

Last Update: June 21, 2024

F.C.C. CO., LTD.

Yoshitaka Saito, President and Representative Director

Contact: Corporate Planning Department of the Planning Division

Securities code: 7296

<https://www.fcc-net.co.jp/>

The corporate governance of F.C.C. CO., LTD. (the “Company”) is described below.

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

1. Basic Views

Based on its corporate philosophy, the Company endeavors to enhance its corporate governance as one of the top management issues, aiming to build trust of its stakeholders, including shareholders, customers, employees, and local communities, conduct an agile and decisive decision-making in a fair and transparent way and pursue its continuous growth and an increase in corporate value over the medium- to long-term.

Reasons for Non-compliance with the Principles of the Corporate Governance Code **Update**

[Supplementary Principle 2-4-1] Ensuring diversity in the promotion of core personnel

As the business environment undergoes significant transformation, the Group aims to transform itself into a company that continues to provide new value in the mobility and non-mobility areas to achieve sustainable growth. We will begin to develop a human resources portfolio to identify gaps in our current state and define the human resource requirements we need to develop new business and expand market share while maintaining the competitiveness of our core business. With this initiative as a starting point, we will implement appropriate measures while identifying the human resources issues to realize our medium-term strategy. In addition, we will promote the three pillars of “improvement in engagement,” “promotion of diversity,” and “human resources and skills development” of employees at the core of our policy, in order to develop human resources who can realize the “brand-new FCC” on their own and to create the foundations for innovation.

1) Improvement in engagement

The Company has identified improvement in employee engagement as a key indicator for “creating the foundations for innovation” and commenced engagement surveys from FY2024. Based on the survey results, we plan to set targets and determine policy direction.

2) Promotion of diversity

In terms of “diversity,” the Company has traditionally exhibited a small percentage of female employees in its core workforce. Therefore, focusing on “women’s activities,” we are targeting having the percentage of female employees promoted up one level equal to that of male employees by FY2027 and fostering an organizational culture in which women can play an active role.

3) Human resources and skills development

Ensuring that we take account of changes in the business environment, and to develop the human resources required to realize the

“brand-new FCC,” we have put in place a systematic human resources training system. From FY2025, our goal is to transform the quality of added value, and we will incorporate new company-wide DX training. In addition, to build the human foundations to drive innovation, we will first of all review the evaluation criteria for role behaviors required at management level. We aim to create a work environment in which employees are highly motivated to demonstrate their abilities and take on challenges.

We will also in due course consider setting KPIs and targets for the above and other initiatives for the Group as a whole in connection with the future transformation of the business portfolio.

For more information on human capital, please refer to the Sustainability Report.

URL: <https://www.fcc-net.co.jp/en/ir/> (in English)

[Supplemental Principle 3-1-3] Initiatives to Address Issues Surrounding Sustainability

The Group considers its impact on the environment, society, and the economy and is implementing various initiatives as part of its long-term corporate strategy to fulfill its social responsibility and resolve social issues.

With regard to the impact of climate change-related risks and revenue opportunities on its business activities, earnings, etc., the Company will enhance the quality and quantity of disclosures based on the TCFD or an equivalent framework.

For more information on sustainability, please refer to the Sustainability Report.

URL: <https://www.fcc-net.co.jp/en/ir/> (in English)

Disclosure Based on the Principles of the Corporate Governance Code **Update**

The Company has established Corporate Governance Guidelines concerning its basic views and policies on corporate governance, which are disclosed on the Company’s website. Please also refer to the following websites for other disclosure materials, such as financial results, briefing materials, and materials related to general meetings of shareholders.

IR information URL: <https://www.fcc-net.co.jp/en/ir/> (in English)

[Principle 1-4] Policy on cross-shareholdings, evaluation of suitability of shareholdings, and exercise of voting rights with respect to cross-shareholdings

Please refer to Article 5 of the Corporate Governance Guidelines, “Policy on Cross-Shareholdings.”

[Principle 1-7] Transactions Between Related Parties

Please refer to Article 6 of the Corporate Governance Guidelines, “Conflict-of-Interest Transactions.”

[Principle 2-6] Functioning as Asset Owner of Corporate Pension Funds

Given that the management of corporate pension funds affects employees’ stable asset building and the Company’s financial position, the Company conducts appropriate monitoring, including periodic confirmation of the investment policy, investment system, and investment performance of the asset management institution of a corporate pension fund.

[Principle 3-1]

(1) Management philosophy, management strategies, and business plans

Corporate Philosophy: Please refer to Article 1 of the Corporate Governance Guidelines, “Basic Views on Corporate Governance” <Corporate Philosophy>.

Management strategies and business plans: The Company has established a medium-term management plan, which is published at events such as financial results briefings.

(2) Basic views and policies on corporate governance

Please refer to the Corporate Governance Guidelines.

(3) Policies and procedures for determining remuneration for officers

Please refer to Article 11 of the Corporate Governance Guidelines, “Policy on Determining Remuneration for Officers.”

(4) Policies and procedures for the appointment and dismissal of Directors

Please refer to Article 10 of the Corporate Governance Guidelines, “Policy on Appointment and Dismissal of Directors.”

(5) Explanation of individual Director nominations

Please refer to the “Notice of Ordinary General Meeting of Shareholders.”

[Supplementary Principle 4-1-1] Matters determined by of the Board of Directors and Scope of Delegation to Management

Please refer to Article 8 of the Corporate Governance Guidelines, “Roles and Responsibilities of the Board of Directors.”

[Principle 4-9] Independence Standards for Outside Officers

Please refer to Article 9 of the Corporate Governance Guidelines, “Composition of the Board of Directors.”

[Supplementary Principle 4-10-1] Independence, Authority, and Roles of the Nomination Committee and Remuneration Committee

The majority of the Nomination and Remuneration Advisory Committee consists of independent Outside Directors.

Please refer to Article 8 of the Corporate Governance Guidelines, “Roles and Responsibilities of the Board of Directors.”

[Supplementary Principle 4-11-1] View on the Balance Between Knowledge, Experience and Capabilities of the Members of the Board of Directors as a Whole, and Diversity, and Size

Please refer to Article 9 of the Corporate Governance Guidelines, “Composition of the Board of Directors.”

Please refer to the “Notice of Ordinary General Meeting of Shareholders” for the Skill Matrix.

[Supplementary Principle 4-11-2] Directors’ Concurrent Positions as an Officer at Other Listed Companies

Please refer to the “Notice of Ordinary General Meeting of Shareholders.”

[Supplementary Principle 4-11-3] Evaluating the Effectiveness of the Board of Directors

With respect to the effectiveness of the Board of Directors in FY2024, the Company’s Directors (including Audit and Supervisory Committee Members) have conducted a self-assessment questionnaire, and the results were analyzed and evaluated by the Outside Directors who are Audit and Supervisory Committee Members. We conduct an annual “evaluation of the effectiveness of

the Board of Directors,” and it is important to evaluate the status of the Board of Directors and recognize issues, and use the evaluation as a basis to identify the direction of the Company’s Board of Directors and make continuous improvements. The questionnaire results for each of the evaluation items “number and composition of the Board of Directors,” “operation of the Board of Directors,” and “roles and responsibilities of the Board of Directors (Directors)” indicated generally appropriate responses and suggested that the Company’s Board of Directors is operating properly and effectively. In FY2024, we established a forum for informal discussions with Outside Directors and through the exchange of information achieved a better understanding of the business, and evaluation suggested a generally improving trend in “enhancing discussions on medium- and long-term management strategies and business portfolios,” which had been considered an issue in the previous fiscal year. On the other hand, it was commented that “further enhancement of discussions is necessary to accelerate commercialization of new projects.” Therefore, we will strive to improve the effectiveness of the Board of Directors through implementing measures to stimulate discussion such as organizing theme-based study sessions with external organizations.

[Supplementary Principle 4-14-2] Policy on Training for Directors

Please refer to Article 13 of the Corporate Governance Guidelines, “Training for Directors.”

[Principle 5-1] Policy on Constructive Dialog with Shareholders

Please refer to Article 3 of the Corporate Governance Guidelines, “Constructive Dialog With Shareholders.”

[Responses to achieve cost-of-capital and stock-price conscious management] (English disclosure available)

Under the business policy of “Second Founding: towards the brand-new FCC,” outlined in the Group’s 12th Medium-Term Management Plan, with FY2024 as the first year of this plan, we will strive to continuously increase corporate value by transforming our business structure and strengthening our management base. Please refer to the 12th Medium-Term Management Plan in the Financial Results Briefing Materials for details including financial strategies and targets.

URL: <https://www.fcc-net.co.jp/en/ir/> (in English)

[State of dialog with shareholders]

(1) Principal persons who engaged in dialog with shareholders

Financial results briefings are held twice a year, with explanations are provided by the President and Representative Director, the Head Officer of Business Operation, and others. Meetings with analysts and institutional investors are handled by the Corporate Planning Department of the Planning Division throughout the year.

(2) Summary of shareholders who engaged in dialog

Domestic and foreign institutional investors

(3) Main topics of dialog and shareholder interests

Changes in the environment surrounding the automotive industry, performance and progress of core and new businesses and future outlook, shareholder returns and capital policy

(4) State of feedback to management and the Board of Directors of shareholder opinions and concerns identified through dialog
Shareholder opinions are fed back to the Board of Directors.

(5) Matters incorporated as a result of dialog

Progress of the Medium-term Management Plan is explained in the financial results briefing materials.

2. Capital Structure **Update**

Foreign Shareholding Ratio	20% or more and less than 30%
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Status of Major Shareholders **Update**

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	10,881,288	21.87
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,247,800	10.55
Y.A Co., Ltd.	2,556,240	5.14
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefits Trust Account)	2,483,600	4.99
Custody Bank of Japan, Ltd. (Trust Account)	2,090,900	4.20
F.C.C. Supplier Stock Ownership Association	884,834	1.78
Ei Yamamoto	800,968	1.61
STATE STREET BANK AND TRUST COMPANY 505223	608,720	1.22
JP MORGAN CHASE BANK 385781	531,553	1.07
Japan Philanthropic Foundation	500,000	1.01

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
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Name of Parent Company, if applicable	None
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Supplementary Explanation **Update**

SMBC Nikko Securities Inc. and its joint holders, Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui DS Asset Management Company, Limited, made the change report for the substantial shareholding report available for public inspection as of May 11, 2022, describing that each of these companies held shares. Since the Company could not confirm the actual number of shares held by them as of March 31, 2024, they were not included in the above major shareholders.

Mizuho Bank, Ltd. and its joint holders, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd. and Asset Management One Co., Ltd. made the change report for the substantial shareholding report available for public inspection as of November 8, 2023, describing that each of these companies held shares. Since the Company could not confirm the actual number of shares held by them as of March 31, 2024, they were not included in the above major shareholders.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
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Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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5. Other Special Circumstances which May have Material Impact on Corporate Governance **Update**

Disclosure of Information on Minority Shareholder Protection and Group Management

(1) Views and policies on group management at other affiliated companies, etc.

Honda Motor Co., Ltd. falls under the category of an other affiliated company and owns 21.88% of the Company's voting rights. In addition, the Honda Motor Group accounts for approximately 38% of the Group's revenue. While maintaining a capital relationship with the Company, Honda Motor Co., Ltd. has a policy of respecting the independence of the Company's management, giving due consideration to the support of an effective governance structure that effectively utilizes our independent Outside Directors and the interests of minority shareholders such as by setting trading conditions based on the principle of competition.

(2) Views and measures, etc. necessary from the perspective of protecting minority shareholders with respect to ensuring independence from other affiliated companies, etc.

The Company continues to have a stable relationship with Honda Motor Co., Ltd. in terms of capital and business relations. However, in terms of business activities, decisions are made based on the Company's independent business judgment, by the Company's Board of Directors [ten Directors (including five independent Outside Directors, none of whom are dispatched from Honda Motor Co., Ltd.)]. Thus, the Company ensures a degree of independence from Honda Motor Co., Ltd., and gives due consideration to the interests of minority shareholders. Also, regarding the approach to determining sales prices to Honda Motor Co., Ltd., prices are negotiated and determined based on economic rationality and estimates taking into account factors such as market prices and the Company's production technology.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) **Update**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kunihiro Koshizuka	From another company											
Kazunori Kobayashi	From another company											
Kazumoto Sugiyama	Lawyer											
Mayumi Yamamoto	CPA											
Tae Kawashima	Lawyer											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2) **Update**

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Kunihiro		○	—	Kunihiro Koshizuka was elected

Koshizuka				<p>as an Outside Director in the light of his extensive experience and knowledge of technological strategy, new business creation, and digital and scientific technology at corporate management.</p> <p>No conflict of interest of any personal, financial, or commercial nature exists between the Company and him.</p> <p>When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.</p> <p>In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.</p>
Kazunori Kobayashi		○	—	<p>Kazunori Kobayashi was elected as an Outside Director in the light of his extensive experience and knowledge related to sales, business planning, and new business creation at corporate management.</p> <p>No conflict of interest of any personal, financial, or commercial nature exists between the</p>

				<p>Company and him.</p> <p>When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.</p> <p>In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.</p>
Kazumoto Sugiyama	○	○	——	<p>Kazumoto Sugiyama was elected as an Outside Director in the light of his specialized expertise and extensive experience of corporate legal affairs acquired as a lawyer. No conflict of interest of any personal, financial, or commercial nature exists between the Company and him.</p> <p>When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.</p>

				In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.
Mayumi Yamamoto	○	○	——	<p>Mayumi Yamamoto was elected as an Outside Director in the light of her specialized expertise and extensive experience of corporate finance and accounting affairs acquired as a Certified Public Accountant.</p> <p>No conflict of interest of any personal, financial, or commercial nature exists between the Company and her.</p> <p>When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.</p> <p>In accordance with the requirements of the Tokyo Stock Exchange, he is designated as independent officers and are registered with the said stock exchange as such.</p>
Tae Kawashima	○	○	——	Tae Kawashima was elected as an Outside Director in the light of her specialized expertise and extensive experience of corporate

				<p>legal affairs acquired as a lawyer.</p> <p>No conflict of interest of any personal, financial, or commercial nature exists between the Company and her.</p> <p>When electing Outside Directors, the Company gives due consideration to ensure that no conflict of interest exists between them and the Company's ordinary shareholders and that there is independence from the Company in view of the Companies Act, the standards set by financial instruments exchanges, and the like.</p> <p>In accordance with the requirements of the Tokyo Stock Exchange, she is designated as independent officers and are registered with the said stock exchange as such.</p>
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Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory Committee. The Audit and Supervisory Committee shall have responsibility for the Internal Audit Division, and the appointment, dismissal, personnel change, and revision of wages of employees in the Internal Audit Division shall be determined by the Board of Directors upon consent of the Audit and Supervisory Committee. The Company shall not

have Directors who assist the Audit and Supervisory Committee in its duties.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

In accordance with auditing policies, plans and division of responsibility established by the Audit and Supervisory Committee, each Audit and Supervisory Committee Member participates in meetings of the Board of Directors and other important meetings, and audits and oversees the execution of duties of the Directors and the development and operation of the Company’s internal control system by examining the status of operations and assets of the Company.

The Audit and Supervisory Committee shall exchange opinions with Representative Director, Directors and Accounting Auditor regularly or whenever necessary. The Audit and Supervisory Committee shall conduct audits effectively by cooperating closely with the Internal Audit Division.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee’s Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	6	1	1	5	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	6	1	1	5	0	0	Inside Director

Supplementary Explanation **Update**

The Nomination and Remuneration Advisory Committee has been established to strengthen the independence and objectivity of the Board of Directors’ functions pertaining to the nomination and remuneration of Directors, etc. and the accountability of the Board of Directors and to enhance its corporate governance.

The Nomination and Remuneration Advisory Committee comprises six Directors, of whom five are Outside Directors and the President and Representative Director serves as its chairperson, and deliberates and reports on findings pertaining to the nomination and remuneration of Directors, etc.

In FY2024, the committee convened four meetings to deliberate on the composition the election of Directors and a review of

remuneration for officers.

Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors

The company designates all outside officers who meet the qualifications of independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme,Other
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Supplementary Explanation for Applicable Items

Please refer to "Director Remuneration".

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total amount is disclosed in the annual securities report and business report.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Policy regarding the determination of details of remuneration, etc. for individual Directors is as follows.

1. Basic policy

The Company's remuneration for Directors is a remuneration system that is linked to business performance and shareholder benefit so that it can function as a sound and appropriate incentive for sustainable growth. The Company's basic policy on remuneration for individual Directors is to pay reasonable levels based on factors such as work responsibilities. Remuneration for

Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) comprises basic remuneration, remuneration based on individual assessment, performance-based bonus, and share-based remuneration. Remuneration for Outside Directors and Directors who are Audit and Supervisory Committee Members comprises only basic remuneration considering the duties involved in this role.

2. Basic remuneration

Basic remuneration is a fixed monthly remuneration paid in cash and is determined comprehensively taking into account factors including position, work responsibilities, and levels at other companies.

3. Remuneration based on individual assessment and performance-based bonus

Remuneration based on individual assessment is cash remuneration based on factors such as a qualitative assessment of the individual Director's contribution to business performance which is paid monthly as an addition to basic remuneration in the following business year.

Performance-based bonus is cash remuneration that reflect key performance indicators (KPI) aimed at enhancing awareness regarding improving business performance each business year. An amount calculated in accordance with consolidated business profit for each business year is paid as bonus at a fixed time each year. The Nomination and Remuneration Advisory Committee deliberates on any special factors that should be taken into consideration.

4. Share-based remuneration

Share-based remuneration is the granting of common shares subject to transfer restrictions ("restricted shares") until the time of retirement at a fixed time each year with the purpose of promoting shared value with shareholders.

5. Ratio of remuneration

This is considered by the Nomination and Remuneration Advisory Committee using remuneration levels, etc. at companies of a similar size and that belong in the same sector and business category as the Company as benchmarks. The target ratio of different types of remuneration, etc. at standard times is basic remuneration : remuneration based on individual assessment : performance-based bonus : share-based remuneration = 65:10:10:15.

6. Method for determining details of remuneration, etc.

Regarding items related to remuneration for officers, remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided by resolution of the Board of Directors within the scope of the maximum amount approved by the General Meeting of Shareholders after receiving recommendations from the Nomination and Remuneration Advisory Committee, of which Outside Directors form a majority, to ensure appropriateness and the objectivity and transparency of the decision making process. Remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among Directors who are Audit and Supervisory Committee Members within the scope of the maximum amount approved by the General Meeting of Shareholders.

The determination of the specific amount of remuneration for individual Directors has been entrusted to the President and Representative Director by resolution of the Board of Directors and the President and Representative Director makes these decisions based on recommendations from the Nomination and Remuneration Advisory Committee.

Support System for Outside Directors

The company provides board minutes and other relevant information to outside directors in a timely manner.

The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory

Committee.

Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
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Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as Representative Director and President, etc.

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Other Related Matters

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

The Board of Directors comprises ten Directors, of whom five are Outside Directors, and the President and Representative Director serves as its chairperson. In addition to making decisions on matters prescribed by laws and regulations and execution of important operations, the Board of Directors oversees the execution of duties of the Directors. The Audit and Supervisory Committee is composed of four Directors who are Audit and Supervisory Committee Members, of whom three are Outside Directors, and the Audit and Supervisory Committee Member (full time) serves as its chairperson. In accordance with auditing policies, plans and division of responsibility established by the Audit and Supervisory Committee, each Audit and Supervisory Committee Member participates in meetings of the Board of Directors and other important meetings, and audits and oversees the execution of duties of the Directors and the development and operation of the Company's internal control system by examining the status of operations and assets of the Company. As for the Accounting Auditor, the Company has concluded an audit contract with Yasumori Audit Corporation to undergo accounting audits in compliance with the Companies Act and Financial Instruments and Exchange Act. In addition, the Nomination and Remuneration Advisory Committee comprises six Directors, of whom five are Outside Directors and the President and Representative Director serves as its chairperson, and deliberates and reports on findings pertaining to the nomination and remuneration of Directors, etc.

In FY2024, the Company convened nine meetings of the Board of Directors, twelve meetings of the Audit and Supervisory Committee and four meetings of the Nomination and Remuneration Advisory Committee.

In accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company has concluded agreements limiting the extent of any liability for statutory compensation as stipulated in Article 423, paragraph 1 of the said Act with the Outside Directors and the Directors who are Audit and Supervisory Committee Members. The limits on compensation stipulated in these agreements are the minimum amounts prescribed in Article 425, paragraph 1 of the said Act.

3. Reasons for Adoption of Current Corporate Governance System

With the aim of strengthening the oversight function of the Board of Directors, improving the transparency and soundness of management and accelerating decision-making, the Company has adopted an institutional design of a company with an Audit and Supervisory Committee. The Company has a Board of Directors to oversee the execution of duties of the Directors. The Board of Directors comprises Directors who are well versed in the operations of the Company and Outside Directors with an objective, broad-ranging and in-depth perspective. The Nomination and Remuneration Advisory Committee has been established to strengthen the independence and objectivity of the Board of Directors' functions pertaining to the nomination and remuneration of Directors, etc. and the accountability of the Board of Directors. In light of its business contents and scale, the Company considers its current corporate structure as appropriate.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The notice of the general meeting of shareholders is sent earlier than the statutory deadline. In addition, prior to send, it is posted on our website and submitted to the Tokyo Stock Exchange as public documents.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The ordinary general meeting of shareholders is held early in consideration of the administrative schedule.
Electronic Exercise of Voting Rights	It is possible to exercise voting rights via the Internet using PC and smartphone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company has prepared a notice of general meeting of shareholders in English and posted it on the Company's website. In addition, it has been submitted to the Tokyo Stock Exchange as public documents.
Other	Since 2022, the Company has been conducting live streaming the general meeting of shareholders via the Internet for shareholders.

2. Status of IR-related Activities

Supplementary Explanation	Explanation by a representative director or a representative executive officer

Formulation and Publication of Disclosure Policies	It is announced on the Company's website.	
Regular Investor Briefings held for Individual Investors	Financial results briefings are held twice a year at the end of the fiscal year and the end of the second quarter, and the President and Representative Director gives explanations.	Available
Online Disclosure of IR Information	The Company posts statutory disclosure materials, timely disclosure materials, and other IR materials on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Planning Department of the Planning Division	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The basic policy of the Group's corporate philosophy is "F.C.C. Co., LTD. is committed to making a contribution to society by supplying products and services that make the best of ideas and technology to satisfy customers in every way," and The Company shall establish a charter of corporate conduct that is shared by the entire Group and implement it thoroughly.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group considers its impact on the environment, society, and the economy and is implementing various initiatives as part of its long-term corporate strategy to fulfill its social responsibility and resolve social issues.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have created a sustainability report and posted it on our website.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Basic policy regarding the internal control system

The Company resolved the following basic policy regarding the systems to ensure the proper execution of operations prescribed in the Companies Act at a meeting of the Board of Directors.

- System to ensure that the execution of duties by Directors and employees of the Company and Group companies complies with laws and regulations and the Articles of Incorporation

The Company shall establish a charter of corporate conduct that is shared by the entire Group and implement it thoroughly to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation and earns the trust of society.

Apart from appointing the Compliance Officer, who is in control of compliance, the Company shall establish an internal reporting system to promote compliance.

· System for storing and managing information on the execution of duties by the Company's Directors

The Company shall establish the information management policy and various regulations, and appropriately store and manage information regarding the execution of duties by the Directors.

· Regulations and other systems for managing risk of losses of the Company and Group companies

The Company shall appoint a Risk Management Officer, who is in control of risk management, identify risk in the Group's business activities and develop a system for the appropriate management of the identified risk.

The Company's Board of Directors shall evaluate the management risk of important matters for the entire Group and determine the response.

· System to ensure the efficient execution of duties by Directors of the Company and Group companies

A meeting of the Board of Directors of the Company shall be held once or more in three months and on an extraordinary basis whenever necessary to take decisions on legally required matters and important operations, and oversee the execution of duties by the Directors.

The Company shall expedite and increase the efficiency of the management decision-making process using meetings such as management meetings and the executive officer system.

The Company shall draw up a medium-term management plan and annual business plan to manage the progress of operations and promote the effective use of management resources of the entire Group.

The Company shall establish segregation of duties, reporting lines, and other organizational standards in the regulations for executing duties, etc.

· System for reporting from Group companies to the Company and other systems to ensure the proper execution of operations within the corporate group comprising the Company and Group companies

The Company shall establish the charter of corporate conduct, group policies, group guidelines and various regulations with the aim of properly managing Group companies in accordance with their scale of business and significance, etc.

The Company shall oblige Group companies to report to it on a regular basis and develop a system for having them report specified important matters promptly.

The Internal Audit Division of the Company shall audit the Company and Group companies regularly or whenever necessary.

· Matters concerning Directors and employees who assist the Audit and Supervisory Committee of the Company in its duties

The Company shall establish the Internal Audit Division as an organization to assist the duties of the Audit and Supervisory Committee. The Audit and Supervisory Committee shall have responsibility for the Internal Audit Division, and the appointment, dismissal, personnel change, and revision of wages of employees in the Internal Audit Division shall be determined by the Board of Directors upon consent of the Audit and Supervisory Committee. The Company shall not have Directors who assist the Audit and Supervisory Committee in its duties.

· System for reporting to the Audit and Supervisory Committee of the Company

Audit and Supervisory Committee Members shall attend meetings of the Board of Directors and other important meetings, and be allowed to request Directors and employees of the Company and Group companies to report to them whenever necessary.

Upon receiving a request from the Audit and Supervisory Committee for a report, the Director or employee shall report to it promptly and appropriately.

The Company shall establish an internal reporting system to ensure an appropriate system for reporting to the Audit and Supervisory Committee.

The Company shall develop a system to prohibit unfavorable treatment of a reporting party in its operation rules for the internal reporting system.

· Matters regarding the policy for handling expenses and debts incurred for executing duties by the Audit and Supervisory Committee Members of the Company

If the Audit and Supervisory Committee requests payment of expenses needed for executing its duties, the Company shall pay such expenses promptly.

The Audit and Supervisory Committee shall factor expenses deemed necessary for executing its duties into the budget in advance. Provided, however, that the Audit and Supervisory Committee shall be allowed to request reimbursement of emergency or extraordinary expenses after the fact.

· Other systems to ensure audits by the Audit and Supervisory Committee of the Company are conducted effectively

The Audit and Supervisory Committee shall exchange opinions with Representative Director, Directors and Accounting Auditor regularly or whenever necessary.

The Audit and Supervisory Committee shall conduct audits effectively by cooperating closely with the Internal Audit Division.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company recognizes that taking a resolute stance against antisocial forces is an extremely important issue from the perspective of corporate social responsibility.

The Company has taken appropriate measures to prevent damage caused by antisocial forces through the operation of its internal control system and will continue to strengthen its internal system and cooperation with external specialized organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

Overview of timely disclosure system

· The Company has established its Disclosure Policy. The basic policy of disclosure and the method of information disclosure are as follows:

Basic policy of disclosure

In addition to disclosing information to shareholders and investors in accordance with the Companies Act, the Financial Instruments and Exchange Act, and the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, the Company strives to promptly provide information that it judges may be effective in helping understand the Company, in a transparent, fair and ongoing manner.

Method of information disclosure

Information subject to the Timely Disclosure Rules is disclosed through the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange in accordance with those rules. Publicly disclosed information will be posted promptly on the Company's website.

- Information on financial results, decisions, and facts which occurred

The Company discloses information on financial results, decisions, and facts which occurred as determined by the Board of Directors. The Audit and Supervisory Committee and the Internal Audit Division conduct monitoring as appropriate.

