

Astemo Corporate Governance Basic Policies

Chapter 1 General Provisions

Article 1 Purpose

Astemo (the “**Company**”) has established the “Astemo Corporate Governance Basic Policies” (these “**Policies**”) pursuant to a resolution of the Board of Directors to indicate the Company’s basic approach to, and framework and operating guidelines for, corporate governance. In doing so, the Company aims to contribute to sustainable growth and enhancement of the long-term corporate value of the Company.

Article 2 Basic Approach to Corporate Governance

1. With “contributing to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions” as its corporate mission, the Company endeavors to continuously enhance its relationships of trust with not only shareholders and investors, but also with its employees, customers, trading partners and society at large. The Company also recognizes that, as an innovative value driver for society, sustainable growth and long-term improvement of corporate value through transparent, fair, risk-conscious, timely and decisive decision-making satisfies the needs of all the Company’s stakeholders. The continuous enrichment of corporate governance is an important basic policy of management that will enable the Company to achieve these aims.
2. The Company adopts the status of a company with an audit and supervisory committee that has an “Audit & Supervisory Committee” composed of a majority of the outside directors in order to separate supervisory functions and executive functions of management. By utilizing that, the Company enables it to significantly delegate authority over business execution from the Board of Directors to executive directors to enhance supervisory functions, and to conduct timely and decisive decision-making.

(Principles 2.1 and 3.1.i) and ii))

Chapter 2 Corporate Governance Structures

Section 1 Board of Directors

Article 3 Roles and Responsibilities of Board of Directors

1. The Board of Directors makes decisions following constructive discussions on business strategies, business plans, other matters of particular importance in the Company’s management and statutory resolutions of the Board of Directors and delegates other matters to executive directors and executive officers (the “**Management**”) in order to realize the sustainable growth and long-term improvement of the corporate value of the Company based on the Company’s

management policies, including its MISSION, VISION and VALUES. In addition, the Board of Directors receives reports from the Management on the status of execution of duties and efforts to address business issues and supervises the execution of duties based on fiduciary responsibility and accountability to shareholders.

2. The Board of Directors has established a basic policy on the maintenance of an internal control system to ensure the appropriateness of the execution of business by the Company group overall and supervises the creation and operational status of the internal control system, including ensuring compliance and the appropriateness of financial reporting and maintenance of the risk management system.

(Principle 4.1, Supplementary Principles 4.1.1 and 4.1.2, Principle 4.3, Supplementary Principle 4.3.3, Principle 4.5)

Article 4 Composition of Board of Directors

1. Based on recognition that having diverse perspectives and values is a strength in aiming for the sustainable growth of the Company, a balanced structure of diverse knowledge and experience is maintained on a continuing basis for the Board of Directors overall through the selection of candidates for directors that takes into consideration diversity of nationality, ethnicity, gender, work experience, and age and based on strong expertise and ability in management and various fields as well as rich experience. In addition, the composition of the Board of Directors is maintained at an appropriate size of no more than eight members to ensure flexibility.
2. At least one-third of the Board of Directors is composed of independent outside directors who meet the criteria for independence established by the Tokyo Stock Exchange in addition to the requirements for outside directors established under the Companies Act in order to improve the effectiveness of the supervision of directors and executive officers and to enhance the fairness and transparency of management. (General Principle 4, Principle 4.1, Supplementary Principle 4.1.2, Supplementary Principle 4.3.4, Principle 4.8, Principle 4.11, Supplementary Principle 4.11.1)

Article 5 Chair of Board of Directors

The chair of the Board of Directors sets the agenda for the Board of Directors, convenes meetings, advances proceedings on the day of meetings, and strives to stimulate discussion at meetings and the effective and efficient conduct of such discussion.

Section 2 Optional Advisory Committees

Article 6 Nomination Meeting

1. The Company has established a Nomination Meeting as an optional advisory body to the Board of Directors to deliberate and report to the Board of Directors on the nomination policy for directors and executive officers, the dismissal and removal

policy, the selection and dismissal of individual candidates, and other matters to be resolved by the Board of Directors concerning the nomination of officers prior to the submission of proposals to the Board of Directors, in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination of officers.

2. The Nomination Meeting is composed of at least three directors, the majority of whom are outside directors.

(Principle 4.10, Supplementary Principle 4.10.1)

Article 7 Compensation Meeting

1. The Company has established a Compensation Meeting as an optional advisory body to the Board of Directors to deliberate and report to the Board of Directors on the policy for determining the remuneration of directors (excluding directors who are members of the Audit & Supervisory Committee), the amount of remuneration for each individual director (excluding directors who are members of the Audit & Supervisory Committee), and other matters to be resolved by the Board of Directors concerning remuneration for directors (excluding directors who are members of the Audit & Supervisory Committee) prior to the submission of proposals to the Board of Directors, and also to deliberate and determine the policy for determining the remuneration of executive officers, the amount of remuneration for each individual executive officer, and other matters concerning remuneration for executive officers based on delegation from the Board of Directors, in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the remuneration of officers.
2. The Compensation Meeting is composed of at least three directors, the majority of whom are outside directors.

(Principle 4.10, Supplementary Principle 4.10.1)

Article 8 Related Party Transaction Advisory Committee

Based on recognition of the fact that transactions with related parties, such as major shareholders, may cause conflicts of interest with minority shareholders, the Company has established a Related Party Transaction Advisory Committee composed of outside directors or outside experts only as an optional advisory body to the Board of Directors to strengthen the checks-and-balances function of the Board of Directors and to supervise such transactions so that none that would harm the shared interests of the Company and its shareholders are carried out.

(Principle 1.7, Supplementary Principle 4.8.3)

Section 3 Directors

Article 9 Roles and Responsibilities of the Directors

1. Based on their knowledge and experience, the directors promote the sustainable growth of the Company and improve its long-term corporate value, while recognizing their fiduciary responsibility to shareholders and giving due consideration to stakeholders.
2. Directors, as members of the Board of Directors, participate in decision-making on matters of particular importance in the management of the Company and statutory matters to be resolved by the Board of Directors and supervise the execution of duties by other directors and executive officers through resolutions of the Board of Directors. In addition, to fulfill the roles and responsibilities expected of them, directors collect the information they require for the execution of their duties and express their opinions proactively and engage in constructive discussions at meetings of the Board of Directors and elsewhere.
3. Outside directors supervise the execution of business by the Management from a standpoint independent from major shareholders, the Management, etc. based on the outside directors' expert knowledge and rich experience to ensure the efficiency, transparency, and objectivity of management.
4. Each Director ensures that his or her rate of attendance at meetings of the Board of Directors does not fall below 75%.

(Principle 4.6, Principle 4.7, Principle 4.9)

Article 10 Appointment and Dismissal of Directors

1. In principle, the Board of Directors selects as candidates for director people who are capable of fulfilling the roles and responsibilities established in the preceding Article and who have excellent character and insight, upon deliberation based on the proposals of the CEO and taking into consideration the details of reports made by the Nomination Meeting following deliberation by the Nomination Meeting.
2. Internal candidates for director are people who are closely familiar with the business of the Company group, and candidates for outside director are people with expertise and rich experience in management and various fields who can fulfill a supervisory function over the management of the Company based on a wide-ranging perspective and a neutral and objective standpoint.
3. Candidates for director who are members of the Audit & Supervisory Committee are determined by the Board of Directors after it obtains the prior consent of the Audit & Supervisory Committee.
4. If a director violates any law or regulation, the Articles of Incorporation, or any internal rules or any other circumstance arises whereby it is determined he or she is unable to perform his or her duties appropriately, the Board of Directors will deliberate upon and determine disciplinary action, such as removal from his or her position, etc., taking into consideration the details of reports by the Nomination Meeting following deliberation by the Nomination Meeting. If the Board of Directors intends to dismiss

the director in question, it will decide to submit a proposal to a general shareholder meeting.

(Principle 3.1.iv), Supplementary Principle 4.3.1)

Article 11 Remuneration for Directors

1. The Board of Directors deliberates upon and determines the policy for deciding details of remuneration, etc. to be paid to individual directors (excluding directors who are members of the Audit & Supervisory Committee; the same applies throughout this Article) and taking into consideration the details of reports made by the Nomination Meeting following deliberation by the Nomination Meeting.
2. The remuneration, etc. of directors who are members of the Audit & Supervisory Committee is determined by consultation among directors who are members of the Audit & Supervisory Committee.
3. The Company positions ensuring market competitiveness, pay-for-performance, and the maintenance of transparency as its philosophy with respect to setting remuneration, etc., for directors. In setting remuneration levels, the Company implements market benchmarking and gives comprehensive consideration to the market revision rate, the market competitiveness of remuneration, etc. before revision, and individual performance.
4. In addition to a base salary, which is a fixed monthly amount of monetary remuneration, remuneration for executive directors consists of a short-term incentive as a results-linked monetary remuneration paid once a year based on performance in light of corporate and business targets in a single fiscal year and directors' individual performance, and a long-term incentive, which is a stock-based remuneration plan composed of phantom share units and performance share units provided as an incentive for the sustainable improvement of the Company's corporate value. The amount and percentage of each individual director's remuneration is determined by the Compensation Meeting, taking into consideration the duties, responsibilities, etc. of each director.
5. Remuneration for directors who do not execute business is composed of fixed remuneration only.

(Principle 3.1.iii), Supplementary Principle 4.2.1)

Article 12 Conflict-of-Interest Transactions

If a director or an executive officer "intends to carry out, for himself or herself or for a third party, any transaction in the line of business of the Company (a competitive transaction)" or "intends to conduct a transaction that conflicts with the interests of the Company, such as a transaction with the Company or receipt of a commission in relation to a transaction between the Company and a third party (a conflict-of-interest transaction)," then he or she must obtain the prior approval of the Board of Directors and

report material facts to the Board of Directors in accordance with procedures established in the Companies Act and internal rules.

(Principle 1-7)

Section 4 Initiatives for Improving Effectiveness of Board of Directors

Article 13 Information Provision and Support Systems

The Company distributes to each director materials on the agenda and proposals for each meeting of the Board of Directors prior to the day of the meeting and provides advance explanations of proposals as required. In addition, the Company strives to enhance the provision of information required to effectively fulfill the supervision and auditing functions of management, including information on the management environment. The Company has established a dedicated person in charge of support for the operation of the Board of Directors and the Audit & Supervisory Committee to enhance the provision of information.

(Principle 4.12, Principle 4.13)

Article 14 Training for Officers

Apart from orientation upon assuming office, the Company provides training opportunities regularly for directors to acquire or update the knowledge they require to perform their duties. In addition, if directors participate in seminars, etc. held by external organizations, the Company will provide support, such as by covering expenses. The Company provides opportunities as appropriate for outside directors to acquire the knowledge they require to deepen their understanding of the Company's business (with respect to business activities, the business environment, industry trends, finance, organizational matters, etc.) and to visit the Company's places of business. In addition, the Company implements training related to the Companies Act, corporate governance, etc. as appropriate for executive officers.

(Principle 4.14)

Article 15 Convocation of Meetings by Outside Directors

Outside directors may hold meetings with executives or other directors if required for the strengthening of the supervisory function of the Board of Directors or to exchange opinions and share awareness on matters not limited to the agenda of meetings of the Board of Directors. When convening a meeting, related divisions will communicate, coordinate, and provide other necessary support as appropriate.

(Supplementary Principles 4.8.1, 4.8.2)

Article 16 Concurrent Positions of Officers at Other Companies

To ensure that each outside director has sufficient time to fulfill his or her duties as a director of the Company, if he or she serves concurrently as an officer at any other listed

company, he or she will be limited to four companies (excluding the Company), and if he or she is newly requested to serve as an officer by another listed company, he or she must notify the Nomination Meeting to that effect in advance and receive confirmation with regard to the impact on his or her duties at the Company.

(Supplementary Principle 4-11(2))

Article 17 Analysis and Evaluation of Effectiveness

1. The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors overall each year with reference to the self-evaluation, etc. of each director and discloses a summary of the results.
2. The Audit & Supervisory Committee analyzes and evaluates the effectiveness of the Audit & Supervisory Committee overall each year with reference to the self-evaluation, etc. of each Audit & Supervisory Committee member and reports a summary of the results to the Board of Directors.

(Supplementary Principle 4.11.3)

Section 5 Audit & Supervisory Committee

Article 18 Roles and Responsibilities of Audit & Supervisory Committee

1. The Audit & Supervisory Committee audits the execution of duties by directors and performs other duties established by laws and regulations and the Articles of Incorporation from an independent and objective standpoint based on the Audit & Supervisory Committee's fiduciary responsibility to shareholders.
2. Each director who is a member of the Audit & Supervisory Committee ensures that his or her rate of attendance at meetings of the Audit & Supervisory Committee does not fall below 75%.

(Principle 4.4, Supplementary Principle 4.4.1)

Article 19 Composition of Audit & Supervisory Committee

1. The Audit & Supervisory Committee is composed of at least three directors who are Audit & Supervisory Committee members, the majority of whom are outside directors. In addition, at least one of the directors who is an Audit & Supervisory Committee member must have considerable knowledge of finance and accounting.
2. The Audit & Supervisory Committee is chaired by an outside director.

(Supplementary Principle 4.4.1, Principle 4.11)

Article 20 Relationship with Financial Auditor, with Internal Audit Division

1. The Audit & Supervisory Committee formulates standards for the election and dismissal of financial auditors, confirms the independence and expertise of financial

auditors, audit plans, status of execution of duties, remuneration, etc., and otherwise implements appropriate handling to ensure proper auditing.

2. The Audit & Supervisory Committee strives to ensure cooperation with the Internal Audit Office, which is the internal audit division that reports directly to the president, by such means as holding prior discussions on audit plans and receiving regular reports on audit results.

(Principle 3.2, Supplementary Principle 3.2.1, Supplementary Principle 3.2.2,
Supplementary Principle 4.13.3)

Section 6 Structure for Executing Business

Article 21 Basic Policy

The Company assigns executive officers to major organizational units in regions, businesses, and functions as people delegated authority by the Board of Directors and who are responsible for executing business in their areas of responsibility, in order to increase the agility and appropriateness of managerial decision-making and strengthen business execution.

Article 22 Management Meeting

The Company has established a Management Meeting composed of the executive officers and employees judged necessary by the CEO as an advisory body to the CEO for the purpose of contributing to agile and appropriate decision-making related to business execution.

(Supplementary Principle 4.1.1)

Article 23 Major Committees

The Company has established expert committees to thoroughly deliberate upon each area of risk management and compliance and to strengthen the promotion of activities and initiatives in risk management, etc.

(1) Risk Management Committee

The Company has established a Risk Management Committee chaired by the Chief Risk Management Officer to verify and promote various activities related to risk management and crisis management in a multifaceted and comprehensive manner.

(2) Compliance Committee

The Company has established a Compliance Committee chaired by the CEO and vice-chaired by the Chief Compliance Officer to deliberate upon compliance activity plans, evaluate the results of activities, etc., discuss the status of handling of serious compliance issues (mainly quality compliance issues), measures to prevent reoccurrence, etc. and to implement activities for the strengthening of group governance and monitoring.

(Principle 2.2, Supplementary Principle 2.2.1, Principle 2.3.1, Supplementary

Article 24 Roles and Responsibilities of Executive Officers

Executive officers understand the MISSION, VISION and VALUES of the Company deeply and execute important business within the scope authorized by the Board of Directors in order to realize the policies and mid- to long-term goals of the Company determined by the Board of Directors.

Article 25 Appointment and Dismissal of Executive Officers

1. In principle, the Board of Directors appoints as executive officers people who are capable of fulfilling the roles and responsibilities established in the preceding Article and who have excellent character and insight, upon deliberation based on the proposals of the CEO and taking into consideration the details of reports made by the Nomination Meeting following deliberations by the Nomination Meeting.
2. An executive officer is a person with sufficient knowledge, experience, and excellent judgment to assume responsibility for the execution of business in specific fields, regardless of gender, nationality or other personal attributes.
3. If an executive officer violates any law or regulation, the Articles of Incorporation, or any internal rules, or any other circumstance arises whereby it is determined he or she is unable to perform his or her duties appropriately, the Board of Directors will deliberate upon and determine disciplinary action, such as dismissal, removal, etc., taking into consideration the details of reports made by the Nomination Meeting following deliberation by the Nomination Committee.

(Principle 3.1.iv), Supplementary Principle 4.3.1)

Article 26 Remuneration for Executive Officers

1. The Company positions ensuring market competitiveness, pay-for-performance and the maintenance of transparency as its philosophy with respect to setting remuneration, etc., for executive officers. In setting remuneration levels, the Company implements market benchmarking and gives comprehensive consideration to the market revision rate, the market competitiveness of remuneration, etc. before revision, and individual performance.
2. In addition to a base salary, which is a fixed monthly amount of monetary remuneration, remuneration for executive officers consists of a short-term incentive as a results-linked monetary remuneration paid once a year based on performance in light of corporate and business targets in a single fiscal year and executive officers' individual performance, and a long-term incentive, which is a stock-based remuneration plan composed of phantom share units and performance share units provided as an incentive for the sustainable improvement of the Company's corporate value. The amount and percentage of each individual executive officer's

remuneration is determined by the Compensation Meeting, taking into consideration the duties, responsibilities, etc. of each executive officer.

(Principle 3.1.iii), Supplementary Principle 4.2.1)

Chapter 3 Relationship with Shareholders

Article 27 Securing the Rights and Equal Treatment of Shareholders

(1) Maintenance of the Environment Related to the Exercise of Shareholder Rights at a General Shareholder Meeting

In recognition that the general shareholder meeting is the highest decision-making body and a forum for constructive dialogue with shareholders, the Company strives to maintain an appropriate environment for the exercise of shareholder rights at each general shareholder meeting from the perspective of shareholders.

(General Principle 1, Principle 1.2, Supplementary Principle 1.2.1 through 1.2.5)

(2) Securing the Rights of Shareholders

The Company strives to ensure the equal treatment of the rights of shareholders in practice and also gives sufficient consideration to the exercise of rights granted to minority shareholders, etc.

(General Principle 1, Supplementary Principle 1.1.1, Supplementary Principle 1.1.3)

Article 28 Basic Approach to Capital Policies

1. The Company recognizes that capital policy trends concerning fund procurement methods, the appropriation of surplus, etc., have a significant impact on the rights and interests of shareholders and so determines and explains its basic policy on capital policies to shareholders in a timely manner through disclosures.
2. The Company strives to improve corporate value and expand shareholder value by considering a balanced capital structure while taking into account capital efficiency, growth potential, and soundness, so that capital can be used as a resource for mid- to long-term business expansion and new technological development, etc. In addition, the Company's basic policy on profit distribution is to pay stable and continuous dividends to shareholders, taking into consideration performance, mid- to long-term business plans, etc.
3. If the Company intends to implement a capital policy that would bring about a change in control or a substantial dilution of control, then the Board of Directors ensures proper procedures and provides sufficient explanation to shareholders following detailed consideration of the necessity and reasonableness of the policy in light of the fiduciary responsibility to shareholders borne by the Board of Directors.

(Principle 1.3, Principle 1.6)

Article 29 Basic Policies for Cross-shareholdings

1. The Company may hold listed or unlisted shares as cross-shareholdings if it recognizes such a holding to be necessary to maintain and strengthen business alliances and business relationships and to smoothly promote the business activities of the Company.
2. The Company deliberates upon the worth, etc., of such holdings in advance in accordance with the worthiness of the shareholding. In addition, each year, the Board of Directors examines the appropriateness of holding individual cross-shareholdings by scrutinizing whether the aim of holding the shares is appropriate, whether the holding is economically rational, etc., and deliberates upon the results of those considerations at a meeting of the Board of Directors.
3. Cross-shareholdings considered to be of insufficient worthiness are promptly sold, taking trends in the stock market and other factors into account.
4. When exercising the voting rights of cross-shareholdings of the Company, the Company considers whether or not proposals will contribute to the sustainable growth and long-term improvement of the corporate value of the Company.

(Principle 1.4)

Article 30 Dialogue with Shareholders

The Company implements the following initiatives and maintains systems to promote constructive dialogue with shareholders.

- i. The Company has appointed an executive officer in charge of IR who acts with responsibility as the supervisor of dialogue with shareholders in general.
- ii. The IR Division works towards the realization of constructive dialogue with shareholders in cooperation with related divisions.
- iii. Opinions ascertained in dialogue with shareholders and investors are fed back to the Management, the Board of Directors, and related departments as required.
- iv. The Company has established “Regulations on the Prevention of Insider Trading” for the thorough management of insider information and causes all officers and employees involved in dialogue with shareholders and investors to comply with these regulations.

(General Principle 5, Principle 5.1, Supplementary Principle 5.1.1, Supplementary Principle 5.1.2, Supplementary Principle 5.1.3)

Chapter 4 Relationships with Stakeholders Other than Shareholders

Article 31 Code of Conduct

The Company positions compliance not only as observance of laws and regulations but also as sincere and ethical behavior in line with the Company’s MISSION, VISION and VALUES, has established a code of conduct to serve as the basis for practicing

compliance, and continuously informs all officers and employees of the Company group about compliance.

(Principle 2.2)

Article 32 Initiatives for Issues Surrounding Sustainability

1. The Company's mission is to contribute to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions. For the Company, the realization of that mission is the very essence of sustainability, so the Company formulates management and business strategies based on risks and opportunities in response to the issues faced by the Company, including social and environmental matters (decarbonization, resource recycling, respect for human rights, diversity, etc.), and contributes to the resolution of issues surrounding sustainability by creating economic value and social value through the Company's business in an integrated manner.
2. The Company appropriately discloses its initiatives in response to issues surrounding sustainability.

(Principle 2.3, Supplementary Principle 3.1.3)

Article 33 Employing a Workforce with Diverse Values

Based on the recognition that respecting the human rights, personality, and individuality of each employee and building a rewarding workplace will lead to the maintenance and strengthening of the Company's competitiveness, the Company advances a DEI (diversity, equity and inclusion) Vision to "create and leverage an inclusive work environment, one that embraces diversity and encourages employees to respect and inspire each other." Based on this DEI Vision, the Company strives to maintain an in-house environment that respects the various values and individual differences of each person, that cultivates diverse personnel, and in which employees can fully demonstrate the capabilities they possess.

(Principle 2.4)

Article 34 Whistleblowing

1. As a group-wide whistleblowing system for the purpose of ascertaining and correcting compliance-related problems in a timely manner, the Company has established and maintains a contact point for making whistleblowing reports to an external, specialized service that is independent from the Company group.
2. The Company has stipulated in its Whistleblowing System Regulations the confidentiality of information providers and the prohibition of disadvantageous treatment against those information providers.

(Principle 2.5)

Chapter 5 Ensuring Appropriate Information Disclosure and Transparency

Article 35 Basic Policy on Information Disclosure

1. Together with financial information, the Company conducts timely and appropriate disclosure of non-financial information, such as information on business strategies, business issues, risks, internal control systems, and corporate governance, in accordance with laws and regulations.
2. The Company conducts timely, appropriate, and fair disclosure of not only information whose disclosure is provided for under laws, regulations, etc. but also information that is useful for the purpose of making investment decisions, such as information related to the environment and social initiatives, in order to obtain understanding from shareholders, investors, and all stakeholders.
3. Based on recognition that the information disclosed based on the two preceding paragraphs is the basis for constructive dialogue with shareholders, the Company strives to ensure that information is accurate as well as readily comprehensible and amply useful for users.
4. The Company proactively engages in dialogue with stakeholders and strives to appropriately reflect the results of dialogue in its corporate activities. The Company also strives to improve the transparency of corporate activities and to build and maintain relationships of trust with stakeholders through information disclosure and dialogue. We have separately established a “Astemo Disclosure Policy” and “Timely Disclosure Rules” based on these Policies and established a “Disclosure Committee” to manage and promote information disclosure activities.

(General Principle 3, Supplementary Principle 3.1.1)

Establishment, Revision, and Abolition

The establishment, revision, and abolition of these Policies is carried out by resolution of the Board of Directors. However, the Chief Governance Officer carries out minor changes, such as corrections associated with changes in the names of the Company’s organizations or the numbers of principles within Japan’s Corporate Governance Code (established by the Tokyo Stock Exchange, Inc.) or lexical corrections.

End

Established: October 1, 2024

Revised: April 1, 2025

*The figures in parentheses in these Policies indicate principles of Japan’s Corporate Governance Code corresponding to each basic policy.