

Latest revision: June 26, 2025

**Topre Corporation**

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Ticker symbol: 5975  
<https://www.topre.co.jp>

The current situation of the corporate governance of our company is as follows:

## I The basic idea toward corporate governance, and the basic information about the capital structure, attributes of the enterprise and others

### 1. The basic idea

The mission of Topre Group is to create products and services by utilizing our distinguished technologies and thereby contribute to society. We shall carry out our business activities from a high ethical perspective and common sense, as an international company needed and respected by society, not as a company that seeks solely economic results.

The staff of Topre Group working around the world shall strive to follow the corporate governance system by sharing this idea and seeking to contribute to society and continual prosperity as its goal.

### **[Disclosure based on each principle of Corporate Governance Code]** Updated

#### 【Principle 1-4 Cross-shareholdings policy】

##### (Policy on cross-shareholding)

Our Group has the press-related products business, the constant temperature logistics products business, and other businesses such as manufacturing and sale of air-conditioning equipment and electronic equipment, as our main businesses. Primarily for the purpose of enforcing the cooperative relationships with many corporations and maintaining good relationships with financial organizations in that process, we are making judgments from an overall perspective, based on whether it is helpful for the sustainable growth of our company, whether it is helpful for medium-to-long-term enhancement of corporate value, etc., including curtailment of possession.

##### (Verification of adequacy of possession)

The Board of Directors has the system of verifying the adequacy of possession in a comprehensive manner by conducting a qualitative assessment of the necessity of possessing and cooperative relationship on transactions, based on the quantitative evaluation of operating performance and dividend payout ratio about cross-shareholding made by the general affairs division, which is the division responsible for stock transactions, at the time of settlement of accounts. As a result of the verification, we are continuing to hold 23 stocks in fiscal year 2024.

##### (Exercise of voting right on cross-shareholdings)

In exercising the voting right on cross-shareholdings, our company will do so on a subject-by-subject basis by making an overall evaluation on whether it matches our company's policy on cross-shareholdings, whether it contributes to the sustainable growth of the corporation in question, and whether it is helpful for medium-to-long-term enhancement of corporate value, etc.

#### 【Principle 1-7 Transactions among related parties】

Our company provides as a rule that when there is a certain transaction with directors of the company, it is subject to the requirement of prior approval by the Board of Directors and of reporting after the fact, based on the regulations of Board of Directors as well as laws and the Articles of Incorporation, as the procedure to make sure that no harm is done to the benefits of the company and the common benefit of the shareholders, and our company is monitoring it.

#### 【Supplemental principle 2-4-1 Ensuring internal diversity, including promotion of contributions from women】

##### (Approach to ensuring diversity)

In order for our Group to become a company that contributes to society and continues to prosper, we believe that "ensuring employee diversity" is essential. To achieve this, we have set "creation of accepting and diverse workplaces," "creation of an organization that allows flexible work styles," and "human resource development tailored to each individual" as key themes.

Going forward, we will continue to hire diverse talents regardless of race, creed, gender, nationality, physical characteristics, etc., and strive to create an environment where each and every employee can fully utilize his or her abilities and thrive.

- Policies for human resource development and internal environment development

[https://www.topre.co.jp/en/sustainability/social/policy/human\\_resources.html](https://www.topre.co.jp/en/sustainability/social/policy/human_resources.html)

- Specific initiatives

[https://www.topre.co.jp/en/sustainability/social/human\\_resources.html](https://www.topre.co.jp/en/sustainability/social/human_resources.html)

##### (Voluntary and measurable goals, and their status)

##### (1) Promotion of women to managerial positions:

As part of our general employer action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we have been aiming to "employ at least 130 full-time female employees by March 2026." To further support women's career development and expand opportunities for them throughout the Group, we have added a new goal from April 2024 to "increase the proportion of women in managerial positions to 3% or more by March 2026."

As of March 31, 2025, we have 115 female employees with a female management ratio of 1.6%.

##### (2) Promotion of foreign nationals and mid-career hires to managerial positions:

At present, we have no specific numerical targets for foreign nationals and mid-career hires, as we hire and evaluate them fairly and promote them to management positions appropriately, as we do with all other employees.

Furthermore, regarding the recruitment of foreign nationals and mid-career hires, as we aim for further development through global business expansion, we will continue to strengthen and expand our initiatives.

**【Principle 2-6 Fulfillment of function as the asset owner of a company pension】**

Our company has adopted a defined-benefit corporate pension plan, and the Topre corporate pension fund is positioned as the asset owner.

Our company is engaging in maintenance of the system in which the fund can fulfill its function as the asset owner to aim for stable and appropriate management of the reserve fund, by dispatching the employees with the knowledge and experience from the sections in charge of workers as well as of financing as they relate to the corporate pension to the office of the corporate pension fund, and by placing our company's manager in charge of finance in the asset management committee that deliberates on the effective management of the reserve owned by the fund.

Also, the reserve fund has been entrusted to each financial institution and controlled in a way that no conflict of interest will occur between the fund's beneficiaries and the company.

**【Principle 3-1 Fullness of disclosure of information】**

**1. Regarding what the company aims for (management philosophy, etc.), management strategy, management plan**

Our Group has formulated the "Basic Philosophy" as the philosophy to be shared by the group. As the management strategy/management plan, we have also formulated a medium-term management plan. These are available on the company's website, so please view them there.

Basic Philosophy: <https://www.topre.co.jp/en/company/philosophy.html>

Management Plan: <https://www.topre.co.jp/ir/plan.html>

**2. The basic idea and the basic policy on corporate governance**

(The basic idea)

Please refer to "1.1 The basic idea" of this report.

(The basic policy)

- (1) We will strive to ensure the rights and equality of shareholders.
- (2) We will strive for the appropriate cooperation with stakeholders other than shareholders.
- (3) We will strive to ensure the appropriate disclosure and transparency of information.
- (4) We will carry out the management responsibility and decision-making on business execution as well as supervisory responsibility as the obligations / roles of the Board of Directors, by making transparent, fair, prompt and decisive decisions.
- (5) We will strive for constructive dialogues with shareholders.

**3. The policy and procedure in deciding the compensation of directors**

Please refer to "2.1. 【Compensation of Directors】" of this report.

**4. The policy and procedure in nominating candidates for directors and auditors**

(Policy)

As for candidates for directors, we nominate on the "right person for the right position" basis, in the scale that conforms to the nature of the business of our company, by giving comprehensive consideration to such matters as the contribution to the Board of Directors that makes transparent, fair, prompt and decisive decisions depending on each business department and the allocation of business operations, and the knowledge, experience and character that the person has.

As for candidates for auditors, we nominate on the "right person for the right position" basis, by giving comprehensive consideration to such matters as whether the person is familiar with the nature of the business operations of our company, the knowledge on finance, accounting and law, and the contribution to the responsibility and role as an auditor.

(Procedure)

We nominate the candidates for directors and auditors at the Board of Directors based on the above-referenced policy, and appointment and dismissal will be made at a general meeting of shareholders.

**5. Explanation of each appointment and nomination**

President explains about the candidates for directors and auditors at the Board of Directors, and main careers and the reason for the selection, etc., of each candidate are written on the notice of convocation of a general meeting of shareholders.

**【Supplemental principle 3-1-3 Fullness of disclosure of information】**

**1. Efforts toward sustainability**

We are considering sustainability efforts and issues related to climate change in our CSR Climate change measures Management office. Please refer to the following web pages for information on our efforts related to sustainability and climate change-related issues.

- Sustainability

<https://www.topre.co.jp/en/sustainability/>

- ESG Databooks (CSR Reports)

<https://www.topre.co.jp/en/sustainability/reports/>

- Integrated Report

<https://www.topre.co.jp/en/ir/library/>

**2. Investment in human capital**

In our medium-term management plan, we uphold the basic policy of "striving for talent development and creating a conducive working environment, expanding opportunities where diverse-minded individuals can thrive, and continuing to be a responsible corporate entity entrusted by future generations of employees." Please refer to our website for our initiatives on human resources.

- Human resources

[https://www.topre.co.jp/en/sustainability/social/human\\_resources.html](https://www.topre.co.jp/en/sustainability/social/human_resources.html)

- ESG data

<https://www.topre.co.jp/en/sustainability/data/>

**3. Investment in intellectual property**

In our medium-term management plan, we advocate the basic policy of "pursuing technological capabilities that customers demand while promoting efficiency in production methods and technological innovation, thereby continuously enhancing the company's competitiveness." Regarding our research and development activities, the development department applies our core technologies to diversify into new areas with the aim of developing and commercializing new products. In addition, each business department is working on the development of new products and technologies through the pursuit of new functions. For more details, please refer to our website.

- Intellectual property activities

<https://www.topre.co.jp/en/sustainability/governance/ip.html>

**【Supplemental principle 4-1-1 Roles and responsibilities of the Board of Directors (1)】**

Our company is a company with a Board of Directors, and as such has a system in which matters designated by laws and the Articles of Incorporation as well as any matters that are important to the management of our company will require deliberation and approval of the Board of Directors pursuant to the regulations of the Board of Directors. Matters that do not require deliberation and approval of the Board of Directors are delegated under the regulations of approving authority, depending on the nature of the business operations, taking into account its subject, reference money amount and such nature.

**【Principle 4-9 Evaluation criteria for independence and qualification of independent outside directors】**

We have appointed independent outside directors, based on the evaluation criteria of the requirements of outside directors provided in the Companies Act and the independence standard laid down by the Financial Instruments Exchange where we are listing our stock.

**【Supplemental principle 4-10-1 Practical use of arbitrary system】**

As advisory bodies to the Board of Directors, we have arbitrarily established the Nomination Committee and Compensation Committee, the majority of whose members are outside directors, to ensure the fairness, transparency, and objectivity in procedures related to the nomination and compensation of officers.

**【Supplemental principle 4-11-1 Presupposition for ensuring effectiveness of the Board of Directors and the Board of Auditors】**

As for the candidates for directors, we nominate on a "right person for the right position" basis, and have a basic stance of making selections on a scale that conforms to the nature of the business of our company, by giving comprehensive consideration to such matters as contribution to a Board of Directors that makes transparent, fair, prompt and decisive decisions in accordance with each business department and the allocation of business operations, and the knowledge, experience and character that the person has.

Also a so-called "skill matrix," which lists the knowledge, experience, capabilities, and the like of each director, is listed in the "Notice of a General Meeting of Shareholders."

<https://www.topre.co.jp/en/ir/meeting.html>

**【Supplemental principle 4-11-2 Presupposition for ensuring effectiveness of the Board of Directors and the Board of Auditors】**

Important concurrent holding of positions, including concurrent holding of multiple positions of other public corporations by directors and auditors are disclosed in the business reports and reference documents for a general meeting of shareholders.

**【Supplemental principle 4-11-3 Presupposition for ensuring effectiveness of the Board of Directors and the Board of Auditors】**

To improve the functions of our Board of Directors and further enhance our corporate governance system, we conduct a board evaluation questionnaire to assess the effectiveness of our Board of Directors. After compiling and analyzing the questionnaire results, we report the summary and direction for improvement of the results to our officers.

The results of the most recent board evaluation questionnaire did not indicate any problems with the effectiveness of our Board of Directors as a whole.

**【Supplemental principle 4-14-2 Training of directors and auditors】**

Our company has been giving training to directors and auditors at the time of assumption of their offices about explanations of their responsibilities and roles and necessary knowledge for performing these responsibilities and roles. After the assumption of office, we provide the opportunities for necessary training, such as outside lectures, according to the role of each director and auditor.

**【Principle 5-1 Policy on constructive dialogues with shareholders】**

We set the following policies on system development and engagement for promotion of dialogues with shareholders.

- (1) We will proactively develop IR activities by designating the manager who supervises the overall dialogues with shareholders and pays attention to the realization of constructive dialogues as the director in charge of IR and by having the president and the director in charge of IR take the central role.
- (2) In developing the IR activities, those in charge of general affairs, legal affairs, accounting, finance, etc., will support IR activities by exchanging information at least once a month.
- (3) Our company is actively creating the opportunities for promoting the dialogues with shareholders through financial results briefings directed to analysts and company information sessions directed to individual investors, as a means of dialogues other than private meetings.
- (4) Important opinions and concerns grasped from dialogues with shareholders are reported to the Board of Directors by the director in charge of IR.
- (5) We disclose insider information in a timely and appropriate manner, pursuant to the action guidelines of our Group, and we control important facts not yet officially announced, pursuant to regulations for prevention of insider trading.

**【Principle 5-2 Formulation and publication of management strategies and plans】**[English disclosure available]

On May 14, 2024, we disclosed the "Formulation of the 16th Medium-Term Management Plan and Measures Aimed at Achieving Management with a Focus on Capital Costs and Stock Prices." For further details, please refer to the Medium-Term Management Plan and the Integrated Report:

- 16th Medium-Term Management Plan

<https://www.topre.co.jp/ir/plan.html>

- Integrated Report

<https://www.topre.co.jp/ir/library/> (Japanese)

<https://www.topre.co.jp/en/ir/library/> (English)

## 2. Capital Structure

Ratio of stock holding by foreigners

20% or more and below 30%

### 【Situation of large shareholders】 Updated

Name	Number of shares owned (shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd.	6,462,739	12.72
Custody Bank of Japan, Ltd.	4,106,900	8.08
Naoko Ishii	2,660,004	5.23
Nippon Life Insurance Company	2,135,649	4.20
Resona Bank, Limited	1,870,400	3.68
Topre Client Stock Ownership	1,622,800	3.19
Sumitomo Life Insurance Company	1,467,600	2.88
Mizuho Bank, Ltd.	1,265,364	2.49
Mitsubishi UFJ Trust and Banking Corporation	1,246,584	2.45
GOVERNMENT OF NORWAY	1,108,820	2.18

Existence of Controlling Shareholder (excluding parent company)

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Existence of Parent Company

No

Supplementary Explanation

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## 3. Enterprise Attributes

Exchange for listing, and section of exchange

Tokyo Prime

Accounting period

March

Type of industry

Metal products

Number of employees (consolidated) at the end of the prior business year

Over 1,000

Gross sales (consolidated) in the prior business year

100 billion yen or more and under 1 trillion yen

Number of consolidated subsidiaries as of the end of the prior business year

10 or more and under 50 companies

## 4. Policy on the way to protect minority shareholders in conducting transactions, etc., with controlling shareholders

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## 5. Other special conditions that may have a major impact on corporate governance

Our company has no parent company or listed subsidiary. Also, there is no fact that is deemed to have a major impact on corporate governance.

## II Situation of the corporate governance system of the management and control organization and others for decision-making, execution and supervision on management

### 1. Matters regarding organizational structure, organizational operation, etc.

Organizational form	Company with auditors
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#### 【Regarding Directors】

Number of Directors according to the Articles of Incorporation	15 persons
Term of Director according to the Articles of Incorporation	2 years
Chairman of the Board of Directors	President
Number of Directors	6 persons
Status of appointment of outside Directors	Appointed
Number of outside Directors	3 persons
Number of outside Directors who are designated as independent officers	3 persons

Relationship with the company (1)

Name	Attributes	Relationship with the company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Tsuyoshi Takada	Lawyer											
Naoshi Ogasawara	Certified Accountant						△					
Yoshie Midorikawa	Lawyer											

#### \* Selected items on relationship with the company

\* If the person is applicable to the item "now or recently"「○」, if applicable "in the past", 「△」

\* If a close relative of the person is applicable to the item "now or recently"「●」, if applicable "in the past"「▲」

- a Person who executes the business of a listed company or its subsidiary
- b Person who executes the business or a director who does not execute the business of the parent company of a listed company
- c Person who executes the business of a fellow subsidiary of a listed company
- d Party who deals with a listed company as its main customer, or a person who executes its business
- e Major customer of a listed company or a person who executes its business
- f Consultant, accounting expert and legal expert who receives a substantial amount of money or assets other than an officer's fee from a listed company
- g Major shareholder of a listed company (if it is a corporation, the person who executes the business of that corporation)
- h Person who executes the business of a customer of a listed company (those who do not fall under d, e, or f) (only the person him/herself)
- i Person who executes the business of a company that stands in a cross-appointment relationship with an outside officer (only the person him/herself)
- j Person who executes the business of a company that receives contributions from a listed company (only the person him/herself)
- k Others

## Relationship with the company (2)

Name	Independent Officer	Supplementary explanation on applicable items	Reason for appointment
Tsuyoshi Takada	○	----	We appointed him as an outside director because he has expert knowledge as a lawyer and deep insight on corporate legal work, and he also stands in a position that is independent of the persons who execute the business of our company. We determined that, even as an independent officer, he presents no risk of generating a conflict of interest with general shareholders, and that the objective independence to ensure the trust of shareholders/investors could be maintained.
Naoshi Ogasawara	○	Mr. Naoshi Ogasawara had been working at Taiyo ASG Audit Corporation (currently, Grant Thornton Taiyo LLC) from April 2007 to September 2008, as its representative employee. That audit corporation has been our company's accounting auditor from 2007 to the present.	We appointed him as an outside director of our company because he has rich experience and high views in the financial and accounting areas cultivated as a certified accountant, and he also stands in a position that is independent of the persons who execute the business of our company. Because there is no contractual relationship currently between the audit corporation Mr. Naoshi Ogasawara used to work at and Mr. Naoshi Ogasawara, we determined that, even as an independent officer, he presents no risk of generating a conflict of interest with general shareholders, and that the objective independence to ensure the trust of shareholders/investors could be maintained.
Yoshie Midorikawa	○	----	We appointed her as an outside director because she has expert knowledge as a lawyer and deep insight on corporate legal work, including overseas legal affairs, and she also stands in a position that is independent of the persons who execute the business of our company. We determined that, even as an independent officer, he presents no risk of generating a conflict of interest with general shareholders, and that the objective independence to ensure the trust of shareholders/investors could be maintained.

Existence of an arbitrary committee equivalent to a nomination committee or compensation committee

Yes

## State of establishment of arbitrary committees, composition of committee members, attributes of chairperson

	Name of committee	All members (persons)	Full-time members (persons)	Inside directors (persons)	Outside directors (persons)	Outside experts (persons)	Others (persons)	Chairperson
Arbitrary committee equivalent to nomination committee	Nomination Committee	4	0	1	3	0	0	Inside directors
Arbitrary committee equivalent to compensation committee	Compensation Committee	5	0	2	3	0	0	Inside directors

## Supplementary Explanation Updated

We have set up a Nomination Committee as an arbitrary decision-making body comprised of outside directors along with the Representative Director, with the aim to ensure fairness, transparency, and objectivity regarding the process of nominating Directors.

We have also set up a Compensation Committee as an arbitrary decision-making body comprised of Directors nominated by the Representative Director, with the aim to ensure the objectivity and reinforcement of supervision regarding the process to determine the amount of compensation of Directors. A majority of the members of the committees are outside directors.

## 【Regarding Auditors】

Establishment of Board of Auditors	Established
Number of auditors per the Articles of Incorporation	5 persons
Number of auditors	3 persons

Situation of cooperation of auditors, accounting auditor, and inside audit department

Updated

We elected Grant Thornton Taiyo LLC as our accounting auditor, and receive accounting audit of our accounting treatments and financial results during the term, and we thereby strive to ensure proper accounting treatment and transparent management. Our auditors and the accounting auditor have been cooperating with each other by exchanging opinions in drawing up the annual auditing plan and making the accounting audit reports.

The inside Audit Department, which is the office directly controlled by the president, has the audit department (4 persons), periodically conducts visiting audits of business offices based on the audit plan for overall business operations including transactions during the term, and performs the auditing of accounting and execution of businesses in cooperation with auditors and the accounting auditor. The audit department also strives for exchange of opinions and sharing of information by periodically reporting its activity details to the president and the Board of Auditors.

Status of appointment of outside auditors	Appointed
Number of outside auditors	2 persons
Number of outside auditors who are designated as independent officers	2 persons

Relationship with the company (1)

Name	Attributes	Relationship with the company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masahiko Sato	Certified Accountant								△					
Shuichi Tanaka	Lawyer													

\* Selected items on relationship with the company

\* If the person is applicable to the item "now or recently"「○」, if applicable "in the past", 「△」

\* If a close relative of the person is applicable to the item "now or recently"「●」, if applicable "in the past"「▲」

- a Person who executes the business of a listed company or its subsidiary
- b Director who does not execute the business of a listed company or its subsidiary or accounting advisor
- c Person who executes the business or a director who does not execute the business of the parent company of a listed company
- d Auditors of the parent company of a listed company
- e Person who executes the business of a fellow subsidiary of a listed company
- f Party who deals with a listed company as its main customer, or a person who executes its business
- g Major customer of a listed company or a person who executes its business
- h Consultant, accounting expert and legal expert who receives a substantial amount of money or assets other than an officer's fee from a listed company
- i Major shareholder of a listed company (if it is a corporation, the person who executes the business of that corporation)
- j Person who executes the business of a customer of a listed company (those who do not fall under f, g, or h) (only the person him/herself)
- k Person who executes the business of a company that stands in a cross-appointment relationship with an outside officer (only the person him/herself)
- l Person who executes the business of a company that receives contributions from a listed company (only the person him/herself)
- m Others

## Relationship with the company (2)

Name	Independent Officer	Supplementary explanation on applicable items	Reason for appointment
Masahiko Sato	○	Mr. Masahiko Sato had been working at Chuo Shinko Audit Corporation (the firm name thereafter changed by mergers, etc., to Chuo Audit Corporation, Chuo Aoyama Audit Corporation, and Misuzu Audit Corporation) from October 1988 to June 2007. During his tenure, from the March term of 1989 to the March term of 2007 (temporarily in the March term of 2007, it was accounting auditor), the said audit corporation was our company's accounting auditor.	We appointed him as an outside auditor because he has a high level of expertise in accounting and taxation cultivated as a certified accountant and a tax accountant, and he also stands in a position that is independent of the persons who execute the business of our company. Because there is no contractual relationship currently between the audit corporation Mr. Masahiko Sato used to work at and Mr. Masahiko Sato and our company, we determined that, even as an independent officer, he presents no risk of generating a conflict of interest with general shareholders, and that the objective independence to ensure the trust of shareholders/investors could be maintained.
Shuichi Tanaka	○	-----	We appointed him as an outside auditor because he has rich experience and deep insight as a legal expert cultivated as a lawyer, and he also stands in a position that is independent of the persons who execute the business of our company. We determined that, even as an independent officer, he presents no risk of generating a conflict of interest with general shareholders, and that the objective independence to ensure the trust of shareholders/investors could be maintained.

## 【Regarding Independent Officers】

### Number of independent officers

5 persons

## Other matters regarding the independent officers

Our company designated as independent officers all the outside officers who satisfy the qualification of an independent officer.

## 【Regarding Incentives】

### Status of implementation of measures regarding giving of incentives to Directors

Adopted the performance-based compensation system

## Supplementary explanation on the applicable item

We adopted the share-based payment system that is linked with the medium-to-long-term business results of the company in the 121st annual meeting of shareholders held on June 28, 2016. Also, as for bonuses, we link up the bonus distribution with the company's performance and contribution of the individual Director to the business results.

### Those to receive stock options

## Supplementary explanation on the applicable item

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## 【Regarding Directors' Fees】

### Status of disclosure (of each Director's compensation)

Only a part is disclosed separately

Supplementary explanation on the applicable item

Updated

The compensation for directors of our company is 225,000,000 yen (of which 30,000,000 yen is for outside directors), and the compensation for auditors is 36,000,000 yen (of which 15,000,000 yen is for outside auditors). The recipients are 9 directors and 3 auditors. The compensation includes bonuses for this business year, and does not include the employee's salary of those directors who are also employees.

Total amount of compensation paid to directors and auditors

Total amount of compensation for directors (excluding outside directors): 195,000,000 yen (fixed compensation: 117,000,000 yen, bonus: 37,000,000 yen, stock compensation: 40,000,000 yen), Number of directors: 6

Total amount of compensation for outside directors: 30,000,000 yen (fixed compensation: 30,000,000 yen), Number of directors: 3

Total amount of compensation for auditors (excluding outside auditors): 21,000,000 yen (fixed compensation: 21,000,000 yen), Number of auditors: 1

Total amount of compensation for outside auditors: 14,000,000 yen (fixed compensation: 14,000,000 yen), Number of auditors: 2

(Notes)

1. The figures include three Directors who retired at the conclusion of the 129th annual meeting of shareholders held on June 26, 2024.
2. Amounts paid as compensation for employee duties to Directors who also serve as employees are not included.

### Existence of policies for determining the amount of compensation or its method of calculation

Yes

Updated

Disclosure of policies for determining the amount of compensation or its method of calculation

Our company has set the following policies for determining the compensation of officers, etc.

1. Compensation system that enhances motivation to perform his/her duties as a director
2. Compensation system that is linked with business performance
3. Compensation system that is appropriate to the roles and responsibilities of a director

Based on these policies, the compensation system for directors (excluding outside directors) consists of the basic compensation, bonuses as the compensation linked with short-term business results, and stock compensation as the compensation linked with medium-term business results. The compensation for outside directors and auditors is the basic compensation only.

#### 【Compensation for Directors】

##### - Basic compensation

As for the monthly compensation, the payment to each director is determined by the conference of the Compensation Committee, which is the arbitrary decision-making organ composed of the representative director and outside directors.

##### - Bonuses

Bonuses linked to single-year business results are determined by the Compensation Committee based on the "consolidated operating profit margin," "consolidated revenue growth rate," and each director's contribution to business results.

##### - Stock compensation

The calculation of stock compensation involves awarding points based on the achievement of "consolidated operating profit" and "ROE" for each fiscal year. Starting from the March term of 2025, in addition to financial results-linked indicators (consolidated operating profit and ROE), we have also adopted non-financial results-linked indicators (engagement and sustainability) as metrics, with the aim of providing incentives for achieving the medium-term management plan and enhancing corporate value.

We have established a voluntary Compensation Committee to strengthen fairness, objectivity, transparency, and accountability, and the majority of the committee members are composed of outside directors. The Compensation Committee determines the compensation, etc., for each individual director.

#### 【Compensation for Auditors】

##### - Basic compensation

The payment to each auditor is determined by the Board of Auditors.

Their compensation is not linked with the business results of the company, due to the point of view that their function is to audit the performance of duties by directors.

## 【Support system for outside directors (outside auditors)】

We are working to ensure that outside directors and outside auditors grasp the contents of business sufficiently through the Board of Directors and the Board of Auditors. We also provide materials in advance of their attendance at the Board of Directors so they can give full consideration to said materials. Further, our full-time auditor may contact directly with outside auditors as needed in order to deliver information and materials, etc.

## 2. Matters regarding the functions of business execution, audit/supervision, appointment, decision of compensation, etc. (Summary of the current status of corporate governance system) Updated

Our company has a system where the Board of Directors cooperatively takes charge of management responsibilities and business execution responsibilities. At the Board of Directors meeting held every month, the basic management policies are determined and execution of business and its specific plans are deliberated. Also, in addition to the Board of Directors meeting, a monthly meeting is held to intensively discuss the designated themes of each division.

In our company, the Articles of Incorporation provide that the Board of Directors has up to 15 members and that there are up to 5 auditors, which allows us to maintain the proper size to function as a conference body. We have a management system where proactive deliberations and discussions are held in these meetings and prompt and accurate decision-making is done to make flexible and effective management possible.

For the surveillance of company management, we have adopted the auditor system. The Board of Auditors is composed of one full-time auditor and, as outside auditors, one legal expert and one accounting expert, for a total of three members, all of whom are male. The system is such that they attend important meetings, such as the meetings of the Board of Directors to sufficiently keep watch over the business execution of the Board of Directors.

For internal control, we have the Audit Department (4 persons) as an organization directly controlled by the president that executes financial audit and operating audit, and reports to the president and to the Board of Auditors. Our Board of Auditors has enhanced transparency by hiring two outside auditors who possess expert knowledge, and carries out the function of surveillance and supervision of the management. Also, the Board of Auditors confirms the critical matters of changes in audit policies and accounting systems, etc., by holding regular meetings with the accounting auditor in order to heighten the effect of audit, while maintaining independence. Further, on the audit result, we work to strengthen the function of monitoring of management by actively exchanging opinions.

With respect to the accounting auditor, we have selected Grant Thornton Taiyo LLC and made an audit contract with them for audit based on the Companies Act and the Financial Instruments and Exchange Act. The certified accountants who executed the business for the March term of 2025 were Mr. Tetsuro Shibata and Mr. Yasushi Tsutsumi, with continuous auditing years of no more than seven. Also, there are assistants for accounting audit, including 8 certified accountants and 21 others.

## 3. Reason for maintaining our current corporate governance system

Our company adopts the auditor system as the system to monitor the corporate management. We have determined that the outside auditors (2 of them) have, as a lawyer and a certified accountant, expert knowledge of legal and accounting fields, respectively, and express various opinions based on the objective and neutral monitoring that is independent of the persons who execute the business of our company, and are thereby fully performing their role of monitoring the management from the viewpoint of lawfulness, fairness and transparency. Therefore, we intend to maintain the current system, because our company has a governance system that ensures objectivity and independence, as demonstrated by a verification of effectiveness and efficiency of performance of duties of the directors from an independent and fair position, having outside auditors, and because a fully effective monitoring of management can be expected to ensure the trust of shareholders, investors, etc. Nevertheless, we will continue working on developing an even more suitable corporate governance system in response to changes of the environment surrounding our company as well as revisions of laws and regulations.

## III Status of implementation of measures regarding shareholders and other stakeholders

### 1. Situation of the efforts toward vitalization of the general meeting of shareholders and facilitation of exercise of voting rights Updated

	Supplementary Explanation
Early mailing of the Notice of a General Meeting of Shareholders	For the 130th annual meeting of shareholders held on June 25, 2025, we mailed it out on June 4, 2025, which was 4 business days earlier than the mailing day required by law.
Scheduling of the shareholders' meeting that avoided the day many meetings are expected to be held	We held it on June 25, 2025, 2 business days before the day on which many shareholders' meetings were expected to be held.
Exercise of voting rights by electromagnetic means	We adopted it starting with the 124th annual meeting of shareholders held on June 26, 2019.
Efforts for participation in the platform for exercising voting rights by electromagnetic means and other improvements of the environment for exercising voting rights of institutional investors	We adopted it starting with the 124th annual meeting of shareholders held on June 26, 2019.
Provision of the notice to convene (summary) in English	We are providing parts other than the audit report of the audit corporation, the audit report of the board of company auditors and the site information map on TDnet and our company's website in English.
Others	At the time of explanation of the reported matters, we try to facilitate the understanding of contents of the reports for the shareholders in attendance, by using PowerPoint. Also, we used the narration style for the purpose of facilitating understanding aurally in the 130th annual meeting of shareholders held this year, as in the previous year.

## 2. Status of activities on IR Updated

	Supplementary Explanation	Explanation by representative him/herself
Holding of periodical explanation sessions for individual investors	<p>We held company explanation sessions in the following IR events to present our company to individual investors.</p> <ul style="list-style-type: none"> <li>- September 2024 explanation session for individual investors</li> <li>- February 2025 explanation session for individual investors</li> </ul> <p>We explained the features of our products and technology, our performance, and future outlook to deepen individual investors' understanding of our company.</p> <p>We will continue to hold these sessions in the future.</p> <p>The explanatory materials are available for viewing on the company's website.</p>	No
Holding of periodical explanation sessions for analysts and institutional investors	<p>Every year, we hold explanation sessions of full-year business results toward the end of May, and explanation sessions of interim business results toward the beginning of December.</p> <p>The explanation sessions for the financial results for the March term of 2025 were held on May 29, 2025.</p> <p>The explanatory materials are available for viewing on the company's website.</p> <p>Furthermore, individual meetings with analysts and institutional investors are held whenever necessary.</p>	Yes
Listing of IR materials on our website	<p>We created the "IR Information" page on our website and have published a variety of company information.</p> <p>1.URL: <a href="https://www.topre.co.jp/">https://www.topre.co.jp/</a></p> <p>2. IR materials published on website and in news release; summary of accounts; annual securities report; notice of general meeting of shareholders; report to shareholders; financial performance data; IR calendar</p>	
Creation of Division (person in charge) on IR	General Affairs Department IR Section	

## 3. Status of efforts for respecting the position of stakeholders

	Supplementary Explanation
Stipulation about respecting the position of stakeholders by internal rules and so forth	Internal Control Committee formulates the "Basic Philosophy" and "Guidelines for Action" to be shared by Topre Group, and it aims to establish a righteous, fair and temperate relationship with stakeholders.
Implementation of environmental protection activities, CSR activities, etc.	We set the goal of establishing environmental protection and safety and health as one of the Guidelines for Action of Topre Group. In our company activities, we aim to be environmentally friendly and strive to save resources by promoting the 3 Rs: Reduce, Reuse and Recycle.

## IV Matters regarding internal control system, etc.

### 1. Basic idea about internal control system and the status of its maintenance

Basic policies concerning the development of internal control system

(Preamble)

Our company establishes the following basic policies for internal control (basic policies regarding the development of a system to ensure suitability of business operations), based on the Companies Act and the related laws and regulations, and will hereafter revise them as necessary in response to its development and changes of various laws and regulations, etc. The Board of Directors will make these basic policies known to all executives and staff of Topre Group, and will strive to develop the environment in which internal control will function effectively.

1. System to ensure that performance of duties by directors/employees of our Group including subsidiaries will conform to laws and regulations and to the Articles of Incorporation.

1) Executives and staff of our Group will strive to understand the "Basic Philosophy of Topre Group" and "Guidelines for Action", and undertake initiatives to practice them.

2) The Internal Control Committee will manage the creation/operation of the internal control system of each company in our Group. It can also form subcommittees as necessary with limited purposes in order to facilitate the activities effectively and smoothly.

3) The Audit Department receives reports from the compliance subcommittee on a regular basis and will audit the status of execution of compliance activities.

4) When executives and staff of our Group discover any act that violates, or is likely to violate, laws and regulations within the company, they can report it to the "Contact for Internal Reporting" placed within and outside the company.

5) Against the anti-social forces and organizations that threaten the public order and safety of civic society, all employees, along with executives and staff, will deal with it with a resolute attitude, and will strive for severing and expulsion of relationships with the anti-social forces and organizations.

2. System of rules and others regarding the risk of loss in our Group including subsidiaries
  - 1) Each company in our Group classifies risks associated with business activities in accordance with the "Risk Management Rules", and designates a section to take charge of it to continuously monitor the risks.
  - 2) The risk management subcommittee adjusts the roles, etc., among divisions in order to deal with risks affecting the entire company or multiple divisions of the company.
  - 3) The Audit Department receives reports from the risk management subcommittee on a regular basis and will audit the status of execution of risk management of each company of our Group.
3. System to ensure that execution of duties by the directors of our Group including subsidiaries is effectively performed
  - 1) We maintain the system to have the duties efficiently executed, by the rules for allocation of business operations and approving authority, etc., based on internal rules of each company of our Group.
  - 2) We established the "Basic Policy" for the entire company to be shared by directors / employees of our Group, and based on that, we drew up the "Medium-term Management Plan" for the period of 3 business years.
  - 3) We set the achievement target for each business division of every term, based on the "Medium-term Management Plan" of our entire Group. The Board of Directors of our company receives this result report every month, and when the target is not achieved, it requires an analysis of its cause and a report of improvement measures.
4. System regarding retention and control of information on execution of duties of Directors
  - 1) We retain the information on execution of duties of Directors along with related documents pursuant to the document retention rules.
  - 2) When a director or auditor requests viewing of a document, it will be available for viewing at the Headquarters within 3 business days from the date of request at the latest.
5. System to ensure the suitability of business at our corporate group comprised of our company and subsidiaries
  - 1) The members that compose the Internal Control Committee select a member from each company of the Group to establish the system where discussions on internal control, information sharing, and transmission of instructions and requests can be done effectively.
  - 2) The directors of our company receive reports on the status of business execution at the Board of Directors of each subsidiary, and report the contents thereof at the Board of Directors of our company.
6. Matters regarding the employee when the auditor decides to hire an employee to assist in his/her duties; matters regarding the employee's independence from directors; and matters regarding ensuring effectiveness of the auditor's instructions to the employee
  - 1) When the Board of Auditors requests placement of employees to assist in their duties, we will arrange the personnel within 3 months as a rule.
  - 2) Appointment, change and evaluation of the employee to assist the auditor shall be reported in advance to the fulltime auditor and his/her consent will be obtained.
  - 3) The employee to assist the auditor shall perform his/her duties following the directions of the auditor.
7. System regarding report to auditor
 

Directors and employees of each company of our Group and auditors of each subsidiary will report the matters provided in the internal control rules and matters that are important for internal control to the auditor of our company without delay.
8. System to ensure that the person who made a report to the auditor will not receive adverse treatment for the reason of the reporting
 

Each company of our Group will not give any adverse disposition such as the dismissal of executives and employees for the reason that they made reports to the auditor of our company.
9. Matters regarding the policy for disposition of expenses and liabilities arising out of execution of duties of the auditor from prepayment and reimbursement of expenses and other duties
 

For the expenses necessary for the execution of business of the auditor of our company, we prepare a budget in advance and make reimbursement every time a disbursement is made, including the expenses disbursed incidentally or in an emergency.
10. System for ensuring that auditor's audit is performed effectively
 

The Board of Auditors can make a contract with such experts as lawyers and accountants in its own judgment and receive advice on audit work.
11. System to ensure accuracy of financial reports
  - 1) We will revise, abolish and develop the rules related to the "Accounting Rules" based on the accounting regulations and standards, and will strive for its dissemination, thoroughness and observance.
  - 2) The Financial Report Control Subcommittee will promote the accuracy and uniformity of businesses on accounting, cost and finance of the entire Group companies in order to promote proper disclosure of financial reports required by the Financial Instruments and Exchange Act.

<Status of Maintenance>

In 2006, we established the Audit Department as an organization directly controlled by the president, and also organized the Internal Control Committee (Compliance Subcommittee, Risk Management Subcommittee, Financial Report Control Subcommittee). The Internal Control Committee makes regular reporting to the Audit Department on the status of implementation of internal control, and the Audit Department makes its evaluation.

As the "Basic approach for expulsion of anti-social forces", we provided in the basic policy on the maintenance of the internal control systems that we will deal with it with a resolute attitude, and we promote the activities for prevention of damage by anti-social forces and organizations, by making it well-known to all employees through in-house training, etc.

## 2. Basic approach for expulsion of anti-social forces and the status of its preparation

As the "Basic approach for expulsion of anti-social forces", we provided in the basic policy on the maintenance of the internal control systems that we will deal with it with a resolute attitude, and we promote the activities for prevention of damage by anti-social forces and organizations, by making it well-known to all employees through in-house training, etc.

### **V** Others

#### 1. Introduction of anti-takeover measures

Introduction of anti-takeover measures

No

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## 2. Other matters regarding corporate governance system, etc.

Our company information is aggregated to the General Affairs Department, which is the department in charge of handling information, and the General Affairs Department determines the necessity of disclosure of information. In doing so, it not only follows the timely disclosure rules of Tokyo Stock Exchange but also makes the decision of whether to disclose from the viewpoint of constructing and maintaining the trust relationship with various parties surrounding our company, such as shareholders, investors and customers, etc.

### 1. Information about decisions made and settlement of accounts

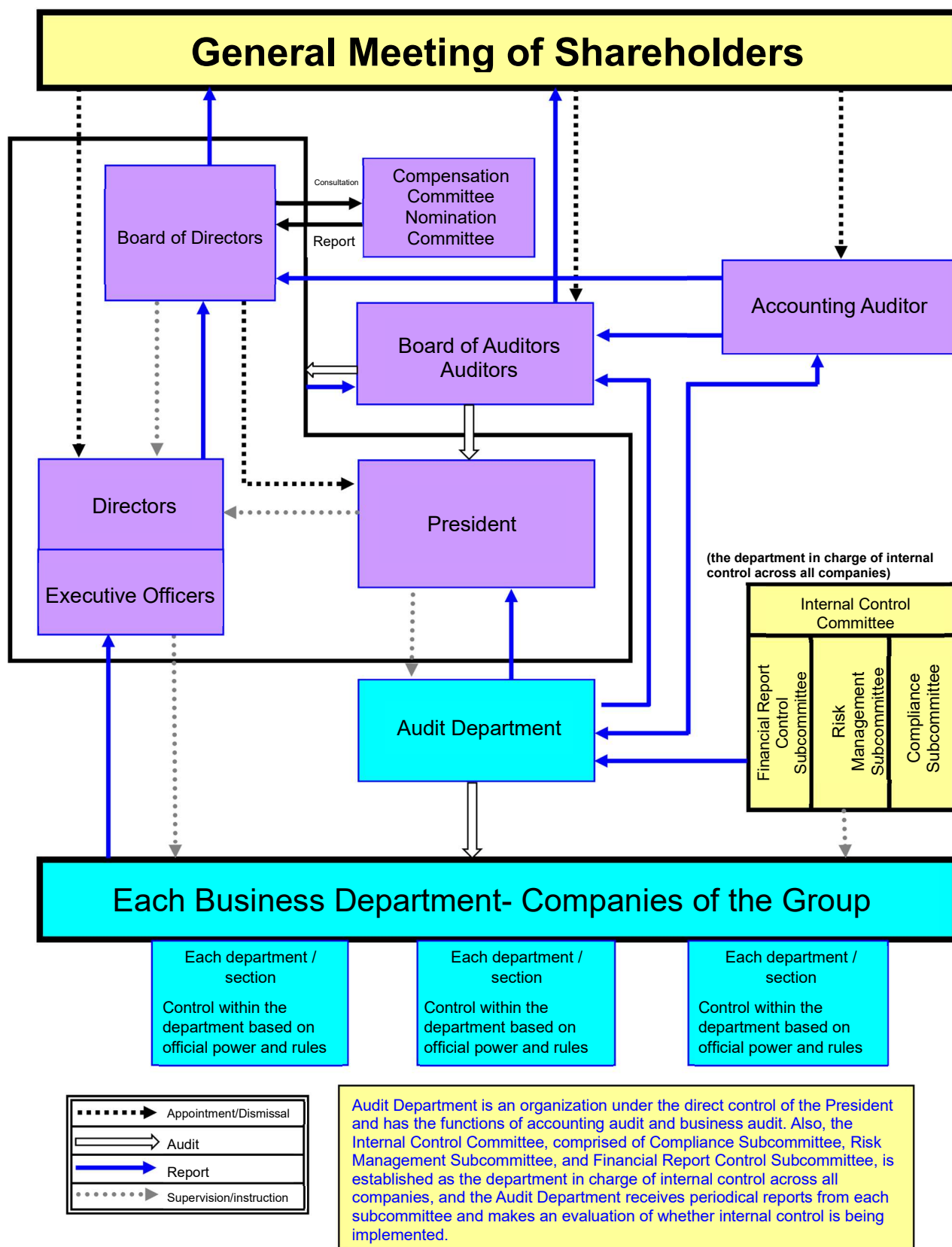
We hold discussions about the company's important issues at the Board of Directors, and the decisions made are immediately transmitted to the General Affairs Department (the department in charge of handling information) through the Office of Executive Secretariat, which is the administrative office of the Board of Directors. Also, the information about settlement of accounts is transmitted to the General Affairs Department (the department in charge of handling information) by the Accounting Department.

2. The information about occurrences is transmitted to the General Affairs Department (the department in charge of handling information) by each business department.

### 3. Reinforcement of disclosure system of subsidiaries

On the timely disclosure of company information about subsidiaries of our company, we make explanations again to each subsidiary to promote the understanding of timely disclosure rules relating to important matters, and our company becomes actively engaged in collecting information.

## Schematic diagram of Internal Control of Topre Group



<System of transmission and disclosure of information>

