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Name Ichikoh Industries, Ltd.  
Representative Christophe Vilatte,  
Representative Director, President & CEO  
(Code: 7244 TSE Prime Sec.)  
Contact Masaki Takamori,  
Corporate Planning Department GM  
(TEL: 0463-96-1442)

## Report on Corporate Governance (Excerpt Translation)

### 1. Basic Policy

Basic philosophy of Ichikoh Industries, Ltd. (the “Company”) on corporate governance is as follows.

The company believes that the Company must achieve the best corporate governance that is in line with society for sustainable improvement of corporate value based on the management philosophy and for trustworthy relationship with shareholders and other stakeholders.

To clarify this concept, the Company prepared the “Corporate Governance Guideline” on December 10, 2015 and amended it on December 13 2018 .

The full Corporate Governance Guideline can be viewed on the Company Website.(URL: <http://www.ichikoh.com/>)

Management philosophy of the Company is as follows.

#### 1. Mission

Reflect and Shine, Create a driving environment that feels safer, offers more protection, and provides more comfort.

#### 2. Vision

As a deep-rooted Monozukuri company, the Company endeavors to become a corporation that satisfies both customers and society by pioneering the frontiers of technology and supplying optimal solutions while simultaneously being ecologically minded.

By valuing the individual, showing mutual respect for each other, and providing an open corporate culture where issues can be freely discussed, the Company will continue to make the company one of the best places to work.

#### 3. Values

##### <Customers>

Provide solutions that satisfy both customers and society through collaborative efforts with the Company’s customers.

##### <Innovation>

Strive to become a Monozukuri company with confidence and pride in our manufacturing excellence that is not afraid of challenging new technologies while remaining environmentally friendly.

##### <Challenge>

Constantly challenge the status quo by maintaining industry-wide awareness and not making excuses for not trying.

##### <Integrity>

Be considerate to and respectful of others, be fair and sincere and act in accordance with the generally accepted practices of the industry.

##### <Diversity>

Be accepting of diversities in culture, customs, lifestyle, gender, age and race.

##### <One Team>

Heighten individual aptitude and compete using organizational strength.

## **[Reasons for non-compliance with each principle of Corporate Governance Code]**

**【Principle 2.3 and Supplementary Principle 2.3.1】Sustainability Issues, Including Social and Environmental Matters**

The Company established a Sustainability Committee and started activities regarding sustainability issues as Ichikoh Group. The Company studies the issues such as respect to human rights, fair and appropriate treatment of the workforce including caring for their health and working environment in the Compliance and CSR Committee. Details will be described in the Annual Securities Report or Integrated Report by 2024.

**【Supplementary Principle 2.4.1】Ensuring Diversity, Including Active Participation of Women (Presentation of Policy for Human Resource Development)**

Diversity matters are under consideration internally and the result will be described in the Annual Securities Report or Integrated Report by 2024.

**【Supplementary Principle 3.1.3】Full Disclosure (Sustainability and Climate Change)**

Initiatives on sustainability and climate change will be described in the Integrated Report to be issued in 2023. The disclosure based on the TCFD recommendations or an equivalent framework will be made in the Annual Securities Report or Integrated Report by 2024.

**【Supplementary Principle 4.1.3, 4.3.2 and 4.3.3】Succession Plan for the CEO and Other Top Executive, Roles and Responsibilities of the Board(3), Appointment/Dismissal of CEO, Procedures in Dismissal of CEO**  
Policies and procedures in appointment/dismissal of CEO is as follows

- 1) Board of Directors will respect the recommendation of the major shareholder with regard to the appointment/dismissal of the senior management in order to secure and enhance synergies with the major shareholder
- 2) Board of Directors will have a due discussion about the appointment/dismissal and nomination based on the recommendation from the major shareholder
- 3) In order to secure minority shareholders' interest, Conflict of Interest Monitoring Committee will be strengthened and will oversee the nomination

**【Supplementary Principle 4.2.2】Roles and Responsibilities of the Board(2) Policy for the Company's Sustainability initiatives**

Policy for the Company's sustainability initiatives, the investment in human capital, and intellectual properties will be described in the Annual Securities Report or Integrated Report by 2024.

**【Supplementary Principle 4.3.4】Roles and Responsibilities of the Board(3) Risk Management Systems**

In addition to the risk management report which has been prepared for several years, a report from the Audit Department as an internal audit organization to the Board of Directors started in 2022.

**【Principle 4.8】Effective Use of Independent Directors**

The Company plans that at least one-third of directors to be Independent Directors at the Shareholders Meeting in March 2024.

**【Supplementary Principle 4.10.1】Independent Advisory Committee**

The Company has the Compensation Advisory Committee and, to secure the independence of the Committee, the Company will make the majority of the members of the Committee be Independent Directors and outside experts after the Shareholders Meeting in March 2024. The responsibility and roles of the current Committee will be disclosed in 2023.

The Company will not establish the Nomination Committee for the three reasons below.

- 1) Board of Directors will respect the recommendation of the major shareholder with regard to the appointment/dismissal of the senior management in order to secure and enhance synergies with the major shareholder
- 2) Board of Directors will have a due discussion about the appointment/dismissal and nomination based on the recommendation from the major shareholder

3) In order to secure minority shareholders' interest, Conflict of Interest Monitoring Committee will be strengthened and will oversee the nomination

**【Principle 4.11 and Supplementary Principle 4.11.1】Preconditions for Board and *Kansayaku* Board Effectiveness**

Although the Board of Directors of the Company is currently constituted based on consideration of diversity of international experience, the Company will discuss diversity of gender in the Board of Directors as a pending issue. The Company will continuously appoint the persons with appropriate experience and skills as well as necessary knowledge as the candidates of *Kansayaku*.

The skills matrix has been disclosed in the Notice of Shareholders Meeting since March 2022.

**【Supplementary Principle 5.1.1】Policy for Constructive Dialogue with Shareholders**

The Company will implement dialogue with shareholders including Independent Directors or *Kansayaku* upon request from the shareholders.

**【Principle 5.2 and Supplementary Principle 5.2.1】Establishing and Disclosing Business Strategies and Business Plans**

The Company makes investment decisions after identifying and verifying its cost of capital through internal procedures related to investment. The Company will continue to make investment decisions based on these internal procedures.

Also, the Company will disclose the allocation of management resources in the mid-term plan for 2023.

## **【Disclosure Based on the Principles of the Corporate Governance Code】**

**【Principle 1.4】Cross-Shareholdings**

The Company sold all the listed shares held.

**【Principle 1.7】Related Party Transactions**

The Company has established principles regarding related party transactions in its corporate governance guidelines. In particular, the Company is checking the details of the transaction with the parent company Valeo and its group companies by the Conflict of Interest Monitoring Committee so that there would be no unfairness in the terms and conditions of such transactions and the result would be approved by or reported to the Board of Directors according to their importance, utilizing the fair perspective of Independent Directors.

**【Principle 2.6】Roles of Corporate Pension Funds as Asset Owners**

The Company is strengthening initiatives in terms of human resources and operation of corporate pension funds. In terms of human resources, the CFO is appointed as the chairman of the corporate pension funds, and persons who have financial background are appointed as executive directors. In terms of operation, a Committee including external experts decides investment vehicles.

**【Principle 3.1(i)(ii)】Full Disclosure (Business Principles)**

Basic philosophy of the Company on business principles and corporate governance is as specified in the beginning of this report.

Management plans can be viewed on the Company Website. (URL : <http://www.ichikoh.com/>)

**【Principle 3.1(iii)】Full Disclosure (Policies and Procedures in Determining Remuneration)**

The Company's policies and procedures in determining the remuneration of the senior management and directors are disclosed in the Annual Securities Report.

**【Principle 3.1(iv)(v)】Full Disclosure (Policies and Procedures in the Appointment/Dismissal of the Senior Management and the Nomination of Directors and *Kansayaku* Candidates)**

Policies and procedures in appointment/dismissal of the senior management and the nomination of Directors and *Kansayaku* candidates and individual appointment/dismissal and nomination at the time of

appointment/dismissal of the senior management and the nomination of Directors and *Kansayaku* candidates are as follows.

- 1) Board of Directors will respect the recommendation of the major shareholder with regard to the appointment/dismissal of the senior management in order to secure and enhance synergies with the major shareholder
- 2) Board of Directors will have a due discussion about the appointment/dismissal and nomination based on the recommendation from the major shareholder
- 3) In order to secure minority shareholders' interest, Conflict of Interest Monitoring Committee will be strengthened and will oversee the nomination

Explanations with respect to the individual appointments/dismissals and nominations are disclosed in the Notice of Shareholders Meeting.

**【Supplementary Principle 4.1.1】Roles and Responsibilities of the Board(1)**

In the Company, statutory matters and the important matters that are equivalent thereto are judged and decided by the Board of Directors and other major operational decisions are delegated to Representative Director and Executive Officers.

**【Supplementary Principle 4.8.3】Effective Use of Independent Directors (Special Committee)**

In 2022, the Company appointed two of four members of the Conflict of Interest Monitoring Committee from Independent Directors and appointed the Independent Director as chairman.

**【Principle 4.9】Independence Standard and Qualification for Independent Directors**

In addition to the requirements for Independent Directors under the Companies Act and the TSE Regulations, the Company has established its own requirements for Independent Directors (described in the attachment of the Company's Corporate Governance Guidelines), and the details are disclosed on the Company's Website. (URL: <http://www.ichikoh.com/>)

**【Supplementary Principle 4.11.2】Concurrent Position of Other Companies of Directors and *Kansayaku***

The concurrent position of Directors and *Kansayaku* is described in the Notice of the Shareholders Meeting.

**【Supplementary Principle 4.11.3】Analysis and Evaluation of Effectiveness of Board of Directors**

The Company decided to analyze and evaluate the effectiveness of the Board of Directors every year and conducted a questionnaire survey of Directors and *Kansayaku* from December 2022 to February 2023. It was concluded that the effectiveness of the Board of Directors has been improving year by year, but the following items with relatively low evaluation scores should be continuously discussed at the Board of Directors with an improvement plan.

- Structure of the Board of Directors (addition of the Independent Directors)
- Monitoring of the management resources (people, products and capital)
- Company strategy and direction setting (in particular, strategy for effective use of capital)

**【Supplementary Principle 4.14.2】Training Policy for Director and *Kansayaku***

The Company will plan training for Director and *Kansayaku* about areas requiring reinforcement specified in the skills matrix with the common understanding that the Directors and *Kansayaku* must improve their skills by themselves.

**【Principle 5.1】Constructive Dialogue with Shareholders**

In the dialogue with shareholders, the Company appoints the most appropriate member of the management or Director according to the scale and style of the shareholders. The Corporate Planning Department of the Company responds to shareholders and builds efficient two-way communication by holding investor relations meetings for institutional investors.

The Company shares shareholder views with the Corporate Planning Department, Treasury and Finance Department and Legal Department, appropriately reports to the Board of Directors and responds as necessary.