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## Corporate Governance

CORPORATE GOVERNANCE

ICHIKOH INDUSTRIES, LTD.

**Last updated: April 24, 2025**

**Ichikoh Industries Ltd.**

President and CEO: Christophe Vilatte

Stock code: 7244

<http://www.ichikoh.com/>

**The status of our corporate governance is as follows:**

### [Basic policy of corporate governance, capital structure, basic information of the Company, and other basic information](#)

#### 1. Basic Policy

Our basic policy to corporate governance is as follows:

We believe that while striving to continuously increase our corporate value in line with our management philosophy, we must also build relationships of trust with all stakeholders including shareholders, and in order to achieve this objective, it is essential to realize the ideal corporate governance that is compatible with the society. We established the "Corporate Governance Guidelines" on December 10, 2015 and revised the guidelines on December 13, 2018 to clarify the concept.

Please see our website for the full guidelines. (URL: <http://www.ichikoh.com/>)

Our mission is as follows:

- To be the best partner for our customers by providing innovative and high-quality products to realize greener, safer and better means of transportation.

- Leveraging Ichikoh's experience in the "Japanese style," we will lead Valeo's business development to further deepen business relationships with Japanese automakers.

- Serve as the interface between Japanese automakers and Valeo to ensure advanced development, project management and successful production launch.

- By implementing and adapting Valeo's policy of leading technology and innovation, we will create new business opportunities with Japanese automakers through technological breakthroughs.

- We will continuously improve our financial performance, will not tolerate any compromise on compliance or

ethics, and will work to improve our social responsibility and carbon neutrality in order to increase corporate value for shareholders.

\*Valeo: Valeo, the parent company of Ichikoh Industries, has four main business divisions, and Ichikoh Industries belongs to one of those divisions, the Lighting Division.

#### [Reasons for not implementing each principle of the Corporate Governance Code] **Updated**

[Supplementary Principles 4-1 ③, 4-3 ②, and 4-3 ③] Successor plan for the CEO, etc., roles and responsibilities of the Board of Directors (3) Selection and dismissal of the CEO and procedures for dismissing the CEO

The appointment and dismissal of the CEO, etc. is as follows:

- 1) Increasing synergy with the parent company's shareholders is the management challenge for increasing corporate value, and we respect their recommendations.
- 2) The Board of Directors will thoroughly deliberate on the parent company's recommendation.
- 3) In order to protect minority shareholders, in addition to strengthening the Conflict of Interest Monitoring Committee, the same committee will also monitor the Company.

[Supplementary Principle 4-10 ①] Independent Advisory Committee

We have already established a Compensation Advisory Committee, and the following is the composition:

Two Independent Directors, our President, one person from the Human Resources Manager of the Valeo business group to which our Company belongs, and one person from the Human Resources Manager for Valeo in Japan.

<Reason of the above composition>

- 1) In order to maximize the synergies with Valeo, it is in the Company's best interest to have a compensation and personnel system that is fully aligned with Valeo. In this regard, it is considered reasonable that the majority of the members of the Compensation Advisory Committee be selected from the Valeo Group.
- 2) Given our current situation, we need to secure and strengthen synergies not only with Valeo but also with Valeo Japan, which provides us with HR Shared Service Center services.
- 3) Reducing the number of members of the Compensation Advisory Committee (from seven to five in total) will enable more rapid and effective discussions on the compensation system.
- 4) The Board of Directors will make the final decision on the compensation system by not only reflecting the opinions of the Compensation Advisory Committee but also appropriately incorporating the opinions of Independent Directors expressed in discussions between the Board of Directors and the Compensation Advisory Committee.

The current authority and roles of the committee are disclosed in the fiscal year 2024 securities report.

In addition, we have decided not to establish a nomination committee for the following three reasons.

- 1) Increasing synergies with the parent company's shareholders is a management challenge for increasing corporate value, and we will respect their recommendations.
- 2) The parent company's recommendation is thoroughly discussed at the Board of Directors meeting.
- 3) In order to protect minority shareholders, in addition to strengthening the Conflict of Interest Monitoring Committee, the same committee will also monitor the Company.

[Supplementary Principle 5-1 ①] Policy for constructive dialogue with shareholders

If requested by shareholders, we will hold a shareholder interview, including an Outside Director or Auditor.

We will disclose our policies regarding the establishment of systems and initiatives to promote constructive dialogue with shareholders in the future.

## [Disclosure based on each principle of the Corporate Governance Code]

### [Principle 1-4] Cross-shareholdings

All of the listed shares held by the Company are sold.

### [Principle 1-7] Related Party Transactions

Our company has established principles for related party transactions in our Corporate Governance Guidelines. In particular, to ensure that there are no unfair aspects in the terms of transactions with our parent company Valeo and its group companies, the Conflict of Interest Monitoring Committee will investigate the details of the transactions and, depending on their importance, will require approval or report to the Board of Directors, and we will operate the Company with the fair perspective of Independent Outside Directors.

### [Principle 2-3 and Supplementary Principle 2-3 ①] Social and environmental issues and other sustainability-related issues

We have launched the Sustainability Committee and are conducting activities within the Ichikoh Group. In addition, issues related to respect for human rights, consideration for employee health and working environment, etc. will be considered by the Compliance CSR Committee.

The status of our response to sustainability issues is described in our Integrated Report, which is available at the following link.

"Human Resources Strategy and Diversity" related information is on pages 21-22, and "Environment and Society" related information is on pages 23-25.

<https://www.ichikoh.com/asset/81781/view>

### [Supplementary Principle 2-4 ①] Ensuring diversity within the Company, including promoting the participation of women in the workplace (disclosure of human resource development policies, etc.)

Our human resource development policy and in-house environment improvement policy for ensuring diversity, as well as the status of their implementation, are described on pages 21-22 of the Integrated Report, which is disclosed at the link below.

<https://www.ichikoh.com/asset/81781/view>

### [Principle 2-6] Functioning as an asset owner of corporate pension funds

We have strengthened our efforts in both personnel and investment. In terms of personnel, we appointed our CFO as chairman of the Corporate Pension Fund and a person with an accounting background as a permanent director, and in terms of investment, investment destinations are decided in the committee that includes external experts.

### [Principle 3-1(i)(ii)] Enhancement of information disclosure (management philosophy, etc.)

Our management philosophy and basic concept regarding corporate governance are as described at the beginning.

Our management plans and other information are disclosed on our website (URL: <http://www.ichikoh.com/>).

### [Principle 3-1(iii)] Enhancement of information disclosure (policies and procedures for determining compensation)

Our policies and procedures for determining executive compensation are disclosed in our securities report.

### [Principle 3-1(iv)(v)] Enhancement of information disclosure (policies and procedures for the selection and dismissal of senior management, and the nomination of candidates for directors and auditors)

The policies and procedures for the selection and dismissal of senior management and the nomination of candidates for Directors and Auditors, as well as the individual selection and dismissal/nomination of senior

management and the nomination of candidates for Directors and Auditors are as follows:

- 1) Increasing synergy with the parent company's shareholders is a management issue for increasing corporate value, and we respect their recommendations.
- 2) The Board of Directors will thoroughly deliberate on the parent company's recommendations.
- 3) In order to protect minority shareholders, in addition to strengthening the Conflict of Interest Monitoring Committee, the committee will also monitor the content.

The reasons for the nomination of each Director and Auditor are disclosed in the notice of the general meeting of shareholders.

[Supplementary Principle 3-1 ③] Enhancement of information disclosure (sustainability and climate change)

The content is described in the Integrated Report at the link below.

Sustainability initiatives (including information disclosure in line with TCFD recommendations): Integrated Report, p. 23-25

Human Capital: Integrated Report p21-22

Investment in intellectual property: Integrated Report p19

<https://www.ichikoh.com/asset/80688/view>

[Supplementary Principle 4-1 ①] Roles and responsibilities of the Board of Directors (1) scope of delegation to management

At our company, management judgments and decisions regarding statutory matters and similar important matters are made by the Board of Directors, and other business execution is delegated to the Representative Director and Executive Officers.

[Supplementary Principle 4-2 ②] Roles and responsibilities of the Board of Directors (2) sustainability policy information on sustainability, human capital and intellectual property investments is described in the Integrated Report.

[Supplementary Principle 4-3 ④] Roles and responsibilities of the Board of Directors (3) risk management system In addition to the traditional risk management reports, the Audit Department, which is our internal audit department, started to report to the Board of Directors from 2022.

[Principle 4-8] Effective use of Independent Outside Directors

At the General shareholders' meeting in March 2024, we set the ratio of Independent Outside Directors at one-third.

[Supplementary Principle 4-8 ③] Effective use of Independent Outside Directors (special committee)

From 2024, three of the five members of the Conflict of Interest Monitoring Committee are Independent Outside Directors. The Chairman of the committee is also an Independent Outside Director.

[Principle 4-9] Criteria for determining the independence of Independent Outside Directors

In addition to the requirements of the Companies Act and the Tokyo Stock Exchange regulations, the Company has established its own requirements for Independent Outside Directors (described in the appendix to the Company's Corporate Governance Guidelines), the details of which are disclosed on the Company's website (URL: <http://www.ichikoh.com/>).

[Principle 4-11 and Supplementary Principle 4-11 ①] Prerequisites for ensuring the effectiveness of the Board of Directors and Board of Auditors

Our Board of Directors is composed with due consideration for international diversity, and in terms of gender, we have appointed one female director.

We will continue to select candidates for Auditor with appropriate experience, ability, and knowledge.  
The skills matrix is disclosed in the notice of the General Shareholders' Meeting of March 2022.

[Supplementary Principle 4-11 ②] Concurrent positions held by Directors and Auditors

The status of concurrent positions as Directors and Auditors is as stated in the Notice of General Meeting of Shareholders.

[Supplementary Principle 4-11 ③] Analysis and evaluation of the effectiveness of the Board of Directors

The Company has decided to analyze and evaluate the effectiveness of the Board of Directors every year, and conducted a questionnaire survey of Directors and Auditors from January to February 2024. It was determined that the effectiveness of the Board of Directors has improved year by year, but the following items received relatively low evaluation points and will be continuously addressed at Board of Directors meetings by developing improvement plans.

- Understanding and monitoring the performance of senior management of key business organizations
- Understanding and monitoring the appointment, evaluation, placement and treatment of management personnel in key business organizations
  - Supervisory function based on reports from the executive side regarding ESG, SDGs, and sustainability initiatives

[Supplementary Principle 4-14 ②] Training policy for Directors and Auditors

Based on the common understanding that self-improvement is a prerequisite for Directors and Auditors, we will plan training for areas requiring reinforcement, such as those identified in the skills matrix.

[Principle 5-1] Constructive dialogue with shareholders

Regarding dialogue with shareholders, we will select the most appropriate management team or Director depending on the size and nature of the dialogue. The Corporate Planning department will respond to shareholders, and we will hold information sessions for institutional investors, in order to build efficient two-way communication.

In addition, shareholder opinions will be shared with the Corporate Planning, Finance, Accounting and Legal departments, reported to the Board of Directors as appropriate, and will respond as necessary.

[Principle 5-2 and Supplementary Principle 5-2 ①] Formulation and publication of business strategies and business plans

Our Company, through internal procedures, identifies and verifies capital costs before making various investment decisions, and will continue to make investment decisions in accordance with this procedure.

Regarding the portfolio review, we sold our mirror business in 2023 and made the announcement in our Integrated Report.

[Responses aimed at achieving management that takes capital costs and share prices into consideration]

Regarding PBR improvement, Ichikoh will focus on and promote measures to improve PER and ROE

In addition, we will review our growth strategy in 2024 and we announced a cash allocation plan for the 4 years from 2025 to 2028. The total operating cash flow to be obtained over the 4 years and cash held at the end of 2024 is expected to be 69 billion yen, of which 44 billion yen will be allocated to investments and 8 billion yen to shareholder returns. As for the investments, in order to realize the growth strategy described above, 15 billion yen will be allocated to strengthening our management foundation for competitiveness, BCP, carbon neutrality, etc., and 29 billion yen will be allocated to new technologies, new projects, and new territories.

Please see page 20 of the Integrated Report at the link below for further details.

<https://www.ichikoh.com/asset/81781/view>

## 2. Capital Structure

Foreign shareholding ratio	More than 30%
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### [Major Shareholders] Updated

Name or title	Number of shares held	ratio(%)
Valeo Bayen (Standing proxies: Mitsubishi UFJ Bank, Ltd., Mizuho Securities Co., Ltd.)	58,791,710	61.12
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,086,100	5.29
BNP PARIBAS MADRID/2S/JASDEC/SPANISH RESIDENTS/UCITS ASSETS (Standing proxy: Hong Kong and Shanghai Banking Corporation, Tokyo Branch, Custody Business Department)	4,327,900	4.50
Custody Bank of Japan Ltd. (Trust Account)	3,375,546	3.51
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Securities Co., Ltd.)	1,313,807	1.36
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	988,821	1.02
NOMURA PB NOMINEES LIMITED OMNIBUS—MARGIN (CASHPB)	956,752	0.99
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACCOUNT FOR THIRD PARTY	803,349	0.83
MSIP CLIENT SECURITIES	800,981	0.83
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	800,000	0.83

Presence or absence of controlling shareholders (excluding parent company)	—
Parent company presence	"Valeo Bayen" and "Valeo SE" (Listed overseas) (Code) —

### supplementary explanation Updated

Our two parent companies are Valeo S.E. and Valeo Bayen. Our actual parent company, Valeo S.E., is a foreign listed company (Paris Stock Exchange, France). Our direct parent company, Valeo Bayen, is a subsidiary of Valeo S.E.

The percentage is calculated excluding treasury stock.

Of the above shares held, the number of shares related to trust operations is as follows:

Custody Bank of Japan Ltd. 3,457 thousand shares

■Concept and policies of the parent company related to group management

Our parent company has 3 business groups. One of them is the Light Division in which our company belongs, and we are responsible for sales and development of Japanese OEMs in the Light Division, as well as the manufacturing of lighting products in Japan and the ASEAN region.

Following the tender offer by our parent company, we believe that our most important challenge in improving our business performance is to maximize synergies through mutual cooperation with our parent company in business operations. In operating our business, we are committed to achieving high results by working closely with the parent company's corporate group and utilizing our management resources effectively. However, transactions with the parent company's corporate group are decided by our Board of Directors in order to increase our corporate value and maximize the profits of all our shareholders. In this regard, we have established a "Conflict of Interest Monitoring Committee" with the aim of ensuring that transactions with the parent company's corporate group and related transactions are fair and do not harm the interests of our company or our shareholders. Depending on the content, we may obtain the approval of the Board of Directors to confirm and monitor that a certain level of independent management judgment is possible.

In order to improve capital efficiency, including within the parent company's corporate group, our group has loans and borrowings from the parent company's corporate group. When making these loans and borrowings, our Group takes into account market interest rates to determine the relevant interest rates and takes care not to harm the interests of our Group.

(Reference) Disclosure link for "Matters concerning controlling shareholders, etc." <https://www.ichikoh.com/asset/81989/view>

■Approach and measures regarding ensuring independence from the parent company, which is necessary from the perspective of protecting minority shareholders

According to the content stated in "4. Guidelines regarding measures to protect minority shareholders when conducting transactions, etc. with controlling shareholders, and 5. Other special circumstances that may have a significant impact on corporate governance."

■Contracts related to the parent company's concept and policies regarding group management

Alliance agreement related to Lighting business [1] (Business agreement 2000/7/26)  
(Defines the division of roles for sales and development for Japanese OEMs, and manufacturing of lighting products in Japan and the ASEAN region)

### 3. Company attributes

Listed exchange and market division	Tokyo Prime
Accounting period	December
Industry	Electrical Equipment
Number of employees (consolidated) at the end of the most recent fiscal year	Over 1,000 people
(Consolidated) sales in the most recent fiscal year	100 billion yen or more but less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the most recent fiscal year	Less than 10 companies

### 4. Guidelines on measures to protect minority shareholders when conducting transactions with controlling shareholders

We have established the Conflict of Interest Monitoring Committee as an advisory committee to the Board of Directors.

### 5. Other special circumstances that may have a significant impact on corporate governance **Updated**

In order to monitor conflicts of interest from the perspective of shareholders other than Valeo with regard to transactions between the Valeo Group, our parent company, our Group and other matters, we have established a Conflict of Interest Monitoring Committee. In principle, the committee is held four times a year to investigate transactions between the Valeo Group and our Group, as well as to hold individual interviews with each Head Quarter Directors, and report the results to the Board of Directors.



## II. Status of the management organization and other corporate governance systems related to management decision-making, execution and supervision

### 1. Matters related to organizational structure and management

Organizational structure	Company with Auditors
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#### [Directors]

Number of directors as specified in the Articles of Incorporation	10 people
Term of office of directors under the articles of incorporation	1 year
Chairman of the Board	Chairman (except when concurrently serving as President)
Number of directors	9 people
Appointment of outside directors	Appointed
Number of outside directors	3 people
Number of outside directors designated as Independent Directors	3 people

#### Relationship with the Company (1)

full name	attribute	Relationship with the Company(※)										
		a	b	c	d	e	f	g	h	i	j	k
Hideo Aomatsu	From other companies											
Akemi Sagawa	From other companies											
Lienhart François Xavier	From other companies											

※Selection item regarding relationship with the Company

\* If the person currently or recently falls under each category, mark it with a circle. If the person previously fell under each category, mark it with a triangle.

\* If a close relative currently or recently falls under each category, mark them with a "●"; if they fell under the

category in the past, mark them with a "▲".

- a An executive officer of a listed company or its subsidiary
- b An executive or non-executive director of a parent company of a listed company
- c An executive officer of a sister company of a listed company
- d An individual or an executive officer of a listed company that is a major business partner of the Company
- e A major business partner of a listed company or a person who executes business for such a business partner
- f Consultants, accounting professionals, or legal professionals who receive a large amount of money or other assets from a listed company in addition to their officer compensation
- g A major shareholder of a listed company (if the major shareholder is a corporation, an executive officer of that corporation)
- h An executive officer (only the person himself/herself) of a business partner of a listed company (one that does not fall under any of d, e, or f)
- i An executive officer of a company with which the outside director has a mutual appointment relationship (only the person himself/herself)
- j An executive officer (only the person himself) of an entity to which a listed company makes a donation
- k others

Relationship with the Company (2)

full name	Independent board member	Supplementary explanation regarding conformance items	Reasons for Appointment
Hideo Aomatsu	○	President and CEO of DRC Capital Co., Ltd. Representative Director & Chairman of Kojitsu Sanso Co., Ltd. Representative Director and President of JPH Co., Ltd. Director & Chairman of Super Resin Industry Co., Ltd. Director of Kobori Sake Brewery Co., Ltd.	He has deep insight into corporate management cultivated through his extensive experience at advisory companies and financial institutions, also including overseas. In addition, he has ample experience in improving the management of investee companies through the operation of a fund management company. We have therefore determined that he is the ideal person to continue to oversee the management of our group as an outside director, and therefore we appointed him as an independent outside director.

Akemi Sagawa	○	Five Senses Foundation Chairman President of Cami International LCC	She has experience as a research analyst in the automotive parts and electronics industries, also has experience in the development and sales of software products, and in supporting the expansion of Japanese start-up companies in the United States, and has deep knowledge of corporate operations and management. In recent years, she is working to promote the universal value of traditional Japanese culture in the United States, and also has insight into ESG and diversity. With such a wide range of perspectives, we determined that she is the ideal person to oversee the management of our group as an outside director, and therefore appointed her as an independent outside director.
Lienhart François Xavier	○	Management Member of JAPAN Advisory Service LLC	He has experience as a member of management teams in Japan in a variety of industries, including building materials, housing equipment, musical instruments, and automotive parts. We determined that he is the ideal person to oversee the management of our Group as an Outside Director, utilizing the knowledge he has gained from his experience, and therefore appointed him as a candidate for independent outside director.

Existence of any voluntary committee equivalent to a nomination committee or compensation committee	Yes
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Status of establishment of optional committees, composition of committee members, and attributes of Chairpersons **Updated**

	Committee Name	All committee members (number)	Full-time committee members (number)	Internal Directors (number)	Outside Directors (number)	External experts (number)	Other (number)	Chairman
Voluntary committee equivalent to the nomination committee	-	-	-	-	-	-	-	-

Voluntary committee equivalent to compensation committee	Compensation Advisory Committee	5	0	1	2	0	2	Outside Director
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#### supplementary explanation

The Compensation Advisory Committee was established by a resolution of the Board of Directors held on September 24, 2015.

#### [Auditor related matters]

Whether or not there is Board of Auditors	Established
Number of Auditors as stipulated in the Articles of Incorporation	4 people
Number of Auditors	3 people

#### Cooperation between the Auditor, Accounting Auditors, and the Internal Audit department

The Auditor exchanges information and opinions with the Audit department and the Accounting Auditors, working closely together to improve the auditing function.

Appointment of Outside Auditors	Appointed
Number of External Auditors	2 people
Number of Outside Auditors designated as Independent Officers	2 people

Relationship with the Company (1)

full name	attribute	Relationship with the Company(※)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsurumaki Aki	lawyer													
Jean-Yves Jouas	From other companies													

※Selection item regarding relationship with the Company

\* If the person currently or recently falls under each category, mark it with a circle. If the person previously fell under each category, mark it with a triangle.

\* If a close relative currently or recently falls under each category, mark them with a "●"; if they fell under the category in the past, mark them with a "▲".

- a An executive officer of a listed company or its subsidiary
- b Non-executive director or accounting advisor of a listed company or its subsidiary
- c An executive or non-executive director of a parent company of a listed company
- d Auditor of the parent company of a listed company
- e An executive officer of a sister company of a listed company
- f An individual or an executive officer of a listed company that is a major business partner of the Company
- g A major business partner of a listed company or a person who executes business for such a business partner
- h Consultants, accounting professionals, or legal professionals who receive a large amount of money or other assets from a listed company in addition to their officer compensation
- i A major shareholder of a listed company (if the major shareholder is a corporation, an executive officer of that corporation)
- j An executive officer (only the person himself/herself) of a business partner of a listed company (not falling under any of f, g, or h)
- k An executive officer of a company with which the outside director has a mutual appointment relationship (only the person himself/herself)
- l An executive officer (only the person himself) of an entity to which a listed company makes a donation
- m others

Relationship with the Company (2)

full name	Independent board member	Supplementary explanation regarding conformance items	Reasons for Appointment
Tsurumaki Aki	○	Kamijo & Tsurumaki Law Office (Attorney at Law) Outside Director, Bellsystem24 Holdings, Inc. Outside Auditor of JPH Co., Ltd.	He has extensive experience in corporate legal affairs as an attorney at law, and has been actively engaged in his duties as an Outside Auditor of the Company since 2012. We determined that he is the ideal person to continue to utilize his deep insight in the Company's audits, and therefore appointed him as an Independent Outside Auditor.
Jean-Yves Jouas	○	Wisdom Consulting Co., Ltd., representative Representative of Wisdom Consulting SASU	He has many years of experience in the purchasing departments of the automotive and railway industries, and currently works as a consultant in R&D, purchasing, project management and partnership of railway division of Talano Technologies. He also has knowledge of accounting and finance, therefore, we determined that he is the ideal person to utilize his insight in our audits, and therefore appointed him as an Independent Outside Auditor.

[Independent Directors]

Number of Independent Directors	5 people
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Other matters concerning Independent Directors

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[Incentives]

Status of implementation of measures to provide incentives to Directors	Introduction of Performance-linked Compensation System, etc.
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Supplementary explanation for the relevant item

Directors (excluding Outside Directors) and Executive Officers are paid fixed remuneration according to their rank (e.g., President & CEO, Executive Deputy President, Senior Managing Executive Officer, Managing Executive Officer, etc.), and performance-linked remuneration is paid according to the degree of achievement of end-of-term business performance and KPIs (Key Performance Indexes) set for each job role.

In addition, the Ordinary General Meeting of Shareholders held on June 29, 2016 resolved to introduce restricted stock compensation, and the Ordinary General Meeting of Shareholders held on March 26, 2020 resolved to introduce post-delivery type stock compensation. Furthermore, in order to create a compensation system that more appropriately reflects medium- to long-term business performance and contribution levels in light of the business environment of each business year, the Ordinary General Meeting of Shareholders held on March 25, 2021 resolved to revise the compensation system by setting performance target values for each business year at the beginning of the fiscal year to be used when calculating the performance-based grant rate, and in addition, in order to create a compensation system that more appropriately reflects medium-to-long-term business performance and contribution levels in light of the business environment of each business year, and in the Ordinary General Meeting of Shareholders held on March 25, 2022 resolved to revise the compensation system by adding indicators for CSR performance evaluation to the evaluation items.

#### Eligible stock options

Supplementary explanation for the relevant item

#### [Directors' Remuneration]

Disclosure status (of individual director compensation)

Individual compensation is not disclosed

Supplementary explanation for the relevant item

There are no Directors whose compensation exceeds 100 million yen.

Whether or not there is a policy for determining the amount of remuneration or the method of calculating it

yes

Disclosure of the policy for determining the amount of remuneration or its calculation method

This is disclosed in the securities report.

#### [Support system for Outside Directors (Outside Auditors)]

We provide our Outside Directors and Outside Auditors with information on corporate activities through the Board of Directors and the Board of Auditors, and also provide support by creating various opportunities to provide information outside of the Board of Directors and the Board of Auditors meetings.

## 2. Matters relating to functions such as business execution, audit/supervision, nomination, and compensation determination (outline of the current corporate governance system) **Updated**

### A. Board of Directors

The Company's Board of Directors is chaired by Director and Chairman Ali Ordoobadi. Its members are Representative Director and CEO Christophe Vilatte, Representative Director and CTO Kazuyuki Miyashita, Director and Senior Managing Executive Officer CFO Hideki Shirato, Directors Maurizio Martinelli and Raul Perez, and Outside Directors Hideo Aomatsu, Akemi Sagawa, and François Xavier Lienhart (three of the Outside Directors are Independent Outside Directors), and in principle the meeting is held nine times a year. The Board of Directors makes management decisions and judgments based on the "Board of Directors Regulations," including statutory matters and other important matters, and oversees the Directors' business execution.

In addition, all Auditors attend meetings of the Board of Directors to oversee the Directors' business execution.

With regard to business execution, we have introduced an Executive Officer system to separate management oversight and business execution and to clarify authority and responsibility. In accordance with our internal regulations, the President oversees the Company's operations as the person with the highest authority for business execution, and the management meeting, which serves as an advisory body to the President, deliberates important matters related to business execution and delegates specific execution to executive officers.

Furthermore, for the purpose of exchanging information and sharing understanding from an independent and objective standpoint and having Independent Outside Directors actively contribute to discussions at Board of Directors meetings, we hold Independent Officer Meetings on the days when Board of Directors meetings are held, etc., and these meetings are composed only of five Independent Outside Directors and independent outside auditors.

### B. Board of Auditors

Our company established the Board of Auditors, which consists of three members: Full-time Auditor Masaki Takamori, Auditors Aki Tsurumaki, and Jean-Yves Jouas, two of whom are Independent Outside Auditors, and the Board of Auditors is held regularly. Each Auditor shares information at the Board of Auditors, attends board meetings and other meetings according to their responsibilities, and expresses opinions as necessary, allowing them to constantly monitor the business execution of Directors.

The Auditors also exchange information and opinions with the Audit department and Accounting Auditors to work closely together and improve our auditing functions.

### C. Management Meeting

The Management Meeting is chaired by Director & President CEO Christophe Vilatte, consisting of three members Kazuyuki Miyashita and Hideki Shirato, with a Full-time Auditor also in attendance. Based on the "Management Committee Regulations," the committee fulfills the roles described in the above Board of Directors meetings, and is held three times a month in principle, with the status of business execution being reported once a month.

### D. Compensation Advisory Committee



In order to strengthen the independence, objectivity and accountability of the function related to the compensation of each Director, the Compensation Advisory Committee, which is an independent advisory body to the Board of Directors, is held as necessary. The committee is chaired by Outside Director Hideo Aomatsu, and its members are Christophe Vilatte, Outside Director François Xavier Lienhart, Valeo Light Division HR Director Jose Mendes, and Valeo Japan HR Director Minoru Shinohara.

#### E. Conflict of Interest Monitoring Committee

We have established a Conflict of Interest Monitoring Committee to monitor conflicts of interest from the perspective of shareholders other than Valeo with regard to transactions and other matters between our Group and the Valeo Group, our parent company. The committee is chaired by Outside Director Hideo Aomatsu, and its members are Outside Directors Akemi Sagawa and François Xavier Lienhart, Director and Senior Managing Executive Officer CFO Hideki Shirato, and Executive Officer and Finance HQ Director Damien Le-Foll. The committee is held four times a year in principle to investigate transactions and other matters between the Valeo Group and our Group by interviewing the Directors of each headquarters and confirming transaction records, and reports the results of its investigations to the Board of Directors.

### 3. Reasons for choosing the current corporate governance system

Based on our Corporate Governance Guidelines, which include our management philosophy, we aim to achieve the best possible corporate governance that is compatible with society, in order to sustainably increase our corporate value and build relationships of trust with all stakeholders, including shareholders.

Therefore, in order to respond quickly to the business environment and improve management transparency, we have adopted the above corporate governance system.

## III. Status of implementation of measures regarding shareholders and other stakeholders

### 1. Status of efforts to invigorate General Shareholders Meetings and facilitate the exercise of voting rights

	supplementary explanation
Early dispatch of notices of General Shareholders' Meetings	The information was posted on our website and the Tokyo Stock Exchange Listed Company Information Service site on March 5, 2025.
Participating in an electronic voting platform and taking other steps to improve the voting environment for institutional investors	Starting from the General Shareholders' Meeting in March 2022, we are participating in the electronic voting platform. Voting rights can also be exercised via the Internet.
Provision of convocation notice (summary) in English	This information is posted on our website and on the Tokyo Stock Exchange Listed Company Information Service Site.

## 2. IR related activities

	supplementary explanation	Whether the representative will give an explanation himself
Regular briefings for analysts and institutional investors	Regarding the fiscal year 2024 financial results, we held online briefing for analysts and institutional investors for the interim financial results on September 8, 2024, and on March 13, 2025 for the full-year financial results. For the fiscal year 2025, we also plan to hold briefings for interim and full-year financial results.	yes
IR materials posted on website	We post financial reports, timely disclosure documents other than financial information, securities reports or quarterly reports, Business reports, IR briefing materials, integrated reports, etc.	

## 3. Status of efforts to respect the positions of stakeholders

	supplementary explanation
Stipulate respect for the positions of stakeholders through internal regulations, etc.	Our internal CSR regulations define the position of each stakeholder individually.
Implementing environmental conservation activities, CSR activities, etc.	We prepare environmental reports and other documents and publicise through our website.

## IV. Matters concerning internal control systems, etc.

### **1. Basic principles regarding the internal control system and its implementation status**

The system for ensuring that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as the system for ensuring the proper conduct of other Company operations is outlined below.

① System to ensure that execution of duties by Directors of the Company conforms to laws and the Articles of Incorporation:

Ichikoh Group Code of Conduct shall be implemented and each Director shall take initiative in complying with such Code. In addition, Conflict of Interest Monitoring Committee shall review the transactions with parent group companies and report the result to the Board of Directors. Further, awareness of the compliance with laws and the Articles of Incorporation by the Directors shall be enhanced through training of Directors and regular report from Compliance·CSR Committee and Global Compliance Committee at the Board of Directors meetings, attendance of Outside Directors at the Board of Directors meetings, and activities of the Independent Directors and Corporate Auditors meetings.

② System to maintain and control the information relating to the execution of duties by the Directors of the Company:

The internal rules shall be implemented respectively for the minutes of the shareholders' meeting, Board of Directors meeting and other important meetings as well as important decision making documents, and, such minutes and documents shall be appropriately and properly managed and maintained according to such internal rules as well as the "Information Management Rules."

③ The rules and other system to manage risks for losses of the Company:

Management system for the risk for the emergency situation and daily activities shall be established through the activities of identifying, analyzing and evaluating risks foreseeable in the corporate management, based on the Risk Management Rules. In particular, in relation to the measure in the case of emergency situation, "Business Continuity Management Rules" are established and continuity of business shall be secured by preparing the manual in preparation of disastrous situation, setting up emergency communication network and deciding the person responsible for the measures to disastrous situation.

④ System to ensure efficient execution of duties by Directors of the Company:

The materials for the Board of Directors meeting shall be described well in advance and thus enough time to review the subject shall be secured. The Directors who execute business shall also take the position of executive officer and the area of responsibility of each such Director shall be determined and the business is executed by each such Director. The yearly budget and mid-term management plan shall be prepared and deployed, and the business is executed.

⑤ System to ensure that execution of duties by employees of the Company conforms to laws and the Articles of Incorporation:

Thorough observation to the "Compliance Rules" and the "CSR Rules" shall be promoted, and internal "whistle

blow" system has been operated Awareness by individual employee of compliance to laws shall have been enhanced by monitoring the activities of the Company and employees and providing training as the activities of the Compliance・CSR Committee and the Global Compliance Committee.

⑥ System to ensure appropriateness of the operation of Corporate Group consisting of the Company and its subsidiaries:

The soundness and effectiveness of the corporate management of subsidiaries shall be checked and, as necessary, corrective action and guidance shall be provided to subsidiaries by implementing "Affiliate Companies Management Rules" and other rules relating to the affiliated companies.

⑥ 1) The matters relating to the report to the Company on the execution of the duties by Directors (and the equivalent) of the subsidiaries of the Company:

The status of the execution of the duties by Directors of the subsidiaries shall be supervised by both appointing Directors of the subsidiary and having submitted the minutes of the Board of Directors meetings to the Company. Any important matters shall be timely and properly reported to the Company by the subsidiaries in accordance with the "Affiliated Companies Management Rules" and other rules relating to the affiliated companies.

⑥ 2) The rules and other system to manage risks for losses of the subsidiaries of the Company:

The system for risk management as a corporate group shall be implemented by having the subsidiaries establish the risk management rules, regularly obtaining the information of the risks of the subsidiaries and analyzing and evaluating such risks.

⑥ 3) System to ensure efficient execution of duties by Directors of the subsidiaries of the Company:

The authority of the Directors of the subsidiary shall be established in the "Affiliated Company Management Rules" and the scope and policy of the business of each subsidiary shall be made clear in the mid-term plan.

⑥ 4) System to ensure that execution of duties by Directors and employees of the subsidiaries of the Company conforms to laws and the Articles of Incorporation:

Ichikoh Group Code of Conduct and "Compliance Rules" shall be deployed to each subsidiary and internal whistle blow system shall be implemented. The activities for compliance by each subsidiary shall be reported in the Compliance・CSR Committee and the Global Compliance Committee.

⑦ The matters relating to employee assigned to provide assistance to the duties of the Corporate Auditor, when the Corporate Auditor requests such employee:

When a Corporate Auditor requests to assign an employee who provides assistance to the duty of the Corporate Auditor, the company shall have Audit Department and other organization provide such assistance.

⑧ The matters relating to the independency of the employee who should provide assistance to the duties of the Corporate Auditor from Directors of the Company:

In the case of personal change of the person who should provide assistance to the duties of the Corporate Auditor, the Company shall in advance consult with the Corporate Auditor and makes decision taking into account the opinion of the Corporate Auditor.

⑨ The matter to ensure the efficient execution of the instruction from the Corporate Auditor to the person who should provide assistance to the Corporate Auditor:

Directors should not intervene in the instruction by the Corporate Auditor to the person who should provide assistance to the duties of the Corporate Auditor. The job description of the Audit Department should clearly state the assistance to the duties of the Corporate Auditor.

⑩ System for reporting to the Corporate Auditors of the Company:

Directors and employees shall report the status of execution of business and provide other information in the Board of Directors meetings and other important internal meetings where the Corporate Auditor is present. Directors will fully cooperate in the audit pursuant to the audit plan prepared by Corporate Auditors and provide information.

⑩ 1 ) System for reporting by Directors and employees to the Corporate Auditor.

Directors and employees of the Company shall make report to the Corporate Auditor in the Board of Directors meetings, Management Committee meetings and other important meetings where the Corporate Auditor is present, directly during audit, the opportunity for the communication with President, Accounting Auditor and any other opportunities depending on the importance of the subject.

⑩ 2 ) System for reporting to the Corporate Auditor of the Company by Directors (and equivalent) and employees of the subsidiaries of the Company and the person who receives the report from such Directors and employees.

The Corporate Auditor of the Company shall receive reports from the Directors, employees of the subsidiaries of the Company and the person who receives the report from such Directors and employees through information exchange with the corporate auditor of the subsidiaries and audit of the subsidiaries. In addition, the Corporate Auditor shall directly receive whistle blow notice in the internal Whistle Blow system.

⑪ System to ensure that the person who makes a report to the Corporate Auditor of the Company shall not be adversely treated because of making such a report.

The Company and its subsidiaries will not treat any person who has made a report to the Corporate Auditor of the Company unfavorably on the grounds that such a person made the report. Besides, the rules relating to the internal Whistle Blow system clearly prohibits the adverse treatment to the person who makes the whistle blow notice because of making such whistle blow notice.

⑫ The matters relating to policy of the procedure for the advance payment or repayment of the expenses incurred as a result of performance of the duties by the Corporate Auditor of the Company and for the other processing of the expenses or the debt incurred as a result of such performance of the duties.

The Company shall not refuse the payment of the expenses necessary for the performance of the duties by the Corporate Auditor. When requested by the Corporate Auditor, such request shall be processed in accordance with the laws and procedure for the processing of expenditure and payment schedule of the Company.

⑬ Other system to ensure efficient audit by Corporate Auditors of the Company:

The Company shall respect "Rules for the Board of Auditors," "Rules for the Audit by the Corporate Auditor" and "Standard for the Audit by the Corporate Auditor" and cooperate the execution of the audit plan.

End

## 2. Basic principles and status of measures to exclude anti-social forces

The Ichikoh Group Code of Conduct clearly states that we will not have any relationship with anti-social forces and will not provide any economic benefits to them.

In response to government guidelines, we are taking measures to eliminate antisocial forces by stipulating that when entering into various contracts, the parties to the contract declare that they are not antisocial forces, that they will not belong to antisocial forces after entering into the contract, and that if any party falls under antisocial forces, it will be grounds for termination of the contract. In addition, we regularly investigate whether our business partners are antisocial forces.

## V.Others

### 1. Whether or not takeover defense measures have been implemented

Whether or not takeover defense measures are in place	none
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Supplementary explanation for the relevant item

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### 2. Other matters related to the corporate governance system

#### (1) Corporate Governance System

The corporate governance system that is a prerequisite for proper and timely disclosure is as follows:

The Audit Office continuously monitors and verifies the internal control activities of each department from the perspective of the effectiveness, efficiency, reliability, and compliance of business activities, and reports to executives as appropriate. In addition to internal audits by Auditors and external audits by certified public accountants, we also work to strengthen compliance through the Compliance & CSR Committee and the Global Compliance Committee.

#### (2) Internal system for timely disclosure

The status of our internal system for timely disclosure of company information is as follows:

The Corporate Planning department will be the department responsible for disclosure, and will not only raise awareness of timely disclosure throughout the Company, but will also hold and manage important meetings such as management meetings and Board of Directors meetings, as well as work with each department to obtain important facts and determine whether or not items require timely disclosure.

If an item falls under the category of timely disclosure, it will be disclosed promptly after approval by the responsible Director of the Corporate Planning Office or the President.