

The status of corporate governance at KOA CORPORATION is as follows.

I Basic approach to corporate governance, capital structure, company attributes, and other basic information

1. Basic approach

Our corporate mission is to establish a strong relationship of mutual trust with the five stakeholders that have been supporting us: our shareholders, customers and business partners, the local community, employees and their families, and Mother Earth.

KOA Corporation ("the Company") believes corporate ethics based on compliance with laws and regulations, timely decision-making by management in response to changes in the business environment, and enhancement of the soundness, transparency, and fairness of management are necessary for the sustainable creation of corporate value. We strive to enhance our corporate governance to achieve these goals.

Reasons for not implementing principles laid out in the Corporate Governance Code Updated

[Supplemental principle 2-4-1 Ensuring diversity in promotion to core human resources]

The Company actively hires women, foreign nationals, people with disabilities, and mid-career hires based on the belief that diversification of human resources and the development of such human resources will lead to corporate value improvement in the medium to long term. Regarding our human resource development policy, we strive to enhance our training programs and systems to support independent career development (by providing career training by age group, career vision training for women, etc.). In addition, we have established an environment in which employees can continue to work with peace of mind, for example by adopting our Rejoin System (to assist employees returning to work after taking leave for parenting, caregiving, etc.). We have yet to establish measurable numerical targets for the promotion of women, foreign nationals, people with disabilities, and mid-career hires to management positions but will continue to promote measures to ensure diversity and will consider setting targets.

[Supplemental principle 2-5-1 Establishing a framework for whistleblowing]

After much consideration regarding the establishment of a contact point independent of management, we have begun preparations to do just that. In addition to the existing internal contact point under our in-house Whistleblower Regulations (the KOA Hotline), we are working to create a system that allows whistleblowers to make reports anonymously (for example using a new external contact point), prohibits disadvantageous treatment of whistleblowers, and protects whistleblowers through an obligation of confidentiality on all involved parties, so that whistleblowers can make reports with peace of mind.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Company entrusts the management of corporate pension funds to designated institutions, considering appropriate asset allocation to ensure stable asset formation for our employees. We also suitably manage and monitor operational performance and other aspects by receiving periodic reports from each institution. Although we have yet to assign personnel with sufficient qualifications and abilities to achieve full oversight, we have posted personnel in relevant departments to monitor the operations of those institutions appropriately. In addition, we will consider introducing the use and appointment of external experts and advisors and formulating guidelines and standards for monitoring the designated institutions according to changes in the scale of the corporate pension funds.

[Supplemental principle 4-1-3 Succession plan for CEO and other top executives]

The Board of Directors has formulated and will update management strategies to respond quickly to changes in the business environment based on the Company's corporate philosophy. The Board of Directors will also appropriately review the implementation status of those strategies, continuously discuss the image of management as it changes with the times, and strive to develop the right people for management.

Disclosure based on principles laid out in the Corporate Governance Code Updated

[Principle 1-4 Cross-Shareholdings]

The Company holds shares of business partners as cross-shareholdings to strengthen business relationships. When considering such shareholdings, we decide whether to invest based on a comprehensive consideration of the advantages (profit) the Company can gain by strengthening its business relationships, the amount of the investment, and other factors. The Board of Directors regularly checks the status of holdings and verifies the appropriateness of maintaining such holdings by comparing and analyzing performance, including total returns and risk of losses. We currently have no unified standards regarding voting rights for cross-shareholdings. Still, when exercising voting rights, we carefully examine total returns and other performance indicators, whether the content of proposals subject to voting will contribute to improved shareholder value, and whether there are any concerns. If there are concerns, we will exercise the voting rights appropriately after checking with the investee company.

[Principle 1-7 Related Party Transactions]

If a related party transaction constitutes a conflict of interest for a director, that transaction is subject to the approval of the Board of Directors in accordance with the provisions of the Companies Act. For transactions that do not constitute a conflict of interest, our Finance Affairs Group confirms with the Company's officers at the end of each fiscal year whether there are any transactions stipulated in the "Accounting Standard for

Related Party Disclosures” and reports to the Board of Directors for approval if necessary.

[Supplemental principle 2-4-1 Ensuring diversity in promotion to core human resources]

Please refer to “Reasons for not implementing principles laid out in the Corporate Governance Code” in Section I of this report.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

Please refer to “Reasons for not implementing principles laid out in the Corporate Governance Code” in Section I of this report.

[Principle 3-1 Full Disclosure]

(1) The Company’s goals (including the management philosophy), management strategies, and management plans

KOA’s management philosophy can be found on KOA’s website.

In terms of management plans, we have posted on our website our long-term vision for 2030 (2030 Vision) and our medium-term management plan for the three years from the fiscal year ended Mar 31, 2023 to the fiscal year ending Mar 31, 2025 (2024 Medium-Term Management Plan). This 2024 Medium-Term Management Plan is positioned as Phase 1, “building a foundation to realize solid growth,” of our efforts to realize the 2030 Vision. The medium-term plan includes these six key measures: “establishment of a production system for 2030,” “evolution (*shinka*) of KOA Profit System (KPS) activities,” “introduction of Innovation Management System (IMS),” “introduction of renewable energy and reduction of electricity consumption,” “human resource development to create the future,” and “new governance initiatives.”

KOA’s management philosophy: https://www.koaglobal.com/corporate/principle/message?sc_lang=en

2030 Vision and 2024 Medium-Term Management Plan: https://www.koaglobal.com/corporate/story/story3?sc_lang=en

(2) Basic approaches and basic policies regarding corporate governance

Please refer to “1. Basic approach” in Section I of this report.

(3) Policies and procedures in the Board of Directors’ decisions on compensation for top management and directors

Please refer to “1. Organizational composition and operation,” “Director compensation,” “Disclosure of policy on determining compensation amounts and calculation methods” in Section II of this report.

(4) Policies and procedures in the Board of Directors’ selection or **dismissal** of top management and nomination of director and auditor candidates

< Director candidates >

The Company’s policy is for the Board of Directors to have the minimum number of directors necessary for accurate and timely decision-making. For this purpose, the Company appoints directors who are most familiar with the Company’s management functions. To achieve integrated, consolidated management, directors concurrently serve as directors of domestic and overseas subsidiaries. They are required to have knowledge and experience both in their areas of responsibility and in general management. In addition, we have established our own independence standards for outside directors based on the Tokyo Stock Exchange’s criteria for determining the independence of independent officers, and we also require outside directors to have knowledge and experience in general management.

Based on these criteria, the Board of Directors determines director candidates after receiving a report from the Nomination and Compensation Committee, the majority of whose members are independent outside directors.

< Corporate auditor candidates >

Considering the nature and scale of the Company’s business, its management environment, and its auditing system, the Company selects as corporate auditor candidates individuals who are qualified to audit the status of directors’ business execution from a fair and objective standpoint and contribute to improving the soundness and transparency of management, and who have extensive knowledge and experience in business management and operations.

At least half of the corporate auditors are to be outside auditors, and the Company endeavors to find personnel from a wide variety of fields who meet the independence standards established by the Tokyo Stock Exchange and the Company itself.

Based on these criteria and recommendations from the representative director, the Board of Directors determines corporate auditor candidates. The consent of the Board of Corporate Auditors is obtained regarding these corporate auditor candidates.

< Dismissal of top management >

In cases where it is deemed a member of management is not functioning adequately based on the responsibilities to be fulfilled, or other circumstances warranting dismissal arise, the Nomination and Compensation Committee, with an emphasis on transparency, will investigate the cause, clarify where responsibility lies, deliberate the matter, and report to the Board of Directors. Based on that report, the Board of Directors will also deliberate on the matter and decide whether dismissal is appropriate.

(5) Explanation of individual selections and nominations when the Board of Directors selects top management and nominates director and corporate auditor candidates based on (4) above

Reasons for individual nominations of director and corporate auditor candidates are disclosed in reference materials accompanying the Notice of Convocation of the General Meeting of Shareholders.

[Supplemental principle 3-1-3 Disclosure of initiatives on sustainability]

Based on the recognition that proactive efforts to address sustainability issues are important for management, the Company formulated its 2030 Vision in April 2022. It set non-financial targets related to climate change measures and human capital in its 2024 Medium-Term Management Plan, covering the three years from the fiscal year ended Mar 31, 2023 to the fiscal year ending Mar 31, 2025. In February 2023, we signed and expressed our support for the United Nations Global Compact. We have disclosed these sustainability initiatives in our Integrated Report. We also reveal the impact of climate change-related risks and earning opportunities on the Company in the Integrated Report based on TCFD recommendations.

2030 Vision and 2024 Medium-Term Management Plan: https://www.koaglobal.com/corporate/story/story3?sc_lang=en

Integrated Report: https://www.koaglobal.com/ir/library/integrated_report_en

[Supplemental principle 4-1-1 Clarification of the role of the Board of Directors and the scope of delegation to management]

The Company has established the “Regulations of the Board of Directors” and the “Regulations on Organization and Division of Duties” to define what the Board of Directors and top management should determine and decide, with the main objectives of timely decision-making in response to changes in the business environment and enhancement of the soundness, transparency, and fairness of management.

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

In appointing outside directors, we select individuals who meet both the independence standards established by the Tokyo Stock Exchange and the Company's independence standards for outside directors, ensuring they have a high level of expertise and a wealth of experience and knowledge in corporate management, legal affairs, accounting, etc., and who can provide frank and constructive advice and supervision of our corporate management.

[Supplemental principle 4-10-1 Advisory committee on nomination and compensation]

The Company's Board of Directors has established the Nomination and Compensation Committee as a discretionary advisory body to improve corporate governance by enhancing the fairness, transparency, and objectivity of the Board of Directors' functions concerning the nomination and compensation of directors. The Nomination and Compensation Committee comprises the chair of the Board of Directors, the representative director and president, and three independent outside directors, with one of the independent outside directors serving as chair.

[Supplemental principle 4-11-1 View on the appropriate balance between knowledge, experience, and skills of the Board of Directors as a whole, and on diversity and appropriate Board size]

The Company's policy is for the Board of Directors to have the minimum number of directors necessary for accurate and timely decision-making.

For this purpose, the Company appoints directors who are most familiar with the Company's management functions. To achieve integrated, consolidated management, directors concurrently serve as directors of domestic and overseas subsidiaries. They are required to have knowledge and experience in both their areas of responsibility and general management, for example, in corporate strategy, corporate management, quality assurance, technology, production, sales, and overseas business. In addition to seeking individuals with expertise in these areas, we strive to create a Board of Directors with a good balance of knowledge, experience, and skills, while considering diversity in terms of gender, nationality, and other factors. Furthermore, we select outside directors with an awareness of diversity in terms of experience and the fields in which they have experience. Based on these criteria, the Board of Directors determines director candidates after receiving a report from the Nomination and Compensation Committee, the majority of whose members are independent outside directors.

[Supplemental principle 4-11-2 Status of directors and corporate auditors concurrently holding positions at other listed companies]

The Board of Directors, which deliberates on the convening of the General Meeting of Shareholders, confirms whether concurrent positions held by the Company's officers, including outside directors and outside corporate auditors, are within a reasonable range for them to appropriately fulfill their roles and responsibilities at KOA. This information is disclosed in the business report included with the Convocation Notice for the General Meeting of Shareholders.

[Supplemental principle 4-11-3 Analysis and evaluation of the effectiveness of the Board of Directors]

The "Council of Outside Directors," comprised solely of outside directors, evaluates the effectiveness of the Board of Directors once a year. The evaluation covering the fiscal year ended Mar 31, 2022 confirmed the effectiveness of the Board of Directors was sufficient. Still, it also pointed out that self-evaluations by all directors were necessary to improve corporate governance further. The evaluation of the effectiveness of the Board of Directors in the fiscal year ended Mar 31, 2023, therefore, included analysis and evaluation based on self-evaluations of all officers, including members of the Council of Outside Directors and corporate auditors.

(1) Analysis and evaluation process

The Company distributed a self-evaluation questionnaire with both multiple-choice and open-ended responses to all directors and corporate auditors and obtained responses from all members, where the respondents gave their names. Main evaluation items concerned the composition of the Board of Directors, operational status of the Board of Directors, nomination and compensation, relationships with stakeholders, internal controls, and officer training.

(2) Results of analysis and evaluation, and recognition of issues

The evaluation of the effectiveness of the Board of Directors in the fiscal year ended Mar 31, 2023 is summarized as follows. Based on this evaluation, we will give due consideration to issues and continue efforts to improve the effectiveness of the Board of Directors.

(i) Composition of the Board of Directors

The Company needs to consider ways to strengthen the decision-making and supervisory functions of the Board of Directors and speed up business execution.

(ii) Secretariat operation and provision of information

To promote more accurate consideration of investment projects, it is desirable to have an objective evaluation of investment projects from the finance department to supplement the opinions of the relevant departments.

From the viewpoint of constructive discussion of management strategy by the Board of Directors, it is desirable to provide outside directors with information on discussions of the Group's management policy at the "Consolidated Management Strategy Meeting."

(iii) Agenda

Although there have been improvements in proposal materials to ensure early distribution and more focused content, there are still cases where explanations run long. In addition, using easily understood terminology in place of internal technical terms is desirable to facilitate communication between inside and outside directors. It is necessary to keep improving materials and explanations to enliven discussion in meetings of the Board of Directors and further improve effectiveness.

(iv) Nomination and compensation

The Nomination and Compensation Committee, with a majority of outside directors as members, is also chaired by an outside director and is responsible for providing independent reports on the nomination of and compensation for officers. Regarding compensation, it is necessary to enhance fairness, transparency, and objectivity, and to deepen discussions on the proportion of compensation linked to business performance in the medium and long term and how compensation can be used as a more appropriate incentivizing factor. Regarding nominations (including training as part of succession planning), it is necessary to identify the skills each director should possess to help the Company achieve

sustainable growth and to continue considering successor selection and training methods.

(v) Relationships with stakeholders

The Company holds semi-annual financial results briefings for institutional investors, analysts, and others. It is desirable to increase opportunities for constructive dialogue between directors and domestic and foreign investors to deepen investors' understanding of the Company and enhance their awareness of management from a shareholder perspective.

(vi) Internal controls

Regarding methods of identifying business environment risks related to, for example, economic security, decarbonization, sustainability, and human rights, we will continue to review the ongoing efforts of our Risk Management Committee and further clarify the definitions of "risk impact" and "risk probability" to identify risks of high importance more reliably.

(vii) Officer training

While the Company provides training opportunities so that officers can appropriately fulfill their roles, further improvements are needed to ensure that the Board of Directors makes appropriate decisions.

[Supplemental principle 4-14-2 Training policy for directors and corporate auditors]

The Company provides training for internal directors and corporate auditors by having them participate in training sessions held outside the Company to acquire the knowledge and skills necessary for management and auditing. Training for outside directors and outside corporate auditors includes periodic explanations of the Company's business operations, management structure, and strategies, along with visits to business offices and other locations as necessary. In addition, we provide opportunities for participation in specialized training and other training programs from time to time regarding topics that affect the business environment, such as legal revisions and social conditions.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The Company has established the following system based on its basic policy of actively engaging in constructive dialogue with shareholders and other investors to contribute to improvement in corporate value over the medium to long term.

(1) The Company has designated a management team and the director in charge of the Management Administration Initiative to oversee overall dialogue with shareholders, including about the matters described in (2) through (5) below, and to ensure the dialogue remains constructive.

(2) Measures for organic collaboration among IR, corporate planning, general affairs, financial affairs, legal affairs, and other departments assisting in dialogue

The Management Strategy Center and General Affairs Center work together on this. In addition, managers within each center overseeing corporate planning, general affairs, legal, finance/accounting, CSR, and human resources, meet at least once a month to confirm and analyze information that contributes to dialogue.

(3) Efforts to enhance means of dialogue other than individual meetings (e.g., investor briefings and IR activity)

The day after the first half and full-year financial results are announced, an IR briefing session for institutional investors is attended by the representative director and the director overseeing accounting. After these IR meetings, the general manager of the Management Strategy Center holds small meetings for institutional investors and others over about a week.

(4) Measures for appropriate and effective feedback of shareholder opinions and concerns obtained through dialogue to top management and the Board of Directors

The Management Strategy Center and General Affairs Center coordinate and consolidate opinions and concerns received through dialogue and provide feedback to the Board of Directors via the director overseeing Management Administration. Details of this feedback are conveyed to the responsible departments, mainly via the director in charge, to be considered in terms of issues to be addressed in corporate activities.

(5) Measures for managing insider information during dialogue

In accordance with the "Insider Trading Management Regulations," we honor the blackout period (from the business day following the accounting date to the day of the earnings announcement) and appropriately manage insider information.

Actions to realize management conscious of capital costs and stock prices

KOA Corporation formulated its 2030 Vision in April 2022 to continuously increase corporate value. In the 2024 Medium-Term Management Plan, covering the three years from the fiscal year ended Mar 31, 2023 to the fiscal year ending Mar 31, 2025, the Company set and disclosed numerical targets of JPY 87 billion or more in sales, JPY 11 billion or more in operating income, operating margin of at least 13%, and ROE of at least 11%. KOA Corporation also strives to help its investors and shareholders understand and appreciate the Company by disclosing specific measures and progress toward achieving our goals in financial results briefing materials and our Annual Securities Report.

2030 Vision and 2024 Medium-Term Management Plan: https://www.koaglobal.com/corporate/story/story3?sc_lang=en
Presentation materials for FY03/23 results (in Japanese only): <https://ssl4.eir-parts.net/doc/6999/tdnet/2265114/00.pdf>
FY03/23 Annual Securities Report (in Japanese only): https://ssl4.eir-parts.net/doc/6999/yuho_pdf/S100R80W/00.pdf

2. Capital structure

Ratio held by non-Japanese shareholders

10% or more, and less than 20%

Status of major shareholders Updated

Name	Shares held	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,818,600	18.39
Custody Bank of Japan, Ltd. (trust account)	3,211,300	8.66
Nippon Life Insurance Company	2,226,650	6.00
The Hachijuni Bank, Ltd.	1,832,400	4.94
The Nomura Trust and Banking Co., Ltd. (investment trust account)	1,056,100	2.84
MUFG Bank, Ltd.	1,000,000	2.69
Mitsubishi UFJ Trust and Banking Corporation	700,000	1.88
Koito Manufacturing Co., Ltd.	680,350	1.83
KOA Kyoeikai	676,230	1.82
Sompo Japan Insurance Inc.	653,500	1.76

Controlling shareholders (excluding parent company)	-----
Parent company	None

Supplementary explanation Updated

The status of major shareholders is as of September 30, 2023.

KOA held 3,385,038 treasury shares as of September 30, 2023.

3. Company attributes

Listed stock exchanges and market segments	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Fiscal year-end	March
Industry	Electrical equipment (electronic components)
Consolidated number of employees at end of most recent business year	1,000 or more
Consolidated sales in the most recent business year	JPY 10 billion or more, and less than JPY100 billion
Number of consolidated subsidiaries at end of most recent business year	10 or more, and fewer than 50

4. Policies regarding the protection of minority shareholders in the event of transactions involving controlling shareholders

5. Other special conditions with significant impact on corporate governance

II Status of corporate management organizations and other corporate governance structures related to management decision-making, execution, and direction

1. Organizational composition and operation

Organization Form	Company with corporate auditors
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Directors

Maximum number of directors stipulated in Articles of Incorporation	13
Term of office stipulated in Articles of Incorporation	1 year
Chairman of the Board	Company President
Number of directors	12
Appointment of outside directors	Appointed
Number of outside directors	5
Number of outside directors designated as independent directors	5

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Michael John Korver	Other													
Toru Kitagawa	From another company													
Koji Takahashi	From another company													
Hitoshi Ozawa	From another company													
Sachiko Sumi	From another company													

* Categories for "relationship with the Company"

* "○" when the director currently 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 currently falls or has recently fallen under the category; "▲" when the close relative fell under the category in the past

a Executive of a listed company or its subsidiaries

b Executive or non-Executive Director of the parent company of a listed company

c Executive of a fellow subsidiary company of a listed company

d A party whose major client or supplier is a listed company, or an executive thereof

e Major client for supplier of a listed company, or an executive thereof

f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from a listed company aside from executive compensation

g Major shareholder of a listed company (or an executive of the said major shareholder when the shareholder is a corporate entity)

h Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f)

i Executive of a company between which external directors are mutually appointed (the said individual only)

j Executive of a company or organization that receives a donation from a listed company (the said individual only)

k Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation of the applicable item	Reasons for appointment
Michael John Korver	○	———	<p>Mr. Michael John Korver is a highly experienced corporate strategist and business administrator, as well as a distinguished scholar. Since becoming a director of the Company, Mr. Korver has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident he will continue contributing to the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe he will take part in and supervise the selection of director candidates and the determination of officer compensation of the Company from an objective and neutral standpoint.</p> <p>Mr. Korver has no special interest relationship with the Company, and we have designated him as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.</p>

Toru Kitagawa	○	----	Mr. Toru Kitagawa has in-depth knowledge and experience in accounting and corporate management, much of which stems from his service as a chief financial officer and corporate planning manager at a listed company. Since becoming a director of the Company, Mr. Kitagawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident he will continue contributing to the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe he will take part in and supervise the selection of officer candidates and the determination of officer compensation of the Company from an objective and neutral standpoint. Mr. Kitagawa has no special interest relationship with the Company, and we have designated him as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Koji Takahashi	○	----	Mr. Koji Takahashi has a wealth of experience and knowledge, having held essential positions, mainly as an engineer in the electronic components industry. Since becoming a director of the Company, Mr. Takahashi has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident he will continue contributing to the Company's business and help ensure that the Board of Directors functions effectively. Mr. Takahashi has no special interest relationship with the Company, and we have designated him as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Hitoshi Ozawa	○	----	Mr. Hitoshi Ozawa has a wealth of experience and knowledge as a corporate manager. Since becoming a director of the Company, Mr. Ozawa has duly fulfilled his duties, including advising on business strategy and overseeing management. We are therefore confident he will continue contributing to the Company's business and help ensure that the Board of Directors functions effectively. In addition, we believe he will take part in and supervise the selection of officer candidates and the determination of officer compensation of the Company from an objective and neutral standpoint. Mr. Ozawa has no special interest relationship with the Company, and we have designated him as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Sachiko Sumi	○	----	Ms. Sachiko Sumi is qualified as a psychoanalyst, labor manager, and industrial counselor. She also has expert knowledge and deep insight regarding human resources development as the representative of the SUMI Human Resources Development Inst. KOA Corporation expects she will use her experience and expertise to improve employee satisfaction and promote the advancement of women in their careers and leadership positions in the Company. The Company has a consulting contract with the consulting company Ms. Sumi manages. However, the annual consulting fee is no more than JPY 5 million, and the Company recognizes the candidate as independent since she satisfies the Company's "Standards for Determining Independence."

Voluntary establishment of committee(s) corresponding to nominating committee or compensation committee

Yes

Status of establishment of committees, member composition, and chair attributes

	Committee name	Total number of members	Full-time members	Inside directors	Outside directors	Outside experts	Other members	Chair
Voluntary committee equivalent to nominating committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside director

Voluntary committee equivalent to compensation committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside director
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Supplementary explanation

The Nomination and Compensation Committee was established as a discretionary advisory body to the Board of Directors to enhance corporate governance by strengthening the fairness, transparency, independence, and objectivity of the Board of Directors' functions related to the nomination and compensation of directors. The members of the Nomination and Compensation Committee are the chair of the Board of Directors, the representative director and president, and three independent outside directors, with the chair being an independent outside director.

Auditors

Establishment of a Board of Corporate Auditors	Established
Maximum number of auditors stipulated in Articles of Incorporation	4
Number of auditors	4

Status of collaborations with auditors, the accounting auditor, and the internal auditing division

Corporate auditors observe on-site audits by the accounting auditor, attend audit review meetings, receive reports from the accounting auditor, and work together with the accounting auditor to enhance the effectiveness of audits.

Appointment of outside auditors	Appointed
Number of outside auditors	2
Number of outside auditors designated as independent auditors	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Tetsuro Kamijikkoku	Attorney-at-law														
Yoshiko Iinuma	Tax accountant														

* Categories for "relationship with the Company"

* "○" when the auditor currently falls or has recently fallen under the category; "△" when the director fell under the category in the past

* "●" when a close relative of the auditor currently falls or has recently fallen under the category; "▲" when the close relative fell under the category in the past

a Executive of a listed company or its subsidiaries

b Non-Executive Director or accounting advisor for a listed company or its subsidiaries

c Executive or non-Executive Director of the parent company of a listed company

d Auditor of the parent company of a listed company

e Executive of a fellow subsidiary company of a listed company

f A party whose major client or supplier is a listed company, or an executive thereof

g Major client for supplier of a listed company, or an executive thereof

h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from a listed company aside from executive compensation

i Major shareholder of a listed company (or an executive of the said major shareholder when the shareholder is a corporate entity)

j Executive of a client or supplier company of a listed company (which does not correspond to any of f, g, or h)

k Executive of a company between which external directors are mutually appointed (the said individual only)

l Executive of a company or organization that receives a donation from a listed company (the said individual only)

m Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation of the applicable item	Reasons for appointment
Tetsuro Kamijikkoku	○	-----	As an attorney-at-law, he has extensive knowledge and insight about corporate legal affairs, and we believe he will be able to play a role in monitoring and supervising the Company's management from a professional and neutral standpoint. The Company does not currently have a consulting or advisory contract with him, and we have designated him as an independent officer based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Yoshiko Inuma	○	-----	As a tax accountant, she has a wealth of knowledge and insight about finance and accounting, and we believe she will be able to play roles in overseeing and supervising the management of the Company from a professional and neutral standpoint. The Company does not currently have an advisory contract with the tax accounting firm she manages, and we have designated her as an independent officer based on the judgment that there is no risk of a conflict of interest between her and general shareholders.

Independent officers

Number of independent officers

7

Other items related to independent officers

Incentives

Status of measures related to incentives provided to directors

Introduction of performance-linked compensation system

Supplementary explanation of the items in question

Please refer to "1. Organizational composition and operation," "Director compensation," "Disclosure of policy on determining compensation amounts and calculation methods" in Section II of this report.

Persons receiving stock options

Supplementary explanation of the items in question

Director compensation

Status of disclosure (of individual directors' compensation)

No individual disclosure conducted

Supplementary explanation of the items in question

Details of executive compensation in FY03/23 are as follows.

- Directors (seven, excluding outside directors): JPY 317 million
- Corporate auditors (two, excluding outside corporate auditors): JPY 53 million
- Outside executives (seven): JPY 41 million

(Note)

1. The amount paid to directors does not include the employee salary of directors who also serve as employees.
2. The amount paid to outside officers includes payment to one outside director who retired at the close of the 94th Ordinary General Meeting of Shareholders held on June 18, 2022.

Policy on determining compensation amounts and calculation methods

Established

At a meeting of the Board of Directors held on June 23, 2022, a resolution was passed to change the policy regarding determining the amount of compensation for officers and the method of calculating it. Details are as follows.

Director compensation comprises base compensation, executive bonuses that are performance-linked compensation, and non-monetary compensation, and the Company's policy is to set the most appropriate payment ratio for motivating each director to improve our corporate value. The amounts of base and performance-linked compensation are determined on an individual basis within the limits of the following compensation amounts, while the amount of non-monetary compensation is set independent of the monetary compensation limits. Outside directors receive only the base compensation.

1. Base compensation is determined according to the position, roles, and responsibilities.
2. Payment of executive bonuses and amounts to be paid are linked to consolidated business results (sales, operating margin, return on equity, etc.) for the relevant fiscal year.
3. Non-monetary compensation is allocated to directors in the form of shares of the Company's common stock subject to a certain transfer restriction period and reasons set by the Company for the acquisition of such shares without consideration. An overview of this "restricted stock" is as follows.

(1) The total amount of non-monetary compensation to be paid as compensation related to the restricted stock is to be no more than JPY 90 million, following a resolution at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, and this is separate from the maximum amount of monetary compensation for directors.

(2) The number of individually allotted shares is the number determined to be most appropriate for directors to share the benefits and risks of stock price fluctuations with general shareholders, and to be motivated to contribute to stock price increases and corporate value enhancement.

4. In terms of the timing of payment, base compensation is paid monthly, and executive bonuses and non-monetary compensation are paid or allocated at specific times.

Establishing or revising systems for any of these forms of compensation, and determining the amount and number of allotments for each eligible person, are subject to consultation with the Nomination and Compensation Committee, the majority of whose members are independent outside directors. If that committee reports that the proposed details are appropriate, the Board of Directors delegates the final decision to the representative director and president.

The maximum amount of director compensation was resolved at the 94th Ordinary General Meeting of Shareholders held on June 18, 2022, to be no more than JPY 450 million per year (however, this does not include the employee salary of directors who also serve as employees).

Support system for outside directors (and outside auditors)

For outside directors, the General Affairs Center serves as a contact point and provides other support.

For outside corporate auditors, a corporate auditor assistant serves as a contact point and provides other support. In addition, information is shared and opinions exchanged with full-time auditors at monthly meetings of the Board of Corporate Auditors.

2. Items related to functions of business execution, auditing, oversight, nomination, and compensation decisions (overview of current corporate governance system)

1. Board of Directors

The Board of Directors consists of 12 directors, which we believe to be an appropriate number to enable timely and accurate decision-making. Five of the directors (including one woman) are outside directors as stipulated in Article 2, Item 15 of the Companies Act.

At monthly meetings, the Board of Directors deliberates resolutions on important matters and confirms the progress of business performance and other matters. In addition, quarterly consolidated management strategy meetings are held with directors, executives, and representatives of domestic and overseas subsidiaries and affiliates, to discuss and decide on the development of targets, confirm business execution status, respond to issues, and ensure thorough compliance.

2. Board of Corporate Auditors

The Board of Corporate Auditors consists of two full-time auditors and two outside auditors (including one woman) who audit the execution of duties by directors. Full-time corporate auditor Masashi Gomi has considerable knowledge of finance and accounting based on his career in the Management Administration Department, and outside corporate auditor Yoshiko Iinuma has considerable knowledge of finance and accounting based on her professional insight as a certified tax accountant. In addition, the Board of Corporate Auditors has been assigned one full-time staff member to assist the corporate auditors in collecting necessary materials and conducting investigations, while enhancing independence from directors and ensuring the effectiveness of the corporate auditors' instructions, in accordance with internal regulations concerning audits by the corporate auditors.

Based on an annual audit plan and duty assignments, corporate auditors attend meetings of the Board of Directors and other important meetings, view important approval documents, exchange opinions with the representative director and other directors, and share information with the internal audit department. They conduct onsite or online audits regarding business operations and assets of offices and report on their activities to the Board of Directors on a quarterly basis.

In addition to receiving reports from full-time corporate auditors, the Board of Corporate Auditors deliberates on matters such as the formulation of audit policies and plans, the preparation of audit reports, and the review of auditing standards for corporate auditors. It also exchanges opinions with the accounting auditor to strengthen collaboration.

3. Accounting audits

The Company has entered an audit contract with Grant Thornton Taiyo LLC for accounting audits, and there is no special interest relationship

between KOA and Grant Thornton Taiyo.

In addition to being audited under the Financial Instruments and Exchange Act and the Companies Act, the Company considers various issues related to accounting treatment and accounting audits from time to time and regularly holds discussions with the accounting auditor to ensure and maintain the appropriateness of our financial statements, etc.

Corporate auditors attend onsite audits by the accounting auditor, attend audit review meetings, and receive reports from the accounting auditor as they work together to improve the effectiveness of audits.

4. Internal controls

Since the fiscal year ended Mar 31, 2009, the Financial Instruments and Exchange Act has required listed companies to submit internal control reports related to financial reporting, so the Company has appointed a person to the Management Strategy Center to oversee the promotion of internal controls and is working to ensure that internal control reports are properly submitted, with emphasis on the improvement, operation, and evaluation of internal controls.

5. Internal audits

The Operations Audit Center (staffed by four people) conducts internal audits as instructed by the representative director and regularly exchanges information and collaborates with the corporate auditors, the accounting auditor, and the internal control department.

3. Reasons for selecting the current corporate governance system

KOA Corporation is a company with corporate auditors under the Companies Act. Five of 12 directors are outside directors, and two of four auditors are outside auditors. To reflect objective opinions in the Board of Directors, the Company requests that outside directors monitor the execution of the Company's business from a management perspective, while outside auditors and full-time auditors with expertise in accounting, legal affairs, and other areas collaborate on audits with the Operations Audit Center, the department responsible for internal audits. We have adopted our current corporate governance system because we believe it ensures the appropriateness of our business operations.

III Implementation of measures involving shareholders and other stakeholders

1. Measures to energize General Meetings of Shareholders and promote the smooth exercise of voting rights

	Supplementary explanations
Early issue of Convocation Notice for General Meeting of Shareholders	Aiming to provide information to shareholders as early as possible according to the purpose of the Corporate Governance Code stipulated by the Tokyo Stock Exchange, the date the Company provides convocation notices electronically and the date it mails them are both a week earlier than the statutory deadline.
Scheduling of General Meeting of Shareholders to avoid overlap with other companies	The General Meeting of Shareholders is held on a Saturday in June, avoiding days when meetings tend to be concentrated.
Allowing electronic exercise of voting rights by electromagnetic means	In addition to the exercise of voting rights in writing, voting rights can be exercised online.
Measures to improve the voting environment for institutional investors, including participation in electronic voting platforms	The Company participates in the Electronic Voting Platform operated by ICJ, Inc., to ensure early transmission of convocation notices and timely tracking of the exercise of voting rights.
Providing the Convocation Notice (summary) in English	We prepare an English version of the convocation notices (full text) and post it through the Company Announcements Service on the Tokyo Stock Exchange website, KOA's website, and the Electronic Voting Platform operated by ICJ, Inc.

2. IR activities

	Supplementary explanations	Explanation by representative
Regular briefings for analysts and institutional investors	On the day following the announcement of first half and full-year financial results, we hold a briefing session in Tokyo for analysts and institutional investors attended by the president and the director overseeing the Management Administration Initiative.	Provided
Posting of IR materials on the Company's website	In principle, we post convocation notices for the General Meeting of Shareholders (in Japanese and English), financial statements (in Japanese and English), briefing materials for analysts and institutional investors, notices of resolutions, press releases, and other materials on our website the same day they are announced.	

Establishment of IR department (staff)

The Management Strategy Center and General Affairs Center of the Management Administration Initiative oversee investor relations.

3. Measures to ensure due respect for stakeholders

Updated

	Supplementary explanations
Stipulation of internal rules for respecting the position of stakeholders	The Company's corporate mission, which is prioritized in our internal rules and regulations, is as follows: KOA will strive to establish a strong relationship of mutual trust with the five groups of stakeholders supporting us: our shareholders, customers and business partners, the local community, employees and their families, and Mother Earth."
Environmental protection, CSR, and related activities	We refer to our environmental management system as our "Father Sun" activities and are developing ecological conservation activities with the participation of all employees, aiming to improve both our business activities and our impact on the social environment (improving environmental performance). The status of these activities, including CSR activities, is disclosed in the Integrated Report. Integrated Report: https://www.koaglobal.com/ir/library/integrated_report_en

IV Items related to internal control systems

1. Basic approach to internal control systems and the status of system implementation

KOA Corporation considers its shareholders, customers and business partners, the local community, employees and their families, and Mother Earth as the five groups of stakeholders that support the Company. We have positioned building a solid relationship of mutual trust with them as our mission, and our directors are centrally responsible for carrying out that mission. To strengthen this effort further, we will continue to improve the following systems and frameworks.

1. Framework for ensuring the execution of duties by directors and employees of KOA and its subsidiaries (the KOA Group) complies with laws, regulations, and the Articles of Incorporation

(1) The KOA Group has established KOA Mind (Code of Conduct and Action Guideline), a management philosophy system as a framework for its internal regulations, and all directors and employees are to act accordingly.

(2) By its Whistleblower Regulations, the KOA Group aims to promptly recognize and deal with any unjust, illegal, or unethical acts by the organization or individuals.

(3) By the Whistleblower Regulations and other relevant internal regulations, the Operations Audit Center, in coordination with the corporate auditors, conducts audits of the entire KOA Group, including subsidiaries, and reports the results to the audited departments and the president of the Company.

2. System for storing and managing information related to the execution of duties by directors

Information related to the execution of duties by directors is recorded in writing or on electromagnetic media and appropriately and securely stored and managed per the Document Management Regulations.

3. Regulations and other systems for managing loss risks

(1) The KOA Group analyzes risks within the Group, has established a risk management framework corresponding to each risk, maintains Risk Management Regulations as a basic policy for risk management, and strives to prevent any loss occurrence.

(2) Each director promotes the establishment of risk management systems in their departments and reports to the Board of Directors on the implementation status.

4. Framework for ensuring efficient execution of duties by directors

(1) The Company's Board of Directors makes decisions on important matters and supervises the execution of duties by directors. To further strengthen the functions of the Board of Directors and improve management efficiency, the Company holds management strategy meetings and flexibly makes decisions regarding business execution and other important matters. In addition, it holds consolidated management strategy meetings with the participation of persons in charge of subsidiaries to discuss and decide on the development of goals, confirm the status of business execution, and respond to common management issues within the Group.

(2) Regarding day-to-day business execution, authority is delegated based on the Regulations on Organization and Division of Duties, etc., and systems are maintained to enable responsible persons at each level to carry out their duties efficiently.

5. Framework for ensuring the appropriateness of operations within the KOA Group

(1) The Company appoints a director to be responsible for the management of each affiliated company based on the Regulations on Management of Affiliates.

(2) The directors overseeing affiliated companies strive for flexible management of those companies and work toward mutual development, reporting important information about the affiliates to KOA's Board of Directors.

6. Matters related to systems for employees when corporate auditors request their appointment to assist them in their duties and the independence of such employees from directors

(1) Corporate auditors may, as needed, appoint employees as audit assistants to assist them in their duties, and their selection, transfer, and evaluation are subject to discussion between directors and the corporate auditors.

(2) When an audit assistant receives instructions regarding audit work from a corporate auditor, they are not subject to instructions from directors or other employees about that work.

7. Framework for reporting by KOA Group directors and employees to the Company's corporate auditors, for reporting to other corporate auditors, and for ensuring they are not treated unfavorably because of such reporting

(1) Besides legal matters, KOA Group directors and employees are to immediately report to the Company's corporate auditors when they discover any fact that may cause significant damage to the Group.

(2) The Operations Audit Center, as the whistleblowing contact point specified in the whistleblowing system, receives reports from the Group and reports to the Ethics and Compliance Committee as necessary, depending on the importance of the report's content. Such reports are conveyed to the Company's corporate auditors via the Ethics and Compliance Committee.

(3) The KOA Group has stipulated in its internal regulations that directors and employees who have made such reports as described above must not be treated unfavorably.

8. Other measures for ensuring that audits by corporate auditors are conducted effectively

(1) Corporate auditors attend meetings of the Board of Directors and other important meetings to audit the legality and efficiency of management and hold regular meetings with the representative director to confirm management policies and exchange opinions on issues to be addressed, risks, the state of the audit environment for corporate auditors, and other important issues, to deepen mutual recognition and trust.

(2) Corporate auditors hold meetings with the accounting auditor to exchange opinions when deemed necessary.

9. Items related to the prepayment of costs arising from the execution of corporate auditors' duties, costs arising from reimbursement procedures or the execution of other duties, and policies involving the processing of debt

(1) The Company promptly handles the prepayment or reimbursement of expenses incurred in the execution of corporate auditors' duties and other costs or reimbursements incurred in the execution of related duties based on the requests from corporate auditors under the relevant internal regulations.

(2) Expenses incurred in executing corporate auditors' duties are budgeted annually based on the relevant internal regulations.

10. Framework for ensuring the reliability of financial reporting.

KOA Corporation has established "Basic Rules for Internal Controls Related to Financial Reporting" to ensure the reliability of financial reporting and improves, operates, and evaluates an internal control system based on those rules.

11. Framework for eliminating antisocial forces

The KOA Group will not yield to any unreasonable demands from antisocial forces or groups that threaten the order and safety of civil society and will take a firm stand against such demands.

2. Basic approach to eliminating antisocial forces, and status of related measures

The Company will not yield to any unreasonable demands from antisocial forces or groups that threaten the order and safety of civil society and will take a firm stand against such demands. The KOA Group has declared this in its "KOA Mind," containing the Group's Code of Conduct and Action Guideline, and is working to ensure that all employees are fully aware of these principles.

VOther

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures

None

Supplementary explanation of the items in question

KOA Corporation respects the free trading of its shares in the market and does not generally reject even a large purchase of its shares by a specific person if such a purchase would increase the Company's corporate value and improve the interests of all shareholders. We also believe that ultimately the decision on whether to accept a proposal for a significant acquisition of shares should be left to the shareholders.

However, some large purchases of shares may harm corporate value and the common interests of shareholders, may effectively force shareholders to sell their holdings, or may not provide sufficient time or information for a target company's Board of Directors to propose an alternative plan. We ensure that those seeking to control decisions on our financial and business practices fully understand the sources of our

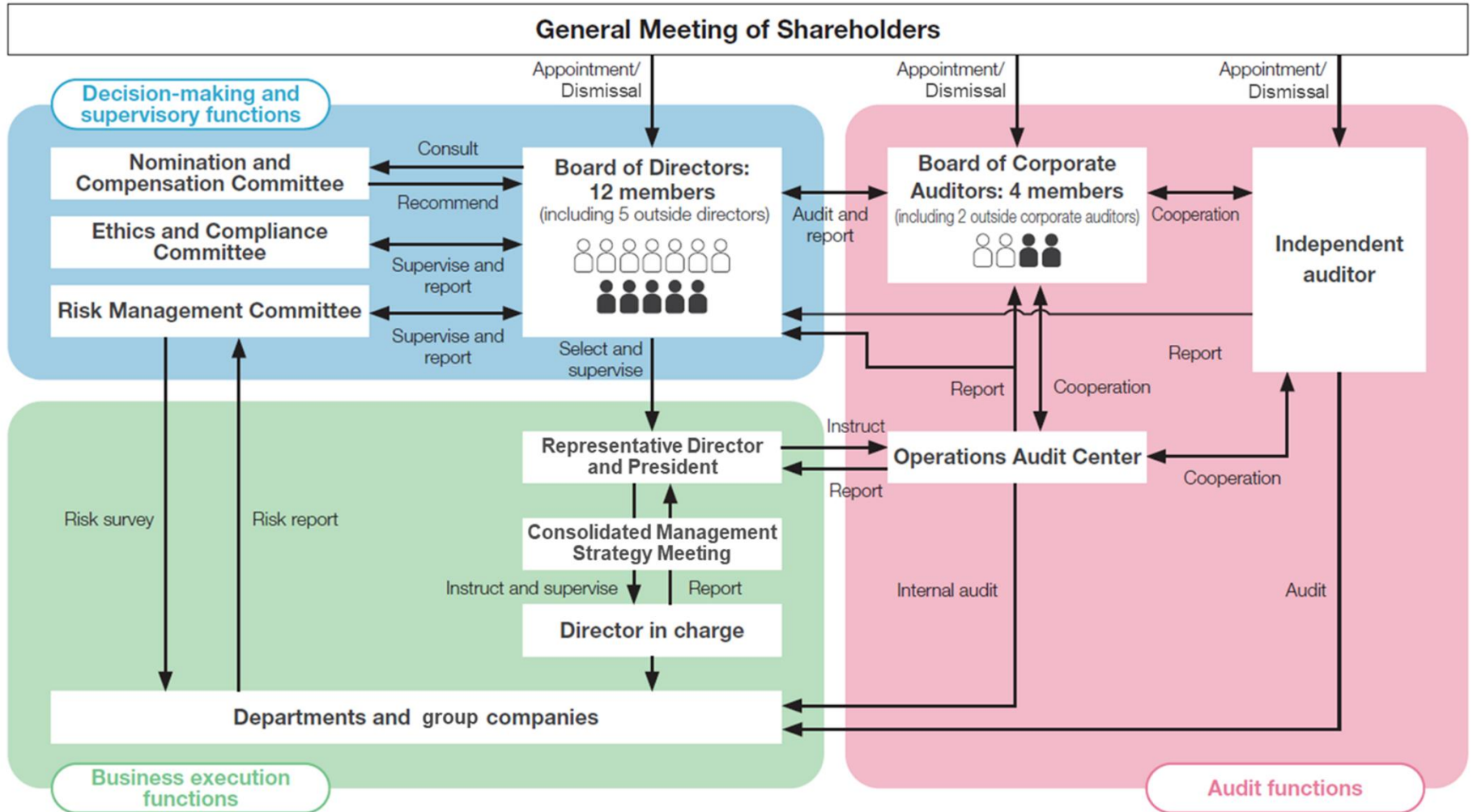
diverse corporate value, including our corporate culture and strong relationship of mutual trust with stakeholders. We believe the Company should explain to shareholders and other stakeholders with sufficient information and evidence that those making a large purchase of shares will ensure and enhance the corporate value of our company and, ultimately, the common interests of our shareholders, allowing effective control of the Company only after obtaining adequate agreement on the matter.

As a result of repeated discussions by the Board of Directors on the opinions of several domestic and foreign institutional investors, recent trends in so-called takeover defenses after promulgation of the Corporate Governance Code, and risks and opportunities in the stock market, KOA Corporation decided to abolish the Countermeasures to Large Acquisitions of the Company's Shares, etc. (Anti-takeover Measures) as of the close of the 92nd Ordinary General Meeting of Shareholders held on June 20, 2020. By steadily promoting medium- to long-term growth strategies and striving to maximize the trust of our shareholders and investors, we aim to sustainably improve our corporate value and the interests of our shareholders.

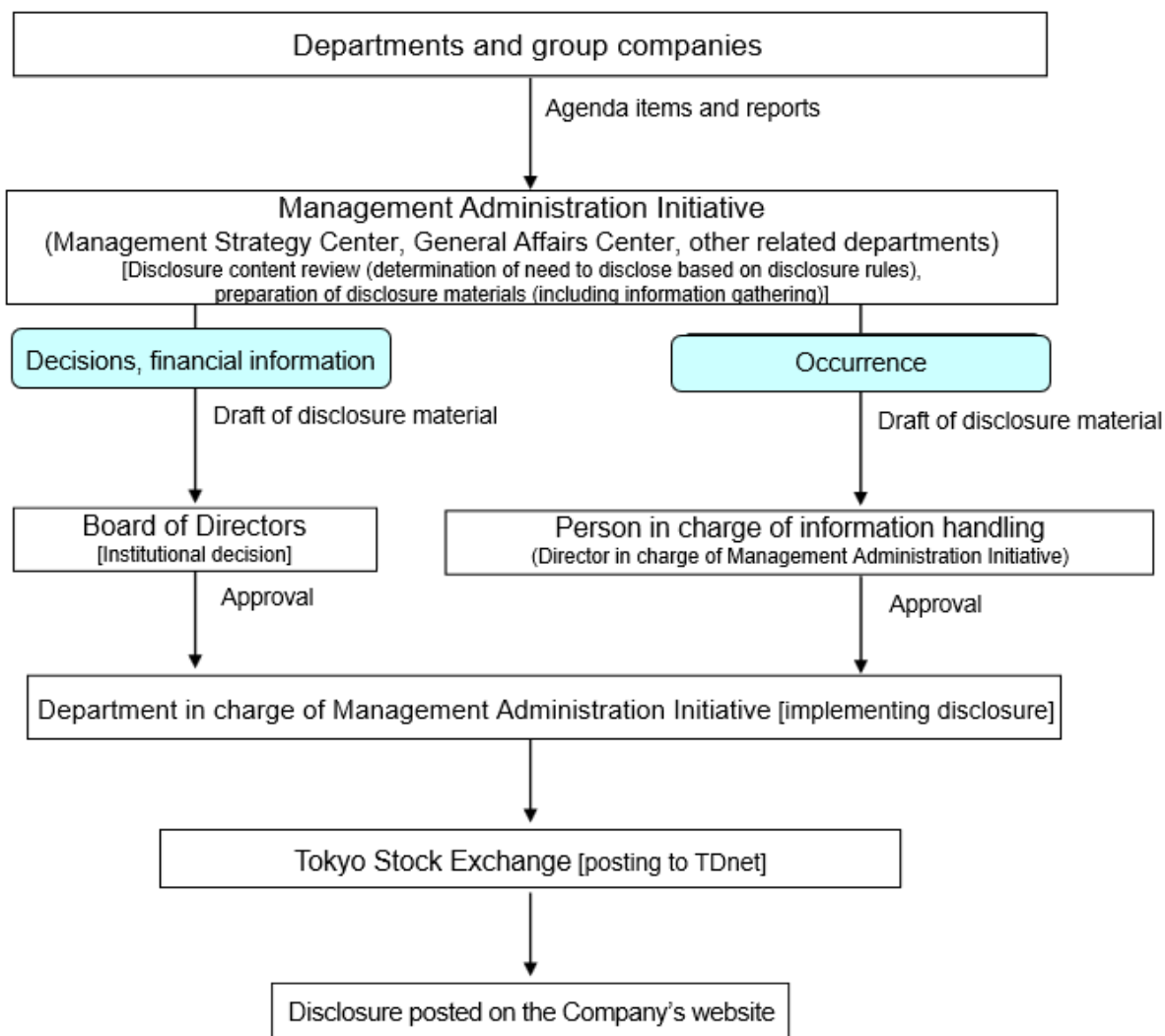
Furthermore, as part of our fiduciary responsibility to our shareholders, even after the abolition of the Countermeasures to Large Acquisitions of the Company's Shares, etc. (Anti-takeover Measures), our Board of Directors will, in the event of a proposed significant acquisition of KOA's shares, request the information necessary for our shareholders to make an appropriate decision regarding the benefits of that acquisition. In addition, the Company will take appropriate measures in accordance with the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations, including respecting the opinions of independent outside directors, disclosing the opinions, etc., of the Board of Directors of the Company, and endeavoring to secure the time and information necessary for the shareholders to adequately consider the matter.

2. Other items related to corporate governance systems

Corporate governance structure



Overview of timely disclosure system (schematic)



Note:

This document is a translation of the original Japanese document. In the case of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.