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## Corporate Governance Report

CORPORATE GOVERNANCE

RIKEN TECHNOS Co, Ltd.

**Last Update:** June, 20, 2022

**RIKEN TECHNOS CORPORATION**

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The corporate governance of RIKEN TECHNOS CORPORATION (the “Company”) is described below.

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

### 1. Basic Views

The Group shall establish a management organization system and structure, and implement necessary measures in order to achieve sustainable growth and improve corporate value over the medium to long term through the implementation of the “RIKEN TECHNOS WAY,” its corporate philosophy. By positioning the strengthening of corporate governance as one of the most important management issues, the Group shall strive to strengthen the Group's competitiveness and ensure management transparency and fairness by establishing an effective governance system for the entire Group.

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

Updated

The Company complies with all principles in Japan's Corporate Governance Code.

### Disclosure Based on the Principles of the Corporate Governance Code

Updated

[Principle 1-4 Strategic-Holding Shares]

< Policy on Reduction of Strategic-Holding Shares >

With regard to strategic-holding shares, the Company shall ensure that the Board of Directors annually examine specifically whether the purpose of holding of strategic-holding shares is appropriate, and otherwise whether the benefits and risks associated with holding are commensurate with the cost of capital, etc., from a medium- to long-term perspective in order to improve corporate value globally, and shall continue to hold those that it believes are contributing to the improvement of the Group's medium- to long-term corporate value, but for those that it believes are inappropriate to hold, the Company shall consider the disposal of all or part of its holdings, taking into consideration market trends and other factors, and reduce its holdings.

The fiscal 2021 review was conducted in November. The Company verified the appropriateness of the purpose of holding each stock, including shares held by consolidated subsidiaries, as well as whether the benefits and risks are commensurate with the cost of capital, after adjustment for past transaction performance and other factors. The Company also considered the disposal of some shares that it judged were not appropriate to hold.

< Standards for the Exercise of Voting Rights Related to Strategic-Holding Shares >

With regard to the exercise of voting rights for strategic-holding shares, the Company shall exercise voting rights by respecting the management policies and business strategies of the issuing company, and comprehensively taking into consideration whether

or not there are any management concerns or the contents of the proposals contribute to the development of the issuing company's appropriate corporate governance system, whether or not such exercise contributes to the improvement of the medium- to long-term corporate value and the sustainable growth of the Company and the issuing company, etc. In exercising voting rights, the Company shall also refer to the standards for exercising voting rights of the proxy-advisory firm.

[Principle 1-7 Transactions Between Related Parties]

In the event of transactions between the Company and the related parties, the Company implements appropriate procedures according to the contents and nature of such transactions, such as approval by the Board of Directors in accordance with the Companies Act and the Regulations on the Board of Directors. In addition, the Company discloses the results thereof in the Annual Securities Report, etc. in a timely manner in accordance with relevant laws and regulations.

Furthermore, the Company implements annual surveys on related-party transactions and monitors and supervises the Directors, etc. of the Company and companies of the Group.

[Principle 2-4 Ensuring Diversity Within the Company, Including Promoting the Activities of Women]

[Supplementary Principle 2-4-1]

< Views on Ensuring Diversity >

The Company recruits and promotes a diverse range of human resources, regardless of gender, nationality, or whether they are new graduates or mid-career hires. In order to accelerate the global development of our businesses and respond quickly to the rapidly changing market environment in the future, we will actively recruit and promote human resources with differing experience, skills, and careers, establish a system for developing human resources that will enable these human resources to play an active role, and promote the development of a suitable environment. In particular, taking employees in managerial positions as our core human resources, the Company will work to spread a broad awareness of ensuring diversity, and set targets for the ratios of employees in managerial positions who are women, foreign nationals, and mid-career hires.

(i) Promotion of women to managerial positions

The Company will strengthen mid-career recruitment in departments where women are particularly expected to play an active role (such as administrative and sales departments) and promote these employees to managerial positions. In addition, in departments where a high level of expertise is required (such as technical departments), the Company utilizes a specialist system (professional system) for managerial positions.

(ii) Promotion of foreign nationals to managerial positions

Focusing on the ASEAN region (priority region), where the Company is expanding global operations, we will strengthen the recruitment of students studying overseas and local hires, and will develop them as candidates for managerial posts. We will also strengthen the mid-career recruitment of managers able to play an active role globally. In the future, the Company will promote these employees to senior managerial positions, such as the heads of sites of consolidated subsidiaries overseas.

(iii) Promotion of mid-career hires to managerial positions

In order to respond to the increasingly diverse social environment and revitalize our organization in the future, we will strengthen mid-career recruitment beyond existing levels and thus take in new ideas and technical expertise from outside the Company.

< Voluntary and Measurable Goals Related to Ensuring Diversity and the Status Thereof >

	When goals were set (March 31, 2021)	Current status (March 31, 2022)	Goal	Time of achievement
(i) Promotion of women to managerial positions	1.8%	2.0%	7.0%	March 31, 2025
(ii) Promotion of foreign nationals to managerial positions	0.6%	0.7%	3.0%	March 31, 2025
(iii) Promotion of mid-career hires to managerial positions	30.3%	30.5%	40.0%	March 31, 2025

< Human Resource Development Policy and Internal Environment Development Policy to Ensure Diversity and the Status Thereof >

(i) Human resource development policy

Based on the approach of “prioritizing the proper development and guidance of subordinates by supervisors as part of human resource development” in the Company's human resources system, we will respect the diversity of each and every employee and work to develop core human resources by giving them the opportunity to experience a career path in which they can fully leverage their abilities. Furthermore, in addition to education based on on-the-job training that also enhances basic skills in a manner suited to the unique characteristics of each position, the Company will also create opportunities for growth by enhancing career development training for women and other human resource development training.

(Specific measures)

- Career development training to ensure the active role of women and training of female leaders
- Support for career development in which supervisors provide guidance to subordinates concerning growth and a diverse range of career paths
- Enhancement of onboarding training (language, manners, career, etc.) to ensure the active role of foreign nationals

(ii) Internal environment development policy

The Company will promote the creation of an internal environment and atmosphere in which employees with diverse individuality can work energetically, and implement specific initiatives to make a diverse range of workstyles possible, such as reviewing the personnel system and other internal systems.

(Specific measures)

- Utilization of a specialist system (professional system) for employees in positions that require a high level of expertise
- Education to change mindsets aimed at recognizing each other's diversity (e.g., being permissive of subordinates' workstyles)
- Strengthening of systems and initiatives that emphasize work-life balance (review of systems for various types of leave, etc.)

[Principle 2-6 Fulfilling the Role as Asset Owner of Corporate Pension]

In order to enable the corporate pension fund to fulfill its function as asset owner, the Company appoints and allocates appropriately qualified personnel, such as those with experience in accounting and finance divisions, etc. The corporate pension fund has established the asset management committee, which consults on important matters relating to the investment of pension assets, such as the formulation and revision of the basic policy and the basic portfolio, and periodically monitors the investment status, etc., and reports the results to the Management Committee.

Comprehensive evaluations are also implemented for the investment trustee by adding qualitative assessment to quantitative assessment.

[Principle 3-1 Enhancement of Information Disclosure]

(i) Company objectives (management philosophy, etc.), management strategies, and business plans

The Company has established the “RIKEN TECHNOS WAY” as its management philosophy and an overview is published on the Company’s website.

<https://www.rikentechnos.co.jp/e/company/philosophy/>

In addition, as part of the management strategy and business plan, the Company has formulated a three-year Medium-Term Business Plan (April 2022 to March 2025), which is published on the Company’s website.

[https://www.rikentechnos.co.jp/e/company/management\\_policy/](https://www.rikentechnos.co.jp/e/company/management_policy/)

(ii) Basic views and policies on corporate governance

This information is as stated in "I. 1. Basic Views" of this report.

(iii) Policies and procedures for determining compensation for Directors and Executive Officers

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is set at an appropriate level of compensation in accordance with the positions and responsibilities of Directors, based on a compensation plan that motivates Directors to improve business performance in each fiscal year and improve corporate value over the medium to long term, while also enabling them to share value with shareholders.

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits). Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits.

Compensation for Executive Officers consists of executive compensation, which consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits).

Compensation for Directors who are Audit & Supervisory Committee Members consists of supervisory compensation, which consists of a fixed amount of basic compensation (cash) that is not linked to performance and a fixed amount of stock benefits.

When determining the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Board of Directors consults in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports. In addition,

the compensation for Directors who are Audit & Supervisory Committee Members is determined by deliberation among Directors who are Audit & Supervisory Committee Members within the limit amount determined by resolution of the General Meeting of Shareholders.

Furthermore, policies for determining the content of compensation, etc., for individual Directors are described in “II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” of this report.

(iv) Policies and procedures for the nomination of candidates for Directors and selection and dismissal of Executive Officers

When nominating candidates for Directors and selecting Executive Officers, the Company takes into consideration the knowledge, experience, and abilities of each individual, and takes care to ensure it maintains a well-balanced and diverse mix of human resources as a whole.

Specifically, regardless of gender, age, or nationality, on the assumption that the candidate is outstanding in character and has a high sense of ethics and legal compliance, the Company comprehensively reviews and makes a decision concerning whether the candidate is well versed in various management issues with superior management senses, whether inside or outside the Company, and is excellent in terms of initiative, leadership, activity, and planning, and other factors.

In addition, when nominating a candidate for Director for reelection or reselecting Executive Officers, the Company comprehensively reviews and makes a decision concerning matters such as the possibility of the candidate contributing to frank, active, and constructive discussions even after reappointment, taking into consideration continuously meeting the above appointment standards as well as the statements made at the meetings of the Board of Directors and the Management Committee during the term of office and the status of attendance at such meetings, and other factors.

In addition to the above standards, when nominating candidates for Directors who are Audit & Supervisory Committee Members, the Company makes decisions such that one (1) or more persons with considerable knowledge of finance and accounting are elected.

When nominating candidates for Directors and selecting Executive Officers, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports.

In addition, in the event that a Director or Executive Officer falls under any of the reasons for dismissal set forth by the Company, such as significantly poor performance in the course of business, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports. With regard to the dismissal of the President, the Board of Directors may hesitate to propose the dismissal of the President, which may hinder prompt decision-making. Therefore, if certain reasons are met, the Nomination Committee may recommend and propose the dismissal of the President to the Board of Directors.

(v) Explanation of individual selections, dismissals, and nominations when nominating Director candidates

Reasons for the nomination of each candidate for Director are provided in the Reference Documents for the General Meeting of Shareholders. Furthermore, in the event of dismissal, the Company will disclose related information in the Reference Documents for the General Meeting of Shareholders or via other appropriate methods.

[Supplementary Principle 3-1-3]

In the three-year Medium-Term Business Plan (April 2022 to March 2025), the Company sets forth “contributing to solving environmental and social issues” as one of its strategies, and we are working to expand sales of environmentally friendly materials while also addressing climate change issues and promoting initiatives related to the SDGs.

In addition, the Company has established specific strategies for investments in human capital and intellectual property, etc., in the three-year Medium-Term Business Plan, and we are strengthening our efforts in this area.

The details of the three-year Medium-Term Business Plan are published on the Company’s website.

[https://www.rikentechnos.co.jp/e/company/management\\_policy/](https://www.rikentechnos.co.jp/e/company/management_policy/)

The Company has formulated the “RIKEN TECHNOS GROUP Sustainability Policy” as a basic policy on initiatives related to sustainability, and the Sustainability Committee are taking the lead in promoting related measures. Furthermore, the Sustainability Committee consists of all Executive Officers and is chaired by the President & CEO, with Outside Directors also participating as observers.

Furthermore, the “RIKEN TECHNOS GROUP Sustainability Policy” is published on the Company’s website.

<https://www.rikentechnos.co.jp/e/csr/>

In addition, we disclose information related to the impact of climate change risks and earnings opportunities on the Company’s business activities, earnings, etc., on the Company’s website based on the TCFD framework.

<https://www.rikentechnos.co.jp/csr/climate/> (Japanese only)

[Principle 4-1 Roles and Responsibilities of the Board of Directors (1)]

[Supplementary Principle 4-1-1]

The Company has adopted an Executive Officer System and promotes the considerable transfer of authority to execute operations. By positioning the Management Committee as the main decision-making body for business execution, the Company has taken steps to establish a flexible and strategic management system that can respond appropriately and promptly to rapid changes in the business environment. The Board of Directors strengthens the monitoring and supervision of the management by focusing on the deliberation of particularly important matters in the execution of business and the deliberation of matters of management supervision such as the basic policy of management and governance, in addition to the matters stipulated by laws and regulations and the Articles of Incorporation.

The Board of Directors, in addition to the “Regulations on the Board of Directors” and the “Regulations on the Management Committee,” clearly defines the authority to make decisions according to the scale and nature of the business in internal regulations such as the “Regulations on the Collective Decision-Making” and the “Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries,” and has established a system to enable efficient business execution.

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

The Company has elected four (4) Independent Outside Directors out of the five (5) Directors who are Audit & Supervisory Committee Members, and currently has four (4) Independent Outside Directors out of the nine (9) Directors. In order to maintain the transparency and soundness of management in the future, our policy is to elect Independent Outside Directors for at least

one-third of Directors.

In addition, the Company facilitates the exchange of information and the sharing of awareness among Outside Directors by holding a Board of Outside Directors meeting composed exclusively of Outside Directors at least once every six months. Furthermore, the primary Independent Outside Director has been selected by mutual voting between Independent Outside Directors, and serves as the Chairperson of the Board of Outside Directors.

[Principle 4-9 Independence Standards and Qualifications of Independent Outside Directors]

When electing Outside Directors, the Company elects persons who satisfy the “Independence Standards for Outside Directors” set forth by the Company, and who are capable of actively providing advice on management, supervising all aspects of management, supervising conflicts of interest, and fulfilling the role of reflecting the opinions of stakeholders at meetings of the Board of Directors.

In addition, when electing Outside Directors, the Company’s policy is for the Nomination Committee to deliberate and determine their independence, and review the independence standards as necessary.

Furthermore, the “Independence Standards for Outside Directors” set forth by the Company are published on the Company’s website as part of the “RIKEN TECHNOS GROUP Corporate Governance Policy.”

<https://www.rikentechnos.co.jp/e/company/governance/>

[Principle 4-10 Utilization of Voluntary Systems]

[Supplementary Principle 4-10-1]

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. In order to ensure the independence of these committees, Independent Outside Directors make up a majority of their members. In addition, their Chairpersons are selected by mutual voting between members, from among Independent Outside Directors.

< Authority and Role of the Nomination Committee >

- Based on consultations of the Board of Directors, the Nomination Committee ensures the appropriateness of personnel decisions made by the Board of Directors and enhances the transparency of such decisions by reporting on matters related to the election and dismissal of Directors, Executive Officers, and consultants and advisors, matters related to the formulation and revision of the Independence Standards for Outside Directors, matters related to the formulation and operation of succession plans for the Chief Executive Officer, etc., matters related to the creation and renewal of skill matrices for the Board of Directors, and other matters.
- The Nomination Committee deliberates and decides on the contents of recommendations for the Board of Directors in connection with the contents of the consultation of the Board of Directors.
- The Nomination Committee recommends and proposes the dismissal of the President to the Board of Directors in cases that fall under specific reasons.

< Authority and Role of the Compensation Committee >

- Based on consultations of the Board of Directors, the Compensation Committee ensures the appropriateness of compensation decisions of the Board of Directors and enhances the transparency of such decisions by reporting on matters related to the contents of proposals concerning compensation, etc. for Directors to be submitted to the General

Meeting of Shareholders (including stock compensation), the compensation system (including stock compensation plan) for Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, and consultants and advisors, matters related to the contents of individual compensation, etc. (including stock compensation), and other matters.

- The Compensation Committee deliberates and decides on the contents of recommendations for the Board of Directors in connection with the contents of the consultation of the Board of Directors.

[Principle 4-11 Prerequisites for Ensuring the Effectiveness of the Board of Directors]

[Supplementary Principle 4-11-1]

The Company's Board of Directors consists of internal Directors who are broadly familiar with the Company's business operations and who have diverse expertise and experience. For Outside Directors, the Company elects independent persons who have a high level of insight and abundant experience in management, thereby ensuring that objective supervision and advice on all aspects of management can be obtained.

At present, the Board of Directors of the Company consists of nine (9) members, including four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members) and five (5) Directors who are Audit & Supervisory Committee Members (including four (4) Independent Outside Directors). The Company will continue to strive to maintain an appropriate size and composition for the Board of Directors, taking into account the balance of knowledge, experience, and abilities of the Board of Directors as a whole, ensuring of diversity, the revitalization of deliberations, and other factors, in the context of the Group's global business operations.

The Company has prepared a skill matrix that lists each Director's knowledge, experience, abilities, etc., and it is provided on the final page of this report.

[Supplementary Principle 4-11-2]

The status of important concurrent positions held by each Director is disclosed in the Business Report, Reference Documents for the General Meeting of Shareholders, and Annual Securities Report.

[Supplementary Principle 4-11-3]

(i) Methods of analysis and evaluation

A survey (anonymous) regarding the evaluation of effectiveness of the Board of Directors for fiscal 2021 was conducted targeting all eight (8) Directors. Based on the results, effectiveness was analyzed and evaluated, and discussions were carried out at the Board of Directors meetings regarding future issues and details of actions.

[Key points of evaluation for fiscal 2021]

① System regarding improvement of knowledge and expertise; ② creation of more sophisticated internal controls and company-wide risk management; and ③ relationships with shareholders and investors

Furthermore, in addition to the above key points of evaluation, the Company's policy is to check the following items every year on an ongoing basis: ① results and issues of initiatives based on the results of the previous fiscal year's evaluation of effectiveness; ② composition (Outside Directors), state of operation, and agenda of the Board of Directors; and ③ "self-evaluation" of the items required of individual Directors.



(ii) Summary of results of analysis and evaluation of effectiveness

Overall, it was analyzed and evaluated that the Board of Directors of the Company functions appropriately and its effectiveness is sufficiently ensured. Specifically, it was confirmed that effectiveness is ensured in the following areas.

- When formulating the new three-year Medium-Term Business Plan, which began in fiscal 2022, timely and appropriate discussions were held at meetings attended by Outside Directors, such as meetings of Directors and Executive Officers and the Management Committee and Board of Directors. In addition, discussions were similarly held on how to engage in dialogue with shareholders and investors, including opportunities for external explanations of management strategies, including Medium-Term Business Plans, etc.
- The newly established Risk & Compliance Committee identified and evaluated risks for the entire Group and risk management initiatives were enhanced, including the implementation of initiatives focused on responding to risks, particularly issues identified as risks requiring a priority response.

(iii) Results and issues related to efforts based on the results of the evaluation of effectiveness in the previous fiscal year

Based on the results of the evaluation of effectiveness in the previous fiscal year, the following measures were taken.

- Ensuring the diversity of the Board of Directors

In order to ensure the diversity of the Board of Directors, the Company selected female candidates for Directors. Additionally, in order to ensure diversity when appointing core human resources (promotion of women, foreign nationals, and mid-career hires to managerial positions), the Company determined and disclosed its philosophy and goals in this area, as well as its “Human Resource Development Policy” and “Internal Environment Development Policy.” In this way, the Company promoted initiatives to ensure diversity.

- Group synergies/Group controls

Efforts were made to maximize Group synergies and controls, including discussions on the development of management systems, business practices, etc., at consolidated subsidiaries, as well as deeper discussions between each division and consolidated subsidiaries as part of the process of formulating the new three-year Medium-Term Business Plan.

- Sustainability initiatives

Concrete discussions were held concerning sustainability and our response to the SDGs, and a basic policy on sustainability (the “RIKEN TECHNOS GROUP Sustainability Policy”) was established. The Company also set forth “contributing to solving environmental and social issues” as one of the strategies in the new three-year Medium-Term Business Plan, and established a system for promoting sustainability initiatives in the future, including the establishment of a new Sustainability Committee.

(iv) Issues to further improve effectiveness and details of future actions

It was confirmed that, overall, the effectiveness of the Board of Directors of the Company is ensured sufficiently. However, the following points will continue to be discussed to further improve its effectiveness.

- In order to further enhance the supervisory function of the Board of Directors as a company listed on the Prime Market, the Company will promote discussions on the ideal form for the Board of Directors, conduct a fundamental review of matters such as the content of deliberations by the Board of Directors and the content of training for Directors, and promote efforts to make corporate governance more sophisticated.
- Although efforts have been made to improve the Group's management and reporting systems, the Group will continue to hold deeper discussions on matters such as the status of consolidated subsidiaries and methods of involvement as a parent

company, and will also strengthen Group controls by enhancing communication and fostering a sense of unity within the Group.

- The newly established Sustainability Committee will begin its activities in earnest, as the Company promotes initiatives related to sustainability, including climate change and other environmental issues, and actively discloses information to the public.

[Principle 4-14 Training for Directors]

[Supplementary Principle 4-14-2]

The Company's policy is to implement timely training tailored to each individual's skills so that Directors can sufficiently fulfill their expected roles, and provide them with adequate opportunities to understand the legal systems surrounding the Company, their amendments, and the Company's business, finance, organization, etc.

The Company implements new officer training for newly appointed internal Directors, and provides Outside Directors with sufficient opportunities to receive the explanation of business activities of the Company, inspect each business office, etc. In addition, outside lecturers hold seminars for all Directors on important themes such as governance and compliance on an annual basis, in principle.

Furthermore, Directors who are Audit & Supervisory Committee Members are members of the Japan Audit & Supervisory Board Members Association and participate in seminars and training sessions sponsored by the association to acquire and update the necessary knowledge required as Audit & Supervisory Committee Members.

[Principle 5-1 Policy on Constructive Dialogue with Shareholders]

The policy on establishing systems and initiatives to promote constructive dialogue with shareholders is as follows:

- (i) The Executive Officer in charge of corporate planning shall supervise overall dialogue with shareholders, and take a variety of initiatives, including financial results briefings and individual interviews for institutional investors so that constructive dialogue can be realized.
- (ii) The Company's basic approach to dialogue with shareholders is for senior management, including the President and related Executive Officers, and Directors, including Outside Directors, to attend dialogue with shareholders (briefings, interviews, etc.) and engage in direct dialogue with shareholders, to the extent reasonable in accordance with the objective and content of the dialogue and the wishes of shareholders, etc.

In addition, the Company will establish a system to enable it to accurately address the wishes of shareholders and the main matters of interest in interviews, through the appointment of a primary Independent Outside Director.

- (iii) Related divisions within the Company (corporate planning, accounting, finance, general affairs & legal, etc.) that assist in the dialogue shall work in cooperation with each other, such as jointly preparing various disclosure materials, etc. and providing opportunities to share information and knowledge for financial results briefings every six months.
- (iv) In addition to ascertaining the shareholder structure on the register of shareholders, the Company shall identify beneficial shareholders through shareholder identification surveys as necessary and utilize such information for necessary measures such as IR activities.
- (v) As a means of dialogue other than individual interviews, financial results briefings for institutional investors shall be held every six months, and the progress of the Medium-Term Business Plan and other matters shall be fully explained, and

related materials shall be disclosed.

- (vi) The opinions and concerns of shareholders identified through dialogue shall be reported to the Board of Directors, the Management Committee, etc., as appropriate, and information shall be shared and utilized by related divisions.
- (vii) The “Regulation on Insider Trading Prevention” shall be established to prohibit the transmission of material information that has not been disclosed, and internal education on information management shall be periodically implemented.

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders

Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,915,600	10.79
Shin-Etsu Chemical Co., Ltd.	3,300,523	5.15
Mizuho Bank, Ltd.	2,907,617	4.54
Resona Bank, Limited	2,907,265	4.53
Sompo Japan Insurance Inc.	2,500,000	3.90
Marubeni Corporation	2,363,422	3.69
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	2,290,000	3.57
Mitsubishi Corporation	2,280,605	3.56
MITSUI & CO., LTD.	2,101,000	3.28
Sumitomo Mitsui Banking Corporation	1,995,730	3.11

Name of Controlling Shareholder, if applicable (excluding Parent Company)

-

Name of Parent Company, if applicable

Not applicable

Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	TSE Prime
Fiscal Year-End	March
Business Sector	Chemicals

Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year <span style="border: 1px solid red; padding: 2px;">Updated</span>	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

#### **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

Corporate Governance System	Company with Audit and Supervisory Committee
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	12 / No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors <span style="background-color: orange; color: red; padding: 2px;">Updated</span>	4
Number of Independent Directors <span style="background-color: orange; color: red; padding: 2px;">Updated</span>	4

Outside Directors' Relationship with the Company (1) <span style="background-color: orange; color: red; padding: 2px;">Updated</span>
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Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takayuki Hayakawa	From another company					△						
Shigeharu Nakamura	From another company					△						
Shigeru Ehara	From another company								△			
Aogi Suemura	Certified public accountant											○

\*Categories for "Relationship with the Company".

(Use "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past; "●" when a close relative of the Director presently falls or has recently fallen under the category; and "▲" when a close relative of the Director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business or a non-executive Director of a parent company
- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2) <span style="background-color: orange; color: red; padding: 2px;">Updated</span>
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Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Takayuki Hayakawa	○	○	<p>(Career summary)</p> <p>April 1972 Joined The Taiyo Bank Limited (current Sumitomo Mitsui Banking Corporation)</p> <p>April 2006 Executive Officer, General Manager, East Japan the 3rd Corporate Marketing Div.; Sumitomo Mitsui Banking Corporation</p> <p>April 2008 Executive Officer, General Manager, East Tokyo Corporate Marketing Div.; Sumitomo Mitsui Banking Corporation (Retired in April 2009)</p> <p>May 2009 Senior Marketing Executive Officer, Ginsen Co., Ltd. (Retired in May 2010)</p> <p>June 2010 Representative Director &amp; President, Yoei Holding Co., Ltd. (Retired in June 2017) Representative Director &amp; President Yoei Co., Ltd. (Retired in June 2017)</p> <p>June 2013 Outside Corporate Auditor, RIKEN TECHNOS CORPORATION</p> <p>June 2016 Outside Director serving as Audit &amp; Supervisory Committee Member (to present)</p> <p>May 2017 Outside Director, TKP Corporation</p> <p>June 2017 Outside Director, Toyo Kosan Co., Ltd. (Retired in June 2021)</p> <p>May 2019 Corporate Auditor, TKP Corporation (to present)</p> <p>June 2020 Outside Director, Kyoritsu Maintenance Co., Ltd. (to present)</p> <p>As described above, Mr. Takayuki Hayakawa was an Executive Officer of Sumitomo Mitsui Banking Corporation, which has transactions with the</p>	<p>(Reasons for appointment and reasons for designation as an Independent Director)</p> <p>Mr. Takayuki Hayakawa has considerable knowledge about finance and accounting and wide knowledge about corporate management derived from his many years of experience working at leading commercial banks. He also has deep insight into management derived from his experience as a corporate executive at each company. He has provided wide-ranging and objective audits and advice to the management as an Outside Corporate Auditor of the Company since June 2013 and as an Outside Director serving as Audit &amp; Supervisory Committee Member of the Company since June 2016. The Company elected him as an Outside Director serving as Audit &amp; Supervisory Committee Member because we believe that he will continue to contribute to the auditing and supervision of the Group's management.</p> <p>Mr. Hayakawa has a background at Sumitomo Mitsui Banking Corporation, a financial institution with which the Company has transactions, but he retired in April 2009, and he is therefore not in a position to be influenced by its intentions.</p> <p>The Company has transactions with several financial institutions, and deposit and borrowing transactions between the Company and Sumitomo Mitsui Banking Corporation are based on a generally fair and reasonable transactional relationship. In addition, the degree of dependence on borrowings from Sumitomo Mitsui Banking Corporation is not significant, and the Company has therefore judged that he is independent.</p> <p>Furthermore, Mr. Hayakawa has no conflict of interest with general shareholders.</p>

			<p>Company.</p> <p>The Company borrowed funds from Sumitomo Mitsui Banking Corporation in the fiscal year ended March 31, 2021, but the amount of borrowings from Sumitomo Mitsui Banking Corporation as a percentage of consolidated total assets was 1.9% (rounded down to one decimal place).</p>	
Shigeharu Nakamura	○	○	<p>(Career summary)</p> <p>April 1976 Joined The Saitama Bank, Ltd. (current Saitama Resona Bank, Limited)</p> <p>June 2005 Managing Executive Officer in charge of Finance Div., Resona Bank, Limited</p> <p>June 2006 Director, Senior Managing Executive Officer in charge of Finance Div. and in charge of Corporate Governance Office</p> <p>June 2008 Representative Director, Vice President, &amp; Executive Officer in charge of Human Resources Division and in charge of Corporate Governance Secretariat (Retired in March 2012)</p> <p>April 2012 Representative Director &amp; President, Resona Research Institute Co., Ltd.</p> <p>June 2013 Outside Auditor, TOYO KANETSU K.K.</p> <p>April 2014 Advisor, Resona Research Institute Co., Ltd. (Retired in June 2014)</p> <p>June 2014 Auditor, F-TECH INC. (Scheduled to retire in June 2022) Outside Corporate Auditor, RIKEN TECHNOS CORPORATION</p> <p>June 2015 Outside Director (Audit &amp; Supervisory Committee Member), TOYO KANETSU K.K. (to present)</p> <p>June 2016 Outside Director serving as Audit &amp; Supervisory Committee Member (to</p>	<p>(Reasons for appointment and reasons for designation as an Independent Director)</p> <p>Mr. Shigeharu Nakamura has many years of experience as an officer responsible for risk management and corporate governance at leading commercial banks, as well as deep insight into management derived from his experience as a corporate executive at each company.</p> <p>He has provided wide-ranging and objective audits and advice to the management as an Outside Corporate Auditor of the Company from June 2014 and as an Outside Director serving as Audit &amp; Supervisory Committee Member from June 2016. The Company elected him as an Outside Director serving as Audit &amp; Supervisory Committee Member because we believe that he will continue to contribute to the auditing and supervision of the Group's management.</p> <p>Mr. Nakamura has a background at Resona Bank, Limited, a financial institution with which the Company has transactions, but he retired in March 2012, and he is therefore not in a position to be influenced by its intentions.</p> <p>The Company has transactions with several financial institutions, and deposit and borrowing transactions between the Company and Resona Bank, Limited are based on a generally fair and reasonable transactional relationship. In addition, the degree of dependence on borrowings from Resona Bank, Limited is not significant, and the Company has therefore judged that he is independent.</p> <p>Furthermore, Mr. Nakamura has no conflict of interest with general shareholders.</p>

			<p>present) June 2018 External Director, The Shoko Chukin Bank, Ltd. (to present)</p> <p>As described above, Mr. Shigeharu Nakamura was Representative Director, Vice President, &amp; Executive Officer of Resona Bank, Limited, which has transactions with the Company.</p> <p>The Company borrowed funds from Resona Bank, Limited in the fiscal year ended March 31, 2021, but the amount of borrowings from Resona Bank, Limited as a percentage of consolidated total assets was 1.7% (rounded down to one decimal place).</p>	
Shigeru Ehara	○	○	<p>(Career summary)</p> <p>April 1981 Joined The Yasuda Fire &amp; Marine Insurance Co., Ltd.</p> <p>April 2011 Executive Officer, General Manager, Commercial Risk Solutions Department, Sompo Japan Insurance Inc.</p> <p>April 2013 Director, Managing Executive Officer, Sompo Japan Insurance Inc. Managing Executive Officer, NIPPONKOA Insurance Company, Limited Executive Officer, NKSJ Holdings, Inc.</p> <p>June 2013 Director, Executive Officer, NKSJ Holdings, Inc.</p> <p>September 2014 Director, Managing Executive Officer, Sompo Japan Nipponkoa Insurance Inc. Director, Managing Executive Officer, Sompo Japan Nipponkoa Holdings, Inc.</p> <p>April 2016 Director, Senior Managing Executive Officer, Sompo Japan Nipponkoa Insurance Inc. Director, Senior Managing Executive Officer, Sompo Japan Nipponkoa Holdings, Inc.</p> <p>November 2016 Representative Director,</p>	<p>(Reasons for appointment and reasons for designation as an Independent Director)</p> <p>Mr. Shigeru Ehara has deep insight into management derived from his involvement in companies in various types of businesses and industries through his experience working in a casualty insurance companies and working as a corporate executive. He also has considerable knowledge in global corporate management through his extensive overseas work experience. The Company elected him as an Outside Director serving as Audit &amp; Supervisory Committee Member because we believe that he will contribute to the auditing and supervision of the Group's management as Outside Director going forward by taking advantage of these knowledge and experience.</p> <p>Mr. Ehara has a background at Sompo Japan Nipponkoa Insurance Inc. (current Sompo Japan Insurance Inc.), with which the Company has transactions, but he retired in June 2018, and he is therefore not in a position to be influenced by its intentions.</p> <p>Furthermore, Mr. Ehara has no conflict of interest with general shareholders.</p>



			<p>Senior Managing Executive Officer, Sampo Holdings, Inc.</p> <p>April 2017 CEO, Overseas Insurance and Reinsurance Business, Representative Director, Senior Managing Executive Officer</p> <p>April 2018 Deputy President and Senior Executive Officer, Sampo Japan Nipponkoa Insurance Inc. (Retired in June 2018) Director, Deputy President and Senior Executive Officer, Sampo Holdings, Inc. (Retired in June 2018)</p> <p>June 2018 Executive Director, General Insurance Rating Organization of Japan (Scheduled to retire in June 2022)</p> <p>June 2022 Outside Director serving as Audit &amp; Supervisory Committee Member, RIKEN TECHNOS CORPORATION (to present)</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. The Yasuda Fire &amp; Marine Insurance Co., Ltd., Sampo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, and Sampo Japan Nipponkoa Insurance Inc. are currently named as Sampo Japan Insurance Inc.</li> <li>2. NKSJ Holdings, Inc. and Sampo Japan Nipponkoa Holdings Inc. are currently named as Sampo Holdings, Inc.</li> </ol> <p>As described above, Mr. Shigeru Ehara was an Executive Officer of Sampo Japan Nipponkoa Insurance Inc. (current Sampo Japan Insurance Inc.), which has transactions with the Company.</p> <p>The Company has entered into a casualty insurance policy with Sampo Japan Insurance Inc., but the transaction amount is insignificant.</p>	
Aogi Suemura	o	o	<p>(Career summary)</p> <p>October 1992 Joined Asahi Shinwa &amp; Co. (current KPMG AZSA LLC)</p>	<p>(Reasons for appointment and reasons for designation as an Independent Director)</p> <p>Ms. Aogi Suemura has engaged in operations such as supporting</p>

			<p>April 1996 Registered as certified public accountant</p> <p>August 1999 Joined GOLDCREST Co., Ltd.</p> <p>January 2002 Joined Sumitomo Shoji Financial Management Co., Ltd.</p> <p>November 2004 Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)</p> <p>June 2008 Partner</p> <p>January 2022 Established Aogi Suemura Certified Public Accountant Firm (to present)</p> <p>June 2022 Outside Director serving as Audit &amp; Supervisory Committee Member, RIKEN TECHNOS CORPORATION (to present)</p>	<p>development of statutory audit/internal control systems for listed companies as a partner of a major audit corporation, and experienced mainly in consolidated financial reporting operations and M&amp;A accounting at major companies as well. She also has extensive knowledge and experience in corporate accounting and management as a certified public accountant. The Company elected her as an Outside Director serving as Audit &amp; Supervisory Committee Member because we believe that she will contribute to the auditing and supervision of the Group's management as an Outside Director going forward from a woman's perspective.</p> <p>Although she has not been directly involved in corporate management, based on the above reasons, the Company has judged that she can appropriately perform her duties as an Outside Director serving as Audit &amp; Supervisory Committee Member. Furthermore, Ms. Suemura has no conflict of interest with general shareholders.</p>
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## Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson <span style="background-color: #FFD700; border: 1px solid red; padding: 2px;">Updated</span>					
	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	5	1	1	4	Inside Director
Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed				
Matters Concerning Independence of Said Directors and/or Employees from Executive Officers					

The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee in performing its duties, and several dedicated employees are appointed to the Audit Department. To ensure the independence of these employees, all rights to command and order them are delegated exclusively to the Audit & Supervisory Committee, and these employees are not commanded or ordered by departments conducting business operations or any of the Directors (excluding Directors serving as Audit & Supervisory Committee Members). In addition, any decision on a personnel transfer, personnel evaluation, or disciplinary measures, etc. for these employees is made subsequent to the approval from the Audit & Supervisory Committee.

## Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit & Supervisory Committee takes steps to ensure close cooperation with the Accounting Auditors, including receiving regular explanations of audit plans and reports on audit results from the Accounting Auditors, and obtaining information on the status of audits as appropriate during the fiscal year. In addition, the Audit Department, which is the internal audit department, reports directly to the Audit & Supervisory Committee. As such, the Company has established a system that enables it to conduct systematic and effective audits using internal control systems, through clear orders and instructions from the Audit & Supervisory Committee to the Audit Department and reporting systems, as well as joint audits in Japan and overseas as necessary.

The Audit & Supervisory Committee, Accounting Auditors, and Audit Department hold meetings to exchange views every six months, and a system is therefore in place for the multifaceted exchange of information related to various management issues.

## Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to  
Nomination Committee or Remuneration Committee

Established

## Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee

Chair (Chairperson)

Updated

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	6	0	2	4	0	0	Outside Director

Supplementary Explanation

Updated

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. More than half of the members of both committees are Independent Outside Directors, thereby ensuring the transparency and objectivity of processes related to nomination and compensation and the content thereof. In addition, their Chairpersons are selected by mutual voting between members, from among Independent Outside Directors.

When nominating candidates for Directors and selecting Executive Officers, and when making decisions concerning the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Board of Directors consults in advance with the Nomination Committee concerning the nomination of Director candidates and the selection of Executive Officers and the Compensation Committee concerning the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, and makes decisions with respect for the results of these committees' reports.

In fiscal 2021, the Nomination Committee met four(4) times, and it deliberated matters such as the selection of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, as well as succession plans. In addition, the Compensation Committee met three times, and it deliberated matters such as individual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers (basic compensation, performance-linked bonuses, and stock benefits), as well as a review of the compensation system for officers. Furthermore, the attendance rate of each member was 100% for both committees.

## Matters Concerning Independent Directors

Number of Independent Directors	Updated	4
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### Other Matters Concerning Independent Directors

The Company designates all outside officers who meet the qualifications for independent officers as independent officers. Independence Standards for Outside Directors of the Company are described below.

The Company deems that Outside Directors of the Company are independent if they are judged not to fall under any of the following:

1. A person who has been an Executive (\*1) of the Company or subsidiaries of the Company (hereinafter referred to as "Each Group Company") at present or in the most recent ten (10) years;
2. A person who falls under the following items at present or in the most recent three (3) business years:
  - (1) A person with a relationship with major business partners of Each Group Company (\*2) or an Executive thereof;
  - (2) A major borrower (\*3) of Each Group Company or an Executive thereof;
  - (3) A major shareholder of the Company (\*4) (if such major shareholder is a juridical person, a person who is an Executive of the juridical person);
  - (4) A consultant, accounting specialist, legal specialist, etc. who has received a large amount of money or other property (\*5) from Each Group Company in addition to compensation for officers (if a person who has received such property is an organization such as a juridical person or association, the person belonging to such organization);
  - (5) A person who belongs to an auditing firm that is the Accounting Auditor of Each Group Company;
  - (6) An Executive of a party under mutual appointment as Outside Officer; or
  - (7) A person receiving a large amount of donations or grants (\*6) from Each Group Company or an Executive thereof.
3. A spouse or relative within the second degree of kinship of a person who falls under any of the items of 1 or 2 above; or
4. A person whose total term of office as an Outside Director of the Company exceeds ten (10) years.

(Notes)

\*1 An Executive includes a Director, Corporate Officer, Executive Officer, manager, or other employees who execute the business of a juridical person or other organizations.

\*2 Relationship with major business partners is defined as the case in which the total amount of transactions with Each Group Company accounts for two percent (2%) or more of consolidated sales (average for the most recent (3) business years) in either of the Company or business partners (including their parent company and significant subsidiaries) in the most recent (3) business years.

\*3 A major borrower is defined as the case where the total amount of borrowings by Each Group Company accounts for two percent (2%) or more of the total consolidated assets (average for the most recent (3) business years) as of the last day of the most recent (3) business years.

\*4 A major shareholder means a person who holds ten percent (10%) or more of the total voting rights directly or indirectly.

\*5 A large amount of money or other property means ten million (10,000,000) yen or more per year.

\*6 Large amount of donations or grants means ten million (10,000,000) yen or more per year.

## Incentives

Implementation Status of Measures related to  
Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

### Supplementary Explanation for Applicable Items

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation.

Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits). Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits.

Policies for determining the content of compensation, etc., for individual Directors are described in “II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” of this report.

Persons Eligible for Stock Options

### Supplementary Explanation for Applicable Items

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## Director Remuneration

Status of Disclosure of Individual Directors’  
Remuneration

No Disclosure for any Directors

### Supplementary Explanation for Applicable Items

Updated

#### 1. Compensation, etc. for Fiscal 2021 (93rd Fiscal Year)

Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors): 5

Total: 211,802 thousand yen (basic compensation: 127,482 thousand yen, bonuses (cash): 52,906 thousand yen, bonuses (stock benefits): 14,325 thousand yen, fixed stock benefits: 17,088 thousand yen)

Directors (Audit & Supervisory Committee Members) (excluding Outside Directors): 1

Total: 17,089 thousand yen (basic compensation: 15,600 thousand yen, bonuses (cash): – yen, bonuses (stock benefits): – yen, fixed stock benefits: 1,489 thousand yen)

Outside Directors (Audit & Supervisory Committee Members): 3

Total: 27,606 thousand yen (basic compensation: 25,200 thousand yen, bonuses (cash): – yen, bonuses (stock benefits): – yen, fixed stock benefits: 2,406 thousand yen)

Notes:

- 1) The maximum amount of compensation for Directors (excluding Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 250 million yen per year (including compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers). The number of Directors (excluding Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4).  
Furthermore, the corresponding amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) for fiscal 2021 (the 93rd fiscal year) was 180,388 thousand yen (basic compensation: 127,482 thousand yen, bonuses (cash): 52,906 thousand yen).
- 2) The maximum amount of compensation for Directors (Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 60 million yen per year. The number of Directors (Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4). Furthermore, the corresponding amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) for fiscal 2021 (the 93rd fiscal year) was 40,800 thousand yen (basic compensation for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors): 15,600 thousand yen, basic compensation for Outside Directors: 25,200 thousand yen).
- 3) Separately to the amounts of remuneration in the items 1) and 2) above, at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, a resolution was adopted to introduce a stock-based compensation plan “Board Benefit Trust (BBT),” and at the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021, a resolution was adopted to make partial revisions to this plan. Under this stock-based compensation plan, for each period of three fiscal years starting from the fiscal year ended March 31, 2017, the Company will establish a trust with the contribution of cash of up to 210 million yen (including 150 million yen for Directors (excluding Audit & Supervisory Committee Members), 18 million yen for Directors (Audit & Supervisory Committee Members), and 42 million yen for Executive Officers who do not serve concurrently as Directors) as funds necessary for the acquisition of shares corresponding to the three fiscal years. The number of Directors (excluding Audit & Supervisory Committee Members) was five (5) and the number of Directors (Audit & Supervisory Committee Members) was four (4) at the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021.
- 4) The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes 122,400 thousand yen in compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers.
- 5) The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 31,413 thousand yen for the Board Benefit Trust (BBT) and 52,906 thousand yen in provisions for officers’ bonuses, recorded in fiscal 2021 (the 93rd fiscal year).
- 6) The total amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 1,489 thousand yen for the Board Benefit Trust (BBT), recorded in fiscal 2021 (the 93rd

fiscal year).

- 7) The total amount of compensation, etc., for Outside Directors (Audit & Supervisory Committee Members) includes provisions of 2,406 thousand yen for the Board Benefit Trust (BBT), recorded in fiscal 2021 (the 93rd fiscal year).

2. Amount of Compensation, etc., Paid for Fiscal 2021 (93rd Fiscal Year) Other than the Above Item 1.

Not applicable.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Updated

Established

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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

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< Policy for Determining Individual Compensation, etc., for Directors >

1. Basic Policy

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is set at an appropriate level of compensation in accordance with the positions and responsibilities of Directors, based on a compensation plan that motivates Directors to improve business performance in each fiscal year and improve corporate value over the medium to long term, while also enabling them to share value with shareholders. To ensure objectivity and transparency when determining these levels, respect is shown to the opinions of the Compensation Committee, where more than half of the members are Independent Outside Directors.

Specifically, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits). Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits.

2. Policy for Determining the Amount of Individual Compensation, etc., for Basic Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Of executive compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined for the current fiscal year based on the basic compensation standards in accordance with position and rank (evaluation), and adjusted for the Company's performance in the previous fiscal year, the performance of departments under supervision, and the status of their responsibilities in the current fiscal year, etc.

In addition, of supervisory compensation, basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined in accordance with whether or not the Director has the authority of representation.

3. Policy for Determining the Calculation Method for the Content, Amount, and Number of Performance-Linked Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Bonuses (cash and stock benefits) paid as individual performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is calculated by adjusting the amount of basic bonuses, which is set based on basic compensation (cash) as a component of individual executive compensation, for the level of achievement of the following performance-linked indicators for the relevant fiscal year, and a certain percentage of the bonuses is paid as stock benefits according to the position of the Director. Furthermore, bonuses are paid in July of each year.

Performance-linked indicators consist of company performance indicators and individual performance indicators. However, performance-linked indicators for Directors who serve concurrently as Executive Officers with special titles of Managing Executive Officer or higher consist only of company performance indicators.

Company performance indicators are calculated using consolidated operating profit, consolidated ordinary profit, and consolidated ROE, as well as non-consolidated operating profit and non-consolidated ordinary profit for non-consolidated performance indicators, to ensure that compensation is linked to the level of achievement of the Company's business performance (consolidated and non-consolidated) in relation to the enhancement of corporate value and shareholder value, while individual performance indicators are calculated using the performance of departments under supervision, etc.

4. Policy for Determining the Calculation Method for the Content, Amount, and Number of Non-cash Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)

Stock benefits (performance-linked compensation as a component of executive compensation and supervisory compensation), which are a form of non-cash compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), consist of a Board Benefit Trust (BBT). Points corresponding to the amount of compensation are granted in July of each year, and a number of stock benefits corresponding to the number of points is paid upon retirement.

Stock benefits paid as performance-linked compensation are determined as described in the above item 3., while stock benefits paid as supervisory compensation are a fixed amount, determined in accordance with whether or not the Director has the authority of representation.

5. Policy for Determining the Ratio of the Amount of Cash Compensation, the Amount of Performance-Linked Compensation, etc., and the Amount of Non-cash Compensation, etc. to the Amount of Individual Compensation, etc., for Directors

For each individual, the ratio of the amount of cash compensation excluding performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation) and bonuses paid as performance-linked compensation (cash and stock benefits) is approximately 7:3, assuming that the level of achievement for performance-linked compensation is 100%.

In addition, for each individual, the ratio of the amount of cash compensation excluding performance-linked compensation (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation) and stock-based compensation (fixed stock-based compensation and stock-based compensation paid as performance-linked compensation) is approximately 8:2, assuming that the level of achievement for performance-linked compensation is 100%.

Furthermore, the individual ratios of the amounts of compensation are revised as appropriate by the Board of Directors after consulting with the Compensation Committee, based on any changes in compensation levels, etc.



6. Matters Related to the Determination of Individual Compensation, etc., for Directors

The details of the compensation system and individual compensation, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members), are determined by the Board of Directors after consulting in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, with respect for the results of such reports.

### Support System for Outside Directors

1. The Company has ensured a support system for Outside Directors is in place, as follows.

- 1) In principle, the Company distributes materials prior to meetings of the Board of Directors and provides explanations in advance as appropriate.
- 2) The Company takes steps to ensure that information is shared by having Outside Directors attend important meetings such as the Management Committee and distributing minutes, etc., as appropriate.
- 3) The Audit & Supervisory Committee, Accounting Auditors, and Audit Department hold joint meetings to exchange opinions every six months, and a system is therefore in place for the multifaceted exchange of information related to various management issues.
- 4) One or more Full-time Audit & Supervisory Committee Members are appointed to promptly gather information within the Company and work closely with Outside Directors to share information.
- 5) The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee, and several dedicated employees are appointed to the Audit Department.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

To strengthen the supervisory function of the Board of Directors, the Company has adopted the format of a company with an audit and supervisory committee.

1. Execution of Business Operations

The Company has adopted an Executive Officer System, thereby separating management decision-making and supervisory functions from business execution functions, and also promoting the considerable transfer of authority to execute operations. In this way, the Company has taken steps to establish a flexible and strategic management system. Accordingly, the Management Committee, which consists of Executive Officers, is positioned as the main decision-making body for the execution of business operations.

Meetings of the Management Committee are held ahead of Board of Directors meetings each month to deliberate beforehand issues being put forth to the Board of Directors as well as to deliberate and decide on the execution of important tasks for which authority has been delegated by the Board of Directors, thereby ensuring prompt decision-making. In addition, the Company has established the Executive Officers Committee for the purpose of communicating matters to be resolved, deliberated, and reported at meetings of the Board of Directors, as well as communicating and sharing information between

Executive Officers. This committee meets within a certain period of time after the Board of Directors meeting every month.

## 2. Audits and Supervision

The primary role of the Board of Directors of the Company is to review and deliberate matters of management supervision, such as basic management policies and governance. By electing Independent Outside Directors for at least one-third of positions on the Board of Directors, the Company strengthens supervisory functions and enhances the effectiveness of supervision. In fiscal 2021 (the 93rd fiscal year), the Board of Directors met 17 times, and it deliberated matters such as governance and other matters of management supervision, revisions to the officer system and officer compensation system, and succession plans. Furthermore, the attendance rate of each Director was 100%.

The Audit & Supervisory Committee consists of five (5) members, including four (4) Outside Directors, and the Company has appointed a Full-time Audit & Supervisory Committee Member to promptly gather information within the Company and work closely with Outside Directors to share information. In addition, the Company has also established the Audit Department as a department reporting directly to the Audit & Supervisory Committee. As such, the Company has established a system that enables it to conduct systematic and effective audits using internal control systems, through clearly establishing systems for orders and instructions from the Audit & Supervisory Committee to the Audit Department, and reporting systems. Audit & Supervisory Committee Members attend meetings of the Board of Directors and other important meetings such as the Management Committee, and strictly monitor the execution of duties by Directors by inspecting important approval documents and other methods.

In addition, the Audit & Supervisory Committee takes steps to ensure close cooperation with the Accounting Auditors, including receiving explanations of audit plans, information about the status of audits, and reports on audit results from the Accounting Auditors, and holding joint meetings to exchange opinions between the Audit & Supervisory Committee, the Accounting Auditors, and the Audit Department every six months.

The Accounting Auditors of the Company are Ernst & Young ShinNihon LLC, and the names of the certified public accountants who performed these services in fiscal 2021 (the 93rd fiscal year) and the composition of assistants related to audit services are as follows. The Company and Ernst & Young ShinNihon LLC have entered into an audit agreement pursuant to the provisions of the Companies Act and the Financial Instruments and Exchange Act.

Names of certified public accountants who performed services

Hideyuki Inoue, Designated Limited Liability Partner and Executive Partner (years of continuous audits: 1)

Yoshihiro Sugimoto, Designated Limited Liability Partner and Executive Partner (years of continuous audits: 6)

Composition of assistants related to audit services

Certified public accountants: 5, others: 22

## 3. Nomination and Compensation Decisions

When nominating candidates for Directors and selecting Executive Officers, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports.

The maximum amounts of total compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members are determined by resolution of the General Meeting of Shareholders.

When determining the compensation of each Director (excluding Directors who are Audit & Supervisory Committee

Members) and Executive Officer, the Board of Directors consults in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports. The compensation of each Director who is an Audit & Supervisory Committee Member is determined by deliberation among Audit & Supervisory Committee Members within the limit amount determined by resolution of the General Meeting of Shareholders.

Furthermore, policies for determining the content of compensation, etc. for individual Directors are described in “II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” of this report.

### 3. Reasons for Adoption of Current Corporate Governance System Updated

To strengthen the supervisory function of the Board of Directors, improve management transparency and fairness, and create a flexible and strategic management system, the Company has adopted the format of a company with an audit and supervisory committee. The details are as follows.

#### 1. Strengthening the Supervisory Function of the Board of Directors

The decision-making and supervisory function of management is separated from the business execution functions to clarify where authority and responsibility lie, while the audit and supervisory functions of management are also strengthened by means of Directors who are Audit & Supervisory Committee Members holding voting rights at the Board of Directors meetings.

#### 2. Improving Management Transparency and Fairness

The Company has elected four(4) persons who have assured independence and externality as Outside Directors who are Audit & Supervisory Committee Members, and strives to improve transparency and fairness in decision-making by implementing audits and supervision, and advice from an independent third-party perspective on management.

#### 3. Establishing a Flexible and Strategic Management System

The Company has adopted an Executive Officer System and promotes the considerable transfer of authority to execute operations. By positioning the Management Committee as the main decision-making body for business execution, the Company has taken steps to establish a flexible and strategic management system that can respond appropriately and promptly to rapid changes in the business environment.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The convocation notice for the Ordinary General Meeting of Shareholders held in June 2022 was sent two(2) days earlier than the statutory deadline. Furthermore, the notice of convocation is posted on the Company’s website and the electronic voting platform six days prior to the date of dispatch of the notice of convocation.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Ordinary General Meeting of Shareholders held in June 2022 was held eight(8) business days earlier than the day when most General Meetings of Shareholders are concentrated.
Electronic Exercise of Voting Rights	Shareholders can exercise voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The notice of convocation is translated into English and posted on the Company’s website and the electronic voting platform.
Other	The General Meeting of Shareholders is a corporate organ for decision-making by shareholders, and the Company endeavors to ensure that legal and reasonable deliberations take place.

#### 2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a Representative Director
Formulation and Publication of Disclosure Policies	1. Basic Policy The Company discloses information in accordance with the Financial Instruments and Exchange Act, the Companies Act, the “Rules on Timely Disclosure of Corporate Information, etc., for Issuers of Listed Securities” established by the Tokyo Stock Exchange, etc. (the “Timely Disclosure Rules”). In addition, the Company’s basic policy is to also disclose information that does not fall under the Timely Disclosure Rules in a proactive and fair manner using appropriate methods, as much as possible, if it is deemed useful to stakeholders.	

	<p>2. Method of Information Disclosure</p> <p>Information that falls under the Timely Disclosure Rules is disclosed using the Tokyo Stock Exchange's Timely Disclosure Network (TDnet) in accordance with the Rules, and the same information is subsequently posted on the Company's website as soon as possible. In addition, the Company also takes care to communicate information that does not fall under the Timely Disclosure Rules to stakeholders in an accurate and fair manner using appropriate methods, as soon as possible, taking into consideration the intent of timely disclosure.</p> <p>3. Quiet Period</p> <p>The Company sets a "quiet period" from the day after the last day of each quarter until each earnings release date. During this period, it refrains from commenting on or answering questions related to earnings, in order to prevent leaks of information that may affect the share price during the period when earnings releases are being prepared. However, the Company will disclose information as appropriate if there is any expectation that business performance will differ significantly from previously announced forecasts during the quiet period.</p> <p>4. Forward-Looking Statements</p> <p>Please note that forward-looking information disclosed by the Company in relation to forecasts of business performance, plans, strategies, etc., is based on certain assumptions that the Company believes are reasonable at the time of disclosure, and actual performance may differ significantly from these forecasts owing to various changes in the environment and other external factors.</p>	
<p>Regular Investor Briefings held for Analysts and Institutional Investors</p>	<p>Financial results briefings for analysts and institutional investors are held twice a year (at the time of full-year earnings and interim earnings), in order to deepen understanding of the Company's business performance, plans, etc.</p>	<p>Held</p>

Online Disclosure of IR Information	The Company discloses its “Blue Challenge Report (Sustainability Report)” and “financial results briefing materials/Medium-Term Business Plan briefing materials” for analysts and institutional investors on its website.
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**3. Status of Measures to Ensure Due Respect for Stakeholders** Updated

Supplementary Explanation	
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established these in the “RIKEN TECHNOS GROUP Code of Conduct” and the “RIKEN TECHNOS GROUP Corporate Governance Policy,” and it publishes these on its website.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>In order to strive to establish the Company as an enterprise that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders through environmentally-conscious corporate activities, the Company has established basic management policies related to the environment, and the entire company has acquired ISO 14001 certification and is working together to implement environmental activities.</p> <p>The Company considers and acts with stakeholders to achieve a sustainable society, and discloses its efforts and results in the “Blue Challenge Report (Sustainability Report).”</p>

## IV. Matters Concerning the Internal Control System

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

Updated

The Company and its subsidiaries (hereinafter, referred to as the “RIKEN TECHNOS GROUP”) have declared that they will implement and comply with the “RIKEN TECHNOS WAY” and the “RIKEN TECHNOS GROUP Code of Conduct” (hereinafter, referred to as the “Code of Conduct”) as they conduct their corporate activities. The RIKEN TECHNOS GROUP believes that the Internal Control System, a system established to ensure appropriate and efficient business operations, is a necessary and essential measure for the more reliable fulfillment of the abovementioned business practices.

The RIKEN TECHNOS GROUP hereby develops the following as its Internal Control System in accordance with the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act of Japan.

1. Systems to ensure that Directors' and employees' duties are performed in compliance with laws and regulations and the Articles of Incorporation
  - 1) All of the Directors, including the Representative Directors, make it thoroughly known to all of the executive and employees that they are to put top priority on observing the “Code of Conduct” and ensuring that they perform their duties in compliance with laws and regulations and the Articles of Incorporation.
  - 2) The activities of the Risk & Compliance Committee are reported to the Board of Directors in a relevant and timely manner. The General Affairs & Legal Department provides compliance training for all executives and employees.
  - 3) In order to ensure that all executives and employees may directly report any suspicious activities contrary to laws and regulations, the Articles of Incorporation, the “Code of Conduct,” various guidelines, or other standards with which group companies, Directors, and employees are to comply (hereinafter referred to as “Laws and Regulations”), the RIKEN TECHNOS GROUP has established contact points for anonymous reporting in the Audit Department and in a consultative law firm.
  - 4) The RIKEN TECHNOS GROUP shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society.  
  
In addition, the RIKEN TECHNOS GROUP shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations.

2. System for the preservation and management of information in relation to the performance of Directors' duties  
Information in relation to the performance of Directors' duties is controlled and managed in accordance with the “Rule for Information Management” and is preserved in documents and electronic media.  
  
The preserved information is made available for viewing in accordance with the “Rule for Information Management.”

3. Rules and systems for managing the risk of loss  
  
Each department manages individual risk factors in relation to each department. The RIKEN TECHNOS GROUP has established a Risk & Compliance Committee for company-wide, cross-cutting management of risk factors, and the President of the Company serves as the chairperson of the Committee.

4. Systems to ensure that the Directors' duties are performed efficiently
  - 1) The Board of Directors formulates a Medium-Term Business Plan and the annual Business Plans.
  - 2) The Board of Directors grasps the progress of the Business Plan by inspecting monthly record data on business performance with the help of information technology, and discusses and implements measures necessary for the achievement of the Business Plan.
  - 3) The Management Meetings is held monthly in order to operate its business rapidly through active delegation of authority. The progress of business achievement is checked by the Manufacturing Division and the Quality Assurance Division through their Manufacturing and Quality-Related Division Meetings held on a quarterly basis; by the Technical Division through their Technical Division Meetings held on a quarterly basis; by the Sales & Marketing Division through their Sales & Marketing Division Meetings held on a quarterly basis; and by other divisions through meetings held monthly at each division. Appropriate countermeasures are taken if considered necessary.
  
5. Systems to ensure the appropriateness of the business operations of the RIKEN TECHNOS GROUP
  - 1) The Corporate Planning Division, as the division with jurisdiction over overall business management of the Company's consolidated subsidiaries, is responsible for overseeing that each consolidated subsidiary of the Company is instructed to establish its own Internal Control System and ensuring that each consolidated subsidiary share information of the same quality and quantity in the same manner as the Company.

The Corporate Planning Division and each division manage the progress of their respective business operations, and manage and supervise the Company's consolidated subsidiaries with a view to ensuring that all reporting to the Company and approval procedures at the Company shall be conducted appropriately, in accordance with the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries." The Corporate Planning Division and the other divisions manage the risk of loss through such administration and supervision.

The Corporate Planning Division also arranges an operational report meeting attended by the President, Executive Officers in charge, and the Senior General Manager of the Administrative Division, at least twice a year for domestic consolidated subsidiaries and at least once a year for overseas consolidated subsidiaries.

On receipt of the monthly reports (including financial data) from each consolidated subsidiary of the Company, the Corporate Planning Division compiles them and then distributes the reports to the Directors, Executive Officers and relevant departments.
  - 2) The General Affairs & Legal Department has the executives and employees of RIKEN TECHNOS GROUP thoroughly understand and observe the "RIKEN TECHNOS GROUP Compliance Manual," and thereby strives to develop a compliance system for the RIKEN TECHNOS GROUP and settle issues facing the RIKEN TECHNOS GROUP.
  - 3) The Audit Department regularly conducts operational audits at the RIKEN TECHNOS GROUP, and thereby confirms that all operational activities comply with Laws and Regulations and checks and evaluates whether all operational activities are efficiently operated in accordance with various managerial rules and whether the various managerial rules are functioning appropriately towards the achievement of the managerial targets.
  
6. Provisions on Directors and employees who assist the Audit & Supervisory Committee in performing its duties, on the independence of such Directors and employees from other Directors (excluding Directors serving as Audit & Supervisory



Committee Members), and on measures to ensure the effectiveness of instructions of the Audit & Supervisory Committee to such Directors and employees

The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee in performing its duties, and several dedicated employees are appointed to the Audit Department.

To ensure the independence of these employees, all rights to command and order them shall be delegated exclusively to the Audit & Supervisory Committee, and these employees shall not be commanded or ordered by departments conducting business operations or any of the Directors (excluding Directors serving as Audit & Supervisory Committee Members). In addition, any decision on a personnel transfer, personnel evaluation, or disciplinary measures, etc. for these employees shall be made subsequent to the approval from the Audit & Supervisory Committee.

The Company appoints no Director to assist the Audit & Supervisory Committee in performing its duties.

7. System for reporting to the Company's Audit & Supervisory Committee by Directors (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees of the Company, or by Directors, Corporate Auditors, and employees of the Company's subsidiaries, or by persons who have received reports from such Directors, Corporate Auditors, and employees, and system for other forms of reporting to the Audit & Supervisory Committee
  - 1) The Audit & Supervisory Committee Members attend important meetings, such as the Board of Directors Meeting and Management Committee.
  - 2) Directors of the Company (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees inform the Audit & Supervisory Committee of legal matters, as well as the matters that may have significant impact on the RIKEN TECHNOS GROUP (including the relevant matters in cases where it is considered that the acts of Directors, Executive Officers, or employees could infringe Laws and Regulations or cause serious damage).
  - 3) The Audit Department reports the progress of internal auditing to the Audit & Supervisory Committee, in principle, every month.
  - 4) If the Directors, Corporate Auditors, and employees of a consolidated subsidiary of the Company consider that the actions of a consolidated subsidiary or a Director or employee of a consolidated subsidiary may infringe Laws and Regulations or cause serious damage, they shall report such matter in accordance with the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries" and immediately report such matter to the Company's Audit & Supervisory Committee.
  - 5) A person who reported to the Audit & Supervisory Committee shall not be treated disadvantageously in personnel affairs or in any other way, as a consequence of such reporting.
8. Provisions concerning procedures for the advance payment or redemption of expenses arising from the performance of duties of the Audit & Supervisory Committee Members, and other policies for the handling of expenses or liabilities arising from the performance of duties of the Audit & Supervisory Committee Members  
Audit & Supervisory Committee Members may request the Company to make advance payments, redeem expenses, or settle repayments of assumed liabilities, etc. arising from the execution of their duties, and the Company shall promptly respond to such requests.

9. Other systems to ensure that the audits by Audit & Supervisory Committee are executed effectively
  - 1) The Company strengthens cooperation between the Audit & Supervisory Committee and the Audit Department established under the direct control of the Audit & Supervisory Committee and conducts effective and organizational audits by conducting joint audits in Japan and overseas if considered necessary.
  - 2) The Representative Directors and Audit & Supervisory Committee Members exchange opinions at the Board of Directors Meeting held monthly and promptly communicate opinions and information necessary to conduct effective audits.
  - 3) Audit & Supervisory Committee, Accounting Auditors, and the Audit Department hold a joint meeting semi-annually for the purpose of exchanging opinions.

## **2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development**

In the “RIKEN TECHNOS GROUP Code of Conduct,” the Group has declared that it will resolutely confront any antisocial forces and groups that threaten the order and security of civil society, and in the “RIKEN TECHNOS GROUP Basic Policy on Internal Control System,” the Company clearly states that the Company and its subsidiaries “shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society. In addition, the RIKEN TECHNOS GROUP shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations.”

In addition, the Company is a member of the “Tokyo Metropolitan Police Department Special Violence Countermeasures Federation, Public Incorporated Association,” and participates in regular training sessions and other events. Additionally, at liaison meetings of the “District Special Violence Countermeasures Council,” the Company regularly reports on circumstances and exchanges information with local police and member companies. Furthermore, in order to ensure that all officers and employees, including those of the Company’s subsidiaries, are fully aware of these efforts, the Company insists on prohibiting the provision of benefits to antisocial forces in the “RIKEN TECHNOS GROUP Compliance Manual,” etc., and conducts training as appropriate.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

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Supplementary Explanation for Applicable Items

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Not applicable.

### 2. Other Matters Concerning the Corporate Governance System Updated

In April 2022, we established the “Sustainability Committee” to further strengthen our initiatives related to sustainability.

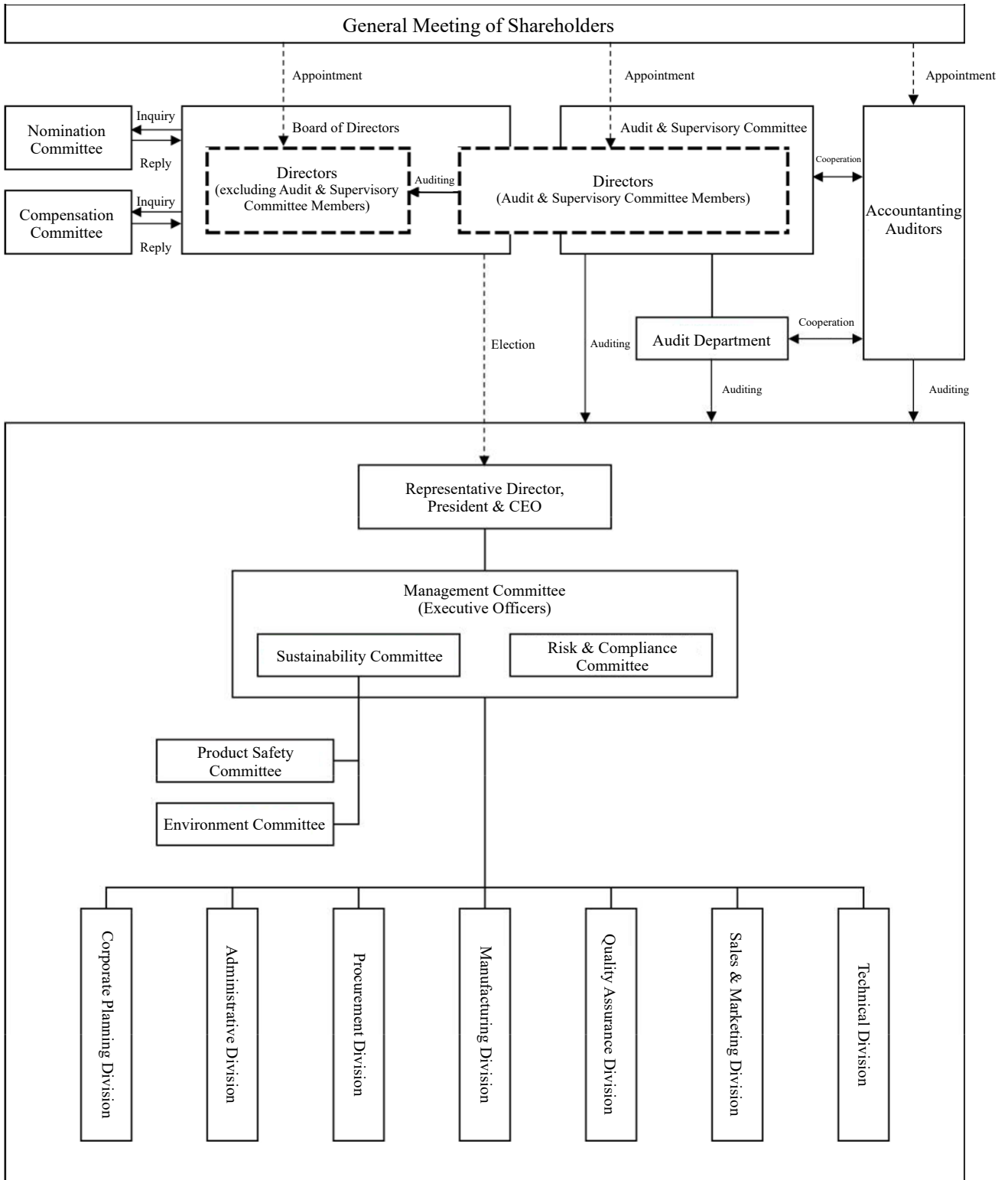
The Sustainability Committee consists of all Executive Officers and is chaired by the President & CEO, with Outside Directors also participating as observers.

Recognizing that addressing various issues related to sustainability is an important management issue, we aim to contribute to achieving a sustainable society and enhance corporate value by incorporating these issues into our management.

END

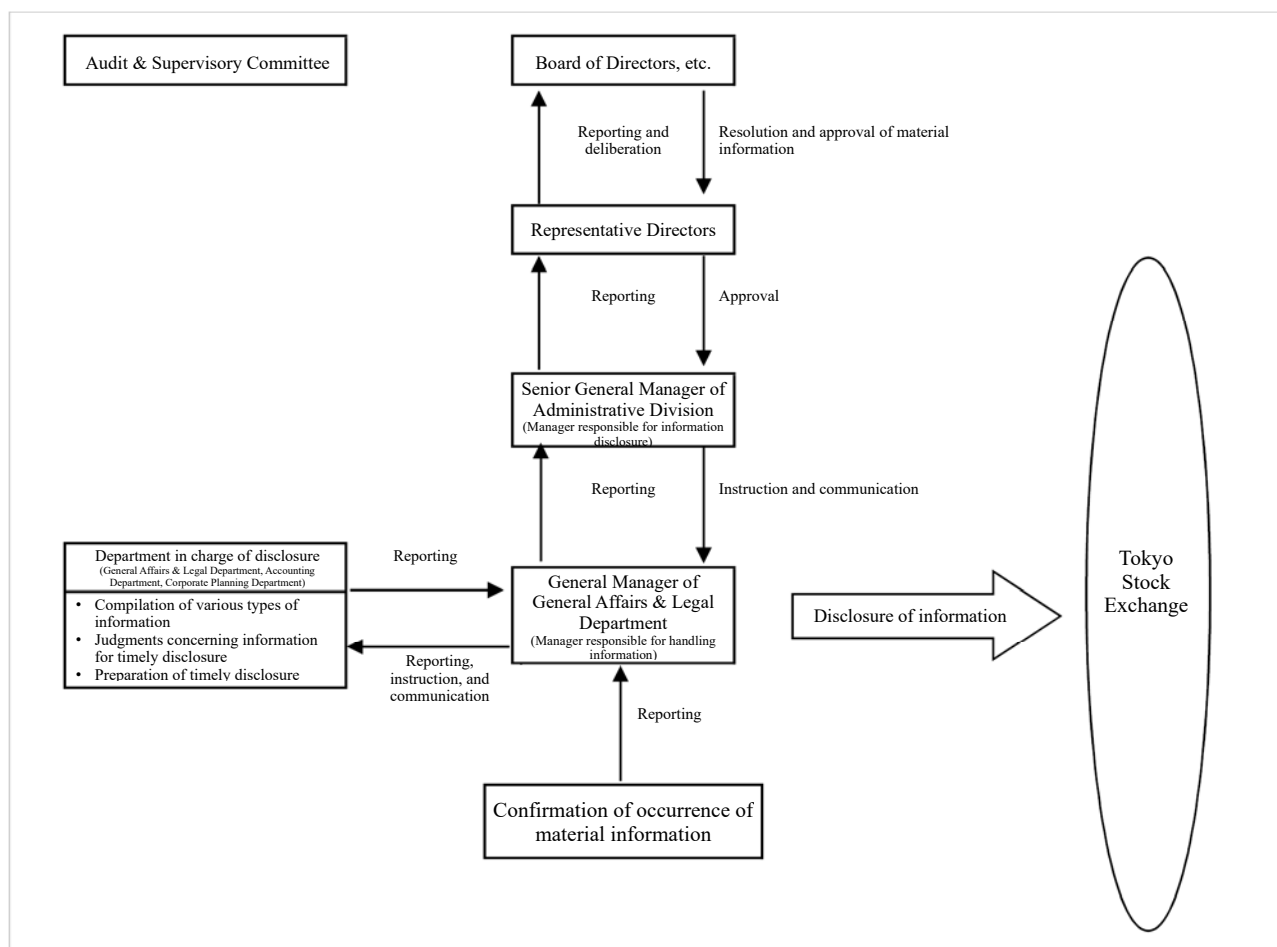
## Corporate Governance System Chart

The status of the Company's internal corporate governance system is as follows.



## Timely Disclosure System Chart

The status of the Company's internal system for the timely disclosure of corporate information is as follows.



### ◎ Status of the Company's Internal System for the Timely Disclosure of Corporate Information < Explanation >

#### 1. Handling of various types of corporate information

- ① Material information occurring in each department is reported to the General Manager of the General Affairs & Legal Department.
- ② The department in charge of disclosure confirms the information for timely disclosure by comparing all material information reported by the General Manager of the General Affairs & Legal Department against the “Timely Disclosure Rules.” In addition, information for timely disclosure is also confirmed in the same way in relation to matters approved by the Board of Directors, etc.
- ③ After confirming the information for timely disclosure, the department in charge of disclosure prepares a timely disclosure report, etc., after obtaining approval from the Senior General Manager of the Administrative Division (the manager responsible for information disclosure). Timely disclosure reports, etc., are reported to the Representative Director and promptly submitted to the Tokyo Stock Exchange after approval.

#### 2. Other

- ① When preparing timely disclosure reports, etc., emphasis is placed on timely disclosure, which is usually performed with the approval of the Senior General Manager of the Administrative Division (the manager responsible for information disclosure) and reported to a Representative Director. However, the timely

disclosure of matters concerning the fundamentals of corporate management is performed with the advance approval of a Representative Director.

- ② The Company's internal system for the timely disclosure of corporate information and the appropriateness of its operation are verified as necessary and appropriate by third parties such as attorneys and the Accounting Auditors.

[Skill Matrix of the Board of Directors (Japan's Corporate Governance Code Supplementary Principle 4-11-1)]

Name	Position	Skills								
		Corporate management/management strategy	Sales/marketing	Global experience	R&D/manufacturing	Finance/accounting	Legal/risk management	Personnel/labor affairs/human resources development	ESG/sustainability	DX/IT
Kazuaki Tokiwa	Representative Director, President & CEO	○	○	○	○				○	
Junji Irie	Representative Director, Senior Managing Executive Officer	○				○	○	○	○	○
Gakuyuki Kajiyama	Director, Managing Executive Officer	○	○	○	○				○	
Hitoshi Sugino	Director, Senior Executive Officer				○					○
Masato Koizumi	Director Full-time Audit & Supervisory Committee Member	○				○	○		○	○
Takayuki Hayakawa	Outside Director Audit & Supervisory Committee Member (Head/Independent)	○				○	○	○		
Shigeharu Nakamura	Outside Director Audit & Supervisory Committee Member (Independent)	○		○		○	○	○		
Shigeru Ehara	Outside Director Audit & Supervisory Committee Member (Independent)	○		○		○	○	○		
Aogi Suemura	Outside Director Audit & Supervisory Committee Member (Independent)					○	○	○		