# Corporate Governance

## Basic stance

The Sansha Electric Manufacturing Group practices management based on its Corporate Philosophy, guided by its Purpose, “Moving society forward through power electronics and creativity.” We also aim to sustainably enhance our corporate value and contribute to the development of society by achieving our Vision, “Global Power Solution Partner.” To this end, we position corporate governance as an important foundation for management. We are working to build a management structure capable of responding to changes in the business environment and diverse risks by ensuring thorough compliance, maintaining transparency and fairness in management, and making prompt and appropriate decisions. We also strive to enhance management transparency through constructive dialogue with shareholders, investors, and other stakeholders, while pursuing sustainable growth and the enhancement of corporate value from a medium- to long-term perspective under the appropriate supervision of the Board of Directors.

## Characteristics of the Corporate Governance System

### Outside Directors make up at least one third of the Board

Strengthening oversight through diverse perspectives and enhancing management transparency

### The Nomination and Compensation Committee has been established voluntarily

Ensuring a fair and objective process for the nomination and compensation of directors and officers

### The Directors’ term of office is one year

Establishing an agile management structure that can respond quickly to changes in the business environment

## Governance Framework Supporting Value Creation

**Corporate Governance**
Appropriate Oversight through Transparency, Fairness, and Prompt Decision-Making

- **Advancing Growth Strategies**
  Overseeing business strategies and investment decisions from a medium- to long-term perspective to achieve sustainable growth
- **Strengthening Human Capital**
  Promoting an environment where diverse talent can thrive and enhancing employee engagement
- **Strengthening Risk Management**
  Appropriately managing diverse risks to support business continuity and stable growth
- **Advancing Sustainability**
  Contributing to a sustainable society and enhancing corporate value by addressing environmental and social issues

**Sustainable Growth and Enhancement of Corporate Value**
Delivering Value to All Stakeholders and Contributing to the Sustainable Development of Society

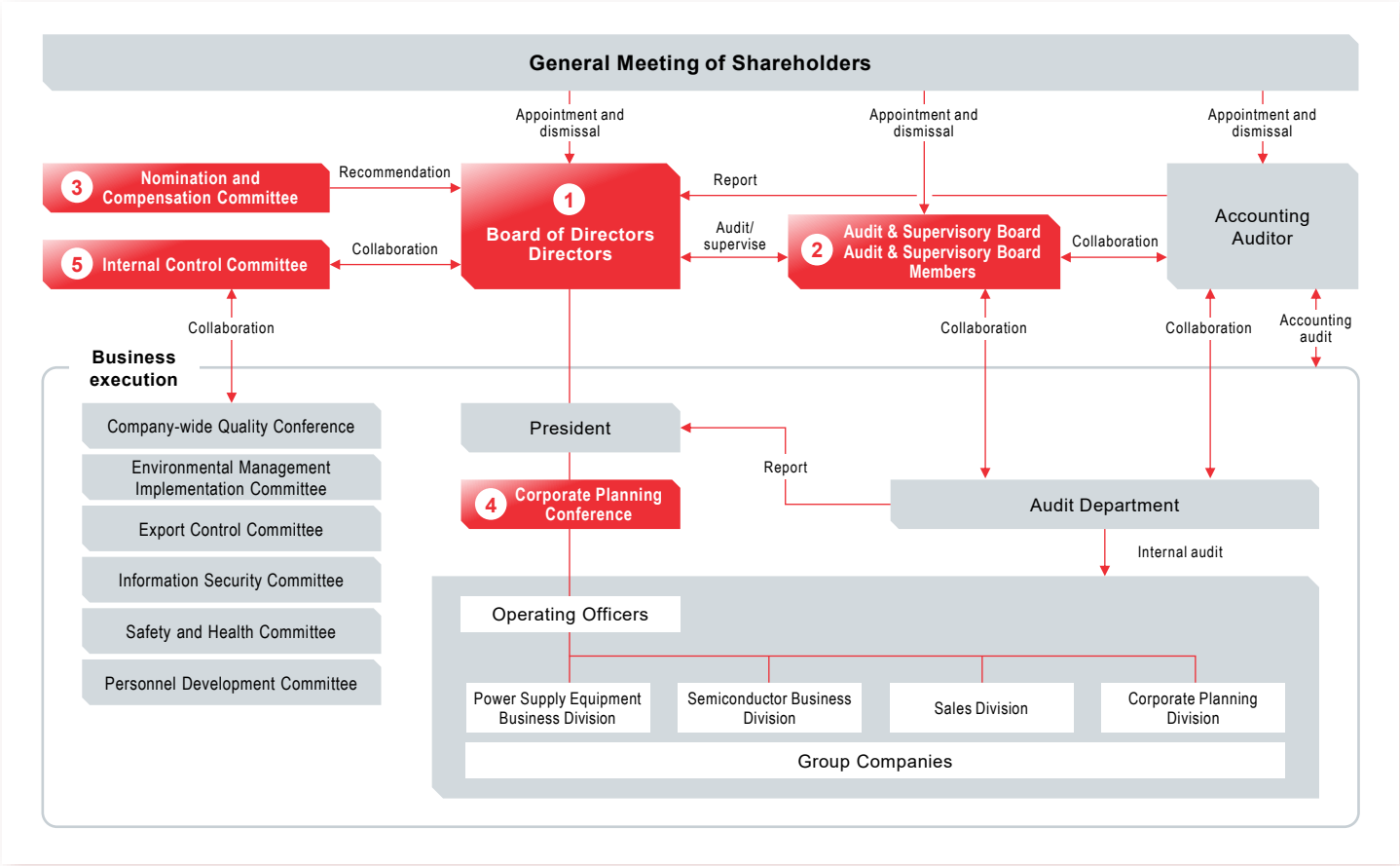
## Strengthening Corporate Governance

| | |
|---|---|
| 2024 | • Female Outside Director elected |
| 2023 | • Purpose established<br>• Introduced a performance-based stock compensation plan |
| 2021 | • Whistleblowing contact established at an outside law firm |
| 2020 | • Outside officers elected to ensure that at least one third of officers are outside officers<br>• Female Outside Audit & Supervisory Board Member elected<br>• Disclosure of skills matrix |
| 2019 | • Nomination and Compensation Committee established |
| 2018 | • Standards for assessment by outside accounting auditors formulated |
| 2016 | • Assessment of the effectiveness of the Board of Directors begun<br>• Risk Management Committee (currently Internal Control Committee) established |
| 2014 | • Outside Directors introduced |
| 2011 | • Directors’ term of office shortened to one year |
| 2007 | • Officer retirement benefit system abolished<br>• A whistleblowing contact established within the internal audit department |
| 2006 | • Operating Officer system introduced |
| 1984 | • Corporate Planning Conference established |

## Corporate Governance Structure

The markets in which the Group operates are niche and highly specialized, underpinned by power electronics technologies. Accordingly, as a general policy, we appoint internal directors who possess advanced knowledge and extensive experience in these fields. At the same time, to ensure a stable management foundation and enhance management transparency, we appoint outside directors, who attend the Board of Directors meetings held each month. By receiving appropriate opinions and advice from outside directors from an independent standpoint, we ensure objectivity in the decision-making process. From the perspective of management oversight, we have also established a system that enhances the independence of outside Audit & Supervisory Board Members, enabling them to appropriately oversee the Company's social responsibilities from a fair and objective standpoint. Our two outside Audit & Supervisory Board Members possess extensive experience and expertise in areas including legal affairs, finance, and accounting. They attend the monthly meetings of the Board of Directors and monitor and supervise management, including the Company's day-to-day management activities.

Taking into consideration the nature and scale of our business, the Company has adopted its current corporate governance structure centered on outside directors and outside Audit & Supervisory Board Members.




### 1 Board of Directors

Number of meetings held in FY2025: **14 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

**Attendees (including the chairman)**

| | | | |
|---|---|---|---|
| Inside Directors | 4 | Full-Time Audit & Supervisory Board Member | 1 |
| Outside Directors | 2 | Outside Audit & Supervisory Board Members | 2 |

**Main matters considered**

Reports on and discussions of management plans, business plans and other important matters and matters concerning internal control

### 2 Audit & Supervisory Board

Number of meetings held in FY2025: **13 meetings**

Chairman **Ichiro Kitano** (Full-Time Audit & Supervisory Board Member)

**Attendees (including the chairman)**

| | |
|---|---|
| Outside Audit & Supervisory Board Member | 1 |
| Outside Audit & Supervisory Board Members | 2 |

**Main matters considered**

Formulation of audit plans, checks and discussions of the state of the progress of audits and checks of the state of the internal control system

### 3 Nomination and Compensation Committee

Number of meetings held in FY2025: **7 meetings**

Chairman **Koichi Ina** (Independent Outside Director)

**Attendees (including the chairman)**

| | | | |
|---|---|---|---|
| Inside Director | 1 | Outside Directors | 2 |
| Outside Audit & Supervisory Board Member (Observer) | 1 | | |

**Main matters considered**

Deliberation on candidates for directors and officers, approach to succession planning, and appropriateness of the basic policy, system, and levels of executive compensation

### 4 Corporate Planning Conference

Number of meetings held in FY2025: **26 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

**Attendees (including the chairman)**

| | | | |
|---|---|---|---|
| Inside Directors | 4 | Operating Officers | 4 |
| Full-Time Audit & Supervisory Board Member | 1 | Heads of relevant departments | a few people |

**Main matters considered**

Decision-making on key management issues

### 5 Internal Control Committee

Number of meetings held in FY2025: **4 meetings**

Chairman **Tokushi Yamauchi** (Representative Director)

**Attendees (including the chairman)**

| | | | |
|---|---|---|---|
| Inside Directors | 4 | Operating Officers | 6 |
| Presidents of subsidiaries based in Japan | 3 | Heads of relevant departments | a few people |

**Main matters considered**

Matters related to risk management and compliance