

# Corporate Governance Report

Translated from the original Japanese-language document

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Daifuku Co., Ltd.

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The corporate governance of Daifuku Co, Ltd. (the Company) is described below.

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

### 1. Basic Views **Updated**

The Daifuku Group (hereinafter, the "Group") emphasizes the fulfillment of its corporate social responsibility (CSR) based on the following management philosophy:

#### **Automation that Inspires**

Inspire society, deliver prosperity and enhance well-being through our core competence—automated material handling technology.

We will

1. strive to realize a sustainable society that minimizes burdens on people and the environment, respects human rights, and encourages responsible manufacturing.
2. work together with customers around the world to create optimal smart logistics solutions that incorporate innovative technologies.
3. ensure a fair and open corporate culture that respects diversity and allows each individual to excel. Further, we will strengthen our fundamental management practices globally to have a high level of transparency.

Daifuku is a company with an Audit & Supervisory Board. The Company enhances its corporate governance framework to oversee and supervise business execution by developing a Board of Directors consisting of nine (9) members, including five (5) outside directors, and the Audit & Supervisory Board consisting of four (4) members, three (3) of whom are elected from outside the Company. Independent outside directors account for 56% of the members of the Board of Directors. Taking diversity of the Board of Directors into consideration, three (3) female directors and one (1) foreign national director have been appointed.

To ensure transparency and fairness of management, the Company has established the Advisory Committee, which deliberates on the nomination, election and dismissal, and the remuneration of the Directors and the Officers.

To encourage rapid operational decision-making, the Company has introduced a corporate officer system. The Company also introduced C-suite roles to strengthen governance. The Company

flexibly execute business operation and speed up decision-making by delegating authority of the President and CEO/COO and clarifying the division of responsibilities after the delegation.

As the chief officer, the President and CEO/COO formulates growth strategies and management policies and oversees all aspects of the Group's management. Also, as the COO, he oversees the Group's overall operations based on decisions made by the Board of Directors and other relevant bodies. For the fiscal year ending December 31, 2026, the CEO also serves as the COO. By centralizing Company-wide strategy and the oversight of business divisions under a single accountable executive, this structure aims to strengthen execution of strategy and further accelerate decision making.

The Company has established an Audit & Supervisory Board Office staffed with employees assigned to assist with the duties of Audit & Supervisory Board members. The Audit & Supervisory Board Office is managed by an audit officer who are on the same level as a corporate officer and has been appointed to strengthen the auditing function, under the direction of the Audit & Supervisory Board members. It plays a role in facilitating auditing operations and further enhancing the effectiveness of audits.

The Audit Division shall facilitate improvements to the internal control system and its operation by examining and evaluating them from multiple points of view, including compliance with relevant legislation, the Articles of Incorporation, internal regulations, and social norms, risk management, ensuring the efficiency of management operations, and ensuring the reliability of financial reporting, independently from the business operation line.

#### **[Reasons for Non-Compliance with the Principles of Japan's Corporate Governance Code]**

Daifuku complies with all of the Principles of Japan's Corporate Governance Code.

#### **[Disclosure Based on the Principles of Japan's Corporate Governance Code] Updated**

The Group actively strives to enhance its corporate governance with the aim of ensuring the sustained growth of the Group and improved its medium- to long-term corporate value. Accordingly, the Daifuku Group Basic Policy for Corporate Governance has been clarified. At the same time, the Group has organized its status of efforts for each item of the Japan's Corporate Governance Code (hereinafter, the "Code"), and provides references to the latest materials, including securities report and the Daifuku Report as integrated reporting.

See our website for the Daifuku Group Basic Policy for Corporate Governance.  
[www.daifuku.com/ir/policy/governance](http://www.daifuku.com/ir/policy/governance)

Disclosures based on the Principles that specific matters should be disclosed are as follows:

##### **[Principle 1.4 Cross-Shareholdings]**

Our basic policy is to limit shareholdings, including shares held as cross-shareholdings, to the minimum necessary and to reduce them, and the Board of Directors confirms the status of individual holdings every year. In principle, we will no longer hold new shares for strategic purposes. On the other hand, we have established a firm relationship of trust with its customers through after-sales services as well as the delivery of products. Circumstances including these trade relations will also be taken into consideration when the economic rationale of cross-

shareholdings, such as market capitalization, book value, transaction amounts, dividends, ROE, and risk of shareholdings, is examined. Shares, which the Board of Directors regards as having no significance, will be sold on a timely basis.

With respect to the voting rights attached to cross-shareholdings, we will make decisions individually with an emphasis on improving the corporate value of the cross-shareholding partners over the medium to long term. When making a judgement, special attention will be paid to whether the cross-shareholding partner has been tarnished by corporate scandals or has committed an antisocial act. If the cross-shareholding partner were to be involved in such circumstances, the partner's management improvement measures and audit reports shall be scrutinized.

When a cross-shareholder indicates its intention to sell the Company's shares, Daifuku shall not hinder the sale of the cross-held shares.

As a result, as of the end of the fiscal year ended December 31, 2025, the Group held 26 issues of shares as cross-shareholdings on the consolidated balance sheet, representing a decrease of four issues from the previous fiscal year, with a carrying amount recorded on the consolidated balance sheet of 7.2 billion yen, a decrease of 4.9 billion yen, and the ratio of such cross-shareholdings to consolidated net assets stood at 1.6%, down 1.4 percentage points.

#### **[Principle 1.7 Related Party Transactions]**

The internal regulations stipulate that, with respect to a conflict-of-interest transaction between a director and the Group, the director shall seek prior approval for the transaction from the Board of Directors and report it to the Board of Directors even after the fact. With respect to transactions with directors, Audit & Supervisory Board members, and their close relatives, we conduct a survey on the existence of transactions at the beginning of every fiscal year and report findings of material facts about related-party transactions to the Board of Directors. Any transactions between related parties are disclosed in accordance with applicable laws and the rules established by the Tokyo Stock Exchange.

#### **[Supplementary Principle 2.4.1 Ensuring diversity in the core human resources of a company]**

1. Concept of ensuring diversity, policies for human resource development and internal environment development to ensure diversity

Regardless of race, creed, gender, sexual orientation, religion, nationality, political opinion, disability, or whether hired as a new graduate or mid-career hire, the Company will secure and promote human resources, and will also focus on developing various systems and internal environments that allow diverse personnel to work effectively and physically and mentally healthy. Under our long-term vision, Driving Innovative Impact 2030, and four-year business plan for 2027, we are expanding and strengthening our human capital through a three-axes approach; securing and developing human resources, achieving diversity and inclusion, and enhancing engagement.

2. Status of ensuring diversity

1) Policies and goals for promoting women to managerial positions

To facilitate the active participation of women, we are developing and expanding a reinstatement support system that enables them to fully demonstrate their abilities and grow while striving to balance childcare and work in time and economic terms. As a result, in addition to an increase in

the ratio of female employees, the number of female employees working as practical leaders and section managers is increasing and their field of activity is expanding.

In promoting women to managerial positions, in addition to special recommendation slots for women already established, we have set more slots to promote women to assistant managers, with the aim of increasing the number of female candidates for managerial positions. Also, we have established a new leadership development program to foster future female managers to help female candidates acquire leadership skills and clarify their career visions, as well as to provide participants' supervisors with training sessions regarding career development support for female employees.

#### *Changes in the number of female managers*

32 (4.3%) as of March 31, 2024

50 (6.9%) as of December 31, 2025

Target: 60 (7.6%) as of December 31, 2027

Notes:

1. End date of final fiscal year of Value Transformation 2023 (previous three-year business plan): fiscal year ended March 31, 2024
2. Four-year business plan for 2027 (April 1, 2024–December 31, 2027)
3. Figures in parentheses indicate the percentage of female employees in total management positions.

#### 2) Policies for promoting foreign nationals to managerial positions

With the globalization of our business, the number of foreign employees is increasing each year through both regular hiring and mid-career hiring. In addition to graduates of Japanese universities, we also carry out regular recruitment of graduates of universities outside of Japan. Of the regular hires in the fiscal year ended December 31, 2025, 7.9% were foreign employees. We will continue to actively hire foreign employees. Seven foreign managers are employed as of December 31, 2025. We expect that the number of foreign managers will continue to increase in line with globalization.

#### 3) Policies for promoting mid-career professionals to managerial positions

We are actively hiring mid-career personnel, and the ratio of mid-career hires among full-time employees is 45.9% as of December 31, 2025. The same applies to the promotion to managerial positions. Mid-career hires accounted for 42.0% of assistant managers and 33.0% of managerial positions, as of December 31, 2025. Going forward, we will diversify the personnel system to secure expert personnel and actively hire mid-career personnel as qualified managers.

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

Daifuku's basic policy on the investment of reserves to be applied to its defined benefit pension plan (hereinafter, "pension assets") is to achieve the total returns that are deemed necessary in the long term while taking medium-term downside risks into consideration, to ensure the payment of pension benefits to pension scheme members, recipients, etc. in the future.

- Daifuku shall appoint, evaluate, and manage asset managers in accordance with the above basic policy.
- Daifuku shall seek the safe and efficient management of its pension assets by establishing the Pension Assets Management Committee.
- The Pension Assets Management Committee shall be chaired by the Chief Financial Officer (CFO). Committee members shall be the officers responsible for operations, such as personnel affairs,

general affairs, finance and accounting, the chairperson of the labor union executive committee, and the head of the health insurance society. If a suspected conflict of interest might arise as a result of such members' participation in deliberations, such members shall be excluded from deliberations as appropriate.

**[Principle 3.1 Full Disclosure]**

i) Company objectives (e.g., business principles), business strategies and business plans

We have formulated and disclosed our management philosophy, business strategies, and business plans. For details, see the following webpages:

Management philosophy

[www.daifuku.com/company/philosophy](http://www.daifuku.com/company/philosophy)

Business strategies and business plans

[www.daifuku.com/jp/ir/policy/plan](http://www.daifuku.com/jp/ir/policy/plan)

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

These are summarized in the Daifuku Group Basic Policy for Corporate Governance.

iii) Board policies and procedures in determining the remuneration of senior management and directors

We disclose these policies and procedures in our securities reports and other.

iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of directors and *kansayaku* candidates

We have established the voluntary Advisory Committee. See Supplementary Principle 4.10.1.

v) Explanations with respect to individual appointments/dismissals and nominations based on iv).

We summarize the background of each candidate and the reasons for their selection as a candidate in the proposal for the election of directors and Audit & Supervisory Board members in the convening notice.

**[Supplementary Principle 3.1.3 Sustainability initiatives]**

1. Disclosure on sustainability initiatives

In our long-term vision, Driving Innovative Impact 2030, and four-year business plan for 2027, we have integrated the two, laying out goals that take both business and sustainability perspectives into account, and we have formulated measures and roadmaps for achieving them. The Board of Directors receives status reports from the Sustainability Management Committee chaired by the president and CEO, which manages the progress of the four-year business plan, to achieve the goals, and provides effective supervision. We regularly disclose details of our sustainability initiatives in the Daifuku Report and on our website. For details, see the following webpages:

Daifuku's Sustainability

[www.daifuku.com/sustainability/management](http://www.daifuku.com/sustainability/management)

Environment

[www.daifuku.com/sustainability/environment](http://www.daifuku.com/sustainability/environment)

Social

[www.daifuku.com/sustainability/society](http://www.daifuku.com/sustainability/society)

Governance

[www.daifuku.com/sustainability/governance](http://www.daifuku.com/sustainability/governance)

Daifuku Report

## 2. Investing in human capital

We will expand and strengthen our human capital through a three-axes approach; securing and developing human resources, achieving diversity and inclusion, and enhancing engagement.

### 1) Establishment of Daifuku Group Employee Management Policy

In April 2025, we established Daifuku Group Employee Management Policy with the aim of maximizing engagement and human capital by aligning the personnel measures of each Group company and creating workplaces where diverse personnel can work effectively. The policy composed of three parts: 1) Purpose of Establishment, 2) Daifuku Group's Corporate Culture and the Ideal Workforce, and 3) Basic policy on human resources initiatives. We will disseminate this policy to each Group company, and while taking into account the current situation and issues of each, we will aim to create workplaces where employees can feel job satisfaction and ease of work, and to achieve a career in which employees and the Company can grow together.

### 2) Promoting diversity

We are promoting the development of an environment where each employee is able to work with a sense of job satisfaction and ease of work. As part of work style reforms, we have introduced a work-from-home system for all employees to improve productivity and harmonize work-life balance. From the fiscal year ending December 2026, we have launched an engagement improvement project in the Human Capital Management Subcommittee which was placed under the jurisdiction of the Sustainability Promotion Committee\*. Under a Company-wide structure across business division, we are promoting the development of an environment in which diverse personnel can work effectively. See Supplementary Principle 2.4.1 for the appointment of female managers.

\*Sustainability Promotion Committee: As a subordinate branch of the Sustainability Management Committee, promote Group-wide ESG initiatives on a working level based on management strategy.

### 3) Human resources development

As priority measures in human resources development, we are working on 1) a preparatory training program for prospective managers, 2) early development of young management candidates, 3) a trainee program for employees of global affiliates, mainly on-the-job training in Japan, 4) skill management through the Group-wide e-learning platform, and 5) maintenance and improvement of management skills for executive management. In addition, we introduced a program for newly appointed general managers that covers strategy, finance, and organizational theory from the fiscal year ended December 31, 2025. In particular, we have a curriculum based on the MBA program at a business school for the early development of young management candidates, and we also provide a leadership development program for female candidates for managerial positions.

## 3. Investing in intellectual property

We regard the number of patent registrations as one of the pillars of our intellectual property strategy and will focus on enhancing quality with a sense of speed by actively discovering high-quality patents in addition to the number of patents. In recent years, we have been broadening our scope of activities to identify potential rights within the context of total solutions (total support system from consulting to after-sales service), which features one of our strengths. We also recognize the importance of the development of intellectual property personnel in relation to

intellectual property strategy, and promote the participation in internal and external training and seminars. In addition, intellectual property rights, including patent, design, and trademarks, are protected through an intellectual property multifaceted protection strategy, while in-house information assets that cannot be patented including know-how are protected through information security promotion activities.

We will also focus on promoting open innovation through industry-academia collaboration, which will lead to investment and commercialization in promising new fields.

#### 4. Impact of climate change risks and opportunities on our business activities and profits

##### 1) Response to the TCFD (Task Force on Climate-related Financial Disclosures) recommendations

In 2019, we expressed our assent to the TCFD recommendations. In May 2020 we disclosed information on the impact of climate change risks and opportunities on our business activities and profits, and in May 2024 we reviewed our information disclosed, taking changes in social and environments into account. For details, see the following webpage:

Climate Change

[www.daifuku.com/sustainability/environment/climate-change](http://www.daifuku.com/sustainability/environment/climate-change)

##### 2) Formulation of Daifuku Environmental Vision 2050

Following the announcement of our assent to the TCFD recommendations, in 2021 we formulated Daifuku Environmental Vision 2050. In May 2023, we revised this vision to meet the demands of society at a higher level and further clarify our vision. In the new vision, we have set a goal to realize a world where material handling systems have zero environmental impact by 2050 and established three crucial issue areas: 1) addressing climate change, 2) promoting resource recycling, and 3) coexisting with nature.

The Group will fulfill its responsibilities as a corporate partner throughout the entire supply chain and will strive to realize this vision with a view to the future society we wish to create.

For details, see the following webpage:

Environmental Management

[www.daifuku.com/sustainability/environment/management](http://www.daifuku.com/sustainability/environment/management)

##### 3) Enhancing the quality and quantity of disclosures related to climate change

In principle, the basic framework for responding to climate change will be reviewed in line with the drafting of three- to four-year business plans. The Sustainability Management Committee will report to the Board of Directors whenever new risks or opportunities arise. The committee reports as necessary to the Board of Directors on progress and performance concerning indicators and targets.

We will disclose the above contents through our website, etc. For details, see the following webpage:

Climate Change

[www.daifuku.com/sustainability/environment/climate-change](http://www.daifuku.com/sustainability/environment/climate-change)

#### 5. Disclosure based on TNFD recommendations

In June 2025, we disclosed information in accordance with the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations. Following the TNFD framework, we assessed the relationship between our Group's business activities and natural capital, evaluated our impacts and

dependencies on natural capital, and identified potential risks and opportunities that may affect the Group in the future. For details, see the following webpage:

Biodiversity

[www.daifuku.com/sustainability/environment/biodiversity](http://www.daifuku.com/sustainability/environment/biodiversity)

**[Supplementary Principle 4.1.1 Scope and content of the matters delegated to the management]**

The Board of Directors delegates matters other than the important matters stipulated in the internal regulations, such as the determination of management policies, business plans, and corporate governance system, to management.

**[Principle 4.9 Independence Standards and Qualification for Independent Directors]**

We have established our own standards based on the independence standards set by the Tokyo Stock Exchange and review them as necessary, and have included them in the convening notice, corporate governance report, and securities report to help shareholders make decisions on exercising their voting rights. As for an outline of what we expect from each independent outside director candidate, the status of their remarks, and the duties they have performed regarding their expected role, we make disclosure in the convening notice.

**[Supplementary Principle 4.10.1 Mandates and roles of a nomination committee and remuneration committee]**

We have established a voluntary Advisory Committee to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination, dismissal, and the remuneration of directors and corporate officers. The committee consists of two (2) representative directors and five (5) outside directors, and is chaired by one of the outside directors.

Roles and authority:

When the Board of Directors decides on the following matters, it is to ensure the transparency of the resolution process at the Board meeting and the fairness of the resolution, by receiving an inquiry from the Board of Directors, examining the content in advance, and making a report. The Board of Directors makes decisions on the following matters based on reports from the Advisory Committee.

- Appointment and dismissal of representative directors and election and dismissal of executives of the Board of Directors
- Nomination of candidates for directors and Audit & Supervisory Board members
- Election and dismissal of corporate officer candidates and corporate officers with roles
- Election and dismissal of audit officer candidates and audit officers with roles
- Remuneration of all directors and corporate officers
- Election and dismissal of Group Chief Officer (C-suite role) candidates

**[Supplementary Principle 4.11.1 Views on diversity of the Board of Directors, etc.]**

The Board of Directors identifies the skills that it should prepare in the medium to long term through the formulation of the management philosophy and three- to four-year business plans. Broadly speaking, the Board will consist of human resources who “work together with customers around the world to create optimal smart logistics solutions that incorporate innovative technologies” and “excel.”

Regarding the policy and process of appointing candidates for directors, we submit the names of qualified persons who would be able to fulfill the duties and responsibilities to the Advisory Committee as those who could assume the fiduciary responsibility entrusted by the shareholders in view of their respective personality and insight, and the Board of Directors makes decisions on such persons as candidates based on reports from the Advisory Committee. When appointing candidates, we consider the balance of knowledge, experience, and skills of the board as a whole, diversity including gender and international aspects, and the optimization of board size, according to the social and business environment. The appearance after being elected at the ordinary general meeting of shareholders is shown as a skill matrix in the convening notice. For details, see "Corporate Governance" in our securities reports.

Securities Report

[www.daifuku.com/ir/library/statements](http://www.daifuku.com/ir/library/statements)

**[Supplementary Principle 4.11.2 Status of concurrent posts of directors and Audit & Supervisory Board members]**

Where directors and Audit & Supervisory Board members also serve as officers of other listed companies or others, important concurrent positions will be stated in the convening notice and Corporate Governance Report.

**[Supplementary Principle 4.11.3 Evaluation of the Board of Directors' effectiveness]**

The Company regularly examines the composition and operational status of the Board of Directors and evaluate its effectiveness every year. The Company works to continuously strengthen functions and improve effectiveness by addressing issues identified from the evaluation results. In the effectiveness evaluation conducted in the fiscal year ended December 31, 2025 as well, the Company ensures objectivity and independence of the effectiveness evaluation by obtaining support from an external evaluation body at key points in the process, such as conducting questionnaires and interviews and analyzing survey results. A summary of the methods and results of the Board of Directors' effectiveness evaluation is provided below.

[Method]

- Anonymous questionnaire for all directors and all Audit & Supervisory Board members
- Interviews with two (2) representative directors and five (5) outside directors

[Evaluation items]

- (1) How the Board of Directors should be
- (2) Composition of the Board of Directors
- (3) Operation of the Board of Directors
- (4) Discussions at the Board of Directors
- (5) The Board of Directors' monitoring function
- (6) Performance of outside directors
- (7) Support structure for directors and Audit & Supervisory Board members
- (8) Training
- (9) Dialogues with shareholders and investors
- (10) Subjects' own actions
- (11) Operation of the Advisory Committee

[Measures to improve effectiveness concerning issues identified in the fiscal year ended December 31, 2024 and analysis of evaluation results]

As a result of reviewing the results of the evaluation, it was confirmed that the Board of Directors is functioning effectively in general.

- (1) Regarding "reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital," the survey results showed improvement, and the majority of respondents evaluated that they were adequately overseen. On the other hand, with regard to periodic review of the Group's overall business portfolio, some respondents indicated a need for continued consideration. Going forward, the Board of Directors will further enhance its deliberations from a medium- to long-term perspective to support the Group's sustainable growth.
- (2) With regard to "support structure for the Board of Directors," a certain level of improvement was confirmed, as we have provided opportunities for outside directors to exchange opinions, improved the content of materials, and strengthened operational support. On the other hand, we continued to receive comments regarding the need to expand opportunities for information sharing and exchanges of opinions among outside directors, as well as further enhance the support structure in terms of the content of materials and support for operations. We will continue to examine ways to enhance the support structure so that deliberations at the Board of Directors can be conducted more smoothly.

[Recognition of issues and future initiatives]

- (1) With regard to "oversight of the Group's overall business portfolio and the allocation of resources to human capital and intellectual property," there was an improvement in the survey results, but we also recognized this as an issue for the fiscal year ended December 31, 2025. In light of the identified need for further discussion, the Board of Directors will seek more sophisticated management system, recognizing that discussions are required not only on optimizing the business portfolio but also on resource allocation to human capital and intellectual property with greater awareness on cost of capital and return on capital profitability.
- (2) Regarding "optimizing the Board of Directors' agenda items and deepening deliberations (review of agenda submission criteria)," it was recognized as an issue to further secure sufficient time for deliberations on strategically important agenda items from a medium- to long-term perspective. The Board of Directors will seek to refine the agenda by reviewing the agenda submission criteria and aim to establish an operating structure that enables deeper, more substantive discussions.
- (3) With regard to "enhancing the support structure for Board operations," it was recognized as an issue that time for substantive discussions could be further expanded, and the quality of deliberations could be further enhanced. Going forward, we will further strengthen the support provided by the Board Secretariat and promote initiatives such as streamlining materials, making greater use of summary documents, and improving presentation methods, thereby further enhancing the environment that supports substantive discussions.

**[Supplementary Principle 4.14.2 Training policy of directors and Audit & Supervisory Board members]**

The Company prepares the following activities as training for directors and Audit & Supervisory Board members and will conduct and enhance these activities on an ongoing basis.

1. Giving the following lectures on the days of the Board of Directors meetings and similar
  - Lectures on compliance, which are given by external lawyers
  - Lectures on financial affairs, legal affairs, and other matters, which are given by outside officers, from their specialists' points of view

2. Explanations of Daifuku's business and inspection tours of its key facilities, which are aimed at outside officers
3. Participation in important internal meetings, such as meetings for all heads of subsidiaries outside of Japan
4. Training for acquiring knowledge of financial affairs, legal affairs, and other matters, which is provided for newly appointed officers
5. Offering, introducing, and providing financial support for books and other materials to directors and Audit & Supervisory Board members, which help them fulfill their roles and duties
6. Participation in external training sessions, seminars, and other

**[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

1. Information provision through timely disclosure: Timely disclosure is made on an appropriate and timely basis mainly by the Disclosure Committee chaired by the Chairman.
2. Investor relations (IR) activities for institutional investors and shareholders in and outside Japan: We hold a results briefing attended by the President and CEO/COO and CFO every quarterly earnings announcement. We also provide as many opportunities as possible for the management to hear the voices of shareholders and investors directly through various meetings including IR Day attended by executives responsible for business divisions and outside directors, as well as the proactive implementation of IR activities both within and outside of Japan.
3. IR activities for individual investors and shareholders in Japan: We organize a tour of our demo center within Shiga Works for individual shareholders, and senior management explains the business overview to the tour participants.
4. General Meeting of Shareholders: Management, led by the President and CEO, strives to explain the questions with as much consideration as possible.
5. We endeavor to enhance the provision of voluntary information through our website, Daifuku Report integrated reporting, etc.

**[Status of dialogue with shareholders, etc.]**

Basic policy:

The Company's basic policy is to engage in constructive dialogue that contributes to enhancing corporate value over the medium to long term. Through quarterly results briefings, IR Day, one-on-one meetings and interviews, and other opportunities, the Company continuously provides timely and appropriate information and conducts two-way communication. Insights obtained through dialogue are regularly reported to the Board of Directors and, as necessary, are utilized in reviewing and improving management policies, business plans, capital policies, and other matters.

(1) Information disclosure to shareholders and investors

Centered on the Daifuku Report as integrated reporting and the Company's website, the Company appropriately discloses and continuously updates information on priority topics and KPIs linked to its long-term vision and four-year business plan, including their progress, as well

as the status of ESG evaluations. At quarterly results briefings, the Representative Directors and the CFO give presentations, and presentations by executive officers responsible for major business divisions are also provided semiannually. At the annual IR Day, executives responsible for business divisions and ESG, outside directors, and other participants provide explanations and engage in dialogue, including in depth discussions on topics of high interest.

(2) Framework and initiatives for dialogue with shareholders and investors

Depending on investor attributes and the purpose of dialogue, the Representative Directors, the CFO, executive officers responsible for business divisions, the executive officer responsible for ESG, the executive officer in charge of IR, the General Manager of the IR Department, and others respond to one-on-one meetings and small meetings throughout the year. In the fiscal year ended December 31, 2025, the cumulative number of shareholder and investor engagements was 1,726 companies (the annual engagement target for each year during the four-year business plan period is 1,200 companies). Key examples of reflecting views and feedback obtained through dialogue in management include expanding shareholder returns (raising the consolidated payout ratio to 35% or more each fiscal year and conducting timely share repurchases), eliminating the parent child listing structure (making Contec Co., Ltd. a wholly owned subsidiary), reducing cross-shareholdings, executing a stock split, increasing the ratio of outside directors and ensuring diversity of the Board of Directors, revising CO<sub>2</sub> emission reduction targets, and introducing ESG indicators into executive compensation. In addition, based on topics of interest, the Company continues to promote initiatives to improve capital efficiency, including shortening the cash conversion cycle (CCC), strengthening balance sheet management by business division and introducing ROIC tree analysis, and establishing and commencing the operation of investment guidelines.

Major themes and areas of interest in dialogue with shareholders and investors

- Medium- to long-term management policies and management strategy, and progress on the long-term vision 2030 and the four-year business plan for 2027
- Market environment and outlook, growth strategy, business portfolio, business model, and competitive advantages
- Policies on growth investments and returns, and cash allocation
- Shareholder return policy (consolidated payout ratio of 35% or more each fiscal year and the approach to share repurchases)
- ESG initiatives (progress on materiality and KPIs, and the status of obtaining external evaluations)

Status of dialogue with shareholders and investors for the fiscal year ended December 2025

- Ordinary General Meeting of Shareholders

Company participants: President and CEO, Executive Vice President and COO, Directors, Audit & Supervisory Board members, corporate officers

External participants: Shareholders

Number of meetings: 1 time

- Quarterly results briefings

Company participants: President and CEO, Executive Vice President and COO, Chief Financial Officer, corporate officers

External participants: Analysts and institutional investors

Number of meetings: 4 times

- Small meetings

Company participants: President and CEO, Executive Vice President and COO, Chief Financial Officer

<p>External participants: Analysts and institutional investors  Number of meetings: 7 times  - IR Day, business strategy briefing  Company participants: President and CEO, Executive Vice President and COO, outside directors, corporate officers</p> <p>External participants: Analysts and institutional investors  Number of meetings: 1 time  - Number of shareholders and investors engaged (annual, cumulative)  Company participants: President and CEO, Executive Vice President and COO, Chief Financial Officer, corporate officers, IR Department</p> <p>External participants: Analysts and institutional investors  Number of companies: 1,726 companies (four-year business plan target: 1,200 companies)  - Briefing session for individual investors (tour of the integrated demo center at Shiga Works)  Company participants: President and CEO, Executive Vice President and COO, Chief Financial Officer</p> <p>External participants: Individual investors  Number of meetings: 1 time</p>
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**[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]**

Content of disclosure	Disclosure of initiatives (update)
Availability of English Disclosure	Available
Date of Disclosure Update <b>Updated</b>	April 10, 2026

Explanation of Actions **Updated**

The Company's Board of Directors continuously reviews the cost of capital (WACC) and capital efficiency (ROE and ROIC), and determines policies for reviewing the business portfolio and allocating capital. In the fiscal year ended December 31, 2025, the Company assessed the cost of capital (WACC) at 6.9%, and capital efficiency at ROE of 18.4% and ROIC of 14.7%, and monitored the progress on a quarterly basis toward achieving ROIC targets for each business. For details about ROIC and WACC, see the following webpages:  
Four-year business plan for 2027  
[www.daifuku.com/ir/policy/plan](http://www.daifuku.com/ir/policy/plan)  
Earnings presentations  
[www.daifuku.com/ir/library/results](http://www.daifuku.com/ir/library/results)

**2. Capital Structure**

Foreign shareholding ratio	30% or more
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**[Status of Major Shareholders]** **Updated**

Name	Number of shares held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,354,100	14.22
Custody Bank of Japan, Ltd. (Trust Account)	31,761,400	8.63
STATE STREET BANK AND TRUST COMPANY 505025 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	9,896,485	2.69
Mizuho Bank, Ltd.	9,265,057	2.52
Daifuku Supplier Shareholder Association	8,717,467	2.37
Nippon Life Insurance Company	8,237,301	2.24
STATE STREET BANK AND TRUST COMPANY 505038 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	6,749,268	1.83
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: Transaction Services Division, MUFG Bank, Ltd.)	6,685,331	1.82
Chuo-Nittochi Co., Ltd.	6,674,100	1.81
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	6,517,162	1.77

Controlling shareholder (except for parent company)	_____
Parent company	None

Supplementary Explanation

\_\_\_\_\_

### 3. Corporate Attributes

Listed stock market and market section	Prime, Tokyo Stock Exchange
Fiscal year-end	December
Type of business	Machinery
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Sales (consolidated) as of the end of the previous fiscal year	From JPY 100 billion to less than JPY 1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 50 to less than 100

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

\_\_\_\_\_

### 5. Other Special Circumstances That May Have a Material Impact on Corporate Governance

\_\_\_\_\_

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Form of organization	Company with the Audit & Supervisory Board
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#### [Directors]

Maximum number of directors stipulated in the Articles of Incorporation	25
Term of office of directors stipulated in the Articles of Incorporation	One year
Chair of the Board of Directors	President and CEO
Number of directors Updated	9
Outside directors	Appointed
Number of outside directors Updated	5
Of outside directors, number of independent officers	5

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Gideon Franklin	From another company											
Haruyuki Yoshida	From another company								○			
Yuki Kanzaki	From another company								○			
Mayumi Hongo	Lawyer								○			
Asuka Nakamura	Certified public accountant								○			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive 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 company 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
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- 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 officers 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. Other

Relationship with the Company (2) **Updated**

Name	Independent officer	Supplementary explanation of the relationship	Reasons for appointment
Gideon Franklin	✓	_____	He has abundant experience and extensive knowledge in corporate management as an analyst, M&A advisor, and management executive in international financial institutions and other organizations. Based on his extensive knowledge on global business management, he offers advice and counsel to enhance the diversity of the Board of Directors and to secure the transparency of management and enhance the monitoring and supervision from an unconventional perspective. He has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill his duties as Outside Director from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.
Haruyuki Yoshida	✓	He is an Outside Director of SUGIMOTO & CO., LTD. There are transactions between SUGIMOTO & CO., LTD. and the Company, the amount of the transactions is less than 1%	He has global experience and extensive knowledge as a corporate manager, having served as a corporate officer of a machinery manufacturer and the head of its Group U.S. company for many years.

		of the consolidated net sales of either company. SUGIMOTO & CO., LTD. holds the Company's shares as a member of Daifuku Supplier Shareholder Association, its ownership of the voting rights is less than 10%. Although there are transactions between Kubota Corporation, where he belonged until 2022, and the Company, the amount of the transactions is less than 1% of the consolidated net sales of either company.	He provides advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. He has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill his duties as Outside Director from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.
Yuki Kanzaki	✓	She is an outside director of TOYOBO Co., Ltd. and had belonged to Kirin Holdings Company, Limited and Kyowa Hakko Bio Co., Ltd. until 2024. There are transactions between Kirin Holdings Company, Limited and Kyowa Hakko Bio Co., Ltd., and the Company, the amount of the transactions is less than 1% of the consolidated net sales of either company.	She has served in positions such as a corporate officer of a food and beverage manufacturer and a head of its group companies. She has consistently worked in <i>monozukuri</i> (workmanship) onsite in the manufacturing industry while playing a primary role in advancing business restoration, structural reform, and the reformation of organizational culture in acquired companies. Based on such abundant experience and knowledge, she provides advice and counsel at meetings of the Board of Directors, not to mention the production departments, to secure the transparency of management and enhance the monitoring and supervision thereof. She has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill her duties as Outside Director from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.
Mayumi Hongo	✓	She belongs to Atsumi & Sakai. Although the Company outsources individual cases to	She has leveraged her experience in international negotiations and policy formulation at the Ministry of

		<p>Atsumi &amp; Sakai, the Company has not concluded an advisory contract with Atsumi &amp; Sakai, and the amount of transactions is less than 1% of consolidated net sales for both Atsumi &amp; Sakai and the Company and the annual average has been less than 10 million yen for the last three fiscal years.</p>	<p>Foreign Affairs of Japan, as well as business operations, global risk management, and experience working on contracts, etc. for projects requiring a long-term perspective at manufacturing companies. As a lawyer, she is actively involved in areas such as corporate legal affairs, crisis management, compliance, and corporate governance in the legal and governance fields. Although she has not been involved in corporate management, based on such abundant experience and knowledge, the Company has judged that she will be able to appropriately fulfill her duties as an Outside Director of the Company, with the expectation that she provides advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. She has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill her duties as Outside Director from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.</p>
Asuka Nakamura	✓	<p>She is a corporate auditor of Mynavi Corporation and an outside audit &amp; supervisory board member of KATO SANGYO CO., LTD. Also she serves as an outside director (member of the audit and supervisory committee) of Fujikura Ltd. Although the Company has business transactions with each of Mynavi Corporation, KATO SANGYO CO., LTD., and</p>	<p>She has worked as a certified public accountant for many years, and has considerable knowledge in finance and accounting and extensive audit experience. She is actively involved in fields such as accounting audits of listed companies, internal control assessments, support for advancing financial reporting, and assistance with sustainability management issues. Based on such abundant experience and knowledge, the Company has judged that she will</p>

		Fujikura Ltd., the amount of transactions is less than 1% of consolidate net sales for Mynavi Corporation, KATO SANGYO CO., LTD., Fujikura Ltd., and the Company.	provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. She has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill her duties as Outside Director from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.
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Voluntary establishment of committee(s) corresponding to nomination committee or remuneration committee	Established
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Committee's Name, Composition, and Attributes of Chair **Updated**

	Committee corresponding to nomination committee	Committee corresponding to remuneration committee
Committee's name	Advisory Committee	Advisory Committee
Number of all committee members	7	7
Full-time members	0	0
Inside directors	2	2
Outside directors	5	5
Outside experts	0	0
Other	0	0
Chair	One of outside directors	One of outside directors

As described below, the composition, etc. of the Advisory Committee is set out in the internal rules.

- Composition and independence

The Advisory Committee consists of three or more directors, including one or more representative directors and one or more outside directors. For the fiscal year ending December 31, 2026, all outside directors and representative directors serve on the committee. The chair is an outside director. This composition of the committee ensures its independence.

- Activities

The main activities of the Advisory Committee are the deliberation on, and reporting of, the nomination, election and dismissal, and the remuneration of officers. All outside directors and representative directors served on the committee and eight meetings were held in the fiscal year ended December 31, 2025.

- Method of selecting committee members

The members are determined by resolution of the Board of Directors.

- Name and positions of committee members

Outside Director Haruyuki Yoshida (chair), Outside Director Gideon Franklin, Outside Director Yuki Kanzaki, Outside Director Mayumi Hongo, Outside Director Asuka Nakamura, Representative Director Hiroshi Geshiro, and Representative Director Tomoaki Terai

- Authority and roles of the committee

The committee deliberates on the nomination, and election and dismissal of management team members and the remuneration for all directors and corporate officers. It reports the results of the deliberation to the Board of Directors.

### [Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Established
Maximum number of Audit & Supervisory Board members stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board members	4

Cooperation between Audit & Supervisory Board Members, Accounting Auditors and the Internal Audit Unit

Audit & Supervisory Board members and the Audit Division work in collaboration from initial stage to plan and carry out individual audits and mutually raise audit effectiveness by reflecting

information including their audit performance, individual results of audited units, and views shared at regular auditors' meetings, etc. in their audit practices on a timely manner.

Audit & Supervisory Board members exchange opinions by receiving explanations of the audit plan and reports of in-term reviews and audit results from the accounting auditor. The Audit Division is also present at the audit results report meeting. In addition, Audit & Supervisory Board members (full-time) undertake mutual cooperation with the accounting auditor by exchanging opinions when accompanying them on inventory inspections, on-site audits of installation sites, and on-site audits outside of Japan.

The Audit Division conducts internal control system (J-SOX) assessment tests effectively by having regular and as-needed meetings with the accounting auditor to share views and information. Audit & Supervisory Board members (full-time) are also present at the assessment tests and audit the effectiveness of the tests. Also, the Audit Division has established a system for reporting to the Board of Directors and the Audit & Supervisory Board and reports on internal control, as necessary. In addition, to ensure the effectiveness of internal audits, the division has established essential matters related to internal audits in the Rules of Internal Audits to ensure independence from other business execution units. The division conducts internal audits appropriately based on an annual audit plan.

Appointment of outside members of the Audit & Supervisory Board	Appointed
Number of outside members of the Audit & Supervisory Board	3
Of outside members of the Audit & Supervisory Board, number of independent officers	3

Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Nobuo Wada	Academic														
Eiko Hakoda	Lawyer										○				
Kazuya Oki	Certified public accountant										○				

\* Categories for "Relationship with the Company"

\* "○" when the Audit & Supervisory Board member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board member fell under the category in the past

\* "●" when a close relative of the Audit & Supervisory Board member presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board member fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

- c. Non-executive director or executive of a parent company of the Company
- d. An Audit & Supervisory Board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as an Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside officers are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Other

Relationship with the Company (2) Updated

Name	Independent officer	Supplementary explanation of the relationship	Reasons for appointment
Nobuo Wada	✓	_____	He has long been a professor at the university majoring in experimental research into condensed matter physics and has deep insight and extensive experience as an academic expert. He has provided advice and counsel to secure the transparency of management and enhance the monitoring and auditing thereof. He has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill his duties as an outside member of the Audit & Supervisory Board from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.
Eiko Hakoda	✓	She is an Outside Corporate Auditor of SPARX Asset Management Co., Ltd. SPARX Asset Management Co., Ltd. holds the Company's shares, its ownership of the voting rights	She has long been engaged in global business as a lawyer and has a proven track record and a high level of expertise in finance, international commerce, and corporate governance. She has provided advice

		<p>is less than 10%. Although the Company has a delegation contractual relationship with Mori Hamada &amp; Matsumoto, to which she belonged until December 2023, she was never involved in the Company's delegation matters, and the amount of transactions between the Company and Mori Hamada &amp; Matsumoto is less than 1% of both the firm's annual revenue and the Company's consolidated net sales.</p>	<p>and counsel to secure the transparency of management and enhance the monitoring and auditing functions based on her extensive experience and deep insight. She has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill her duties as an outside member of the Audit &amp; Supervisory Board from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.</p>
<p>Kazuya Oki</p>	<p>✓</p>	<p>He is an outside audit &amp; supervisory board member of JGC HOLDINGS CORPORATION. Although the Company has business transactions with JGC HOLDINGS CORPORATION, the amount of transactions is less than 1% of consolidated net sales for both JGC HOLDINGS CORPORATION and the Company.</p>	<p>He has worked in accounting auditing as a certified public accountant for many years, and has high-level specialist knowledge and extensive practical experience in financial accounting, internal control, and risk management. He is actively involved in fields such as audits of various companies including listed companies, internal control assessments, and the strengthening of governance structures. Based on such abundant experience and high-level knowledge, the Company has judged that he will provide advice and counsel to secure the transparency of management and enhance the monitoring and auditing thereof. He has no personal, capital or business relationships with or any other interests in the Company and is able to fulfill his duties as an outside member of the Audit &amp; Supervisory Board from an independent and objective perspective. Based on the above, the Company has determined that there is no possibility of a conflict of interest with general shareholders.</p>

## [Independent Officers]

Number of independent officers	8
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Other Matters to Independent Officers **Updated**

All of the Company's outside directors and outside members of the Audit & Supervisory Board are designated as independent officers as stipulated by the rules of the Tokyo Stock Exchange, and the Company has notified the Tokyo Stock Exchange of these outside directors and outside members of the Audit & Supervisory Board as independent officers.

### **Independence standards of outside directors and outside members of the Audit & Supervisory Board**

At Daifuku, outside directors and outside members of the Audit & Supervisory Board are considered independent if they do not fall under any of Articles 1 to 5 below.

#### Article 1

A person who falls or fell under any of the following in the last three years:

- 1) A person who executes business of a company, etc. that is a key customer of Daifuku or whose key business partner is Daifuku (\*1)
- 2) A lawyer who belongs to a law firm that has concluded an advisory contract with Daifuku or its subsidiary and who was actually in charge of legal business for Daifuku, a certified public accountant (or a certified tax accountant) who was an accounting auditor or accounting advisor of Daifuku or its subsidiary, or an employee, partner, or staff member who belongs to an auditing firm (or tax accountant corporation) that is an accounting auditor or accounting advisor of Daifuku or its subsidiary and who was actually in charge of the auditing service for Daifuku
- 3) A lawyer, certified public accountant, or certified tax accountant, if not applicable to the above item 2, who provides specialized services, etc. to Daifuku by receiving a large amount (\*2) of money or assets other than remuneration for an officer, directly from the company
- 4) An officer or employee of a company, etc. that is a major shareholder (\*3) of Daifuku

#### Article 2

An officer or employee of Daifuku's subsidiary or a person who held such a position during the ten years before being appointed as such status

#### Article 3

An executive board member or any other person who executes business of an organization that receives donations or grants exceeding a certain amount (\*4) from Daifuku (such as a public interest incorporated foundation, a public interest incorporated association, or a non-profit corporation)

#### Article 4

The spouse or a relative within the second degree of relationship of a person who falls under any of Articles 1 to 3 above, or a relative living together with such a person

#### Article 5

A person who does not fall under any of Articles 1 to 4 above, but who is deemed likely to have a virtual conflict of interest with Daifuku due to their relationship with the company

(Notes)

- \*1 A customer from whom Daifuku received payment of at least 2% of the amount of Daifuku's annual consolidated net sales in the most recent fiscal year, or a business partner who received payment from Daifuku of at least 2% of the amount of its annual consolidated net sales in the most recent fiscal year
- \*2 The annual average for the last three fiscal years of 10 million yen or more
- \*3 A shareholder with 10% or more of the voting rights
- \*4 The annual average for the last three fiscal years of 10 million yen or more, or 30% of the average total annual expenditure of the organization, whichever is larger

**[Incentives]**

Incentive policies for directors

Performance-linked remuneration

Supplementary Explanation

Remuneration for executive directors consists of a basic remuneration as fixed compensation, a bonus as a short-term performance-linked compensation, and medium- to long-term performance-linked equity compensation (the Board Benefit Trust or BBT, non-monetary compensation).

- Policy on the determination of the payment ratio of performance-based compensation and other compensation

The payment ratio is not fixed because the link between the Company's results and stock value is reflected in compensation. The Board of Directors determines the ratio, taking into consideration levels at other companies and the report from the Advisory Committee.

- Performance indicators for performance-linked remuneration, reasons for selection of the indicators, and the method of determination of the performance-linked remuneration

Bonuses are short-term performance-linked remuneration for directors and take the form of monetary remuneration to be paid at a fixed time each fiscal year, in accordance with the evaluation of performance for each fiscal year. Bonuses are calculated by setting the amount of total resources linked to consolidated net income and ESG indicators (safety and the environment) for each fiscal year, and by determining the amount to be allocated to each individual based on two factors: the basic component determined by qualification and job title, and the component of individual performance evaluated based on quantitative indicators (growth rate of net sales and margin) and qualitative indicators (such as roles and initiatives for sustainable growth). The allocation ratio is 50% basic component and 50% performance-linked evaluation component.

- Description of non-monetary compensation, etc.

The Board Benefit Trust (BBT), a performance-linked non-monetary remuneration scheme, grants points equivalent to stocks based on performance and ESG initiatives during each fiscal year and the three- or four-year business plan period. Directors are paid Company shares and money according to accumulated points at the time of retirement. The scheme aims to further clarify the linkage of directors' remuneration and the Company's business performance as well as its stock value, which enables directors to share the benefit of increase in stock value and the risk of decrease in stock value with shareholders. By doing so, it is expected to raise awareness in directors to contribute to boosting corporate value in the medium to long terms.

Recipients of stock options	
Supplementary Explanation	
_____	

**[Directors' Remuneration]**

Disclosure of individual directors' remuneration	Selected directors
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Supplementary Explanation <b>Updated</b>
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In the fiscal year ended December 31, 2025, the remunerations paid to the directors and Audit & Supervisory Board members are as follows:

Directors (excluding outside directors):  
Six (6) persons, total remuneration of 715 million yen (basic remuneration: 250 million yen, bonus: 365 million yen, performance-linked equity remuneration: 99 million yen)

Audit & Supervisory Board members (excluding outside members):  
One (1) person, total remuneration of 37 million yen (basic remuneration: 37 million yen)

Outside directors:  
Seven (7) persons, total remuneration of 83 million yen (basic remuneration: 83 million yen)

Outside members of the Audit & Supervisory Board:  
Three (3) persons, total remuneration of 40 million yen (basic remuneration: 40 million yen)

The following Four (4) directors had total remuneration in the fiscal year ended December 31, 2025 of 100 million yen or more:

Hiroshi Geshiro  
Total remuneration of 206 million yen (basic remuneration: 63 million yen, bonus: 123 million yen, performance-linked equity remuneration: 20 million yen)

Seiji Sato  
Total remuneration of 163 million yen (basic remuneration: 73 million yen, bonus: 52 million yen, performance-linked equity remuneration: 38 million yen)

Tomoaki Terai  
Total remuneration of 158 million yen (basic remuneration: 50 million yen, bonus: 92 million yen, performance-linked equity remuneration: 16 million yen)

Hideaki Takubo  
Total remuneration of 100 million yen (basic remuneration: 36 million yen, bonus: 52 million yen, performance-linked equity remuneration: 12 million yen)

Policy on determining remuneration amounts and calculation methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods **Updated**

- The remuneration for the executive directors consists of basic remuneration as a fixed remuneration, a bonus as a short-term performance-linked remuneration, and a medium- to long-term performance-linked equity remuneration.

Basic remuneration:  
Basic remuneration is determined based on fixed remuneration for executive remuneration by position. The remuneration level is determined based on a comprehensive consideration of qualifications, position, and company performance, while also taking into account levels at other comparable companies, and is paid monthly.

For details about the bonus as a short-term performance-linked compensation, and medium- to long-term performance-linked equity compensation (BBT, non-monetary compensation), see [Incentives] above. For details of the outline and calculation method of the remuneration system for directors for the fiscal year ended December 31, 2025, see “Remuneration for officers” in our securities reports.

The 110th Business Term Securities Report (Japanese version)\*  
[www.daifuku.com/jp/ir/library/statements](http://www.daifuku.com/jp/ir/library/statements)

\* The English version is scheduled to be disclosed in June, 2026.

**[Support System for Outside Directors and/or Outside Members of the Audit & Supervisory Board]**

The Secretary’s Office provides appropriate support to outside directors. The Audit & Supervisory Board Office provides information to Audit & Supervisory Board members, including outside Audit & Supervisory Board members, and assists in auditing duties and provides duties related to the Audit & Supervisory Board.

On the communication front, the Company provides materials for meetings of the Board of Directors in advance, using IT and tablets, to give outside directors time to examine them.

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

### **1. Directors and the Board of Directors**

The Company's Board of Directors makes decisions on matters related to important business execution, such as formulation of basic management policies and management strategies for sustainable growth of the Group and medium- to long-term enhancement of corporate value, in accordance with the agenda items to be discussed at meetings of the Board of Directors and matters to be reported to the Board of Directors as stipulated in the internal rules, and also performs management oversight functions. The Board of Directors' management oversight functions have been strengthened by having several independent outside directors who have abundant experience and extensive knowledge and have no vested interest in the Company. Inside directors and outside directors engage in free and vigorous discussions, and the Board of Directors appropriately fulfills its role of making important decisions and overseeing business execution.

The composition of the Board of Directors is appropriate to ensure diversity including gender and internationality, while providing the expertise and experience necessary to implement the management philosophy and strategies in the management environment in which the Group operates.

### **2. Audit & Supervisory Board members and the Audit & Supervisory Board**

The Company maintains an Audit & Supervisory Board comprising four (4) Audit & Supervisory Board members, three (3) of whom are elected from outside the Company, with the remaining member a full-time member from inside the Company.

Mr. Tsukasa Saito, a full-time member of the Audit & Supervisory Board, has abundant practical experience in the finance and accounting unit and possesses considerable knowledge of finance and accounting..

In addition, to enhance the effectiveness of audits by Audit & Supervisory Board members, the Audit & Supervisory Board Office consisting of two dedicated staff members has been established as a system to assist with the duties of Audit & Supervisory Board members and the Audit & Supervisory Board, and an audit officer serves concurrently as the general manager of the Office.

With an awareness of their fiduciary responsibilities to shareholders and with a view to continuous corporate growth and medium- and long-term improvement in corporate value, Audit & Supervisory Board members and the Audit & Supervisory Board carry out auditing activities for fulfilling their duties, including auditing of directors' execution of duties, auditing of the internal control system and assessment of the appropriateness of auditing conducted by the accounting auditor, in accordance with the Rules of the Audit & Supervisory Board, the Standards for Company Auditor Audit, and the Standards on Audit Concerning the Internal Control System.

### **3. Advisory Committee**

The Company has established a voluntary Advisory Committee to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination, dismissal, and the remuneration of directors and corporate officers. For details, see [Supplementary Principle 4.10.1 Mandates and roles of a nomination committee and remuneration committee], Chapter I.

#### 4. Other bodies, etc.

##### Management Advisory Meeting:

The Management Advisory Meeting is held to confer on important management matters. With all directors and Audit & Supervisory Board members in attendance, this meeting also seeks the opinions of related corporate officers, audit officers, executives, and external specialists on an as-needed basis. The Management Advisory Meeting is convened by the representative directors as appropriate.

##### Corporate officer system:

The Company has introduced a corporate officer system to accelerate decision-making on business execution through a reduction in the number of directors as well as further revitalizing the Board of Directors by promoting more rigorous deliberations. The Company is engaging in functional and efficient business operations by broadly promoting employees with knowledge of business operations to serve as corporate officers and execute business based on the authority bestowed upon them by the Board.

##### Officers meeting:

The Company holds officers meetings to review and formulate the matters to be discussed by the Board of Directors as stipulated in the Rules of the Board of Directors and reports the matters stipulated in the Rules of the Officers Meeting. The officers meeting consists of all directors and all corporate officers. It is held with the attendance of Audit & Supervisory Board members and an audit officer. The meetings are held every month in conjunction with scheduled meetings of the Board of Directors.

#### 5. Limitation of liability

Under Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with outside directors and outside members of the Audit & Supervisory Board to limit their liability provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is an amount stipulated in laws and regulations. The agreement will be applied only if outside directors or outside members of the Audit & Supervisory Board have acted in good faith and without gross negligence in performing the duties that have caused the liability.

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

As a company with an Audit & Supervisory Board, the Company has flexibly introduced and expanded systems to enhance management transparency and the management monitoring and supervision functions. The current corporate governance system is appropriate in terms of the workforce and business scale and that we meet the expectations of shareholders, who entrust management to us.

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

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

Rights **Updated**

	Supplementary explanation
Early notification of General Shareholders' Meeting	The Company sent out the convening notice of the 110th Ordinary General Meeting of Shareholders (held on March 27, 2026) on March 11, 2026 (16 days prior to the meeting date). On March 5, prior to sending out the notice, the Company published the convening notice on the websites of Tokyo Stock Exchange and the Company.
Allowing the electronic exercise of voting rights	It is acceptable to exercise voting rights via the Internet.
Participation in the electronic voting platform and efforts to improve the environment for the exercise of voting rights by institutional investors	The Company is participating in the platform for the electronic exercise of voting rights operated by ICJ, Inc.
Providing convening notices (summary) in English	The Company posts convening notices in English on the websites of Tokyo Stock Exchange and the Company and provides them to the platform for the electronic exercise of voting rights operated by ICJ, Inc.
Other	<p>The Company posts notices of convening and resolutions on its website. In addition, the Company visualizes the content of financial reports using graphs and photographs to increase shareholders' understanding of its business activities at general shareholders' meetings and posts these materials on its website.</p> <p>In addition, from the perspective of providing information useful for shareholders' decision-making in exercising their voting rights, the Company submitted its Securities Report on March 24, 2026, three days prior to the date of the Ordinary General Meeting of Shareholders.</p> <p>The Company held its hybrid participatory virtual ordinary general meeting of shareholders on March 27, 2026, in a similar manner from 2021 onward. For shareholders who refrained from coming to the site of the meeting, the Company distributed a live video of the shareholders' meeting over the Internet. The shareholders who watched the video were not able to exercise voting rights or ask questions. However, the Company accepted questions before the meeting to facilitate communication with the management.</p>

#### 2. Investor Relations (IR) Activities **Updated**

	Supplementary explanation	Explanations by the president of the Company
Stipulation and disclosure of disclosure policy	We have established a disclosure policy to ensure appropriate information disclosure and transparency and disclose it on our website. For details, see the following webpage: Disclosure Policy <a href="http://www.daifuku.com/ir/policy/governance/disclosure-policy">www.daifuku.com/ir/policy/governance/disclosure-policy</a>	
Holding of regular briefings for individual investors	We hold tours of our demo center within Shiga Works.	Yes
Holding of regular briefings for analysts and institutional investors	Depending on investor attributes and the purpose of dialogue, the Representative Directors, CFO, executive officers responsible for business divisions, executive officers responsible for ESG, the executive officer in charge of IR, the General Manager of the IR Department, and others respond to individual meetings, quarterly results briefings, small meetings, IR Day and other, throughout the year.	Yes
Holding of regular briefings for investors outside of Japan	We hold such meetings in the United States and Europe, Asia, and Oceania. Online meetings are held as required.	Yes
Posting of IR materials on the Company website	Posted IR materials include the following: - News releases (Japanese/English) - Earnings announcements (Japanese/English) - Earnings presentations (Japanese/English) - Convening notices (Japanese/English) - Securities reports (Japanese/English) - Corporate reports for integrated reporting (Japanese/English) - Corporate governance reports (Japanese/English) - Business reports (newsletters) for shareholders (Japanese)	

Establishment of department (manager) in charge of investor relations	Investor Relations Department, under the Corporate Communications Division	
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### 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary explanation
Stipulation of internal rules and regulations for respecting the position of stakeholders	<p>We have established the Group Code of Conduct, that defines the fundamental principles we (all directors, officers, and employees of the Group) should follow with the aim of realizing the Group company creed and management philosophy. In performing our duties as members of the Group, we act faithfully in accordance with this Code of Conduct under the following Basic Stance.</p> <p>Basic Stance</p> <ul style="list-style-type: none"> <li>- We will act in accordance with applicable laws, rules, regulations, social norms and ethics.</li> <li>- We will place safety as a major premise in all aspects of our business activities.</li> <li>- We will remain committed to the creed of “Hini Arata” as we take on new challenges and make changes for the better.</li> </ul> <p>In accordance with the Basic Stance, we will respect the position of stakeholders, in relation to customers, business partners, shareholders and investors, employees, people, and society.</p>
Implementation of environmental activities, CSR activities, etc.	<p>In April 2014, we signed a commitment to join the United Nations Global Compact, an international initiative for the United Nations and the private sector (companies and organizations) to collaborate and build a sound global society. For details, see the following webpage: Participation in Outside Initiatives <a href="http://www.daifuku.com/sustainability/management/initiatives">www.daifuku.com/sustainability/management/initiatives</a></p> <p>We have established the Sustainability Management Committee, which reports on and submits critical matters regarding sustainability issues to the Board of Directors. This committee engages in important discussions regarding management strategies that emphasize the enhancement of corporate value over the medium to long term, as well as the confirmation of the progress and results of plans. Furthermore, the Sustainability Promotion Committee (formerly the Sustainability Committee) and the subcommittees under the jurisdiction of and in cooperation with the Sustainability Management Committee are responsible for investigating and implementing more concrete measures based on management strategies on a practical level. For details, see the following webpage: Sustainability Management <a href="http://www.daifuku.com/sustainability/management/policy">www.daifuku.com/sustainability/management/policy</a></p>

We have formulated the Daifuku Environmental Vision 2050, an environmental vision looking toward 2050 for the establishment of a sustainable society. (Announced in February 2021, revised in May 2023) In the vision, by 2050, we will realize a world where material handling systems operate with zero environmental impact. Regarding the crucial issue areas, we have set three themes: addressing climate change, promoting resource recycling, and coexisting with nature. For details, see the following webpage:  
Environmental Management  
[www.daifuku.com/sustainability/environmental-management](http://www.daifuku.com/sustainability/environmental-management)

In 2020, we disclosed the results of our analysis of climate-related risks and opportunities based on the TCFD recommendations, and in May 2024 we reviewed our information disclosed, taking changes in social and environments into account. In addition, in June 2025, following the TNFD framework, we assessed the relationship between our Group's business activities and natural capital, evaluated our impacts and dependencies on natural capital, and identified potential risks and opportunities that may affect the Group in the future. We will continuously accelerate more specific efforts to address climate change and conservation of natural capital and biodiversity. For details, see the following webpages:  
Climate Change  
[www.daifuku.com/sustainability/environment/climate-change](http://www.daifuku.com/sustainability/environment/climate-change)  
Biodiversity  
[www.daifuku.com/sustainability/environment/biodiversity](http://www.daifuku.com/sustainability/environment/biodiversity)

The Company has introduced an internal carbon pricing (ICP) system to raise employees' awareness of decarbonization and to incorporate carbon cost considerations into decision making. In addition to using ICP in internal reporting materials, the Company also utilizes it as one of the reference indicators for decisions on large scale investments under the Group-wide investment management regulations. For details about ICP, see "Sustainability Policies and Initiatives" in our securities reports.

The 110th Business Term Securities Report (Japanese version)\*  
[www.daifuku.com/jp/ir/library/statements](http://www.daifuku.com/jp/ir/library/statements)

\* The English version is scheduled to be disclosed in June, 2026.

We formulated the Daifuku Group Human Rights Policy, and we have been working to establish a system to identify, analyze, evaluate, correct, and prevent negative human rights impacts related to our overall business activities, including those in our supply chain. For details, see the following webpage:  
Human Rights  
[www.daifuku.com/sustainability/society/human-rights](http://www.daifuku.com/sustainability/society/human-rights)

For details on other initiatives, see the following webpage:  
Sustainability

	<a href="http://www.daifuku.com/sustainability">www.daifuku.com/sustainability</a>
Formulation of policies on information provision to stakeholders	The Group Code of Conduct defines our policies on information provision to the stakeholders. For details, see the following webpage: Corporate Policies <a href="http://www.daifuku.com/company/philosophy">www.daifuku.com/company/philosophy</a>

#### IV. Matters Related to the Internal Control System

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

[Basic Stance on the Internal Control System]

The Company understands that maintaining a robust internal control system increases the effectiveness of corporate governance to improve corporate reliability as well as operational efficiency and effectiveness. Consequently, the Company is committed to complying with laws and regulations, managing risk, conserving assets, and providing reliable financial reporting.

[Development of the Internal Control System]

The following is the outline of the internal control system resolved at the meeting of the Board of Directors.

1. System to ensure that the performance of duties by the directors and employees complies with laws and regulations and the Articles of Incorporation of the Company

- 1) Directors shall take the lead in observing the Group Code of Conduct, which aims for compliance with laws and regulations, the Articles of Incorporation of the Company, the internal rules and regulations, and social norms, and strive to achieve a thorough understanding of the Code of Conduct within the Company.
- 2) The Company shall ensure compliance with laws and regulations in its corporate activities and raise and improve awareness of fairness and morality, by setting the Compliance Committee consisting of all directors and all corporate officers.
- 3) The Audit Division, which is independent of the Company's lines of business execution, shall conduct audits of the status of adherence to laws and regulations, the Articles of Incorporation of the Company and the internal rules and regulations.
- 4) The Company shall develop and operate a whistleblowing system for the early detection of risks associated with corporate activities and the prevention of material problems.
- 5) In addition to the above, the Company shall establish and operate various committees for the purpose of solving important issues within the Group in a cross-organizational manner.

2. System to store and manage information related to the execution of duties by directors

The Company shall properly store and manage the minutes of general shareholders' meetings and meetings of the Board of Directors records, and other information related to the execution of duties by the directors in accordance with the Document Management Rules and other internal rules and regulations.

3. Rules and regulations, and other systems for managing the risk of losses

- 1) For the timely and appropriately control of risks that may affect the achievement of management goals of the Group, the Company shall develop policies, regulations, and systems, while the Risk Management Committee shall promote overall risk management activities for significant risks that affect corporate activities.

- 2) The Company shall develop a business continuity plan (BCP) promotion system in preparation for an emergency, implement preventive measures, education, training, etc., and promote regular inspections of BCP and correction of deficiencies.
  - 3) The Company shall establish regulations on information security that stipulate the systems necessary for maintenance and management of information security, functions and authorities of organizations to promote information security and handling methods of information assets, thereby protecting information assets owned by the Group.
4. System to ensure the efficient execution of duties by directors
- 1) The Board of Directors shall formulate management goals, business plans, and other managerial policies of the entire Group to be shared by the officers and employees and seek to instill them throughout the Group.
  - 2) The Company shall introduce a corporate officer system. Management functions shall be separated into two: the management decision-making and supervision functions of the Board of Directors and the business execution functions of corporate officers. Corporate officers shall formulate specific goals and measures for their own units in light of the management goals determined by the Board of Directors and execute operations to achieve those goals.
5. System to ensure the appropriateness of business operations of the Group comprising the Company and its subsidiaries
- 1) In accordance with the Group Code of Conduct shared by the Group, officers and employees of the Group shall comply with relevant laws, the Articles of Incorporation of the Company, internal regulations, and social norms to act with integrity.
  - 2) In accordance with the Group Governance Rules, the Company shall appoint officers in charge of subsidiaries and ensure the appropriateness of the business operations of the entire Group by providing instructions, and advice through these officers on all aspects of the management of its subsidiaries across the globe.
  - 3) Standing in a position that is independent from the business execution lines, the Audit Division shall conduct audits of the appropriateness of the status of development and operation of internal control systems in the Group.
  - 4) In accordance with laws and regulations, the Company and the entire Group shall take a resolute attitude toward anti-social forces and groups that threaten the order and safety of civil society. In addition, the Company shall strive to develop and disseminate anti-bribery regulations, etc. in response to compliance risk on a global level.
6. Matters related to employees who should assist with the duties of the Audit & Supervisory Board members, matters related to the independence of the employees from the directors, and matters related to ensuring the effectiveness of instructions issued to the employees
- 1) The Company shall establish an Audit & Supervisory Board Office staffed with employees assigned to assist with the duties of Audit & Supervisory Board members.
  - 2) The Company shall respect the opinions of Audit & Supervisory Board members when making personnel decisions relating to the Audit & Supervisory Board Office and the Audit Division. The Company shall also consider the independence of the Audit & Supervisory Board Office as part of its endeavor to ensure the effectiveness of instructions given to Audit & Supervisory Board Office employees.
7. System to enable directors and employees of the Company and its subsidiaries to submit reports to Audit & Supervisory Board members, and a system to ensure any person who has submitted a report is not treated disadvantageously as a result

- 1) Directors and employees of the Company and its subsidiaries shall report the following matters to the Audit & Supervisory Board members:
    - (1) Matters that may cause significant damage to the Group
    - (2) Important matters pertaining to business circumstances on a monthly basis
    - (3) Important matters relating to the status of internal audits and risk management
    - (4) Serious violations of laws or the Articles of Incorporation of the Company
    - (5) Other significant compliance-related matters
  - 2) The Group shall not take any adverse actions against directors, employees, etc. who reported to the Audit & Supervisory Board members on the grounds that they provided information to the said members.
  - 3) Members of the Audit & Supervisory Board, the Audit & Supervisory Board Office, and the Audit Division shall attend meetings of the Board of Directors of subsidiaries and other major meetings to collect information and ensure the effectiveness of audits.
8. Other systems to ensure the effective execution of audits by Audit & Supervisory Board members
- 1) In accordance with the auditing standards of the Audit & Supervisory Board, Audit & Supervisory Board members shall hold regular opinion exchange forums with the representative directors and outside directors on important audit issues, etc.
  - 2) Audit & Supervisory Board members shall receive regular reports on audit plans and results from the Audit Division and request investigations, as necessary.
  - 3) Audit & Supervisory Board members shall direct the Audit & Supervisory Board Office to enhance the effectiveness of audits and ensure the smooth execution of audit duties.
  - 4) Audit & Supervisory Board members and the Audit & Supervisory Board shall meet regularly with the accounting auditor to maintain close contact and conduct effective and efficient audits.
  - 5) The Audit & Supervisory Board may request the Company to make advance payment or reimbursement of expenses required for conducting audits, including the use of legal and accounting specialists.

## **2. Basic Views on Eliminating Anti-Social Forces and the Status of Establishment**

In accordance with laws and regulations, the Company shall take a resolute attitude toward anti-social forces and groups that threaten the order and safety of civil society. The Company has outlined its stance in its Group Code of Conduct and has taken steps to ensure that it is fully understood and practiced by all officers and employees of the Group.

The Company's response shall be based on recommendations and information from the police, corporate defensive measures councils and other relevant organizations regarding unreasonable claims, etc. The Company has built a framework under which the Corporate Functions and Compliance Committee work closely with the above institutions and its corporate lawyer to take prompt action should any incident occur.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures	Not adopted
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Supplementary Explanation

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

[Overview of timely disclosure]

The Group aims to realize fair and highly transparent management through appropriate statutory disclosures in accordance with relevant laws and regulations, while proactively providing information beyond such disclosures.

- The Disclosure Committee shall ensure the timely disclosure of financial results, information related to corporate decisions, and information related to the occurrence of material facts. In the event of a disaster or similar, the committee shall cooperate with the departments related to risk management.

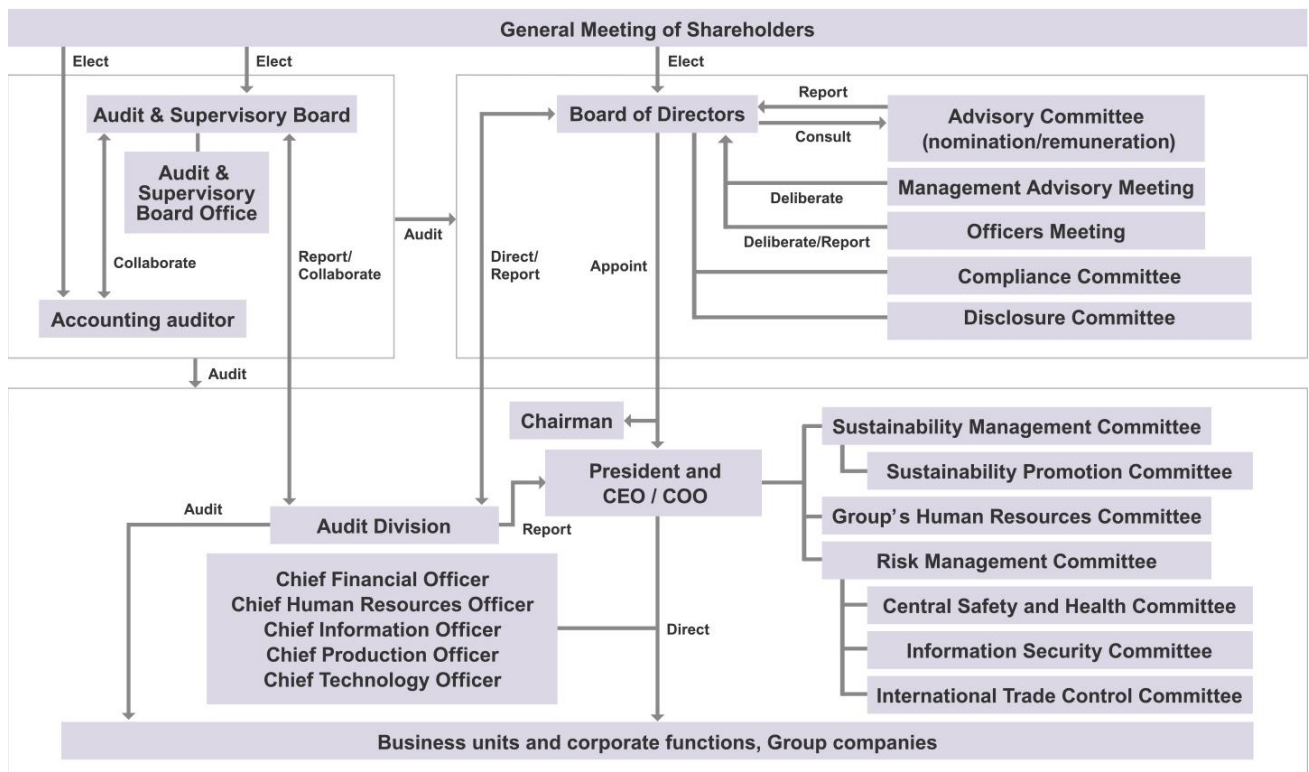
[Corporate governance system]

See the chart on the next page.

- Major changes as of January 2026

With the aim of strengthening the execution of strategy and further accelerating decision-making, the Company has adopted a structure in which CEO also serves as the COO, with a single accountable executive responsible for both Company-wide strategy and the oversight of business divisions.

# Corporate Governance System



Updated in January 2026

## Timely Disclosure Framework

