

**Last Update:** June 30, 2023  
Shindengen Electric Manufacturing Co., Ltd.  
Nobuyoshi Tanaka  
Contact: +81 48-483-5311  
Securities code: 6844  
<https://www.shindengen.com/>

The corporate governance of Shindengen Electric Manufacturing Co., Ltd. (the “Company”) is described below.

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

### 1. Basic Views

Corporations are required to engage in effective governance that embraces transparency and compliance. Shindengen’s basic policy is to maintain and continually improve its management system to enable prompt and precise responses to a rapidly changing operating environment.

In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits.

The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Management Committee, the Audit & Supervisory Board, the Technology- and Quality- Policy Meeting, the General Managers’ Meeting, and the Divisional Directors’ Meeting. They operate functionally for speedy decision-making and efficient business activities, through which we pursue organic Group management.

Regarding information disclosure, we continually strive to strengthen IR activities to enhance the fairness and transparency of management.

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

- Principle 2.4.1 (Ensuring Diversity in Promotion to Core Human Resource Positions)

Shindengen endeavors to promote diversity through means such as supporting a balance between work and childcare or caregiving, providing flexible work environments, a stimulation and reward system to increase employees’ motivation, compliance with the Act on the Promotion of Women’s Active Engagement in Professional Life, employing persons with disabilities, using the elderly, and promoting the success of foreign nationals. We consider the disclosure of measurable target setting to be an important subject. Going forward, we will continue to provide environments where employees at various stages of their careers can work in comfort and peace of mind.

Information about the state of our current initiatives is disclosed on the Company website, and in our

CSR report and annual securities report.

## Disclosure Based on each Principle of the Corporate Governance Code

### • Principle 1.4 (Cross-Shareholdings)

Shindengen's cross-shareholding policy is as follows.

1. The Company may hold shares in listed companies when it considers it necessary not only for obtaining dividends but also from the viewpoint of building positive relationships with business partners and ensuring smooth business operations in order to increase corporate value in the medium to long term.

Furthermore, for each individual stock, the Board of Directors confirms the business relations and other details and verifies the purpose and the economic rationale for holding that stock on an annual basis. If no rationale can be found for holding it, measures such as reduction are taken.

2. When verifying the economic rationale for cross-shareholdings, the Company uses the acquisition price and appraised value of each stock as a basis to compare yields and capital costs such as dividends and transaction revenue. Those stocks which fall short and which are considered to have a low level of contribution to medium- to long-term growth in corporate value will be considered for reduction. The Board of Directors will deliberate on the appropriateness of continuing to hold those stocks which are considered for reduction, and the stocks will be subject to reduction or other measures if there is no recognizable rationale for holding them.

3. Shindengen decides how to exercise its voting rights after determining whether we can contribute to medium- to long-term growth in corporate value for the companies we are investing in.

We will vote in opposition in situations where shareholder value is severely damaged, or where there are serious corporate governance concerns such as corporate scandals.

### • Principle 1.7 (Related Party Transactions)

As stated in [Corporate Governance Situation] Corporate Governance System in the Company's annual securities report, the Audit & Supervisory Board audits management decision-making by directors and business execution by executive officers from an independent standpoint. Additionally, in conjunction with audits by the Internal Audit Department, we have built a system for monitoring to ensure that related party transactions do not damage the common interests of the Company and its shareholders.

Furthermore, the Board of Directors Regulations stipulate that important related party transactions must be placed on the Board of Directors agenda and deliberated by the Board. Through this, the system guarantees the appropriateness of such transactions.

### • Principle 2.4.1 (Ensuring Diversity in Promotion to Core Human Resource Positions)

Shindengen endeavors to promote diversity through means such as supporting a balance between work and childcare or caregiving, providing flexible work environments, a stimulation and reward system to increase employees' incentive, compliance with the Act on the Promotion of Women's

Active Engagement in Professional Life, employing persons with disabilities, using the elderly, and promoting the success of foreign nationals. We consider the disclosure of measurable target setting to be an important subject. Going forward, we will continue to provide environments where employees at various stages of their careers can work in comfort and peace of mind.

Information about the state of our current initiatives is disclosed on the Company website, and in our CSR report and annual securities report.

- Principle 2.6 (Roles of Corporate Pension Funds as Asset Owners)

Shindengen has established a defined-benefit corporate pension fund system as its defined-benefit pension system. To increase the expertise of management and display the functions expected of asset owners, we have put measures in place to allow the Personnel Department to monitor its operating status.

- Principle 3.1 (Full Disclosure)

Shindengen endeavors to fully disclose information by proactively providing information in the following ways.

(i) We disclose the contents of the Management Philosophy and Medium-Term Business Plan in places such as the Company's website. We have announced specific measures in the "Management policies, management environment and issues to address" section of the annual securities report (website: <https://www.shindengen.com>).

(ii) Please see section I1. Basic Approach for information about Shindengen's corporate governance-related policies.

(iii) The policy for determining the amounts and the calculation methods for compensation etc. for the Company's officers is determined based on deliberations by the Board of Directors in accordance with internal regulations that stipulate the monthly amount standards based on the position, length of employment and other factors within the bounds of the upper limit determined by the General Meeting of Shareholders. Compensation is paid as a set monthly amount. However it is linked to business performance so that there may be a reduction in compensation if business performance is poor, while officer bonuses may be paid if business performance is good.

Director compensation is determined by the Board of Directors, including outside directors, and auditor compensation is determined by the Audit & Supervisory Board, including outside auditors, based on the policy above.

(iv) When appointing management and nominating directors and auditors, personnel who are expected to contribute to corporate management and business operations that will increase the Company's corporate value are nominated as candidates. The procedure for nomination and appointment involves the President and CEO submitting proposed candidates to the Board of Directors, and the Board of Directors, including outside directors, passing a resolution on them.

A member of management may be removed from their position following deliberations and a resolution by the Board of Directors if it is considered that they do not possess the qualities stipulated in the criteria above due to reasons such as a violation of laws and regulations or insufficient

performance of their professional duties.

(v) The reasons for appointing, dismissing or nominating directors and auditors are disclosed in the Notice of Convocation for the General Meeting of Shareholders.

• Supplementary Principle 3.1.3 (Sustainability Initiatives)

1. Sustainability initiatives

To increase corporate value in the medium to long term, the Shindengen Group has established a Basic Sustainability Policy, based on which it conducts its business activities.

The Shindengen Group's Basic Sustainability Policy

The Shindengen Group will actively promote ESG (Environment, Social and Governance) management as we pursue our corporate mission. We will contribute to the realization of a sustainable society and strive to enhance our corporate value from a long-term perspective.

To this end, we will:

- Contribute toward achieving the goals of “decarbonization, “ “a recycling-oriented society, “ and “a society in harmony with nature“ in line with our Environmental Vision.
- Respect human rights and diversity and strive to improve stakeholder engagement.
- Strive to create a safe and secure workplace that is rewarding to work in through the development of human resources and improvements to the internal environment.
- Conduct management in a fair and transparent manner as we live up to the trust and expectations of a wide range of stakeholders. Information about specific initiatives is disclosed on the Company website, and in our CSR report and annual securities report.

2. Investments in human capital and intellectual property

① Investment in human capital

Our Management Philosophy is, “Together with society, our customers, and our employees,” and we believe that people’s growth is the source of our corporate value creation, and that the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth. Based on respect for human rights, we are engaged in various measures to train personnel, encourage the success of diverse human resources, expand flexible working styles, and promote health and safety.

② Investments in intellectual property

Our basic policy is to appropriately manage, acquire, protect, and utilize intellectual property rights, which is an important management resource, and fully respect the intellectual property rights of third parties in the course of our business operations. We invest in intellectual property based on this basic policy.

Initiatives concerning investments in human capital and intellectual property are disclosed to all shareholders through means such as the Company’s website, CSR report and annual securities report. We will continue to aim at full disclosure in the future as well.

3. The impact of climate change-related risks and earning opportunities on the Company’s business activities and profits

Shindengen has positioned the protection of the global environment as one of our important business tasks, and to that end we have established our Environmental Vision 2050 for promoting group-wide activities focusing on the realization of a sustainable global environment and society from a long-term perspective.

Along with clearly disclosing the Shindengen Group's stance of strengthening initiatives for tackling environmental issues, we will continuously increase our level of contribution to reducing the impact on the environment through methods such as supplying clean energy products and energy-saving products to the market and developing new technologies, with the aim of becoming a global environmental advancement company. Furthermore, information about the impact of climate change-related risks and earning opportunities on the Company's business activities and profits based on the TCFD framework is disclosed through means such as the Company's website, CSR report and annual securities report.

- Supplementary Principle 4.1.1 (Scope of Delegation to Management)

The Company clearly stipulates the responsibilities and other details of each director and executive officer and discloses them in its annual securities report. Furthermore, in addition to the matters stipulated by laws and regulations, matters subject to resolution by the Board of Directors are also stipulated in the Articles of Incorporation and Board of Directors Regulations.

- Principle 4.9 (Independence Standards and Qualifications for Independent Directors)

Shindengen appoints independent outside directors in accordance with the independence criteria of the Tokyo Stock Exchange.

- Supplementary Principle 4.10.1 (Authority and Role of the Nomination Committee/Compensation Committee)

To improve the supervisory functions of the Board of Directors and enhance our corporate governance structure by further establishing the objectivity and transparency of the procedures concerning the nomination and compensation of directors, we have established a Nomination and Compensation Committee as a voluntary advisory body to the Board of the Directors. The majority of the Committee is made up of independent outside officers, and an independent outside officer serves as the chairman as well.

- Supplementary Principle 4.11.1 (Approach to the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and Also to Diversity and the Appropriate Size of the Board)

In light of the Company's business contents, types, scale, and other factors, Shindengen has stipulated in its Articles of Incorporation the basic principle that the number of directors shall be nine or fewer and that at least two of them shall be outside directors.

The Company's Board of Directors is made up of directors with a wealth of experience and knowledge in various fields who are expected to contribute to corporate management and business operations that will increase the Company's corporate value. The current composition is six directors (including one woman) and three auditors (including one woman).

The appointment of candidates is carried out by resolution of the Board of Directors based on a report from the Nomination and Compensation Committee.

- Supplementary Principle 4.11.2 (Status of Concurrent Positions for Officers who Serve as Officers at Other Listed Companies)

Some of the Company's outside directors and outside auditors concurrently hold officer positions at other listed companies. A summary of significant concurrent positions and the status of concurrent positions with a business relationship to the Company are disclosed in the annual securities report.

- Supplementary Principle 4.11.3 (Analysis and Assessment of the Effectiveness of the Board of Directors as a Whole)

To improve the functions of the Board of Directors, Shindengen analyzes and assesses the board's effectiveness once a year and discloses a summary of the results. In FY 2022, the Board of Directors' effectiveness assessment (self-assessment) was carried out using the following analysis and assessment method. A summary of the results is also given below.

1. Analysis and assessment process

A survey about the effectiveness of the Board of Directors was administered to six directors (two of whom were outside directors) and four auditors (three of whom were outside auditors). Discussions were held on the results and the assessment was compiled, incorporating the opinions of an outside organization as well.

2. Summary of the assessment results

The survey checked the matters the Board of Directors considers important for effectively performing its roles and responsibilities (the constitution and management of the Board of Directors, deliberations about strategy, etc.), and also checked the involvement of the Board of Directors in issues such as the governance structure the market expects, and issues about sustainability. As a result of the survey, we confirmed from the points below that the Company's Board of Directors is fulfilling its duties and functioning effectively.

- The Board of Directors is effectively operated. The members are aware of their individual responsibilities and hold constructive debates and exchanges of opinion.
- When the Board of Directors deliberates important matters, they set aside enough time for deliberations, management issues and problematic matters are appropriately discussed and reported, and both business execution and supervision are functioning effectively.

However we also confirmed issues that needed further improvement, such as better officer training and provision of information to outside officers, more vigorous debate based on an awareness of capital costs and capital efficiency, the appropriate sharing of risk information by management, the stabilization of the operations of the Nomination and Compensation Committee, and timely and apt feedback to the Board of Directors.

3. Future response

Based on these results, the Company's Board of Directors will make continuous improvements and endeavor to improve its effectiveness even further.

- Supplementary Principle 4.14.2 (Training Policy for Directors and Auditors)

To help directors and auditors obtain the knowledge needed to fulfill their roles and responsibilities, the Company provides or arranges for training opportunities, encourages diligent self-study and also assists with the necessary costs.

- Principle 5.1 (Policy for Constructive Dialogue with Shareholders)

The Company engages in dialogue with shareholders within reasonable limits with the aim of achieving sustainable growth and a medium- to long-term increase in corporate value.

We employ the measures below in order to hold appropriate and constructive dialogues with our shareholders.

(i) The Corporate Planning Group is in charge of investor relations (IR) under the leadership of the Director and General Manager of the Corporate Planning Group.

(ii) Departments such as the Corporate Planning Group, Administration Department, Finance Department and Internal Audit Department cooperate with each other through means such as holding regular liaison meetings to exchange information.

(iii) As a method of dialogue other than separate meetings with various investors, we hold briefings on financial statements for institutional investors twice a year, and the explanatory materials for these are posted on the Company's website.

(iv) The opinions from shareholders and investors that are shared during the separate meetings in every accounting period are reported to the director in charge, and major issues are reported to the Board of Directors.

(v) We have established regulations to prevent insider trading, and we manage insider information based on those regulations. We also take measures based on the regulations when engaging in dialogue with investors, such as by establishing a quiet period.

## 2. Capital Structure

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

Name or Company Name	Number of Shares Owned	Percentage (%)
Honda Motor Co., Ltd.	1,336,000	12.96
The Master Trust Bank of Japan, Ltd. (trust account)	1,022,000	9.92
Chuo-Nittochi Co., Ltd.	502,000	4.88
Custody Bank of Japan, Ltd. (trust account)	481,000	4.67
Custody Bank of Japan, Ltd. (Mizuho Pension Trust Mizuho Trust & Banking Co., Ltd. account)	356,000	3.46
Asahi Mutual Life Insurance Company	325,000	3.16
Shindengen Suppliers' Stock Ownership	266,000	2.59
Custody Bank of Japan, Ltd. (trust account 4)	206,000	2.00
Sompo Japan Insurance Inc.	200,000	1.94
Shindengen Employee Stock Ownership	193,000	1.87

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
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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	Tokyo Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but 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 a 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

### 1. Organizational Composition and Operation

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

#### Directors

Number of Directors Stipulated in Articles of Incorporation	9
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	2
Number of Independent Directors	2

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

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshihiro Nishiyama	From another company												
Yaeko Kitadai	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.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

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

Name	Designation as	Supplementary Explanation	Reasons for Appointment
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	Independent Director	of the Relationship	
Yoshihiro Nishiyama	○	-----	<p>(Reason for appointment as outside director) Yoshihiro Nishiyama was appointed in the expectation that his wealth of experience and broad knowledge as a corporate manager, including successive positions as a representative director at other companies, will allow him to offer beneficial advice about management.</p> <p>(Reason for appointment as an independent officer) He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.</p>
Yaeko Kitadai	○	-----	<p>(Reason for appointment as outside director) Yaeko Kitadai was appointed because she possesses specialized knowledge as a lawyer as well as a high level of insight into management, based on which she is expected to give guidance and advice to management. Although she has not been directly involved in company management before, she has a wide range of knowledge about corporate legal affairs as a lawyer, as well as experience serving as an outside director at other companies, so it was determined that she would be able to suitably fulfill her professional duties as an outside director.</p> <p>(Reason for appointment as an independent officer) He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged</p>

			that there was no risk of a conflict of interest with ordinary shareholders.
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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 Chairperson

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

Supplementary Explanation

The state of activities of the Nomination and Compensation Committee this fiscal year were as follows.

Times met: 8

Attendance: All committee members participated in all committee meetings.

Summary of main matters deliberated

- Criteria for appointing or dismissing officers, criteria for appointing or dismissing the President and CEO, and succession planning
- The selection of the next President and CEO and executive officers
- The selection of director and auditor candidates
- A review of the officer compensation system

### Audit and Supervisory Board Member\*

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

Establishment of Audit and Supervisory Board	Established
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Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

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

The auditors and the accounting auditor (Ernst & Young ShinNihon LLC) are in a cooperative state where they hold interviews through regular meetings on issues such as the yearly audit plan and the mid-term and end-of-term audit results, and coordinate on a case-by-case basis to carry out suitable audits. The auditors and the Internal Audit Department audit the status of execution of various management activities of the Company and Group companies, and they also coordinate on a case-by-case basis to carry out suitable audits through regular meetings about audit plans and reports of the status of activities. Furthermore, the auditors and the Internal Audit Department coordinate and cooperate with the audits of the accounting auditor based on legal stipulations to carry out effective audits.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

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

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Harusato Nihei	From another company							△						
Sachie Tsuji	CPA													

\*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 for the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business for or a non-executive director of the Company's parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business for a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Harusato Nihei	○	Although Mr. Nihei worked at and was a managing executive officer for Mizuho Bank, Ltd., which is the Company's main bank, he retired in March 2014.	Harusato Nihei was selected for his wide range of knowledge and wealth of experience as a corporate manager, including successive positions as a director at other companies, with the expectation that he will apply this knowledge to suitably perform his duties as an outside auditor. (Reason for appointment as an independent officer) He was appointed as an independent officer since his independence is guaranteed because he has no relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.
Sachie Tsuji	○	-----	Sachie Tsuji was selected for her expert knowledge and experience as a certified public accountant with the expectation that she will apply her many years of experience in this field, including internal corporate control, internal audits and compliance, to audits of the Company. (Reason for appointment as an independent officer) She was appointed as an independent officer since her independence is guaranteed because she has no

			relationships of special interest with the Company, so it was judged that there was no risk of a conflict of interest with ordinary shareholders.
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## Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	4
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company designates all persons who meet the qualifications to be independent officers as independent officers.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

To serve as an incentive to increase the Company's corporate value in the medium to long term, to further enhance governance, and to encourage a greater sharing of values with our shareholders, by resolution of the regular General Meeting of Shareholders held on June 27, 2019, we introduced a compensation system for directors (excluding outside directors) that allocated restricted stock in the Company to them.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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## Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The yearly amount of compensation for directors and Audit & Supervisory Board members in FY 2022 was as follows.

The basic compensation for seven directors, including three outside directors, was ¥91 million. The total amount of compensation for directors does not include employee salaries for directors who also serve as employees. The basic compensation for four Audit & Supervisory Board members, including



three outside auditors, was ¥49 million.

Policy on Determining Remuneration Amounts  
and Calculation Methods

Established

The basic policy behind Shindengen's director compensation is that it should be a compensation system that is linked to shareholder profit so that it can function sufficiently as an incentive to work towards sustained growth in corporate value, and the compensation for each director should be set at an appropriate level that reflects their individual responsibilities. Specifically, compensation for directors (including outside directors) is composed of monetary and non-monetary compensation. Monetary compensation is made up of basic compensation (fixed compensation) and variable compensation (performance-based compensation) that depends on the fiscal year's performance and medium- to long-term performance.

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

There is no full-time employee in charge of assisting outside directors, but we endeavor to share information and remain in contact with them in various ways, such as by sending them materials for Board of Directors' meetings in advance under the jurisdiction of the Administration Department. By having outside auditors receive reports on audit business records from the full-time auditors during regularly-held Audit & Supervisory Board meetings, we endeavor to explain the situation within the Company and communicate the status of audit implementation to the outside auditors while also sharing information and exchanging opinions with them. Although there is no full-time employee in charge of assisting outside auditors, there is one employee attached to the auditors.

## Status 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
Yoshinori Suzuki	Corporate Advisor	Gives advice in response to consultations from management	Part-time, with compensation	June 29, 2023	2 years

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. 1

### Other Related Matters

The Board of Directors deliberates and determines the selection of a retired President and CEO as a corporate advisor.

Corporate advisors do not have authority over management decision-making and do not attend meetings such as Board of Directors and Management Committee meetings.

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

Shindengen has set the term of office for directors as one year, and we endeavor to strengthen our management systems by clarifying the management responsibilities of directors. Additionally, by introducing an executive officer system to separate management decision-making from business execution, we aim to speed up business execution and pursue effective management while enhancing the oversight functions of the Board of Directors. By separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. We have also established a Nomination and Compensation Committee to ensure objectivity and transparency in processes related to the nomination and compensation of directors. The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Management Committee, the Audit & Supervisory Board, the Technology- and Quality- Policy Meeting, the General Managers' Meeting, and the Divisional Directors' Meeting. They operate functionally for speedy decision-making and efficient business activities, through which we

pursue organic Group management. Furthermore, we have established a Sustainability Committee chaired by the President and CEO which aims to ensure that the Shindengen Group increases its corporate value and contributes to the achievement of a sustainable society by putting its Corporate Mission into practice and promoting ESG management. We have also organized related committees under this committee so that matters that contribute to sustainability can be managed in an integrated way.

Although the Company uses the “company with an Audit & Supervisory Board” system, we endeavor to maintain the independence of the Board while ensuring fair checks of business execution by adopting a system where outside auditors form the majority (one full-time auditor, two outside auditors) of the Board. We have also assigned full-time audit staff to help strengthen the audit system. Audit & Supervisory Board members receive accounting audit results from the accounting auditor. This maintains the latter’s independence while providing oversight and verification to ensure that accounting audits are being implemented appropriately. Furthermore, Shindengen’s Internal Audit Department (comprising the department manager and ten internal auditors) audits the status and operation of the internal control system in order to ensure effective monitoring of the management activities of the Company and Group companies. The results of these audits are reported to the audited divisions in writing, with requests for improvement where necessary, and compiled into regular reports to the Board of Directors. The Internal Audit Department and accounting auditor have regular quarterly meetings to report on such topics as audit plans and activities, audits of internal controls over financial reporting, and risk management. Through these measures, we strive to maintain and strengthen an appropriate auditing system based on relevant laws and regulations. The Internal Audit Department determines which sites to audit and the scope of items to evaluate through discussion with the accounting auditor before carrying out internal audits. Based on audit plans drawn up through prior discussions between the two parties, the accounting auditor evaluates internal controls over financial reporting and reports its findings to the Internal Audit Department. In addition, the Audit & Supervisory Board members and accounting auditor share information on their respective audit plans to facilitate efficient auditing. Audit & Supervisory Board members receive information on audits, including quarterly review results and annual audit results, from the accounting auditor, which they discuss together.

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

Corporations are required to engage in effective governance that embraces transparency and compliance. Shindengen’s basic policy is to maintain and continually improve its management system to enable prompt and precise responses to a rapidly changing operating environment. In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. The organizational structure of our corporate governance system is an internally connected group of

bodies working closely together and includes the Board of Directors, the Management Committee, the Audit & Supervisory Board, the Technology- and Quality- Policy Meeting, the General Managers' Meeting, and the Divisional Directors' Meeting.

We select outside directors to ensure the transparency of management and further enhance corporate governance.

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

#### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation for the ordinary General Meeting of Shareholders held on June 29, 2023 was sent five working days in advance, the date set by law.
Electronic Exercise of Voting Rights	In addition to the “Voting Platform for Institutional Investors” voting website, shareholders can exercise their voting rights through the shareholder registry administrator’s voting website.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In addition to participation through the “Voting Platform for Institutional Investors,” we strive to enhance the environment for the exercise of voting rights by making it possible for shareholders to exercise their voting rights through the shareholder registry administrator’s voting website.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The English version of the Notice of Convocation (Summary of Notice) is provided to shareholders overseas through the “Voting Platform for Institutional Investors.” It is also posted on the Tokyo Stock Exchange’s website as well as the Company’s website.
Other	The Notice of Convocation is posted on the Company’s website.

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

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We have formulated a Disclosure Policy containing our basic policy on and methods for information disclosure. It is available on the Company’s website.	
Regular Investor Briefings held for Analysts and Institutional Investors	They are held regularly after the release of the second quarter financial results and the main financial results for the fiscal year.	Held
Online Disclosure of IR Information	We have created an IR information page on the Company’s website where, in addition to legally mandated disclosure documents, we post information such as reports, annual	

	reports, and financial result briefing materials.
Establishment of Department and/or Placement of a Manager in Charge of IR	We have assigned two employees to be in charge of PR and IR within the Planning Department of the Corporate Planning Group.

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

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Shindengen has positioned the protection of the global environment as one of our important business tasks, and to that end we have established our Environmental Vision 2050 for promoting group-wide activities focusing on the realization of a sustainable global environment and society from a long-term perspective. We have also established a Sustainability Committee and aim to increase our corporate value through the practice of our Corporate Mission and the promotion of ESG management.</p> <p>Details about these activities are posted on the Company's website.</p>



## IV. Matters Concerning the Internal Control System

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

Corporations are required to engage in effective corporate governance that embraces transparent management, complies with laws and regulations (hereafter referred to as “compliance”) and ensures the trustworthiness of financial reports. Shindengen places great importance of the maintenance and continuous improvement of its management systems to enable prompt and precise responses to a rapidly changing operating environment. Under the organizational structure of our corporate governance system, a variety of meetings, including Board of Directors and Management Committee, operate functionally, make speedy decisions, and conduct efficient business activities in the pursuit of organic Group management. However, we consider the further improvement, development and operation of our internal control system to be an important management task.

In light of this, based on the promulgation of the “Act on the Partial Revision of the Companies Act (Act. No. 90 of 2014)” and “Ministerial Ordinance for Partial Revision of the Regulations for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 6 of 2015)” on May 1, 2015 in addition to the existing stipulations of Article 362 Paragraph 4 (vi) and Paragraph 5 of the Companies Act, and Article 100 Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act, we have established a Basic Policy on the Internal Control System (“This policy” hereafter), through which we will ensure the effectiveness, efficiency and appropriateness of our business affairs and connect them to the maintenance and growth of our corporate value.

This policy applies to all of the Company’s directors, auditors, executive officers and employees (a term referring to employees, associate employees, temporary employees and employees on assignment).

1. System to ensure that the performance of professional duties by directors and employees conforms with laws and regulations and the Articles of Incorporation

(1) To serve as a foundation for directors and employees in obeying laws and regulations, we have established the Shindengen Group Action Guidelines and work to ensure that all are thoroughly familiar with it.

(2) The Board of Directors will determine policies and plans for improving the internal control system, including systems for compliance, and will also receive regular reports on their status.

(3) Through the executive officer system, we have separated the business execution functions of directors (i.e. decision-making and oversight) from those of the executive officers (i.e. business execution) in order to achieve appropriate and efficient business execution while strengthening the oversight function of the directors.

(4) The Audit & Supervisory Board will audit directors’ performance of their professional duties from an independent standpoint, including the status of improvement and operation of the internal control system.

(5) The Internal Audit Department will confirm whether the internal control system is functioning effectively and monitor the execution status of improvement plans and policies.

(6) We will put an internal reporting system in place (corporate ethics hotline/internal and external consultation services) to prevent violations of laws and regulations before they occur. The Report Investigation Committee will carefully examine the contents of reports received and ensure that they are thoroughly investigated and a recurrence is prevented.

(7) The internal reporting system is designed to ensure that persons making internal reports do not suffer unfair treatment as a result of making their report.

## 2. System for the storage and management of information related to directors' performance of their professional duties

Information concerning the performance of professional duties by directors, such as minutes of Board of Directors' meetings, circulars, contracts, and written notices, will be stored and managed appropriately in document form or electromagnetic media in a location stipulated by document regulations. At the same time, we will take any measures required to prevent leaks on a case-by-case basis and put a system in place to allow them to be accessed by the correct people who need to do so.

## 3. Other systems pertaining to regulations for managing the risk of loss

(1) For individual risks of loss at the Company (such as environmental, disaster, quality, and export control risks), under the instructions of the director managing each those risks, the relevant departments will put various regulations and stipulations in place, consider how to prevent them and respond after the fact, and conduct implementation, education and auditing activities.

(2) We will establish cross-organizational expert committees as necessary to tackle individual risks, and they will operate the same way as above.

(3) The Internal Audit Department will create manuals and monitor the status of execution to ensure that the risk management of the corporate group is functioning effectively.

## 4. System for ensuring that directors are performing their professional duties efficiently

(1) A system will be put in place to classify the areas of responsibility for directors and ensure that they perform those duties efficiently.

(2) By delegating authority to executive officers, we will increase the speed of business execution and allow the Board of Directors to focus on decision-making and its oversight functions.

(3) We will establish Medium-Term Business Plans as targets to be achieved, formulate yearly plans according to our management policy for the fiscal year in question, set business targets by business department and carry out specific measures that need to be implemented.

## 5. System for ensuring the appropriateness of business carried out by the corporate group that consists of the Company, its parent company and its subsidiaries

(1) We will strive to ensure thorough familiarity with the Shindengen Group Action Guidelines to make sure that the business carried out by the corporate group is done appropriately.

(2) The Group will be operated as a whole through a system where, in accordance with the subsidiary management regulations, subsidiaries will submit the necessary documents to their parent company through the relevant business departments and committees in order to report the status of their business and financial affairs, the progress of their business plans and other such information.

(3) There will be clear rules concerning the organizational decisions of each subsidiary.

(4) The Audit & Supervisory Board will perform audit duties for subsidiaries from an independent standpoint, including checking the status of improvement and operation of the internal control system.

(5) Through an internal reporting system (corporate ethics hotline) for the corporate group, we will try to prevent violations of laws and regulations at subsidiaries before they occur.

## 6. Matters concerning the employee in question when the Audit & Supervisory Board seeks to assign an employee

to assist in its duties

To serve as an organization assisting the Audit & Supervisory Board in its duties, a full-time assistant position to the Audit & Supervisory Board will be established and suitable personnel will be assigned to it.

7. Matters concerning the independence of the employee in the previous item from the directors

To ensure the appropriate performance of duties by the assisting employee, performance evaluations or reassignments of assisting employees will be determined with the consent of the Audit & Supervisory Board in accordance with any applicable Audit & Supervisory Board auditing standards (regulations).

8. Systems for directors and employees to report to auditors, and other systems for reporting to the Audit & Supervisory Board

Directors and employees will report to the Audit & Supervisory Board as necessary regarding matters designated by law as well as matters with a significant impact on the Company and affiliated companies, the status of implementation of internal audits, the status of internal reporting (taking the duty of confidentiality into account), and other reporting matters determined in advance upon discussion with the Audit & Supervisory Board.

9. Other systems to ensure that Audit & Supervisory Board members are carrying out audits effectively.

(1) The representative director and Audit & Supervisory Board members will hold regular meetings to raise their mutual awareness.

(2) In order for Audit and Supervisory Board members to perform their professional duties appropriately, the members will cooperate to ensure that communication between them and directors, etc. of affiliated companies, and the collection and exchange of information are conducted appropriately.

(3) If the Audit and Supervisory Board members consider it necessary for the performance of their professional duties, the system will allow them to cooperate with lawyers, the accounting auditor, and other external experts.

(4) When Audit and Supervisory Board members pay in advance or request reimbursement for expenses necessary for the auditors to perform their professional duties, the necessary payment will be made according to the request, except in cases where it is determined that the expense was not a necessary one.

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

The Company has absolutely no relationships with anti-social forces that threaten the safety and order of civil society and firmly rejects any demands from such forces.

The Administration Department serves as the overall department in charge of such issues. It works closely with relevant organizations to receive guidance and advice from them, and it has also created a "Response Manual" and works to put the necessary systems in place.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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#### Supplementary Explanation for Applicable Items

As long as the free purchase and sale of the Company's shares as a listed company is allowed, the Company believes that it is fundamental for the persons who control the Company's financial affairs and business policies to ultimately be determined based on the free will of our shareholders. Additionally, if a specific individual attempts to purchase the Company's shares on a large scale, we believe that both the intended buyer and the Company's Board of Directors must provide the necessary and sufficient information to allow the shareholders to make a suitable decision on whether to accept or reject the sale. Accordingly, we believe that establishing a system to allow the large-scale purchase of the Company's shares to be carried out according to reasonable rules is consistent with securing and increasing the Company's corporate value and the common interests of shareholders.

That said, it cannot be denied that there are some large-scale purchases that significantly harm the common interests of shareholders, such as those that use mechanisms that coerce shareholders into selling their shares, or those that are likely to cause damage that the Company will find it difficult to recover from. We believe that persons who engage in such purchases or similar actions are not suitable to control the Company's financial affairs and its business policies. In our opinion, those who are suitable to control the Company's financial affairs and business policies must maintain relationships of trust with the various stakeholders who support the Company, and must adopt a medium- to long-term perspective and adhere to a stable management system in order to increase the corporate value of the Shindengen Group and secure and increase the common interests of shareholders.

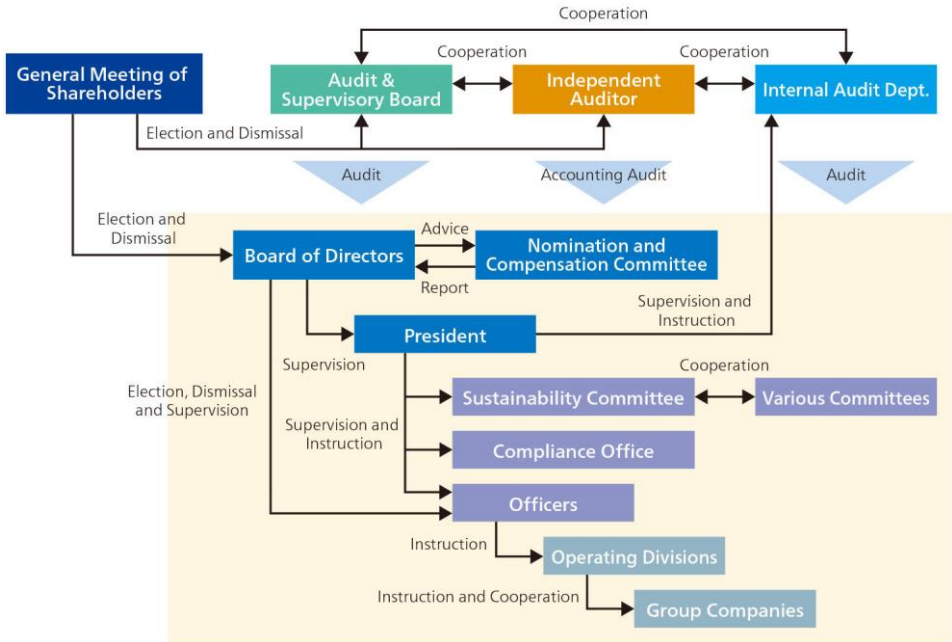
For details about these anti-takeover measures, please refer to the Company's announcement dated May 12, 2022 and titled, "Continuation of the policy against the buying of an enormous amount of shares of our company (anti-takeover measures)" on the Company's website (<https://www.shindengen.com/ir>).

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

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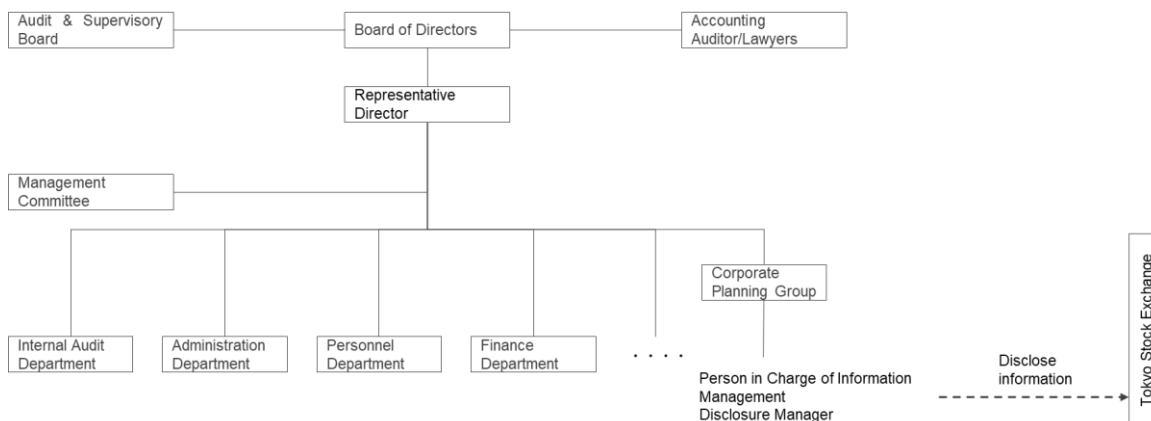
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[Corporate Governance System]



### [Status of Internal System Concerning the Timely Disclosure of Company Information]

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



### [Status of the Company's Internal System for Timely Disclosures]

The Company has put a system in place to disclose major matters (information about decisions, facts about events) based on the "Regulations for the Announcement of Company Information Outside the Company" which stipulate the basic operations for information disclosure.

- Important matters approved or resolved by the Board of Directors which need to be disclosed in accordance with timely disclosure regulations
- Matters that the Company determines require timely disclosure
- Other important information about decisions or facts about events

To ascertain important matters, the person responsible for the relevant department reports the event or decision in question to the representative director or the person in charge of information management. The person in charge of information management considers the necessity of a suitable disclosure, and if they determine that a disclosure is necessary, they endeavor to disclose it as soon as possible. The duty of information disclosure will be carried out by a specialist in charge upon the instructions of the person in charge of information management.

To prevent the pre-disclosure leakage of information outside the Company, the Company mandates that information about important matters must be handled via the person in charge of information management during this process leading up to disclosure.

Additionally, we have positioned the Company's website as an important information source for shareholders and investors, and we endeavor to actively disclose information there.

We have established an Internal Audit Department to monitor the state of execution of various management activities in the Company and the Company Group, and we strive to strengthen our checking systems.