

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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## Corporate Governance Report

CORPORATE GOVERNANCE

Taiyo Holdings Co., Ltd.

Last Update: June, 19 2023

Taiyo Holdings Co., Ltd.

Eiji Sato, President, and CEO

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Executive Officer,  
General Manager of  
Corporate Planning  
Department

Securities code: 4626

<https://www.taiyo-hd.co.jp/en/>

The corporate governance of **Taiyo Holdings Co., Ltd.** (the “Company”) is described below.

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

#### 1. Basic Views

The Company has set forth its aims as a corporate group under its “Management Philosophy” and “Basic Management Policy.”

Its “Management Philosophy” has been set forth as the following: “To achieve ‘a cheerful society’ by further advancing in the Group and by creating a wide range of innovative products to fulfill the dreams of the world.” It is expressly stated under this policy that the Group’s reason for existence is to achieve a cheerful society by further advancing “every technology” at each Group company and by going beyond its existing products to create a wide range of innovate products to fulfill the dreams of the world.

The following is set forth as a part of the Company’s “Basic Management Policy:” “In achieving its management philosophy, the Group will fulfill its corporate social responsibility, including protecting the environment, enforcing quality control, and contributing to society.” It is expressly stated under this policy that going beyond the pursuit of profit to fulfill the Group’s social responsibility constitutes its basic management policy. Based on its “Management Philosophy” and “Basic Management Policy,” the Company recognizes that the trust and support of its stakeholders is indispensable in growing in perpetuity as a listed company, and that securing management transparency, fulfilling its accountability and conducting the satisfactory disclosure of information are musts to that end.

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

The Company is implementing the various principles of the Corporate Governance Code as of the date of submission of this report.

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

(Principle 1-4)

The Company’s basic policy in this regard is to target shares of corporations that link to the enhancement of its corporate value over the medium to long term for holding purposes. In acquiring shares, the Company verifies the associated economic rationality from the standpoints of the growth and earnings potential of the target company and the strengthening of its transactions with the Group and deliberates and reports on the matter at meetings of the Board of Directors in accordance with the pertinent acquisition value. Simultaneously, with regard to holding those shares, the Company proceeds to regularly verify the appropriateness and other aspects of holding the shares at meetings of its Board of Directors. In cases where holding the shares is not found to be meaningful based on the results of that verification, the Company’s policy is to curtail its holdings by selling them. Additionally, in exercising voting rights, the Company makes comprehensive judgments on each proposal based on the enhancement of its corporate value over the medium to long term, economic rationality, and other standpoints.

(Principle 1-7)

The Company has established regulations that keep transactions conducted by the Company or the Group with its officers, principal shareholders, etc. from harming the joint interests of the Company, the Group, or its shareholders in cases where the Company or the Group conducts such transactions.

Directors facilitating transactions that are advantageous to themselves, acquaintances or relatives or providing convenience thereto is prohibited under the “Director Treatment Regulations.” When Directors conduct competitive or personal transactions, the “Responsibilities and Authorities Table” dictates that they shall submit the matter to the Board of Directors for review and approval.

Additionally, for the purpose of keeping its interests from being unjustly harmed, the Company has set forth “Interested Party Transaction Regulations” regarding procedures in cases where it conducts transactions with Directors or interested parties.

Audit & Supervisory Board Members monitor and verify competitive transactions, transactions with conflicts of interest, and unconventional transactions between the parent company or its subsidiaries and shareholders, etc.

(Supplementary Principle 2-4-(1))

(1) Ensuring Diversity

In order to transform the diversity of its human resources into organizational power that is capable of accommodating a rapidly-shifting market environment and creating businesses with constant speed, while aggressively and continuously securing diverse human resources, the Company has tackled endeavors such as the development of the kind of workplace environment and internal training systems that are conducive to leveraging the attributes and abilities of individual human resources to the maximum extent. Under “Beyond Imagination 2030,” its long-term management plan leading up to the fiscal year ending March 31, 2030, the Company will proceed to establish various measures that enable it to further secure diversity in its human resources.

(2) Applying Diversity (Encouraging female leaders.)

As of April 30, 2022, the ratio of female employees occupying managerial positions as a whole at the Company was approx. 13%. Going forward, the Company will aim to bring this ratio to 30% by the fiscal year ending March 31, 2031. Additionally, the percentage of non-Japanese personnel occupying managerial positions at the Company is approx. 4%. The same percentage for midcareer hires is approx. 63%. The Company will continue to appropriately promote personnel internally to managerial positions as it continually examines the balance of business strategies and personnel strategies in which diversity is leveraged to the fullest.

(3) Human Resource Development Policy and Internal Environment Development Policy Aimed at Ensuring

Diversity and Status Thereof Work environments and values regarding work are changing considerably due to changes in legal and social demands and the diversification of places and modes of employment in recent times. Going forward, the Company will continue to assist with the realization of flexible career paths and work styles, develop workplace environments, and conduct other endeavors on a proactive and ongoing basis so that its employees can work while sustaining a high level of motivation even in a constantly-changing environment, and will endeavor to secure “autonomous human resources” that accommodate increasingly diverse organizations and society.

(Principle 2-6)

Based on the fact that the management of corporate pension reserves affects employees’ stable asset-building as well as the fiscal position of the Company, in addition to placing human resources outfitted with the necessary experience and qualities, the Company works towards training those human resources so that the organization in charge of the corporate pension is able to conduct appropriate activities such as monitoring asset management institutions.

(Principle 3-1)

- (i) The Company discloses its Management Philosophy and other elements of its basic management policy, its medium- to long-term management strategy and other information on its website (<https://www.taiyo-hd.co.jp/en/about/philosophy/>). Please refer to this website.
- (ii) The Company’s basic views on corporate governance are stated in “1.1 Basic Views” in this report. Please refer to that section.

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- (iii) The Company has established a Compensation Advisory Committee to ensure the objectivity and transparency of Director and Executive Officer remuneration. This committee reports its examination results to the Board of Directors.
- (iv) The Company has established a Nomination Advisory Committee to ensure the objectivity and transparency of nominations of Directors and Audit & Supervisory Board Members. This committee reports its examination results to the Board of Directors. For the election of Executive Officers, the Board of Directors examines and resolves the suitability of candidates based on their career history and other factors. For their dismissal, the Board of Directors examines and resolves the appropriateness of that action based on standards for dismissal prescribed in the “Regulations on the Board of Executive Officers and the Treatment of Executive Officers.”
- (v) The Company indicates the reasons for the nomination of Director and Audit & Supervisory Board Member candidates in its “Notices of Convocation of General Shareholders Meeting.” Additionally, the Company has prescribed guidelines, duties, etc. pertaining to the performance of duties in its regulations on the treatment of Directors and those on the treatment of Audit & Supervisory Board Members. In cases such as when Directors or Audit & Supervisory Board Members violate these regulations or when their ability to perform their duties is suspect, the Company reserves the right to recommend their resignation. Should those Directors or Audit & Supervisory Board Members not comply with said recommendation, the Company reserves the right to carry out procedures for their dismissal in accordance with the provisions of the Companies Act.

Up to this point, no dismissal of Directors or Audit & Supervisory Board Members has taken place at the Company. However, in cases where it does occur, the Company will disclose the associated details over TDnet or its website. Elections and dismissals of Executive Officers, once resolved by the Board of Directors, are disclosed over TDnet or the Company’s website with details on the associated personnel changes.

(Supplementary Principle 3-1-(3))

The Company endeavors to work together with a wide range of stakeholders, proactively disclose information and improve transparency. It discloses the Group’s views and policies on sustainability, associated initiatives, investments in human capital and intellectual property and other information on its website (<https://www.taiyo-hd.co.jp/en/sustainability/>) as well as in “Beyond Imagination 2030,” the Briefing Material on the Long-Term Management Plan launched on June, 2021, “Notice Regarding Disclosure of Information Based on TCFD Recommendations” in November 2022; and in its Integrated Report.

Regarding its views and policies on sustainability and associated initiatives, the Company has espoused the “reinforcement of initiatives geared towards SDGs (Sustainable Development Goals)” as a basic policy in its long-term management plan. Additionally, the Company has declared its agreement with the recommendations of the TCFD and has joined the TCFD Consortium. Furthermore, based on the TCFD framework, the Company has disclosed our "Governance," "Strategy," "Risk Management," and "Metrics and Targets." The company will continue to identify the risks and opportunities offered by the impact of climate change on its business activities and take proactive steps to reduce risks and seize opportunities in our future business activities. At the same time, we will promote the collection and analysis of data and the enhancement of the quantity and quality of disclosures. Also, with respect to investments in human capital, etc., the Company has espoused the “development and utilization of human resources that accommodate an increasingly diverse society and organizations” as the first basic policy in “Beyond Imagination 2030,” its long-term management plan. The Company will endeavor to train autonomous human resources who establish goals of their own accord and hold lofty ambitions towards the achievement of those goals and will proceed to create opportunities that enable its employees to grow and take on challenges in the form of training and personnel rotations. Furthermore, with respect to investments in intellectual property, the Company will be perpetually mindful of intellectual property with an emphasis on businesses that meet social needs or have potential value in the future, and will proceed to acquire and utilize patent rights, trademark rights and other intellectual property rights in the growth of its electronics business, medical and pharmaceutical business and other existing business sectors and in the creation of new businesses, which constitute a basic policy under its “Beyond Imagination 2030” long-term management plan. In particular, in making forays in new business and technological sectors that meet social demands or have potential value in the future, the Company will position the utilization of patent information as one of its key strategies. Similarly, the Company positions endeavors such as the devising of policies and plans for its research and development themes based on the analysis of publicly-available information as one of key strategies.

(Supplementary Principle 4-1-(1))

In addition to the matters set forth in laws, ordinances and its Articles of Incorporation, the Company has set forth matters for approval by its Board of Directors and matters for examination and reporting at meetings of said Board in its “Board of Directors Regulations” and “Responsibilities and Authorities Table.”

Additionally, the Company makes timely disclosures upon establishing or changing the scope of delegation to Directors. In addition, to help expedite the execution of business, the Board of Directors elects subsidiary representatives, etc. to Executive Officer positions, and has set forth business administration duties and matters for reporting for Executive Officers who are subsidiary representatives in its “Subsidiary Management Regulations” and “Responsibilities and Authorities Table Shared by Subsidiaries.”

(Principle 4-9)

In nominating independent Outside Director candidates, for the purpose of facilitating the improvement of the functions of the Board of Directors as a whole, the Board places priority on advanced levels of specialized knowledge and a wealth of external experience with the assumption that candidates satisfy the criteria for independence set forth by financial instrument exchanges and run no risks of conflicts of interests with shareholders occurring.

(Supplementary Principle 4-10-(1))

The Company has established a voluntary Compensation Advisory Committee that ensures the rationality, objectivity and transparency of Director and Executive Officer remuneration and the rationality and objectivity of the policy on deciding Audit & Supervisory Board Member remuneration, etc. as an advisory body of the Board of Directors and the Audit & Supervisory Board. This committee reports its examination results to the Board of Directors and the Audit & Supervisory Board. Additionally, the Company has established a non-mandatory Nomination Advisory Committee that ensures the objectivity and transparency of nominations of Directors and Executive Officers as an advisory body of the Board of Directors. This committee reports its examination results to the Board of Directors. Both the Compensation Advisory Committee and the Nomination Advisory Committee are composed of at least half of the members who are independent outside directors, and their independence is strengthened by appointing an outside director as the committee chairperson.

(Supplementary Principle 4-11-(1))

The Company believes that it is ideal for its Board of Directors to consist of Directors who possess diverse knowledge and experience and advanced skill that goes beyond Company-related industries and specialized fields in order to supervise the execution of business and make key decisions. Additionally, the Company believes that its Outside Directors require advanced specialized knowledge, a wealth of external experience, and independence. Based on the above view, the Company presently has a balanced composition of Directors, with nine individuals, including four independent Outside Directors and one non-executive Director, serving in a Director post. Going forward, the Company intends to continue nominating Director candidates based its preexisting scale and views. A skill matrix that summarizes the specialization and experience expected of each Director and Audit & Supervisory Board Member is contained on the last page of this report.

(Supplementary Principle 4-11-(2))

The status of concurrent posts as Directors and Audit & Supervisory Board Members that are judged to be particularly important concurrent posts is disclosed every year under the “Status of Company Officers” in the Business Report attached to “Notices of Convocation of General Shareholders Meeting.”

(Supplementary Principle 4-11-(3))

A questionnaire on the composition, operation, agenda, and systems of the Board of Directors was distributed to Directors, the responses to which served as the basis of a discussion conducted at a meeting of the Board of Directors. As a result, the effectiveness of the Board of Directors was evaluated as being secured. Since the effectiveness evaluation of the Board of Directors for the fiscal year ended March 31, 2021, improvements in the grace period necessitated by advance reviews by each Director and additional opportunities to provide information to officers, Outside Directors included, have been verified. In addition, the Board of Directors have strengthened its role as a monitoring board by reviewing the scope of agenda to be brought before the Board of Directors on an ongoing basis and by further clarifying the supervisory and executive structure with respect to corporate governance.

The Company will continue to implement initiatives geared at the below challenges for the sake of further improving the effectiveness of the Board of Directors.

- (1) In addition to ensuring the diversity of members of the Board of Directors, the Company will keep the number and ratio of Outside Directors in an appropriate state.
- (2) The Company will continue discussion on initiatives concerning management plans from a long-term perspective, allocation of management resources, and succession and training plans for Representative Directors.

(Supplementary Principle 4-14-(2))

The Company provides its Directors and Audit & Supervisory Board Members with opportunities to acquire and refresh the knowledge that they require to fulfill their individual roles and duties. Directors are given newly-appointed officer lectures as well as business coaching on management conducted one-on-one with outside specialists. Additionally, internal seminars featuring outside specialists as guests are held for Directors and Audit & Supervisory Board Members, as necessary.

(Principle 5-1)

At the Company, the Corporate Planning Department, which is headed by the Director in Charge of Corporate Planning and is the Company's dedicated IR department, promotes constructive dialogue with shareholders and investors and endeavors to positively serve the Company's sustained growth and the enhancement of its long-term corporate value.

(Supplementary Principle 5-1-(2))

The Company has established the following policies to promote constructive dialogue with shareholders.

- (i) The Company designates the director in charge of the Corporate Planning Department and the executive officer as the management team responsible for overseeing dialogue with shareholders and institutional investors.
- (ii) The Company has established a corporate planning department to oversee the collection, management, and disclosure of information, and in cooperation with related departments, the Company discloses information in a timely, fair, and appropriate manner.
- (iii) The Company strives to promote investment opportunities and enhance information disclosure by holding financial results briefings and company briefings for institutional investors and individual shareholders, as well as by issuing integrated reports. The financial results briefings and investor briefings are conducted by the director and the executive officer in charge of the Corporate Planning Department, and dialogue is achieved through question-and-answer sessions. Materials are made publicly available on our corporate website, and the content of the explanations and question-and-answer sessions are described to provide fair information to investors who were unable to attend the meetings.
- (iv) In order to reflect the opinions and concerns of shareholders and institutional investors opinions in management, we regularly and objectively report important feedback items to the Board of Directors as they arise.
- (v) In order to prevent leaks of financial information and ensure fairness, the Company has established a silent period during which it refrains from responding to or commenting on inquiries related to financial results. In addition, we have established "Information Security Management Regulations" to comply with laws and regulations and to handle information assets appropriately. In accordance with these rules, the Company conducts appropriate education, audits, monitoring, and other activities related to information security.



## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders [Update](#)

Name or Company Name	Number of Shares Owned	Percentage (%)
DIC Corporation	11,234,600	20.10
Kowa CO., LTD.	5,773,600	10.33
The Master Trust Bank of Japan, Ltd. (manages Company's trust account)	5,442,700	9.74
MISAKI ENGAGEMENT MASTER FUND	3,184,700	5.70
Custody Bank of Japan, Ltd. (manages Company's trust account)	3,116,000	5.58
SMBC Trust Bank Ltd. (shares entrusted to Sumitomo Mitsui Banking Corporation retirement benefit trust account)	2,232,000	3.99
SHIKOKU KASEI HOLDINGS CORPORATION	1,490,000	2.67
The Bank of New York Mellon 140042	1,248,750	2.23
Toshin Yushi Co., Ltd.	1,077,120	1.93
GOVERNMENT OF NORWAY	953,800	1.71

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
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Name of Parent Company, if applicable	None
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### Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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\*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

### Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Other Director
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masayuki Hizume	CPA												
Keiko Tsuchiya	From another company												
Asako Aoyama	CPA												
Yumiko Kamada	From another company												

\*Categories for "Relationship with the Company."

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

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- 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 d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

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## Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masayuki Hizume	○	—	Masayuki Hizume possesses specialized knowledge as well as a wealth of experience and expertise as a certified public accountant. He was elected as an Outside Director with the Company's expectation that he will provide beneficial advice and observations regarding Group management and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Masayuki Hizume and general shareholders will arise, he has been designated as an independent officer.
Keiko Tsuchiya	○	—	Keiko Tsuchiya possesses a wealth of experience and expertise in the field of human resources, such as her director experience under a general staffing service business and her management experience in healthcare and in materials and other manufacturing sectors. She was elected as an Outside Director with the Company's expectation that she will use her experience and expertise to provide beneficial advice and observations regarding Group management, including its human resource division and the strengthening of its human resources, and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Keiko Tsuchiya and general shareholders will arise, she has been designated as an independent officer.
Asako Aoyama	○	—	Asako Aoyama has a wealth of experience and expertise in finance & accounting and M&A as a certified public accountant and through her record of corporate management and business execution. She was elected as an Outside Director with the Company's expectation that she will provide beneficial advice and observations regarding Group management and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Asako Aoyama and general shareholders will arise, she has been designated as an independent officer.
Yumiko Kamada	○	—	Yumiko Kamada possesses a wealth of experience and expertise in corporate management and business execution in the new business development and customer service sectors. She was elected as an Outside Director with the Company's expectation that she will provide beneficial advice and observations regarding Group management and fulfill a management supervisory function from an impartial position. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Yumiko Kamada and general shareholders will arise, she has been designated as an independent officer.

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

Established



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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) **Update**

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Committee	4	0	1	2	0	1	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Advisory Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

The Company has established a non-mandatory Compensation Advisory Committee to ensure the objectivity and transparency of Director and Executive Officer remuneration. This committee reports its examination results to the Board of Directors.

Additionally, the Company has established a voluntary Nomination Advisory Committee that ensures the objectivity and transparency of nominations of Directors and Executive Officers. This committee reports its examination results to the Board of Directors. The majority of members of both the Compensation Advisory Committee and the Nomination Advisory Committee are comprised of Outside Directors.

**Audit and Supervisory Board Member\***

\*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members <b>Update</b>	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors, and Internal Audit Departments

Audit & Supervisory Board Members hold meetings with the accounting auditor to proactively exchange opinions and information and work in close concert with the internal audit department upon performing supervisory and audit duties to conduct them efficiently.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members <b>Update</b>	2
Number of Independent Audit and Supervisory Board Members <b>Update</b>	2

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Outside Audit and Supervisory Board Members' Relationship with the Company (1) **Update**

Name	Attributes	Relationship with the Company*													
		a	b	c	c	d	e	f	g	h	i	j	k	l	m
Hidenori Sugiura	From another company														
Ikumi Sato	Lawyer														

\*Categories for "Relationship with the Company."

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

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. 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
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. 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. Other

Outside Directors' Relationship with the Company (2) **Update**

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hidenori Sugiura	○	—	Hidenori Sugiura possesses a wealth of experience and expertise regarding finance from his business experience in the securities and finance industries as well as his tenure as a university professor and instructor specializing in finance. He was elected as an Outside Audit & Supervisory Board Member because the Company has determined that he would be able to appropriately carry out his duties in that capacity. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Hidenori Sugiura and general shareholders will arise, he has been designated as an independent officer.
Ikumi Sato	○	—	Ikumi Sato has a wealth of specialized knowledge and experience regarding areas such as corporate legal affairs, IT, intellectual property rights and overseas legal affairs from serving as an attorney-at-law thus far. She was elected as an Outside Audit & Supervisory Board Member because the Company has determined that she would be able to appropriately carry out her duties in that capacity based on that knowledge and experience. Additionally, as there are no items in conflict with criteria for independence and no risk that a conflict of interest between Ikumi Sato and general shareholders will arise, she has been designated as an independent officer.

## Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members <b>Update</b>	6
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members	—
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## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other
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Supplementary Explanation for Applicable Items	
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At its 71st General Shareholders Meeting held on June 21, 2017, the Company was granted approval for a Director compensation system consisting of paying restricted stock bonuses and performance-linked stock bonuses as stock compensation systems to executive Directors (Directors mentioned in each provision of Article 363, Paragraph 1 of the Companies Act; same applies hereafter) in addition to aggregate base salaries and performance-linked cash bonuses. Subsequently, at its 75th General Shareholders Meeting held on June 19, 2021; the Company was granted approval for a partial revision of its stock compensation systems.

Additionally, at its 76th General Shareholders Meeting held on June 18, 2022, the Company was granted approval to make the following change to its calculation method for amounts of performance-linked bonuses: While maintaining a policy of calculation using the method of multiplication by a prescribed payment rate with “profit attributable to owners of parent” as a metric, the change was made to the method of calculating the amount substantially equivalent to “profit attributable to owners of parent” and, using said amount as a metric, multiplying it by the prescribed payment rate after factoring the most recent three fiscal years’ averages for the effective tax rate and for profit margin attributable to non-controlling shareholders into profit before income taxes.

The purpose of this Director compensation system is to grant incentives that facilitate the sustained enhancement of the Group’s corporate value to executive Directors as well as to pursue a further sharing of value between executive Directors and shareholders.

(1) Restricted stock bonuses (Long-term incentive)

Payment of monetary remuneration claims according to position as consideration for execution of duties for 1 year and granting of restricted stock compensation for 10 years (no more than 300 million yen per year).

(2) Performance-linked stock bonuses (Medium-term incentive)

After calculating aggregate compensation within the range of the formula for the maximum amount of profit before income taxes  $\times$  (1 - average effective tax rate over most recent three fiscal years - average profit margin attributable to non-controlling shareholders over most recent three fiscal years)  $\times$  3.4%, compensation is distributed according to position and paid in cash as funds to be used to acquire restricted stock over a 3-year period.

(3) Performance-linked cash bonuses (Short-term incentive)

After calculating aggregate compensation within the range of the formula for the maximum amount of profit before income taxes  $\times$  (1 - average effective tax rate over most recent three fiscal years - average profit margin attributable to non-controlling shareholders over most recent three fiscal years)  $\times$  1.6%, compensation is distributed according to position and paid in cash.

Note that stock compensation systems are comprised of two types: (1) A restricted stock bonus plan and (2) a performance-linked stock bonus plan. With a) through f) below as conditions under both plans, common shares newly issued or disposed of by the Company are allocated to executive Directors using the method of specified restricted stock allocation for the restricted stock bonus plan and the method of third-party allocation for the performance-linked stock bonus plan. Note that executive Directors who are eligible for the restricted stock bonus plan are persons who are executive Directors of the Company at the time that common shares are allocated under the restricted stock bonus plan, and that executive Directors who are eligible for the performance-linked stock bonus plan are persons who were executive Directors of the Company during the period between the day of the General Shareholders Meeting concerning the fiscal year two years prior to the one in which common shares were allocated under the performance-linked stock bonus plan and the day prior to the day of the General Shareholders Meeting concerning the previous fiscal year.

(Allocation conditions)

- a) The maximum number of common shares newly issued or disposed of by the Company under the restricted stock bonus system (hereinafter, “maximum number of restricted shares issued”) shall be 80,000 shares per fiscal year.
- b) The maximum aggregate number of common shares newly issued or disposed of by the Company under the performance-linked stock bonus system (Hereinafter, “maximum number of performance-linked restricted shares issued”) shall be 200,000 shares per fiscal year.
- c) The aggregate number of common shares newly issued or disposed of by the Company under both the restricted stock bonus system and the performance-linked stock bonus system for a given fiscal year shall be less than 2,840,000 shares when combined with the common shares held by all executive Directors (Limited to individuals who are an executive Director of the Company at the time of receipt) who have received such common shares (hereinafter, “maximum number of shares held by eligible individuals”).
- d) The maximum number of restricted shares issued (as in a) above), the maximum number of performance-linked shares issued (as in b) above), and the maximum number of shares held by eligible individuals (as in c) above) may be adjusted to a reasonable extent, as necessary, in accordance with the split ratio, consolidation ratio, etc. if a stock split or reverse stock split of the Company’s common stock occurs or if any other unavoidable event arises that requires adjustment of the respective maximum numbers.
- e) When determining the number of shares allocated based on each of the restricted stock bonus and the performance-linked stock bonus systems, the number of common shares allocated based on the restricted stock bonus system shall be given priority.
- f) The amount paid in per common share of the Company allocated based on the restricted stock bonus system and the performance-linked stock bonus system shall be the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the date of each Board of Directors meeting to determine details of offerings related to the common shares issued or disposed of in principle (If no trades were executed on that day, the closing price on the most recent day on which the stock was traded.). The Board of Directors will determine an amount that does not afford the executive Director receiving the common shares a special advantage.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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## Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items [Update](#)

The Company discloses the name, officer category and amount of remuneration of officers whose aggregate remuneration, etc. is 100 million yen or more. Officers who fall under the above in the fiscal year ending March 31, 2023, are provided below.

Name: Eiji Sato  
 Officer Category: Representative Director and President  
 Basic Remuneration: 49 million yen  
 Performance-Linked Cash Bonuses: 34 million yen  
 Performance-Linked Stock Bonuses: 213 million yen  
 Restricted Stock Bonuses: 44 million yen  
 Total of 341 million yen

Name: Hitoshi Saito  
 Officer Category: Representative Director and Vice President  
 Basic Remuneration: 33 million yen  
 Performance-Linked Cash Bonuses: 26 million yen  
 Performance-Linked Stock Bonuses: 115 million yen  
 Restricted Stock Bonuses: 32 million yen  
 Total of 208 million yen

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

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

The calculation methods for amounts of aggregate base salaries paid to Directors, amounts of performance-linked cash bonuses paid to executive Directors and amounts of restricted stock bonuses and performance-linked stock bonuses, as well as the timing of payment, distribution, etc., are determined by the Board of Directors within the scope approved at the General Shareholders Meeting. Upon said determination, the Compensation Advisory Committee, whose majority is comprised of independent Outside Directors, performs an objective comparative verification of remuneration levels using officer remuneration survey data by external research agencies, examines remuneration policies and levels and, after doing so, reports them to the Board of Directors, which renders a decision while respecting that report.

Note that the only remuneration granted to Directors other than executive Directors is aggregate base salaries.

Following a report by the Compensation Advisory Committee on policies regarding the determination of the nature of individual-specific remuneration for Directors, etc., the Company decided on that policy at the meeting of its Board of Directors held on February 5, 2021, and subsequently altered it in part at the meeting of the Board held on June 18, 2022. A summary of the foregoing is provided below.

The purpose of the Company's Director compensation systems is to grant incentives that facilitate the sustained enhancement of the Group's corporate value to executive Directors as well as to pursue a further sharing of value between executive Directors and shareholders. By establishing short-, medium- and long-term incentive plans, the Company can provide motivation to executive Directors to enhance its medium- to long-term corporate value as well as facilitate the acquisition and retention of capable top management talent. Issuing shares to executive Directors through its stock compensation system helps the Company foster those Directors' awareness as shareholders.

Regarding percentages of the amount of individual-specific compensation, etc. under each category of compensation, etc., the Company's policy on determining payment percentages is to keep aggregate base salaries, which are paid in fixed amounts and do not fluctuate in value, at relatively low levels and boost the ratio of remuneration linked to performance and stock price, and to design payment percentages so that the majority is comprised of stock-based compensation, whose value (stock) price fluctuates in conjunction with performance, particularly over the long term.

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Additionally, regarding stock-based compensation, the Company's policy is to pay restricted stock bonuses on a steady basis as a long-term incentive. It does so by granting a number of shares based on a fixed amount according to position. While performance-linked stock bonuses are occasionally zero due to performance, they are designed to be granted in greater number than the number of shares granted as restricted stock bonuses as performance grows. Additionally, the Company's policy on determining payment percentages dictates that as position rises, so does the ratio of stock-based compensation.

(Type and Summary of Each Compensation)

(1) Aggregate base salaries

Fixed monthly remuneration paid in cash

(2) Performance-linked cash bonuses (Short-term incentive)

Aggregate compensation calculated with an amount obtained after factoring the average "effective tax rate" and average "rate of net income attributable to non-controlling interests" over the most recent three fiscal years into "profit before income taxes" for each fiscal year (substantially, an amount equivalent to net income attributable to owners of parent) as a metric is allocated according to position and paid in cash

(3) Performance-linked stock bonuses (Medium-term incentive)

Aggregate compensation calculated with an amount obtained after factoring the average "effective tax rate" and average "rate of net income attributable to non-controlling interests" over the most recent three fiscal years into "profit before income taxes" for the fiscal year subject to payment (substantially, an amount equivalent to net income attributable to owners of parent) as a metric is allocated according to position and paid as funds to be used to acquire common shares of the Company

(4) Restricted stock bonuses (Long-term incentive)

Configured according to position as consideration for the performance of duties over the period subject to payment and paid in the form of monetary remuneration claims received as an investment in kind premised on agreement, etc. that they will be used to acquire common shares of the Company in accordance with the allocation of said shares

### Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

Upon the holding of meetings of the Board of Directors, Board of Directors Secretariat staff distribute associated materials three days prior to the holding of meetings as a general rule. This system ensures that Directors can carefully and sufficiently review the materials in advance. Additionally, Company employees are assigned as Audit & Supervisory Board Member staffs who assist Audit & Supervisory Board Members with their duties.

### Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku Komon* etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) After Retiring as Representative Director and President, etc.

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Other Related Matters

There are no persons holding advisory positions (*sodanyaku, komon, etc.*) after retiring as Representative Director and President, etc.



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

The corporate governance system of the Company is centered on a “Board of Directors” consisting of five Directors and four independent Outside Directors for a total of nine persons (six males; three females) who are elected at the General Shareholders Meeting and an “Audit & Supervisory Board” consisting of one Audit & Supervisory Board Member and three independent Outside Audit & Supervisory Board Members (one males; two females) who are also elected at the General Shareholders Meeting.

The Board of Directors examines and resolves all important matters and supervises the execution of business by the Representative President and Director. Additionally, the Company employs an “Executive Officer” system in order to help vitalize the Board of Directors and expedite the execution of business. As the 16 Executive Officers (fourteen males; two females) are granted the authority to make decisions to a reasonable extent for business execution purposes, the Company believes that they are capable of making swift decisions to address changes in the environment.

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

The Company aims to realize a modern, leading corporate governance system, and is continuously examining a better system that includes making the change to a “company with committees.” However, at present, the Company is capable of demonstrating its functions more assuredly with a conventional Audit & Supervisory Board Member system. Based on this standpoint, for the time being, the Company will refrain from making the change to a “company with committees” and will instead continue to keep that change as an issue to be examined.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Notices of the Convocation of the General Shareholders Meeting are sent out no later than approx. three weeks prior to the meeting date.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company holds General Shareholders Meetings on non-peak days.
Electronic Exercise of Voting Rights	The electronic exercise of voting rights over the Internet or mobile phone have been adopted by the Company.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in a platform for institutional investors to exercise voting rights electronically that is operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company publishes English translations of its Notices of Convocation of General Shareholders Meeting and accompanying reference materials in a narrow sense on its website. <a href="https://www.taiyo-hd.co.jp/en/news/">https://www.taiyo-hd.co.jp/en/news/</a>
Other	The Company holds briefings for individual investors.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	The Company holds one financial result briefing for individual investors per year (for the full fiscal year).	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds two financial results briefing for analysts and institutional investors per year (for the full fiscal year and for the second quarter).	Held
Online Disclosure of IR Information	The Company publishes financial results summaries, financial results briefing materials, integrated report etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is in charge of IR.	

## 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has formulated a CSR philosophy and a code of conduct for realizing that philosophy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company promotes CSR activities for the likes of the environment, quality, compliance, and social contribution, prepares integrated reports on the details of those activities every year, and officially releases them on its website alongside distributing them to stakeholders who request them.
Other	The Company establishes childcare leave periods, work periods with shortened work hours for childcare purposes, numbers of nursing care leave days, etc. that exceed legally-stipulated numbers of days from the standpoints of the promotion of female empowerment and a work-life balance for employees.

## IV. Matters Concerning the Internal Control System

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

The Company's basic policy on the establishment of internal control systems is provided below.

1. System for ensuring that the performance of duties by Directors and employees conforms with laws, ordinances, and the Company's Articles of Incorporation
  - (1) A "CSR Philosophy" and "Code of Conduct" and Director and employee awareness thereof will be enforced.

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- (2) The scope of duties and powers of Directors and employees as well as procedures for final approval will be clarified in the Board of Directors Regulations, Regulations of Segregation of Duties and Responsibilities and Authorities Table as well as in the Regulations on Internal Memos for Approval, and a structure in which mutual controls function will be promoted.
  - (3) An “Office of Internal Audits” independent from the execution department will be established report the results of audits by the former at meetings of the Board of Directors and Audit & Supervisory Board and make reports to the accounting auditor as well if necessary.
  - (4) A whistleblowing system will be operated with internal personnel and outside attorneys as the points of contact for receiving information.
  - (5) Electing 1 Director as “Compliance Officer.” An “Ethics Committee” made up of Directors, Audit & Supervisory Board Members and employees will be established to examine significant issues from an ethical and legal compliance standpoint. Employees will be elected to serve as “personnel in charge of ethics” and promote associated activities.
  - (6) The Compliance Officer will make regular reports on the status of ethics and legal compliance to the Board of Directors.
2. Matters on the storage and management of information pertaining to execution of duties by Directors
- Information pertaining to the execution of duties by Directors will be recorded in documents or electromagnetic media and stored in accordance with the Document Management Regulations. Directors and Audit & Supervisory Board Members may view these documents at any time.
3. Regulations on management of loss risk and other systems
- (1) One Director will be elected as the “Director in Charge of Risk Management.”
  - (2) Risk in standard business will be evaluated and responded to by the department in charge of that business in accordance with the Risk Management Regulations. Additionally, a Risk Management Committee will be formed as necessary to laterally managed risk across the entire Group and help reduce and prevent risk.
  - (3) When emergency situations occur, prompt reporting, information-sharing and countermeasures will be examined, formulated and implemented in accordance with the Risk Management Regulations and Escalation Flow. Additionally, an Emergency Response Headquarters will be established as necessary to help minimize damage (losses) under the command of said headquarters.
4. System for ensuring that Director duties are being performed efficiently
- (1) Meetings of the Board of Directors will be held once a month in principle (with meetings to be integrated with that for the prior or following month in some cases). If necessary, extraordinary meetings of the Board of Directors will be held to flexibly make decisions on important matters.
  - (2) Responsibilities and execution procedures pertaining to business execution will be prescribed in the Organization Regulations, Regulations on Segregation of Duties and Responsibilities and Authorities Table.
  - (3) Single-year management plans and medium- to long-term management plans will be formulated, and missions and short-, medium- and long-term challenges to address for each organization will be established.
5. System for ensuring appropriateness of duties in corporate group made up of Company and its subsidiaries
- (1) Directors to be in charge of each main subsidiary will be set forth to administer management guidance.
  - (2) Meetings of a Board of Executive Directors consisting of Executive Officers of the Company and subsidiary representatives will be held quarterly as a general rule to examine cross-company issues of the corporate group.
  - (3) Regarding the management of subsidiaries, the Company shall render final approval and a report shall be made to the Company in accordance with the “Subsidiary Management Regulations” and

“Responsibilities and Authorities Table Shared with Subsidiaries” while respecting subsidiary autonomy. Subsidiary management shall be administered based on this.

- (4) The internal audit department, accounting and finance department, Audit & Supervisory Board Members and accounting audits will perform visiting audits of subsidiaries if necessary.
- (5) In order to ensure that the execution of duties by Directors, etc. and employees of subsidiaries conforms with laws, ordinances, and the Company’s Articles of Incorporation, a “CSR Philosophy” that applies to all Group companies will be set forth, and a code of conduct based on that “CSR Philosophy” will be set forth at each Group company.

6. Matters on employees who should assist Audit & Supervisory Board in cases where Board requests assignment of said employees and matters on independence of said employees from Directors

- (1) When Audit & Supervisory Board Members request the assignment of employees to assist with their duties, employees of the Company will be assigned as Audit & Supervisory Board Member staff to carry out the instructions of Audit & Supervisory Board Members full-time under the command and control of those Audit & Supervisory Board Members.
- (2) Personnel evaluations for Audit & Supervisory Board Member staff shall require the agreement of Audit & Supervisory Board Members.

7. System for Directors and employees to make reports to Audit & Supervisory Board and other systems for making reports to Board

- (1) In addition to legally-stipulated matters, when they discover that violations of laws, ordinances or the Company’s Articles of Incorporation are present or that matters that affect the business results of the Company and/or its subsidiaries are present, Directors will report them to Audit & Supervisory Board Members in each case.
- (2) When they discover that facts that run the risk of significantly damaging the Company and/or its subsidiaries or that violations of laws, ordinances or the Company’s Articles of Incorporation are present, employees may directly report them to Audit & Supervisory Board Members. Note that the secrecy of the name, etc. of reporters will be strictly guarded and that the disadvantageous treatment of reporters attributed to their reporting of the foregoing is prohibited.

8. Other systems for ensuring that audits by Audit & Supervisory Board are effectively conducted

- (1) In addition to attending meetings of the Board of Directors, meetings of the Board of Executive Officers and other key meetings, Audit & Supervisory Board Members will review important documents pertaining to business execution and, if necessary, ask Directors and/or employees to explain them.
- (2) Audit & Supervisory Board Members perform audits while mutually cooperating with the accounting auditor. This includes exchanging opinions on audit plans and result.
- (3) An internal audit department independent from execution departments has been established. This department maintains close cooperation with Audit & Supervisory Board Members, including reporting the results of internal audits to Audit & Supervisory Board Members and discussing the results with them.
- (4) The Company will post a budget every year for expenses that arise in the execution of duties by Audit & Supervisory Board Members and will also disburse a reasonable amount for audit expenses that suddenly arise.

9. System for ensuring reliability of financial reporting

To ensure the reliability of financial reporting, an internal controls system will be established and operated. Ongoing evaluations of whether that system is properly functioning as well as necessary corrections will be conducted. Through this, the effective and appropriate submission of internal controls reports based on the Financial Instruments Exchange Act will be conducted.

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

The Company does not respond whatsoever to illegal or unjust demands of anti-social forces that run the risk of obstructing social order or sound corporate activities. Should the Company be issued unjust demands from such a group or individual, it will respond firmly as an organization while cooperating with the police and other related institutions.

## V. Others

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items
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### 2. Other Matters Concerning the Corporate Governance System

Summary of timely disclosure system

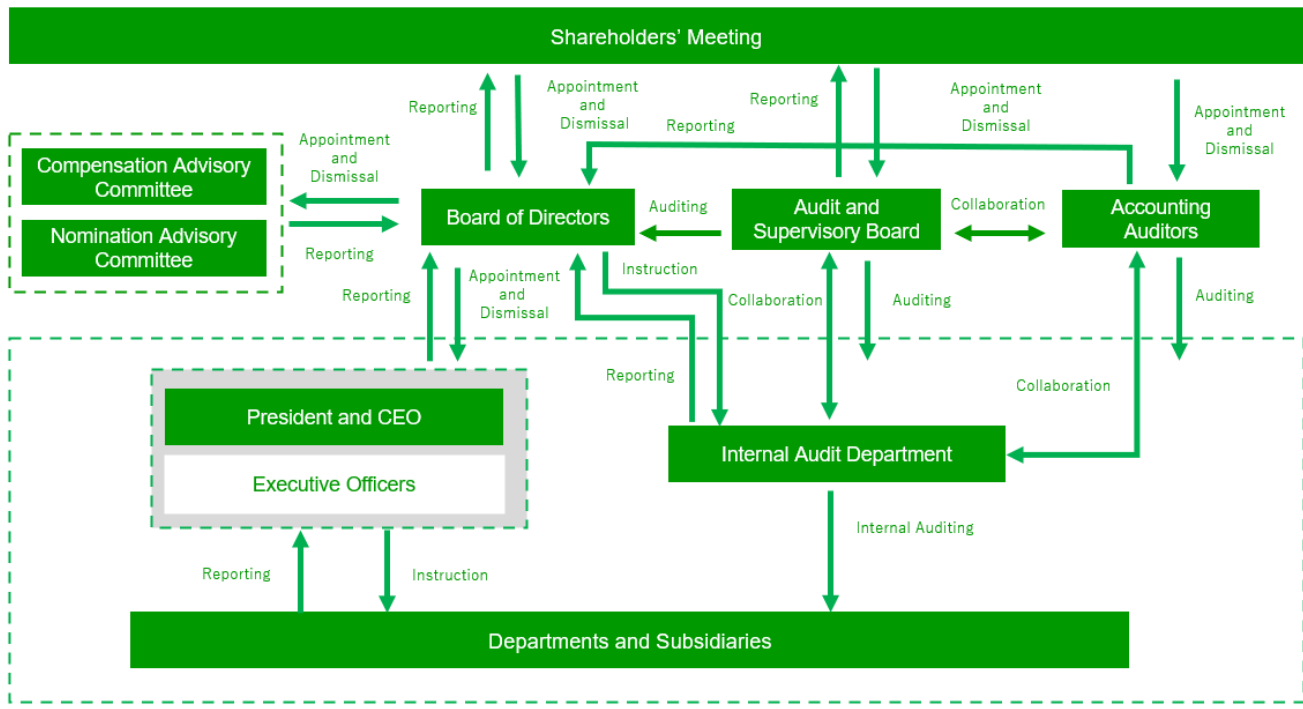
1. The state of the Company's internal system pertaining to the timely disclosure of corporate information is provided below.

While the Company has not established a specialized department for the disclosure of information, its general affairs department liaises with the Tokyo Stock Exchange under the supervision of the information handling officer. Also, in addition to fielding inquiries on disclosed information from investors, etc., the information handling officer, Corporate Planning Department and general affairs department publish materials for disclosure on the Company's website. Note that the general affairs department sufficiently manages such information so that it is not in a viewable state on the Company's website prior to the official schedule time of public release and so key facts that have yet to be officially released to parties other than those related to the disclosure duties in question do not leak.

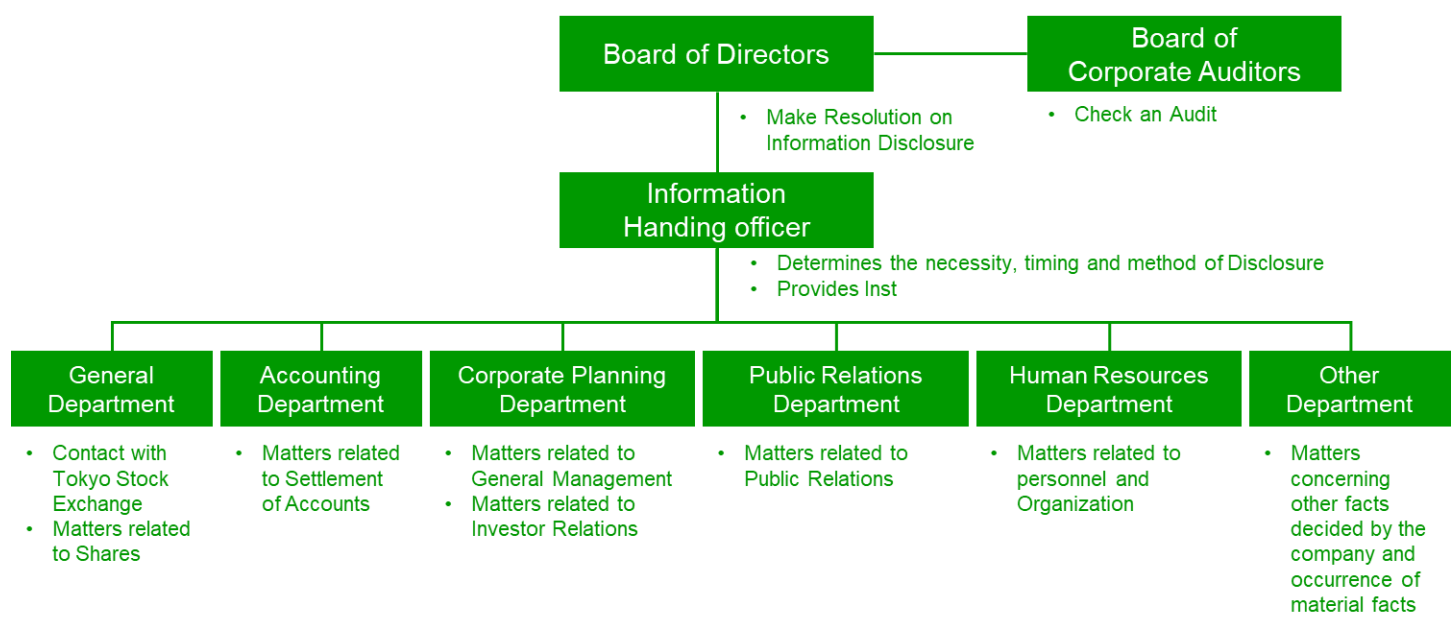
2. The policy of the Company upon the determination or occurrence of important facts that concern it is to examine whether or not it is necessary to disclose those matters in accordance with timely disclosure systems set forth under the law as well as by the Tokyo Stock Exchange, the timing and method of public release, and so forth, after which it promptly discloses those matters following an associated resolution by the Board of Directors.
3. The Company, in accordance with its "Internal Information Management Regulations," regulates the management of information regarding important facts that concern itself, its subsidiaries or other companies that its officers, employees or Company-related persons obtained with respect to their duties as well as the sale, purchase or other transactions of shares, etc. by its officers and employees, and endeavors to prevent insider trading, etc. before it occurs through internal notifications that call attention to the sale and purchase of Company shares in a timely manner.

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### Corporate Governance Framework (Flow Diagram)



### Timely Disclosure System (Flow Diagram)





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## Skills Matrix

			Expertise and career experience required of Board directors and Audit & Supervisory Board members *2						
Name	Current position and post of responsibility in the Company *1		Corporate management Business strategy	Global	Production quality Research and development	ESG and Sustainability	Human resources management and Diversity	Finance, accounting and M&A	Legal affairs and Risk management
Eiji Sato	President, Chief Executive Officer		✓				✓	✓	✓
Hitoshi Saito	Executive Vice President		✓	✓	✓	✓			
Eiji Takehara	Chair of Board of Directors				✓	✓	✓		✓
Masao Arima	Board Director		✓		✓	✓	✓		
Tomoyuki Tanaka	Board Director		✓	✓	✓			✓	
Masayuki Hizume	Outside Board Director	Independent	✓					✓	✓
Keiko Tsuchiya	Outside Board Director	Independent		✓		✓	✓		
Asako Aoyama	Outside Board Director	Independent		✓			✓	✓	
Yumiko Kamada	Outside Board Director	Independent	✓			✓	✓		
Akihito Sakai	Outside Audit & Supervisory Board Member	Independent				✓		✓	✓
Hidenori Sugiura	Outside Audit & Supervisory Board Member	Independent				✓		✓	✓
Kaori Terunuma	Audit & Supervisory Board Member						✓	✓	✓
Ikumi Sato	Outside Audit & Supervisory Board Member	Independent				✓	✓		✓

\*1: The Company has submitted notification to Tokyo Stock Exchange, Inc. that the below independent officers are designated as such as provided for by the exchange.

\*2:

Corporate Management and Business Strategy	Assuming management experience, board experience, business strategy, etc.
Global	Assuming experience and realization of business development globally.
Production Quality and Research and Development	Assuming relevant industry and business knowledge and experience
ESG and Sustainability	Including environment, social contribution activities, community creation activities, and sustainable business activities
Human Resource Management and Diversity	Assuming autonomous human resource development, training, and utilization of self-sufficient personnel, and initiatives related to diversity (e.g., activities to promote women) in response to a diverse organization and society.
Finance, Accounting and M&A	Assuming experience and knowledge in finance, accounting and strategic M&A.
Legal affairs and Risk Management	Assuming knowledge and experience in corporate legal affairs and legal risk management.

END