SWCC 2026.
Sustainability	Directors possessing extensive knowledge and experience in environmental and social issues and strengthening governance are essential to promoting businesses that address social issues by leveraging the technology and experience accumulated in the business, and to realizing a sustainable society and increasing corporate value based on the SWCC Group's Purpose.
Sales	Directors possessing extensive knowledge and experience in grasping and analyzing market trends and formulating sales strategies are essential to providing high value-added products.
Overseas business	Directors possessing experience in overseas business management and extensive knowledge and experience in overseas business environments are essential to sustainably growing overseas businesses.
Accounting & finance	Directors possessing extensive knowledge and experience in accounting and finance are essential to implementing investment for growth aimed at sustainably enhancing corporate value, as well as promoting management that will improve capital efficiency based on the key management indicator of ROIC (return on invested capital).
Technology	Directors possessing extensive knowledge and experience in technology are essential to creating products with appropriate quality, conducting extensive R&D, including basic research, creating new business models and promoting digital transformation.

[Supplementary Principle 4.11-(2): Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit and Supervisory Committee]

The Company's Board of Directors confirms the status of the concurrent holding of important positions by its directors every year and discloses the status via the convocation notice for the General Meeting of Shareholders.

The convocation notice for the General Meeting of Shareholders is disclosed on the Company's website.

<https://www.swcc.co.jp/jpn/ir/stock/meeting.html>

[Supplementary Principle 4.11-(3): Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit and Supervisory Committee]

The Company conducts 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 results of the evaluation and issues found, and holds a constructive discussion on the ideal state of the Board going forward.

In the fiscal year under review, we conducted analysis and evaluation in the following manner with the advice of external institutions. First, the questionnaire was administered to all directors who are members of the Board of Directors. We ensured the anonymity of respondents by having them respond directly to an outside organization. The questionnaire was administered from multiple perspectives, including the operation, composition, and deliberations of the Board of Directors.

An overview of evaluation results includes the following: the frequency of Board of Directors meetings is appropriate, the deliberations are not formal but free and vigorous, and constructive discussions and exchanges of opinions take place, and sufficient discussions are held to determine management strategies and plans with an awareness of profitability and capital efficiency. The evaluation results also include that the status of dialogue with shareholders (investors) through IR activities, etc. is adequately discussed as a matter for deliberation by the Board of Directors after appropriate feedback is provided to the Board of Directors. Other evaluation results include that there is sufficient communication between internal directors and outside directors. Accordingly, given that the evaluation of each aspect yielded generally favorable results, the Company judged that the Board of Directors as a whole is functioning properly and its effectiveness is ensured.

On the other hand, issues related to the efficient operation of the Board of Directors to improve its effectiveness, issues related to a system for the Internal Audit Department to report directly to the Board of Directors and the Audit and Supervisory Committee in order for the Board of Directors and the Audit and Supervisory Committee to fulfill their functions, and issues related to deepening discussions on investments in human capital and intellectual property have also been identified.

Going forward, based on this evaluation of effectiveness, the Board of Directors will respond promptly after sufficient consideration of issues and continue to engage in initiatives to enhance Board functions.

[Supplementary Principle 4.14-(2): Training Policy for Directors]

The Company supports directors in the execution of their duties through the collection and provision of necessary information on economic conditions, industry trends, laws and regulations, finance and accounting and other matters within the departments of which they are in charge. The Company also organizes seminars for executive management, etc. delivered by outside speakers, when necessary, and flags up any other outside seminars or lectures which might be useful and encourages executive management, etc. to attend them.

Newly appointed directors are required to attend seminars and lectures, etc. for new officers mediated by the Company to help them increase their understanding of their role, authority and the legal responsibilities they are assuming.

When outside directors assume office, Executive Officers are required to explain the businesses and operations they are in charge of to new outside directors individually and the full-time Audit and Supervisory Committee member is also required to explain the status of audits to them in order to increase their understanding of the Group's businesses and management. At the same time, the Company shall create opportunities for outside directors to visit major production bases of the Group. Such opportunities shall also be created for incumbent outside directors when necessary.

Expenses necessary for the foregoing shall be born by the Company, in principle.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

1. The executive officer responsible for the Strategy Planning Department shall be the executive officer in charge of IR.

2. The Company's policy on dialogue with shareholders and investors, etc. is that dedicated IR personnel belonging to the Strategy Planning Department shall act as the point of contact and shall take action by exchanging information and routinely cooperating with other departments such as the Accounting and Finance Department, the Legal Department and the Sustainability Department where necessary.

3. The Company holds financial results briefings for analysts to coincide with the disclosure of its full-year financial results and interim financial results and also streams and discloses the financial results briefing video and materials on its website.

<https://www.swcc.co.jp/jpn/ir/meeting/output.html>

4. The Strategy Planning Department shall summarize the content, etc. of interviews with shareholders and investors, etc. and report them to the Board of Directors and also share them with the abovementioned departments.

5. The Company has raised awareness about the management of insider information amongst officers and employees by establishing the SWCC Group Insider Trading Prevention Regulations, and it thoroughly implements information management in all situations, including dialogue with shareholders and investors, etc., to prevent the disclosure of non-public information to individual investors or shareholders, etc.

[Action to implement management that is conscious of cost of capital and stock price]

To meet the expectations of shareholders, investors and other stakeholders, the Company will create sustainable corporate value and shareholder value through business, financial and non-financial strategies based on the SWCC Group's Purpose, and aim to achieve a minimum ROE of 10%, an ROIC of 10% or more, a PBR of 1x, and a dividend of 120 yen or more by fiscal 2026.

(Business strategy)

- Promoting businesses that solve social issues by leveraging the Group's core values
- Optimizing the business portfolio (concentrated investment in growth-driving businesses and core businesses and business restructuring)

(Financial strategy)

- Further improving capital efficiency (instilling WACC and ROIC for each business)
- Cash allocation (expanding shareholder returns in consideration of financial soundness and balance with investment in growth for new markets and new areas)

(Non-financial strategy)

- Promoting human capital strategies that support sustainable growth
- Contributing to a decarbonized society

Details of the Company's actions to achieve cost of capital and stock price conscious management are disclosed on the Company's website.

<https://www.swcc.co.jp/jpn/ir/pdf/202309expl.pdf>

https://www.swcc.co.jp/eng/company/ir_documents/news.html

[Status of Dialogue with Shareholders, etc.]

We believe that to enhance our corporate value, it is important to deepen our understanding of each other's thoughts and positions through dialogue with shareholders and other stakeholders, and to take appropriate actions based on this understanding. To this end, we have established a system to promote active dialogue with shareholders. We actively create opportunities for dialogue with investors, and at such dialogues, management participates as much as possible in order to properly reflect the opinions of shareholders in management. The content of these dialogues is fed back to the Board of Directors and management and is compiled in a database so that it can be viewed at any time. In addition, in the various printed materials issued by the Company, messages from the president and other members of the management team as well as outside officers are also delivered to shareholders and investors in their own words.

2. Capital Structure

Percentage of Foreign Shareholders	30% or more
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[Status of Major Shareholders]

Name	Number of Shares	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,614,100	18.76
Custody Bank of Japan, Ltd. (Trust account)	3,557,500	11.89
JPMorgan Securities Japan Co., Ltd.	1,124,283	3.75
JX Metals Corporation	979,022	3.27
Fukoku Mutual Life Insurance Company	892,400	2.98
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	615,200	2.05
GOLDMAN SACHS INTERNATIONAL	595,200	1.98
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	509,276	1.70
THE BANK OF NEW YORK 133612	435,300	1.45
THE BANK OF NEW YORK 133652	411,000	1.37

Controlling Shareholder (except for Parent Company)	-----
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Parent Company	Not adopted
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Supplementary Explanation

- In addition to the foregoing, the Company holds 909,341 shares of treasury stock.

- The large shareholding report (change report) submitted by Mitsubishi UFJ Financial Group, Inc. and made available for public inspection on April 17, 2023 reports that Mitsubishi UFJ Trust and Banking Corporation and joint holder Mitsubishi UFJ Kokusai Asset Management Co., Ltd. held the following shares as of April 10, 2023. However, the Company could confirm no beneficial ownership of the number of shares held in the name of these parties as of September 30, 2023 and, therefore, the following is not included in the above status of major shareholders.

The information contained in the large shareholding report (change report) is as shown below.

Mitsubishi UFJ Trust and Banking Corporation	729,500 shares
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	722,700 shares

- The large shareholding report (change report) submitted by JPMorgan Securities Japan Co., Ltd. and made available for public inspection on April 19, 2023 reports that JPMorgan Asset Management (Japan) Limited and joint holders JPMorgan Securities Japan Co., Ltd. and J.P. Morgan Securities plc held the following shares as of April 14, 2023. However, the Company could confirm no beneficial ownership of the number of shares held in the name of these parties as of September 30, 2023 and, therefore, the following is not included in the above status of major shareholders.

The information contained in the large shareholding report (change report) is as shown below.

JPMorgan Asset Management (Japan) Limited	830,900 shares
JPMorgan Securities Japan Co., Ltd.	389,964 shares
J.P. Morgan Securities plc	159,415 shares

- The large shareholding report (change report) submitted by Sumitomo Mitsui Trust Bank, Ltd. and made available for public inspection on April 20, 2023 reports that Sumitomo Mitsui Trust Asset Management Co., Ltd. and the joint holder Nikko Asset Management Co., Ltd. held the following shares as of April 14, 2023. However, the Company is unable to confirm the number of shares actually held by them as of September 30, 2023 and, therefore, they are not included in the above status of major shareholders.

The information contained in the large shareholding report (change report) is as shown below.

Sumitomo Mitsui Trust Asset Management Co., Ltd.	1,200,700 shares
Nikko Asset Management Co., Ltd.	1,307,000 shares

- The large shareholding report (change report) submitted by Sumitomo Mitsui DS Asset Management Company, Ltd. and made available for public inspection on September 6, 2023 reports that Sumitomo Mitsui DS Asset Management Company, Ltd. held the following shares as of August 31, 2023. However, the Company could confirm no beneficial ownership of the number of shares held in the name of this party as of September 30, 2023 and, therefore, the following is not included in the above status of major shareholders.

The information contained in the large shareholding report (change report) is as shown below.

Sumitomo Mitsui DS Asset Management Company, Limited	1,606,400 shares
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- The large shareholding report (change report) submitted by Fidelity Investments Inc. and made available for public inspection on September 25, 2023 reports that Fidelity Investments Inc. held the following shares as of September 15, 2023. However, the Company could confirm no beneficial ownership of the number of shares held in the name of this party as of September 30, 2023 and, therefore, the following is not included in the above status of major shareholders.

The information contained in the large shareholding report (change report) is as shown below.

Fidelity Investments Inc.	2,061,100 shares
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3. Corporate Attributes

Listed Exchange and Market Division	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Sector Classification	Non-ferrous metal
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	At least 1,000
Revenue (consolidated) for the Previous Fiscal Year	JPY 100 billion or more, but less than JPY 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but less than 50

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

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

The Company has no parent company and no listed subsidiaries.

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

1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Chairperson of the Board	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors/Auditors Designated from among Outside Directors	4

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yuji Sakakura	From another company												
Seiichiro Ichikawa	From another company												
Takashi Mukuno	From another company												
Minako Nishimura	From another company								○				

* **Categories for Relationship with the Company**

* “○” indicates that the director currently falls under the category, or did so recently, and “△” indicates that the director fell under the category in the past.

* “●” indicates that a close relation falls under the category, or did so recently, and “▲” indicates that a close relation fell under the category in the past.

a. Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yuji Sakakura	○	○	-----	<p>Mr. Yuji Sakakura possesses keen management insights gained through his career as financial operating officer of a general trading company, manager of a securities firm, and chief financial officer of an M&A advisory firm. The Company expects him to further strengthen the Group's corporate governance by auditing and supervising the Company's management based on his career experience and insight. For these reasons, the Company reelected him as outside director.</p> <p>Mr. Yuji Sakakura possesses independence as stipulated by the Tokyo Stock Exchange's independence standards and the Company's Independence Criteria for Outside Officers. Judging that there is no risk of a conflict of interest arising between Mr. Yuji Sakakura and general shareholders, the Company designated him as an independent officer.</p>
Seiichiro Ichikawa	○	○	-----	<p>Mr. Seiichiro Ichikawa possesses keen management insights gained through his career as Senior Managing Executive Officer in charge of production and engineering operations at a manufacturing company. The Company expects him to further strengthen the Group's corporate governance by auditing and supervising the Company's management based on his career experience and insight. For these reasons, the Company reelected him as outside director.</p> <p>Mr. Seiichiro Ichikawa possesses independence as stipulated by the Tokyo Stock Exchange's independence standards and the Company's Independence Criteria for Outside Officers. Judging that there is no risk of a conflict of interest arising between Mr. Seiichiro Ichikawa and general shareholders, the Company designated him as an independent officer.</p>
Takashi Mukuno	○	○	-----	<p>Mr. Takashi Mukuno possesses extensive knowledge of global corporate management based on his experience and track record as a top executive in sales and marketing, corporate planning, and overseas subsidiaries of listed companies. The Company expects him to make appropriate recommendations from a global management perspective regarding the Company's business and to supervise the execution of business based on his wealth of experience and accomplishments. For these reasons, the Company elected him as outside director.</p> <p>Mr. Takashi Mukuno possesses independence as stipulated by the Tokyo Stock Exchange's independence standards and the Company's Independence Criteria for Outside Officers. Judging that there is no risk of a conflict of interest arising between Mr. Takashi Mukuno and general shareholders, the Company designated him as an independent officer.</p>
Minako Nishimura	○	○	<p>Although there were transactions in fiscal 2022 between Next Story Co., Ltd., where she is an executive officer, and the SWCC Group, the amount of transactions was less than 0.1% of consolidated net sales for the SWCC Group and less than 1% of net sales for Next Story Co., Ltd. Therefore, there is no matter that conflicts with the independence requirements in the "Independence Criteria for Outside Officers" established by the Company with respect to her.</p>	<p>Ms. Minako Nishimura possesses extensive experience in human resource development and career development, broad insight as a corporate executive, and advanced knowledge in the IT field. The Company expects her to appropriately execute her duties from an independent standpoint to promote digital transformation that advances the development, change and growth of human resources for the future, which is an important issue for the Company, based on her abundant experience and deep insight. For these reasons, the Company elected her as outside director.</p> <p>Ms. Minako Nishimura possesses independence as stipulated by the Tokyo Stock Exchange's independence standards and the Company's Independence Criteria for Outside Officers. Judging that there is no risk of a conflict of interest arising between Ms. Minako Nishimura and general shareholders, the Company designated her as an independent officer.</p>

[Audit and Supervisory Committee]

Member Composition and Chairperson's Attribute

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	5	1	1	4	Outside Director

Directors or Employees Responsible for Assisting the Audit and Supervisory Committee in Fulfilling Its Duties

Yes

Matters concerning the Independence of such Directors or Employees from Executive Directors

- The Audit and Supervisory Committee is chaired by an outside director and meetings are presided over by an internal director, who is the Full-time Audit and Supervisory Committee Member.
- To increase the effectiveness and efficiency of the Audit and Supervisory Committee's audits, at the Audit and Supervisory Committee's request, the Company assigns employees to the Company's internal audit division to assist with the Audit and Supervisory Committee's duties.
- To ensure the independence of employees assigned to assist with the Audit and Supervisory Committee's duties and the effectiveness of directions given to such employees, the director in charge of personnel affairs shall be required to report decisions relating to the appointment, personnel changes and other personnel affairs of such employees to the Audit and Supervisory Committee in advance and obtain the Audit and Supervisory Committee's approval.

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

- The Company has the Audit Department (11 members as of the date of submission (including two members with concurrent duties). The department conducts audit risk-based risk assessments, verifies the appropriateness and validity of the operations of the Company and each Group company within the content of the internal control systems and gives guidance and recommendations where necessary. The department also conducts audits of operations including the status of compliance and the status of risk management.
- The Audit Department creates opportunities for the exchange of information with the Audit and Supervisory Committee and the accounting auditor on a regular basis and whenever necessary, exchanges opinions on matters such as the status of internal controls and risk assessments, and seeks to foster mutual cooperation.

[Voluntary Committees]

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

Yes

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	0	0
Outside Directors	4	4
Outside Experts	0	0
Others	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Nominating Committee met a total of six times during the previous fiscal year. In the previous fiscal year, the committee mainly monitored the progress of activities under the SWCC Next Generation Business Leader Succession Plan and deliberated on the performance review procedure and evaluation results.

Meanwhile, the Compensation Committee met a total of six times during the previous fiscal year. In the previous fiscal year, the committee mainly deliberated on the revision of remuneration plans and the amount of remuneration for the next fiscal year and reported its deliberations to the Board of Directors. The committee used the performance review results of the incumbent directors and executive officers as a reference in their report on remuneration amounts for the fiscal year under review.

Until the Ordinary General Meeting of Shareholders on June 27, 2023, the Company operated the Nominating Committee and the Compensation Committee as separate meeting bodies. However, given that the discussions held by each committee are deeply related, the Company will operate them as the Nomination and Compensation Committee after the conclusion of the Ordinary General Meeting of Shareholders on June 27, 2023 in order to further deepen the discussions. The Company established the

Nomination and Compensation Committee for the purpose of increasing the objectivity and transparency of the process for determining the personal affairs and remuneration of directors and further enhancing and strengthening corporate governance by properly ensuring that outside directors have the opportunity to be involved in the process and offer advice.

Nomination and Compensation Committee mainly deliberates and reports on the matters shown below upon request from the Board of Directors.

- (1) Matters regarding the election and dismissal of directors (matters to be resolved by a General Meeting of Shareholders)
- (2) Matters regarding the selection and dismissal of directors with specific titles
- (3) Matters regarding the election and dismissal of executive management (includes executive officers and directors of subsidiaries; the same applies hereinafter)
- (4) Basic policies and procedures, etc. regarding the election and dismissal of directors and executive management
- (5) Basic policies and procedures, etc. regarding the election and dismissal of representative directors and directors with specific titles
- (6) Matters regarding succession planning
- (7) Matters regarding the structure of remuneration for directors and executive management and remuneration system policies, etc.
- (8) Matters regarding the maximum amount of remuneration for directors (matters to be resolved by the General Meeting of Shareholders)
- (9) Matters regarding the remuneration of directors and executive management
- (10) Other important management matters as deemed necessary by the Board of Directors

[Independent Directors/Auditors]

Number of Independent Directors/Auditors	4
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Matters Related to Independent Directors/Auditors

The Company has designated all of its four outside officers as independent officers defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

[Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Executive Officers	Introduction of performance-based compensation plan, others
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Supplementary Explanation

- The Company's policy on the determination of the payment ratio of performance-based compensation and other compensation is as described in (iii) of Principle 3.1 Disclosure Based on Principles of Japan's Corporate Governance Code.

- At the 123rd Ordinary General Meeting of Shareholders held on June 26, 2019, it was resolved that the amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same applies hereinafter in this section) shall not exceed 300 million yen annually (30 million yen annually for outside Directors), and it was decided that the amount of remuneration for directors shall include the amount of executive officer remuneration for directors concurrently serving as executive officers and the amount of employee salaries for directors concurrently serving as Company employees in order to clarify the scope of the remuneration limit in real terms. The number of directors at the conclusion of the General Meeting of Shareholders in question was four (including one outside director).

Furthermore, at the Company's 124th Ordinary General Meeting of Shareholders held on June 29, 2020, it was decided to provide directors with monetary remuneration up to a maximum annual amount of 80 million yen, in order to grant them restricted shares, within the limit of 300 million yen annually (30 million yen annually for outside directors). The number of directors at the conclusion of the General Meeting of Shareholders in question was three (including zero outside director).

- The amount of individual remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same applies hereinafter in this section) is decided by Takayo Hasegawa, who is the president and representative director of the Company, within the total amount of directors' remuneration established at the Shareholders' Meeting, under the condition of considering factors such as the report by the Compensation Committee, policy for deciding remuneration of directors and others established by the company, and the assessment results based on the performance reviews of directors.

Objectivity and transparency in the process to decide the remuneration is ensured by the following and measures are taken to ensure authority is exercised properly without arbitrary decision-making: issuance of the report from the voluntary Compensation Committee that includes independent outside directors, compliance with the policy on deciding remuneration of directors and others established by the company, and deliberations by the voluntary Nominating Committee, the majority of which comprises independent outside directors, on the assessment results based on the performance reviews of directors.

The reason the president and representative director was delegated is that it was determined that said person has thorough knowledge of matters such as the environment that surrounds the company and its business conditions, and is suitable for making assessments that take into account the directors' duties and abilities

The remuneration for directors who are Audit and Supervisory Committee members is decided based on discussion among directors who are Audit and Supervisory Committee members, within the maximum amount established at the Shareholders' Meeting, in accordance with Paragraph 3, Article 361 of the Companies Act of Japan.

- Unlike in fiscal 2023, remuneration for individual directors (excluding directors who are Audit and Supervisory Committee members. The same shall apply hereinafter in this item) in fiscal 2024 will be determined by the Board of Directors after deliberations are conducted at the Nomination and Compensation Committee, within the total amount of remuneration for directors determined at the General Meeting of Shareholders.

Recipients of Stock Options

Supplementary Explanation

[Remuneration for Directors/Executive Officers]

Disclosure of Individual Directors' Remuneration

No individual disclosure

Supplementary Explanation

The Business Report for the 127th fiscal year (from April 1, 2022 to March 31, 2023) and the Annual Securities Report for the 127th fiscal year state that the amount of remuneration paid to directors (excluding directors who are Audit and Supervisory Committee members) was 99 million yen and the amount of remuneration paid to directors who are Audit and Supervisory Committee members was 56 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods

Yes

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Please refer to (iii) of [Principle 3-1 Full Disclosure Based on the Principles of the Corporate Governance Code] under "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" above.

[Supporting System for Outside Directors]

- When outside directors assume office, Executive Officers are required to explain the businesses and operations they are in charge of to new outside directors individually and the directors who are full-time Audit and Supervisory Committee member are also required to explain the status of audits to them in order to increase their understanding of the Group's businesses and management. At the same time, the Company shall create opportunities for outside directors to visit major production bases of the Group. Such opportunities shall also be created for incumbent outside directors when necessary.

- The legal affairs division, which is the secretariat for the Board of Directors, and the Strategy Planning Department, which is the secretariat for the Management Council, play central roles in collecting and providing the information and materials needed by outside directors. The Company's policy is to explain proposals to directors including outside directors ahead of meetings of the Board of Directors.

- The director who is the full-time Audit and Supervisory Committee member and members of the internal audit division play central roles in collecting and providing the information and materials needed by outside directors who are Audit and Supervisory Committee members.

In addition, the director who is the full-time Audit and Supervisory Committee member and the outside directors who are Audit and Supervisory Committee members liaise with each other and exchange opinions with each other through meetings of the Audit and Supervisory Committee held on a regular and ad hoc basis.

[Situation of Retired President and Others]

Names, etc. of Counselors, Advisors and Others who are Retired President and Others

Name	Job title/position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date of retirement	Term
-----	-----	-----	-----	-----	-----

Total Number of Counselors, Advisors and Others who are Retired President and Others

0

Others

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

- The Board of Directors consists of two directors (excluding directors who are Audit and Supervisory Committee members) and five directors who are Audit and Supervisory Committee Members (of whom four are outside directors). Five out of the seven directors are men and two are women.

- The term of office of directors (excluding those who are Audit and Supervisory Committee members) is set at one year for the purpose of clearly defining managerial responsibilities and ensuring treatment based on merit. Meanwhile, the term of office of directors who are Audit and Supervisory Committee members is set at two years.

- As systems to ensure effective and efficient execution of duties by directors, the Board of Directors holds regular meetings once a month and ad hoc meetings whenever necessary and important matters regarding the management of the Company and the Group are required to be deliberated by the Group Management Council first before being determined by the Board of Directors. The Board of Directors also draws up a medium-term management plan and annual business plan for the Group and sets specific management targets. Based on these plans, the representative directors and executive directors of the Company and each group company make

necessary decisions and efficiently execute their duties based on the bodies, procedures, etc. specified in the SWCC Group Business Management Regulations and each company's Board of Directors' Regulations, etc.

- The Company has established the Audit Department as its internal audit division and this department verifies the appropriateness and validity of the operations of the Company and each group company and gives guidance and advice where necessary, in accordance with the SWCC Group Internal Audit Regulations.

- The Audit and Supervisory Committee conducts accounting audits and business audits on an ongoing basis under the leadership of the full-time Audit and Supervisory Committee member and, by attending meetings of the Board of Directors and the Management Council, Audit and Supervisory Committee members can supervise the execution of duties by Directors and have their feedback reflected.

- The Company appoints Ernst & Young ShinNihon LLC as accounting auditor and its accounts are audited in a fair manner. In FY2022, the two certified public accountants (Designated Limited Liability Partners and Engagement Partners) who audited the Company's accounts were Hideyuki Inoue and Takuro Sugio. The assistants to the accounting audits of the Company are nine certified public accountants, eight persons who have passed the CPA examination and 26 other persons. In FY2023, the two certified public accountants (Designated Limited Liability Partners and Engagement Partners) who will audit the Company's accounts are Hideyuki Inoue and Takuro Sugio.

- In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concludes agreements with non-executive directors to limit the liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum liability for damages under the agreement is the minimum liability amount provided for in Article 425, Paragraph 1 of the Companies Act. The liability limitation applies only if the non-executive director performs the duties that have caused the liability in good faith and without gross negligence.

- The Company has entered into a directors' and officers' liability insurance contract with an insurance company pursuant to the provisions of Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured of the insurance contract is the directors, executive officers and managerial employees of the Company and its subsidiaries in Japan and overseas, and the insured does not bear the insurance premiums. The insurance contract covers damages for which the insured is held legally liable in the event of a legal liability claim attributable to execution of duties by the insured; provided, however, that damages, etc. caused by an act that the insured has done, aware that the act is in a violation of law, shall not be subject to compensation, so that the properness of the execution of duties of the insured will not be impaired.

- The Company has established the Nomination and Compensation Committee as advisory bodies to the Board of Directors to increase the objectivity and transparency of the processes for determining the personnel affairs and remuneration, etc. of directors, etc.

3. Reasons for Adoption of Current Corporate Governance System

- The Company transitioned to a Company with an Audit and Supervisory Committee based on a resolution of the 123rd Ordinary General Meeting of Shareholders held on June 26, 2019. The purpose of this transition is as follows.

1. By delegating substantial decision-making authority for the execution of business operations to the executive officers, the Company aims to increase the efficiency and speed of business execution.
2. At the meetings of the Board of Directors, the Company will further enhance the deliberations on important themes such as management strategy.
3. The Audit and Supervisory Committee will play a central role in strengthening the auditing and supervisory functions.

- To strengthen corporate governance, the Company amended its Articles of Incorporation to change (increase) the number of directors who are Audit and Supervisory Committee members to six (6) or less, in accordance with the resolution of the 127th Ordinary General Meeting of Shareholders held on June 27, 2023.

- By making four out of the five directors who are Audit and Supervisory Committee members outside directors, the Company has strengthened the management advisory function and supervisory function.

- The Company has strengthened the governance function regarding compliance and risk management across the Group by adopting a system under which the Risk Management Committee drives efforts to understand and rectify issues across the group and immediately reports any major concerns it becomes aware of to the Board of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Shareholders Meeting	The notice of convocation for the Ordinary General Meeting of Shareholders held on June 27, 2023 was dispatched in June 6, 2023.
Scheduling General Shareholders Meeting Avoiding the Peak Day	The Company held its Ordinary General Meeting of Shareholders for 2023 on June 27, 2023.
Allowing Electronic Exercise of Voting Rights	The Company has introduced the electronic exercise of voting rights. The Company also participates in the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ Co., Ltd.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Their Voting Rights	The Company uses the electronic voting platform.
Providing Convocation Notice in English	The Company provides an English version of the convocation notice.
Others	The Company posts its convocation notice via TDnet provided by Tokyo Stock Exchange and on the Company's website prior to the date of its dispatch, with a view to providing information early.
	The Company broadcasts the proceedings on the day of the General Meeting of Shareholders live on the Internet.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has established a Disclosure Policy and publishes the policy on its website.	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefing sessions soon after its financial results announcements at the end of the second quarter and the end of the financial year. In addition, the Company holds themed briefings on a regular basis to give an in-depth explanation of each segment and its ESG initiatives. Details of the Company's briefings are disclosed on its website. https://www.swcc.co.jp/eng/company/ir_documents/presentations.html	Yes
Regular Investor Briefings for Overseas Investors	The Company holds small meetings for overseas institutional investors.	Yes
Posting of IR Materials on Website	The Company actively discloses information which might be useful for investors such as optional press releases and explanations of business results by the Representative Director, in addition to materials it is required to disclose by law. https://www.swcc.co.jp/eng/company/ir_documents/presentations.html	
Establishment of Department and/or Manager in Charge of IR	The IR Group , Strategy Planning Department of the Corporate Strategy Division is a business unit dedicated to IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Internal Rules Stipulated for Respecting the Position of Stakeholders	The Group management philosophy clearly states that the Group will, through healthy business activities, create corporate values that will earn the “trust” of the employees, customers, shareholders and the local community.
Implementation of Environmental Activities, CSR Activities, etc.	For details of the Group’s sustainability initiatives, please refer to [Supplementary Principle 3.1-(3) Full Disclosure] in [Disclosure Based on Principles of Japan’s Corporate Governance Code] under 1. Fundamental Views, I. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information above.
Development of Policies on Information Provision to Stakeholders	The SWCC Group Management Policy and Code of Conduct stipulate that the Group shall engage in public relations activities in relation to shareholders and a wide range of other stakeholders and shall disclose necessary corporate information in a timely and appropriate manner and endeavor to manage such information.
Others	<p>The Company is focused on Health and Productivity Management because this will help strengthen corporate competitiveness by ensuring a healthy and reliable work force, thus improving productivity, and by enhancing the creativity of employees. The Company has built a framework to promote health and productivity management under the leadership of the president and representative director and promoted activities to support good health in cooperation with the SWCC health insurance association, occupational health physicians and public health nurses, resulting in recognition as White 500 companies under the 2023 Certified Health and Productivity Management Organization Recognition Program (large enterprise category) in March 2023.</p> <p>For details of the Group’s other initiatives regarding the participation of women and human capital, please refer to [Supplementary Principle 2.4-(1) Ensuring diversity at the Company, including the Empowerment of Women] in [Disclosure Based on Principles of Japan’s Corporate Governance Code] under 1. Fundamental Views, I. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information above.</p>

IV. Matters Related to the Internal Control System

1. Fundamental Views on Internal Control System and the Progress of System Development

The Company's Board of Directors resolved as follows regarding systems for ensuring appropriate business operations.

1. System to Ensure that Directors, Executive Officers and Employees of the Corporate Group Consisting of the Company and its Subsidiaries (Hereinafter Referred to as the "SWCC Group") Will Execute Their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

(1) Directors, executive officers and employees shall seek to familiarize themselves with the management philosophy, management policy and code of conduct enacted by Directors for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations and the Articles of Incorporation and efficient management in the SWCC Group, by carrying around with them and constantly using a booklet, etc. containing the management philosophy, management policy and code of conduct.

(2) The Board of Directors shall appoint a director in charge of risk management as the person responsible for compliance and risk management in the SWCC Group, and the director in charge of risk management shall endeavor to develop the compliance framework across the SWCC Group and to understand and rectify any issues.

(3) The Board of Directors shall establish a Risk Management Committee to be chaired by the director in charge of risk management, and the committee shall make decisions on matters such as the SWCC Group's compliance-related awareness-raising and training plans and action plans and deliberate on the operation of a compliance hotline and other important matters. The Risk Management Committee shall report the status of such activities to the Board of Directors on a regular basis and shall immediately report to the Board of Directors any major compliance-related concerns it becomes aware of.

(4) The Risk Management Committee shall establish a compliance hotline as a means by which directors, executive officers and employees of the SWCC Group can directly report behaviors that raise compliance-related doubts in the SWCC Group and shall tailor the operation of such compliance hotline to the size, business format and other characteristics of each SWCC Group company and report the operation status to the Board of Directors on a regular basis.

(5) The Board of Directors shall hold a meeting of persons responsible for internal controls to discuss the internal controls of the SWCC Group on a regular basis and shall implement measures to enhance the effectiveness of internal controls in cooperation with the relevant divisions of each SWCC Group company.

(6) The SWCC Group shall take a firm stance as an organization against antisocial forces, have no relations or dealings with them whatsoever, and never accept undue demands from them.

2. System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers
Directors and executive officers shall properly retain and manage the following documents (including electronic records; the same applies hereinafter) relating to the execution of their duties and other important information in accordance with the Document Management Regulations and other internal rules.

(i) Minutes of general meetings of shareholders and other materials related to such meetings

(ii) Minutes of meetings of the Board of Directors and other materials related to such meetings

(iii) Minutes of meetings of the Group management Council and other materials related to such meetings

(iv) Minutes of other important meetings and other materials related to such meetings

(v) Other important documents related to the execution of duties by directors and executive officers

3. Regulations and other Systems Concerning Management of the Risk of Loss of the SWCC Group

(1) Directors and executive officers shall implement risk management to mitigate serious management risks in accordance with the SWCC Group Risk Management Regulations.

(2) The Director in charge of risk management shall endeavor to develop the compliance framework across the SWCC Group and to understand and rectify any issues.

(3) The Risk Management Committee shall identify, analyze and evaluate risks that need to be managed by the SWCC Group and shall deliberate on countermeasures (including corrective action and re-evaluation) and other important matters. The Risk Management Committee shall report the status of such activities to the Board of Directors on a regular basis and shall immediately report any major concerns it becomes aware of to the Board of Directors.

(4) In the event of the materialization of a serious risk, the Board of Directors shall establish an emergency taskforce in accordance with the SWCC Emergency Taskforce Regulations.

4. System to Ensure Efficient Execution of Duties by Directors of the SWCC Group

(1) Regular meetings of the Board of Directors shall be held regularly and ad hoc meetings of the Board of Directors shall be held in a timely manner when necessary, in accordance with the Board of Directors' Regulations. Moreover, decisions on important matters regarding the management of the SWCC Group shall be made at meetings of the Board of Directors.

(2) The Board of Directors shall make necessary decisions based on the bodies, procedures, etc. specified in the Board of Directors' Regulations and the SWCC Group Business Management Regulations.

(3) The Board of Directors shall draw up a medium-term management plan and annual business plan and set clear management targets in accordance with the basic management policy of the SWCC Group. Directors and executive officers shall execute their duties aiming to achieve such targets and the Board of Directors shall develop a framework for managing and improving their actual results, etc.

(4) The Board of Directors shall delegate decision-making on some important matters regarding the management of the SWCC Group to the Group Management Council, which is composed of the representative director and executive officers, in accordance with the Articles of Incorporation and the Board of Directors' Regulations.

(5) The Board of Directors shall manage the business of each SWCC Group Company in accordance with the SWCC Group Business Management Regulations and shall also develop an appropriate monitoring framework including requiring timely reporting on the matters deliberated and decided upon by the Group Management Council.

5. System for Ensuring Appropriate Financial Reporting

(1) To ensure appropriate financial reporting in accordance with the Financial Instruments and Exchange Act, the Company shall enact the SWCC Group Basic Policy on Internal Control Over Financial Reporting and develop and operate the framework necessary

for internal control in accordance with this policy.

(2) The Company's internal audit division shall conduct continuous monitoring of the effectiveness of the financial reporting internal control system.

6. Matters Regarding Employees Assigned to Assist the Audit and Supervisory Committee in its Duties and Matters for Ensuring the Independence of Such Employees from Directors (Excluding Directors who are Audit and Supervisory Board Members; the Same Applies Hereinafter) and the Effectiveness of Instructions to such Employees

(1) To increase the effectiveness and efficiency of the Audit and Supervisory Committee's audits, at the Audit and Supervisory Committee's request, the Company shall assign employees to the Company's internal audit division to assist with the Audit and Supervisory Committee's duties.

(2) To ensure the independence of employees assigned to assist with the Audit and Supervisory Committee's duties and the effectiveness of directions given to such employees, the Board of Directors shall ensure that the director in charge of personnel affairs is required to report decisions relating to the appointment, personnel changes and other personnel affairs of such employees to the Audit and Supervisory Committee in advance and obtain the Audit and Supervisory Committee's approval.

7. System for Reporting by Directors, Executive Officers and Employees of the SWCC Group to the Audit and Supervisory Committee and Other Systems Concerning Reporting to the Audit and Supervisory Committee

(1) Directors and executive officers shall report the following matters to the Audit and Supervisory Committee in a timely manner; provided, however, that matters resolved or reported at meetings of the Board of Directors may be excluded.

(i) Matters reported or approved at meetings of the Management Council

(ii) Matters which could cause serious damage to the Company

(iii) Important matters concerning the status of operations each month

(iv) Important matters regarding the implementation status of internal audits and risk management

(v) Serious violations of laws and regulations or violations of the Articles of Incorporation

(vi) Status and content of whistleblowing reports made via the compliance hotline

(vii) Other important matters related to compliance

(2) Employees who discover an important fact regarding (ii) or (v) of (1) above shall be able to report directly to the Audit and Supervisory Committee.

(3) The Board of Directors shall clearly specify in the SWCC Group Whistleblowing System Operation Regulations that one full-time Audit and Supervisory Committee member shall be added as a point of contact for the compliance hotline and that disadvantageous treatment of whistleblowers in the grounds that they have made whistleblowing reports shall be prohibited.

(4) The Company's legal division and internal audit division shall report on the status of compliance and internal audits, etc. in the SWCC Group to the Audit and Supervisory Committee on a regular basis.

8. Other Systems for Ensuring the Effective Audit by the Audit and Supervisory Committee

(1) Directors and executive officers and the Audit and Supervisory Committee shall cooperate with each other and enhance the effectiveness and efficiency of audits by exchanging opinions and information with each other where necessary and holding regular liaison meetings.

(2) Audit and Supervisory Committee members may attend meetings of the Group Management Committee, committee meetings and subcommittee meetings held by the Risk Management Committee, meetings of persons responsible for internal controls, and other important meetings in addition to meetings of the Board of Directors.

(3) Audit and Supervisory Committee members may inspect documents relating to the execution of duties by directors, information on internal information systems and other important information as appropriate.

(4) Audit and Supervisory Committee members shall be given the opportunity to independently consult with lawyers, accountants and other professionals on specialist matters and to receive advice on audit operations.

(5) The Company shall bear any expenses requested by the Audit and Supervisory Committee members or the Audit and Supervisory Committee for the execution of their duties.

2. Fundamental Approach to Eliminating Anti-Social Forces and State of Related Efforts

In initiatives for the elimination of antisocial forces, the Company instills its approach to antisocial forces in Group employees by clearly specifying its stance in both the above basic policy on the development of internal control systems and the Basic Compliance Policy. In addition, the Company has joined the Kanagawa Prefecture Corporate Defense Countermeasures Association to gather information about antisocial forces, and has also determined the business unit responsible for dealing with antisocial forces and developed a framework under which action can be taken in a timely and appropriate manner in cooperation with the police, legal advisors and other specialist agencies in response to any contact from antisocial forces, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

- The SWCC Group is working to strengthen cooperation as a group by formulating and implementing common Group regulations, in addition to the SWCC Group Business Management Regulations.
- As for the Group's timely disclosure system, the Company specifies basic matters regarding the timely and appropriate disclosure of corporate information in the Basic Compliance Policy and has also established systems and procedures to ensure that company information is provided quickly, accurately and fairly to shareholders and investors, etc. in the SWCC Group Information Disclosure Regulations. More specifically, the Company has established an Information Disclosure Committee, developing a framework under which important information which needs to be disclosed about the Group is reported to this committee and disclosed in a timely and appropriate manner.
- To promote the growth strategies set forth in its new medium-term management plan, Change & Growth SWCC 2026 announced in November 2021, and to achieve its performance targets for FY2026, the Company has shortened the distance between its management strategies and business operations and transitioned from a pure holding company to an operating company by merging the operating companies SWCC SHOWA CABLE SYSTEMS CO., LTD. and SWCC SHOWA UNIMAC LTD on April 1, 2023. With the transition to an operating company, the Company has streamlined the management and operation of the Group's internal operations by the shared service divisions by further strengthening cross-segment functions for business segments, by concentrating the functions of the business strategy divisions, standardizing common operations within the Group and unifying different systems among Group companies. Furthermore, as a result of the Company, which has become an operating company, having the function of directly operating the three business segments of the energy and infrastructure business, the electrical equipment and components business, and the communication and industrial devices business, the Company has developed a structure and framework under which group management and strategy proposals are directly linked to the strategies and operations of each business segment.

