

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Governance Report

Last Update: June 24, 2021
Company Name: Yukiguni Maitake Co., Ltd.
Representative: Iwao Ashikaga, President and CEO,
Representative Director
Contact: Takenori Sakurai, Executive Officer
(Chief Financial Officer)
Tel: +81-25-778-0111
Securities Code: 1375
URL: <http://www.maitake.co.jp>

The corporate governance of Yukiguni Maitake Co., Ltd. (hereinafter “the Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company recognizes that it is important to establish timely and accurate decision-making and action mechanisms to enhance the efficiency and integrity of management in response to a request in a global society in order to achieve the realization of responsible corporate management for shareholders, customers, employees, business partners and local communities in accordance with our belief “we do not produce and deliver mushrooms that we are not willing to eat ourselves”.

The Company believes earning the trust of our stakeholders by enhancement of corporate governance will ensure appropriateness of decision-making and execution of business.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company is implementing each item of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4 Cross Shareholdings]

Verification of Ownership Policy and Rationality

The Company may hold shares of other companies based on a detailed examination in order to enhance our medium to long-term corporate value by maintaining and strengthening business relationship with our business partners only if it's reasonable.

The Board of Directors shall regularly examine the purpose and economic rationale for owning all cross-held shares. Based on that examination, if found to be not rational, we consider reduction or sale of stocks through communication with stock issuers.

Exercising Voting Rights

The Company shall exercise the voting rights properly considering impact on the Company comprehensively such as whether it contributes to enhancement of corporate governance system and shareholder's value or not. We will hold discussion with issuer company about the proposal details, as necessary.

[Principle 1.7 Related Party Transactions]

The Company is operating its transactions based on the related party transaction management rules. At the beginning of the actual transaction, the Company submits to the Board of Directors for approval after excluding related officers as special interested parties from the quorum of the resolution in order to prove the transaction is not prejudicial to the common benefit of the shareholders. In addition, we investigate related parties' transactions as of the end of the fiscal year, report the results to the Board of Directors, and grasp and monitor the details of the transactions.

[Principle 2.6 Fulfillment of Roles as a Pension Asset Owner]

The Company has established a policy for the management of pension assets, and each procedure is carried out in accordance with the agreement. In addition, the Company delegates investment to financial institutions. In addition to receiving investment reports from financial institutions on a quarterly basis, the Company monitors the investment status through each company's website.

[Principle 3.1.1 Business Principles, Strategies and Plans]

(1) Business Principles

The Company's motto and management philosophy below are disclosed on our website.

- Company Motto
Contribute towards society with quality products and a worthwhile workplace

- Management Philosophy
 1. Contribute towards enrichment of citizens' livelihood and the prosperity of food culture
 2. Realize contributions to local communities, shareholders, executives and employees
 3. Respect corporate ethics

(2) Business Strategies and Plans

The Company discloses the three-year business plan on the Company's website.

<http://www.maitake.co.jp/press/pdf/20200109.pdf>

[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to the Management]

The Company establishes the Board of Directors regulations governed by the laws in order to determine examination agenda. The extent to conduct by management of the Company are clearly defined by "Executives Rules" and "Authority Rules".

[Principle 4.8 Effective Use of Independent Directors]

Two of the seven Directors of the Company are Independent Outside Directors to make management transparent and to strengthen the supervisory function.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The independency of Independent Outside Directors is ensured in accordance with the Companies Act and the Independence Standards of the Tokyo Stock Exchange. Also, the Company strives to appoint persons who can be expected to contribute to constructive consideration for the Board of Directors with efforts to deepen understanding of the Company's business and actively giving advice from the perspective of improving corporate value based on their knowledge.

[Supplementary Principle 4.11.1 View on the Balance among Knowledge, Experience and Skills of the Board of Directors as a Whole, and Also on Diversity and Size of the Board of Directors]

The number of Directors will be no more than 15 for quick decision-making with different backgrounds such as knowledges and experiences. The Company places emphasis on the diversity of the Directors to ensure the balance of knowledge, experience and ability of a whole board. This is reflected by the appointment of five Internal Directors with specialized abilities and knowledge in each field and two Independent Outside Directors with advanced knowledge and abundant experience.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Board's Effectiveness as a Whole and Disclosure of the Summary of the Results]

In order to analyze and evaluate of the Board's effectiveness, the Company conducted an unsigned questionnaire survey to all Directors and *Kansayaku* and a self-assessment of the management of the Board of Directors, including the composition, operation, agenda, support structure, and remuneration in April 2021.

In the evaluation, all Directors and all *Kansayaku* were asked to *self-evaluate* (1) the role and function of the Board of Directors, (2) the composition and scale of the Board of Directors, (3) the operation of the Board of Directors, (4) communication with management, (5) cooperation with audit organizations, and (6) relationship with shareholders and investors. The results were reported to the Board of Directors, issues were identified, problems were shared, and future measures were discussed.

Consequently, the results were generally positive, and we evaluated that the Board of Directors was properly operated and that the effectiveness of the Board of Directors was ensured.

On the other hand, from the self-evaluation, internal and external officers commented that further improvements are necessary for (1) verification and discussion of medium- to long-term management strategies, (2) grasping the status of succession plans (successor plans), (3) grasping the status of internal control and internal audit, (4) opportunities for Outside Directors to understand the Company, (5) securing the

appropriate number and ratio of Outside Directors, and (6) disseminating information to shareholders and investors, and promoting constructive dialogue. We will strive to improve the identified issues by implementing measures such as securing deliberation time, scrutinizing the deliberation targets, and securing opportunities for explanations from business execution to the Board of Directors.

[Supplementary Principle 4.14.2 Training Policy of the Board of Directors]

The Company provides essential information, knowledge, and lectures regarding business activities for Directors and *Kansayaku* to fulfill their roles properly. Also, Outside Directors and *Kansayaku* shall be given opportunities for understanding the Company’s business through discussions with Executives and production plant tours.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Regarding dialogue with shareholders, the General Manager of the Corporate Planning Division, which has responsibility for Investor Relations, unifies and corresponds with related departments based around Investor Relations and Public Relations Division through exchanging information. Also, the General Manager of the Corporate Planning Division shall share the opinions received through dialogue with shareholders with Director in charge and report to the Board of Directors in order to use them in business operations so the Company establishes the organizational structure which contribute to the sustainable growth and the improvement of corporate value for the medium- to long-term.

In terms of dialogue with shareholders, the Company manages insider information appropriately in accordance with “Rules for Prevention of Insider Trading” and “Fair Disclosure Rules Compliance Manual”. The Company endeavor to fulfill the dialogue with shareholders by timely disclosure via the press or website.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
----------------------------	---------------------------

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
SHINMEI HOLDINGS CO., LTD.	19,963,000	50.01
Custody Bank of Japan, Ltd. (Trust Account)	1,595,600	3.99
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,503,500	3.76
STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25	1,083,875	2.71
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	1,080,500	2.70
HSBC BANK PLC A/C M AND G (ACS)	1,058,639	2.65

BAIN CAPITAL SNOW HONG KONG LIMITED	531,200	1.33
Hotoku Inari Taisha	400,000	1.00
JPMBL RE NOMURA INTERNATIONAL PLC 1 COLL EQUITY	329,200	0.82
Custody Bank of Japan, Ltd. (Trust Account 5)	256,100	0.64

Controlling Shareholder (except for Parent Company)	—
Parent Company	SHINMEI HOLDINGS CO., LTD. (Unlisted Company)

Supplementary Explanation

Ratio of shares held by foreigners and status of major shareholders above is based on the status as of March 31, 2021.

On September 17, 2020, through the sale of shares of the Company's common stock on the First Section of the Tokyo Stock Exchange, Shinmei Holdings Co., Ltd has acquired 436,500 shares of the Company as preferential allotment and became the parent company by holding majority of the total voting rights of the Company's share.

Additionally, on the same date, Bain Capital Snow Hong Kong Limited is no longer a parent company due to the lending of the Company's common stock for the sale and the sale in the over-allotment.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Fishery, Agriculture & Forestry
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

Transactions with related parties, including controlling shareholders, require prior approval by the Board of Directors, with the participation of Independent Outside Directors, in accordance with the Company's Rules for Managing Related Party Transactions. The Board of Directors shall approve or disapprove the transactions based on the business needs and validity of the terms and conditions from the perspective of enhancing the Company's corporate value while protecting minority shareholders.

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

As of the date of submission, one Non-executive Director has been appointed from Shinmei Holdings Co., Ltd., which is our parent company. There are no business restrictions from our parent company, so that the Board of Directors makes decisions based on the Company's own interest and independent management decisions to ensure a full independence.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with <i>Kansayaku</i> Board
-------------------	-------------------------------------

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Noriko Chibayashi	From another company												
Yoshino Tujita	From another company												

* Categories for "Relationship with the Company"

- * "○" when the Director presently falls or has recently fallen under the category;
- "△" when the Director fell under the category in the past
- * "●" when a close relative of the Director presently falls or has recently fallen under the category;
- "▲" when a close relative of the Director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive Director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/*Kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executive of a company, between which and the Company outside Directors/*Kansayaku* are mutually appointed (the Director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Noriko Chibayashi	○	—	The Company has appointed Ms. Noriko Chibayashi as an Outside Director, based on the judgement that she can give advice on strengthening the management base of the Company from a multifaceted perspective based on her abundant experience in the food industry and excellent management perspective. In addition, there is no personal, capital, business, or other interest relationship between the Company and Asahi Biocycle Co., Ltd., of which Ms. Chibayashi is the Representative Director & President. Thus, the Company has determined that there is no risk of conflicts of interests with general shareholders, and designated her as an Independent Director.
Yoshino Tsujita	○	—	Ms. Yoshino Tsujita is well versed in accounting and finance operations, and has abundant experience and a wide range of insights in domestic and overseas companies. The Company has appointed her as an Outside Director, believing that she could utilize her experience and insights in the management of the Company. In addition, there is no personal, capital, business, or other interest relationship between the Company and Rurie Co., Ltd., of which Ms. Tsujita is the Representative Director. Thus, the Company has determined that there is no risk of conflicts of interests with general shareholders, and designated her as an Independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
---	-------------

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0

Chairperson	Outside Director	Outside Director
-------------	------------------	------------------

Supplementary Explanation

As of September 17, 2020, the Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors and Representative Directors. The committee deliberates and confirms the process of selecting Director candidates and the policy for determining the remuneration, which are the resolutions of the Board of Directors and shareholders' meeting, and submit reports.

[*Kansayaku*]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	4
Number of <i>Kansayaku</i>	4

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Kansayaku cooperate with accounting auditors and internal audit departments as follows to share information.

[Cooperation with Accounting Auditors]

Kansayaku exchange opinions with accounting auditors regularly for sharing information and discussing the audit plans of the accounting auditor, quarterly reviews, and year-end audits. In addition to regular discussions, they exchange opinions on major issues each time.

[Cooperation with Internal Audit Departments]

Kansayaku exchange opinions with Internal Audit Departments regularly not only periodic discussions but also to maintain close cooperation.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	3
Number of Independent <i>Kansayaku</i>	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kazuhito Tatebe	Lawyer													
Fuho Hirata	From another company													
Suzuo Fujisawa	Tax Accountant													

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive Director or accounting advisor of the Company or its subsidiaries

- c. Non-executive Director or executive of a parent company of the Company
- d. *Kansayaku* of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *Kansayaku*
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *Kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside Directors/*Kansayaku* are mutually appointed (the *Kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *Kansayaku* himself/herself only)
- m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazuhito Tatebe	○	—	The Company has appointed Mr. Kazuhito Tatebe as an Outside <i>Kansayaku</i> , judging that he will contribute to the enhancement of our audit system based on his many years of work experience in the Ministry of Finance, his abundant overseas experience such as the Ambassador Extraordinary and Plenipotentiary of Luxembourg, and his expertise in legal affairs as a lawyer. In addition, Mr. Tatebe has no vested interest in the Company, and the Company has determined that there is no risk of conflicts of interests with general shareholders. Thus, he can audit from an independent standpoint, and we designated him as an Independent <i>Kansayaku</i> .
Fuho Hirata	○	—	The Company has appointed Mr. Fuho Hirata as an Outside <i>Kansayaku</i> , judging that he will contribute to the fulfillment of our audit system based on his knowledge from many years of work experience at Metropolitan Police Department. In addition, Mr. Hirata has no vested interest in the Company, and the Company has determined that there is no risk of conflicts of interests with general shareholders. Thus, he can audit from an independent standpoint, and we designated him as an Independent <i>Kansayaku</i> .
Suzuo Fujisawa	○	—	The Company has appointed Mr. Suzuo Fujisawa as an Outside <i>Kansayaku</i> , judging that he will contribute to the fulfillment of our audit system based on his expertise such as many years of work experience at the National Tax Agency and the establishment of an office as a tax accountant. In addition, there are no interests between the Company and his accounting firm of which he is representative, and the Company has determined that there is no risk of conflicts of interests with general shareholders. Thus, he can audit from an independent standpoint,

			and we designated him as an Independent <i>Kansayaku</i> .
--	--	--	--

[Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	5
---	---

Matters relating to Independent Directors/ <i>Kansayaku</i>

The Company designates all outside officers who meet the qualifications as Independent Officers.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options
----------------------------------	---

Supplementary Explanation

The Company pays performance-linked remuneration according to the business conditions of the Company as a bonus equivalent in addition to the monthly fixed remuneration to the Company's Directors, excluding Outside Directors.

Recipients of Stock Options	Inside Directors, Employees
-----------------------------	-----------------------------

Supplementary Explanation

Stock options have been granted as incentives to certain internal personnel.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
--	--------------------------

Supplementary Explanation

The Company does not disclose individually since no one has a total remuneration that exceeds ¥100 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
--

Regarding remuneration for Directors are paid within ¥300 million annually which is the total amount resolved at extraordinary general shareholders meeting on March 31, 2020 and it consists of "Basic remuneration" according to the position and role of Directors, company-wide performance, and individual performance and "Performance-linked compensation" linked to our business performance for the purpose of increasing motivation and morale to contribute to improving business performance and corporate value. However, the remuneration for Outside Directors is limited to "basic remuneration", excluding the link to business performance due to the characteristic of their duties.

As of September 17, 2020, voluntary nomination and compensation committee has established as an advisory body to the Board of Directors and the Representative Director regarding the policy for determining individual remuneration for Directors and the process leading up to the determination. At the Board of Directors meeting held on March 17, 2021, the following resolutions were made as a policy for determining the amount of remuneration, etc. for Directors.

1. Basic Remuneration Policy

The remuneration of the Company's Directors is based on system linked to the performance of each fiscal year and the salary level of employees so that it will fully function as an incentive to continuously improve corporate value. When determining the remuneration on individual Directors, the basic policy is set an appropriate level based on the position and role.

Specifically, the remuneration of Directors (excluding Outside Directors) consists of basic remuneration as fixed and performance-linked remunerations as variable, while only basic remuneration is paid for Outside Directors.

2. Policy regarding the Determination of the Amount of Remuneration for Each Individual of the Basic Remuneration (including the Policy regarding the Determination of the Timing or Conditions)

The basic remuneration for Directors shall be monthly monetary remuneration which is based on the performance of the Company, the remuneration level of other companies, and the salary level of employees and Executive Officers of the Company. This decision shall be made in consideration of comprehensive consideration.

3. Policy on Determining the Content and Amount of Performance-Linked Remuneration (including the Policy regarding the Determination of the Timing or Conditions)

Performance-linked remuneration payment to Directors (excluding Outside Directors) is monetary remuneration that reflects performance index KPIs in order to raise awareness of performance improvement in each fiscal year. The amount calculated according to the degree of achievement of the consolidated adjusted EBITDA and net income for each business year will be paid at a certain time every year as a bonus. The target performance indicators and their values shall be set at the time of planning so as to be consistent with the profit plan for each business year, and shall be reviewed as appropriate based on the report of the Nomination and Compensation Committee according to changes in the environment.

4. Policy on Determining the Remuneration Ratio for Each Type of Director (excluding Outside Directors)

The remuneration ratio by type, based on the benchmark which is similar level to our company and companies belonging to related industries and business categories, the higher the position, the higher the weight of performance-linked remuneration will be, is consulted to the Compensation Committee. The Board of Directors shall respect the content of the report of the Nomination and Remuneration Committee and determine the content of individual remuneration, etc. of Directors within the range of the remuneration ratio for each type indicated in the report. In addition, estimated ratio for each type of remuneration for Directors (excluding Outside Directors), the ratio of performance-linked remuneration is 40% for Representative Director (basic remuneration: performance-linked remuneration = 6: 4 when KPI is achieved at 100%). Additionally, the Company does not adopt an officer retirement allowance system.

[Supporting System for Outside Directors and/or *Kansayaku*]

While the Company is not assigning full-time staff for assisting the Outside Directors, for smooth accomplishment of the duties, sharing information between Directors, such as distributing materials in advance and sending meeting results by the staff of the Human Resources and General Affairs Department, who serves as the secretariat of the Board of Directors, and the staff of the Corporate Planning Department, who serves as the secretariat of the Nomination and Compensation Committee. For assisting the Outside *Kansayaku*, the staff of the Human Resources and General Affairs Department supports for smoother business operations.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has supervised management through a *Kansayaku* Board, and the number of Directors is 7 (including 2 Outside Directors) and the number of *Kansayaku* is 4 (including 3 Outside *Kansayaku*).

The Board of Directors and *Kansayaku* Board Members monitor and supervise the execution of Directors, and the Board of Directors, and strengthen the supervision. Additionally, in order to clarify the business supervision function and reinforce executive function and ensure agile business execution, the Company has adopted an Executive Officer System.

(Board of Directors)

In addition to monthly regular meetings, the Board of Directors holds extraordinary meetings as required. At these meetings, Directors discuss the solutions and supervise each Executive Officer's activities upon receiving reports about making decisions on important management matters and business conditions. Outside Executive Officers fulfill the management monitoring function from an independent standpoint from an external perspective.

(*Kansayaku* Board)

In addition to meeting once a month in principle, holding extraordinary meetings as required in order to make appropriate recommendations to the executive side through grasping the status of the company through attending Board meetings, Executive Officers meeting and reviewing requests for managerial decision, and confirming the important decision-making process and the status of business execution, and audit the status of compliance with laws, regulations, articles of incorporation, internal rules, etc. and the status of response to possible risks. Outside *Kansayaku* are striving to enhance the efficiency and effectiveness from an independent standpoint from an external perspective.

(Accounting Auditor)

The Company has appointed PwC Aarata LLC as its accounting auditor and has conducted audits based on the Companies Act and the Financial Instruments and Exchange Act. There are no special interests between the Company and PwC Aarata LLC or the managing partners of PwC Aarata LLC.

(Nomination & Remuneration Committee)

As of September 17, 2020, the Company established the Nomination & Remuneration Committee as advisory body of the Board of Directors. This committee consists of one Internal Director and two Outside Directors and ensures the objectivity and transparency regarding decisions on the matters relating nomination and remuneration of officers so that it fulfills management monitoring function.

(Internal Control Committee)

For the purpose of strengthening of system to ensure the appropriateness of financial reports and improvement and reinforcement of the environment of control of the Company's group, the Company set up the Internal Control Committee composed of CEO as a Chairman, full-time Directors and *Kansayaku*, and Executive Officers and holds the Committee quarterly in principle.

(Compliance Committee)

In order to verify the deliberations and correspondence to matters related to compliance, the Company established the Compliance Committee which made up with CEO as a Chairman, full-time Directors, Executive Officers, and presidents of group companies and holds the Committee 4 times a year in principle to improve compliance management.

(Risk Management Committee)

The Company has newly established the Risk Management Committee to further enhance our risk management system in April, 2021 and the committee operates and manages its own risks. It is headed by CEO as a chairman and consisted of full-time Directors, Executive Officers, and presidents of group companies and holds the Committee twice a year basically.

Additionally, the fulltime *Kansayaku* participates in the Compliance Committee and the Risk Management Committee as an observer.

3. Reasons for Adoption of Current Corporate Governance System

The Company has two Independent Outside Directors in the composition of the Board of Directors to ensure management objectivity and transparency. More than half of the *Kansayaku* Board are Outside *Kansayaku*,

and we are strengthening monitoring and supervision of management so that we can state opinions to management from an independent and objective standpoint. In addition, the introduction of Executive Officer system has ensured the clarification of the management supervision function of the Board of Directors, the strengthening of the business execution function, and the accelerating management's decision making.

In this manner, the Company adopted the current governance system to utilize objective and neutral perspective of Outside Directors who are independent of the Company for a reasonable business decision, management transparency and soundness, and ensure the effectiveness of governance by monitoring and supervising management by the *Kansayaku* Board including Outside *Kansayaku* who are independent of the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sent the Convocation Notice 3 weeks earlier than the legal term for the general shareholders' meeting in 2021.
Scheduling AGMs Avoiding the Peak Day	The company held Annual General Shareholders' Meeting on June 23, 2021, avoiding the Peak days of other companies so that as many shareholders as possible can attend.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is available.
Participation in Electronic Voting Platform	The Company participates in the "electronic exercise of voting rights platform."
Providing Convocation Notice in English	The Company disclosed the summary of the Convocation Notice in English for the Annual General Shareholders' Meeting held in 2021.

2. IR Activities

	Supplementary Explanations	Explanations by the Representative
Preparation and Publication of Disclosure Policy	Our Disclosure Policy is available on our website. http://www.maitake.co.jp/ir/ir_infopolicy.php	
Regular Investor Briefings for Individual Investors	We are planning to participate in IR events for individual investors organized by securities companies. However, from the perspective of preventing the spread of COVID-19, we have not yet decided on our next participation.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	At the time of the announcement of our full-year financial results, our Representative Director explains the details of our financial results, management policies, and strategies. For interim financial results, the Representative Director holds a briefing session.	Yes
Regular Investor Briefings for Overseas Investors	We participate in IR events held by securities companies for overseas investors, explaining our financial results and management strategies as necessary.	Yes
Posting of IR Materials on Website	Our IR materials are available on our website.	

Establishment of Department and/or Manager in Charge of IR	Dedicated IR staff are assigned to the Investor Relations Department.	
--	---	--

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company complies with laws and stipulates the Compliance Manual as codes of conduct to distribute and educate employees in order to respects the status of stakeholders and corporate social responsibility.
Implementation of Environmental Activities, CSR Activities etc.	The Company discloses its Environmental Efforts on the Company website.
Development of Policies on Information Provision to Stakeholders	We have established the “Timely Disclosure Rules” and the “Fair Disclosure Rules Compliance Manual” to ensure timely and appropriate information disclosure.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. System for Ensuring Directors and Employees Comply with Laws, Regulations and the Articles of Incorporation

- (1) In order for officers and employees of the Group to comply with laws, regulations and the Articles of Incorporation, and to improve social credibility, the Company establishes the Compliance Committee which made up with CEO as a chairman to improve compliance management. In addition, the Company stipulates the Compliance Manual that shows Code of Conduct for the practice of compliance, in order to spread and establish compliance awareness. Furthermore, the Company set up “Compliance Consultation Desk” as an internal reporting system for preventing and early detection of legal violations and compliance problems.
- (2) The Company has established the Internal Audit & Supervisory Board Members Office under the direct control of the President to internal control of the Group. Based on “Internal Audit Regulations”, the Internal Audit & Supervisory Board Members Office audits whether the business operations of the Group are properly operated in accordance with laws and regulations, internal regulations, etc., and reports the results to the President and *Kansayaku* Board Members and conduct a follow-up audit on the improvement status of the points and recommendations.
- (3) The Company, based on the “Accounting Regulations” and regulations related to accounting treatment, strives to ensure the reliability of financial reporting of the Group and strengthens cooperation with the accounting auditor in order to enhance control.
- (4) In order to prevent damage caused by anti-social forces and to eliminate anti-social forces from society as a whole, the Company establish a basic policy such as “No relationship with anti-social forces and do not respond to requests”, “When anti-social forces request, the Company take legal action from both civil and criminal perspectives, and will not respond at all regardless of the reason”, “Build closer relationships with external specialized agencies such as police and lawyers” and establish an internal management system based on the “Rules for Eliminating Relationships with Anti-social Forces” and the “Compliance Manual”.

2. System for Managing and Protecting Information Related to the Execution of Duties by Directors

Based on the "Document Management Regulations," the Company appropriately stores and manages the minutes of the Board of Directors, the Executive Committee, and related materials, approval documents, contracts, reports, and other documents. Directors and *Kansayaku* Board Members shall be able to view these documents whenever there is a business need.

3. System for Risk Management

In order to formulate and implement preventive measures or countermeasures against various risks surrounding the business of the Group, we will strive to avoid or reduce the risks based on the "Risk Management Regulations". In addition, if it is determined that a serious crisis will occur or if the president deems it necessary, an "emergency response headquarters" with the president as the chief Executive Officer will be set up to respond promptly and appropriately to emergencies. We will prevent the spread of damages, resolve the crisis, and establish measures to prevent recurrence.

4. System Allowing Directors to Efficiently Carry Out their Duties

In addition to formulating the medium-term business plan, the Company set a basic policy and priority matters of the Group for each fiscal year as well as an annual business budget. Furthermore, the Company regularly holds management executive meetings consisting of the president, full-time Directors, and Executive Officers to discuss important matters and formulate and implement measures to achieve the plan through checking the achievement status every month. Regarding the execution of each business, based on "Rules for Division of Duties", "Rules for Authority of Duties", and "Rules for Management of Affiliated Companies," the Company speeds up decision-making and clarify the decision-making process.

5. System for the Group to Only Engage in Appropriate Business Practice and System for Reporting Matters Related to the Execution of Duties by Directors and Employees of Subsidiary

- (1) In order to properly manage the business of the Group, we regularly receive reports on business performance and business execution status from each group company based on the "Affiliated Company Management Regulations". In addition, the Corporate Planning Department will be established as a department to manage each group company, and will provide guidance and support for proper business management of each group company.
- (2) The Company will endeavor to ensure the appropriateness of the business as a corporate group by timely reporting the business performance, business execution status, and important facts to the parent company.

6. Requests from *Kansayaku* for Employees' Assistance and Employees' Independence from Directors

When requested by *Kansayaku*, we will select appropriate personnel to assist in the duties. In addition, in order to ensure the independence of the employee from the Directors and the effectiveness of the instructions of *Kansayaku*, we will respect the opinions of *Kansayaku* and deal with the personnel and treatment of the employees.

7. System for Directors and Employees to Report to *Kansayaku* Board Members and for *Kansayaku* Board Members to Carry Out Effective Audits

- (1) Directors and employees report the status of execution of duties to *Kansayaku* Board Members through the Board of Directors and other important meetings, and may or may not cause significant damage to the Group. In such cases, we will promptly report to the *Kansayaku* Board Members. In addition, *Kansayaku* Members can view the approval form at any time and request reports from Directors and employees as necessary. A person who makes a report to the *Kansayaku* Board Members shall not be treated unfavorably because of the report.
- (2) The Internal Audit Office exchanges information with the *Kansayaku* Board Members regarding the audit plan, audit implementation plan, audit implementation and audit results for each fiscal year, as necessary. In case of request for viewing the materials obtained from the necessary reports or audits, the Company will cooperate with *Kansayaku* Board members.

8. Policy Matter of Prepaid for the Execution of Duties by *Kansayaku* Board Members

If a *Kansayaku* Board member requests payment of expenses necessary for the execution of duties, the Company shall respond to this request.

9. Other

- (1) *Kansayaku* Board members attend important meeting such as Board of Directors and the Management Executive Meeting based on the "Board of Director Regulations" and "Management Execution Meeting Regulations, and inspect related important documents, and can ask to explain it accordingly.

- (2) The president and *Kansayaku* regularly exchange opinions on issues that the Company should address and important audit issues.
- (3) When requested by the *Kansayaku* Board Members, a meeting will be held with the Internal Audit Office and the Accounting Auditor. In addition, *Kansayaku* Board Members may request the Internal Audit Office to investigate specific matters as necessary.

2. Basic Views on Eliminating Anti-social Forces

The Company staunchly confront anti-social forces that threaten the order and safety of civil society in order to maintain public trust, the appropriateness and soundness of our business, and have established the regulations for eliminating relationships with anti-social forces.

Regarding current status of the Company, “Rules for Eliminating Relationships with Anti-social Forces”, have been established with the Human Resources and General Affairs Department as responsible department calls for a promise from officers and employees that don’t have any dealings whatsoever with anti-social forces and a clause to eliminate anti-social forces in the contract when concluding a contract with us as a party. In addition, regarding new business partner, the Human Resources and General Affairs Department are examining the applicability of anti-social forces using the check manual by referring the database of external organizations (Nikkei Telecom) and information on the internet based on the New Business Partner Attribute Check Manual.

For existing business partners whose transaction amount is highly important, continue to check the relationship with anti-social forces and for other business partners as necessary.

V. Other

1. Adoption of Anti-takeover Measures

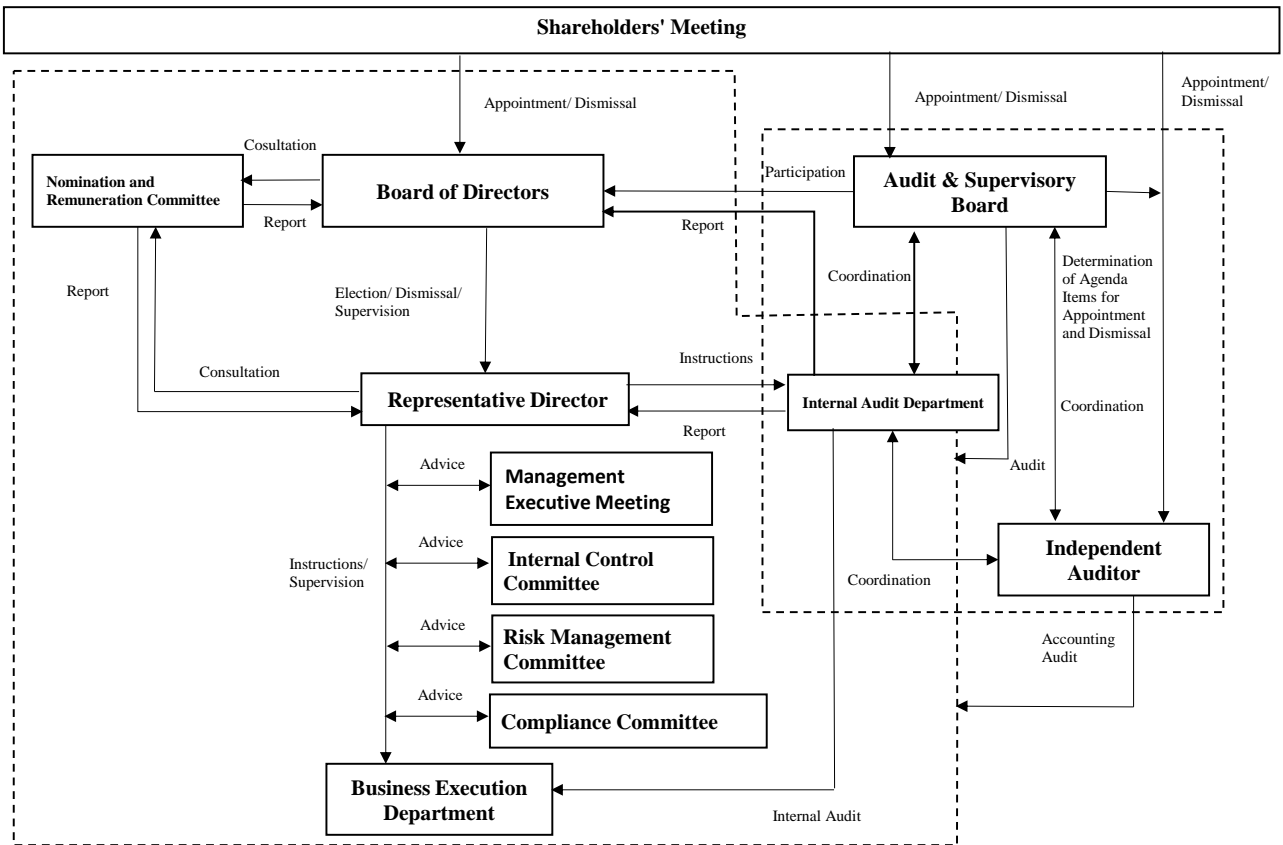
Adoption of Anti-takeover Measures	Not Adopted
Supplementary Explanation	

—

2. Other Matters regarding Corporate Governance System

—

[Overview of Corporate Governance System]



[Disclosure Flow Chart of Timely Disclosure Information]

