

## Activity Report of the Board of Directors

### Major matters discussed by the Board of Directors during FY2024

- Updating the basic corporate governance structure of the ANEST IWATA Group
- Updating the Medium-term Management Policy and Medium-term Business Plan
- Formulation of the annual management policy and business plan
- Review of the Group’s capital policies
- Promoting new businesses and M&As
- Change of Representative Director

## Activity Report of the Audit & Supervisory Committee

The Audit & Supervisory Committee determined the key matters for implementing audits and carried out audits based on the audit policy. The FY2024 audit results did not indicate any problems.

### Audit policy

Based on the Group Management Policy articulated in the ANEST IWATA Corporate Philosophy and the Basic Policy on Corporate Governance, we will conduct fair and unbiased audits as an independent organization striving to establish and operate a high-quality corporate governance structure that meets the mandate of the shareholders and the trust placed in us by society, in an effort to secure the soundness of the Company, its sustained growth, and the medium- to long-term enhancement of corporate value.

### Key matters for implementing audits

Based on the above audit policy, we conducted audits of decision-making processes by the Board of Directors and other bodies, internal control audits, corporate information disclosure audits, financial reporting audits, non-financial reporting audits, and audits of the independence of accounting auditors, among others. In particular, we conducted the audits with a focus on the following key matters.

- Visited significant domestic locations and overseas subsidiaries and conducted on-site inspections and monitoring audits
- Conducted audits on the development and operation of the Group’s whistleblowing system
- Confirmed the risk of major changes in business performance and conducted audits on measures taken by Executive Directors to address such risks
- Conducted interviews with the President, Representative Director and Chief Executive Officer, the Executive Directors, general managers, and female managers

## Evaluation of effectiveness of the Board of Directors

To improve the functions of the Board of Directors, the Company conducts analysis and evaluation of its effectiveness each year. Regarding the issues raised, we will further improve the deliberations by the Board of Directors and raise its effectiveness by utilizing the Board of Directors and the Board of Directors Opinion Exchange Meeting held before and after the Board meetings, through the planning and proposals of the secretariat of the Board of Directors.

### Analysis and Evaluation Process



## Evaluation of FY2024

The FY2024 evaluation showed continued improvement from the previous year. All Directors are fulfilling their respective roles and responsibilities in discussions, including enhancing opportunities for exchanging opinions and providing information, and conducting open

proceedings. Although certain issues remain, the overall analysis indicates that the effectiveness of the Board of Directors is largely ensured, and we have therefore assessed that the Board has demonstrated sufficient effectiveness.

### Issues identified in FY2023 and initiatives for FY2024

On the one hand, many of the issues identified before FY2023, such as the review of the Board of Directors' skills matrix, have shown improvement through their specific inclusion in the current Medium-Term Business Plan and enhanced consideration from the business execution side. On the other hand, however, some ongoing issues remain.

- 1 Deepening of the discussions on the compensation system for directors**

  - Issue: To further delve into the discussions regarding the director compensation system, which are held by the Nominating/Compensation Committee, at Board of Directors' meetings.
  - Initiatives in FY2024: In FY2024, the Nominating/Compensation Committee primarily discussed matters related to the nomination of directors, but there was no discussion regarding the compensation system itself. However, we revised the metrics for the stock compensation plan and, after discussions among the Directors, it was approved by a Board of Directors resolution.
- 2 Review and formalization of education and training programs for management candidates (including executive officers)**

  - Issue: Need to re-examine and formalize the approach to education and training, not only for executive directors but also for executive officers who are potential future management candidates.
  - Initiatives in FY2024: This issue has been ongoing from previous years, and concrete program development and formalization had not yet been achieved. However, in conjunction with the "discussion on the ideal Board of Directors' structure," which was newly identified in the FY2024 evaluation, we will proceed with program development after clarifying the necessary qualities and skills for management candidates within our Group.
- 3 Facilitating the smooth flow of information during deliberations, optimizing the quality and quantity of materials**

  - Issue: Ensuring smooth information flow tailored to the nature of the matters under deliberation, and the giving of thorough consideration to the quantity and quality of materials needed for efficient deliberation.
  - Initiatives in FY2024: On the business execution side, which is the applicant, greater consideration has been shown for the quantity and quality of materials and the review schedule, resulting in a smoother review process than before.
- 4 Further enhancement of the functions of Independent Directors and the Audit and Supervisory Committee**

  - Issue: To further enhance the mechanisms and operations that enable Independent Directors and the Audit and Supervisory Committee to fulfill the roles expected of them.
  - Initiatives in FY2024: In FY2024, no specific issues were identified through the audit. We will continue to maintain a system for discussing improvements to our systems and operations at Board of Directors' meetings.

### Future initiatives based on the evaluation results of FY2024

New issues for further improving effectiveness were identified by this effectiveness evaluation. We will proceed with the following initiatives to address these issues.

#### [Key Issues Newly Identified and Future Action Plans]

- Discussion regarding the structure and functioning of our Board of Directors
  - Discussion regarding the development and retention of management personnel, including Directors
  - Discussion regarding dialogue between Independent Directors and shareholders, etc.
- The above three points will be prioritized, and discussions will be further deepened primarily in opinion exchange meetings involving the Directors.

#### [Other Issues and Future Action Plans]

- Discussions relating to the business portfolio
  - Consultation and securing relating to opportunities to supervise DX promotion
- These will be addressed as needed, based on reports from the executive team regarding the current Medium-Term Business Plan.