

Special Feature: Activities of the Nomination and Compensation Committee



The Nomination and Compensation Committee continues to fulfill its role as an entity that enhances the independence and transparency of the functions of the Board of Directors.

Takashi Yokomizo
Director

Since my appointment as an Outside Director in June 2023, I have served as Chair of the Nomination and Compensation Committee.

As an advisory body to the Board of Directors, the Nomination and Compensation Committee is composed of a majority of Independent Outside Directors and deliberates on the nomination and compensation of Directors and senior management. Through these deliberations, it contributes to enhancing the independence and transparency of decision-making.

Nomination

For the appointment of Directors and senior management at the Company, candidates are interviewed and deliberated by the Nomination and Compensation Committee, then recommended by the President, and finally decided by the Board of Directors. The Nomination and Compensation Committee evaluates each candidate as part of this process.

In the Committee, we evaluate candidates from a comprehensive perspective, considering not only their extensive business experience and achievements, but also their broad insight for management decision-making, advanced expertise including in the electric power business, and leadership to guide the organization.

For the top management appointments in FY2025, we also conducted thorough deliberations as a committee based on this process.

We continue to examine the composition and diversity of the Board of Directors, taking into account the opinions of shareholders and investors. At the General Meeting of Shareholders in FY2026, we received approval for the appointment of female directors and directors with extensive international experience, thereby strengthening our management structure. We will continue to work on building the optimal structure in line with the roles required of the Board of Directors.

Compensation

Currently, officer compensation at the Company consists of three components: monthly compensation, performance-linked remuneration, and stock compensation.

The Nomination and Compensation Committee constantly reviews the overall compensation system, and in particular, discusses performance-linked remuneration each year and determines evaluations. On assessing the achievement of material issue targets, which serve as one of the evaluation criteria for performance-linked remuneration, we carefully consider not only quantitative targets but also make

qualitative assessments. While there are times when opinions differ, we make decisions after a thorough discussion.

We also receive opinions from shareholders and investors regarding the proportion of stock compensation and other matters, and we recognize this as one of the issues to be evaluated going forward in order to align our perspectives more closely with shareholders.

Since the establishment of the Nomination and Compensation Committee in 2019, we have worked to improve the nomination process and compensation framework, and I feel that these efforts are gradually producing tangible results. We will continue our work on enhancing the appointment of management and the compensation system to contribute to the enhancement of the Company's corporate value.

Main matters deliberated regarding nominations

- Appointment of Executive Officers and determination of their responsibilities effective April 1 of the following fiscal year
- Selection of candidates for Director (excluding those who are Audit & Supervisory Committee Members)
- Appointment of Specially Appointed Audit and Supervisory Committee Member
- Nomination of Representative Directors and Senior Directors

Main matters deliberated regarding compensation

- FY2021 and FY2022: Revised the content of the officer compensation system* and the compensation levels.
*Officer compensation was changed to a three-component structure: monthly compensation, performance-linked remuneration, and stock compensation.
- FY2023: Introduced evaluation of material issue targets (KPIs) as a performance criteria for performance-linked remuneration.
- FY2024: Deliberated and reflected the evaluation plan for performance on material issues.

Meetings held in FY2025

Main topics	
First	Performance evaluation for performance-linked remuneration
Second	Appointment of Nomination and Compensation Committee Chairperson
Third	Deliberation regarding nominations
Fourth	Deliberation regarding nominations
Fifth	Nomination of officer candidates for the next fiscal year