

[Translation]

To Our Shareholders:

June 5, 2024

Start date of Electronic Provision Measures May 31, 2024

## **Notice of the 119th Ordinary General Meeting of Shareholders**

The Company's 119th Ordinary General Meeting of Shareholders will be held in accordance with the details listed below.

**You can exercise your voting rights through the enclosed voting form or the Internet, etc. instead of attending the meeting. Please review the accompanying Reference Materials for Ordinary General Meeting of Shareholders, etc. and follow the "Information on Exercise of Voting Rights" on page 3 and below to exercise your voting rights by 5:30 p.m., Wednesday, June 26, 2024.**

STANLEY ELECTRIC CO., LTD.  
Yasuaki Kaizumi  
President and  
Representative Director

**1. Date:** 10:00 a.m., Thursday, June 27, 2024

**2. Place:** Hotel Gajoen Tokyo

Hanatsudoi-no-Ma (2nd Floor)

8-1, Shimomeguro 1-chome, Meguro-ku, Tokyo

**3. Agenda:**

Items to be reported:

- 1: Report on the contents of the business report and the contents of the consolidated financial statements for the 119th business term (April 1, 2023, through March 31, 2024), and the results of audit by the Accounting Auditor and the Audit & Supervisory Board respectively, of the consolidated financial statements.
- 2: Report on the contents of the financial statements for the 119th business term (April 1, 2023, through March 31, 2024).

Items to be resolved:

Election of 10 Directors

**4. Information on Electronic Provision Measures**

Please refer to the "Information on Electronic Provision Measures" stated on the following page.

**5. Information on Exercise of Voting Rights**

Please refer to the "Information on Exercise of Voting Rights" stated on page 3 and below.

End

## Information on Electronic Provision Measures

Information included in the Reference Materials for Ordinary General Meeting of Shareholders, etc. (excluding the voting form) for this Ordinary General Meeting of Shareholders (matters subject to electronic provision measures) are subject to electronic provision measures, so please see the relevant information by accessing the following website.

### ■ The Company's website

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<https://www.stanley.co.jp/e/index.php>



Please see the relevant information by accessing the above website and selecting “Investor Relations,” then “Information of Shares,” and then “General Meeting of Shareholders.”

In addition to the above, the information is also published on the following website.

### ■ JPX Listed Company Search

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<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Please see the relevant information by accessing the above website and entering “Stanley Electric” in the “Issue name (company name)” field or “6923” (half-width letters) in the securities “Code” field, clicking “Search,” then “Basic information,” and then “Documents for public inspection / PR information.”

**The following matters are not stated in the documents delivered to shareholders who requested delivery of paper documents, pursuant to laws and regulations as well as the provisions of Article 15 of our Articles of Incorporation. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents that are subject to audit, including the following.**

- (i) “Consolidated explanatory notes” in the consolidated financial statements
- (ii) “Individual explanatory notes” in the financial statements

**If and when any change to the matters subject to electronic provision measures becomes necessary, it will be published on the Company's website and the JPX website above.**

**Other notices to shareholders will be published on the Company's website (<https://www.stanley.co.jp/> \*(Japanese only)). Please check the newest information as necessary on the Company's website.**

#### **Briefing Session for Products and Technology**

After the conclusion of this Ordinary General Meeting of Shareholders, the Company hold a briefing session to introduce and explain the products and technologies of the Company to shareholders and ask for questions and opinions from shareholders. The Company will also display actual products so that shareholders can see them.

Shareholders whose schedules permit are kindly invited to attend the briefing session along with this Ordinary General Meeting of Shareholders.

## Information on Exercise of Voting Rights

### ■ If attending the general meeting of shareholders:

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Please present the voting form to the receptionist at the venue.

(Your seal is not necessary.)

### ■ If sending the voting form via postal mail:

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**Deadline: 5:30 p.m., Wednesday, June 26, 2024 (Japan Time)**

Please indicate your approval or disapproval for each item on the voting form and send the completed voting form by postal mail without a stamp.

(Please return the completed voting form so that it arrives by the above deadline.)

Please note that in the event that you fail to indicate your approval or disapproval for a proposal, it will be deemed that you indicated your approval.

### ■ If exercising voting rights via the Internet:

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**Deadline: 5:30 p.m., Wednesday, June 26, 2024 (Japan Time)**

#### ■ Website to exercise voting rights: <https://evote.tr.mufg.jp/>

Please access the above website to exercise voting rights from a personal computer or a smartphone, enter your “**Login ID**” and “**temporary password**” described on the voting form, follow the instructions on the screen, and enter your approval or disapproval for each item by the above deadline. (However, please note that you will not be able to exercise your voting rights via the Internet on the designated website between the hours of 2:30 a.m. and 4:30 a.m. (Japan Time).)

#### Points to keep in mind:

- (1) Website to exercise voting rights
  - (i) Please note that you may not be able to exercise your voting rights via a personal computer or a smartphone on the designated website to exercise voting rights, depending on the Internet settings configured on your device, the services to which you are subscribed, or the model of your device.
  - (ii) You will be able to exercise your voting rights via the Internet on the designated website until **5:30 p.m., Wednesday, June 26, 2024 (Japan Time)**, but we ask that you kindly exercise your voting rights at your earliest convenience.
- (2) Handling of voting rights when a voting right is exercised on multiple occasions
  - (i) Please note that in the event that a voting right is exercised both by returning a voting form by mail and via the Internet, only the voting made via the Internet will be deemed valid and shall supersede the mailed voting form.
  - (ii) In the event that a voting right is exercised via the Internet on multiple occasions, the most recent voting right shall supersede the earlier voting right and be deemed valid.
- (3) Costs incurred for access to the website to exercise voting rights

Please note that Internet connection charges and communication charges, or the like incurred for access to the website to exercise voting rights shall be borne by the shareholder.

## Internet

Deadline: **5:30 p.m., Wednesday, June 26, 2024 (Japan Time)**

### ■ How to scan the QR code with a smartphone

You may log in to the website to exercise voting rights without entering your Login ID and temporary password described on the duplicate slip of a voting form.

- (1) Please scan the QR code described on the right side of the duplicate slip of a voting form.

Note: “QR code” is a registered trademark of DENSO WAVE Incorporated.

- (2) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

### ■ How to enter the Login ID and temporary password

Website to exercise voting rights: <https://evote.tr.mufg.jp/>

- (1) Please access the website to exercise voting rights.
- (2) Please enter your Login ID and temporary password described on the voting form, and click “Login.”
  - Enter the Login ID and temporary password
  - Click “Login”
- (3) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

The Login ID and temporary password of the website to exercise voting rights are described on the lower right of the enclosed voting form.

For further assistance, regarding technical matters, etc., please contact:

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (toll free)

Inquiries are accepted from 9:00 a.m. to 9:00 p.m. (Japan Time)

### ■ Voting platform for institutional investors

For management and trust banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.), a joint venture incorporated by Tokyo Stock Exchange, Inc. et al., is available as another electronic voting method for the general meeting of shareholders, in addition to the method of voting via the Internet as described above, subject to prior application for use to ICJ, Inc.

End of Notice

## Reference Materials for Ordinary General Meeting of Shareholders

### Items to Be Resolved and Reference Matters

#### Item to be resolved Election of 10 Directors

The term of office of all 10 Directors of the Company will expire at the end of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed that 10 Directors be elected.

Candidates for Director of the Company are as follows.

Candidate No.	Name	Current title and responsibilities at the Company
1	<input type="checkbox"/> Reelection Yasuaki Kaizumi <input type="checkbox"/> Male	President and Representative Director Chief Technology Officer
2	<input type="checkbox"/> Reelection Keisuke Ueda <input type="checkbox"/> Male	Managing Director Chief Corporate Administration Officer Chief Compliance Officer Chief Domestic Subsidiary Officer
3	<input type="checkbox"/> Reelection Kazuki Takano <input type="checkbox"/> Male	Managing Director Chief Sales Officer Chief Human Resources Officer Chief American Business Officer
4	<input type="checkbox"/> Reelection Tatsuki Tomeoka <input type="checkbox"/> Male	Director Chief Manufacturing Officer Chief Chinese Business Officer Executive General Manager, Tooling Production Division, Production Management Headquarters
5	<input type="checkbox"/> Reelection Satoshi Oki <input type="checkbox"/> Male	Director Chief Quality Assurance Officer Chief European Business Officer
6	<input type="checkbox"/> Reelection Masakatsu Mori <input type="checkbox"/> Independent <input type="checkbox"/> Outside <input type="checkbox"/> Male	Outside Director
7	<input type="checkbox"/> Reelection Hirokazu Kono <input type="checkbox"/> Independent <input type="checkbox"/> Outside <input type="checkbox"/> Male	Outside Director
8	<input type="checkbox"/> Reelection Yozo Takeda <input type="checkbox"/> Independent <input type="checkbox"/> Outside <input type="checkbox"/> Male	Outside Director
9	<input type="checkbox"/> Reelection Satoko Suzuki <input type="checkbox"/> Independent <input type="checkbox"/> Outside <input type="checkbox"/> Female	Outside Director
10	<input type="checkbox"/> New election Tomohiro Kondo <input type="checkbox"/> Male Known as: Tomohiro Ota	Executive Officer Executive General Manager, Purchasing Division Chief Asia Pacific Business Officer

**Reelection**: Candidate to be reelected

**New election**: Candidate to be newly elected

**Outside**: Candidate for Outside Director

**Independent**: Candidate for Independent Officer

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
1.	<p>Yasuaki Kaizumi (December 22, 1963)</p> <p><input type="checkbox"/> Reelection</p> <p><input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>April 1987: Joined the Company</p> <p>April 2011: General Manager, Engineering Technology Center</p> <p>June 2013: Executive General Manager, Integrated Components Division</p> <p>June 2017: Director Chief Advanced Technology Officer</p> <p>June 2020: Chief American Business Officer</p> <p>January 2021: Chief Engineering (Technology) Officer (present post)</p> <p>June 2021: Managing Director, Chief Environment Officer, Chief Information System Officer</p> <p>April 2022: President and Representative Director (present post)</p>	32,600 shares
<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Yasuaki Kaizumi has rich experience from having served in positions including the General Manager of the Engineering Technology Center, the Executive General Manager of the Integrated Components Division, the Chief Advanced Technology Officer, the Chief American Business Officer, the Chief Engineering (Technology) Officer, the Chief Environment Officer, and the Chief Information System Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>			
2.	<p>Keisuke Ueda (September 8, 1962)</p> <p><input type="checkbox"/> Reelection</p> <p><input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>April 1981: Joined the Company</p> <p>April 2012: General Manager, Sales Department III, Automotive Division II</p> <p>July 2012: General Manager of Tianjin Stanley Electric Co., Ltd.</p> <p>August 2013: Executive General Manager, Automotive Division II</p> <p>June 2017: Director Chief Sales Officer Chief European Business Officer</p> <p>June 2021: Chief Financial Officer Chief Accounting Officer</p> <p>April 2022: Managing Director (present post)</p> <p>April 2024: Chief Corporate Administration Officer (present post) Chief Compliance Officer (present post) Chief Domestic Subsidiary Officer (present post)</p>	25,700 shares
<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Keisuke Ueda has rich experience from having served in positions including the General Manager of Sales Department III of Automotive Division II, the General Manager of Tianjin Stanley Electric Co., Ltd., the Executive General Manager of Automotive Division II, the Chief Sales Officer, the Chief European Business Officer, the Chief Financial Officer, the Chief Accounting Officer, the Chief Corporate Administration Officer, the Chief Compliance Officer, and the Chief Domestic Subsidiary Officer has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>			

<p>3.</p> <p>Kazuki Takano (September 28, 1965)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>August 1991: Joined the Company</p> <p>April 2012: General Manager, Sales Department I, Automotive Division I</p> <p>June 2017: Executive General Manager, Automotive Division I</p> <p>June 2021: Executive Officer, Chief Particular Customer Officer</p> <p>April 2022: Executive Officer Chief Sales Officer (present post) Chief American Business Officer</p> <p>June 2022: Director</p> <p>April 2024: Managing Director (present post) Chief Human Resources Officer (present post) Chief American Business Officer (present post)</p>	<p>8,606 shares</p>
<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Kazuki Takano has rich experience from having served in positions including the General Manager, Sales Department I, Automotive Division I, the Executive General Manager, Automotive Division I, the Executive Officer - Chief Particular Customer Officer, the Chief Sales Officer, the Chief American Business Officer, and the Chief Human Resource Officer has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>		
<p>4.</p> <p>Tatsuaki Tomeoka (August 8, 1964)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>April 1987: Joined the Company</p> <p>April 2015: General Manager, Automotive Division III Hiroshima Plant Department</p> <p>June 2018: Executive General Manager, Integrated Components Division</p> <p>June 2020: Executive Officer, Chief Manufacturing Officer</p> <p>June 2021: Director (present post) Chief Domestic Subsidiary Officer Chief Purchasing Officer</p> <p>April 2022: Cost Competitiveness Officer</p> <p>June 2022: Chief Chinese Business Officer</p> <p>April 2024: Chief Manufacturing Officer (present post) Chief Chinese Business Officer (present post) Executive General Manager, Tooling Production Division, Production Management Headquarters (present post)</p>	<p>12,554 shares</p>
<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Tatsuaki Tomeoka has rich experience from having served in positions including the General Manager, Automotive Division III Hiroshima Plant Department, the Executive General Manager, Integrated Components Division, Executive General Manager, Tooling Production Division, Production Management Headquarters, the Executive Officer - Chief Manufacturing Officer, the Chief Purchasing Officer, the Cost Competitiveness Officer, the Chief Chinese Business Officer, and the Chief Manufacturing Officer has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>		

<p>5.</p>	<p>Satoshi Oki (January 31, 1963)</p> <p><u>Reelection</u> <u>Male</u></p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>April 1986: Joined the Company</p> <p>April 2010: General Manager, Automotive Division II Hiroshima Plant Department</p> <p>April 2015: Executive General Manager, Automotive Division III</p> <p>April 2022: Executive Officer, Chief Manufacturing Officer Chief Compliance Officer Chief SNAP Officer Chief Domestic Subsidiary Officer</p> <p>June 2022: Director (present post)</p> <p>April 2024: Chief Quality Assurance Officer (present post) Chief European Business Officer (present post)</p>	<p>12,286 shares</p>
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Satoshi Oki has rich experience from having served in positions including the General Manager, Automotive Division II Hiroshima Plant Department, the Executive General Manager, Automotive Division III, the Chief Manufacturing Officer, the Chief Compliance Officer, the Chief SNAP Officer, the Chief Domestic Subsidiary Officer, the Chief Quality Assurance Officer, and the Chief European Business Officer has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
<p>6.</p>	<p>Masakatsu Mori (January 22, 1947)</p> <p><u>Reelection</u> <u>Outside</u> <u>Independent</u> <u>Male</u></p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>October 1972: Obtained the license as a certified public accountant</p> <p>February 1989: Representative Director-President of Andersen Consulting (now Accenture Japan Ltd.) Board Member of Andersen Consulting (Global) (now Accenture)</p> <p>April 2003: Representative Director-Chairman of Accenture Japan Ltd.</p> <p>October 2009: President of International University of Japan</p> <p>June 2010: Outside Director of the Company (present post)</p> <p>June 2013: Outside Director of Yamato Holdings Co., Ltd.</p> <p>November 2013: Vice Chairman of International University of Japan</p> <p>March 2015: Outside Audit &amp; Supervisory Board Member of Kirin Holdings Company, Ltd.</p> <p>April 2018: Senior Adviser of International University of Japan (present post)</p> <p>March 2019: Outside Director of Kirin Holdings Company, Ltd. (present post)</p> <p>November 2020: Outside Audit &amp; Supervisory Board Member of Fast Retailing Co., Ltd. (present post)</p> <p>June 2023: Professor Emeritus of International University of Japan (present post)</p>	<p>10,000 shares</p>
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Masakatsu Mori has insight and rich experience from many years as a president and a vice chairman of a university and manager of a consulting firm. Since his assumption of the office of Outside Director of the Company in June 2010, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management.</p>	



		<p>Since assuming office, he has continued to serve as outside director of other companies, and the Company receives valuable opinions from him on various viewpoints including not only the interests of shareholders but also global business development and BtoC business. In fact, the Company receives from him at each Board of Directors meeting not only opinions on proposals but also the views that only an independent outside director can provide, such as comparisons with and the policies of other companies, and these contributions have a significant impact on the Company's decision-making.</p> <p>The Company considers the diversity of the Board of Directors to not only include gender, nationality, and age, but also fields of expertise and the number of years served as Director, and the Company is able to receive more diverse opinions from Outside Directors whose length of service vary, which by extension contributes to the Company's corporate value.</p> <p>Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional nomination and compensation committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	
7.	<p>Hirokazu Kono (April 22, 1957)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>	<p>April 1987: Assistant at Graduate School of Business Administration, Keio University</p> <p>April 1991: Associate Professor at Graduate School of Business Administration, Keio University</p> <p>April 1998: Professor at Graduate School of Business Administration, Keio University</p> <p>October 2009: Dean of Graduate School of Business Administration, Keio University President of Keio Business School</p> <p>January 2012: President of Association of Asia-Pacific Business Schools</p> <p>May 2013: President of Japan Industrial Management Association</p> <p>June 2014: Outside Audit &amp; Supervisory Board Member of Okasan Securities Group Inc.</p> <p>June 2015: Outside Director, Audit &amp; Supervisory Committee Member of Okasan Securities Group Inc.</p> <p>Outside Director of the Company (present post)</p> <p>May 2017: Auditor of Japan Industrial Management Association</p> <p>March 2018: Outside Director of The Yokohama Rubber Co., Ltd.</p> <p>December 2020: Vice-President of the Japan Business School Education Development Organization (present post)</p> <p>March 2023: Outside Director, Audit &amp; Supervisory Committee Member of The Yokohama Rubber Co., Ltd. (present post)</p> <p>April 2023: Professor Emeritus, Project Professor, Keio University (present post)</p>	4,100 shares
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Hirokazu Kono specializes in management engineering and has insight and rich experience in business administration. Since his assumption of the office of Outside Director of the Company in June 2015, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a chairman of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	

<p>8.</p> <p>Yozo Takeda (February 4, 1949)</p> <p><input checked="" type="checkbox"/> Reelection <input checked="" type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent <input checked="" type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 14/14 (100%)</p>		<p>June 1983: Director of Sanoh Industrial Co., Ltd.</p> <p>June 1987: Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1991: Senior Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1995: Representative Director and President of Sanoh Industrial Co., Ltd.</p> <p>July 2000: CEO of Sanoh Industrial Co., Ltd. (present post)</p> <p>July 2005: COO of Sanoh Industrial Co., Ltd.</p> <p>May 2012: Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd. (present post)</p> <p>June 2020: Outside Director of the Company (present post)</p>	<p>1,200 shares</p>
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Yozo Takeda has insight and rich experience from many years as a manager of a company. Since his assumption of the office of Outside Director of the Company in June 2020, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	
<p>9.</p> <p>Satoko Suzuki (November 17, 1977)</p> <p><input checked="" type="checkbox"/> Reelection <input checked="" type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent <input checked="" type="checkbox"/> Female</p> <p>Attendance at Board of Directors meetings (during this term) 13/14 (93%)</p>		<p>April 1999: Joined NIHON L'ORÉAL K.K.</p> <p>September 2006: Joined Boston Consulting Group K.K. (now Boston Consulting Group G.K.)</p> <p>September 2011: Lecturer at Graduate School of Management, Kyoto University</p> <p>April 2016: Associate Professor at Graduate School of Management, Kyoto University</p> <p>April 2017: Associate Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University</p> <p>May 2020: Outside Director of Lawson, Inc. (present post)</p> <p>June 2022: Outside Director of the Company (present post)</p> <p>September 2023: Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University (present post)</p>	<p>500 shares</p>
		<p>Reasons for nominating her as a candidate for Outside Director and an overview of her expected role</p> <p>Ms. Satoko Suzuki specializes in marketing and consumer behavior, has rich insight in respect of business administration including BtoC, and is experienced in being involved with management such as by expressing opinions and recommendations regarding management as an outside director of another company. Since her assumption of the office of Outside Director of the Company in June 2022, amid accelerating changes to the environment, she has contributed to ensuring the objectivity, neutrality, and legal conformity of management through supervision and advice for not only BtoC business but also branding, improvement of competitiveness, and further creation of value of the Group as a whole. Also, if her reelection is approved, the Company expects that she will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated her again as a candidate for Outside Director.</p>	

10.	<p>Tomohiro Kondo Known as: Tomohiro Ota (August 12, 1965)</p> <p style="text-align: center;">New election</p> <p style="text-align: center;">Male</p>	<p>April 1989: Joined the Company</p> <p>June 2015: Executive General Manager, Strobe Division</p> <p>June 2020: Executive General Manager, Integrated Components Division</p> <p>April 2022: Executive General Manager, Purchasing Control Division</p> <p>March 2024: President, Stanley Electric Trading (Shenzhen) Co., Ltd. (present post)</p> <p>April 2024: Executive Officer Chief Asia Pacific Business Officer (present post) Executive General Manager, Purchasing Division (present post)</p>	6,000 shares
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Tomohiro Kondo (known as Mr. Tomohiro Ota) has rich experience from having served in positions including the Executive General Manager of the Strobe Division, the Executive General Manager of the Integrated Components Division, the Executive General Manager of the Purchasing Control Division, the President of Stanley Electric Trading (Shenzhen) Co., Ltd., and the Chief Asia Pacific Business Officer and has extensive knowledge of the Company's business. The Company has nominated him as a candidate for Director with the expectation that he will utilize such experience, etc. for the management as a Director.</p>	

Note 1: There are no special interests between the Director candidates and the Company.

Note 2: Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are candidates for Outside Director.

Note 3: The Company has designated Masakatsu Mori, Hirokazu Kono, Yozo Takeda and Satoko Suzuki as independent officers under the provisions of the Tokyo Stock Exchange, and notified the exchange to that effect.

Note 4: Masakatsu Mori will have been in office as an Outside Director of the Company for 14 years at the close of this ordinary general meeting of shareholders.

Note 5: Hirokazu Kono will have been in office as an Outside Director of the Company for 9 years at the close of this ordinary general meeting of shareholders.

Note 6: Yozo Takeda will have been in office as an Outside Director of the Company for 4 years at the close of this ordinary general meeting of shareholders.

Note 7: Satoko Suzuki will have been in office as an Outside Director of the Company for 2 year at the close of this ordinary general meeting of shareholders.

Note 8: Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are currently Outside Directors of the Company, and the Company has entered into a limited liability contract with each of them to limit their respective liability to 5 million yen or the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company intends to maintain the foregoing limited liability contract with each of them.

Note 9: The Company has executed with an insurance company a directors' and officers' liability insurance contract, which covers damages, court costs, and the like that are borne by the insured as a result of a claim for damages arising from the execution of duties by the insured. If the election of the Director candidates is approved, each of them will be included among the insured under that insurance contract. Also, the Company intends to renew such insurance contract during the term of office.

—End of Item to Be Resolved—

Reference

**Expertise and Experiences Required for Directors and Audit & Supervisory Board Members of the Company (Skills Matrix)**

The skills and experience expected of the Directors and Audit & Supervisory Board Members of the Company if the proposal is approved will be as follows.

Name		Corporate management	Sustainability	Financial affairs	Legal affairs	Sales/marketing	Manufacturing	Quality	Development and Engineering	International Experience
Directors	Yasuaki Kaizumi	●	●				●	●	●	●
	Keisuke Ueda	●		●	●	●	●	●		●
	Kazuki Takano	●	●			●	●	●		●
	Tatsuaki Tomeoka	●					●	●	●	●
	Satoshi Oki	●			●		●	●		●
	Tomohiro Kondo (Knows as: Tomohiro Ota)	●				●	●	●		●
	Masakatsu Mori	Outside	●	●						●
	Hirokazu Kono	Outside	●				●			●
	Yozo Takeda	Outside	●	●			●			
	Satoko Suzuki	Outside	●				●			●
Audit & Supervisory Board Members	Koji Shimoda	●	●		●		●	●	●	
	Koichi Nagano	●					●	●	●	●
	Mitsuhiro Amitani	Outside			●					●
	Koichi Uehira	Outside		●						
	Eri Yokota	Outside	●	●	●					

End

# BUSINESS REPORT

(From April 1, 2023 to March 31,2024)

## 1. Matters relating to current status of the corporate group

### (1) Business progress and results

#### General overview of business

During this consolidated fiscal year, the global economy saw economic bearishness in Europe and a slowdown in the economic turnaround in China. However, the economy gradually recovered in Japan and other Asian countries, and this recovery expanded in the United States.

Under the business environment described above, the business performance of the Company and its group companies (the “Company Group”) was positively affected by increased automobile production volume. However, it was also impacted by the recording of temporary expenses regarding past quality issues. Further, extraordinary losses were recorded due to an incident involving an outflow of funds at an overseas subsidiary.

As a result, for this consolidated fiscal year, net sales were 472,397 million yen (up 7.5% from the previous year), operating income was 35,834 million yen (down 2.4% from the previous year), ordinary income was 48,064 million yen (up 7.1% from the previous year), and net income attributable to parent company shareholders was 26,497 million yen (up 0.0% from the previous year).

Technical assistance fee income from licensees was formerly recorded as “royalty income” under non-operating income, but from this consolidated fiscal year it has been accounted for in “net sales.” The year-on-year comparisons use the figures of the previous term reclassified by reflecting such change in accounting method.

#### Overview of business segments of Company Group

Business Segment	Net sales				Year-on-year change (%)
	118th term (April 2022 to March 2023)		119th term (April 2023 to March 2024)		
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	
Automotive Equipment Business	353,953	80.5	387,475	82.0	9.5
Electronic Components Business	40,542	9.2	37,963	8.0	(6.4)
Applied Electronic Products Business	110,851	25.2	119,002	25.2	7.4
Other	2,958	0.7	2,983	0.6	0.8
Adjustments	(68,731)	(15.6)	(75,026)	(15.8)	-
Total	439,574	100.0	472,397	100.0	7.5

From this consolidated fiscal year, the business segment of accessory and device products, which had been classified under the Electronic Components Business, was revised and changed to the Automotive Equipment Business, and the business segment of the part of the products utilizing UV (ultraviolet light), which had been classified under the Electronic Components Business, was revised and changed to the Applied Electronic Products Business. The following year-on-year comparisons use the figures obtained by reclassifying the figures of the previous term in accordance with the revised segment classifications.

#### Automotive Equipment Business

The major products in this segment include lamps for automobiles and motorcycles.

With regard to trends in related markets, automobile production remained flat in Asia Pacific and rose in other regions, resulting in an overall increase worldwide. Motorcycle production rose in the Americas, Europe, and Asia Pacific and declined in Japan and China, resulting in an overall global levelling off.

In this market environment, although the Company Group’s Automotive Equipment Business saw weaker sales of automotive lamps in parts of China, sales in the Americas steadily increased. Sales

of the motorcycle ramps also steadily increased as a whole. While operating income benefited from a rationalization effect generated by production innovation, it was also impacted by the recording of temporary expenses regarding past quality issues.

As a result, net sales for the Automotive Equipment Business in this consolidated fiscal year were 387,475 million yen (up 9.5% from the previous year), operating income was 26,026 million yen (down 3.0% from the previous year).

In order to provide next-generation lamp systems for the new age of electrification, the Company Group will further the swift and steady development of designs, software, and hardware by collaborating with automotive manufacturers from the automobile planning stage.

### **Electronic Components Business**

The major products in this segment include LEDs and LCDs.

With regard to trends in related markets, the automotive and LED lighting markets increased, while the AV home appliance market slightly declined.

In this market environment, despite the ongoing recovery in automobile production, the Company Group's Electronic Components Business was affected by inventory adjustments by customers, resulting in a decrease in in-vehicle LED production. The business was also impacted by soaring component procurement costs. At the same time, it secured new orders by focusing on business expansion of products that use non-visible light.

As a result, net sales in the Electronic Components Business in this consolidated fiscal year were 37,963 million yen (down 6.4% from the previous year), and operating income was 4,214 million yen (down 24.3% from the previous year).

### **Applied Electronic Products Business**

The major products in this segment include LCD backlights, operation panels, LED lighting, and electronic substrates.

With regard to trends in related markets, the OA market saw a decrease and the PC and tablet market saw a slight decrease, while the automotive interior market and LED lighting market saw an increase.

In this market environment, despite an decrease in sales of backlights for LCDs, the Company Group's Applied Electronic Products Business posted an increase in sales of electronic substrates and panel products used in controlling automotive lamps and the like due to the increased production of automobiles.

As a result, net sales in the Applied Electronic Products Business for this consolidated fiscal year were 119,002 million yen (up 7.4% from the previous year) and operating income was 13,478 million yen (up 13.4% from the previous year).

## **(2) State of financing**

The Company issued its sixth domestic unsecured straight corporate bonds (20 billion yen) as of April 18, 2024.

## **(3) Capital investment**

Capital investment in this consolidated fiscal year totaled 28,478 million yen, of which the following is a breakdown.

Investment category	Amount (millions of yen)
Automotive Equipment Business	17,047
Electronic Components Business	2,433
Applied Electronic Products Business	3,344
Other	11
Corporate	5,642
<b>Total</b>	<b>28,478</b>

Note: “Corporate” represents capital expenditures for basic testing and research activities and administrative departments.

**(4) Assets and profit (loss) of the corporate group**

Category	116th term (April 2020 to March 2021)	117th term (April 2021 to March 2022)	118th term (April 2022 to March 2023)	119th term (this term) (April 2023 to March 2024)
Net sales (Millions of yen)	359,710	382,561	439,574	472,397
Ordinary income (Millions of yen)	41,283	36,714	44,872	48,064
Net income attributable to owners of parent (Millions of yen)	22,918	21,445	26,496	26,497
Net income per share (Yen)	142.39	133.75	162.32	162.41
Total assets (Millions of yen)	541,023	585,382	629,611	708,264
Net assets (Millions of yen)	444,651	488,962	536,128	589,362
Net assets per share (Yen)	2,486.12	2,715.84	2,875.15	3,269.80

Note 1: Effective from the 117th business term, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others have been applied, and the figures for assets and profit (loss) for the 117th business term and beyond are those after the application of such accounting standards.

Note 2: The classification of technical assistance fee income from licensees has changed from non-operating income to net sales from this consolidated fiscal year. Figures for the 118th term are the reclassified figures with such change in accounting method reflected.

**(5) Issues to be addressed**

The global economy is expected to see a continued moderate recovery due to the effects of various policies with the improvement of the employment and wages environment. On the other hand, various risks still exist, such as price inflation, soaring personnel expenses, and a delayed recovery in the Chinese market.

In this environment, the Company Group launched the Eighth Three-Year-Term Management Plan in FY2023 with the guiding principle of “Contributing to Society by Archiving Safety and Security - Turning Dreams into Reality with the Power of Light.” This plan was formulated by adding a backcasting perspective that takes into account the external environment expected in 2030 to the three-year management plan set forth in the “Stanley Group Third Long-Term Management Objective” formulated in 2020. The three major themes and management targets are as follows.

1. The TADAS concept of manufacturing

TADAS is an idea born from the desire to bring safety and security to all people. Under the TADAS concept of using up all resources without wasting any of their functions, the Company Group will provide highly safe products at reasonable prices by achieving pricing that enables all people to enjoy value.

2. Developing new markets with unique optical technology

The Company Group clearly differentiates itself from its competitors by creating new products with its unique technology that pursues the value of light, such as in-vehicle lamp systems that improve driving safety in bad weather and products that use non-visible light, and will continue to develop new markets.

### 3. Pursuing challenges with Speed as “One Stanley”

“One Stanley” is where the Company Group’s employees around the world work together as one on the same vector to take up challenges and produce results. As One Stanley, the Company Group will deliver value with speed on a global scale.

The Company Group aims to achieve the following management targets by addressing the themes stated above. Note that the Company Group has revised its management targets in consideration of making Thai Stanley Electric Public Co., Ltd. a consolidated subsidiary.

#### Management targets

	Target (FY2025)
Net sales (hundred million yen)	5,900
Operating profit ratio (%)	10.5 (responsible profit10%)
ROE (Return on Equity) (%)	8
	Target (from FY2023 onward)
Consolidated dividend payout ratio (%)	30

Going forward, the Company asks its shareholders for their continued valued support.

#### (6) Main operating segments of the corporate group

The names of the operating segments and main products of the Company Group are as follows.

Automotive Equipment Business:	Automotive lighting products
Electronic Components Business:	Electronic device products
Applied Electronic Products Business:	Applied electronic products
Others:	Others

#### (7) Main offices etc. of the corporate group

##### (i) Main sales offices and factories

Head office	Meguro-ku, Tokyo
Domestic branches	Osaka Branch (Osaka), Nagoya Branch (Aichi), Omiya Office (Saitama), Sayama Office (Saitama), Asaka Office (Saitama), Suzuka Office (Mie)
Domestic factories	Hatano Factory(Kanagawa), Okazaki Factory (Aichi), Hamamatsu Factory (Shizuoka), Hiroshima Factory (Hiroshima), Yamagata Factory (Yamagata) Stanley Tsuruoka Works Co., Ltd. (Yamagata)
Overseas sales and production bases, etc.	Stanley Electric Holding of America, Inc. (U.S.A.), Stanley Electric U.S. Co., Inc. (U.S.A.), I I Stanley Co., Inc. (U.S.A.), Stanley Electric do Brasil Ltda. (Brazil), Stanley Electric Manufacturing Mexico S.A. de C.V. (Mexico), Stanley Electric (China) Investment Co., Ltd. (China) Tianjin Stanley Electric Co., Ltd. (China), Tianjin Stanley Electric Technology Co., Ltd. (China), Guangzhou Stanley Electric Co., Ltd.(China)
R&D bases, etc.	Research & Development Laboratory (Kanagawa), Utsunomiya Technical Center (Tochigi), Yokohama Technical Center (Kanagawa), Opto Technical Center (Kanagawa), Minatomirai Technical Center (Kanagawa), Hatano Technical Center (Kanagawa)

Note 1: The Research & Development Laboratory has been under reconstruction (rebuilding) from March 2024.



Note 2: As of April 1, 2024, Utsunomiya Technical Center changed its name to Utsunomiya Satellite Center, Yokohama Technical Center to Yokohama Satellite Center, and Opto Technical Center to Yokohama Technical Center.

(ii) Status of employees of the Company Group

Name of operating segment	Number of employees	Change from the end of the previous term (number of people)
Automotive Equipment Business	9,904	(391)
Electronic Components Business	1,234	(202)
Applied Electronic Products Business	2,525	(62)
Other	362	(3)
Corporate	2,753	472
Total	16,778	(186)

Note 1: The number of employees is the number of persons currently employed.

Note 2: “Corporate” includes employees involved in basic testing and research activities and administrative departments.

Note 3: Figures in “Change from the end of the previous term” were obtained by reclassifying the number of employees at the end of the previous consolidated fiscal year in accordance with the revised segment classifications.

**(8) Status of significant parent company and subsidiaries**

(i) Status of parent company

Not applicable.

(ii) Status of subsidiaries

Name	Ownership ratio (%)	Main businesses
Stanley Tsuruoka Works Co., Ltd.	100.0	Manufacture of electronic component products
Stanley Electric Holding of America, Inc. (U.S.A.)	100.0	Holding company of Stanley Electric U.S. Co, Inc., I I Stanley Co., Inc., Hexa Tech, Inc., and Stanley Electric Sales of America, Inc.
Stanley Electric do Brasil Ltda.(Brazil)	96.3	Manufacture and sale of automotive equipment products
Stanley Electric Manufacturing Mexico S.A. de C.V.(Mexico)	100.0	Manufacture and sale of automotive equipment products
Tianjin Stanley Electric Technology Co., Ltd. (China)	100.0	Design and development of automotive equipment products
Stanley Electric (China) Investment Co., Ltd.(China)	100.0	Holding company of Suzhou Stanley Electric Co., Ltd., Shenzhen Stanley Electric Co., Ltd., Tianjin Stanley Electric Co., Ltd., Wuhan Stanley Electric Co., Ltd., Guangzhou Stanley Electric Co., Ltd. Shanghai Stanley Electric Co., Ltd., and Stanley Electric Trading (Shenzhen) Co., Ltd.

**(9) Principal lenders and loan amounts**

Not applicable.

**(10) Policy on determining dividends of surplus, etc.**

The Company Group's basic policy is to maintain stable dividend payments and appropriate return of profit to shareholders, while working to strengthen the Company Group's financial position and business foundation. The Company will use internal reserves for investments to bolster corporate value, such as new product/ business development and more streamlined management structure from the medium- to long-term perspective, and work to further strengthen the corporate structure and competitiveness of the Company.

The Company's basic policy on dividends is to maintain stable dividend payments and appropriate return of profits to shareholders, with consolidated payout ratio target of 30% or more. The year-end dividend for this term will be 28 yen per share as announced on January 31, 2024, and together with the interim dividend of 27 yen per share, the annual dividend will be 55 yen per share.

In order to expand shareholder returns and enhance capital efficiency, the Company implemented an acquisition of treasury stock of 9,999 million yen (3.66million shares) in this term during the period from November 16, 2023 to February 5, 2024, based on a resolution of the Board of Directors meeting held on October 31, 2023.

**(11) Other important matters concerning the current status of corporate group**

In December 2023, a case involving fraudulent payment directions from a malicious third party resulting in an outflow of funds occurred at an Asia Pacific subsidiary of the Company. Together with the Asia Pacific subsidiary, the Company became aware that the directions were fraudulent shortly after the outflow detected. Recognizing the high possibility of criminal activity, the Company promptly established a team comprising legal professionals, then reported the outflow to local investigating authorities. While cooperating in all aspects of the investigation, the Company is devoting its utmost efforts to procedures for securing and recovering the lost funds.

Promptly after the discovery of the incident, the Company took measures to prevent any similar incident from occurring by informing the whole Company Group of the incident and adopting a system in which remittances cannot be made only by one department and require final confirmation by the Company's head office.

The Company is focusing on measures to prevent recurrence of the incident and strengthening the governance and compliance systems of the Company Group based on the report from the investigation committee comprising third parties, the outline of which is as follows:

- construction of a system to prevent any similar incident by strengthening the remittance system;
- prevention by including not only fraud but any "crimes against the company" as a risk and efficiently sharing and disseminating information; and
- improvement of awareness by thorough education for compliance with "Stanley Group Code of Conduct."

## 2. Matters related to shares

- (1) **Total number of shares authorized** 750,000,000 shares  
(2) **Total number of shares issued** 171,200,000 shares

Note: Due to a retirement of treasury shares on June 5, 2023, the “total number of shares issued” decreased by 1,800,000 shares compared to the end of the previous business term.

- (3) **Number of shareholders as of the end of this business term** 9,378

### (4) Major shareholders

Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,697	12.91
Honda Motor Co., Ltd.	16,735	10.43
Custody Bank of Japan, Ltd. (Trust Account)	8,790	5.48
Sumitomo Mitsui Banking Corporation	7,417	4.62
Nippon Life Insurance Company	6,886	4.29
JP MORGAN CHASE BANK 385632	6,196	3.86
The Nomura Trust and Banking Co., Ltd. (MUFG Bank, Ltd. Retirement benefit trust account)	5,440	3.39
JP MORGAN CHASE BANK 380072	4,690	2.92
SSBTC CLIENT OMNIBUS ACCOUNT	4,295	2.68
BNYMSANV AS AGENT/CLIENTS LUXUCITS NONTREATY 1	3,471	2.16

Note 1: As of March 31, 2024, the Company holds 10,820 thousand shares of treasury stock, but is excluded from the above major shareholders.

Note 2: Shareholding ratio is calculated minus treasury stock (10,820 thousand shares).

### (5) Status of shares delivered to the Company’s officers during this business term as compensation for the execution of their duties

The shares delivered during this business term were common stock of the Company (restricted stock) subject to a certain period of transfer restrictions, events for gratis acquisition by the Company, and other stipulations, and the status of their delivery is as follows.

	Class and number of shares	Number of officers eligible for delivery
Directors (excluding Outside Directors)	18,400 shares of common stock of the Company	6
Outside Directors	- shares of common stock of the Company	-
Audit & Supervisory Board Members	- shares of common stock of the Company	-

### (6) Other important matters concerning shares

Treasury stock acquired during this business term by a Board of Directors resolution as authorized by the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

- (i) Common stock 5,276,400 shares  
(ii) Total acquisition cost 14,733,832 thousand yen  
(iii) Reason for the acquisition To expand shareholder returns and enhance capital efficiency

### 3. Matters related to share subscription rights, etc.

#### (1) Overview of share subscription rights, etc. delivered to Company's officers as compensation for the execution of their duties as of the end of this business term.

Share subscription rights as stock options

Name	Series 9 share subscription rights	Series10 share subscription rights
Date of resolution to issue	July 29, 2019	August 24, 2020
Number of holders	Six Directors of the Company (excluding Outside Directors)	Six Directors of the Company (excluding outside directors)
Number of share subscription rights	150	150
Class and number of shares to be issued upon exercise of share subscription rights	15,000 shares of common stock	15,000 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	Payment is not required
Exercise price of share subscription rights	2,684 yen per share	3,168 yen per share
Exercise period of share subscription rights	From April 1, 2022 to March 31, 2025	From April 1, 2023 to March 31, 2026
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> <li>Persons who are allotted share subscription rights must hold the position of Director, Audit &amp; Supervisory Board Member, Executive Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights.</li> <li>Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.</li> </ol>	

Name	Series 11 share subscription rights	Series12 share subscription rights
Date of resolution to issue	July 26, 2021	October 31, 2022
Number of holders	Six Directors of the Company (excluding Outside Directors)	Six Directors of the Company (excluding outside directors)
Number of share subscription rights	205	325
Class and number of shares to be issued upon exercise of share subscription rights	20,500 shares of common stock	32,500 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	Payment is not required
Exercise price of share subscription rights	2,798 yen per share	2,895 yen per share
Exercise period of share subscription rights	From April 1, 2024 to March 31, 2027	From April 1, 2025 to March 31, 2028
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> <li>Persons who are allotted share subscription rights must hold the position of Director, Audit &amp; Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights.</li> <li>Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.</li> </ol>	

Name	Series13 share subscription rights
Date of resolution to issue	July 28, 2023
Number of holders	Six Directors of the Company (excluding outside directors)
Number of share subscription rights	325
Class and number of shares to be issued upon exercise of share subscription rights	32,500 shares of common stock
Paid-in amount of share subscription rights	Payment is not required
Exercise price of share subscription rights	2,609 yen per share
Exercise period of share subscription rights	From April 1, 2026 to March 31, 2029
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> <li>Persons who are allotted share subscription rights must hold the position of Director, Audit &amp; Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights.</li> <li>Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.</li> </ol>

**(2) Overview of share subscription rights, etc. delivered to the Company's employees and officers of subsidiaries as compensation for the execution of their duties during this business term under review**

Share subscription rights as stock options

Name	Series 13 of share subscription rights	
Date of resolution to issue	July 28, 2023	
Number of holders	631 employees of the Company	33 Directors of subsidiaries of the Company
Number of share subscription rights	1,801	122
Class and number of shares to be issued upon exercise of share subscription rights	180,100 shares of common stock	12,200 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	
Exercise price of share subscription rights	2,609 yen per share	
Exercise period of share subscription rights	From April 1, 2026 to March 31, 2029	
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> <li>Persons who are allotted share subscription rights must hold the position of Director, Audit &amp; Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee or other similar position at the Company or its affiliates at the time of exercising the share subscription rights.</li> <li>Exercise of share subscription rights by successors of those who have been allotted share subscription rights shall not be permitted.</li> </ol>	

#### 4. Matters relating to officers

##### (1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions held
President and Representative Director	Yasuaki Kaizumi	Chief Technology Officer	
Vice President and Representative Director	Toru Tanabe	Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer	
Managing Director	Keisuke Ueda	Chief Financial Officer Chief Accounting Officer Chief European Business Officer	
Director	Tatsuaki Tomeoka	Chief Purchasing Officer Cost Competitiveness Officer Chief Chinese Business Officer	
Director	Satoshi Oki	Chief Manufacturing Officer Chief Compliance Officer Chief SNAP Officer Chief Domestic Subsidiary Officer	
Director	Kazuki Takano	Chief Sales Officer Chief American Business Officer	
Director	Masakatsu Mori		Senior Adviser, Professor Emeritus of International University of Japan Outside Director of Kirin Holdings Company, Ltd. Outside Audit & Supervisory Board Member of Fast Retailing Co., Ltd.
Director	Hirokazu Kono		Professor Emeritus, Project Professor, Keio University Outside Director, Audit & Supervisory Committee Member of The Yokohama Rubber Co., Ltd. Vice-President of Japan Business School Education Development Organization
Director	Yozo Takeda		Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd.
Director	Satoko Suzuki		Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University Outside Director of Lawson, Inc.
Audit & Supervisory Board Member (Standing)	Koji Shimoda		
Audit & Supervisory Board Member (Standing)	Koichi Nagano		

Audit & Supervisory Board Member	Mitsuhiro Amitani		Partner of SAH & Co. Outside Audit & Supervisory Board Member of HUB Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of SIGMAXYZ Holdings Inc.
Audit & Supervisory Board Member	Koichi Uehira		President of TaxNetwork K.K. Outside Director of STI Food Holdings, Inc.
Audit & Supervisory Board Member	Eri Yokota		Professor at Faculty of Business and Commerce of Keio University Dean of Keio University Graduate School of Business and Commerce Outside Director of TOLI Corporation

Note 1: Of the Directors, Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are Outside Directors as defined in Article 2, Item 15 of the Companies Act.

Note 2: Of Audit & Supervisory Board Members, Mitsuhiro Amitani, Koichi Uehira, and Eri Yokota are Outside Audit & Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.

Note 3: Koichi Uehira is licensed as a certified public accountant and has considerable knowledge of finance and accounting.

Note 4: Ryuta Yamaguchi and Hiroshi Kanno resigned from the position of Audit & Supervisory Board Member at the conclusion of the 118th Ordinary General Meeting of Shareholders held on June 29, 2023 due to expiration of their terms of office.

Note 5: Koichi Nagano and Eri Yokota were newly elected and appointed as Directors at the 118th Ordinary General Meeting of Shareholders held on June 29, 2023.

Note 6: The Company has designated Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki who are Outside Directors, and Mitsuhiro Amitani, Koichi Uehira, and Eri Yokota who are Outside Audit & Supervisory Board Members as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange of such designation.

Note 7: There was a change in the responsibilities of Directors during this business term as follows.

Change in Positions (effective April 1, 2024)

Name	Before the change	After the change
Toru Tanabe	Vice President and Representative Director	Director
Kazuki Takano	Director	Managing Director

Change in Responsibilities (effective April 1, 2024)

Position	Name	Before the change	After the change
Managing Director	Keisuke Ueda	Chief Financial Officer Chief Accounting Officer Chief European Business Officer	Chief Corporate Administration Officer Chief Compliance Officer Chief Domestic Subsidiary Officer
Managing Director	Kazuki Takano	Chief Sales Officer Chief American Business Officer	Chief Sales Officer Chief Human Resources Officer Chief American Business Officer
Director	Toru Tanabe	Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer	-

Director	Tatsuaki Tomeoka	Chief Purchasing Officer Cost Competitiveness Officer Chief Chinese Business Officer	Chief Manufacturing Officer Chief Chinese Business Officer Executive General Manager, Tooling Production Division, Production Management Headquarters
Director	Satoshi Oki	Chief Manufacturing Officer Chief Compliance Officer Chief SNAP Officer Chief Domestic Subsidiary Officer	Chief Quality Assurance Officer Chief European Business Officer

**(2) Overview of the contents of directors' and officers' liability insurance contract**

The Company has executed with an insurance company a directors' and officers' liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of insureds under such insurance contract is all Directors and Audit & Supervisory Board Members of the Company, and all insurance premiums are borne by the Company. The insured bears substantially no insurance premium burden.

Such insurance contract is intended to cover any damages, court costs, and the like incurred by the insured as a result of a claim for damages arising from the execution of duties by the insured. However, the Company has taken measures, such as excluding from the coverage claims for damages arising out of an act which the insured conducted knowing that such act breaches laws or regulations, or damage that does not reach a certain amount, so that the appropriateness of execution of duties by insured officers, etc. will not be impaired.

**(3) Compensation, etc. of officers for this business term**

(i) Total amount, etc. of compensation, etc. of officers for this business term

Category	Number of persons paid	Amount by type of compensation			Total
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (including Outside Directors)	10	242 million yen	226 million yen	64 million yen	534 million yen
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	7	84 million yen	1 million yen	- million yen	86 million yen
Total (of the above, for outside officers)	17 (8)	327 million yen (60 million yen)	227 million yen (- million yen)	64 million yen (- million yen)	620 million yen (60 million yen)

Note 1: The above includes two Audit & Supervisory Board Members who retired at the conclusion of the 118th Ordinary General Meeting of Shareholders held on June 29, 2023.

Note 2: The amount of performance-linked compensation is the amount of expenses recorded during this business term for performance-based bonuses. The calculation method of the amount or number of performance-linked compensation, the performance indicators selected as the basis for the calculation, and the reasons for selecting such performance indicators are as described in "(ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members" and "(iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members". Also, the actual results related to the relevant performance indicators, including this business term, are as stated in "1. (4) Assets and profit (loss) of the corporate group."



Note 3: The amount of non-monetary compensation is the portion of performance-linked compensation corresponding to the amount of expenses recorded during this business term for restricted stock granted as shareholder value-linked compensation and share subscription rights granted as regular stock options. The details of such restricted stock and the status of their granting are as described in “2. (5) Status of shares delivered to the Company’s officers during this business term as compensation for the execution of their duties.” Also, the details of the share subscription rights and the status of their granting are as described in “3. Matters related to share subscription rights, etc.”

- (ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members

Date of resolution	Resolution details	Number of eligible officers
June 26, 2007 102nd Ordinary General Meeting of Shareholders	The maximum amount of compensation for Directors shall not exceed 900 million yen per year.	10
	The maximum amount of compensation for Audit & Supervisory Board Members shall not exceed 140 million yen per year.	5
June 29, 2010 105th Ordinary General Meeting of Shareholders	In addition to the maximum amount of compensation for Directors of 900 million yen per year, the amount of compensation pertaining to share subscription rights as regular stock options for Directors (excluding Outside Directors) shall not exceed 40 million yen per year.	9
June 26, 2018 113th Ordinary General Meeting of Shareholders	Within the scope of maximum amount of compensation for Directors of 900 million yen per year, the annual amount of compensation to grant restricted stock for Directors (excluding Outside Directors) shall not exceed 100 million yen per year.	8

Note: The number of eligible officers is the number of officers who were subject to those provisions at the time the resolution of the general meeting of shareholders was adopted.

- (iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members

### Basic policy

As described below, the policy for compensation, etc. of Directors and Audit & Supervisory Board Members (“officers”) are determined by the Board of Directors for Directors and by the Audit & Supervisory Board for Audit & Supervisory Board Members, respectively, through consultations with and reports from the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, with the purpose of determining officer compensation, etc. in a fair and appropriate manner.

- (a) The compensation system shall be objective when viewed by stakeholders including shareholders.
- (b) The compensation system shall be partially linked to performance, in order to clarify responsibility for execution of their duties.
- (c) The policy is determined appropriately in light of economic trends, the Company’s business environment, performance, linkage with corporate value over the medium- to long-term, and compensation levels at other companies based on officer compensation survey data collected by external expert organizations, etc.

### Overview of the officer compensation system

Officer compensation consists of the following elements. It is calculated using a coefficient set for each element of the system.

	Monetary compensation	Non-monetary compensation
Other compensation	Fixed compensation	None
Performance-linked compensation	Bonus	Shareholder value-linked compensation Regular stock options

- (a) Introduce a restricted stock compensation system for Directors (excluding Outside Directors) as shareholder value-linked compensation, with the purpose of increasing their motivation more than ever before to contribute to increasing stock prices, shareholder value, and corporate value.
- (b) Provide share subscription rights as regular stock options to Directors (excluding Outside Directors) and managers free of charge, in order for them to share the risks and rewards of fluctuations in stock prices with shareholders, and to increase their motivation more than ever before to contribute to increasing stock prices and corporate value.
- (c) Regarding the time of payment, fixed compensation will be paid monthly. Other compensation will be paid (allocated) at a certain time.

**Policy for determination of compensation for each individual by type of compensation and percentage of total compensation**

The Company's fixed compensation is calculated after comprehensively considering positions, responsibilities, etc.

The Company's performance-linked compensation (including non-monetary compensation) for officers is intended to establish fair and appropriate officer compensation, each of which is calculated as follows: (i) shareholder value linked compensation mainly by based on Company's performance, (ii) bonus based on net income and the officer bonus calculation coefficient, and (iii) regular stock options mainly based on stock price, and based on the premise that corporate management from a medium- to long-term perspective is important, we, after giving due consideration to the two perspectives of motivating Directors to contribute to the enhancement of corporate value and pursuing the interests of shareholders, decide on the percentage of these two factors in the total.

- (iv) Matters related to the delegation of authority to determine the content of compensation, etc. for individual Directors

The Company's Representative Directors determine the content of individual Directors' compensation based on a resolution of delegation by the Board of Directors.

The names of the persons to whom the delegation was made and their positions and responsibilities as of the date of determination of the individual Directors' compensation are as follows.

Name	Position	Responsibilities
Yasuaki Kaizumi	President and Representative Director	Chief Technology Officer
Toru Tanabe	Vice President and Representative Director	Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer

The authority delegated is the authority to determine the amount to be allocated to each Director according to a predefined calculation method, taking into consideration the ratio of fixed compensation, performance-linked compensation, and non-monetary compensation. The reason for delegating such authority is that the Representative Directors are best suited to make decisions by having a bird's eye view over the Company's overall performance and taking into consideration of evaluation of each Director's performance of duties.

In addition, as a measure to ensure that the delegated authority is appropriately exercised, the Representative Directors have consulted with the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, regarding the content of individual Directors' compensation, etc., and obtained their view for reference, and because the content of individual Directors' compensation, etc. is determined after such

procedure, the Board of Directors is certain that the content of such compensation is in line with the Company's decision-making policy.

**(4) Matters concerning outside officers**

- (i) Relationship between the companies at which outside officers hold significant concurrent positions and the Company

There is no special relationship between the companies at which outside officers hold concurrent positions and the Company.

- (ii) Status of main activities of outside officers

Classification	Name	Main activities
Director	Masakatsu Mori	He attended all 14 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience from many years as a manager of a consulting firm with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Hirokazu Kono	He attended all 14 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience in business administration specializing in management engineering with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Yozo Takeda	He attended all 14 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience from many years as a manager of a company with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Satoko Suzuki	She attended 13 of the 14 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on her experience in business administration, including B2C with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. She also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Audit & Supervisory Board Member	Mitsuhiro Amitani	He attended 13 of the 14 meetings of the Board of Directors and 13 of the 12 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a lawyer with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.

Audit & Supervisory Board Member	Koichi Uehira	He attended all 14 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a certified public accountant with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.
Audit & Supervisory Board Member	Eri Yokota	She attended all 11 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board held during this business term after taking office and made comments from a professional perspective based mainly on her experience in business administration specializing in managerial accounting with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, she fully exercises her auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.

(iii) Overview of the contents of the limited liability contract

The Company amended its Articles of Incorporation at the 101st Ordinary General Meeting of Shareholders held on June 27, 2006 and established provisions regarding limited liability contracts for Outside Directors and Outside Audit & Supervisory Board Members.

The overview of the limited liability contracts that the Company has entered into with all of the Outside Directors and Outside Audit & Supervisory Board Members pursuant to such Articles of Incorporation is as follows.

**Limited liability contract for Outside Directors and Outside Audit & Supervisory Board Members**

Outside Directors and Outside Audit & Supervisory Board Members shall, after entering into this contract, with respect to the liability stipulated in Article 423, Paragraph 1 of the Companies Act, be liable for damages up to 5 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act, whichever is higher, if they have executed their duties in good faith and without gross negligence.

(5) **Other important matters concerning the Company's officers**

Not applicable.

## 5. Matters related to Accounting Auditor

### (1) Name of Accounting Auditor

KPMG AZSA LLC

### (2) Amount of compensation, etc. for Accounting Auditor

(i) Amount of compensation, etc. for this business term	96 million yen
(ii) Total amount of cash and other economic benefits payable by the Company and its subsidiaries	142 million yen

Note 1: The audit contract between the Company and the Accounting Auditor does not distinguish between audit fees for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and it is not practically possible to distinguish between them; therefore, the above amounts are the sum of these amounts.

Note 2: Based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company has obtained necessary materials and received reports from the Directors, relevant internal departments and the Accounting Auditor, and has confirmed and reviewed the details of the audit plan of the Accounting Auditor, the audit results of the previous term and the basis for calculating the compensation estimate, and as a result the Audit & Supervisory Board has determined that the compensation, etc. of the Accounting Auditor is at a reasonable level to maintain the quality of the audit, and gives its consent as prescribed in Article 399, Paragraph 1 of the Companies Act.

Note 3: The Company pays to KPMG AZSA LLC compensation for advisory services, which are not included within the scope of work of Article 2, paragraph 1 of the Certified Public Accountants Act.

Note 4: Of the Company's significant subsidiaries, Stanley Electric Holding of America, Inc., Stanley Electric do Brasil Ltda. Stanley Electric Manufacturing Mexico S.A. de C.V, Tianjin Stanley Electric Technology Co., Ltd. and Stanley Electric (China) Investment Co., Ltd. are audited by auditing firms other than the Company's Accounting Auditor.

### (3) Policy on dismissal or non-reelection of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members if any of the items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor and the dismissal is deemed appropriate.

In addition, if there is any obstacle to the execution of duties by the Accounting Auditor, etc., the Company will decide on a proposal for the dismissal or non-reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Based on such decision, the Board of Directors of the Company will submit such proposal to the General Meeting of Shareholders.

**6. Matters related to the development of systems, etc. to ensure the appropriateness of business operations**

*Overview of the contents of the resolution on the development of systems, etc. to ensure the appropriateness of business operations*

**(1) System to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation**

In order to ensure that the Company's business execution is conducted in an appropriate and sound manner as a whole, the Board of Directors shall strive to establish an effective internal control system and a legal compliance framework for the Company as a whole from the perspective of further strengthening corporate governance.

The Audit & Supervisory Board audits the function and effectiveness of the internal control system.

**(2) System for the storage and management of information related to the execution of duties by Directors**

Information related to the execution of duties by Directors, minutes of the Board of Directors and other major meetings, internal approval documents, various contracts, and the like shall be recorded and stored in hard copy or electronically by specifying the person responsible for storage, the storage period, and the like in accordance with the "document management rule" and other internal regulations.

Directors and Audit & Supervisory Board Members shall have access to these documents or electromagnetic records at all times.

In order to prevent leakage, loss, or damage to information, and to take measures in the event thereof, an information security system shall be established, and management, operation, and audits shall be conducted in accordance with regulations, etc.

**(3) Regulations and other systems for managing risk of loss**

The Company shall establish risk management regulations that systematically define risk management, establish a Risk Management Committee, and develop a risk management system under the supervision of a Representative Director.

The Risk Management Committee shall strive to promptly and accurately address the hazards and risks surrounding the company, and shall also establish a system to immediately convey information to Directors and Audit & Supervisory Board Members.

**(4) Systems to ensure the efficient execution of duties by Directors**

The "Stanley Group Third Long-Term Management Objective" shall be established as the 10-year goals to be achieved toward the "Stanley Group Vision," which comprises the basic values shared by the Company Group, and a three-year-term management plan and Single year management plan shall be established as the medium-term goals of the Stanley Group Vision. The Company will adopt a system to ensure operational efficiency by reviewing the targets each term and feeding those results back into its operations. The Company Group will adopt "Three-dimensional group matrix management," in which the three axes of divisions, functional departments, and regions (bases) will work together as a group structure to achieve the goals.

From April 1, 2024, the Company shall adopt a headquarters system in each function to clarify "roles and responsibilities" and to accelerate the implementation of strategies.

The Directors of the Company shall be familiar with the Company Group's business and make prompt and appropriate business decisions concerning business management after careful discussion at the Board of Directors meetings in accordance with the Board of Directors regulations.

For deliberation of important matters affecting the entire company, a Management Meeting shall be formed by the principal Directors in order to make careful decisions after multifaceted deliberations prior to submitting the matters to the Board of Directors.

The Company will use these decision-making systems to engage in appropriate and efficient decision-making.

**(5) Systems to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation**

The Company Group has established the “Stanley Group Code of Conduct” as a code to be followed by officers and employees to govern their conduct.

Not limited to laws, internal rules and regulations, and the like, the Stanley Group Code of Conduct covers corporate ethics (social and moral standards required by society to be observed in corporate activities).

In order to make the Stanley Group Code of Conduct effective, the Company shall establish a corporate code of ethics as a framework for corporate ethics and legal compliance, appoint a Director in charge of corporate ethics, form a Corporate Ethics Committee, and appoint the heads of major internal organizations and the presidents of affiliated companies as the corporate ethics management officers.

The Corporate Ethics Committee shall be responsible for responding to cases of legal violations, formulating corporate ethics and legal compliance management policies, verifying the status of corporate ethics and legal compliance, and providing internal education and the like.

As a whistle-blowing system for employees to report violations of laws and regulations, etc., the Company shall establish a Corporate Ethics Improvement Proposal Office at an outside law firm to make suggestions for improvement in corporate ethics. The hotline will protect employees, etc., who report such violations, ascertain the legitimate points and opinions raised by such reports, and take appropriate measures.

The Corporate Ethics Committee shall receive regular and as-needed reports on its activities from the corporate ethics management officers and report to the Board of Directors and the Boards regarding corporate ethics and legal compliance.

**(6) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries**

The Stanley Group Code of Conduct shall be a code that commonly applies throughout the entire the Company Group.

The Corporate Ethics Improvement Proposal Office shall be available to all employees of the Company and its subsidiaries.

The Company shall establish a system that allows subsidiaries to inquire about issues related to laws and regulations, etc. that arise in daily operations to the departments under the jurisdiction of the Company, and use this system to ensure compliance with corporate ethics and laws and regulations at each company.

With regard to events related to corporate ethics and legal compliance that should be taken into consideration across the entire Company Group, the departments in charge at the Company shall provide information, etc. to the subsidiaries and engage in mutual exchange of information.

In order to understand and improve the status of business operations of the Company and its subsidiaries, a Corporate Governance Department shall be established under the direct control of a Representative Director, which department shall of internal audits and report the results to the Representative Director and the Board of Audit & Supervisory Board Members.

The Risk Management Committee shall ensure the continuity and stable development of the business by foreseeing specific risks surrounding the entire Company Group, prescribing measures to prevent losses caused by such risks, and, in the event of a crisis, effectively and efficiently taking measures to ensure safety and minimize losses, including post-processing measures and measures to prevent recurrence. In addition, the Company will ensure the continuity and stable development of its business by taking effective and efficient measures to ensure safety and minimize losses in the event of a crisis.

In transactions between the Company and its subsidiaries, as with transactions with companies outside the Company Group, contract reviews, pricing procedures, and the like shall be conducted in accordance with regulations, etc. with a respect for mutual interests.

The Board of Directors and the Management Meeting shall carefully deliberate and vote on general shareholders’ meeting proposals of subsidiaries from the viewpoint of their legality, appropriateness, and efficiency.

The Company shall select a lead Director for each subsidiary from among its Directors, who shall guide and supervise the efficiency and appropriateness of the subsidiaries' business execution, receive reports from the subsidiaries on their business execution status and other important matters, and report to the Board of Directors and other important meetings as necessary.

To strengthen cooperation among Audit & Supervisory Board Members at the Company Group, a liaison meeting for Audit & Supervisory Board Members of affiliated companies shall be held regularly.

The Company Group shall take a resolute stance against antisocial forces and groups, and shall sever all relationships with them. The General Affairs Department shall be in charge of measures in response to antisocial forces and groups, and shall strengthen cooperation with competent police stations and legal advisors to collect information.

**(7) Matters concerning employees who assist the duties of Audit & Supervisory Board Members, and matters concerning the independence of such employees from Directors and the ensuring of the effectiveness of instructions to such employees**

Some of the employees belonging to the Corporate Governance Department shall be selected to assist the duties of the Audit & Supervisory Board Members and the Audit & Supervisory Board.

In the event of appointment, dismissal, reassignment, or other personnel changes of such employees, or in the event of disciplinary action against such employees, the Company shall consult with the Audit & Supervisory Board Members in advance.

With respect to the duties of employees who are to assist the Audit & Supervisory Board Members and the Audit & Supervisory Board, the Audit & Supervisory Board Members may directly give commands and orders to the employees in charge of such duties.

**(8) Systems for reporting to Audit & Supervisory Board Members and systems to ensure that persons making such reports will not be treated unfavorably because of their having made such reports**

Directors shall report to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay on (i) matters resolved by the Management Meeting, (ii) matters that may cause significant damage to the Company Group, (iii) matters concerning monthly management conditions, business execution, and financial conditions, (iv) matters concerning internal audit and risk management, (v) matters concerning serious violations of laws and regulations and the Articles of Incorporation, and (vi) other important matters concerning corporate ethics and legal compliance. With respect to matters (ii), (v) and (vi), employees shall report such matters to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay.

Directors, Audit & Supervisory Board Members, employees, etc. of subsidiaries shall report without delay to the Company's Audit & Supervisory Board Members or the Audit & Supervisory Board directly or through the relevant departments of the Company any matters that may cause significant damage to the Company Group, any matters concerning serious violations of laws, regulations, or the Articles of Incorporation, and any other important matters concerning corporate ethics and legal compliance.

The Company shall prohibit any disadvantageous treatment of any person who makes a report to the Audit & Supervisory Board Members or the Audit & Supervisory Board by reason of such report, and shall make such prohibition known to all officers and employees of the Company and its subsidiaries.

**(9) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties**

When an Audit & Supervisory Board Member makes a request for prepayment of expenses, etc. to the Company in connection with the execution of his or her duties, the Company shall promptly process such expenses or liabilities, unless the expenses or liabilities in connection with such request are deemed not necessary for the execution of the Audit & Supervisory Board Member's duties.



**(10) Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively**

The Audit & Supervisory Board shall establish audit policies, audit plans, audit methods, and other matters deemed necessary for the execution of their duties.

In order to audit the implementation of internal controls, the Audit & Supervisory Board may at any time receive reports from the Directors and employees in charge of the Corporate Governance Department, General Affairs Department, Accounting & Finance Department, and other necessary departments.

Auditors shall be able to attend important meetings such as business committee meetings.

The Audit & Supervisory Board shall meet regularly with Representative Directors to exchange opinions on issues to be addressed by the Company, the status of the environment for Audit & Supervisory Board Members' audits, and important auditing issues, and shall make requests as deemed necessary in an effort to deepen mutual understanding with Representative Directors.

The Audit & Supervisory Board shall explain to the Representative Directors and the Board of Directors, as appropriate, the audit policy and plan, as well as the status and results of the audit.

The Audit & Supervisory Board shall meet regularly with the Accounting Auditor and request reports on the status of accounting audits and other matters.

*Overview of operation of systems, etc. to ensure proper business operations*

The Company is striving to develop and appropriately operate the above systems etc. and others to ensure the appropriateness of business operations.

Regarding compliance, in accordance with the Stanley Group Code of Conduct, the departments in charge conduct compliance-related education as well as training by outside attorneys to ensure penetration of compliance awareness. In addition, as a whistle-blowing system for employees and others to report violations of laws and regulations, the Company has established a Corporate Ethics Improvement Proposal Office at an outside law firm, and appropriate measures are taken while protecting the employees and others who report such violations.

Regarding the storage and management of information, contracts and other documents are properly stored and managed in accordance with the document management rule and other internal regulations, and the minutes of the Board of Directors meetings are properly recorded, prepared, stored and managed.

For risk management, the Company has established a system in which each department of the Company and each company of the Company Group reports risks, and the Company identifies and analyzes risks related to the Company and the Company Group, and takes appropriate action. In December 2023, a case involving fraudulent payment directions from a malicious third party resulting in an outflow of funds occurred at an Asia Pacific subsidiary of the Company. Together with the Asia Pacific subsidiary, the Company became aware that the directions were fraudulent shortly after the outflow detected. Recognizing the high possibility of criminal activity, the Company promptly established a team comprising legal professionals, then reported the outflow to local investigating authorities. While cooperating in all aspects of the investigation, the Company is devoting its utmost efforts to procedures for securing and recovering the lost funds.

Promptly after the discovery of the incident, the Company took measures to prevent any similar incident from occurring by informing the whole Company Group of the incident and adopting a system in which remittances cannot be made only by one department and require final confirmation by the Company's head office.

The Company is focusing on measures to prevent recurrence of the incident and strengthening the governance and compliance systems of the Company Group based on the report from the investigation committee comprising third parties, the outline of which is as follows:

- construction of a system to prevent any similar incident by strengthening the remittance system;
- prevention by including not only fraud but any "crimes against the company" as a risk and efficiently sharing and disseminating information; and
- improvement of awareness by thorough education for compliance with "Stanley Group Code of Conduct."

The Board of Directors makes decisions on matters stipulated by law and the Articles of Incorporation, as

well as important matters concerning management policies and strategies, and monitors and supervises the Directors' execution of their duties. During this business term, the Board of Directors met 14 times. With respect to the management of subsidiaries, the Director in charge of each subsidiary grasps the business activities of the subsidiary, provides appropriate guidance and supervision, receives reports on the status of business execution by the subsidiary and other important matters, and consults with the Company's Board of Directors and other important meetings as necessary.

In accordance with the auditing standards and audit plan established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, meet regularly with Representative Directors, receive reports from Directors and others on the execution of their duties, request explanations as necessary, inspect important approval documents, etc., and investigate the status of operations and assets at the head office and principal offices. With respect to subsidiaries, the Company requests reports from Directors, etc. of subsidiaries on the status of execution of their duties and examines the status of their operations and assets. The Company also meets regularly with the Accounting Auditor and receives reports on accounting audits and other matters. The Audit & Supervisory Board met 14 times during this business term. As for internal audits, the Corporate Governance Department, an independent and dedicated department, audits the overall operations of the Company Group from the perspective of effectiveness of internal controls, compliance, and other issues.

As of April 1, 2024, the basic policy regarding a system to ensure the appropriateness of duties was amended as follows due to the change from a business division system to a headquarters system :

- (i) "a system to ensure the efficient execution of duties of Directors"; and
- (ii) the Corporate Governance Promotion Department was changed to the Corporate Governance Department, and the Accounting & Finance Control Division to the Accounting & Finance Department.

End