

December 15, 2021

RENOVA, Inc.

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The corporate governance of RENOVA, Inc. ("the Company") is described below.

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

### 1. Basic Views

The Company conducts business in line with its mission "To create green and sustainable energy systems for a better world" and its vision "To become Asia's renewable energy leader." The Company believes that to achieve these goals it is important to gain the trust of local communities, our customers, shareholders, employees, and all other stakeholders. To this end, we are strengthening and improving our corporate governance by building a legal compliance system, quick decision-making and operation system, and appropriate supervision and monitoring system.

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

Information is based on the Code after revision in June 2021.

#### a. Supplementary principle 2.4.1 Ensuring diversity in the promotion to core human resources

- The Company believes that all of its employees are core employees for realizing its corporate mission: "To create green and sustainable energy systems for a better world."

- Based on this assumption, the source of the Company's competitiveness is "each human resources ("individual") and "teams." The renewable energy business takes advantage of natural conditions and climates that differ from region to region. To harness such diverse natural conditions and climates for business purposes, the Company must incorporate diversity and have a high level of collective intelligence created by diversity. To this end, the Company has always promoted equality in its recruitment, evaluation and promotion of diverse employees, to harness the diversity of capable individuals with differing experiences, approaches and views, regardless of race, gender, age, nationality and other individual differences.

- As a result, as of December 1, 2021, the percentage of mid-career hires among employees on a Group basis (the Company and its consolidated subsidiaries) was 90.3%, the percentage of female employees was 31.7%, and the

percentage of foreign nationals was 10.8%.

- Going forward, the Company will continue working on personnel and organization strategies to harness the strength of capable "individuals" in line with the Company's business strategies of expanding the offshore wind energy business and business in Asia rather than setting numerical targets for different attributes and pursuing these.

- The Company will tirelessly pursue inclusion and diversity by developing workplace environments aimed at "being barrier free and creating no barriers" so that all "individuals" play an active part through putting the right people into the right jobs and by implementing initiatives aimed at fostering employee understanding to eliminate any misunderstanding, ignorance and lack of awareness about diversity.

- Key initiatives in FY2021: The Company implemented an initiative to reword its description of the culture it should aim to create in the future as part of organizational and personnel strategies. In the course of such initiative, the CEO himself held dialogue meetings with all employees (11 meetings in total) to reconfirm through dialogue with employees the "importance of diversity."

b. Principle 3.1 i) Principle of information disclosure, Supplementary principle 4.1.2 Mid-term business plan, Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

The Company's policy is to continue aggressively developing new power plants in the future. However, project development periods are long and it is not uncommon to be slightly ahead of or behind the schedule for the start of operation. In addition, each project involves development on a very large scale and it is therefore not necessarily the case that publicly announcing numerical targets in the form of a mid-term management plan is helpful for appropriate information disclosure. The Company discloses information on the status of its project development to investors on a regular basis. It also considers its policy for properly communicating its growth and strategic business policies to investors and will continue implementing disclosure methods that will help investors make investment decisions.

[Disclosure Based on Principles of the Corporate Governance Code]

Actions taken by the Company in relation to the disclosures specified in each principle of the Corporate Governance Code are as follows.

Again, information is based on the Code after revision in June 2021.

a. Principle 1.4 Cross-Shareholdings

The Company currently holds no listed shares for the purpose of cross-shareholding. The Company has no intention of holding shares for the purpose of cross-shareholding in the future but, if it did, it would exercise voting rights from the viewpoint of the sustainable growth of the investee and the enhancement of its share value over the medium and long term.

b. Principle 1.7 Related Party Transactions

- The Company's Commitment to Compliance demands compliance for the prevention of conflicts of interest and the Rules for the Board of Directors and Rules for Approval Authority stipulate to the effect that transactions between Directors and the Company require the prior approval of the Board of Directors.
- The Company checks and monitors transactions between officers themselves or their families, within the second degree of relationship (includes companies they own or subsidiaries thereof), and the Company or subsidiaries of the Company and discloses material transactions in its Annual Securities Report.

c. Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

The Company does not have a corporate pension fund plan. It has introduced a corporate defined contribution pension plan for the steady build-up of employees' assets.

d. Principle 3.1 i) Company objectives (e.g. business principles), business strategies and business plans;

1. Company objectives (e.g. business principles)

The Company conducts business in line with its mission "To create green and sustainable energy systems for a better world" and its vision "To become Asia's renewable energy leader."

To realize its mission and vision, the Company defines the following as "Our Commitments."

- The Earth: To contribute towards a sustainable society and planet
- Communities: To create value in partnership with local communities, and respect their heritage and cultures
- Customers: To generate clean and efficient energy for our customers
- Shareholders: To generate sustained growth in shareholder value
- Employees: To gather the best people, and provide exciting career and growth opportunities for our employees

2. Business strategies

The Group intends to develop multiple renewable energy sources and has set itself a medium-term target for the total capacity of power plants in operation and under construction of over 3.0GW. The Group is currently implementing the following business strategies to achieve this target.

- Continue to make upfront investments for the foreseeable future.

The Company will invest in expansion of its workforce for business development and make proactive investments in excellent projects.

- Achieve growth in the medium and long term through the development of large-scale offshore wind power generation projects

Among renewable energy sources, power generation from offshore wind has progressed furthest in Japan. The Company has built up expertise in this area through many years' involvement in a wind farm off the coast of Yurihonjo City, Akita Prefecture, which has been under development since 2015. The area off the shore of Yurihonjo City, Akita Prefecture has been designated as a "promotion area" under the Renewable Energy Sea Area Utilization Law and the process of selecting an operator by public tender is currently underway. The Company's policy is to leverage the knowhow built up in the Akita Yurihonjo offshore wind farm project and the

knowledge of human resources with experience of offshore wind farm projects in Europe and other parts of the world to develop new offshore wind farm projects in Japan. The Company will invest management resources in segments of the renewable energy market with particularly strong growth potential to realize growth over the medium and long term and further enhancement of its share value.

- Achieve further growth through overseas business

Leveraging the knowhow built up in Japan in its overseas business, focused on Asia, the Company will develop renewable energy sources suited to each country and region. It will use entry to the Vietnamese market as an opportunity to accelerate project development in Asia, where electricity markets are growing at a dizzying pace, and to achieve long-term growth and further enhancement of its share value.

- Steadily achieve large-scale biomass power generation through continuous development

The Company will leverage expertise built up through the operation of biomass power plants at United Renewable Energy Co., Ltd. and Kanda Biomass Energy K.K., development expertise from four 75MW large-scale biomass pipeline projects, and its superior network to accelerate the development of new large-scale biomass projects. It will steadily accomplish the four projects under construction, improving and enhancing its construction management system.

- Achieve sustainable, stable operation by bringing the operation function in-house

A certain degree of operational knowhow is required to operate biomass power plants and wind farms in a sustainable and stable manner. The biomass power plants the Group is currently constructing are going to start operation in succession from 2023 and the Company is also putting efforts into the development of large-scale offshore wind farm projects. By bringing operation functions in-house and accumulating the expertise to realize sustainable and stable power generation, the Group will fulfil its responsibility as a provider of social infrastructure and maximize profit at the same time.

### 3. Business plans

As stated in [Reasons for Non-compliance with Principles of the Corporate Governance Code] above, the Company does not disclose business plan information such as numerical targets.

For details of the Company's mission, vision and commitment, please refer to the following link.

<https://www.renovainc.com/corporate/philosophy/>

#### e. Principle 3-1 (ii) Basic views and guidelines on corporate governance

For the Company's basic views and guidelines on corporate governance, please refer to 1. Basic Views of Part I of this report.

#### f. Principle 3.1 (iii) Board policies and procedures in determining the remuneration of the senior management and directors

##### 1. Policies

To achieve its missions and vision outlined above, the Company's policies for Directors' compensation are as

follows.

- i) Developing an environment that facilitates the promotion of human resources with professional skills in each area.
- ii) Establishing a compensation plan that easily enables the Company to attract and retain excellent human resources suitable for an executive position.
- iii) Making a commitment to realizing the medium- to long-term growth of the Company by focusing on it.
- iv) Achieving a compensation level worthy of the performance scale at the time when the medium- to long-term business performance of the Company is achieved
- v) Ensuring the flexible and speedy operation to enable the Company to recruit appropriate human resources for appropriate positions and respond to their retention needs.
- vi) Ensuring the objectivity and transparency of the compensation decision process to build the foundation for external accountability.

## 2. Procedures

The Company has established the Nomination and Compensation Committee (discretionary organization) as an advisory body for the Board of Directors to ensure the objectivity and transparency of compensation for the Directors and Executive Officers. The Nomination and Compensation Committee is chaired by an Independent External Director, and the majority of the members are External Directors. The amount of compensation for Directors and Executive Officers is determined by the Board of Directors based in the recommendations of the Nomination and Compensation Committee. The total amount of compensation for Directors is set within a compensation limit approved at a general meeting of shareholders.

g. Principle 3.1 iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of director candidates and Audit & Supervisory Board Member candidates

## 1. Policies

### (a) Directors

#### Appointment criteria

The Company appoints as Director candidates individuals who have outstanding personality and insight and high ethical standards and who satisfy the following requirements and will be capable of fulfilling their duties, taking diversity and the overall balance of knowledge experience and skills within the composition of the Board of Directors as a whole into consideration.

#### Internal Directors

- Must have excellent management sense and be familiar with management issues
- Must accurately understand changes in the operating environment and market and be capable of formulating and implementing management strategies for achieving improvement in corporate value in the medium and long term

#### External Directors

- Must have a high level of expertise in corporate management, financial investment, finance and accounting, or environment and energy
- Must have a good understanding of the characteristics of the Company's business and be capable of fulfilling a supervisory function based on appropriate risk management within the Board of Directors
- In the case of an Independent External Director - must satisfy the Company's independence criteria

Dismissal (proposal) criteria

A proposal for dismissal will be made if a Director:

- is deemed to be engaged in a socially condemnable relationship with Anti Social Forces;
- has violated laws or regulations or the Articles of Incorporation or other rules of the Company, causing the Company heavy losses or disrupting its business;
- has serious difficulty to perform duties; or
- is not deemed to have the qualities defined in the appointment criteria.

(b) Audit & Supervisory Board Members

Appointment criteria

The Company appoints as Audit & Supervisory Board Member candidates individuals who have outstanding personality and insight and high ethical standards and who satisfy the following requirements and will be capable of fulfilling their duties, taking diversity and the overall balance of knowledge experience and skills within the composition of the Audit & Supervisory Board as a whole into consideration.

- Must have the knowledge of finance, accounting and legal affairs required for audits and at least one must have sufficient knowledge of finance and accounting.
- Must have a good understanding of the characteristics of the Company's business and be capable of fulfilling a supervisory function based on appropriate risk management within the Board of Directors
- In the case of an Independent External Audit & Supervisory Board Member - must satisfy the Company's independence criteria

Dismissal (proposal) criteria

A proposal for dismissal will be made if an Audit & Supervisory Board Member:

- is deemed to be engaged in a socially condemnable relationship with Anti Social Forces;
- has violated laws or regulations or the Articles of Incorporation or other rules of the Company, causing the Company heavy losses or disrupting its business;
- has serious difficulty to perform duties; or
- is not deemed to have the qualities defined in the appointment criteria.

(c) Executive Officers

Appointment criteria

The Company appoints as Executive Officer candidates individuals who have outstanding personality and insight and high ethical standards and who satisfy the following requirements and will be capable of fulfilling their duties.

- Must have adequate qualities and knowledge for performance of duties and have a strong track record or be expected to build a track record.
- Must have an in-depth understanding of the Company's corporate philosophy (Our Mission, Our Vision and Our Commitments) and be capable of demonstrating the competencies defined by the Company at high enough level to set an example to other employees.

#### Dismissal (proposal) criteria

A proposal for dismissal will be made if an Executive Officer:

- fails to fulfil the role expected of him/her or accomplish the results expected of him/her at the time he/she became Executive Officer
- is deemed to be engaged in a socially condemnable relationship with Anti Social Forces;
- has violated laws or regulations or the Articles of Incorporation or other rules of the Company, causing the Company heavy losses or disrupting its business;
- has serious difficulty to perform duties; or
- is not deemed to have the qualities defined in the appointment criteria.

## 2. Procedures

### (a) Directors

#### Appointment

In light of the policy for the appointment of Directors outlined above, the President and Representative Director prepares a proposal for the appointment of Director candidates, which, following deliberation by the Nomination and Compensation Committee and a resolution by the Board of Directors, is then submitted to the General Meeting of Shareholders.

#### Dismissal

In light of the policy for the dismissal of Directors outlined above, the Nomination and Compensation Committee prepares and deliberates a proposal for dismissal, which, if approved by the Board of Directors, is then submitted to the General Meeting of Shareholders (ordinary resolution).

### (b) Audit & Supervisory Board Members

#### Appointment

In light of the policy for the appointment of Audit & Supervisory Board Members outlined above, the President and Representative Director prepares a proposal for the appointment of Audit & Supervisory Board Member candidates in consultation with the Audit & Supervisory Board Member who chairs the Audit & Supervisory Board and obtains the consent of the Audit & Supervisory Board. The proposal is then the subject of a resolution by the Board of Directors before being submitted to the General Meeting of Shareholders.

#### Dismissal

In light of the policy for the dismissal of Audit & Supervisory Board Members outlined above, the President and Representative Director proposes dismissal to the Board of Directors and, if approved by the Board of Directors, the proposal is then submitted to the General Meeting of Shareholders (extraordinary resolution).

(c) Executive Officers

Appointment

In light of the policy for the appointment of Executive Officers outlined above, the President and Representative Director prepares an appointment proposal and appointment is resolved by the Board of Directors following deliberation by the Nomination and Compensation Committee.

Dismissal

In light of the policy for the dismissal of Executive Officers outlined above, the President and Representative Director prepares a dismissal proposal and dismissal is resolved by the Board of Directors following deliberation by the Nomination and Compensation Committee.

h. Principle 3.1 v) Explanations with respect to the individual appointments/dismissals and nominations based on the Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and Audit & Supervisory Board Member candidates; and

Explanations given on the appointment and dismissal of individual Directors and Audit & Supervisory Board Members, including a skills matrix showing the expertise required of the Company's Directors, are disclosed in the notice of convocation of annual general meeting of shareholders (reference documents for the general meeting of shareholders) published on the Company's website, which can be viewed using the following link.

Notice of Convocation of Annual General Meeting of Shareholders: <https://www.renovainc.com/ir/meeting/>

i. Supplementary principle 3.1.3, Supplementary principle 2.3.1 and Supplementary principle 4.2.2 Basic policy for the Company's sustainability initiatives and status of initiatives

1. Views and basic policy on sustainability

The Company's Board of Directors has formulated the following views and basic policy on sustainability.

(Relationship between the corporate mission and sustainability)

- The Company's corporate mission is "To create green and sustainable energy systems for a better world." Based on this mission, the Company develops and operates multiple energy sources (solar, biomass, wind, geothermal and hydroelectric power) across Asia as a company specializing in renewable energy to realize a sustainable society.

- In addition, the Company has a vision "To become Asia's renewable energy leader." To achieve this vision, it is important not only to promote the adoption of green energy but also to increase sustainability of the business as whole from various perspectives including creating new value through coexistence with local communities and business in the process of business development and building new supply chains. We believe that through these activities, we will be able to become such a leading company.

- The Company is committed to working with stakeholders to create a future in 100 years from now that is free of energy concerns.

(Basic policy on sustainability)



- The Company will contribute to improving the sustainability of society through implementation of its mission.
- The Company will pursue every single corporate activity in a sustainable way. Especially for the Company, which aims to operate business with an emphasis on "safety and security" and "mutual prosperity" in the long term, collaboration with a wide range of stakeholders is essential for the establishment and development of business.
- The Company has set out commitments for each of its key stakeholders: "Earth," "Communities," "Customers," "Shareholders," and "Employees."

The Earth: To contribute towards a sustainable society and planet

Communities: To create value in partnership with local communities, and respect their heritage and cultures

Customers: To generate clean and efficient energy for our customers

Shareholders: To generate sustained growth in shareholder value

Employees: To gather the best people, and provide exciting career and growth opportunities for our employees

- In the renewable energy business, the Company attaches most importance to the "Earth" and "Communities" among the above stakeholders based on the idea of "getting communities to use the natural energy with which they are blessed." For the earth and communities, the Company will develop power generation business which will be even more sustainable in the long term and will also place importance on the Company's own sustainability.

## 2. Status of initiatives for sustainability

- The Company's Board of Directors discusses sustainability issues and cross-functional teams led by the CEO consider sustainability policies, targets and measures as and when necessary.
- The Company plans to disseminate information on its website in the future regarding material issues (materiality) identified by the Company from a sustainability perspective and related measures.
- The Company presents details of its initiatives to date from the perspective of the SDGs.

<https://www.renovainc.com/corporate/sdgs/>

## 3. Investment in human capital and intellectual property

- The Company makes investments to develop workplace environments aimed at "being barrier free and creating no barriers" so that all "individuals" play an active part through putting the right people into the right jobs.
- Given the characteristics of the Company's business (development and operation of renewable energy power plants), the Company has currently made no particular investments in intellectual property but will consider timely and appropriate investment where necessary.

## j. Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors

1. By ensuring that External Directors make up a majority of the Board of Directors, the Company further increases the separation between management oversight and execution and strengthens the monitoring function of the Board of Directors, enabling it to fulfil its function of being responsible for steering the general course of the company, in other words, for management strategies and oversight of senior management.

2. The President, CEO and Representative Director and Executive Officers undertake decisions on material matters besides those defined in laws and regulation and the Articles of Incorporation as matters for resolution by the Board of Directors and business execution in accordance with the Rules for Approval Authority. The Company has also established a Management Committee, as an advisory body to support decision-making and business execution by the President, CEO and Representative Director, to increase the transparency and objectivity of management decision-making.

k. Supplementary principle 4.1.3 Establishment and implementation of a succession plan for the CEO and other top executives, and oversight thereof

The Company adopts a policy and system whereby the Nomination and Compensation Committee establishes and implements a successor plan, and the Board of Directors also verifies said plan and its implementation status each year and gives advice where necessary.

Based on this, the Company is currently implementing the following.

- Formulation of successor plan roadmap
- Establishment of requirements the CEO must satisfy (CEO requirements) identified based on ideal image of CEO
- Consideration of plan for the selection and development of eligible successors
- Expansion of scope of successor plan from CEO to Executive Officers
- Evaluation of selected candidates

l. Principle 4.9 Independence Criteria and Qualifications for Independent External Directors

The Company has established criteria for the independence of External Directors and External Audit & Supervisory Board Members (hereinafter collectively referred to as “External Officers”) as follows, to ensure appropriate transparency and objectivity in the governance of the Company.

External Officers and candidates for External Officers are deemed to be independent if, following investigation by the Company as far as is reasonably practicable, they are deemed not to fall under any of the following categories

1. A person from the Company or a consolidated subsidiary of the Company (hereinafter referred to as the “Company or its subsidiaries”)(see Note 1)
2. A major shareholder of the Company (see Note 2)
3. An executive of an entity which falls under any of the following categories
  - (a) A major business partner of the Company or its subsidiaries (see Note 3)
  - (b) A major lender to the Company or its subsidiaries (see Note 4)
  - (c) An entity of which the Company or its subsidiaries hold voting rights equivalent to 10% or more of the total voting rights
4. A person who belongs to an audit corporation which is an accounting auditor for the Company or its

subsidiaries

5. A person who receives significant amounts of monetary compensation or other property (other than their remuneration as an officer) from the Company or its subsidiaries as a specialist such as a consultant, accountant, tax accountant, lawyer, judicial scrivener, patent attorney
6. A person who receives significant donations from the Company or its subsidiaries (see Note 6)
7. Business executives of a company, between which and the Company External Officers are mutually appointed (see note 7)
8. A person whose close relative (see Note 8) falls under any of 1. to 7. above (only a key person (see Note 9) with the exceptions of items 4 and 5)
9. A person who fell under any of 2. to 8. above in the five years prior to appointment
10. Notwithstanding provisions of each of the foregoing, a person in relation to whom other special grounds which might give rise to a conflict of interests with the Company exist

Note 1: Refers to an Executive Director, Executive Officer or the equivalent (collectively referred to in these criteria as a “Business Executive”) who currently belongs to the Company or its subsidiaries or belonged to the Company or its subsidiaries in the ten years prior to appointment.

Note 2: The term “major shareholder” means a shareholder who holds 10% or more of the voting rights of the Company under its own name or another person’s name at the end of the most recent fiscal year of the Company. In the case where the major shareholder is an organization such as a corporation or an association, the term refers to a Business Executive belonging to such organization.

Note 3: The term ‘major business partner’ refers to a supplier or a customer of the Company or its subsidiaries whereby the annual transactions between such supplier or customer and the Company or its subsidiaries amount to more than 2% of the consolidated net sales of the Company or the consolidated net sales of the such supplier or customer.

Note 4: The term “major lender” refers to a financial institution from which the Company or its subsidiaries has borrowed funds whereby the balance of such borrowing at the end of the Company’s fiscal year exceeds 2% of the consolidated total assets of the Company or the consolidated total assets of such financial institution.

Note 5: The term “significant amounts” is defined as followed according to such specialist’s involvement in the services rendered.

(1) In the case where such specialist renders services to the Company or its subsidiaries as an individual, the term “significant amounts” denotes when compensation (excluding officers’ remuneration) received from the Company and its subsidiaries exceeds ¥10 million a year on average over the past three fiscal years.

(2) In the case where a corporation, association or other organization to which such specialist belongs renders services to the Company or its subsidiaries, the term “significant amounts” denotes when the average compensation such organization has received from the Company or its subsidiaries over the past three fiscal years exceeds 2% of the such organization’s total annual revenue in the previous fiscal year.

Note 6: Refers to a person who has received donations exceeding ¥10 million a year on average over the past three fiscal years.

In the case where the recipient of the donations is a corporation, association or other organization, the term “person” refers to a person belonging to such organization who is directly involved in research, education or other activities relating to such donations.

Note 7: The case “External Officers are mutually appointed” refers to a situation where a Business Executive of the Company or its subsidiaries serves as an External Director or External Audit & Supervisory Board Member of another company and an Business Executive of such other company serves as an External Director or External Audit & Supervisory Board Member of the Company.

Note 8: The term “close relative” means a spouse or a relative within the second degree of relationship.

Note 9: The term “key person” refers to a Director or Executive Officer.

m. Supplementary Principle 4.11.1: Views on the Overall Balance of Knowledge, Experience, and Skills of the Board of Directors, and on Diversity and Appropriate Board Size

1. The Articles of Incorporation stipulate that the number of Directors shall be not more than nine, from the viewpoint of quick decision making and extensive deliberation.

2. The Board of Directors is made up of individuals with excellent management skills and individuals with expertise and knowledge useful for project development. The majority of its members are External Directors to ensure management transparency and objectivity.

3. Internal Directors are individuals with extensive corporate management experience and good project implementation skills and management skills.

4. External Directors consist of five experts in the fields of corporate management, financial investment, finance & accounting, environment & energy respectively. A skills matrix showing such expertise is disclosed in the notice of convocation of the annual general meeting of shareholders (reference documents for the general meeting of shareholders) published on the Company's website, which can be viewed using the following link.

Notice of Convocation of the Annual General Meeting of Shareholders  
<https://www.renovainc.com/ir/meeting/>

n. Supplementary Principle 4.11.2 Status of Concurrent Serving of Directors and Audit & Supervisory Board Members at Other Listed Companies

The Company judges that the concurrent positions of each Director and each Audit & Supervisory Board Member at other listed companies will not prevent them from performing their duties as a Director or Audit & Supervisory Board Member of the Company. Significant concurrent positions of each Director and each Audit & Supervisory Board Member are disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders and the Annual Securities Report published on the Company's website, which can be accessed via the links below.

Notice of Convocation of the Annual General Meeting of Shareholders: <https://www.renovainc.com/ir/meeting/>

Annual Securities Report: <https://www.renovainc.com/ir/securities/>

o. Supplementary Principle 4.11.3 Effectiveness of the Board of Directors as a Whole

To ensure the objectivity of Board of Directors and to seek further improvement of governance, the Company hired a third-party evaluation agency to conduct an evaluation of the effectiveness of the Board of Directors. An outline of the evaluation implemented and evaluation results are as follows.

1. Date of implementation

The Company implemented an evaluation of the effectiveness of the Board of Directors by all Directors and Audit & Supervisory Board Members over the period from February to early May 2021.

2. Implementation process

- A questionnaire survey was implemented in February 2021 surveying all Directors and all Audit & Supervisory Board Members
- Based on the answers given in the questionnaire survey, all Directors and Audit & Supervisory Board Members were interviewed by a third party in March 2021
- The results of analysis and evaluation by a third party based on the answers given in the questionnaire survey and the interviews were reported to the Board of Directors and discussion and an exchange of views were held.

3. Main survey items

- (a) Action taken to address issues identified in the evaluation of the effectiveness of the Board of Directors conducted the previous fiscal year
- (b) Composition, operation and deliberations of the Board of Directors
- (c) Support structure for Directors and Audit & Supervisory Board Members
- (d) Successor plan
- (e) Internal control
- (f) Dialogue with investors, etc.

4. Overview of evaluation results

- Overall evaluation

During discussions by the Board of Directors based on the third-party evaluation, it was found that the effectiveness of the Board of Directors of the Company was sufficiently ensured and no major issues were identified.

Some degree of improvement was confirmed on all matters recognized as issues in the evaluation conducted the previous fiscal year and various opinions and recommendations were given on the following matters.

- Further strengthening of the monitoring function of the Board of Directors
- Increased deliberation of agenda items which need to be discussed as a priority
- Monitoring of the formulated successor plan

Issues and priority matters which need to be addressed to improve the effectiveness of the Board of Directors will

continue to be discussed by the Board of Directors, incorporated into the Board of Directors' annual action plan, and actioned.

p. Supplementary principle 4.14.2 Training policy for Directors and Audit & Supervisory Board Members

The Company provides training for Directors and Audit & Supervisory Board Members through discussions with outside speakers and other means, where necessary.

Training themes range from the basics (duties and responsibilities of officers/compliance, etc.) to corporate governance-related topics in light of recent trends (Stewardship Code/Corporate Governance Code), and training on such themes is provided as needed.

q. Principle 5-1 Policy for Constructive Dialogue with Shareholders

1. The Company deals with requests for dialogue (interviews) from shareholders in an appropriate manner, verifying the purpose of requests and then accommodating them within reason to the extent that they can be judged to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, while giving due consideration to insider information.

2. The Company's policy on the development of a structure and initiatives for promoting constructive dialogue with shareholders is as follows.

- The CFO is in charge of overseeing dialogue and interviews are conducted by the IR Office, in principle.
- The means of communication is primarily individual interviews and the Company also holds and streams financial results briefings twice a year, holds earnings calls (briefings for institutional investors and analysts via teleconference after the financial results announcement) and publishes financial results supplementary materials every quarter.
- Feedback from interviews with shareholders is reported as appropriate to senior management, including the President, CEO and Representative Director, and a quarterly report on IR activities is given four times a year at meetings of the Board of Directors.
- For the management of insider information about financial results, the Company positions the period from the quarter end to the announcement of quarterly results as a quiet period and limits contact with shareholders during this period, in principle.
- By means of consolidation of all external communication channels into the IR Office, considerable attention is paid to the communication of information.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

## コーポレートガバナンス

### CORPORATE GOVERNANCE

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Yosuke Kiminami	14,880,000	18.94%
Sumitomo Forestry Co., Ltd.	7,360,000	9.36%
Sachio Semmoto	5,431,600	6.91%
Daisuke Tsujimoto	5,000,000	6.36%
The Master Trust Bank of Japan, Ltd. (Trust account)	4,035,400	5.13%
Mitsuuroko Group Holdings Co., Ltd.	3,878,400	4.93%
Daisaku Honda	3,123,000	3.97%
Custody Bank of Japan, Ltd. (Trust account)	2,232,500	2.84%
The Dai-ichi Life Insurance Company, Limited	1,786,300	2.27%
RBC ISB S/A DUB NON RESIDENT / TREATY RATE UCITS-CLIENTS ACCOUNT	1,767,300	2.24%

Controlling Shareholder	–
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Parent Company	–
Stock Exchange on which Parent Company is Listed	–

#### Supplementary Explanation

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#### 3. Corporate Attributes

Listed Stock Exchange and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Electricity and gas sector
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500
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	From 10 subsidiaries to less than 50 subsidiaries

#### Supplementary Explanation

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

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#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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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 an Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	9
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of External Directors	Appointed
Number of External Directors	5
Number of Independent Directors	4

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k		
Hideki Minamikawa	From another company													
Koichi Kawana	From another company													
Miyuki Zeniya	From another company													
Naoki Shimada	From another company													
Mayuka Yamazaki	From another company													

\*1 Categories for "Relationship with the Company"

- a. Business executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries
- b. Business executive or non-executive director of a parent company of the Company
- c. Business executive of a fellow subsidiary of the Company
- d. A party whose major business partner is the Company or a business executive thereof
- e. Major business partner of the Company or a business executive thereof
- f. Consultant, accountant or legal professional who receives significant amounts of monetary compensation or other property from the Company other than remuneration as an officer
- g. Major shareholder of the Company (or a business executive of said major shareholder if the shareholder is a corporation)
- h. Business executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Business executive of a company, between which and the Company External Officers are mutually appointed (the director himself/herself only)
- j. Business executive of a recipient of donations from the Company (the director himself/herself only)
- k. Others

Relationship with the Company (2)



Name	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideki Minamikawa	○	—	The Company appointed Mr. Hideki Minamikawa judging that he can give specialist high-level advice on a wide range of matters relating to the Company's Renewable Energy Business because he is familiar with environmental policies in Japan and overseas, having served as Vice Minister for Global Environmental Affairs at Japan's Environment Ministry and been involved in efforts to get the United Nations Framework Convention on Climate Change signed. Mr. Minamikawa is chair of the Nomination and Compensation Committee and plays an important role within the Committee from an independent objective perspective.
Koichi Kawana		—	The Company appointed Mr. Koichi Kawana judging that he will oversee management in general and give the Company useful advice on overseas business expansion and the construction and operation of power plant facilities because he has extensive experience as the senior executive of a listed company, is also familiar with overseas business, having headed up an overseas office, and has specialist knowledge of plant engineering. Mr. Kawana was previously receiving compensation as Vice Chairman from JGC Holdings Corporation. JGC Corporation, which is a subsidiary of JGC Holdings Corporation, falls into the category of a major business partner of Ishinomaki Hibarino Biomass Energy G.K., which is an affiliate of the Company. However, Mr. Kawana resigned from all posts at JGC Holdings Corporation in June 2020 and will not receive any more compensation from JGC Holdings Corporation in the future. Mr. Kawana is a member of the Nomination and Compensation Committee and plays an important role within the Committee from an objective perspective.
Miyuki Zeniya	○	—	The Company appointed Ms. Miyuki Zeniya judging that she will oversee business execution and give the Company advice on its management from an investor perspective given that she has extensive knowledge and experience from a finance and investment perspective gained from working at an investment consultancy and as Deputy President of a regional bank and through her role as Head of Sustainable Finance at The Dai-ichi Life Insurance Company, Limited.
Naoki Shimada	○	—	The Company appointed Mr. Naoki Shimada judging that he will oversee business execution and give the Company advice from a broad management

			<p>perspective because he has extensive consulting experience and many years' experience as a senior manager, having worked for an overseas consulting firm, been involved in corporate management as a representative director, started up new businesses, supported entry to overseas markets and implemented M&amp;A growth strategies.</p> <p>Mr. Shimada is a member of the Nomination and Compensation Committee and plays an important role within the Committee from an independent objective perspective.</p>
Mayuka Yamazaki	○	—	<p>The Company appointed Ms. Mayuka Yamazaki judging that she will oversee business execution and give the Company appropriate advice from a global multifaceted perspective because she has specialist knowledge of corporate management gained through her experience working for a foreign management consultancy and a business school in the United States and her experience serving as an External Director for a fast-growing startup.</p>

Discretionary Committees

Discretionary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Status of Establishment of discretionary Committees, Composition and Attributes of Chairperson

Committee Corresponding to Nomination Committee

Committee's Name			Nomination and Compensation Committee			
All Committee Members	Full-time Members	Internal Directors	External Directors	External Experts	Other	Chairperson
5	0	2	3	0	0	External Directors

Committee Corresponding to Compensation Committee

Committee's Name			Nomination and Compensation Committee			
All Committee Members	Full-time Members	Internal Directors	External Directors	External Experts	Other	Chairperson
5	0	2	3	0	0	External Directors

Supplementary Explanation

The Company established the Nomination and Compensation Committee, a discretionary body which acts as an advisory body to the Board of Directors, to increase management transparency and objectivity and to ensure the appropriateness of compensation for Directors and Executive Officers. The Nomination and Compensation Committee is chaired by independent External Director Mr. Hideki Minamikawa. It has 5 members in total: Mr.

Sachio Semmoto, Chairman and Director, Mr. Yosuke Kiminami, President and Representative Director, Mr. Hideki Minamikawa, External Director, Mr. Koichi Kawana, External Director and Mr. Naoki Shimada, External Director. A majority of the members are External Directors.

The status of activities of the Nomination and Compensation Committee in the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021) is as follows.

a. Number of meetings

12

b. Status of attendance

All members attended the committee meetings which were held

c. Main matters considered

1. Appointments and changes of Directors, Executive Officers or key employees
2. Compensation for Directors and Executive Officers
3. Significant organizational changes
4. Successor plan for CEO and other senior management
5. Compensation plan for officers

Audit & Supervisory Board Members

Establishment of Audit & Supervisory Board	Established
Maximum number of Audit & Supervisory Board members stipulated in Articles of Incorporation	Not more than 5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Office

Audit & Supervisory Board Members receive reports from both the Accounting Auditor and the Internal Audit Office mainly on audit plans at the start of each fiscal year and on audit implementation status and audit results every quarter thereafter, and engages in an exchange of opinions with them.

In addition, Audit & Supervisory Board Members, the Accounting Auditor and the Internal Audit Office hold a three-way audit liaison meeting every quarter in an effort to further strengthen cooperation between them.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Noriyasu Kaneko	Attorney-at-law													

Toshiki Sada	From another company																		
Hiroyuki Wakamatsu	CPA																		

\*1 Categories for “Relationship with the Company”

- a. Business executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or business executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Business executive of a fellow subsidiary of the Company
- f. A party whose major client or supplier is the Company or a business executive thereof
- g. Major business partner of the Company or a business executive thereof
- h. Consultant, accountant or legal professional who receives significant amounts of monetary consideration or other property from the Company other than remuneration as an officer
- i. Major shareholder of the Company (or if such shareholder is a corporation, business executive of such corporation)
- j. Business executive of a business partner of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Business executive of between which and the Company External Officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Business executive of a recipient of donations from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Relationship with the Company (2)

Name	Independent officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Noriyasu Kaneko	○	—	The Company appointed Mr. Noriyasu Kaneko judging that he will fulfil his role of auditing and overseeing the Company’s management in general and compliance in particular because of his extensive experience and wide-ranging knowledge as an attorney-at-law.
Toshiki Sada	○	—	The Company appointed Mr. Toshiki Sada judging that he will fulfil his role of auditing and overseeing the Company’s management in general because of his specialist and wide-ranging knowledge and experience of corporate audits gained through experience working for a major securities firm and experience serving as an External Audit & Supervisory Board Member for a major investment firm and a non-financial company.
Hiroyuki Wakamatsu	○	—	The Company appointed Mr. Hiroyuki Wakamatsu judging that he will fulfil his role of auditing and overseeing the Company’s management in general because of his specialist knowledge of accounting as well as

			his specialist and wide-ranging knowledge and experience of corporate audits gained through experience working as a certified public accountant for major audit corporation and experience serving as an External Audit & Supervisory Board Member for a listed company.
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Independent Officers

Number of Independent Officers	7
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Matters relating to Independent Officers

The Company has designated as Independent Officers all External Officers who satisfy the independence criteria set out by the Tokyo Stock Exchange in the “Guidelines concerning Listed Company Compliance, etc.” and the Company’s independence criteria for external officers (described in “Disclosure based on the principles of the Corporate Governance Code, 1. Principle 4.9 Independence Criteria and Qualifications for Independent External Directors” in Part 1 above.

[Incentives]

Implementation Status of Measures to Provide Incentives to Directors	Introduction of performance-based compensation plan
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Supplementary Explanation

In 2018 and 2021 respectively, the Company introduced a performance-based stock compensation plan using a trust, as an incentive plan for Directors (compensation is not based on performance for External Directors) aimed at further increasing motivation to contribute to improving the Company’s medium- and long-term business performance and stock value by clarifying the linkage between compensation for the Directors and the Company’s stock value.

The key indicator used to evaluate performance was EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) (see Note) for the fiscal year ended March 31, 2023 in the case of the stock compensation plan introduced in 2018 and the cumulative total renewable power generation capacity (GW) of plants in operation and under development in the case of the stock compensation plan introduced in 2021.

The calculation method for the amount of performance-based stock compensation is determined by the Board of Directors in accordance with factors such as degree of contribution, level of expectation and degree of achievement of performance targets and based on the deliberations and recommendations of the Nomination and Compensation Committee.

(Note) Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income - Other expenses

For details of the stock compensation plan for Directors, please refer to the disclosure in the Annual Securities Report. <https://www.renovainc.com/ir/securities/>

Compensation for Directors

Disclosure of Individual Directors’ Compensation	No individual disclosure
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Supplementary Explanation

In the fiscal year ended March 31, 2021, amounts of compensation paid to Directors and Audit & Supervisory Board Members were as follows: The Company paid 215 million yen to 11 Directors (including 45 million yen to

7 External Directors (see Note))and 35 million yen to 4 Audit & Supervisory Board Members (including 17 million yen to 3 External Audit & Supervisory Board Members)).

(Note) The above numbers reflect the retirement from office of 2 Directors at the close of the 21st Annual General Meeting of Shareholders held on June 19, 2020 and the retirement from office of 2 Directors at the close of the 22nd Annual General Meeting of Shareholders held on June 18, 2021.

Policies on Determining Compensation Amounts and Calculation Methods	Established
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Disclosure of Policies on Determining Compensation Amounts and Calculation Methods

The Company's policies on determining officers' remuneration amounts and calculation methods are determined by the Board of Directors based on the deliberations and recommendation of the Nomination and Compensation Committee. The details of remuneration for individual Directors are determined by the Board of Directors and the Company judges that the details of remuneration are in accordance with such policies.

(1) Basic policy on officers' compensation

Our mission is "to create green and sustainable energy systems for a better world," and our vision is "to become Asia's renewable energy leader."

To realize its vision in accordance with its mission outlined above, the Company adopts the following basic policy on officers' compensation:

1. Developing an environment that facilitates the promotion of human resources with professional skills in each area.
2. Establishing a compensation plan that helps the Company to attract and retain excellent human resources suitable for an executive position.
3. Making a commitment to realizing the medium- to long-term growth of the Company by focusing on it.
4. Achieving a compensation level worthy of the performance scale at the time when the medium- to long-term business performance of the Company is achieved.
5. Ensuring the flexible and speedy operation to enable the Company to recruit appropriate human resources for appropriate positions and respond to their retention needs.
6. Ensuring the objectivity and transparency of the compensation decision process to build the foundation for external accountability.

(2) Approach to compensation levels

Referring to an external compensation database to determine compensation for officers, the Company sets compensation taking the scale of its business when it reaches its medium-to-long term targets into consideration and also using the compensation levels of companies engaged in the renewable energy business in Japan and overseas as a reference so that the Company can secure a certain level of competitiveness in competitions for

obtaining human resource.

### (3) Structure of compensation

Compensation for Directors (excluding External Directors) and Executive Officers is composed of (i) basic compensation (monetary compensation), (ii) performance-based stock compensation based on medium- and long-term business performance, performance targets as an entire company and performance targets as an individual, and (iii) non-performance-based stock compensation according to degree of contribution and degree of expectation, and the proportion of stock compensation to basic compensation ranges from 0% to 100%.

As key indicators for evaluating performance, the Company uses EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) (see Note) and the cumulative total renewable power generation capacity (GW) of plants in operation and under development.

To ensure a neutral and objective oversight function over management, compensation for External Directors is composed of basic compensation (monetary compensation) and non-performance-based stock compensation which has no connection whatsoever with performance, and the proportion of non-performance-based stock compensation to basic compensation is always 20%.

(Note) Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income - Other expenses

In addition, to secure and retain talent on a global scale, the level and composition of compensation for human resources hired from different labor markets where laws and regulations and employment practices are vastly different are sometimes determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee.

### (4) Malus/Clawback clause

The rules of the stock compensation plan introduced by resolution of the 19th Annual General Meeting of Shareholders held on August 29, 2018 stipulate that, if the Company suffers damage or might suffer damage as a result of a serious breach of internal regulations, an illegal act, deliberate intent or gross negligence, then by resolution of the Board of Directors based on the deliberations and recommendations of the Nomination and Compensation Committee, the Company may withhold some or all of the points granted.

The rules of the stock compensation plan introduced by resolution of the 22nd Annual General Meeting of Shareholders held on June 18, 2021 stipulate that, if the Company suffers damage or might suffer damage as a result of a serious breach of internal regulations, an illegal act, deliberate intent or gross negligence, then by resolution of the Board of Directors based on the deliberations and recommendations of the Nomination and Compensation Committee, the Company may withhold some or all of the points granted. Further, the rules stipulate that, if the Company suffers damage or might suffer damage as a result of a serious breach of internal



regulations, an illegal act, deliberate intent or gross negligence within 5 years of delivery of shares, then by resolution of the Board of Directors based on the deliberations and recommendations of the Nomination and Compensation Committee, the Company may demand the return of some or all of the shares and cash which have been delivered.

(5) Compensation governance

The Company established the Nomination and Compensation Committee, a discretionary body which acts as an advisory body to the Board of Directors, to increase the transparency and objectivity of the process for determining compensation for Directors and Executive Officers and to ensure the appropriateness of compensation for Directors and Executive Officers. The Nomination and Compensation Committee is chaired by an independent External Director and has five members in total: the Chairman, the President and Representative Director, and three External Directors. A majority of the members are External Directors.

The Company also hires an external consultant with extensive experience, knowhow and expertise in establishing global compensation plans, establishing a system for considering the compensation plan with reference to a wide range of factors including industrial trends, management conditions and data on a global scale.

[Supporting System for External Directors (and External Audit & Supervisory Board Member)]

With Corporate Administration/Governance & Compliance acting as secretariat for the Board of Directors, the Company supports External Directors by providing them with materials in advance of meetings of the Board of Directors and other important meetings, supporting External Officer liaison meetings and otherwise improving the communication of information.

Staff from the Internal Audit Office assist External Audit & Supervisory Board Members with their duties.

Meanwhile, at meetings of the Audit & Supervisory Board, the full-time Audit & Supervisory Board Member shares with External Audit & Supervisory Board Members information about the day-to-day performance of duties by Directors and Executive Officers and information about important developments and issues within the Company. In addition, internal audit and internal control departments give them reports on matters deemed necessary for their audits. Through measures such as foregoing, the Company has developed an environment to support External Audit & Supervisory Board Members with the performance of their duties.

2. Matters Concerning Functions of Business Execution, Auditing, Oversight, Nomination and Determination of Compensation (Overview of Current Corporate Governance System)

The Company implements the following measures as initiatives to strengthen and enhance corporate governance.

a. Board of Directors

The Company's Board of Directors comprises 9 Directors, of whom 5 are External Directors. Among the 9 Directors, 2 are female Directors (ratio: 22.2%). In addition to regular meetings of the Board of Directors, which are convened at a predetermined time on a predetermined date at least 8 times a year, special meetings of the

Board of Directors are held as necessary, to determine important matters and management policies of the Company and oversee business execution and to facilitate quick management decisions and agile business execution. In addition, the Company adopts a system under which all Audit & Supervisory Board Members attend meetings of the Board of Directors, allowing them to oversee the execution of business by Directors. In the fiscal year ended March 31, 2021, there were 9 meetings of the Board of Directors (excluding written resolutions), at which decisions were made on important management matters and reports on the performance of duties by Executive Officers and lower-ranking employees were made. All Directors and all Audit & Supervisory Board Members attended all meetings of the Board of Directors.

b. Audit & Supervisory Board

The Company adopts the Audit & Supervisory Board system and the Audit & Supervisory Board is composed of 1 full-time Audit & Supervisory Board Member and 3 part-time External Audit & Supervisory Board Members, making 4 Audit & Supervisory Board members in total. The 3 External Audit & Supervisory Board Members are all Independent Officers and 1 of them is a certified Public Accountant with a considerable degree of knowledge about finance and accounting.

Meetings of the Audit & Supervisory Board, chaired by the full-time Audit & Supervisory Board Member, are held once a month and on an ad hoc basis, whenever necessary. In the fiscal year ended March 31, 2021, the Company convened a total of 13 Audit & Supervisory Board Meetings, all of which were attended by all Audit & Supervisory Board Members.

In addition, the Company adopts a system under which the full-time Audit & Supervisory Board Member attends meetings of the Board of Directors and Management Committee and other important meetings, views important documents, asks each department about the performance of duties where necessary, and can constantly oversee business execution.

Furthermore, the full-time Audit & Supervisory Board Member holds regular liaison meetings with the Representative Director, External Directors, the Internal Audit Office and the Accounting Auditor respectively to strengthen cooperation between them and exchanges information and views with the Internal Audit Office and Accounting Auditor in three-way audit liaison meetings in an attempt to improve the audit function.

c. Executive Officer system

The Company has adopted the Executive Officer system to strengthen the decision-making function and oversight function of the Board of Directors and to further separate oversight and business execution and increase business execution efficiency. Executive officers are appointed by resolution of the Board of Directors based on the deliberations and recommendations of the Nomination and Compensation Committee and they perform their duties under the direction and supervision of the President, CEO and Representative Director.

d. Management Committee

The Management Committee is composed of the President, CEO and Representative Director, full-time Directors, Executive Officers, general managers of divisions, and general managers of business units nominated by the President, CEO and Representative Director. It is convened for regular meetings twice a month and for special meetings whenever necessary. The Management Committee discusses and considers basic matters and important matters relating to management in general and serves as an advisory body supporting decision-making by the President, CEO and Representative Director and business execution, seeking to speed up decision making and improve efficiency.

e. Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee, a discretionary body which acts as an advisory body to the Board of Directors, to increase management transparency and objectivity and to ensure the appropriateness of compensation for Directors and Executive Officers. The Nomination and Compensation Committee is chaired by independent External Director Mr. Hideki Minamikawa. It has 5 members in total: Mr. Sachio Semmoto, Chairman and Director, Mr. Yosuke Kiminami, President and Representative Director, Mr. Hideki Minamikawa, External Director, Mr. Koichi Kawana, External Director and Mr. Naoki Shimada, External Director. A majority of the members are External Directors.

f. Compliance Committee

The Company has set out Rules for Compliance under its Commitment to Compliance and established a Compliance Committee as a body which reports directly to the President, CEO and Representative Director, for the purpose of establishing a system under which all officers and employees execute business in compliance with laws and regulations and with high ethical standards, thereby increasing public trust alongside the appropriate operation and sound development of the Company. The Compliance Committee is chaired by the President, CEO and Representative Director and composed of Executive Officers, general managers of divisions, and persons nominated by general managers of divisions, and it engages in activities to promote compliance. The status of activities to promote compliance is reported to the Board of Directors on a regular basis every year.

g. Risk Management Committee

The Company has set out Rules for Risk Management and established a Risk Management Committee as a body which reports directly to the President, CEO and Representative Director for the purpose of setting out basic matters concerning risk management within the Group and seeking to avert crises and minimize losses. The Risk Management Committee is chaired by a person appointed by the President, CEO and Representative Director and composed of the Executive Officers and persons nominated by the chairperson. It is responsible for the identification, analysis and evaluation of risk on a regular basis. The status of risk management activities is reported to the Board of Directors on a regular basis every year.

h. Internal Audit Office

Internal audits are conducted by 2 members of staff who belong to the Internal Audit Office. The staff members in charge of internal audits are appointed directly by the President, CEO and Representative Director and they report the results of audits directly to the President, CEO and Representative Director and to those responsible in the audited business units. In addition, the Audit & Supervisory Board, the Internal Audit Office and the Accounting Auditor cooperate closely, exchanging information and views when necessary and holding three-way audit liaison meetings on a regular basis, in an effort to improve the audit function.

i. Accounting Auditor

The Company has engaged KPMG AZSA LLC as Accounting Auditor to audit its financial statements.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopts the structure of a company with an Audit & Supervisory Board because appropriate management decision-making and business execution are achieved and a highly effective supervisory function is demonstrated when the Board of Directors has authority and responsibility for business execution as the highest management decision-making body and Audit & Supervisory Board Members and the Audit & Supervisory Board independent from business execution are tasked with overseeing the Board of Directors. The Company has also adopted the Executive Officer system to strengthen the decision-making function and oversight function of the Board of Directors and to further separate oversight and business execution and increase business execution efficiency. Furthermore, the Company has strengthened the management oversight function by appointing 5 External Directors and 3 External Audit & Supervisory Board Members and also by establishing a Nomination and Compensation Committee (discretionary body) chaired by an independent External Director and with External Directors making up a majority of the committee. Based on remarks made by the External Directors and Audit & Supervisory Board Members at meetings of the Board of Directors, the activities of the Audit & Supervisory Committee and the Nomination and Compensation Committee, and the results of evaluation of the effectiveness of the Board of Directors, the Company judges that its current corporate governance system is appropriate and effective.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company aims to send notification of the Annual General Meeting of Shareholders 3 weeks before the date of the meeting.
Scheduling Annual General Shareholders Meeting Avoiding the Peak Day	The Company is careful to avoid holding the Annual General Meeting of Shareholders on dates when many annual general meetings are held.
Allowing Electronic Exercise of Voting	The Company has allowed the electronic exercise of voting rights since the 18th Annual General Meeting of Shareholders (held on August 30, 2017).

Rights	
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Their Voting Rights	The Company has been participating in the the electronic voting platform since the 18th Annual General Meeting of Shareholders (held on August 30, 2017).
Other	Before sending out the notice of convocation of Annual General Meeting of Shareholders, the Company discloses the notice of convocation of Annual General Meeting of Shareholders, notes to financial statements and other relevant information on its website and the website of the Tokyo Stock Exchange.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company publishes its disclosure policy on the IR section of its website ( <a href="https://www.renovainc.com/ir/policy/">https://www.renovainc.com/ir/policy/</a> ).	–
Regular Investor Briefings for Individual Investors	The Company holds briefings for individual investors and the IR Office explains its business results and management policies.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	After publication of its full-year financial results and quarterly financial results, the Company holds an earnings call (briefing for institutional investors and analysts using a teleconferencing system conducted after the results announcement) and the CFO, Director and Executive Officer explains the business results. Additionally, after the announcement of the full-year financial results and the second-quarter financial results, the Company holds a financial results briefing for institutional investors and analysts and the President, CEO and Representative Director explains the business results and management policies.	Yes
Regular Investor Briefings for Overseas Investors	The Company regards this measure as a matter which should be considered in the future. The Company publishes the English versions of various briefing materials on the IR section of its website ( <a href="https://www.renovainc.com/en/ir/material/">https://www.renovainc.com/en/ir/material/</a> ).	No
Posting of IR Materials on Website	The Company publishes IR materials such as its financial results, annual securities report, quarterly securities report, timely disclosures and various briefing materials on the IR section of its website ( <a href="https://www.renovainc.com/en/ir/material/">https://www.renovainc.com/en/ir/material/</a> ). The English versions of some IR materials such as financial results summaries as well as timely disclosures and various briefing materials are also published. ( <a href="https://www.renovainc.com/en/ir/">https://www.renovainc.com/en/ir/</a> )	–
Establishment of Department and/or Manager in Charge of IR	The IR Office is in charge of IR.	–

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of	The Company indicates its position as principles in “Our Mission,” “Our Vision” and “Our Commitments” as well as “Commitment to Compliance,” and respects the position of its stakeholders.

Stakeholders	
Development of Policies on Information Provision to Stakeholders	The Company has established an information disclosure manual with the aim of encouraging compliance with laws and regulations related to securities trading and the rules of financial instrument exchanges and helping various stakeholders, including shareholders, investors and local communities, understand the Company and evaluate it properly by setting out a policy for the fair, timely and appropriate disclosure of important financial, social and environmental information about the Company.

#### IV. Matters Related to the Internal Control System

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

The Company is continuously developing appropriate internal control systems, in the belief that compliance and proper control of risks arising from business activities are essential for realizing the enhancement of corporate value.

The systems necessary to ensure that the execution of duties by Directors and Executive Officers complies with laws and regulations and the Articles of Incorporation and other systems necessary to ensure proper implementation of the business of the Company are summarized as follows.

(1) Policy and System For Ensuring Compliance of Directors' and Employees' Performance of Duties with Laws and Regulations and the Articles of Incorporation

- i) The Company ensures that all Group officers and employees have the basic attitude required to grow and develop alongside society, in accordance with the Company's philosophy (Our Mission) and corporate ethics (Commitment to Compliance), based on the Company's role and responsibility in society as a corporate citizen.
- ii) The Directors and Executive Officers execute business in accordance with laws and regulations, the Articles of Incorporation, resolutions of the Board of Directors and other internal rules, based on roles determined by the Board of Directors.
- iii) Audit & Supervisory Board Members exercise the authority provided for in laws and regulations. They also cooperate with the Accounting Auditor and the Internal Audit Office to audit the appropriateness of performance of duties by Directors and Executive Officers in accordance with the Rules for the Audit and Supervisory Board
- iv) The Company has established a Compliance Committee chaired by the President, CEO and Representative Director. The committee formulates and implements measures necessary to strengthen the compliance system and also reports compliance-related issues and actions taken to address them to the Board of Directors on a regular basis. It also imposes strict punishments in the event of compliance violations.
- v) The Company has also developed a whistleblowing system for all Directors, Audit & Supervisory Board Members, Executive Officers and employees in an effort to prevent or quickly detect compliance violations and other issues. It has also created a system that prevents the disadvantageous treatment of whistleblowers.
- vi) The Company has an Internal Audit Office, which is independent from the other business units and managed directly by the President, CEO and Representative Director. The Internal Audit Office conducts internal

audits in accordance with the Rules for Internal Audit.

(2) Policy and System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

- i) The Company preserves and manages statutory documents such as minutes of the Annual General Meeting of Shareholders and minutes of meetings of the Board of Directors and other information about the execution of duties by Directors and Executive Officers in accordance with the Articles of Incorporation, the Rules for the Board of Directors, the Rules for Management Committee, the Rules for Information Management, the Rules for Document Archiving and Management.
- ii) The Company checks whether information is preserved and managed properly in accordance with the regulations mainly through audits by the Internal Audit Office.
- iii) The Company establishes business units responsible for timely disclosures of material information about the Company and other disclosures. It also quickly and comprehensively gathers information which needs to be disclosed and discloses it in a timely and appropriate manner in accordance with laws and regulations.

(3) Rules concerning the management of risk of loss and other policies and systems

- i) Basic matters relating to risk management are governed by the Rules for Risk Management, and the Company seeks to prevent crises and minimize loss. With Corporate Development as the business unit primarily responsible for risk management, the Company has also established the Risk Management Committee, putting in place a system for recognizing market-related risk, credit risk, quality risk and compliance risk as a risk in management activities, monitoring each of these risk categories and taking action to address them.
- ii) The Company develops a system which allows it to swiftly implement crisis management measures in accordance with the Rules for Crisis Management in the event of a serious incident.
- iii) The Company also seeks to avoid risk by making sure that those executing business and implementing budgets have the required authority and responsibility in accordance with the Rules for Approval Authority.

(4) Policy and System to Ensure Efficient Execution of Duties by Directors and Executive Officers

- i) The Board of Directors meets at least 8 times a year to make decisions on important management matters and to oversee the performance of duties by Executive Officers and lower-ranking employees.
- ii) The Management Committee, which is composed of the President, CEO and Representative Director, full-time Directors, Executive Officers, general managers of divisions, and general managers of business units nominated by the President, CEO and Representative Director, meets twice a month, in principle, to report on and deliberate material issues related to business execution.
- iii) The Company seeks to clarify the authority and responsibilities of each officer and employee in the Rules for Organizational Structure and other rules to ensure the appropriate and efficient execution of business.

iv) To make decisions on business execution in an appropriate and agile manner, the Company establishes internal committees where necessary. These committees carefully discuss management issues in the areas they are responsible for and help the Board of Directors make decisions.

(5) Policy and System to Ensure Appropriateness of Operations in the Group Consisting of the Company and Its Subsidiaries

i) Internal audits of the Company and its subsidiaries are conducted and audit results are reported to the President, CEO and Representative Director, the Audit & Supervisory Board Members, those responsible for business units and those responsible for the business units in charge of subsidiaries. Efforts are made to improve internal control through the provision of guidance and implementation support.

ii) Monthly performance reviews and performance management of the Company and its subsidiaries are verified and reports are made to the Company's Board of Directors and Management Committee to ensure the appropriate execution of business at the Company and its subsidiaries.

iii) The Compliance Committee, chaired by the President, CEO and Representative Director, seeks to encourage the development of a compliance system according to the nature and scale of the business of subsidiaries.

iv) Subsidiaries are also encouraged to develop a risk management system as described in "(3) Rules concerning the management of risk of loss and other policies and systems" and exercise appropriate risk management according to the nature and scale of their business and the importance.

v) The business units in charge of managing subsidiaries play a central role in managing them to encourage appropriate and efficient operations at each subsidiary.

(6) System for directors and employees to report to the Audit & Supervisory Board Members and other systems regarding reports to the Audit & Supervisory Board Members, and system to ensure that persons who have reported to the Audit & Supervisory Board Members are not subjected to disadvantageous treatment for having made such reports.

i) Audit & Supervisory Board Members attend meetings of the Board of Directors and the Management Committee as well as various other important internal meetings and verify the execution of duties by Directors and Executive Officers.

ii) Directors and Executive Officers report important matters concerning business execution to Audit & Supervisory Board Members in an appropriate and timely manner and report to Audit & Supervisory Board Members immediately if they have discovered a fact which might be seriously damaging to the Company.

iii) Directors and employees make business reports in response to requests from Audit & Supervisory Board Members, regularly and on an ad hoc basis.

iv) The Internal Audit Office reports internal audit results to Audit & Supervisory Board Members on a regular basis.

v) The Company provides a whistleblowing system to enable Audit & Supervisory Board Members to receive



reports from Directors, Audit & Supervisory Board Members and employees of the Company and its subsidiaries.

vi) Directors, Audit & Supervisory Board Members and employees of the Company or its subsidiaries may not under any circumstances be subjected to disadvantageous treatment for having provided information to Audit & Supervisory Board Members.

(7) Matters Related to Employees Appointed to Assist Audit & Supervisory Board Members at the Request of Audit & Supervisory Board Members, and Matters Related to the Independence of Such Employees from Directors

The Company establishes a section to assist Audit & Supervisory Board Members if deemed necessary and requested by Audit & Supervisory Board Members. The employees in such section shall be independent from organizations within the Company and the Audit & Supervisory Board Members shall order them to undertake work as necessary. The consent of Audit & Supervisory Board Members shall also be obtained for any personnel matters that concern such employees, such as personnel changes and performance evaluations.

(8) Systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

The President, CEO and Representative Director, the Accounting Auditor, and the Internal Audit Office each seeks to cooperate with Audit & Supervisory Board Members, by exchanging views with them at their request, on a regular and ad hoc basis.

(9) Policies concerning the procedure for advance payment or reimbursement of expenses that arise with regard to the execution of duties of an Audit & Supervisory Board Member or any other processing of expenses or obligations that arise with regard to the execution of duties

Expenses necessary for the execution of duties by Audit & Supervisory Board Members are budgeted according to the audit plan drawn up by the Audit & Supervisory Board Members and any emergency audit expenses are paid in advance or reimbursed in an appropriate and swift manner either at the request of an Audit & Supervisory Board Member or the Audit & Supervisory Board.

(10) System to Ensure the Reliability of Financial Reporting

To ensure the reliability of financial reports, the Company properly develops and operates a system for developing, evaluating and reporting on internal control over financial reporting in accordance with Rules for Internal Control over Financial Reporting.

(11) System for the elimination of anti-social forces

The Company takes a resolute stance against anti-social forces. It will have no business or other ties whatsoever with anti-social forces.

2. Basic Views on Eliminating Anti-Social Forces and State of Related Efforts

(1) Basic views on eliminating anti-social forces

In its “Commitment to Compliance,” the Company declares that “We resolutely oppose anti-social forces and never accede to pressure from organized criminal groups, shareholder meeting extortionists, terrorists and other anti-social forces.”

(2) Initiatives to eliminate anti-social forces

i) Section which coordinates response and person responsible for preventing unjust demands

The Company has the Governance & Compliance section of the Corporate Administration Division as the section which coordinates its response to anti-social forces and appoints the General Manager of Governance & Compliance as the persons responsible for preventing unjust demands.

ii) Methods for eliminating anti-social forces

The Company uses a private investigation firm to investigate all new business partners (excluding public bodies), shareholders, officers and employees for any ties with anti-social forces. The Company also includes in various contracts elimination of anti-social forces clauses such as a representation and warranty clause about having no ties with anti-social forces and a termination clause which allows the Company to cancel the contract in the event that the counterparty has ties with anti-social forces.

iii) Cooperation with specialist outside agencies

The Company cooperates with specialist lawyers as necessary and has a system which allows it to collect information and respond immediately. It is also a member of a regional association affiliated with the Special Anti-Violence Countermeasures Federation.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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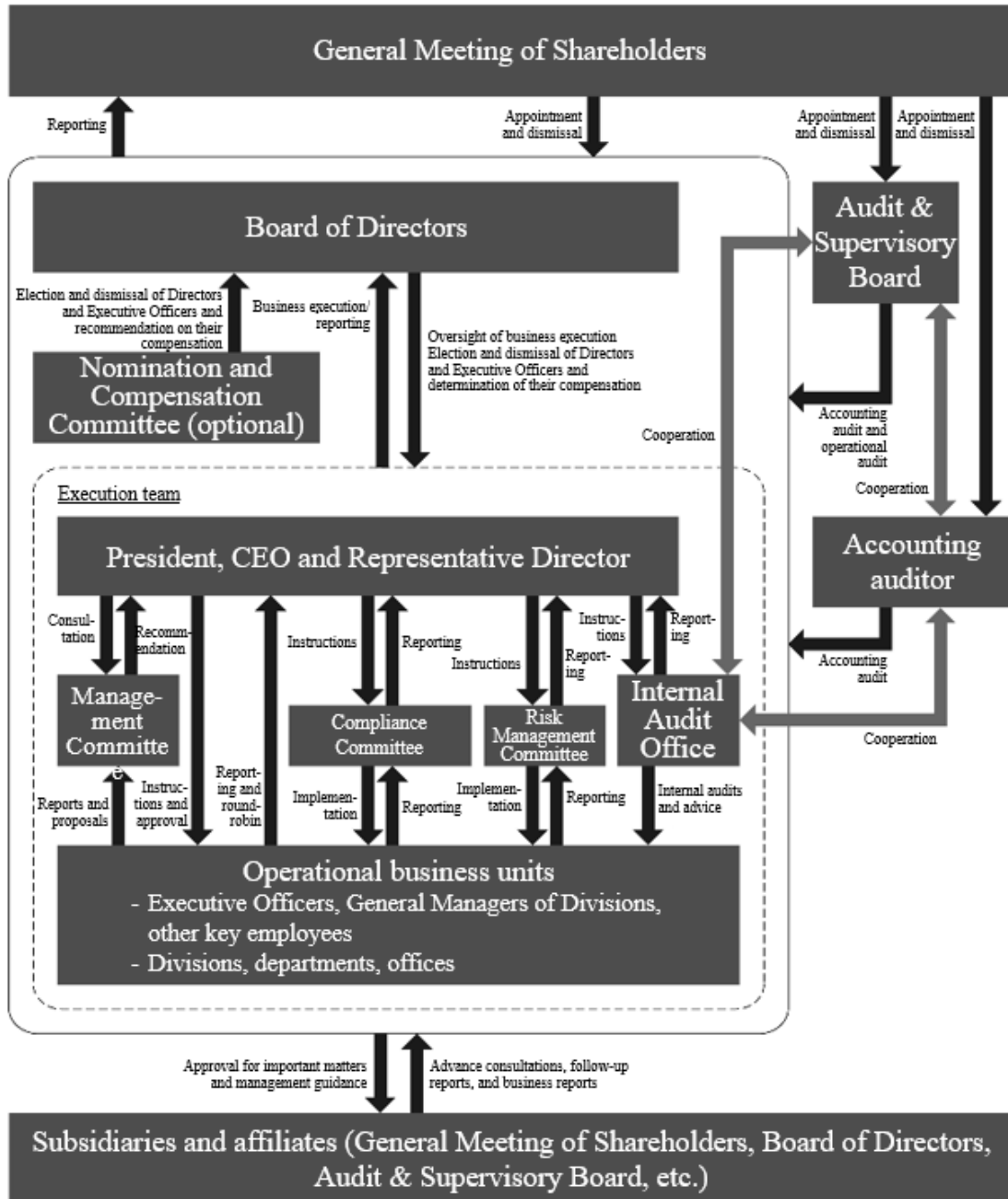
Supplementary Explanation

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2. Other Matters Concerning the Corporate Governance System

Please refer to the following diagram for an overview of the internal control system and timely disclosure system.
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Corporate Governance System (Diagram)



Overview of the Timely Disclosure System (Diagram)

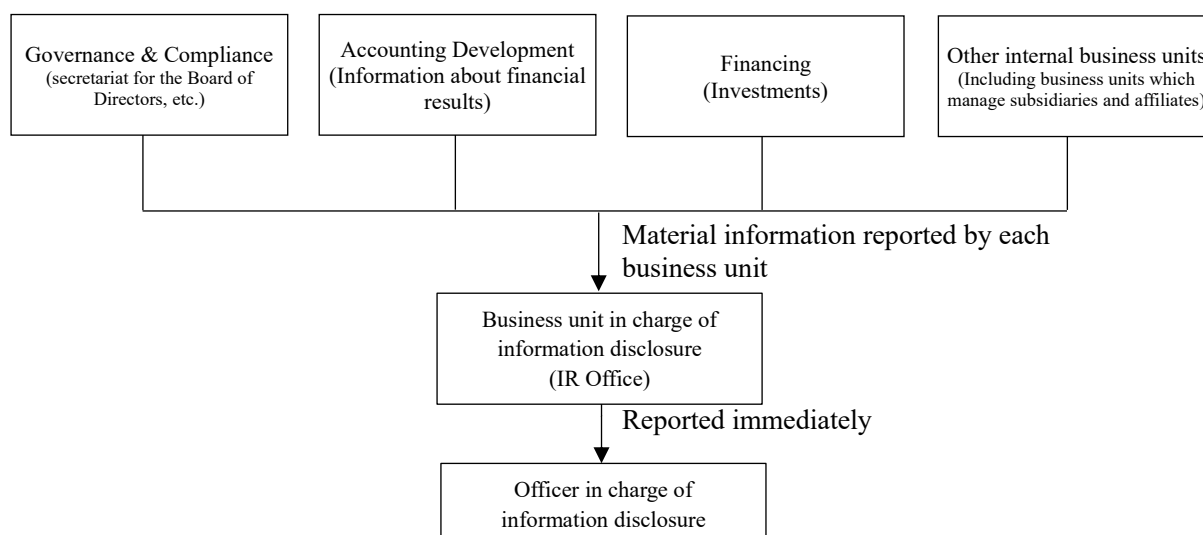
Work flow for the timely disclosure of information about decisions and occurrences

In accordance with the information disclosure manual established by the Company, the business unit in charge of timely information disclosure is defined as the business unit in charge of information disclosure.

1. Collection of information about decisions and occurrences

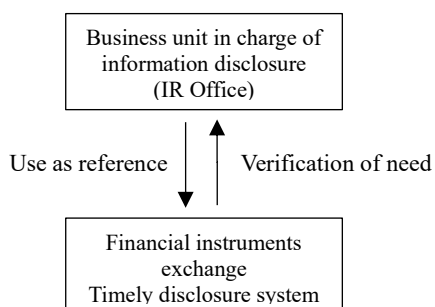
When aware of material information about the Company or a subsidiary, each internal business unit reports the material information to the business unit responsible for information disclosure.

Each internal business unit



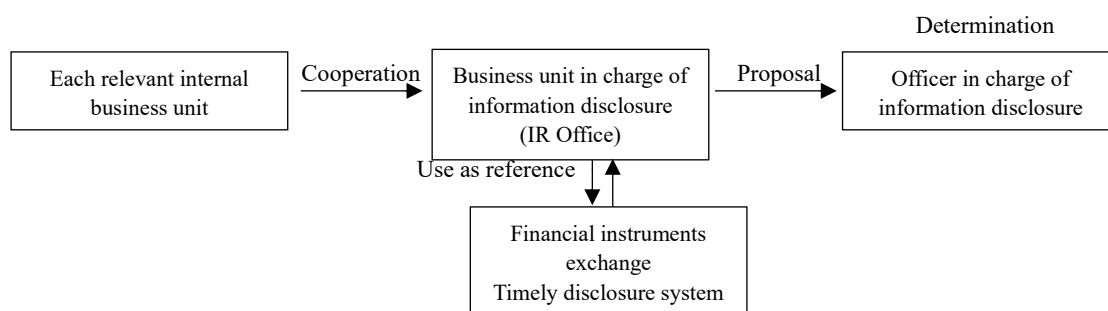
2. Verification of need for disclosure

The business unit in charge of disclosing information verifies whether the reported material information falls into the category of material information requiring disclosure and verifies the need for timely disclosure with reference to the timely disclosure system of the financial instruments exchange.



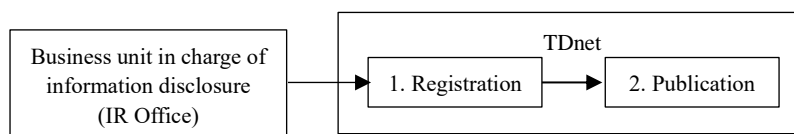
3. Proposal and determination of information to be disclosed and timing of disclosure

With reference to the timely disclosure system of the financial instrument exchange and in cooperation with each relevant business unit, the business unit in charge of information disclosure proposes the information to be disclosed and the timing thereof and consults the officer in charge of information disclosure. The officer in charge of information disclosure verifies the proposal by the business unit in charge of information disclosure and determines the information to be disclosed and the timing of disclosure.



4. Submission of disclosure materials

The business unit in charge of information disclosure submits disclosure materials based on the submission guidelines designated by the financial instruments exchange.



End