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Corporate Governance

Last Updated: August 27, 2024

SAKATA SEED CORPORATION

Hiroshi Sakata, President and Representative Director

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Securities Code: 1377

<https://corporate.sakataseed.co.jp/>

The corporate governance of SAKATA SEED CORPORATION (the “Company”) is described below.

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

1. Basic Views [Updated]

The Company’s governing ideal is to contribute to development in agriculture, horticulture and related businesses while complying with the corporate ethics, based on the spirits of “Quality,” “Reliability,” and “Service,” which are the motto of the Company.

Based on this ideal, we promote the management with the aim of achieving the following by providing high-quality products and services:

- 1) Contribute to improving the lives and cultural conditions of people around the world
- 2) Become the world’s leading seed company

■Securing the rights and equal treatment of shareholders

The Group strives to provide information to all stakeholders according to the basic policy of rapidness, accuracy, fairness and continuity in compliance with the related laws and regulations, including the Financial Instruments and Exchange Act, and the rules on timely disclosure, etc. prescribed by the Tokyo Stock Exchange (hereinafter, “the Timely Disclosure Rules”). Also, our policy is to disclose other information which does not fall under the scope of the Timely Disclosure Rules in a rapid, accurate and fair manner by an appropriate method based on the purpose of timely disclosure.

■Appropriate cooperation with stakeholders other than shareholders

We recognize that we should endeavor to appropriately cooperate with a range of stakeholders in order to achieve sustainable growth and create medium- to long-term corporate value.

The Company will contribute to development in agriculture, horticulture and related businesses while complying with the corporate ethics, based on the spirits of “Quality,” “Reliability,” and “Service,” which are the motto of the Company.

In addition, we are confident that our motto, management philosophy and other important beliefs are alive as the code of conduct in each employee because those beliefs are conveyed to and shared with employees in every scene, such as the ceremony of the Company’s anniversary of the foundation, which is held every year.

■Ensuring appropriate information disclosure and transparency

We recognize that information disclosure is an important management priority and it is essential to appropriately disclose information in order to obtain our stakeholders’ understanding. In order to assure such recognition, information deemed to be important for shareholders and other stakeholders (including non-financial information) is voluntarily disclosed, in addition to disclosure required by laws and regulations. Also, we actively disclose additional information on our website to deepen the understanding on the Company.

The Company’s website: <https://corporate.sakataseed.co.jp/ir/index.html> (in Japanese)

■Responsibilities of the Board of Directors

The Company’s Board of Directors has set the direction of corporate strategy. We have established an environment where appropriate risk-taking by the senior management is supported by formulating the Board of

Directors Rules, Job Assignment Regulations, Authority Regulations, and other related regulations and clarifying the duties and responsibilities of the Directors and each senior managerial position. We have also built a highly effective supervisory system for Directors by appointing outside Directors, and a highly independent audit system for Directors' execution of duties by appointing outside Audit & Supervisory Board Members.

■ Dialogue with shareholders

In order to achieve sustainable growth and increase corporate value over the medium to long term, we recognize that it is important to engage in active dialogue with shareholders on a daily basis, reflect their opinions and requests in the management, and nurture the Company together with shareholders.

We create opportunities to engage in dialogue with shareholders and investors, and actively respond to interviews from shareholders and investors, in order to gain their understanding of the Company's business strategies and management plans, on the initiative of the Director, Managing Executive Officer in charge of the Corporate Communication Department, in cooperation with the manager, etc. in charge of IR in each department.

[Reasons for Non-compliance with the Principles of Japan's Corporate Governance Code] [Updated]

[Principle 5.2] Establishing and Disclosing Business Strategies and Management Plans

We have formulated a long-term management plan, and set milestones mid-term in order to achieve the plan. We make efforts to achieve goals while reviewing the business plan in a timely manner by analyzing causes and taking appropriate measures. We maintain a grasp of capital costs, using the opinion of external organizations as reference and based on certain assumptions. We confirm that the Company's ROE remains above the capital costs, while at the same time verifying areas for further improvement in capital efficiency. In addition, we hold investment strategy meetings on a regular basis to determine priority investment areas from the perspective of optimizing our business portfolio, and then consider the distribution of management resources. We also formulate a business plan for individual investment projects, and make decisions by examining the effectiveness of investment on a quantitative basis. For particularly important strategic investments, explanations are given at the General Meeting of Shareholders and at our financial results meetings.

However, due to the fact that financial results may depend on unpredictable changes of the weather and the fact that our business involves by nature long periods for R&D, the Company's policy is not to announce figures for medium- to long-term profit plans or management indices, and instead announce plans for each year and achieve steady results.

We are currently advancing the discussion to develop indicators that are as difficult to misinterpret and as easy to understand as possible, given the nature of our business, and explain such indicators by linking them to our long-term management plan.

[Principle 5.2.1] Provision of the Basic Policy and Revision Status of Business Portfolio in Establishing and Disclosing Business Strategies, Etc.

Although the Company's policy is not to announce figures for medium- to long-term profit plans or management indices due to the fact that financial results may depend on unpredictable changes of the weather and the fact that our business involves by nature long periods for R&D, the Company formulates business strategies to achieve the management philosophy and management vision and carries out investment and asset rotation. The basic policies and specific initiatives are presented in the Financial Highlights Material dated July 24, 2024 (pages 30-40), which is available on the Company's website.

Financial Highlights Material:

https://corporate.sakataseed.co.jp/ir/library/hjk89n0000000fgr-att/SAKATA20240724_83_briefing.pdf (in Japanese)

[Measures to Promote Management with an Awareness of Cost of Capital and Share Price] (Disclosed in English)

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

[Principle 1.4] Cross-Shareholdings

We hold shares as cross-shareholdings with the aim of continuously improving corporate value and realizing stable corporate operation by maintaining and strengthening business relationships.

We hold shares as cross-shareholdings with the aim of continuously improving corporate value, improving social value by maintaining and strengthening business relationships, and realizing stable corporate operation.

We establish internal rules, and the Board of Directors examines the economic rationale every year in terms of the matters listed in the following items, based on the purpose and costs of holding for each individual share. We will reduce the cross-shareholdings that are not appropriate.

(1) Necessity in business activities, such as capital and business alliances, maintenance and strengthening of transactions

(2) Profitability and risk relating to the performance of issuing company, share price trends, and dividends, etc.

(3) Growth, potential, current or future profitability of the issuing company

The economic rationale is examined from a medium- to long-term standpoint and based on returns and risks, etc. In exercising the voting rights related to cross-shareholdings, the General Manager of General Administration Division checks each proposal and determines approval or disapproval from the standpoint of maintaining and improving share value with reference to non-financial information rather than making an external or uniform judgment based on short-term results, share prices, etc., and the results of all exercises will be reported to the Board of Directors once a year, as a general rule. In particular, important matters such as M&A, and proposals on companies that are judged to have a significant damage on share value and have significant concerns on corporate governance, we individually examine the cases. Based on investees' business strategy, financial strategy, and shareholder return policy, etc., as well as the non-financial elements and the contents of dialogues, approval or disapproval is determined, and then the exercise results are reported to the Board of Directors.

When shareholders who hold our shares for the purpose of cross-shareholding indicate their intention to sell their shares, we will give appropriate response through adequate consultation with them.

We also engage in transactions with cross-shareholders based on the economic rationale.

[Principle 1.7] Related Party Transactions

We require discussion and resolution at the meetings of the Board of Directors regarding the transactions with conflicts of interest with Directors and entities that are substantially controlled by Directors.

Regarding transactions with Directors, Audit & Supervisory Board Members, and their close relatives, we quarterly prepare a confirmation report on the examination related to the existence of such transaction, and report any important facts to the Board of Directors, if any.

Related party transactions are disclosed in conformity with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as the rules stipulated by the Tokyo Stock Exchange.

[Supplementary Principle 2.4.1] Disclosure of Our Approach to Securing Diversity in Core Human Resources by Appointing Women, Foreigners, and Mid-career Hires to Management Positions

More than two thirds of the Company's consolidated employees are of foreign nationalities. The Company has long recognized the importance of diversity and believes that the viewpoints and values of diverse human resources are essential in continuous growth and in enhancing our corporate value. We appoint human resources with focus on capabilities and achievements, regardless of nationality, gender, the presence of disabilities, or whether the individual is a new-graduate or mid-career hire. Furthermore, to create an environment that allows diverse human resources starting with women to flourish while achieving work-life balance, in Japan, we are building short-time work and telework systems to allow for childcare and nursing care, in addition to our maternity and childcare leave system.

To ensure diversity in the management class that acts as the core of the Company's management, we will continue to promote women's advancement at the Company.

(Changes in ratio of women managers)

Consolidated:	May 2022: 20.0%	May 2023: 21.5%	May 2024: 21.9%
Non-consolidated:	May 2022: 8.8%	May 2023: 8.6%	May 2024: 8.7%

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

We entrust the management of pension assets to an asset management company in order to steadily secure the future source of pension payments over the long term. With regard of the management of the assets, trustees and management methods are discussed by the Human Resource Planning Department and the Finance Department, and are determined with the approval of the Board of Directors in accordance with the Company's basic policy. In addition, we take appropriate measures, including regular monitoring on whether the management is being operated properly.

[Principle 3.1] Full Disclosure

(i) The Company's management philosophy is disclosed on the Company's website. Business policies based on our management philosophy are outlined in "Business policies, Operating environment and issues requiring action" in the Securities Report.

The Company's website: <https://corporate.sakataseed.co.jp/company/philosophy.html> (in Japanese)

(ii) The Company contributes to development in agriculture, horticulture and related businesses while complying with the corporate ethics, based on the spirits of "Quality," "Reliability," and "Service," which are the Company motto. In addition, we promote the management based on our management philosophy, which is to aim to contribute to the improvement of people's lifestyles around the world and to become the world's leading seed company by offering excellent quality products and services. Our management philosophy also advocates "Mutual Prosperity," in which we, SAKATA Group, prosper along with clients and suppliers, "Mutual Interest," in which employees, management, and stockholders are one entity and prosper mutually, and "Mutual Harmony" aiming for continuous coexistence among nature on earth, society surrounded by nature, and companies as an integral part of the society.

■Securing the rights and equal treatment of shareholders

The Group strives to provide information to all stakeholders according to the basic policy of rapidness, accuracy, fairness and continuity in compliance with the related laws and regulations, including the Financial Instruments and Exchange Act, and the rules on timely disclosure, etc. prescribed by the Tokyo Stock Exchange (hereinafter, "the Timely Disclosure Rules"). Also, our policy is to disclose other information which does not fall under the scope of the Timely Disclosure Rules in a rapid, accurate and fair manner by an appropriate method based on the purpose of timely disclosure.

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■Ensuring appropriate information disclosure and transparency

We recognize that information disclosure is an important management priority and it is essential to appropriately disclose information in order to obtain our stakeholders' understanding. In order to assure such recognition, information deemed to be important for shareholders and other stakeholders (including non-financial information) is voluntarily disclosed in a timely manner, in addition to disclosure required by laws and regulations. Also, we actively disclose additional information on our website to deepen the understanding on the Company.

The Company's website: <https://corporate.sakataseed.co.jp/ir/index.html> (in Japanese)

■Responsibilities of the Board of Directors

The Company's Board of Directors has set the direction of corporate strategy. We have established an environment where appropriate risk-taking by the senior management is supported by formulating the Board of Directors Rules, Job Assignment Regulations, Authority Regulations, and other related regulations and clarifying the duties and responsibilities of the Directors and each senior managerial position. We have also built a highly effective supervisory system for Directors by appointing outside Directors, and a highly independent audit system for Directors' execution of duties by appointing outside Audit & Supervisory Board Members.

■Dialogue with shareholders

In order to achieve sustainable growth and increase corporate value over the medium to long term, we recognize that it is important to engage in active dialogue with shareholders on a daily basis, reflect their opinions and requests in the management, and nurture the Company together with shareholders. We create opportunities to engage in dialogue with shareholders and investors, and actively respond to interviews from shareholders and investors, in order to gain their understanding of the Company's business strategies and management plans, on the initiative of the Director, Managing Executive Officer in charge of the Corporate Communication Department, in cooperation with the manager, etc. in charge of IR in each department.

(iii) The policy on determining director remuneration, etc. has been disclosed in "Remuneration for Directors and Audit & Supervisory Board Members, etc." in the Securities Report. Please refer to the said report.

(iv) The Company's Directors are individuals with specialized knowledge and extensive experience in various fields, such as corporate management; global; finance and accounting; sales and marketing; research and development and production; legal affairs and intellectual property; IT and digital; and public institution

experience, so that the Board of Directors holds a structure with both diversity and appropriate scale to effectively fulfill its roles and responsibilities. In addition, when electing candidates for Directors, Audit & Supervisory Board Members, and Representative Director, we comprehensively determine individuals who can lead the Company's development, such as those who have objective judgment skills, abundant experience, deep insight, and a high level of expertise in business management, regardless of nationality, race, gender, age, etc.

More specifically, when electing candidates for Directors, we select persons in a comprehensive manner from the viewpoint of the right person in the right place, taking into account a balance among the abilities to contribute to appropriate and prompt decision-making, develop risk management system, manage and supervise business execution, and cover all departments. When electing candidates for Audit & Supervisory Board Members, we select persons in a comprehensive manner from the viewpoint of the right person in the right place, taking into account the balance of the possession of respectable knowledge in finance and accounting, experience and knowledge of corporate management, knowledge of the Company's business activities, among others.

With regard to the nomination of candidates for Directors, Audit & Supervisory Board Members, and Representative Director, the Nominating Committee, which consists of all independent outside Directors, prepares a proposal as an advisory body to the Board of Directors, and reports the results to the Board of Directors. Based on the report, candidates for Directors are determined by the Board of Directors. Candidates for Audit & Supervisory Board Members are determined by the Board of Directors, and the proposal is then submitted as a proposed item at a General Meeting of Shareholders with the consent of the Audit & Supervisory Board.

With regard to the dismissal of Directors, Audit & Supervisory Board Members, and Representative Director, if they are deemed not to meet the Company's criteria, such as those who have objective judgment skills, abundant experience, deep insight, and a high level of expertise in business management, or not to perform the function as an officer, the Nominating Committee reports the proposal for dismissal to the Board of Directors.

(v) Explanations of the election and nomination of each officer are as described in the Notification of the General Meeting of Shareholders and are disclosed on the Company's website.

The Company's website: <https://corporate.sakataseed.co.jp/ir/stock/meeting.html> (in Japanese)

[Supplementary Principle 3.1.3] Disclosure of Sustainability Initiatives in the Disclosure of Business Strategies, Etc. Disclosure Related to Climate Change in the TCFD Framework, Etc.

Our management philosophy is to aim to contribute to the improvement of people's lifestyles around the world and to become the world's leading seed company by offering excellent quality products and services. Our management philosophy also advocates "Mutual Prosperity," in which we, SAKATA Group, prosper along with clients and suppliers, "Mutual Interest," in which employees, management, and stockholders are one entity and prosper mutually, and "Mutual Harmony" aiming for continuous coexistence among nature on earth, society surrounded by nature, and companies as an integral part of the society.

Based on our management philosophy, we believe that nature is the foundation for human survival and society is the foundation for supporting people's lives and corporate activities. Based on this belief, we will promote sustainability management that contributes to the sustainability of the environment and society by contributing to society, agriculture, and horticulture through our core businesses in seeds and seedlings and in landscaping.

(1) Human resources

The Company builds an education system in line with its human resource philosophy and human resource policy, in order to create an environment that allows its employees to enhance their abilities and capacity, and to display their strengths. The Company considers that human resource training is one of its most important tasks as it is necessary for the Company's internationalization as it carries out global business development.

Specifically, the Company carries out correspondence education for the acquisition of business knowledge, stratified training according to each grade of qualification, from newly-hired employees to managerial-level positions, purpose-specific training matching each functions and objective, and language education consisting of an extensive curriculum, etc. The Company also holds training in which employees are dispatched to overseas companies so that they can gain experience on actual work (global human resource training programs), aiming to train human resources and have them acquire skills so that they can lead the Company in its global business development, such as: communication skills to build human relationships with people from all around the world, understanding differences in lifestyles and culture, being able to look at things from a managerial perspective, ability to convey the common philosophy and values of the Company's employees. The Company will continue to work on international human resource training, with the aim of consolidating its position as a leading company around the world.

(2) Intellectual property

The Company carries out optimal protection of intellectual property either by securing intellectual property rights such as patent rights and breeder's rights under the appropriate governance system and governing regulations with regard to inventions and new varieties of seeds obtained through business activities, and through breeding and research, or by concealing such inventions and new varieties of seeds as trade secrets. The Company also actively utilizes intellectual property in accordance with appropriate utilization regulations.

The Company, breeds varieties of vegetables and flowers, which are its main products, and carries out research and development, for markets all around the world, at 5 R&D centers in Japan and 14 centers in North America, Europe and South America.

Information on R&D and awards won by the Company's products is disclosed on the Company's website.

- <https://corporate.sakataseed.co.jp/innovation/research.html> (in Japanese)
- <https://corporate.sakataseed.co.jp/innovation/award/index.html> (in Japanese)

(3) Impact pertaining to climate change

The Group, led by its Sustainability Committee, has analyzed climate change scenarios and identified risks and opportunities that could have a significant impact on our business activities. We proceeded with categorization and materiality assessment of each risk and opportunity, while at the same time grasping their financial impact, and have been working on countermeasures. We will continue to conduct the analysis on a regular basis and strive to enhance the review and disclosure of such information. In addition, in order to promote initiatives for "Japan's 2050 Carbon Neutral Goal," which was declared in October 2020 by the Japanese government, we have set greenhouse gas emissions (for Scope 1, Scope 2, and Scope 3) as one of the evaluation indicators, and have been calculating the emissions.

For more information, please visit the Company's website.

The Company's website: <https://corporate.sakataseed.co.jp/sustainability/environment/index.html> (in Japanese)

[Supplementary Principle 4.1.1] Roles and Responsibilities of the Board of Directors

To focus on management supervision as the role of Directors and to further improve the supervising functions of the Board of Directors, the Company has introduced an executive system and has built a flexible and agile system for business execution.

Based on the stipulations of laws and regulations and our Articles of Incorporation, the Board of Directors deliberates on items requiring a resolution by the Board of Directors and on items important to management as provided by the Company's "Board of Directors Rules" as proposals at the Board of Directors.

Furthermore, the Board of Directors has established the "Authority Regulations" and the "Individual Authority Standards Table," which clarify the scope of execution allowed for Executive Officers, and delegates decision-making authority for business execution, etc.

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

Based on the standards stipulated by the Companies Act and the Tokyo Stock Exchange, we have established our own independence standards. The details are as follows. Based on the said standards, candidates for independent outside Directors are selected through discussion and deliberation by the Board of Directors.

(Independence Standards for Outside Directors and Audit & Supervisory Board Members)

Outside Directors and Audit & Supervisory Board Members of the Company shall not fall under any of the following:

- (1) A person who is executive director, executive officer or other employee (hereinafter, "Executive") of the Company and its subsidiaries and associates (hereinafter, "the Company, Etc.") or had served as Executive of the Company, Etc. within the last ten years before assuming office as outside Director or Audit & Supervisory Board Member
- (2) A person who is major shareholder (person who holds 10% or higher of the total voting rights at the end of the most recent fiscal year of the Company or its client or supplier) or an Executive thereof
- (3) A person who is an Executive of a company, or its parent company or an important subsidiary thereof that has an important business relationship with the Company, Etc. (where a company to which sales were made accounting for 2% or more of the total annual sales of the Company, Etc. in the most recent fiscal year or a company which made sales to the Company, Etc. accounting for 2% or more of the total annual sales of the company in the most recent fiscal year)
- (4) A person who receives compensation or other property benefits of ¥10 million or more on average over the past three years, in addition to remuneration for the Company's Directors and Audit & Supervisory Board Members, as an attorney at law, consultant of the Company, Etc. Or if the said person is a corporation or

- organization, etc., a person who is an Executive of the corporation or organization, etc., which receives 2% or more of the consolidated sales thereof from the Company, Etc.
- (5) A person who is a financial auditor of the Company, Etc. or an employee, etc. of the financial auditor
 - (6) A person who receives donations in excess of ¥10 million per year from the Company, Etc. Or if the said person is a corporation or organization, etc., a person who is an Executive of the corporation or organization in which the property obtained from the Company, Etc. exceeds 2% of the annual income
 - (7) A person who has fallen under any item of (2) to (6) above in the past five years
 - (8) The spouse or a relative within the second degree of kinship of a person falling under any item of (1) to (7) above
 - (9) In addition to the preceding items, a person who has special reasons for not being able to perform duties as outside Director or outside Audit & Supervisory Board Member who are to be independent, such as a risk of causing a conflict of interest with the Company

[Supplementary Principle 4.10.1] Disclosure of the Independence, Authority and Roles, etc. of the Nominating and Compensation Committee Structure

We have established the Nominating Committee and the Compensation Committee as advisory bodies to the Board of Directors. To ensure a high level of independence and deliberations from objective positions and viewpoints, the Nominating Committee and Compensation Committee are composed of one inside Director and three outside Directors, with outside Directors making up the majority of the committees. Furthermore, as transparency and fairness are required in the design of systems including remuneration policy and determination methods, the chairperson of the Compensation Committee is an outside Director.

The Nominating Committee deliberates on proposals for the selection and dismissal of officers, items related to succession plans and development, etc. and the Compensation Committee deliberates on the remuneration system for Directors and Audit & Supervisory Board Members and amounts of the remuneration, etc. The results of these deliberations are reported to the Board of Directors, which engages in its own deliberations. The Company's rules ensure that the Nominating Committee and the Compensation Committee have sufficient authority as advisory bodies to the Board of Directors.

Furthermore, both the Nominating Committee and the Compensation Committee have established secretariats. The secretariats have instituted operational measures to work to ensure that each committee member is able to engage in active, smooth discussions over deliberation items and decision-making within the committees, and that timely, useful information is provided.

[Supplementary Principle 4.11.1] Disclosure of the Skillsets of Directors, Starting with the Skill Matrix

To ensure that deliberations are conducted appropriately at the Board of Directors, each Director maintains a diverse skillset including corporate management; global; finance and accounting; sales and marketing; research and development and production; legal affairs and intellectual property; IT and digital; and public institution experience. Additionally, we believe that it is important to ensure a structure with human resources with diverse viewpoints and perspectives and abundant experience regardless of gender, age, nationality, or company history. The current Board of Directors is structured based on this policy, and by allowing each Director to exercise their knowledge and experience and by striking an overall balance, the system allows the Board of Directors to respond flexibly to various changes in the business environment.

In line with the Company's business strategies, the Company will continue to engage in concrete discussions on the scale (number of members) of the Board of Directors, the functions required of the Board of Directors, and the required roles of individual Directors (knowledge and experience, etc.).

The Company has presented a skill matrix for the Directors and the Audit & Supervisory Board Members in the Notice of Convocation of the 83rd General Meeting of Shareholders (held on August 27, 2024), which is available on the Company's website.

The Company's website: <https://corporate.sakataseed.co.jp/ir/stock/meeting.html> (in Japanese)

[Supplementary Principle 4.11.2] Disclosure of Concurrent Positions at Other Companies

We have established in our internal rules to the effect that if Directors and Audit & Supervisory Board Members, excluding outside Directors and Audit & Supervisory Board Members, concurrently serve as officers at other listed companies, approval by the Board of Directors shall be required. Additionally, the Board of Directors receives reports as necessary on the status of concurrent positions held by outside Directors and Audit & Supervisory Board Members, and a system has been established to manage the number of concurrent positions held by all Directors and Audit & Supervisory Board Members so that they remain within a reasonable scope.

Furthermore, the status of concurrent positions is disclosed in conformity with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as the rules stipulated by the Tokyo Stock Exchange.

[Supplementary Principle 4.11.3] Analysis and Evaluation of the Overall Effectiveness of the Board of Directors
In order to verify the effectiveness of the Board of Directors and further improve the effectiveness, we conducted a questionnaire to all Directors and Audit & Supervisory Board Members in cooperation with external attorneys at law on the execution of their duties, the composition, operation and deliberation status of the Board of Directors, support for Directors and Audit & Supervisory Board Members, and other related status. The results of the questionnaire were then reported to the Board of Directors for discussion.

As a result, we confirmed that the Company's Board of Directors (i) carries out appropriate supervision of management while having an optimally sized composition with a focus on its supervisory functions with one-third of its members being independent outside Directors and made up of Directors with the skills, experience and knowledge suitable to demonstrate those functions, (ii) has secured adequate time for deliberation and free, open and constructive discussions take place with sufficient information distributed in advance including materials of the board meetings, (iii) has introduced as part of remuneration to Directors a share-based remuneration plan and other measures to provide the appropriate incentive to improve medium- to long-term financial results and maximize corporate value, and (iv) has a subordinate body, the Sustainability Committee, which was established to promote sustainability management that drives positive development and growth for stakeholders both inside and outside the Company, and is carrying out initiatives such as publishing sustainability reports. As a result, the Company's Board of Directors has been assessed that its effectiveness is properly ensured. On the other hand, in order to further improve the effectiveness of the Board of Directors, we confirmed that (i) it is necessary to continue to consider the ideal shape of separation of management and execution, including the delegation of authority by the Board of Directors for the purpose of strengthening the supervisory functions of the Board of Directors and expediting decision-making, (ii) with regard to the supervision of the development of future senior management including CEO, we need to make continuous efforts with the review by the Nominating Committee, and (iii) although the Board of Directors is providing appropriate supervision of the establishment of Group governance systems, including those of overseas subsidiaries, the Board of Directors must also provide effective supervision of the operational side of such systems. We will respond appropriately to such issues.

[Supplementary Principle 4.14.2] Training Policy for the Board of Directors and Audit & Supervisory Board Members

So that the Directors can develop and acquire higher level of capabilities for the management and supervision of the Company's overall business, we hold training sessions to acquire management skills using external organizations. Also, Audit & Supervisory Board Members actively participate in various seminars to acquire auditing skills.

Outside Directors and outside Audit & Supervisory Board Members attend training to acquire necessary information on the industry to which the Company belongs, the history of the Company, business overview, financial information and strategies, organizations, etc., as well as participating in research station visits.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

At the Company, the Director, Managing Executive Officer in charge of the Corporate Communication Department engages in dialogue with shareholders in cooperation with the Manager, etc. in charge of IR in each department. We continuously strive to strengthen cooperation by sharing information with other departments related to IR. In addition to active response to individual interviews, we hold a financial results meeting for shareholders, investors, and analysts on a semiannual basis. At the meetings, explanations are given directly by the Representative Director or the Director, Managing Executive Officer. In a dialogue with shareholders, investors, and analysts, we pay attention to the management of insider information.

To report on matters of IR activities, the feedback from such activities, information on changes in shareholders, etc., a regular report is given to the Board of Directors and when important events of such nature occur, they are immediately reported to the members of the Board of Directors. In addition, an annual report on all IR activities, a shareholder overview report and other reports are provided.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
TM Kosan Co., Ltd.	7,607,996	17.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,667,100	8.35
Mizuho Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1,750,000	3.98
Sumitomo Mitsui Banking Corporation	1,490,760	3.39
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS (Standing Proxy: Custody Services Division, Tokyo office, The Hongkong and Shanghai Banking Corporation Limited)	885,000	2.01
Custody Bank of Japan, Ltd. (Trust Account)	819,800	1.86
Kikkoman Corporation	678,000	1.54
MARUICHI STEEL TUBE LTD.	600,200	1.36
Tokyo Seika Co., Ltd.	563,900	1.28
YOKOREI Co., Ltd.	558,250	1.27

Controlling Shareholder (Except for Parent)	-----
Parent (Listed Stock Market)	N/A

Supplementary Explanations

- The status of major shareholders shown above is the current status as of May 31, 2024.
- We hold 3,506,936 shares of treasury shares, and is excluded from the above 10 major shareholders. The Company's shares (54,600 shares) owned by Custody Bank of Japan, Ltd. (Trust E Account) under Board Benefit Trust (BBT) are not included in treasury shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	May
Type of Business	Fisheries, Agriculture and Forestry
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

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

5. Other Special Circumstances Which May Have 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

Organization Form	Company with the Board of Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Association	11
Term of Office Stipulated in Articles of Association	2 years
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Officers Designated From Among Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship With the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kunihiko Sugahara	Certified public accountant											
Yukimasa Ozaki	Attorney at law											
Masako Watanabe	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; and

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

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

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

c. Executive of a fellow subsidiary of the Company

d. 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, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

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

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

i. Executive of a corporation to which Outside Directors and Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

- j. Executive of a corporation that receives a donation from the Company (the Director himself/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kunihiko Sugahara	○	-----	<p>Kunihiko Sugahara has deep knowledge of management through his many years as a certified public accountant, and in addition to his experience in finance, accounting, auditing, etc., he has many years of experience at an internationally-active accounting firm. We have determined that he will provide appropriate advice and suggestions to ensure validity and appropriateness of decision-making by the Board of Directors, capitalizing on his global perspective and experience. As such, we appointed him as outside Director. As a member of the Nominating Committee and the chairperson of the Compensation Committee, he is involved in matters such as the selection of candidates for Directors and Audit & Supervisory Board Members, formulation of succession plans and determination of remuneration for Directors and Audit & Supervisory Board Members from an objective and neutral position. Additionally, we have determined that he is in an independent position that would never cause a conflict of interest with general shareholders, so he has been designated as an independent officer.</p>

Yukimasa Ozaki	○	-----	<p>Yukimasa Ozaki has deep knowledge of management through his many years as an attorney at law. He also has specialized knowledge and extensive experience in law. We have determined that he will provide appropriate advice and suggestions to ensure validity and appropriateness of decision-making by the Board of Directors from an independent perspective from management. As such, we appointed him as outside Director. As a member of the Nominating Committee and the Compensation Committee, he is involved in matters such as the selection of candidates for Directors and Audit & Supervisory Board Members, formulation of succession plans and determination of remuneration for Directors and Audit & Supervisory Board Members from an objective and neutral position. Additionally, we have determined that he is in an independent position that would never cause a conflict of interest with general shareholders, so he has been designated as an independent officer.</p>
Masako Watanabe	○	-----	<p>Masako Watanabe has deep knowledge of management through her experience working at a financial institution and her many years as a certified public accountant. She also has insight and experience in finance, accounting, auditing, etc. We have determined that she will utilize such insight and experience to provide supervision and advice, etc. concerning the performance of Director's duties from an expert perspective. As such, we appointed her as outside Director. As a member of the Nominating Committee and the Compensation Committee, she is involved in matters such as the selection of candidates for Directors and Audit & Supervisory Board Members, formulation of succession plans and determination of remuneration for Directors and Audit & Supervisory Board Members from an objective and neutral position. Additionally, we have determined that she is in an independent position that would never cause a conflict of interest with general shareholders, so she has been designated as an independent officer.</p>

Voluntary Establishment of Committee(s) Equivalent to Nominating or Remuneration Committee	Yes
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nominating Committee	Compensation Committee
Total Committee Members	4	4
Full-Time Members	1	1
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Outside Director

Supplementary Explanations [Updated]

We have established an optional Nominating Committee and Compensation Committee to ensure transparency and fairness in the nomination of Directors, etc. and decisions on the remuneration system, etc. The outline of each committee is as follows.

1. Nominating Committee

As an advisory body to the Board of Directors, the Nominating Committee prepares proposals on the appointment and dismissal of officers, matters related to plan and development of successors, etc., and sends reports to the Board of Directors.

Independent outside Directors form a majority of the members of the Committee. During the fiscal year ended May 31, 2024, the Committee held two meetings to discuss and resolve the appointment of officers and other relevant issues.

2. Compensation Committee

As an advisory body to the Board of Directors, the Compensation Committee deliberates mainly on the remuneration for Directors and Audit & Supervisory Board Members, and sends reports to the Board of Directors. Independent outside Directors form a majority of the members of the Committee, which is headed by an independent outside Director. As it is expected that the achievement status of management goals of Directors, etc. and medium- to long-term results, etc. be reflected into the amount of remuneration for Directors, etc. from the objective viewpoint, and the transparency and fairness be ensured in the design of systems such as remuneration policies and decision-making methods, we have established a system that can further ensure the independence of the Compensation Committee. During the fiscal year ended May 31, 2024, the Committee held five meetings to discuss and resolve the amount of remuneration for Directors and Audit & Supervisory Board Members and other relevant issues.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Association	4
Number of Audit & Supervisory Board Members	3

Cooperation Among Audit & Supervisory Board Members, Financial Auditor and Internal Audit Department

(Cooperation Between Audit & Supervisory Board Members and Internal Auditing Office)

Audit & Supervisory Board Members maintain close cooperation with the Internal Auditing Office, such as exchanging information with each other when necessary. They exchange information and opinions on a regular basis.

(Cooperation Between Audit & Supervisory Board Members and Financial Auditor)

Audit & Supervisory Board Members strive to improve the effectiveness of audits by exchanging information and opinions with the Financial Auditor on a regular basis.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' 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
Akinori Bo	From another company							△						
Kimiko Tanaka	From another company													

* 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; and
- "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. Non-executive director or executive of the parent of the Company
- d. Audit & Supervisory Board Member of the parent of the Company
- e. Executive of a fellow subsidiary of the Company
- f. 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, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration 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 corporation)
- 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 corporation to which Outside Directors and Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2) [Updated]

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Akinori Bo	○	Akinori Bo worked for the Company's trading bank, but 14 years has already passed since he retired from the bank. After retirement, he is not in a position influenced by the said bank group's intent.	He has an extensive knowledge and broad insights in corporate management, as well as financial and accounting knowledge based on work experience in a financial institution(s). He was appointed as outside Audit & Supervisory Board Member because we have judged that he will be able to appropriately perform his duties as an Audit & Supervisory Board Member with respect to management and business execution from an objective perspective. Additionally, we have determined that he is in an independent position that would never cause a conflict of interest with general shareholders, so he has been designated as an independent officer.
Kimiko Tanaka	○	—	She has a wealth of experience and broad insight gained at listed companies, and currently serves as an outside director of listed companies. She was appointed as outside Audit & Supervisory Board Member because we have judged that she will be able to appropriately perform her duties as an Audit & Supervisory Board Member with respect to management and business execution from an objective perspective. Additionally, we have determined that she is in an independent position that would never cause a conflict of interest with general shareholders, so she has been designated as an independent officer.

[Independent Officers]

Number of Independent Officers	5
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Matters Relating to Independent Officers
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[Incentives]

Implementation Status of Measures to Provide Incentives to Directors	Performance-linked remuneration, Other
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Supplementary Explanations [Updated]

The Company's director remuneration consists of fixed monthly remuneration and bonus linked to performance. Regarding the performance-linked portion, the amount is determined according to the performance evaluation points calculated by the designated calculation formula, comprehensively taking into account the degree of achievement to the targets of consolidated sales, consolidated operating profit, and consolidated profit attributable to owners of parent for the relevant period. For the fiscal year ended May 31, 2024, the achievement point was 102 points. The target values for the fiscal year ending May 31, 2025 are as follows. The amount fluctuates according to the degree to which targets are achieved.

Targets for the fiscal year ending May 31, 2025 (reference: earnings forecasts)

- Consolidated sales: ¥93,500 million
- Consolidated operating profit: ¥11,000 million
- Profit attributable to owners of parent: ¥8,000 million

In addition to the above, in order to clarify the link between the remuneration for the Company's Directors (excluding outside Directors) and the Company's performance and share value, and sharing not only the benefits from a rise in share values, but also the risk of a fall in share values with shareholders, with the aim of raising awareness of the contribution to improving medium- to and long-term performance and increasing corporate value, we started the payment of share-based remuneration to Directors, etc. through introduction of new share-based remuneration plan (BBT: Board Benefit Trust) from the fiscal year ended May 31, 2019. For each fiscal year, certain points are granted and then the Company's shares, etc. are granted according to the number of confirmed points after the Director, etc. retires office.

Recipients of Share Options	
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Supplementary Explanations

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanations [Updated]

The results for the previous year (fiscal year ended May 31, 2024) are as follows:

1. Directors (excluding outside Directors)
(Total remuneration, etc.: ¥232 million; basic remuneration: ¥161 million; performance-linked remuneration: ¥49 million, share-based remuneration: ¥21 million, number of eligible members: 6 persons)

2. Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)
(Total remuneration, etc.: ¥21 million; basic remuneration: ¥21 million, number of eligible members: 1 person)
3. Outside Directors and Audit & Supervisory Board Members
(Total remuneration, etc.: ¥46 million; basic remuneration: ¥46 million, number of eligible members: 5 persons)

Note: At the 77th Annual General Meeting of Shareholders held on August 28, 2018, we resolved to abolish the retirement benefits system for Directors and Audit & Supervisory Board Members at the conclusion of the General Meeting of Shareholders, and provide Directors and Audit & Supervisory Board Members who will remain in office after the conclusion of the said meeting with their retirement benefits for the term of office until the abolition of the said system at the time of their retirement from office.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Yes
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

At its meeting held on February 19, 2021, the Board of Directors passed a resolution on the policy for determining the details of remuneration, etc. for individual Directors. The Board of Directors sought and received advice from the Compensation Committee concerning the contents of such resolution before passing this resolution. Furthermore, the Board of Directors has confirmed that the method for determining the details of the remuneration, etc. and the details of the determined remuneration, etc. are in line with such determination policy and that advice of the Compensation Committee has been respected, so the remuneration, etc. for individual Directors for the current fiscal year is judged to be aligned with such determination policy.

1. Policy concerning basic remuneration

As a basic policy, the Company's remuneration system for Directors must 1) enable the Company to secure the services of management personnel capable of driving the growth of the Company as a global enterprise, 2) allow the Company to enhance long-term shareholder value, 3) contribute to a continuous and stable increase in financial performance, and 4) be highly objective and transparent in terms of the way the amounts of compensation are determined.

In addition, the Company has established an optional Compensation Committee in which independent outside Directors are major constituent members as an advisory body to the Board of Directors to ensure transparency and fairness in the Directors' remuneration system as well as the details and determination methods, etc. The chairperson of the Compensation Committee shall be an independent outside Director.

The types of Directors' remuneration are monetary remuneration and non-monetary remuneration (share-based remuneration) and the remuneration amounts are determined as follows with comprehensive consideration given to the rank of the Directors, their operational responsibilities and their contributions to the financial performance of the Company.

- Monetary remuneration consists of basic remuneration according to rank and bonuses linked to the degree of achievement of performance targets. The total monetary remuneration is no more than ¥350 million per year.
- Non-monetary remuneration is the Company's shares, aimed at raising each and every Director's awareness of his or her contribution to improving medium- to long-term performance and increasing corporate value. The amount of share-based remuneration is a maximum of ¥230 million for each three fiscal years.
- The above maximum amounts of monetary and non-monetary remuneration were approved at the 77th Annual General Meeting of Shareholders (held on August 28, 2018).
- We only pay basic remuneration and not performance-linked bonuses or share-based remuneration for outside Directors, taking into account that their functions are the oversight of business management and independent from business execution.

2. Policy concerning performance-linked remuneration, etc.

The amount of bonuses, which is performance-linked remuneration, is determined according to the performance evaluation points calculated by the designated calculation formula, comprehensively taking into account the degree of achievement to the targets of consolidated sales, consolidated operating profit, and consolidated profit attributable to owners of parent for the relevant period.

3. Policy concerning non-monetary remuneration, etc.

The Company's shares are paid as non-monetary remuneration. The Board Benefit Trust (BBT) plan has been established and the details are determined based on the method prescribed in the Company's Board Benefit Regulations.

4. Policy concerning remuneration ratio

Based on the report from the Compensation Committee, the Board of Directors appropriately determines each remuneration ratio so that it functions as an appropriate and sound incentive for a continuous and stable increase in corporate performance.

5. Policy concerning timing and conditions for the granting of remuneration, etc.

Basic remuneration is paid monthly and bonuses are paid at a certain period following the end of the fiscal year in accordance with the Directors' Compensation Regulations for monetary remuneration and the Board Benefit Regulations for non-monetary remuneration. Non-monetary remuneration is, in principle, granted as the Company's shares, etc. when the Director retires.

6. Matters concerning delegation of determination on remuneration, etc.

The details of remuneration, etc. for individual Directors are determined by the Board of Directors, however the President and Representative Director may determine as delegated by the Board of Directors. In such event, the President and Representative Director shall determine in light of the results of the report of the Compensation Committee.

7. Matters relating to determination on remuneration, etc., other than the above

The Compensation Committee shall discuss the Directors' remuneration levels and amount of remuneration, etc. and report such results to the Board of Directors. The Board of Directors shall determine the details of remuneration, etc. for individual Directors in light of the report from the Committee.

[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]

For outside Audit & Supervisory Board Members, in January 2007, we established an Audit & Supervisory Board Members Office to support the operations of Audit & Supervisory Board Members or the Audit & Supervisory Board.

While no full-time staff is appointed for outside Directors, necessary information on corporate management is delivered as necessary from the relevant section in charge, etc. to outside Directors as well as outside Audit & Supervisory Board Members. Also, we distribute materials of the board meetings in advance to outside Directors and outside Audit & Supervisory Board Members.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

1. The Board of Directors

We have established the Board of Directors as an organization that discusses and makes resolutions on the important business matters in the Group stipulated in laws, regulations, the Articles of Association, internal rules and others. The meeting of the Board of Directors is basically held monthly. Extraordinary meetings of the Board of Directors are also held as necessary. Including both ordinary and extraordinary meetings, the Board of Directors held 20 meetings in the fiscal year ended May 31, 2024.

The policies and procedures for the appointment and nomination of Directors and Audit & Supervisory Board Members, and individual candidates are as stated in [Principle 3.1] (iv) and (v). The policy on determining and procedures of remuneration for Directors and Audit & Supervisory Board Members are as stated in [Principle 3.1] (iii).

2. Management Meeting

We have established the Management Meeting as a preliminary review organization of the Board of Directors, to facilitate prompt and smooth discussions and resolutions at the meeting of the Board of Directors concerning matters pertaining to the Group's management. The Management Meeting, in principle, meets monthly and whenever necessary.

3. Business Execution Meeting

We have established the Business Execution Meeting to deliberate on important matters related to management strategies, etc. and company-wide or cross-organizational matters, based on the management policies and medium- to long-term plans determined by the Board of Directors. The Business Execution Meeting, in principle, meets monthly.

4. General Managers Meeting

We have established the General Managers Meeting for the purpose of exchanging opinions and sharing information on all aspects of management and business activities, including matters related to medium- to long-term business policies, financial conditions and business performance, matters related to domestic and overseas sales activities, and matters related to research and development, as well as to provide constructive opinions to management.

5. Audit & Supervisory Board

We have established an Audit & Supervisory Board comprising three Audit & Supervisory Board Members (including two outside Audit & Supervisory Board Members). At regular meetings, which are held every month as a general rule, important matters on audits are reported by each Audit & Supervisory Board Member, and necessary discussions and resolutions are made. Extraordinary Audit & Supervisory Board meetings are also held as necessary. In accordance with audit policies, audit plans, etc. established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend important meetings such as the Board of Directors, the Management Meeting, Business Execution Meeting, Compliance Committee, and other relevant organizations to express their opinions, and regularly inspect circulars for approval and other important materials to improve the effectiveness of audits.

In order to further strengthen audit functions, we have appointed two outside Audit & Supervisory Board Members who have a wealth of knowledge and insight, as well as work experience in a corporation. One of them possesses respectable knowledge in finance and accounting and has the experience working for a financial institution.

The Financial Auditor and Audit & Supervisory Board Members also exchange findings of audit and related information as necessary.

The policies and procedures for the appointment and nomination of Directors and Audit & Supervisory Board Members, and individual candidates are as stated in [Principle 3.1] (iv) and (v). The policy on determining and procedures of remuneration for Directors and Audit & Supervisory Board Members are as stated in [Principle 3.1] (iii).

In the fiscal year ended May 31, 2024, a total of 14 meetings, including regular meetings and extraordinary meetings, were held.

6. Internal Auditing Office

We have established an Internal Auditing Office (five members) that is under direct control of the Company's President. It conducts internal audits or monitors the business execution of each department and subsidiary in accordance with the Internal Audit Regulations and the annual audit plan. In addition, the Internal Auditing Office assesses the effectiveness of the Group's internal controls.

In terms of the mutual cooperation on internal audits, audits by the Audit & Supervisory Board Members, and financial audits, Audit & Supervisory Board Members and the Internal Auditing Office work closely together by mutually exchanging information as necessary. The Financial Auditor and the Internal Auditing Office exchange information and opinions on the evaluation of internal controls.

7. Compliance Committee

We have established a "Compliance Committee," headed by the Company's President at the Company and its domestic subsidiaries, and as a general rule, hold meetings twice a year. The Committee makes decisions on the important policy regarding the practice of compliance programs such as training and education in the Group, and reports necessary information to the Board of Directors of the Company. In addition, we conduct a compliance questionnaire once a year anonymously to examine the actual state such as awareness and behavior on compliance, measures to prevent risk of compliance violations, and operation of whistleblowing systems, from the multifaceted and multilayered standpoint. The results of this questionnaire enable us to understand the changes over time and review the efficiency of our activities.

8. Financial Auditor

Regarding the status of financial audits, the following 23 certified public accountants and assistants (five certified public accountants and 18 other members) conduct audit work. In addition, we request KPMG AZSA LLC to conduct its audits in accordance with the Financial Instruments and Exchange Act and the Companies Act.

		Name	Affiliation	Number of consecutive years of service
Designated Partner	Engagement	Masashi Oki	KPMG AZSA LLC	1 year
Designated Partner	Engagement	Makoto Yamashita	KPMG AZSA LLC	3 years

KPMG AZSA LLC has appropriately established a rotation schedule regarding its engagement partners, pursuant to revisions of the Certified Public Accountants Act made in 2003 and 2007. The engagement partners are not involved in carrying out audit services after having been engaged in such services for seven consecutive years. The lead engagement partner is not involved in carrying out audit services after having provided such services for five consecutive years.

9. Nominating Committee and Compensation Committee

We have established the Nominating Committee and the Compensation Committee as optional committees correspondent to nominating committee and remuneration committee. Each Committee is comprised of one inside Director and three outside Directors. The objectivity and transparency are ensured by the Nominating Committee regarding the decisions on matters related to the nomination of Directors and Audit & Supervisory Board Members, and on matters related to remuneration for Directors and Audit & Supervisory Board Members by the Compensation Committee, respectively, as an advisory body to the Board of Directors.

Given the fact that the Compensation Committee is an organization expected to reflect the achievement status of management goals of Directors, etc. and medium- to long-term results, etc. into the amount of remuneration for Directors, etc. from the objective viewpoint, and ensure the transparency and fairness in the design of systems such as remuneration policies and decision-making methods, an outside Director is appointed as the chairperson.

(Conclusion of Liability Limiting Agreement)

The Company has entered into an agreement with each outside Director and Audit & Supervisory Board Member to limit their liability provided for in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The maximum liability amount under this agreement is the minimum amount provided for by Article 425, paragraph (1) of the Companies Act.

(Conclusion of Directors and Officers Liability Insurance Agreement)

The Company has entered into a directors and officers liability insurance agreement with an insurance company, as set forth in Article 430-3, paragraph (1) of the Companies Act, to insure Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries as insureds. The insurance premiums will be fully borne by the Company and its subsidiaries. Under the agreement, the insurance company will cover damages incurred by the insured as a result of the insured bearing compensation for damages and litigation expenses in the event that the insured receives a claim for compensation for damages arising from the execution of their duties, from the Company's shareholders, investors, employees, or other third parties during the insurance period. The agreement is renewed annually.

Measures have been put into place to prevent the impairment of the appropriateness of the execution of duties by the eligible officers by setting a limit for the amount covered.

3. Reasons for Adoption of Current Corporate Governance Framework

The Company has adopted this current framework because it is judged to contribute to management transparency, clarification of management responsibilities, and strengthening of management oversight.

In addition to the Audit & Supervisory Board's oversight of the Board of Directors, the appointment of a fair and independent outside Director strengthens the system of internal control, ensuring that operations are executed in an appropriate and highly transparent manner.

In addition, the Company has built a system for prompt business execution, introducing an executive system so that the role of Directors is focused on management supervision and also assigning a Managing Executive Officer as a Supervisor for each business division.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Allowing Electromagnetic Means for the Exercise of Voting Rights	Since the Annual General Meeting of Shareholders held in August 2019, the Company has allowed exercise of voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting platforms for institutional investors.
Provision of Notification (Summary) in English	From the Annual General Meeting of Shareholders for the fiscal year ended May 31, 2022, an English version of part of the notification (the notification in a narrow sense and reference documents only) has been prepared.
Other	When the Annual General Meeting of Shareholders takes place, the President explains the management policy with PowerPoint, and the Notification of the said meeting is posted on our website and TDnet prior to delivery to shareholders. The Company's website: https://corporate.sakataseed.co.jp/ir/stock/meeting.html (in Japanese)

2. Investor Relations Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	We strive to promptly provide information to shareholders and investors based on transparency, fairness, and continuity. We strive to disclose information in accordance with the Financial Instruments and Exchange Act and the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, and actively and fairly disclose information that we deem effective so as to help them understand the Company. The URL of our website is as below, and disclosure policies are disclosed on this website. The Company's website: https://corporate.sakataseed.co.jp/ (in Japanese) Disclosure policies: https://corporate.sakataseed.co.jp/ir/management-policy/disclosure-policy.html (in Japanese)	
Regular Investor Briefings for Analysts and Institutional Investors	Twice a year: after the end of the second quarter (January) and after the end of the year-end closing (July)	Yes

Posting of IR Materials on Website	IR materials such as financial results information, materials for financial results meeting for analysts, timely disclosure materials other than financial results information, securities reports, quarterly securities reports, notification of the General Meeting of Shareholders, etc. are posted on our website. https://corporate.sakataseed.co.jp/ir/index.html (in Japanese)	
Establishment of Department and/or Manager in Charge of IR	In charge of IR: Director, Managing Executive Officer in charge of the Corporate Communication Department	
Other	Research station visits for analysts are held at least once a year.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	Establishment of the Company motto (“Quality,” “Reliability,” and “Service”), management philosophies of “Mutual Prosperity” (mutual prosperity of customers, supplies and company), “Mutual Interest” (mutuality of interests between its employees, management team, and stock holders), and “Mutual Harmony” (coexistence of nature, society, and companies) Clarified our stakeholders in our basic policy on internal control system
Formulation of Policies for Information Provision to Stakeholders	Establishment of internal system for the timely disclosure of corporate information Rapid and appropriate information disclosure Promotion of IR activities

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development [Updated]

At the meeting of the Board of Directors on May 19, 2006, the resolution was made to maintain systems stipulated in the Ministry of Justice Order, as systems required to ensure that performance of the duties of Directors complies with laws, regulations, and the Articles of Association, and other systems required to ensure the appropriate performance of the corporation's work. After several revisions, the latest partial revision was made by resolution at the meeting of the Board of Directors on July 19, 2024. The basic policy following this revision is as follows:

- (1) System to ensure that the performance of duties of the Directors and employees of the Company and its subsidiaries comply with relevant laws, regulations, and the Articles of Association

a) Management philosophy

The Group's management philosophy is to contribute to development in agriculture, horticulture and related businesses while complying with the corporate ethics, based on the spirits of "Quality," "Reliability," and "Service," which are the motto of the Company. The principal stakeholders of the Group are people engaged in agriculture, horticulture and related businesses, our shareholders, and our employees.

b) Maintenance and implementation of compliance system

We have established compliance-related regulations, including the "Compliance Manual," and stipulate that all of the Directors, Audit & Supervisory Board Members, and employees of the Group comply with laws, regulations, and corporate ethics. In addition, we have established a "Compliance Committee," headed by the President, to make decisions on the important policy regarding the practice of compliance programs such as training and education in the Group. The "Compliance Committee" reports the necessary information to the Board of Directors. We have established the "Compliance Consultation Service Desk" both inside and outside our companies as an organization for employees of the Company and its domestic subsidiaries to consult and report on the matters relevant to laws, regulations, and corporate ethics in the Group, and we maintain an appropriate whistleblowing system for our overseas subsidiaries according to their respective sizes. The Group keeps the consultation details confidential, and does not mistreat the consulters in violation of the Whistleblower Protection Act or other laws, regulations, and internal rules.

c) Elimination of anti-social forces

The Group takes a firm stance against forces or groups that threaten public order and healthy corporate activities, and has no relation with such forces or groups.

We act according to three principles, i.e. "pay no money to," "do not use," and "have no fear of" anti-social forces. We also make effort to collect information from the competent governmental authorities and so on, and to establish such systems that we can communicate with these governmental authorities and legal professionals immediately upon the occurrence of these problems so that we can resolve them promptly.

d) Maintenance of a system to ensure the reliability of financial reports

We have established the "Internal Control Implementation Rules" to ensure the reliability of financial reports, and have developed a basic policy of internal control in relation to financial reports, and based on this we maintain related regulations such as the "Implementation Guidance of Internal Control over Financial Reporting" to promote the maintenance and operation of internal control. We also evaluate the effectiveness of internal control relevant to financial reports via the person in charge of internal control evaluation, and have developed an "Internal Control Report" as set forth in the Financial Instruments and Exchange Act under the responsibility of the President (the Representative Director). In the event where there is any point to be improved in internal control relevant to the financial reports, the person in charge of internal control evaluation offers an improvement plan to the President and takes steps.

- (2) System relating to the storage and management of information relevant to the performance of duties of Directors of the Company

In relation to information relevant to the performance of duties of Directors (including, but not limited to, information via electromagnetic media) accompanied with the related materials, we maintain and manage them in the responsible divisions and keep them available for review as needed, as set forth in the “Company’s Regulations on the Management of Documents.”

In addition, we manage information based on the “Basic Policy for Information Security,” the “Regulations on the Management of Personal Information,” and the “Regulations on the Management of Trade Secrets.”

- (3) Regulations and other systems relevant to risk and loss management in the Company and its subsidiaries

We maintain internal manuals to minimize any loss or disadvantage the Group may suffer, and establish control systems against each risk such as climate change, geopolitical and social changes in the areas we conduct business, research and development, infringement of intellectual property rights, safety, finance, crime or scandal by employees, disaster or accident.

In the event any risk arises, the responsible and related departments as a whole take prompt action in accordance with the internal manuals.

- (4) System to ensure the efficient performance of duties of Directors of the Company and its subsidiaries

- a) The Board of Directors

We properly operate the Board of Directors in accordance with the internal rules.

The meeting of the Board of Directors is basically held monthly to discuss and make resolutions on the important business matters in the Group stipulated in laws, regulations, the Articles of Association, internal rules and others. In addition, the meeting of the Board of Directors defines the works commissioned to the Directors and Executive Officers and the allocation of duties to each organization.

- b) Management Meeting

The Management Meeting, in principle, meets monthly to discuss matters pertaining to the Group’s management, as a preliminary review organization of the Board of Directors, to facilitate prompt and smooth discussions and resolutions at the meeting of the Board of Directors. It consists of the President and Representative Director, Directors, and Managing Executive Officers pursuant to internal rules.

- c) Introduction of an executive system

The Company has introduced an executive system so that the role of Directors is focused on management supervision and for flexible and agile business execution. In addition, a Managing Executive Officer has been assigned as a Supervisor for each business division to build a prompt business execution system.

- d) System of circulars for approval

We have adopted a system of circulars for approval based on the internal rules, for Directors and Executive Officers to efficiently perform their routine duties. Concerning the performance of duties, we stipulate the details of authorities for the efficient operation, according to the tasks and responsible persons.

- e) Establishment of system in the subsidiaries

We have established a standard relating to the distribution of duties, the chain of command, authority, decision-making and other matters for organizations of the Group, and make our subsidiaries establish a system in compliance with it.

f) Enforcement of business policy in the Group

We hold meetings basically twice a year with Directors, Audit & Supervisory Board Members, respective Senior General Managers of the functional headquarters, and presidents of major subsidiaries, to enforce the operational policy and business objectives of the entire Group.

In addition, as the need arises we make up a cross-national organization, whose secretariat is our relevant responsible functional headquarters, for research and development, production and logistics, information system, quality control, and marketing to streamline and improve business efficiency with a global view.

(5) System to ensure the business appropriateness in the corporate Group composed of the Company and its subsidiaries

a) Management and administration of subsidiaries

The department in charge of conducting management to ensure operations are executed appropriately is the Corporate Planning Department. In addition, for each subsidiary, the Company selects from among its Directors and Executive Officers a Supervisor of the subsidiary, and these Supervisors provide management guidance and supervision regarding overall management of the respective subsidiary.

The Corporate Planning Department and the respectively appointed Supervisor conducts appropriate management and supervision of the respective subsidiary by promoting systems of cooperation such as operational cooperation, information exchange and personnel exchange in line with the company's internal rules and through the subsidiary's Board of Directors, thereby constructing a more robust internal control system for the entire corporate group.

b) System concerning reporting to the Company on matters relevant to the performance of duties of the directors of subsidiaries

We oblige our subsidiaries to report monthly on their business results, financial status, personnel, and other important information.

We also require subsidiaries to submit an annual full-year earnings forecasts and management plans for the following year so that we can discuss them at the Board of Directors.

(6) Matters concerning personnel requested by Audit & Supervisory Board Members to assist their duties, independence of such personnel from Directors, and effectiveness of instructions of such personnel

In response to requests from the Audit & Supervisory Board Members, we establish an "Audit & Supervisory Board Members Office" and, if necessary, appoint personnel to assist the duties of the Audit & Supervisory Board Members.

Directors consult with the Audit & Supervisory Board in advance on the number and the position of such personnel, and the chain of command, compensation and personnel changes relevant to such personnel.

(7) System for Directors and employees of the Company and subsidiaries to report to Audit & Supervisory Board Members, and system to ensure that persons who made a report are not treated adversely based on such report

Directors and employees of the Group report to Audit & Supervisory Board Members of the Company in case they are aware of such matters that could cause significant harm or serious impact to the Group, and dishonest activities or any other activities that are in violation of laws and regulations, or the Articles of Association by Directors.

Persons making reports will not be treated adversely based on such reporting by the Company.

For the purpose of smooth and efficient performance of the Audit & Supervisory Board Members in their duties, Directors and employees of the Group promptly and appropriately report to the Audit & Supervisory Board Members of the Company upon request on the important matters for business and performance status of operations.

- (8) Matters relevant to the advance payment and the reimbursement arising out of performance of Audit & Supervisory Board Members of the Company in their duties, and payment for the other cost and debt arising out of performance of such duties

We allocate a budget each year to pay for the costs and expenses arising out of the performance of Audit & Supervisory Board Members of the Company in their duties.

When the Audit & Supervisory Board Members of the Company claim us for the advance payment for the performance of their duties based on Article 388 of the Companies Act, we discuss in the responsible division and promptly approve it except for cases where such costs and debt are determined to be unnecessary for the performance of duties of such Audit & Supervisory Board Members.

- (9) System to ensure the effective performance of Audit & Supervisory Board Members of the Company in their auditing

The Company's Representative Director and Audit & Supervisory Board Members regularly hold meetings to mutually communicate. The Company's Audit & Supervisory Board Members receive a report on status of the audit implementation and performance of operations from the responsible person of the Internal Audit Office and audit and supervisory board members of the subsidiaries or equivalent when they consider it is necessary for their duties to improve the effectiveness of the audit by exchange of information. The Audit & Supervisory Board Members at their own discretion may appoint lawyers, certified public accountants, and other external professionals for their audit duties.

The Audit & Supervisory Board Members may also attend important meetings including those of the Management Meeting, Business Execution Meeting, Compliance Committee meetings and others, and review circulars for approval and documents on settled accounts.

[Overview of Statuses of Operations of Basic Policy on Internal Control System]

The statuses of major operations of the Group's internal control system implemented during the current fiscal year in accordance with the above policy are as follows.

- (1) Dissemination of the basic policy on internal control system

We partially revised the contents of the basic policy on internal control system by resolution of the Board of Directors on July 19, 2024. Concerning the "System to ensure the business appropriateness in the corporate Group composed of the Company and its subsidiaries," which was the revised portion, the Company carried out activities to provide explanations to domestic and overseas subsidiaries on the purpose and contents of this revision. In this manner, we make continuous efforts to disseminate such information among all employees of the Group.

- (2) Compliance

We have established a "Compliance Committee," headed by the Company's President at the Company and its domestic subsidiaries, and as a general rule, hold meetings twice a year. The Committee makes decisions on the important policy regarding the practice of compliance programs such as training and education in the Group, and reports necessary information to the Board of Directors of the Company. In addition, we conduct a compliance questionnaire once a year anonymously to examine the actual state such as awareness and behavior on compliance, measures to prevent risk of compliance violations, and operation of whistleblowing systems, from the multifaceted and multilayered standpoint. The results of this questionnaire enable us to understand the changes over time and review the achievements of our activities.

In order to disseminate the aforementioned policies, the Company held training to prevent harassment at the Company in September 2023 and in February and March 2024, held a training seminar for persons in charge of the Compliance Consultation Service Desk in September 2023 and a training seminar concerning the Act on the Protection of Personal Information in February 2024, as well as training seminars for the management of confidential sales information at the Company and domestic subsidiaries in May 2024. We operate a group-wide consultation counter while fully familiarizing officers and employees with compliance on a regular basis in accordance with the "Operating Regulations of the Compliance Consultation Service Desk" and other applicable rules, which has been effective for early detection of issues and remedial measures. Also, reports are sent to Audit & Supervisory Board Members, according to the materiality.

(3) Management of group companies

At overseas subsidiaries, presidents of major subsidiaries that individually oversee North and Central America, South America, and EMEA (Europe, Middle and Near East, Africa) attend a meeting of the Global Top Management Board (held three times a year) as a representative of regional businesses to discuss the Group's management issues with the Company's Directors, etc., and optimize the business of the Group. In addition, subsidiaries in the Asia region have discussions on business strategies in the Asia-Pacific region at the meeting of Asia Top Management Committee (held twice a year) in the attendance of each president of the subsidiaries and the Company's Directors, etc.

The Company requests domestic subsidiaries to submit full-year earnings forecasts twice a year, and it performs monitoring and gives guidance on the performance of each company and the Group as a whole against business forecasts. In addition, in accordance with the Company's "Regulations for Management of Affiliates," domestic subsidiaries are required to timely report on the occurrence of important matters and prior consult with the Company on specially important matters to be determined.

(4) Risk management system

In order to minimize losses or disadvantage that the Company and its domestic subsidiaries may suffer, we have established the crisis management manual and the "Regulations of the Operation of BCP (Business Continuity Plan) Committee," and built a risk management system centered on the Crisis Management Committee and the BCP Committee.

As risk management in normal times, the BCP Committee collects information, conducts analysis, and makes evaluation on various risks, such as (i) climate change, (ii) geopolitical and social changes in the areas we conduct business, (iii) research and development, (iv) infringement of intellectual property rights, (v) safety, (vi) finance, (vii) crime or scandal by employees, (viii) disaster or accident. It also prepares proposals on internal rules, crisis management manual, BCPs, etc. and then submits them to the Board of Directors of the Company.

The BCP Committee engages in the promotion of prevention of risk occurrence through the implementation of educational and awareness-raising activities. As part of this effort, the Committee conducted training on employee safety confirmation systems in October 2023.

In the event that a risk becomes materialized, the Crisis Management Committee will establish the Crisis Management Headquarters, which are headed by the Company's President, in accordance with the business continuity plan and the crisis management manual, and take prompt measures under its command.

(5) System of circulars for approval

We have established approval standards and methods for the approval of important matters in accordance with the "Authority Regulations" and the "Individual Authority Standards Table." In addition, we have introduced an electronic approval system to allow timely inspections by reference using mobile PCs and tablets.

(6) Evaluation of effectiveness of the Board of Directors

We have conducted analysis and assessment on the effectiveness of the Board of Directors, and conducted a self-evaluation of the Board of Directors with the aim of ensuring that duties of Directors are more appropriately and efficiently performed going forward. As a result, we assessed that the Company's Board of Directors generally operated appropriately and its effectiveness was ensured. We would like to continue discussions necessary to improve the effectiveness of the Board of Directors.

(7) Audit & Supervisory Board Members' audit system

The Company's Audit & Supervisory Board Members hold regular or extraordinary meetings of the Audit & Supervisory Board at least once a month to exchange information. They attend important meetings such as Management Meeting, Business Execution Meeting, Compliance Committee, and General Managers Meeting, and regularly inspect approval documents and other important materials to improve the effectiveness of audits.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

In the "basic policy on internal control system," we clarify the policy for the elimination of anti-social forces, and fully disseminate the policy and develop the system within the Group.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A
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Supplementary Explanations

2. Other Matters Concerning Corporate Governance System

■ Overview of timely disclosure system

The status of internal framework for timely disclosure of corporate information of the Company are as follows:

(1) Decisions resolved

Based on the Company's policy to ensure speedy decision-making, important decisions are made at the meeting of the Board of Directors basically held once a month and, if necessary, at the extraordinary meeting of the Board of Directors held for that purpose. We consider whether determined important matters should be disclosed mainly with a person responsible for the administration department, and strive to promptly disclose them if necessary. In addition, Audit & Supervisory Board Members attend the meetings of the Board of Directors. In addition, we undergo audits by the Financial Auditor and receive advice from attorneys at law, tax accountants, etc. as necessary, while striving to disclose accurate and fair company information.

(2) Material events

Following the occurrence of an accident, disaster, lawsuit, etc., we collect information at the Crisis Management Headquarters, and consider and prepare for the disclosure of information centering on a person in charge of the administration department. Regarding other material event, if information obtained from the said department falls under an item requiring timely disclosure, we consider and promptly disclose the information centering on the person in charge of the management department by sending reports to management or, if necessary, through a resolution of the Board of Directors.

(3) Information related to financial results

Information related to financial results is prepared, managed, and disclosed by the Finance Department. Numeric values in financial results, etc. are determined by the Board of Directors following an audit by the Financial Auditor and an audit by the Audit & Supervisory Board, and then the Finance Department promptly discloses the values, etc. in a timely manner.

