Corporate Governance

From the perspective of enhancing and strengthening its corporate governance, the Nanto Bank Group places a top priority on increasing our management transparency and efficiency, realizing fair management that earns the unswerving trust of our stakeholders—including our customers and shareholders—and meeting stakeholders' expectations by continuously increasing our corporate value. The main components of our corporate governance structure are as follows (as of June 26, 2026).

Corporate governance structure

The Group's corporate governance structure is centered on the Board of Directors, which comprises 13 directors (including six outside directors). We have developed a system that enables swift, efficient decision-making while adhering strictly to the Board of Directors' Bylaws.

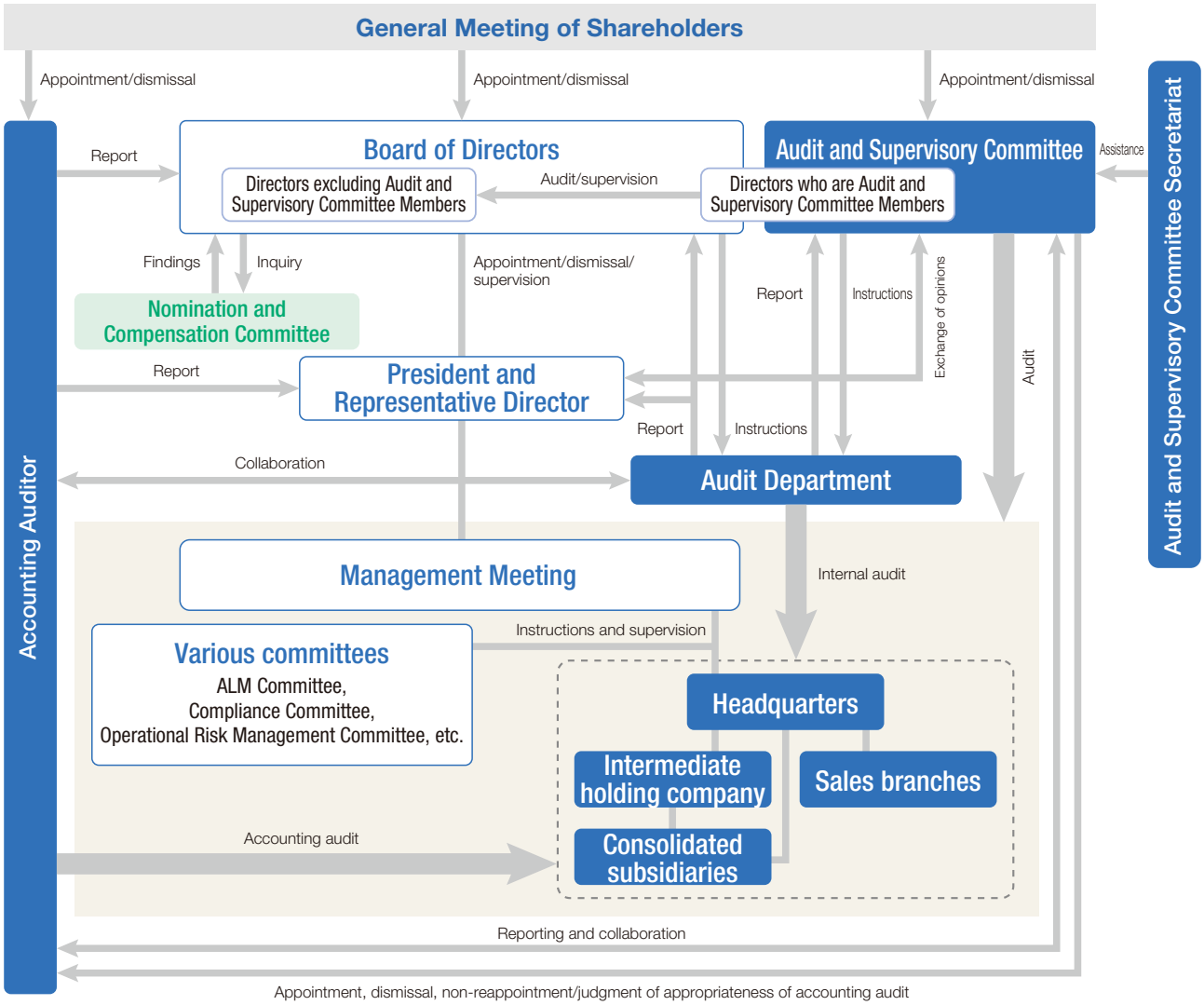
The Board of Directors convenes once a month, in principle, and holds special meetings as necessary to make decisions on important management matters and execute various business operations, as well as to review reports on the status of business operations and the activities of various committees.

The Nomination and Compensation Committee deliberates on important matters concerning the nomination and compensation of the directors and submits recommendations to the Board of Directors.

Second in importance is the Executive Committee, whose members include directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee Member). The Management Meeting meets once a week, in principle, to perform its duties as the decision-making body responsible for pressing matters involving day-to-day management. The executive officers assist the directors with business execution to expedite decision-making. Various other committees, such as the ALM Committee and Compliance Committee, have also been established, moreover, to address the diversification and increasing complexity of our business operations and ensure appropriate business execution.

In June 2023, we transitioned to a Company with an Audit and Supervisory Committee, and we continue to strengthen our audit and supervisory functions and to expedite decision-making further.

Corporate governance structure



Director Skills Matrix

Name	Current position in the Bank	Business strategy	Risk management	Finance & accounting	Sales	Human capital management	IT & DX	Market operations	Regional economy	Sustainability & ESG
Takashi Hashimoto	Chairman (Representative Director)	●	●	●	●	●	●		●	
Satoshi Ishida	President (Representative Director)	●	●	●	●	●	●		●	●
Takeshi Sugiura	Director and Senior Managing Executive Officer (Representative Director)	●	●	●	●	●		●	●	
Kouji Honda	Director and Managing Executive Officer	●			●		●		●	
Haruyuki Kakutani	Director and Managing Executive Officer	●			●	●	●	●		
Yoshinori Kurahigashi	Director and Managing Executive Officer	●	●	●	●				●	●
Kozue Nakayama	Outside Director	●				●	●		●	●
Takashi Nishimura	Outside Director	●	●		●				●	
Yuuko Tahara	Outside Director				●	●	●		●	●
Maoko Kotani	Outside Director								●	●
Koushi Okamoto	Director and Audit and Supervisory Committee Member		●	●						
Yoshihiko Kasuya	Outside Director Audit and Supervisory Committee Member	●		●	●				●	
Tomoyuki Fukumoto	Outside Director Audit and Supervisory Committee Member		●	●				●	●	

<Basis for Each Director's Evaluation in the Skills Matrix>

* Internal directors: Assessment is based on experience at the department manager level or above, including experience as an executive officer in charge of a department at the Bank as well as at other companies.
* Outside directors: Assessment is based on the following factors:

Kozue Nakayama ..... Ms. Nakayama's qualifications include experience in management and business operations of a global corporation; experience in regional development at a local government organization; and experience as an outside director at two listed companies (including serving on various committees).

Takashi Nishimura..... Mr. Nishimura's qualifications include experience in corporate management, organization operations, and risk management at companies in the railway, real estate, and hotel industries, as well as experience and achievements in regional development as a corporate manager.

Yuuko Tahara..... Ms. Tahara has an established track record of consulting for several companies in areas including human capital development and educational programs and system planning support and implementation, and serving as an outside director (including participation on various committees) at two listed companies.

Maoko Kotani ..... Ms. Kotani is known for her exceptional insight into domestic and international economic trends and corporate management gained over many years of experience as a news and business anchor; through her proven track record as an outside director at multiple companies and as a trustee of various foundations (including service on various committees); and through her extensive experience in corporate governance and the promotion of ESG and SDGs, among other areas.

Yoshihiko Kasuya ..... Mr. Kasuya's impressive record includes conducting business operations at a megabank, providing insight into the economic and financial environment cultivated by financial institutions, and participation in organization management and governance at multiple business corporations.

Tomoyuki Fukumoto ... Mr. Fukumoto is notable for his knowledge of market operations, the economy, and the financial environment cultivated at the Bank of Japan, his insight into economics developed as a university professor, and his track record as an outside director (audit and supervisory committee member) at a listed company.

* The qualifications attributed to the various directors do not cover their full fund of knowledge, experience, and insight.

Why the listed skills are considered necessary

Skills	Content (reasons for its inclusion)
Business strategy	A medium- to long-term perspective is essential: accurately grasp shifts in our operating environment, communities, and customer needs; develop and update strategy; and lead Group-wide execution.
Risk management	We must identify and appropriately manage the diverse, complex risks inherent in financial services.
Finance & accounting	An accurate understanding of our business circumstances is a prerequisite for sound decisions on risk management and capital policy, and for sustaining healthy growth through regulatory compliance and profitability analysis.
Sales	Building trust with a diverse set of stakeholders and creating mechanisms for value co-creation are essential to addressing local economic challenges and, as a result, expanding our Group's credit creation.
Human capital management	We consider it necessary to identify the gaps in our current situation, invest in appropriate human capital, and hire and develop employees as human capital who can think and act on their own and solve local problems.
IT & DX	We must operate essential IT systems required for financial business operations securely and efficiently while driving digitalization across the Group, our communities and our customers—laying the foundations for value co-creation.
Market operations	We must maintain a revenue base that supports stable, continuous operations in a rapidly changing environment.
Regional economy	To identify the regional issues the Group should address as conditions change, we need an accurate grasp of perspectives across the local economy and among stakeholders.
Sustainability & ESG	We must advance ESG risk management and sustainable investment and lending strategies while meeting tighter regulations and investor expectations.

Corporate Governance

Operational status of the Board of Directors

To ensure prompt, timely decision-making based on thorough discussion, even in a highly uncertain business environment, our Board of Directors shares the decision-making process concerning business operations with outside directors by providing them with advance explanations of the background and the key issues of agenda items, as well as minutes from Management Meetings and other sessions. This approach reduces the time spent explaining agenda items during Board of Directors meetings and helps engender more constructive discussions.

In addition, the Board of Directors holds opinion-exchange session to discuss important management issues and medium- to long-term themes after resolutions are made and reports compiled. The directors engage in lively discussions at these meetings, especially the outside directors, who offer their opinions from various perspectives.

Number of Board of Directors meetings and main subjects of discussion (April 2025 - March 2026)

Board of Directors Chairperson Chairman Meetings held 12

Main items for deliberation

- Action Plan for the current fiscal year based on the Business Plan and monitoring of its progress
- Policy on shareholder returns
- Initiatives to strengthen the Board of Directors' effectiveness
- Initiatives to address sustainability issues (climate change, etc.)
- Review of cross-shareholdings
- Other matters required by law (financial results, convening of the Annual General Meeting of Shareholders, election of Representative Directors and other Directors, etc.)

Opinion Exchange Session Chairperson Chairman Meetings held 2

Main issues discussed

- Create regional vitality with the power of human capital
- Establishment of the new Investment Business Department

Number of Nomination and Compensation Advisory Committee meetings and main advisory matters (April 2025 - March 2026)

Nomination and Compensation Committee Meetings held 6

Main consultation contents

- Selection of candidates for the offices of Director and Representative Director
- Updating the skills matrix
- Setting of executive compensation and performance-linked stock compensation goals for the current fiscal year
- Introduction of non-financial indicators for the Performance-linked Stock Compensation Plan

For details on the activities of the Board of Directors and the Nomination and Remuneration Committee, please see page 44 of the Securities Report. https://www.nantobank.co.jp/investor/ir_library/pdf/yuuka138a.pdf

Outside directors' support system

- To facilitate more in-depth discussions at Board of Directors' meetings, department managers and other executives concerned provide the outside directors (including Audit and Supervisory Committee Members) with advance briefings on all the next meeting's agenda items and supply them with the information necessary for the performance of their duties. We strive, in addition, to enhance their understanding of the Bank's business and operating performance by arranging visits to business locations and providing opportunities for dialogue with internal directors, executive officers, and department managers. We also arrange training sessions and seminars as needed, moreover, to help them acquire all the knowledge they need.
- For outside members of the Audit and Supervisory Committee, full-time committee members provide a continuous flow of information concerning the Bank's status—including various reports from the Internal Audit and Risk Management Departments—to ensure sufficient communication and collaboration within the Audit and Supervisory Committee. Outside Audit and Supervisory Committee members also actively obtain the information necessary for the audits themselves—by such means as attending meetings with the Representative Director and participating in audit briefing sessions conducted by the independent auditors at the end of each fiscal year—and consistently express objective opinions from an independent standpoint at both Board of Directors and the Audit and Supervisory Committee meetings.

Compensation for directors

The Bank has established the following policy for determining the content of compensation, etc., for each individual director ("determination policy" hereinafter).

Basic policy

- Nanto Bank's compensation system is designed to encourage directors (excluding directors who are members of the Audit and Supervisory Committee. Same hereafter) to improve performance each fiscal year, conduct management from a medium- to long-term perspective, and enhance their awareness of their duty to contribute to improving the Bank's performance and increasing its corporate value. As a basic policy, compensation for each director shall be set at an appropriate level determined by the Board of Directors once a year following deliberation and reporting by the Nomination and Compensation Committee.
- More specifically, directors' compensation comprises fixed monthly compensation (monetary compensation) and performance-linked stock-based and monetary compensation, while compensation for outside directors, whose responsibility is limited to a supervisory function, comprises only monthly compensation as fixed compensation determined in consideration of their duties.

Policy on determination of individual monthly remuneration (monetary)

- The monthly remuneration for the Bank's directors shall be a fixed monthly amount, which shall be determined comprehensively in accordance with the "Remuneration Regulations for Directors and Corporate Auditors," taking into consideration their position, the level of other companies' compensation, the Bank's performance, and the level of employees' salaries.

Policy for determining the details and method of calculating the amount of performance-linked cash remuneration

- The purpose of performance-linked cash remuneration is to clarify the linkage between directors' remuneration and the Bank's business performance, and to increase the directors' awareness of their contribution to improving the Bank's business performance each fiscal year.
- In accordance with the "Directors' Remuneration Regulations" and "Performance-linked Monetary Remuneration Regulations for Directors" established by the Board of Directors, bonuses will be paid at a set time each year in the form of cash remuneration varying between 0% and 200%, depending on the recipient's position and degree of achievement of the Bank's performance targets for that fiscal year, with a target value of net income attributable to owners of the parent company (hereinafter referred to as "consolidated net income") for each fiscal year used as an indicator.
- If consolidated net income is less than 0.0 billion yen, however, the amount of performance-linked monetary compensation shall be 0 yen.

<Target> Consolidated net income: 22 billion yen (FY2026)

<Performance-linked coefficient>

Deviation from the target	Performance-linked coefficient
+5 billion yen	200.0%
+4 billion yen to +5 billion yen	180.0%
+3 billion yen to +4 billion yen	160.0%
+2 billion yen to +3 billion yen	140.0%

Deviation from the target	Performance-linked coefficient
+1 billion yen to +0 billion yen	120.0%
0.0 billion yen to +1 billion yen	100.0%
- 1 billion yen to -0.0 billion yen	80.0%
- 2 billion yen to -1 billion yen	60.0%

Deviation from the target	Performance-linked coefficient
- 3 billion yen to -2 billion yen	40.0%
- 4 billion yen to -3 billion yen	20.0%
-4 billion yen or less	0%

Policy on determination of the details and methods of calculating the amount and number of performance-linked stock compensation (non-monetary compensation)

- The purpose of performance-linked, stock-based compensation is to clarify the linkage between directors' compensation and the Bank's business performance and stock value, and to increase the directors' awareness of the need to contribute to improving the Bank's business performance and increasing its corporate value over the medium to long term.
- The Bank will adopt a structure known as a Board Incentive Plan (BIP) Trust ("BIP Trust") as performance-linked, stock-based compensation for the three terms from the fiscal year ended March 31, 2025 to the fiscal year ended March 31, 2027.
- The BIP Trust is an incentive plan for directors under which shares of the Bank and an amount equivalent to the cash proceeds from the conversion of the Bank's shares are delivered or paid to directors in accordance with their position and the degree to which indicators such as performance targets have been achieved.
- In accordance with the Directors' Compensation Regulations and the Share Delivery Regulations Concerning the Directors' Compensation BIP Trust established by the Board of Directors, "fixed points" corresponding to the directors' positions and "performance-linked points" ranging from 0% to 200%, depending on their achievement of the Bank's performance targets for that fiscal year, are assigned at a set time each year.
- Points awarded accumulate annually. Each point is equivalent to 5 shares of the Bank's stock (based on the number of shares following the stock split effective April 1, 2026). Upon retirement (including cases of retirement in which a director who is not a member of the Audit and Supervisory Committee is subsequently reappointed as a director who is a member of the Audit and Supervisory Committee), the Bank grants shares of its stock or other securities based on the accumulated value of the points.
- To increase employees' motivation to contribute to the "improvement of mid- to long-term capital returns" and the "practice of sustainable management" the Bank aims for in its Management Plan, "performance-linked points" for each fiscal year are determined based on the target value of consolidated ROE set for each fiscal year as a financial item and the employee engagement survey score as a non-financial item. The composition of "performance-linked points" will be 80% of the target value of consolidated ROE for each fiscal year as a financial item and 20% for the employee engagement survey score as a non-financial item.
- The maximum amount contributed by the Bank over three fiscal years shall be a total of 240 million yen (representing 480,000 total shares of the Bank's stock to be issued [based on the number of shares following the stock split effective April 1, 2026).
- Should a director commit a material breach of their power-of-attorney agreement with the Bank in the performance of their duties, or should a director be dismissed due to an action constituting other grounds for dismissal, the Bank shall refrain from delivering shares to the director, etc., under this plan (malus), or, failing this, demand the return of moneys equivalent to the shares delivered to the director (clawback).

<Formula for calculation of allotted points> Fixed points = Base amount of stock-based compensation by position (*1) × 1/2 ÷ Assumed stock price (*2)
Performance-linked points = Base amount of stock-based compensation by position × 1/2 × 80% × performance-linked coefficient (financial item) ÷ assumed stock price
+ Base amount of stock-based compensation by position × 1/2 × 20% × performance-linked coefficient (non-financial item) ÷ assumed stock price
*1 Total amount of compensation for each position to be paid under the scheme when the performance achievement rate is 100%.
*2 Average acquisition unit price of the Bank's shares initially acquired by the BIP Trust (rounded down to the nearest whole number): ¥3,195

<Standard amount of stock compensation by rank> (Unit: ¥ million)

Position (*3)	Standard amount of stock-based compensation by position (*1)	Breakdown	
		Fixed portion	Performance-linked portion
Chairman (Representative Director)	8.64	4.32	4.32
President (Representative Director)	8.64	4.32	4.32
Director and Senior Managing Executive Officer(Representative Director)	6.60	3.30	3.30
Director and Managing Executive Officer	5.28	2.64	2.64

*3 The position at the beginning of the period subject to payment (from the day following the Annual General Meeting of Shareholders of the previous year to the date of the Annual General Meeting of Shareholders of the current year) is applied.

<Target value (financial item)> Consolidated ROE: 7.00% (FY2026)

<Performance-linked coefficient>

Deviation from the target	Performance-linked coefficient
+2.00% or more	200.0%
+1.75% or more ~ +2.00% or less	187.5%
+1.50% or more ~ +1.75% or less	175.0%
+1.25% or more ~ +1.50% or less	162.5%
+1.00% or more ~ +1.25% or less	150.0%
+0.75% or more ~ +1.00% or less	137.5%

Deviation from the target	Performance-linked coefficient
+0.50% or more ~ +0.75% or less	125.0%
+0.25% or more ~ +0.50% or less	112.5%
0.00% or more ~ +0.25% or less	100.0%
-0.25% or more ~ 0.00% or less	87.5%
-0.50% or more ~ -0.25% or less	75.0%
-0.75% or more ~ -0.50% or less	62.5%

Deviation from the target	Performance-linked coefficient
-1.00% or more ~ -0.75% or less	50.0%
-1.25% or more ~ -1.00% or less	37.5%
-1.50% or more ~ -1.25% or less	25.0%
-1.75% or more ~ -1.50% or less	12.5%
-1.75% or less	0.0%

<Target value (non-financial item)> Employee engagement survey score: improvement from previous year

<Performance-linked coefficient (financial item)>

Based on improvement from the previous year's score, determined within the range of 0% to 200% based on a performance-linked coefficient established by the Bank's Board of Directors after deliberation and recommendation by the Nomination and Compensation Committee.

Policy on monthly remuneration, performance-linked monetary compensation and performance-linked stock compensation as a percentage of remuneration, etc., for individual directors

- The Bank shall determine the ratio of remuneration according to each individual director's classification to ensure that the level of remuneration encourages directors to improve their performance every fiscal year, and to conduct management from a medium- to long-term perspective and with heightened awareness of the need to contribute to improving the Bank's performance and to increasing its corporate value for the foreseeable future.
- Specifically, monthly remuneration shall be fixed remuneration, the ratio of performance-linked monetary compensation shall be 0% to 40% of total annual monthly remuneration depending on the degree to which the target values are achieved, and the ratio of performance-linked stock compensation shall be 10% to 30% of the total annual monthly remuneration, depending on the degree to which target values are achieved.

Matters concerning determination of individual directors' remuneration, etc.

- In its efforts to ensure objectivity and transparency in the procedures employed to determine remuneration and enhance corporate value, the Bank has established the Nomination and Compensation Committee, of which the Chair and a majority of the members are outside directors.
- Individual directors' compensation is determined by the Board of Directors in accordance with the "Regulations on Directors' Remuneration," based on deliberations and reports of the Nomination and Compensation Committee.

This Determination Policy has been adopted by resolution of the Board of Directors.

Remuneration for individual Directors is determined by the Nomination and Compensation Committee after reviewing relevant factors, including consistency with this Determination Policy. The Board of Directors generally respects the Committee's recommendations and judges proposed remuneration to be consistent with the Policy.

As concerns remuneration for Audit and Supervisory Board members, meanwhile, payment is made in a fixed monthly amount according to the members' duties with the aim of increasing their independence and further strengthening corporate governance. This monthly amount is determined through discussion by the Audit and Supervisory Committee in accordance with the Directors' Remuneration Regulations, and the annual total is set at no more than 100 million yen, the amount approved by the General Meeting of Shareholders.

The details of the resolution adopted at the General Meeting of Shareholders regarding compensation, etc., of the Bank's directors are as follows:

Remuneration for directors (excluding Audit and Supervisory Committee members; including salaries for directors who also serve as employees):
Up to ¥400 million per year (up to ¥80 million for outside directors)
Date of resolution: June 29, 2023
Number of directors at the conclusion of said General Meeting of Shareholders: 9 (including 3 outside directors)

Performance-linked share remuneration (non-monetary)
The total amount for the three fiscal years shall not exceed 240 million yen (with the total number of shares of the Bank to be issued capped at 480,000 shares [as of April 1, 2026, following the stock split]).
Date of resolution: June 27, 2024
Number of eligible directors at the conclusion of said General Meeting of Shareholders: 6

Remuneration for directors (Audit and Supervisory Committee members)
Up to ¥100 million per year
Date of resolution: June 29, 2023
Number of eligible directors (Audit and Supervisory Committee members) after said General Meeting of Shareholders: 3 (including 2 outside members)

Total compensation by executive officer category, total compensation by type of compensation, and number of executive officers eligible for compensation, etc.

Current fiscal year (April 1, 2025 to March 31, 2026) (Million yen)

Executive officer classifications	Number of executive officers	Total remuneration, etc.	Basic remuneration (fixed remuneration)	Performance-linked remuneration	
				Monetary remuneration	Stock-based remuneration (non-cash remuneration)
Directors (excluding Audit and Supervisory Committee members and outside directors)	7	258	197	20	41
Audit and Supervisory Committee Member (excluding outside directors)	1	22	22	0	0
Outside directors	6	41	41	0	0

(Notes)
1. The Bank has introduced performance-linked remuneration (monetary and stock-based remuneration) for directors. The performance-linked remuneration (monetary and stock-based remuneration) in the table seen here is the amount recorded as an expense for the fiscal year under review.
2. The target for consolidated net income, which serves as the basis for calculating performance-linked remuneration (cash remuneration) for the fiscal year under review, was 15.0 billion yen, and the actual result was 17.0 billion yen (¥2.0 billion above target).
3. The target for consolidated ROE, which serves as the basis for calculating performance-linked remuneration (stock-based remuneration) for the fiscal year under review, was 5.30%, and the actual result was 5.90% (target +0.6 points).
4. No employee salaries were paid to directors who also serve as employees.
5. There is no director whose total amount of remuneration, etc., on a consolidated basis is 100 million yen or more.

Evaluation of the Board of Directors' effectiveness

Since fiscal 2016, the Bank has followed a policy of conducting an annual analysis and evaluation of the effectiveness of the Board of Directors.

The table shows the progress made in addressing issues identified in the previous year, as well as the methods and results of the evaluation of the Board of Directors' effectiveness in fiscal 2025.

Progress in addressing issues identified in the previous year's evaluation of the effectiveness of the Board of Directors

(1) Deepening discussions on medium- to long-term strategies for enhancing corporate value

⇒To achieve the goals of our Medium-Term Management Plan and ensure sustainable growth, we concentrate efforts on deepening the discussions at Board of Directors' meetings, enhancing understanding of on-site operations and business procedures through facility visits, and ensuring ample opportunities for communication.

(2) Enhancing the Board of Directors to deepen its discussions further

⇒We continue our efforts to enhance and deepen Board of Directors' operations by securing more time for discussion during meetings. This involves providing more complete advance briefings, creating an annual schedule to set the agenda for report items appropriately, and conducting timely executive training sessions.

Evaluation method

In fiscal 2025, the Bank conducted an evaluation of the effectiveness of the Bank's Board of Directors as discussed below based on the results of a questionnaire compiled and analyzed by an external consultant.

(1) A questionnaire was sent to all the directors (12 members, including the Audit and Supervisory Committee members) in February 2026 concerning the composition, operation, and deliberations of the Board of Directors ("FY2025 Questionnaire").

(2) At the Board of Directors' meeting held on June 18, 2026, the Board of Directors discussed the challenges facing the Bank's future initiatives and finalized its Effectiveness Assessment for fiscal 2025.

The main items included in the FY2025 Questionnaire are as follows. Each question in the questionnaire is designed to be rated on a 5-point scale. Starting in the current fiscal year, comments must be included for each main item.

- I. Composition and operation of the Board of Directors (5 questions)
- II. Management and sales strategies (11 questions)
- III. Corporate ethics and risk management (3 questions)
- IV. Dialogue with shareholders (4 questions)
- V. Nomination and compensation of management (3 questions)
- VI. Status of responses to this year's initiatives (2 questions)

Summary of FY2025 Questionnaire analysis and evaluation results

The Board of Directors discussed the results of the outside consultant's analysis of the FY2025 Questionnaire and determined that, overall, the Board of Directors had held lively discussions and achieved improvement in the issues raised in the previous year. It found that the Bank's Board of Directors operated appropriately and exhibited effectiveness for the most part, although various tasks remain to be addressed.

<Issues identified in the Questionnaire results>

- Enhanced discussion of key strategies and strengthened monitoring systems
- Further enhancing the operations of the Board of Directors
- Promoting and overseeing human resources strategies, including those related to executive talent

Future Initiatives

As a result of discussions held by the Board of Directors concerning issues identified from the results of the FY2025 Questionnaire, the following initiatives will be implemented in fiscal 2026 to enhance the effectiveness of the Board of Directors further.

<Initiatives for fiscal 2026>

- Improving the quality of discussions focused on medium- to long-term strategies aimed at enhancing corporate value
- Enhancing the effectiveness of Board of Directors' meetings through improved management practices

The Bank will continue its efforts to optimize the effectiveness of the Board of Directors and reinforce its governance structure, including improvement of the above issues.

Assessing the effectiveness of the Audit and Supervisory Committee

Three years having passed since the Bank transitioned from a Company with a Board of Auditors to a Company with an Audit and Supervisory Committee (June 29, 2023), the Audit and Supervisory Committee conducted an assessment of the effectiveness of its operations in fiscal 2025 to clarify its progress to date and further enhance its governance oversight structure.

Evaluation method

Following the completion of signed responses to a self-assessment questionnaire by every member of the Audit and Supervisory Committee (total of three members: one full-time member and two outside members), all the members of the Committee exchanged opinions, analyzed the results for each item, and compiled the Committee's final evaluation.

Evaluation criteria

- I. Independence of the Audit and Supervisory Committee
- II. Composition of the Audit and Supervisory Committee
- III. Operations of the Audit and Supervisory Committee
- IV. Attendance at Board of Directors' meetings and other important meetings
- V. Coordination with internal directors
- VI. Coordination among the three types of auditors
- VII. Audit activities
- VIII. Reporting to and dialogue with external stakeholders

The evaluation comprising 25 items was conducted for these eight categories.

Evaluation results

The Audit and Supervisory Committee's oversight of the directors and the Board of Directors was assessed as functioning effectively in all material respects. Nevertheless, we identified areas in which there is room for further improvement. In addition to strengthening oversight of the directors' cybersecurity and other IT controls and improving the Board of Directors' crisis management responses—issues that have had significant societal impact recently and exposed companies to the risk of business suspension—we also recognized strengthening oversight of management plans and enhancement of corporate value as an ongoing priority audit area. We will reflect these issues in our future audit plans and audit activities and strive to continuously improve their effectiveness.