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Nippon Suisan Kaisha, Ltd.

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<https://www.nissui.co.jp/english/index.html>

The corporate governance of Nippon Suisan Kaisha, Ltd. (“Nissui” or the “Company”) is described below.

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

1. Basic Views

With a view to improving the profitability and the capital efficiency of Nissui and its Group companies, as well as to promoting initiatives toward corporate social responsibility to encourage sustainable growth and the medium- to long-term enhancement of corporate value, the Board of Directors will demonstrate the major direction in corporate strategies and other matters and will place greater emphasis on supervising functions while retaining important decision-making functions.

The decision-making functions have been empowered to the Executive Officers (and Executive Committee) headed by the President & CEO, to speed up the decision-making process and to further separate supervising and execution.

Furthermore, in addition to the above management supervising by the Board of Directors, Nissui has adopted the governance structure of a company with an audit & supervisory board, based on its belief in the effectiveness of an audit system over management comprising four Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members who are independent of management.

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

The Company complies with all principles of the Corporate Governance Code (including the principles of the Code for companies listed on the Prime Market).

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

(Principle 1.4)

(i) Policies on the reduction of cross-shareholdings

The Company understands that collaboration with various companies is necessary to expand its business and achieve sustainable growth. Based on this understanding, if a cross-shareholding relationship with a company, in particular, is expected to lead to retaining and strengthening business ties over the medium- to long-term, considering the business relationship and costs, the Company continues the cross-shareholding in principle. However, when holding the cross-holding shares becomes less significant, the Company sells them.

(ii) Review of individual cross-shareholdings

Each year, the Board of Directors reviews all cross-shareholdings on an individual stock basis in light of underlying economic rationality, the purpose of holding, and other factors from a medium- to long-term perspective. More specifically, the Company decides whether the holding purpose is appropriate given the indices such as “achievement of targets for each individual stock and transactions for the past three years” and “percentage achievement of target ROA.”

In June 2020, the Board of Directors reviewed individual cross-shareholdings, and during the fiscal year, the Company sold shares of nine issues, comprising five listed companies and six non-listed

companies, including the partial sale of cross-holding shares. In November 2021, the Board of Directors decided to begin working to sell shares of six issues in and after FY2022 in line with the Mid-Term Business Plan. At present, the Company is considering the method for the sale and other details.

(iii) Criteria for exercising voting rights of cross-holding shares

The Board of Directors comprehensively considers whether the proposal conforms to the Company's cross-shareholding policy and whether it will lead to enhancing the corporate value of the invested company, before determining whether to approve or reject the proposal and then exercising the voting rights.

(Principle 1.7)

Any competition and conflict of interest transactions with a Board Member and a company substantially controlled by a Board Member shall be subject to examination and resolution by the Board of Directors. The Board Member with a conflict of interest shall not participate in the resolution of such agenda. The Board Member involved in the transaction shall report to the Board of Directors on important matters related to the transaction without delay.

(Supplementary Principle 2.4.1)

The Company believes that actively hiring people from diverse backgrounds stimulates the organization and encourages business development. For this reason, based on the staffing plan by division, the Company actively hires mid-careers including foreign nationals, in addition to new graduates to secure diverse human resources. The Company actively promotes diverse employees into managerial positions regardless of gender, age, nationality, career background, etc.

To make this happen, the Company has decided to first work on hiring and promoting women. It has established numerical targets for the three-year period from April 1, 2022 to March 31, 2025, and set out concrete measures to achieve them as described below.

Numerical targets:

- Hire outstanding talent irrespective of gender and maintain the percentage of women in hires in each fiscal year at 50% on a consistent basis.
- Increase the percentage of female managers to 10% or more.
- Increase the percentage of female Executive Officers and departmental managers to 10% or more.

Concrete measures:

- Examine whether personnel interviewing candidates have unconscious biases and provide them with training to control such biases in order to encourage the hiring of diverse human resources without regard to gender, nationality, education, and other attributes.
- Proactively assign women to the divisions and jobs to which not many women have hitherto been assigned in order to expand the fields of work for women; and increase the percentage of female participants in skill enhancement seminars for managerial position candidates to 50%.
- Help to accelerate the development, and broaden the experience of female employees through systematic task assignment and early transfers for development purposes by harnessing the Career Development Meeting.
- Clarify and expand the pool of female leader candidates primarily by appointing successors to fill unit head positions as well as formulating a development plan and providing training for each appointee.
- Further enhance arrangements to allow flexible work styles, such as by introducing the full teleworking program, in order to enable female employees to proactively develop their career and thereby achieve a balance between work and life events.

Each year, the Company hires around 10 to 20 mid-career workers in light of its business expansion, vacant positions to be filled, and other situations. The promotion of mid-career hires is properly administered as they are subjected to the same promotion requirements and examinations as new graduates hired with no restrictions related to the number of years in service, scope of internal work experience, and so forth. As a result, mid-career hires account for about 24% of all managers and at least 20% of departmental and sectional managers.

Furthermore, to create a workplace where diverse human resources including women can work energetically, maintaining their sound physical and mental health, the Company has adopted arrangements

to allow flexible work styles such as the aforementioned full teleworking program, flex time without core, hourly leave, and reemployment system. The Company is promoting human resources development to create a corporate culture embracing and leveraging diversity in the workplace, in addition to conducting diversity management training for managers, and an e-learning course across the Company to eliminate unconscious bias.

(Principle 2.6)

The Company has put in place the DB Pension Committee to ensure appropriate management of the defined benefit pension plan, comprising the Chief Financial Officer (CFO), experts in human resources, finance, and other areas, as well as the labor union. The Committee also consults external professionals.

The DB Pension Committee determines an asset manager given its compliance status with the stewardship code, in addition to the investment performance versus benchmark. For the current asset manager, DB Pension Committee has monitored its compliance with stewardship codes.

The compliance status is reported to the Board of Directors once a year.

(Principle 3.1)

- (1) In formulating the Mid-Term Business Plan for the period from April 2022, the Company redefined its mission (purpose of being) and clarified its long-term vision as “Good Foods 2030.”

Mission:

With the wellbeing of the ocean and people as our compass, we are driven to offer the world better food choices.

We are determined to harness the power of our pioneering spirit and industry expertise to create a healthier, more sustainable future through *innovative food solutions*.

Long-term vision “Good Foods 2030”:

A leading company that delivers friendly foods for people and the earth.

To achieve the Good Foods 2030 long-term vision, the Company accelerates sustainability management that creates value for a sustainable society, in consideration of multi-stakeholders. In parallel, the Company reinforces business portfolio management based on ROIC to concentrate its management resources on growth fields with the aim of enhancing corporate value.

Furthermore, guided by the Mid-Term Business Plan “Good Foods Recipe1,” the Company is working on the following six basic strategies, as the first recipe to move up toward higher level and achieve the long-term vision in 2030: (i) evolving towards sustainability management, (ii) accelerating global expansion, (iii) opening new businesses & business boundary areas, (iv) innovating productivity, (v) financial strategy, and (vi) strengthening governance.

- (2) With a view to improving the profitability and the capital efficiency of the Company and its Group companies, as well as to promoting initiatives toward corporate social responsibility to encourage sustainable growth and the medium- to long-term enhancement of corporate value, the Board of Directors will show the major direction in the corporate strategies and other matters and will place greater emphasis on supervising functions while retaining important decision-making functions.

The decision-making functions have been empowered to the Executive Officers (and Executive Committee) headed by the President & CEO, to speed up the decision-making process and to further separate supervision of management and execution.

Furthermore, in addition to the above management supervision by the Board of Directors, the Company has adopted the governance structure of a company with an audit & supervisory board, based on its belief in the effectiveness of an audit system over management, comprising four Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members who are independent of management.

- (3) The Company has established the executive compensation system based on the following basic policy: The compensation system shall (i) support the achievement of the Company’s mission and long-term vision, (ii) be designed to eliminate short-term bias and motivate the medium- to long-term improvement of corporate value, (iii) be effective in maintaining and securing outstanding talents, (iv)

be designed in a transparent, fair and reasonable manner, and shall ensure appropriate determination processes, (v) be aligned to the roles and responsibilities entailed by each rank, and to performance.

In accordance with the above policy, the compensation of Board Members and Executive Officers consists of three elements: (i) basic compensation defined by title as fixed compensation, (ii) annual performance-linked compensation (annual incentive), and (iii) stock-based compensation (medium- to long-term incentive) linked to the achievement of the Mid-Term Business Plan. The ratio among (i) basic compensation, (ii) performance-linked compensation, and (iii) stock-based compensation per year is roughly targeted at 65:30:5 when business performance targets are achieved 100%. Compensation is paid (i) monthly for basic compensation, (ii) twice a year for performance-linked compensation, and (iii) stock-based compensation is in principle linked with the covered period of the Mid-Term Business Plan.

The policy for determining compensation for Board Members and Executive Officers and its procedures are as follows: The policy for determining compensation, etc. of individual Board Members and Executive Officers is determined by the Board of Directors upon deliberation of (i) the basic policy for compensation; (ii) the compensation system; (iii) the compensation levels; and (iv) compensation item composition ratio; among other things, based on comparative verification against benchmark groups by the voluntary Compensation Committee which is chaired by an independent Outside Board Member and consists of three Outside Board Members and two Representative Board Members, with the aim of ensuring compensation commensurate with the company's stage. The amount of each compensation paid to individual Board Members and Executive Officers shall be determined by the Compensation Committee, an independent body delegated by the Board of Directors, from the viewpoint of the objectivity and transparency of the operation of said system.

- (4) For the nomination of Board Member candidates and selection of the senior management, the Company has in place the voluntary Nomination and Compensation Committee (comprising Representative Board Members and Outside Board Members) as an advisory body to the Board of Directors which deliberates on issues such as the selection and dismissal of candidates for officers including the CEO and succession planning to make recommendations to the Board of Directors. Based on these recommendations, the Board of Directors selects and nominates personnel who are well versed in the Company's business and have expertise as well as capable of balancing appropriate decision-making for the overall corporate management. Candidates for Outside Board Members are selected and determined from persons who can use their wide range of experience and deep insight gained, for instance, at listed companies in managing the Company. Candidates for Audit & Supervisory Board Members are selected from persons who have expertise required for auditing such as insight into finance and accounting as well as abundant knowledge from a wide range of fields and determined by the Board of Directors. The candidates for Audit & Supervisory Board Members are selected with the prior consent of the Audit & Supervisory Board.
- (5) The Company specifies in the Notice of the General Shareholders' Meeting the skills of all candidates for Board Members and Audit & Supervisory Board Members, and the reason for their selection and dismissal.

(Supplementary Principle 3.1.3)

- Sustainability initiatives

In formulating the Mid-Term Business Plan for the period from April 2022, the Company redefined its mission (purpose of being) and established a long-term vision entitled "Good Foods 2030," which dictates that it become "a leading company that delivers friendly foods for people and the earth." To achieve the long-term vision, the Company accelerates sustainability management that creates value for a sustainable society, in consideration of multi-stakeholders.

The Company's sustainability initiatives are disclosed on its website (<https://nissui.disclosure.site/en>).

- Initiatives to invest in human capital

Diversity & inclusion is essential to drive a company to grow, while satisfying social sustainability requirements, given that it is imperative to nurture human resources who proactively address social issues through business. Prioritizing women's advancement in society, the Company endeavors to create a working environment in which women can thrive by taking concrete measures to achieve the numerical targets specified in Supplementary Principle 2.4.1 above. It also participates in the 30% Club Japan to promote women's participation in management.

In an effort to accelerate global expansion, one of the basic strategies under the Mid-Term Business Plan, the Company aims to make a vibrant organization embracing diversity by hiring and nurturing foreign nationals, mid-career workers, and other human resources capable of competing on the global stage. At the same time, the Company advances health and productivity management to support the mental and physical health of employees, by promoting the health of individuals, supporting the balance between personal and work lives, and providing a comfortable and rewarding workplace.

- Initiatives to invest in intellectual property

To ensure business sustainability, a designated unit set up in the Corporate Communication Section of Corporate Communication Department manages the Company's overall brands, and a unit at the Central Research Laboratory manages patents and know-how to focus on securing the intellectual properties of the Company and enhancing their value. The Company pursues the development of new farming and processing technologies to further procure sustainable marine resources as well as pharmaceutical products and health products (including research) which contribute to people's healthy life. The Company has actively acquired the rights to many different intellectual properties arising from technology development, in order to ensure superiority and continuity in business.

- Disclosure based on TCFD framework

In 2021, the Company endorsed the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium.

Accordingly, the Company identifies climate-related risks and opportunities, assesses their business and financial impacts by conducting scenario analysis, and discloses the information based on the four disclosure elements suggested by the TCFD Recommendations—namely, governance, strategy, risk management, and metrics and targets.

(<https://nissui.disclosure.site/en/themes/223>)

(Supplementary Principle 4.1.1)

While the Board of Directors shows the overall direction of the Company, such as its management philosophy, vision, and medium- to long-term business plans, and makes important decisions, the decision-making functions have been empowered to the Executive Officers (and Executive Committee) headed by the President & CEO, to speed up the decision-making process and to further separate supervision of management from execution. The internal rules clearly define the scope of delegating decision-making authority, including that of Group companies, by type of decisions and amount value. Detailed reporting to the Board of Directors is required to enable the Board to fully exercise its supervisory function when delegation is made to the Executive Officers (and Executive Committee).

(Principle 4.9)

The Company has designated Outside Board Members and Outside Audit & Supervisory Board Members satisfying the Company's own criteria, in addition to the independence criteria provided by the Tokyo Stock Exchange, as Independent Board Members/Audit & Supervisory Board Members. For the details of the Company's criteria, please refer to "Independence Criteria of Outside Executive Officers" described in II 1. "Independent Board Members/Audit & Supervisory Board Members" hereunder.

(Supplementary Principle 4.10.1)

The Company has in place the voluntary Nomination and Compensation Committee (comprising three Outside Board Members and two Representative Board Members) as an advisory body to the Board of Directors. An Outside Board Member serving as Chairperson is authorized to determine the agenda and convene a committee meeting, and the majority of Committee members consist of Outside Board Members to ensure further independence and objectivity in discussing important issues such as nomination and compensation. More specifically, the Nomination Committee deliberates on issues such as the selection and dismissal of candidates for officers including the CEO, succession planning, and compensation system for Board Members, etc., and details (basic policy, compensation structure, calculation method, decision-making process, selection of evaluation items and criteria, etc.) and makes recommendations to the Board of Directors. The Compensation Committee, delegated by the Board of Directors, decides on the amount of the compensation of individual members to ensure transparency and neutrality concerning compensation. As such, the Company seeks timely and appropriate involvement and advice of the Nomination and Compensation Committee when considering, in particular, important matters such as nomination and compensation.

(Supplementary Principle 4.11.1)

The Company engages in the three core businesses of Fisheries, Food Products and Fine Chemicals, and to have effective and active discussions at the Board of Directors to drive its growth, it is important to secure an appropriate balance of personnel with in-depth knowledge, experience and insight into each business as well as flexibility and creativity to further integrate adjacent business areas of the existing businesses, experience as corporate managers at other companies, and expertise in finance, accounting, and others. To clarify such eligibility, the skills matrix of the Board Members and Audit & Supervisory Board Members which outlines their qualifications and experience is included in the Notice of the 106th General Shareholders' Meeting (held on June 25, 2021). For instance, the Company has appointed two Independent Outside Board Members who have experience as corporate managers at other companies. The Company considers the appropriate number of members including the Audit & Supervisory Board Members to be between 10 and 15.

Please refer to 3-1(4) for the policy and procedures for selecting Board Members.

(Supplementary Principle 4.11.2)

The Board Members and Audit & Supervisory Board Members hold concurrent positions outside the Company to the extent reasonable to enable them to appropriately conduct their duties at the Company. Significant concurrent positions outside the Company for the Board Members and Audit & Supervisory Board Members are disclosed in the business report every year.

(Supplementary Principle 4.11.3)

1. Evaluation Method

The Company evaluated the effectiveness of the Board of Directors in FY2021 through the following steps:

- (1) Conducted a fully open-ended questionnaire for all executives in order to gain an understanding of the overall state of the Board of Directors.
- (2) Interviewed Outside Board Members and Audit & Supervisory Board Members to supplement the responses to the questionnaire referred to in (1).
- (3) Identified the issues faced by the Company based on (1) and (2), and presented the secretariat's proposed measures to address them.
- (4) Held a discussion participated by all executives on the basis of (3).

2. Outline of Evaluation

(1) Summary of the questionnaire responses

In the responses, the executives generally rated the current performance of the Board of Directors high in that active exchanges of opinions were conducted between internal and outside executives under the appropriate leadership of the Chairperson. The executives also appreciated the fact that corrective measures were taken every time issues were identified through the evaluation of the Board of Directors' effectiveness, which has been conducted since FY2016. On the other hand, the responses indicate that there remain some issues for which sufficient improvement has not been achieved.

- (2) The interviews were conducted not only to supplement the written responses but also to find other companies' initiatives and compare the Company with them. In addition, the secretariat and the interviewees shared the measures taken and improvements made to date, and thereupon engaged in a candid exchange of views on measures to be taken going forward to make the Company's Board of Directors even more effective.

(3) Topics and overview of the all-executive discussion

(i) Selection of topics to be discussed by the Board of Directors

It was pointed out that, although internal Board Members responsible for individual businesses should make a conscious effort to discuss overall business strategies and other big-picture issues, in reality they tend to debate specific business issues with which outside executives are unfamiliar; and that it is particularly important to identify the Company's position relative to domestic and international trends and understand the business outlook, before discussing individual strategies. Also, whereas the secretariat proposed the topics to be discussed by the Board of Directors going forward at the all-executive discussion, some participants mentioned

the necessity to prioritize issues to be discussed, create forums as needed even outside the confines of Board meetings, and take other creative measures. In regard to topics to be discussed by the Board of Directors going forward, some outside executives stated that, while nominating successors to executives is the prerogative of the Nomination Committee, the Board should discuss human resources strategies—which include investment in human resources such as education enabling female and younger employees to thrive and the compensation system enabling the hiring of outside talent—and the risk management system such as how to deal with force majeure events.

- (ii) The efforts and support system needed to have more constructive discussions
Although attaching the minutes of Executive Committee meetings to materials for Board of Directors meetings and other efforts were appreciated to some extent, it was requested that the talking points for each meeting be clarified, for example by attaching the executive summary to the meeting materials. There was also a suggestion that some issues be shared among, and discussed to formulate strategy by, the Board Members at an earlier stage, or be discussed at a forum to be created outside the confines of Board meetings.
- (iii) The necessity to revise the criteria for submitting proposals to the Board of Directors
These criteria should be based not on monetary value and other quantitative factors but on the consideration of the Company's businesses and the entire Group, such as the sharing of roles between the Executive Committee and the Board of Directors. Therefore, it was decided that the criteria will be reviewed moving forward.
- (iv) Method for evaluating effectiveness of the Board of Directors
The pros and cons of using a third-party organization for effectiveness evaluation were shared by an outside executive who has engaged such an organization. The consensus, however, was that there is no problem with the current evaluation process that is completed entirely in-house, because the Company holds an all-executive discussion on the issues identified by the effectiveness evaluation questionnaire, thereby allowing for effective deliberations to address those issues that go beyond simply sharing the questionnaire results. For the next fiscal year, too, the Company will conduct an effectiveness evaluation entirely in-house, which consists of a questionnaire and discussion.

3. Next Actions

Based on the results of the effectiveness evaluation questionnaire and relevant discussion, the Company will implement measures for improvement to render the Board of Directors even more effective.

(Supplementary Principle 4.14.2)

The Company provides training for executives on business essentials such as laws and finance, and as needed, they can participate in specific seminars and make site visits including the Company's subsidiaries. For instance, 10 briefing sessions were held on each business, CSR, risk management, governance, and other topics in FY2020 for newly appointed Outside Board Members and Outside Audit & Supervisory Board Members, in addition to two plant visits. Also in FY2021, 11 briefing sessions were held, and a site visit to the Tokyo Innovation Center was conducted. Furthermore, the Company provides opportunities to constantly enhance insights of executives by holding workshops on law revisions, corporate management, and other timely topics. For all executives, workshops by external instructors were held on "E-commerce Business" and "Why does the management promote digital transformation (DX strategy)?" in FY2020 and also on "Branding" and "Impact of sustainability on corporations" in FY2021.

(Principle 5.1)

In order to contribute to its sustainable growth and enhancing corporate value over the medium- to long-term, the Company seeks constructive dialogue (meetings) with shareholders as follows:

- (1) The Company collaborates with CFO and Executive Officers in charge, Corporate Strategic Planning & IR Department, Finance & Accounting Department, and Legal Department, and exchanges views based on their professional perspectives on a daily basis, to have constructive dialogue with shareholders.
- (2) The Company holds, one-on-one meetings, briefing sessions on financial results and Mid-Term Business Plan, among others, and discloses information of such sessions by video distribution and posting their financial results presentation materials (including English version) on its website.
- (3) The Company shares information with the senior management such as feedback from shareholders and analysts at the Board of Directors and Executive Committee, among others.

- (4) The Company thoroughly manages information to prevent leakage of unpublished material information (insider information) upon engaging in dialogue (meetings) with shareholders based on the Regulations on Management of Internal Information and Insider Trading.

2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	67,617,900	21.70
Custody Bank of Japan, Ltd. (Trust Account)	25,791,000	8.27
Mizuho Bank, Ltd.	10,650,200	3.41
Mochida Pharmaceutical Co., Ltd.	8,000,000	2.56
BNYM AS AGT/CLTS NON TREATY JASDEC	5,364,776	1.72
Chuogyorui Co., Ltd.	4,140,520	1.32
STATE STREET BANK WEST CLIENT-TREATY 505234	4,058,200	1.30
JUNIPER	3,964,300	1.27
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	3,512,300	1.12
JP MORGAN CHASE BANK 385781	3,454,762	1.10

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
Fiscal Year-End	March
Type of Business	Fishery, Agriculture & Forestry
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (Consolidated) of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

Based on the penetration of the management policy and management strategy of the Company Group, the Company conducts group management with respect for our Global Links (*1) and Local Links (*2) which support the Global Links. The Company respects the management independence of its subsidiaries and conducts effective supervision of them, placing (1) the principle of independent management and clarification of responsibilities and (2) the principle of co-existence and co-prosperity and prioritization of group profits at the core of group management.

The Company owns a publicly listed subsidiary NISSUI PHARMACEUTICAL CO., LTD. (“NISSUI PHARMACEUTICAL”), which is listed on the Tokyo Stock Exchange’s Prime Market. Based on the above policy on group management, until recently the Company had aimed to maximize the corporate value of the

Group while ensuring the independence of NISSUI PHARMACEUTICAL, conducting effective supervision, and limiting its involvement in their decision-making. However, having carefully considered this subsidiary's positioning and future growth strategies, the Company has now decided to sell all the shares it holds in NISSUI PHARMACEUTICAL. The details were disclosed in the news release of May 31, 2022, titled "Announcement on the conclusion of a master agreement concerning a tender offer for shares in the Company's subsidiary and a tender offer by the Company's subsidiary for its treasury shares and on the planned transfer of a consolidated subsidiary." As disclosed therein, an agreement was entered into to the effect that the Company would not tender any of the shares it holds in NISSUI PHARMACEUTICAL to a tender offer to be made by Shimadzu Corporation for common shares in NISSUI PHARMACEUTICAL and that the Company would tender its shares to the subsequent tender offer to be made by NISSUI PHARMACEUTICAL for its treasury shares.

If these tender offers are completed, NISSUI PHARMACEUTICAL will no longer be the Company's consolidated subsidiary and the Company will shift to a structure with no publicly listed subsidiaries.

- *1: Global Links are the networks of companies that share goals with the Nissui Group and create value together through win-win relationships.
- *2: Local Links are the connection of various functions available in individual local areas and the realization of unique performance (competitive advantage) at local levels toward the evolution of Global Links.

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

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board
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[Board Members]

Maximum Number of Board Members Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Board Members	9
Appointment of Outside Board Members	Appointed
Number of Outside Board Members	3
Number of Outside Board Members Designated as Independent Board Member	3

Outside Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mikito Nagai	From another company					△						
Yuko Yasuda	From another company											
Tokio Matsuo	From another company											

* Categories for "Relationship with the Company"

* "○" when the Board Member presently falls or has recently fallen under the category

"△" when the Board Member fell under the category in the past

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

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

- a. Person who executes business of the Company or its subsidiaries
- b. Person who executes business or non-executive board member of a parent company of the Company
- c. Person who executes business of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or a person who executes business thereof
- e. Major client or supplier of the Company or a person who executes business thereof
- 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. Others

Outside Board Members' Relationship with the Company (2)

Name	Designation as Independent Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Mikito Nagai	○	Mr. Mikito Nagai served as Managing Director, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) until March 2009, Managing Executive Officer of the company until March 2011, and Director and Vice President of the company until March 2013.	The Company appointed Mr. Mikito Nagai as an Outside Board Member in the expectation that he will appropriately supervise overall management and contribute to the decision-making from broad insight gained as a President and CEO of an operating company and with his experience at financial institutions. He satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside Executive Officers set forth by the Company. The Company has deemed him to have no potential conflicts of interest with general shareholders and designated him as an independent officer.
Yuko Yasuda	○	—	In addition to years of experience serving as a Managing Director of a consulting firm as a personnel and management consultant, Ms. Yuko Yasuda has a broad insight gained as an outside director of other companies. The Company appointed her as an Outside Board Member in the expectation that she will appropriately supervise overall management and contribute to the decision-making by providing opinions from a multi-faceted perspective including the effectiveness and diversity of the Board of Directors. She satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside Executive Officers set forth by the Company. The Company has deemed her to have no potential conflicts of interest with general shareholders and designated her as an independent officer.
Tokio Matsuo	○	—	In addition to many years of experience at a glass manufacturer, Mr. Tokio Matsuo has broad expertise accumulated as a Representative Director of a chemical manufacturer. The Company appointed him as an Outside Board

		Member in the expectation that he will provide effective guidance toward addressing social issues and deepening CSR activities of the Company. He satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside Executive Officers set forth by the Company. The Company has deemed him to have no potential conflicts of interest with general shareholders and designated him as an independent officer.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Board Members	2	2
Outside Board Members	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Board Member	Outside Board Member

Supplementary Explanation

The Company established the Nomination and Compensation Committee as a voluntary committee that serves as an advisory body to the Board of Directors on June 27, 2018, in order to deliberate on the nomination and compensation of Board Members and Executive Officers, enhance the supervisory function of the Board of Directors, and strengthen the corporate governance system. The Nomination and Compensation Committee is chaired by an Outside Board Member and consists of Representative Board Members and Outside Board Members.

The activities of the Nomination and Compensation Committee in FY2020 were as follows:

1. Nomination Committee

The Committee met five times in FY2021 and deliberated mainly on personnel affairs regarding Board Members and Executive Officers for FY2021 and FY2022, as well as what the advisor and counselor system should be like.

2. Compensation Committee

The Committee met eight times in FY2021 and deliberated primarily on the aggregate amount of performance-linked compensation and the amount payable to each individual; judgment rank of KPIs for stock-based compensation and evaluation for each individual; and evaluation items and calculation methods for stock-based compensation under the next Mid-Term Business Plan.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Independent Auditor and Internal Audit Department

In addition to regularly receiving reports on audit planning and audit results from Independent Auditor, Audit & Supervisory Board Members cooperate with Independent Auditor by attending some of accounting audits.

Audit & Supervisory Board Members exchange necessary information and opinions with the Internal Audit Department.

The Internal Audit Department reports the business audit results of Nissui and all its Group companies to the Audit & Supervisory Board Members, and in terms of internal control, discusses the evaluation procedure, scope, schedule, etc. with the external independent auditor when formulating the evaluation plan for the fiscal year and finalizes the evaluation policy. Furthermore, we ensure cooperation between the external independent auditor and the Internal Audit Department by closely exchanging information with the external independent auditor and taking appropriate corrections when any deficiencies or problems in control are found.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members Designated as Independent Audit & Supervisory Board Member	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		A	b	c	d	e	f	g	h	i	j	k	l	m
Shino Hirose	Lawyer													
Masahiro Yamamoto	Certified Public Accountant													
Tadashi Kanki	From another company							△						

* Categories for "Relationship with the Company"

* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category

"△" when the Audit & Supervisory Board Member fell under the category in the past

* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- Person who executes business of the Company or its subsidiaries
- Non-executive board member or an accounting advisor of the Company or its subsidiaries
- Person who executes business or non-executive board member of a parent company of the Company
- Audit & supervisory board member of a parent company of the Company
- Person who executes business of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of a person who executes business thereof
- 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
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)

- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Shino Hirose	○	Lawyer	Ms. Shino Hirose is well versed in corporate legal affairs as an attorney, and also has a detailed knowledge of China business from her work experience at the Japanese Embassy in Beijing as a fixed-term public servant at the Ministry of Foreign Affairs. The Company appointed her as an Outside Audit & Supervisory Board Member in the anticipation that she would exercise her expertise in the audits of the Company. She belongs to Abe, Ikubo & Katayama. She satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside Executive Officers set forth by the Company. The Company has deemed her to have no potential conflicts of interest with general shareholders and designated her as an independent officer.
Masahiro Yamamoto	○	Certified Public Accountant	Mr. Masahiro Yamamoto has abundant experience as an accounting expert, having served as a representative partner of a major audit firm as a certified public accountant and currently serving as a Director (Audit and Supervisory Committee member) of a business company. He also serves as an Auditor of a public interest incorporated association, and has broad personal connections and insight in the business world. The Company appointed him as an Outside Audit & Supervisory Board Member in the expectation that he would provide effective guidance drawing on his experience and insight. He satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside

			Executive Officers set forth by the Company. The Company has deemed him to have no potential conflicts of interest with general shareholders and designated him as an independent officer.
Tadashi Kanki	○	Mr. Tadashi Kanki served as Managing Executive Officer of our main bank, Mizuho Bank, Ltd., and a person engaged in business execution of its parent company, Mizuho Financial Group, Inc., and its group companies (Mizuho Trust & Banking Co., Ltd., Mizuho Securities Co., Ltd. and Mizuho Corporate Bank, Ltd.) until April 2014. (He retired from these positions by April 2014.) Then after serving as Senior Executive Managing Director and as Senior Managing Executive Officer of Mizuho Financial Group, Inc. until March 2016, he served as Executive Vice President, and Advisor of Mizuho Research Institute Ltd. (until June 2017).	The Company appointed Mr. Tadashi Kanki as an Outside Audit & Supervisory Board Member in the expectation that he would provide effective guidance drawing on his broad experience in sales and corporate planning at financial institutions, in addition to his four years of experience as a Standing Audit & Supervisory Board Member at another company. He satisfies the criteria for independent directors/auditors set forth by the Tokyo Stock Exchange and the Independence Criteria of Outside Executive Officers set forth by the Company. The Company has deemed him to have no potential conflicts of interest with general shareholders and designated him as an independent officer.

[Independent Board Members/Audit & Supervisory Board Members]

Number of Independent Board Members/Audit & Supervisory Board Members	6
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Matters relating to Independent Board Members/Audit & Supervisory Board Members

The Company has designated Outside Board Members/Audit & Supervisory Board Members who meet the following requirements, in addition to the independence criteria set forth by the Tokyo Stock Exchange, as Independent Board Members/Audit & Supervisory Board Members.

[Independence Criteria of Outside Executive Officers]

The Board of Directors of the Company shall recognize an Outside Board Member (note 1) and an Outside Audit & Supervisory Board Member (note 2) (hereinafter collectively “Outside Executive Officers”) to be independent if he or she does not meet any of the standards listed below.

Notes: 1) “Outside Board Member” denotes an Outside Director, pursuant to Article 2, item xv of the Companies Act.

2) “Outside Audit & Supervisory Board Member” denotes an Outside Company Auditor, pursuant to Article 2, item xvi of the Companies Act.

1. A person for whom the Company or the Company’s consolidated subsidiaries (hereinafter the “Nissui Group”) is a major client (note 1) or a person who executes business (note 2) thereof
Notes: 1) “A person for whom the Nissui Group is a major client denotes a person who has received payment equivalent to 2% or more of the consolidated net sales of that person from the Nissui Group in the past three fiscal years.
2) “A person who executes business” denotes an executive managing director, executive director, executive officer or manager or other employee (hereinafter the same shall apply).
2. A person who is a major client of the Nissui Group (note) or a person who executes business thereof
Note: “A person who is a major client of the Nissui Group” denotes a person who has made payment equivalent to 2% or more of the consolidated net sales of the Company to the Nissui Group in the past three fiscal years.
3. A consultant, an accounting professional or a legal professional compensated by the Nissui Group with large amounts of money or other financial benefits other than as executive compensation (note) (If these benefits are received by an incorporated entity, union or association, then a person who belongs to such organization)
Note: “Compensated by the Nissui Group with large amounts of money or other financial benefits other than as executive compensation” denotes being compensated with money or other financial benefits (other than as executive compensations) by the Nissui Group in amounts on average for the past three fiscal years, in excess of ¥10 million per year, in the case of individuals; and the higher of 2% of net sales/total income of the organization and ¥10 million, in the case of organizations to which the professional belongs.
4. A person who executes business of a company, in cases where the Executive Board Member or Standing Audit & Supervisory Board Member of the Nissui Group serves as an outside officer of the said company
5. A person who belongs or who has belonged in the past to an organization receiving large amounts of donations (note) from the Nissui Group
Note: “Large amounts of donations” denotes donations in excess of ¥10 million per year on average for the past three fiscal years.
6. A spouse or close relative within the second degree of kinship of the following persons (Limited to persons in important positions)
 - (1) Persons who fall under items 1 through 5
 - (2) A person who executes business of the Nissui Group

[Incentives]

Incentive Policies for Board Members	Performance-linked Compensation
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Supplementary Explanation

The Company introduced a performance-linked stock-based compensation plan called the Board Benefit Trust (BBT) (hereinafter, the “Plan”) for the Company’s Board Members (excluding Outside Board Members and non-residents in Japan) and Executive Officers who do not concurrently act as Board Members (excluding non-residents in Japan, and hereinafter called as “Executive Officers;” Board Members and Executive Officers are collectively called as “Board Members, etc.”), as resolved at the 103rd Ordinary General Shareholders’ Meeting held on June 27, 2018. The Plan aims to encourage the contribution of Board Members, etc. toward the enhancement of the corporate performance and value over the medium to long term, through clarifying the correlation between the compensation of Board Members, etc. and corporate performance and share value; and sharing not only the benefits of share price increase but also the risks of share price decline between the Board Members, etc. and shareholders.

Recipients of Stock Options	
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Supplementary Explanation

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[Executive Compensation]

Disclosure of Individual Executives’ Compensation	No Individual Disclosure
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Supplementary Explanation

Amounts of executive compensation for the previous fiscal year

- Board Members (excluding Outside Board Members): 332 million yen for seven persons
The compensation consists of (i) basic compensation, (ii) performance-linked compensation, and (iii) stock-based compensation. Note that as the number of recipients of (iii) stock-based compensation includes three Board Members who retired on June 26, 2019, and June 25, 2021, the number of recipients of (iii) stock-based compensation is seven.
- Outside Board Members: 36 million yen for four persons (The compensation for Outside Board Members comprises only the basic compensation. The number of recipients includes one Outside Board Member who retired on June 25, 2021.)
- Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members): 26 million yen for one person
- Outside Audit & Supervisory Board Members: 38 million yen for five persons (The number of recipients includes two Outside Audit & Supervisory Board Members who retired on June 25, 2021.)

Policy on Determining Compensation Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods
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A basic policy for the determination of executive compensation has been established, as per the following, in accordance with the Corporate Governance Code.

[Compensation for Board Members]

(Basic Policy)

- (i) The compensation system shall support the achievement of the Company’s mission and long-term vision.
- (ii) The compensation system shall be designed to eliminate short-term bias and motivate the medium- to long-term improvement of corporate value.
- (iii) The compensation system shall be effective in maintaining and securing outstanding talent.
- (iv) The compensation system shall be designed in a transparent, fair and reasonable manner from the standpoint of accountability to stakeholders including the shareholders and employees, and shall ensure appropriate determination processes.

- (v) The compensation system shall be aligned to the roles and responsibilities entailed by each rank and to performance.

(Executive compensation system)

The executive compensation system of the Company consists of three elements: basic compensation defined by title as fixed compensation; annual performance-linked compensation (annual incentive); stock-based compensation (medium-term incentive) linked to the achievement of the mid-term management plan. The ratio among basic compensation, performance-linked compensation, and stock-based compensation per year is roughly targeted at 65:30:5 when business performance targets are achieved 100%. Compensation is paid monthly for basic compensation, twice a year for performance-linked compensation, and stock-based compensation is in principle linked with the covered period of the Mid-Term Business Plan.

(Determination policy and procedures for compensation)

The policy for determining compensation, etc. of individual executives is determined by the Board of Directors upon deliberation of (i) the basic policy for compensation; (ii) the compensation system; (iii) the compensation levels; and (iv) compensation item composition ratio; among other things, based on comparative verification against benchmark groups by the voluntary Compensation Committee which is chaired by an independent Outside Board Member and consists of three Outside Board Members and two Representative Board Members, with the aim of ensuring compensation commensurate with the company's stage. The amount of each compensation paid to individual executives shall be determined by the Compensation Committee, an independent body delegated by the Board of Directors, from the viewpoint of the objectivity and transparency of the operation of said system.

(Compensation for Audit & Supervisory Board Members)

Compensation for Audit & Supervisory Board Members is fixed, and determined by the deliberation among Audit & Supervisory Board Members within the limit of compensation for Audit & Supervisory Board Members determined by the General Shareholders' Meetings.

[Supporting System for Outside Board Members and/or Outside Audit & Supervisory Board Members]

Staff members of the Internal Audit Department, Secretarial Section, and other divisions provide assistance to Outside Board Members and Outside Audit & Supervisory Board Members in response to requests from them.

[Retired Representative Board Members/Presidents Holding Advisory Positions]

Information on retired representative board members/presidents holding advisory positions

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president ended	Term
-	-	-	-	-	-

Number of retired representative board members/presidents holding advisory positions

-

Others

The Company abolished the advisor and counselor positions on June 28, 2022.

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

The Board of Directors Meeting is held at least once a month in principle to determine material matters and supervise management. In order to enhance the transparency of management and strengthen the function of management supervision, Board Members act with a term of office of one year. Currently, the Board of Directors consists of nine Board Members and includes three Outside Board Members (of which one member is a woman), who are independent of the management team.

Regarding business execution, the Company has adopted the executive officer system (introduced on June 25, 2009) for flexible and efficient business management. The Executive Committee consisting of Executive Officers appointed by the Board of Directors is held at least once a month in principle, and makes quick and appropriate decisions and information sharing on major business execution matters, based on sufficient deliberation from a multifaceted perspective, in order to promote the sustainable growth and the enhancement of the corporate value of the Company and the Company Group. The Executive Committee consists of 17 men including six Board Members concurrently acting as Executive Officers.

Regarding the audit system, the Company has appointed persons with the expertise necessary for audit including insight into finance and accounting as well as a wealth of knowledge in a wide range of fields. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members including three Outside Audit & Supervisory Board Members (of which one member is a woman) independent of the management team. Each Audit & Supervisory Board Member attends the Board of Directors Meetings to audit execution of duties of Board Members, and also attends other important meetings including the Executive Committees as necessary.

Based on annual planning, the Internal Audit Department under the direct control of President implements evaluation on internal control in order to ensure the reliability of internal audit and financial reporting of the Company Group, and reports results to Board Members, Audit & Supervisory Board Members, and the managers of organizations under audit.

Regarding accounting audits, the Company has concluded an agreement with Ernst & Young ShinNihon LLC to conduct accounting audits based on the Companies Act and the Financial Instruments and Exchange Act. The audits were executed by certified public accountants, Tomohiro Miyagawa, Shigehiro Koshihara, and Masatoshi Komiya, with the assistance of nine certified public accountants and other 19 staff members.

As an advisory body to the Board of Directors, the Company has established the voluntary Nomination and Compensation Committee (established on June 27, 2018), consisting of three Outside Board Members and two Representative Board Members and chaired by an Outside Board Member. The Nomination Committee deliberates on the selection and dismissal of candidates for Officers including President & CEO and succession planning, and the Compensation Committee deliberates on the determination policy of compensation, details of the compensation system, and compensation standard, among other matters, in order to recommend to the Board of Directors. The Board of Directors determines executive appointments and compensation based on the recommendation.

3. Reasons for Adoption of Current Corporate Governance System

As a company with an audit & supervisory board, the Company has established the Audit & Supervisory Board, appointing persons with knowledge to determine the appropriateness of overall corporate activities and persons with financial and accounting knowledge as Audit & Supervisory Board Members, and also appointing three Outside Audit & Supervisory Board Members independent of the management team. The Company believes that the audit system involving four Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members is effective as the function of management supervision, and has adopted the form of a company with an audit & supervisory board.

[Matters regarding Outside Board Members (roles and function of Outside Board Members)]

Outside Board Members consist of persons with experience as representative directors and persons with experience as outside directors, etc. at other publicly listed companies. The Company has appointed Outside Board Members to utilize their wealth of experience and a high level of knowledge accumulated through their experience in the Company's business. From a standpoint independent of the Company's management team, Outside Board Members supervise the execution of duties by Board Members and provide counsel to ensure appropriate decision making.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder's Meeting	We posted the Notice of the 107th Ordinary General Shareholders' Meeting on the Company's website on May 31, 2022 in advance of mailing the printed notice on June 3, 2022.
Scheduling General Shareholder's Meeting Avoiding the Peak Day	The 107th Ordinary General Shareholders' Meeting was held on June 28, 2022.
Allowing Electronic Exercise of Voting Rights	The electronic exercise of voting rights has been made available since the Ordinary General Shareholders' Meeting held on June 28, 2006 via the designated system by Sumitomo Mitsui Trust Bank, the Company's shareholder registry administrator.
Participation in Electronic Voting Platform	We have been participating in the Electronic Voting Platform for Institutional Investors provided by ICJ, Inc. since the Ordinary General Shareholders' Meeting held on June 27, 2007.
Providing Convocation Notice in English	We disclose the English language version of Notices of General Shareholders' Meetings on our website and that of the Tokyo Stock Exchange.
Other	<ul style="list-style-type: none"> We include requests to shareholders for exercising their voting rights in the Notice of the General Shareholders' Meeting. We effectively use infographics for business presentations at general shareholder's meetings.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Individual Investors	We hold results briefing sessions in May and November and teleconferences in August and February for securities analysts and institutional investors.	Yes
Posting of IR Materials on Website	<p>The following documents and materials are posted on our website:</p> <ul style="list-style-type: none"> Consolidated financial results (available in English), Supplemental documents for results briefing session (available in English), Timely disclosure materials, Annual Securities Report and Quarterly Securities Report, Notice of the General Shareholders' Meeting, NISSUI REPORT, and Financial results briefing session video. <p><IR website> https://www.nissui.co.jp/english/ir/index.html</p>	
Establishment of Department and/or Manager in Charge of IR	Investor Relations Section, Corporate Strategic Planning & IR Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company and the Nissui Group endeavor to solve social issues through business activities in keeping with the five genes (Mission, Innovation, Hands-on approach, Global, Customer-Orientation) inherited since our foundation and the Declaration on Action of Sustainability toward its stakeholders (customers, employees, business partners, shareholders and investors, the environment, and society), in cooperation and collaboration with the stakeholders. We also have the Code of Ethics, the Quality

	<p>Assurance Code, and the Environmental Code, which stipulate appropriate collaboration with stakeholders and respect for their interests, sound business ethics, and rules of conduct that employees should follow.</p> <p>The Declaration on Action of Sustainability, the Code of Ethics, the Quality Assurance Code, and the Environmental Code are posted on the Company website. (https://www.nissui.co.jp/english/corporate/ethics/index.html)</p>
<p>Implementation of Environmental Activities, CSR Activities etc.</p>	<p>In view of the importance of collaboration with diverse stakeholders related to our operations, we have announced the Declaration on Action of Sustainability for the customers, employees, business partners, shareholders and investors, environment, and society, founded the Sustainability Committee, and determined Material Areas. Under this framework, we have established subcommittees for each Key Issue constituting Material Areas—namely, marine resource sustainability, sustainable procurement, marine environment, plastics, food loss and waste, diversity, human rights, and environment—to address respective issues.</p> <p>We have formulated the Nissui Group Basic Procurement Policy, which stipulates the guidelines for legal compliance, awareness of environmental preservation, and respect for human rights when procuring products and raw materials. In line with this policy and in cooperation with our business partners, we explain to our suppliers, utilize check sheets to check the actual situation, and provide feedback on the results. With respect to the social issue of ocean plastic pollution, we have established the Basic Policy Regarding the Problem of Plastics and the Container/Packaging Selection Guidelines, based on which we are striving to reduce the amount of plastic used as much as possible. Furthermore, we place our original eco mark “Mirai-no Umie” (meaning “For the future ocean”) on our product packaging as an index that customers, our significant stakeholders, can refer to when selecting products.</p> <p>For more details about our activities, refer to the Sustainability Report. (https://nissui.disclosure.site/en/themes/121)</p> <p>The Company’s environmental and sustainability activities including the Sustainability Report are disclosed in English. (https://nissui.disclosure.site/en)</p>
<p>Other</p>	<ul style="list-style-type: none"> • The Company established the Employee Health Declaration in February 2017. Under the declaration, we aim to provide a work environment where diverse human resources can work actively and healthily both mentally and physically. To achieve this, we have been implementing various measures including health awareness programs, work/life balance support, and the creation of an employee-friendly and rewarding workplace. More specifically, we provide our employees with annual healthcare programs, which include EPA/AA ratio measurement and a health ranking program to help employees improve their wellness with a focus on fish and EPA, our business pillars; cafeteria point provision campaigns designed to encourage employees to improve their lifestyle habits; and company-wide competitions in which teams of employees compete for which team can make the biggest improvement in the body fat and muscle ratios and can walk the most steps. In recent years, we have also provided smoking cessation support and health improvement seminars. In recognition of such initiatives that proactively supported our employees’ mental and physical health during the COVID-19 pandemic, the Company was selected as a Health & Productivity Stock Selection. This is the fourth consecutive year that the award has been given since the

	<p>Company was first selected in the fisheries, agriculture, and forestry sectors.</p> <ul style="list-style-type: none"> • The Company has the Diversity Subcommittee in place under the Sustainability Committee. The subcommittee works to secure talents, promote diversity, and develop human resources from a medium- to long-term perspective. Among various aspects of diversity, the Company chose to first focus on women’s empowerment. In April 2018, we established the Women’s Empowerment Promotion Office in the Human Resources Department. Spearheaded by the Office, we set numerical targets that specify the number of women to be hired or promoted. To achieve the targets, we have implemented measures such as initiatives to raise awareness of employees including managers, career-building support, and seminars for candidates for managerial positions. Furthermore, we joined the 30% Club Japan in February 2021. In this way, we have proactively promoted women’s empowerment in the Company with physical and mental health and a rewarding workplace as our base. In recognition of these efforts, the Company was selected as a Semi-Nadeshiko Brand 2022 by a joint program of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This was the first time the Company was recognized by the program, which is designed to recognize listed companies making outstanding efforts to encourage women’s success in the workplace. The Semi-Nadeshiko-Brand designation is second only to the Nadeshiko-Brand one. • The Company has been working to employ people with disabilities as an initiative for diversity. For example, we have provided work experience programs in collaboration with special support schools and established consultation desks by care specialists for people with disabilities.
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IV. Matters Related to the Internal Control System

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

1. System to ensure that Board Members and employees perform their duties in compliance with laws, regulations, and the Articles of Incorporation
 - (1) People engaged in management strive to raise the employees' awareness of the Declaration on Action of Sustainability, Code of Ethics, Quality Assurance Code, and Environmental Code while taking the lead in acting in compliance with them.
 - (2) The Ethics Subcommittee, in which outside lawyers participate, plans and implements initiatives to ensure compliance with laws, regulations, and the Articles of Incorporation in business activities by means such as enhancement of education and training for employees. It also makes final decisions on compliance-related business issues. The officer in charge reports the activities to the Board of Directors.
 - (3) The Company establishes a whistle-blowing system where the Group's officers and employees can directly report to the Ethics Subcommittee about possible compliance violations in the Group. The helplines are set inside and outside the Company and what is received via the helpline is concurrently reported to Audit & Supervisory Board Members. The Company never discloses what a whistleblower says and never treats him/her unfavorably.
 - (4) To ensure the reliability of financial reporting, the Company establishes a dedicated internal organization to know the state of company-wide internal control. In addition, the Company documents key business processes and builds a system to make evaluations and improvements on a consolidated basis.
2. System to store and manage information related to the execution of duties by Board Members
 - (1) The Company appropriately stores and manages the minutes of general shareholder's meetings, the Board of Directors meetings, and Executive Committee meetings, other documentation of other meetings chaired by Board Members or Executive Officers, as well as draft plans circulated to obtain permission and implementation reports (the "Documents, etc.") in accordance with laws, regulations, and internal rules.
 - (2) The Board Members and Audit & Supervisory Board Members shall always be able to view the Documents, etc.
3. Regulations regarding the management of the risk of loss, and other systems
 - (1) The Risk Management Committee, which is under the direct control of the Representative Board Member, President & CEO, builds the Group's risk management system and strives to maintain and improve it in accordance with the risk management regulations. The officer in charge regularly reports to the committee's activities to the Board of Directors.
 - (2) The managers in charge of business departments perform appropriate risk management for their business operations. At the same time, the Company establishes dedicated organizations for each high priority risk, such as compliance, environmental, and quality risks. Such organizations implement measures to improve the effectiveness of the Group's risk management.
4. System to ensure that Board Members execute their duties efficiently
 - (1) Meetings of the Board of Directors are held at least once a month in principle. At the meetings, they decide the organizational structure and work taken charge of by the Representative Board Members as well as other Board Members and Executive Officers who execute business. The Board of Directors also makes decisions on important matters and supervises the business execution of Board Members and Executive Officers. The Executive Committee consisting of Executive Officers are held at least once a month in principle and make decisions on major business execution.
 - (2) The Representative Board Member, President & CEO supervises the Group's business execution, and each Board Member/Executive Officer bears the responsibility for the business execution of the department he/she takes charge of.
 - (3) The Board of Directors determines medium- to long-term business strategies and budget for each fiscal year. Each Board Member/Executive Officer determines specific measures that the departments they are in charge of should implement and the efficient business execution structure. In addition, they make sure that progress toward achieving goals is monitored and regularly report the status to the Board of Directors.

5. System to ensure the appropriate business operations of the corporate group consisting of the Company and its subsidiaries

In addition to the measures to ensure that business is executed in compliance with laws, regulations, and the Articles of Incorporation, the Group builds the following systems:

- (1) System for reporting to the Company on matters concerning the execution of duties by Board Members, etc. of its subsidiaries
 - (i) The Company regularly holds group management meetings attended by representatives from each Group company to share information within the Group, and ensure the instructions on important matters on business execution and discuss them.
 - (ii) The Company requires the Group companies to regularly report on their business performance, financial status, and other important information.
 - (2) Regulations regarding the management of the risk of loss of its subsidiaries, and other systems
Through the Risk Management Committee, the Company discusses the challenges and countermeasures for the group-wide risk management promotion, and disseminates them to Group companies.
 - (3) System to ensure that Board Members, etc. of its subsidiaries execute their duties efficiently
The Company requires the Group companies to comply with the subsidiary governance rules formulated by the Company while respecting each company's independence.
 - (4) System to ensure that Board Members, etc. and employees of its subsidiaries perform their duties in compliance with laws, regulations, and the Articles of Incorporation
 - (i) The Company appoints an Executive Officer as a responsible officer for each Group company to ensure the Group's governance through measures such as having such officers attend each company's Board of Directors meetings.
 - (ii) Each Group company promotes its compliance activities in accordance with internal rules formulated by itself including the Code of Ethics by appointing an officer in charge of compliance and establishing a dedicated organization. The Company's Ethics Subcommittee supports those activities.
 - (5) Other systems to ensure appropriate business operations of the corporate group
The Internal Audit Department, which is under the direct control of the Representative Board Member, President & CEO, conducts internal audits on the Group based on annual plans and reports the results to Board Members, Executive Officers, Audit & Supervisory Board Members, and the heads of the audited organizations. It also regularly reports the summary to the Board of Directors.
6. Matters regarding employees in the case where the employees are appointed by Audit & Supervisory Board Members to assist them
- (1) If requested by Audit & Supervisory Board Members, employees from the Internal Audit Department, Secretarial Section, and other departments assist the duties of the Audit & Supervisory Board Members.
 - (2) If Audit & Supervisory Board Members request to appoint employees to assist their duties, the Company assigns staff for Audit & Supervisory Board Members
7. Matters regarding the independence of employees in preceding paragraph from Board Members and the ensuring of the effectiveness of the directions by Audit & Supervisory Board Members
- (1) When employees assist the duties of Audit & Supervisory Board Members as referred to in the preceding paragraph, they shall not be subject to directions and orders of Board Members, Executive Officers, etc.
 - (2) When assigning staff for Audit & Supervisory Board Members, the Company shall respect the opinions of the Audit & Supervisory Board Members for the personnel affairs and evaluation of the staff.
8. System for reporting to Audit & Supervisory Board Members
- (1) System for reporting from the Company's Board Members and employees to Audit & Supervisory Board Members
 - (i) Board Members, Executive Officers, and employees promptly provide the Documents, etc. (in 2 (1)) to Audit & Supervisory Board Members and provide explanation promptly and appropriately when requested.

- (ii) Board Members, Executive Officers, and employees immediately report to Audit & Supervisory Board Members if finding a fact that may cause significant damage to the Group or an important fact that may affect the Group's management.
 - (iii) The Internal Audit Department reports the business audit results of the Group to Audit & Supervisory Board Members.
 - (iv) The Audit & Supervisory Board Members build a system, with which they inspect the matters discussed, resolved, and reported at the Board of Directors and if necessary, ask Board Members/Executive Officers to provide the status of business execution and review it.
- (2) System for reporting to the Company's Audit & Supervisory Board Members from subsidiaries' Board Members, Audit & Supervisory Board Members, employees, or a person who receives information from them
- (i) The officers and employees of the Group companies promptly and appropriately provide information on business execution to the Company's Audit & Supervisory Board Members when requested by them.
 - (ii) If officers and employees of the Group companies find a fact that may cause significant damage to the Group or an important fact that may affect the Group's management, they immediately report to the Audit & Supervisory Board Members through the Company's management department. Alternatively, they report it to the Company's whistle-blowing hotline, where information provided is also reported to the Audit & Supervisory Board Members.
 - (iii) When information is provided via the whistle-blowing hotline, the Company's Ethics Subcommittee provides the Audit & Supervisory Board Members with information on how the problem has been addressed as necessary.
9. System to ensure that whistleblowers are not treated unfavorably as a result of having provided information to Audit & Supervisory Board Members
- In the case where the Group's officers and employees provide information to Audit & Supervisory Board Members, the Company prohibits treating them unfavorably as a result of having provided information, and ensures that officers and employees of the Group are fully aware of it.
10. Policy for the processing of expenses, etc. arising from the execution of duties by Audit & Supervisory Board Members
- When Audit & Supervisory Board Members request the Company for payment of expenses, etc. incurred in executing duties, the Secretarial Section promptly processes the payment unless the expenses, etc. are considered unnecessary for their duties in accordance with regulations for officers.
11. Other systems to ensure that Audit & Supervisory Board Members execute their duties efficiently
- (1) Audit & Supervisory Board Members conduct audits in accordance with implementation guidelines for internal control that the Audit & Supervisory Board formulated to ensure the effectiveness of audits, and make discussions with Board Members and Executive Officers as necessary to improve the effectiveness of audits.
 - (2) Audit & Supervisory Board Members regularly receive reports on audit plans and results from the Independent Auditor and exchange information and opinions with it. In addition, they also exchange information and opinions with the Internal Audit Department.

2. Basic Views on Eliminating Anti-Social Forces

The Group eliminates any relationship with any antisocial force that poses a threat to public order or safety. We ensure this by stipulating it in our Code of Ethics and Standards of Ethical Conduct. We collect information from related administrative agencies on a regular basis so that, if any problem arises, we can promptly report it to departments in charge and seek consultation. In addition, we have built a system where we closely collaborate with administrative agencies and legal professionals to address such issues appropriately.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System

[Outline of the timely disclosure system]

The Company’s Code of Ethics defines a policy toward society as “we endeavor to widely and fairly disclose information and, at the same time, strictly control nonpublic information.”

Among the information on decisions, events, and financial results of the Company and its subsidiaries, the Company discloses its information that is required to be disclosed by related laws and regulations in a timely and appropriate manner by resolution of the Board of Directors.

With regard to internal management and supervision, Audit & Supervisory Board Members audit the execution of Board Members’ duties, and the Internal Audit Department, which is under the direct control of the President & CEO, conducts internal audits of the Company and its’ Group companies to ensure the appropriateness of their business operations.

Diagram: System of Corporate Governance

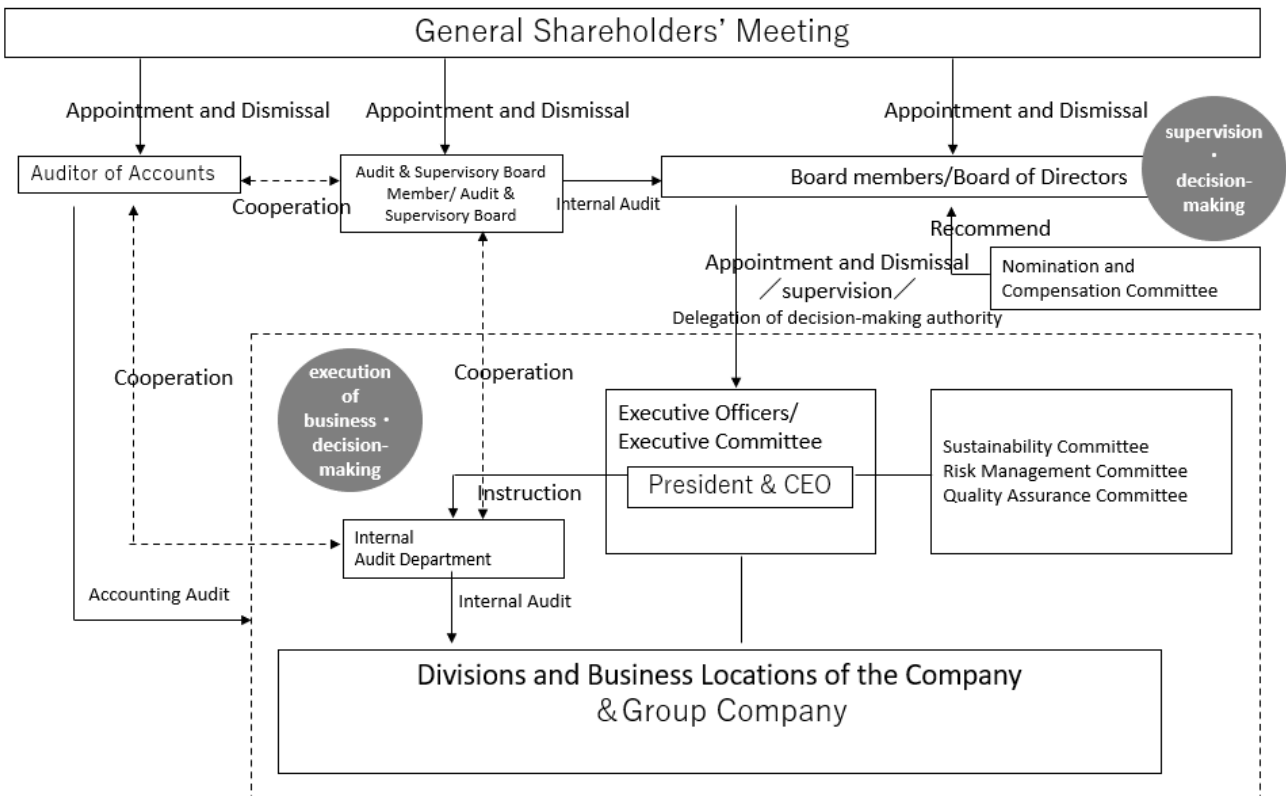


Diagram Outline of Timely Disclosure System

