

# Environment Social Governance

## **Initiatives to Enhance the Effectiveness of Corporate Governance**

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# Review after the Corporate Governance System Transition: Board of Directors

- An evaluation carried out in FY2023 by a third party confirmed the effectiveness of the Board of Directors.
- The FY2024 effectiveness evaluation of the Board of Directors was the first since the transition to a new corporate governance system and therefore took the form of a self-evaluation led by the Independent Directors. We also solicited comments on the evaluation results from a third party.

Overall summary of the effectiveness evaluation of the Board of Directors in FY2024

- The evaluation confirmed the **effectiveness of the corporate governance system following the transition.**
- The Board of Directors took various opportunities, including deliberations on the transition to a new corporate governance system, to hold multiple in-depth discussions regarding both the vision and ideal monitoring methods of the Board. It was also confirmed that the foundations needed for the Board to take a leading role in future initiatives to improve corporate governance had been strengthened.

Overall evaluation of the Board of Directors

Monitoring of Midterm Corporate Strategy 2024 and Corporate Strategy 2027

Medium- and long-term considerations

## Major Initiatives in FY2024

- Ensured reliable, smooth operation of the new corporate governance system.
- Worked under the new system to achieve further improvements in agenda items and discussions about corporate strategies and other key matters.
- Held exchanges of opinions with goal of formulating a new corporate strategy, resulting in a deeper mutual understanding between the executive and supervisory sides.
- Started deliberations on further moves to strengthen corporate governance under new structure.

## FY2024 Effectiveness Evaluation Results

- Confirmed that a relationship of mutual trust had been established between Directors, based on strong commitment to MC shown by Independent Directors, and the executives' proactive approach to the disclosure of detailed information.
- More opportunities to discuss corporate strategies from multiple perspectives under new structure.
- Monitoring of progress on Midterm Corporate Strategy 2024 was carried out effectively, thanks to extensive information sharing by the executives.
- Process used to formulate Corporate Strategy 2027 (CS 2027), which involved extensive discussions between the directors who are in oversight roles and the executives was highly rated by the Independent Directors.
- Following an in-depth discussion of the composition and operation of the Board of Directors, it was concluded that the existing situation is functioning well. However, given the dramatic changes occurring in the business environment, continuing discussions about the vision for MC were deemed essential.

## FY2025 Policy

- Maintain and enhance relationship of mutual trust between In-house Directors and Independent Directors, one of MC's strengths.
- Considering the complex business environment, we will monitor progress on CS 2027 based on the knowledge and discussions of Directors.
- Continue to discuss our vision for MC considering changes in the external environment. These discussions will form the basis for continual monitoring of and improvements to our corporate governance systems.

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# Activity Review: Corporate Governance and Nomination Committee and the Compensation Committee

- At the same time as our transition to a company with an Audit & Supervisory Committee in June 2024, we established a two-committee structure by splitting the Governance, Nomination and Compensation Committee into the Compensation Committee and the Corporate Governance and Nomination Committee. As intended, this change has resulted in an expansion of the scope of each committee’s deliberations, helping to further strengthen our corporate governance systems.

## Corporate Governance and Nomination Committee



Chairman  
Chairman of the  
Board Mr. Kakiuchi

### 7 Independent Members:



It is vital that all Independent Directors share a common understanding

Percentage of independent members

70%

### 3 In-house Members:



Mr. Kakiuchi,  
Mr. Nakanishi, Mr. Icho

[ 7 out of 10 ]

Jointly deliberates on nomination-related issues, including appointment and dismissal of Directors and succession plan of the President/CEO, as well as basic policies and frameworks around corporate governance, such as organizational structures, size and composition of the Board of Directors, matters to be discussed by the Board of Directors, and effectiveness evaluations.

### ● Main Agenda Items for FY2024 (June 2024~)

Deliberations aimed at achieving a smooth transition to the new corporate governance system post transition changes, as well as improvements to corporate governance.

October 2024	Confirmed the policy on the evaluation of the effectiveness of the Board of Directors in relation to the operation of the new systems established following changes in the Company's corporate governance structure.
March 2025	Deliberated on the size and composition of the Board of Directors, the appointment of the Directors, and the results of the evaluation of the effectiveness of the Board of Directors

## Compensation Committee



Chairperson  
Independent  
Director Akiyama

### 3 Independent Members:



Ms. Akiyama, Ms. Kogiso,  
Mr. Tatsuoka

Percentage of Independent Members

75%

### 1 In-house Member:



Mr. Kakiuchi

[ 3 out of 4 ]

Deliberates on the policy for setting Directors' and Executive Officers' remuneration and the remuneration amount, while enhancing the objectivity and transparency and striving maintain fairness.

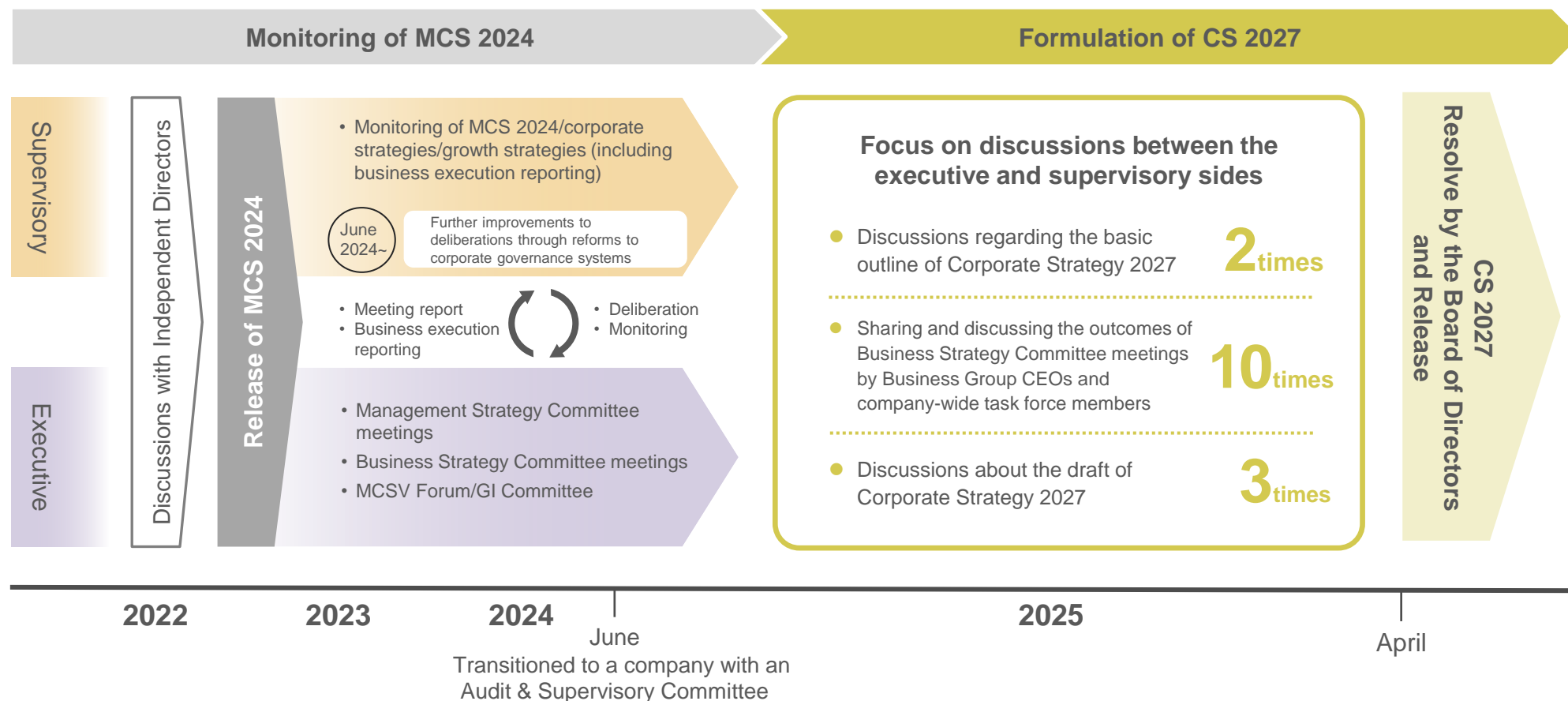
### ● Main Agenda Items for FY2024 (June 2024~)

Deliberations of the changes to the remuneration package, to link remuneration with CS 2027.

October 2024	Proposed grand design for the new remuneration package
January 2025	Detailed draft of the new remuneration package
March 2025	Draft disclosure of the new remuneration package

# Monitoring of Midterm Corporate Strategy 2024 and Formulation of Corporate Strategy 2027

- Deliberations by the Board of Directors, especially those concerning corporate strategies and policies, have been further enhanced since our transition to a Company with an Audit & Supervisory Committee in June 2024.
- Using this as a starting point, we carried out a thorough review of Midterm Corporate Strategy 2024 (MCS 2024) in FY2024. In-depth discussions occurred between the executives and the Directors who are in oversight role, including the Independent Directors, from the basic outline stage through to the formulation and release of Corporate Strategy 2027 (CS 2027).



# Skills Matrix

- Shared items required by all Executive Directors and Executive Officers are listed as “Basic Items.” “Management Strategy” items were partially updated to reflect the content of CS 2027.
- The skills matrix for Independent Director candidates was released in April 2025.

Position	Name	Responsibilities/ Main Career	Basic Items		Management Strategy				
			Business Management/ Organizational Management	Risk Management	Energy	Technology/ Innovation	Global Market Intelligence	Talent Management Strategy	Environment and Society
Directors (excluding Directors who are Audit & Supervisory Committee Members)	<b>Shunichi Miyanaga</b>	Former Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	●	●	●	●	●		
	<b>Sakie Akiyama</b>	Founder, Saki Corporation	●	●		●		●	
	<b>Mari Sagiya</b>	Former Senior Vice President, IBM Japan, Ltd. Former Executive Vice President, Salesforce.com Co., Ltd.	●	●		●		●	
	<b>Mari Kogiso</b>	CEO, SDG Impact Japan Inc.	●	●				●	●
Directors who are Audit & Supervisory Committee Members	<b>Tsuneyoshi Tatsuoka</b>	Former Vice Minister, Ministry of Economy, Trade and Industry	●	●	●	●			●
	<b>Rieko Sato</b>	Partner, ISHII LAW OFFICE	●	● (Legal) Attorney					
	<b>Takeshi Nakao</b>	CEO, PARTNERS HOLDINGS, Co. Ltd.	●	● Finance/Accounting) Certified public accountant					