

Strengths and initiatives to help

“Maintaining/enhancing the corporate base”

As the corporate philosophy of the Mandom Group, we consider that “Social Responsibility & Sustainability” is the sustainability of the Mandom Group. With that in mind, we treat sustainable management aimed at resolving social and environmental issues (ESG management + SDGs management) as a fundamental concept.

We will continue to develop as a company that is recognized by all stakeholders for its existence value, with the dynamism to survive in any era, and we will further strengthen our corporate foundation based on our management philosophy with advancing our Dedication to Service (Oyakudachi) deeply and widely as the going concern.

In addition, in order to provide cosmetics and quasi-drugs that consumers can use safely and with peace of mind, we are working to ensure conformity with Mandom safety standards (safe quality) and to achieve conformity with consumer satisfaction (reliable quality).

Providing High Quality and Peace of Mind

Reconfiguring Our Quality Assurance System and Quality Assurance Activities

Regarding quality assurance for cosmetics and quasi-drugs, Mandom works to assure fully satisfactory quality as demanded by consumers from purchase to end of use. We engage in quality assurance activities to improve the quality of our products and services in all processes, including planning, design and development, production, sales, and customer handling.

In January 2014, we established the ISO 9001-based “Mandom quality management system” (a system for quality assurance activities that incorporate customer opinions), which we have since operated as we pursue continuous improvement of quality.

In order to continuously improve the effectiveness and reliability of this Mandom quality management system, we

established the Quality Assurance Committee through which we unify the company-wide direction on quality.

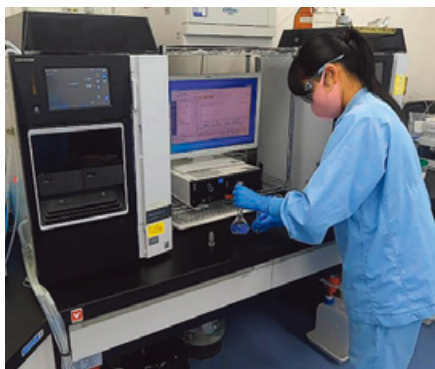
Additionally, the officers in charge, director in charge of overall manufacturing and sales, director in charge of quality assurance, director in charge of safety management and technical supervisors stipulated in the Pharmaceutical and Medical Devices Act (Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices) work closely with each other to supervise and promote quality assurance activities.

For a diagram of the Mandom quality management system, please see the next page.



CSR Information

► Consumer Issues > Promotion of Quality Assurance System



Analysis of active ingredients in quasi-drugs



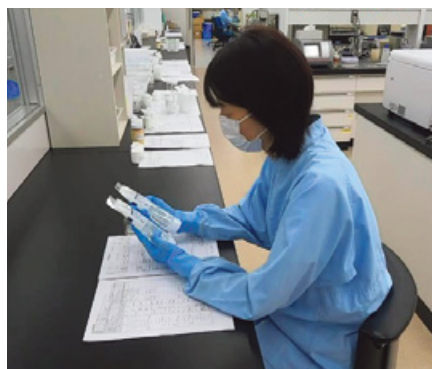
Confirmation of process operations



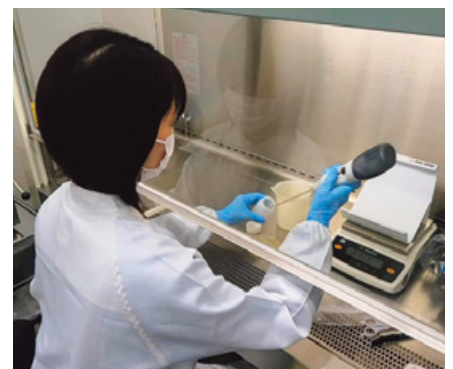
Confirmation of process operations



Visual inspection of products

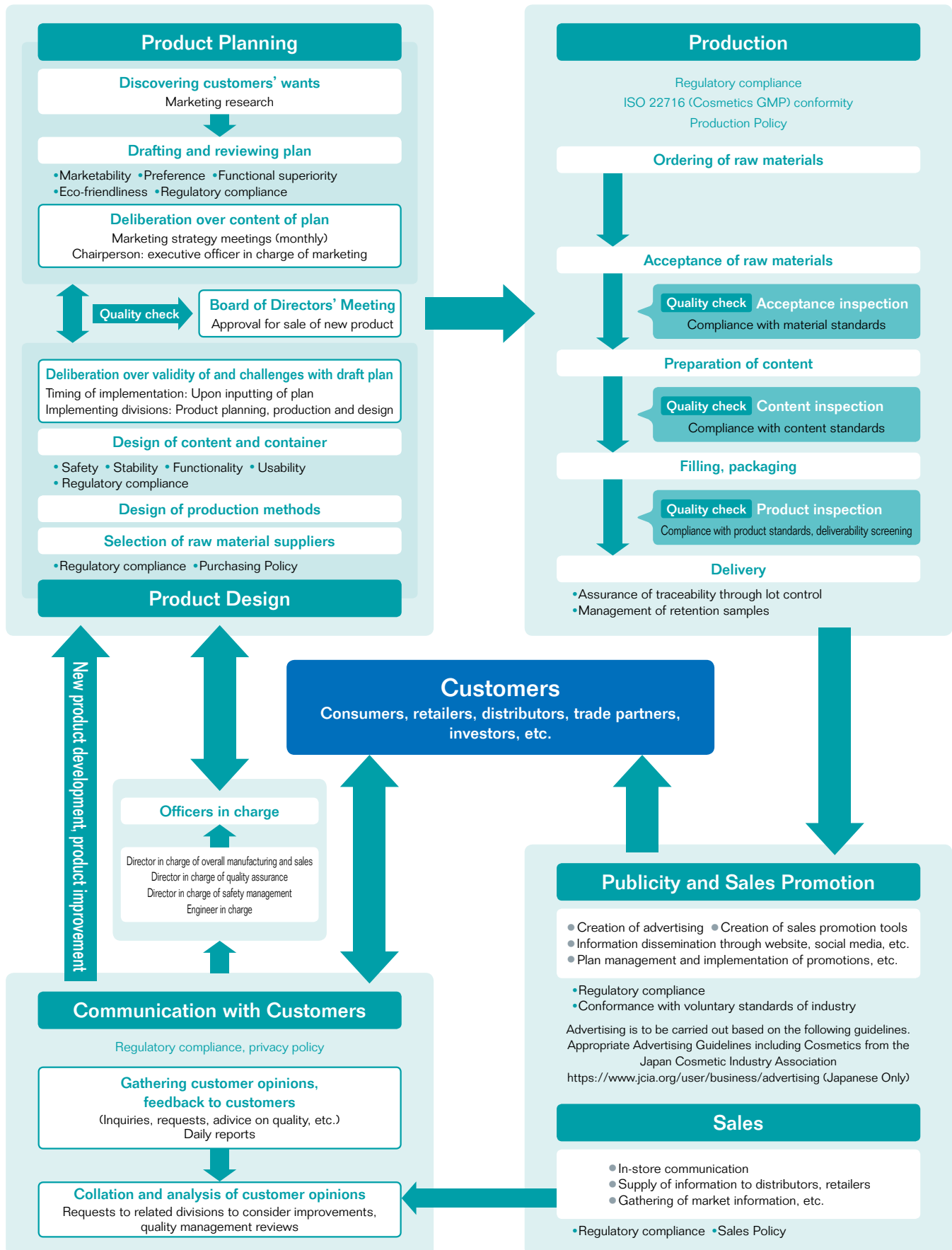


Product sampling inspection



Microbiological inspection

Mandom quality management system (a system for quality assurance activities that incorporate customer opinions)

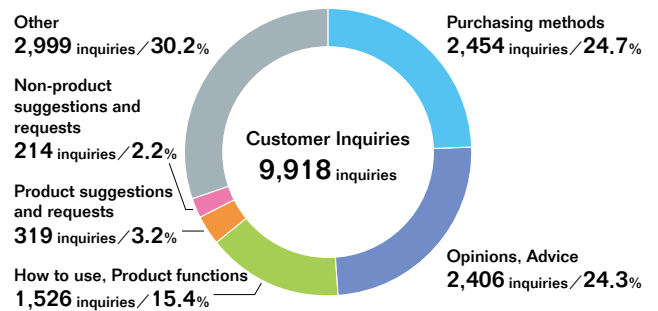


Materiality: “Maintaining/enhancing the corporate base”

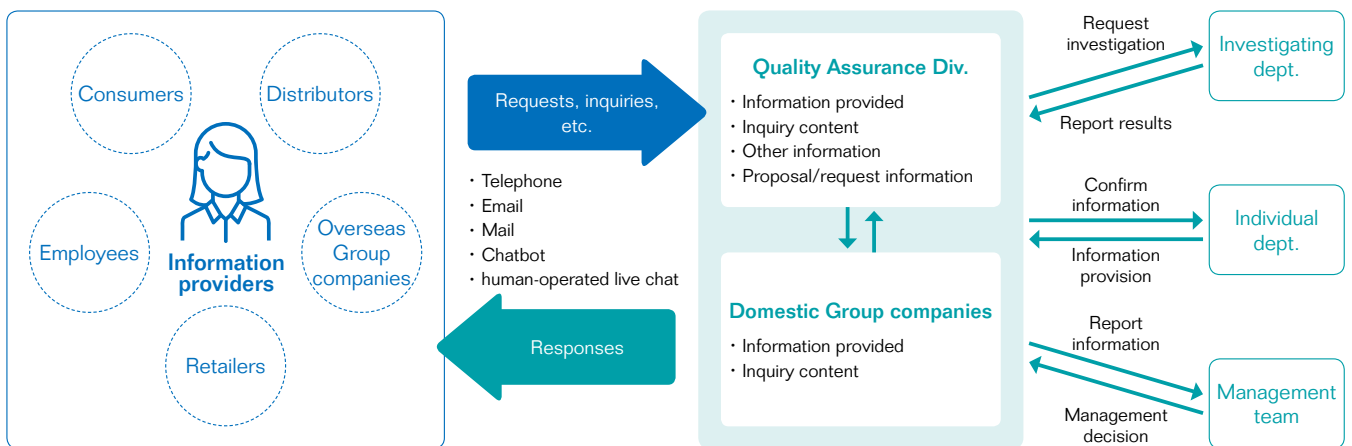
Customer Inquiry System

We set up a Customer Relations Division in 1994 as a general contact point for communicating with customers, including their suggestions, requests and other feedback. After reviewing the feedback received, we add information to the Frequently Asked Questions (FAQ) & Inquiries section of our website as part of our efforts to ensure the supply of information. Furthermore, feedback is compiled in a database, and through mutually attended internal meetings, is passed along to top management and relevant departments to be integrated into future product development and improvement.

Customer Inquiries in FY2022



(Notes) 1. Does not include the number of inquiries received via chatbot.
2. Opinions, Advice: Includes 870 inquiries related to voluntary recalls.



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▶ Customer Support

Examples of Utilizing Customer Feedback

At Mandom, we share feedback from customers with top management and relevant departments, and work to express true customer satisfaction.

The following presents our latest efforts making use of customer feedback.

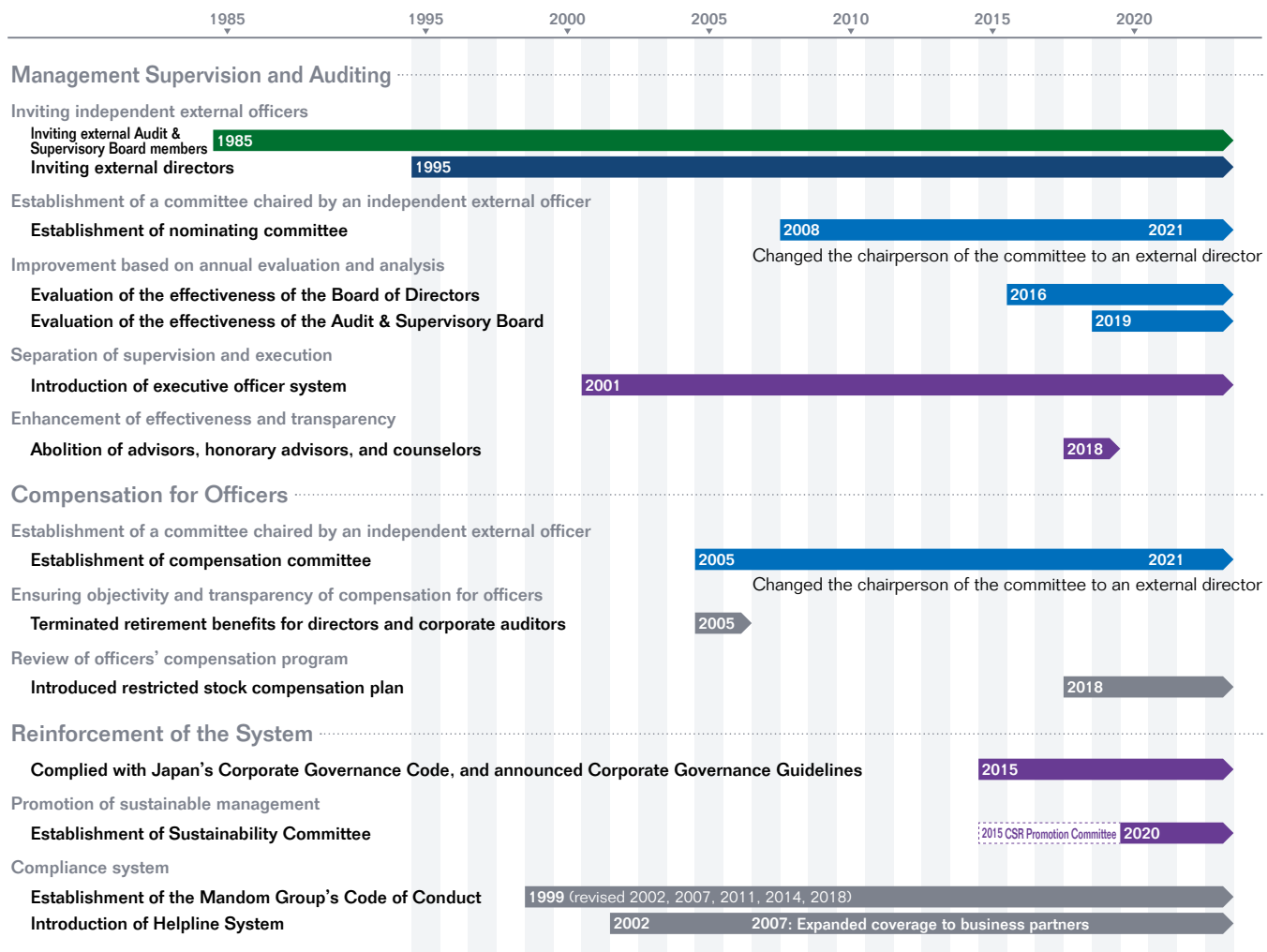
FY2022	LÚCIDO Perfect Skin Gel/Cream	Based on feedback regarding the label on the inner lid such as “The explanation is hard to understand” and “The characters are hard to see,” we changed the explanation to an easy-to-understand one and gave the label content improved visibility.
	LÚCIDO-L Hair Treatment Oil Frizz Care	We stated a “gel form” label to the product in response to feedback that the product did not look how customers imagined.
FY2021	LÚCIDO-L Oil Treatment Series	A customer commented, “It is difficult to see the remaining amount.” In response to this, we improved the label by widening the gap to make it easier to see the remaining amount.
	LÚCIDO-L Hair Styling Stick	A customer reported to us that opening the cap caused the stick inside to break, so we stated “Please pull the cap up without twisting it” on the back side of the product.
FY2020	GATSBY Styling Grease	Since inquiries about how to separate trash to be recycled have increased, the following environmentally-friendly labeling is written on the product: “Bottle is plastic; Cap is aluminum.”
	GATSBY Acne Care Water	Since inquiries about the product appearing blacker have increased because we changed ingredients, the following is written on the top of the product: “Changed to environmentally-friendly powder *Color may appear lighter, but this does not affect quality.”
	GATSBY Body Hair Remover Foam Type	Since inquiries about use in delicate zones have increased, the following is written on the back of the product: “Please do not use on delicate zones.”
	LÚCIDO Ageing Care Refreshing Lotion	We stated a “gel-type” label to the product in response to feedback that the product did not look how customers imagined.

Corporate Governance

Corporate Governance Policy

The Mandom Group’s mission is co-existence, mutual growth and mutual creation with global society. Consequently, to realize our core philosophy, we are dedicated to generating stable profits by pursuing efficiency, while ensuring soundness and transparency. As a result, we look to achieve sustainable, steady growth together with consumers, society and other stakeholders.

Efforts to Strengthen Corporate Governance



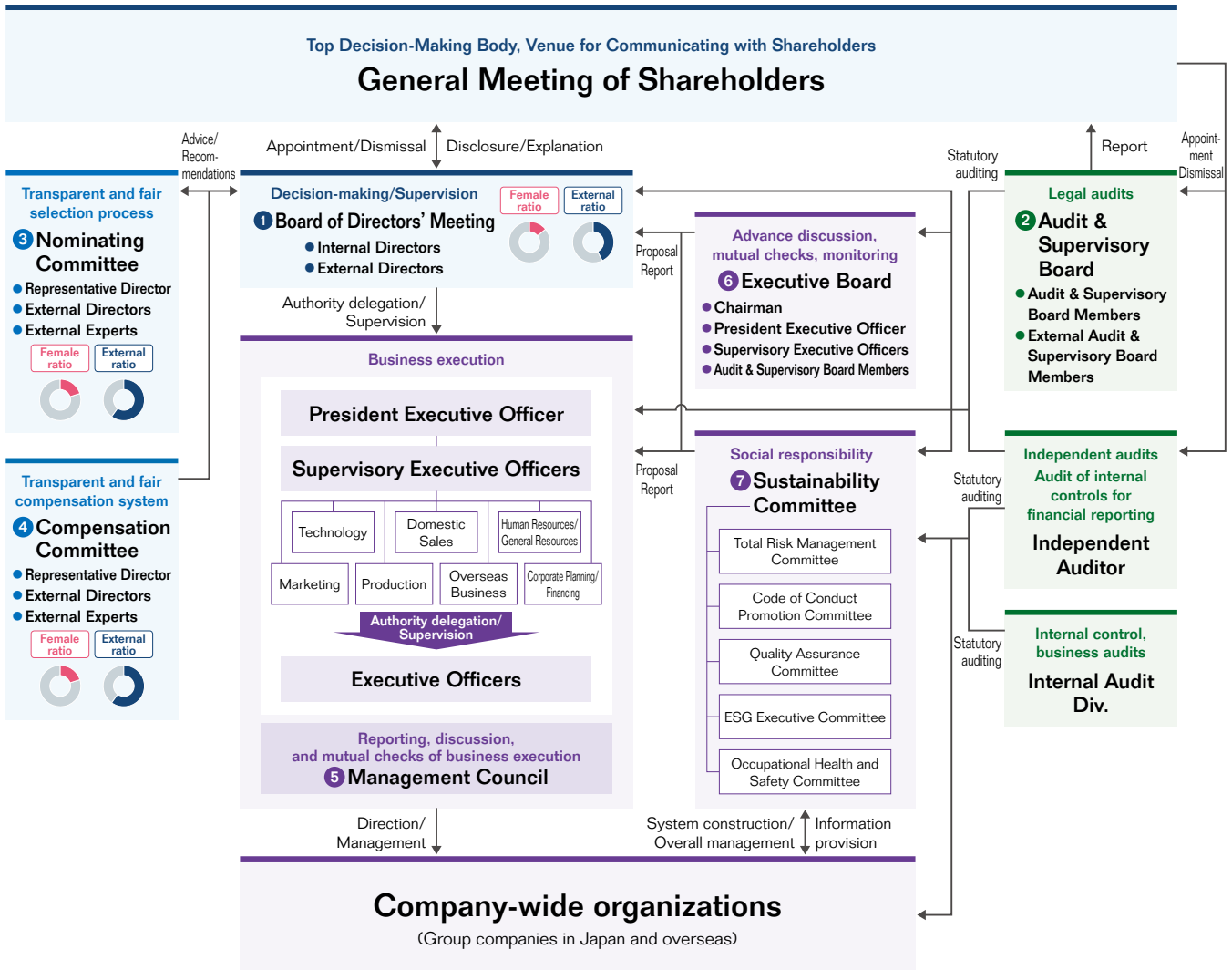
Corporate Governance System

The Company adopts an audit & supervisory board system, where its compliance management is founded on strict audits carried out by Audit & Supervisory Board members to ensure the legality of the Company’s activities. Based on such policy, the Company will strengthen its monitoring and advisory functions by appointing more than one (1) external director in

the Board of Directors. By adopting a system of supervisory and executional officers in charge of specific operations and clarifying responsibilities and delegating authority, we have created a system for the proactive and expeditious execution of operations.

Materiality: “Maintaining/enhancing the corporate base”

Corporate Governance System (as of June 23, 2023)



1 Board of Directors' Meeting

The Board of Directors is comprised of directors and makes decisions regarding important business execution matters based on a corporate philosophy and corporate planning in addition to supervising the execution of business by directors and executive officers. Representative Director and Chairman serves as Chair.

2 Audit & Supervisory Board

The Audit & Supervisory Board is comprised of Audit & Supervisory Board members, who attend important meetings, such as Board of Directors and Management Council meetings. Audit & Supervisory Board members also exchange information with the Accounting Audit and Internal Audit Division and audit the business execution of directors, etc. through hearing of each division and affiliated company. An Audit & Supervisory Board member serves as Chair.

3 Nominating Committee

The Nominating Committee is comprised of the Representative Director and external directors. It is established as an advisory body to the Board of Directors in order to ensure fairness and transparency of the process when determining candidates for directors and Audit & Supervisory Board members. This committee advises the Board of Directors on proposals regarding candidates for director, Audit & Supervisory Board member and supervisory executive officer. An external director serves as Chair.

4 Compensation Committee

The Compensation Committee is comprised of the Representative Director and external directors. It is established as an advisory body to the Board of Directors in order to ensure transparency and fairness of the process when determining officers' compensations. This committee advises the Board of Directors on policies regarding compensation for directors and supervisory executive officers. An external director serves as Chair.

5 Management Council

The Management Council is comprised of officers of executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the applicable fiscal year. The Mandom Group promptly responds to changing business environments by delegating business execution to the Management Council.

The Representative Director & President Executive Officer serves as Chair.

6 Executive Board

The Executive Board is comprised of officers of supervisory executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the medium- to long-term. The Executive Board also deliberates on efforts to realize VISION2027 as developed by the Company.

The Representative Director & President Executive Officer serves as Chair.

7 Sustainability Committee

The Sustainability Committee is comprised primarily of directors, Audit & Supervisory Board members, and supervisory executive officers. While developing our approach for promoting the sustainability of the Mandom Group and holding discussions with relevant departments at committee meetings and other meetings, this committee is strengthening our efforts to contribute to the sustainable development of society.

The President Executive Officer & Director serves as Chair.

Skill Matrix of Directors and Audit & Supervisory Board Members

Mandom acknowledges the importance of a composition of personnel with various business experiences and of diversity when it comes to the composition of the Board of Directors and the Audit & Supervisory Board. From the standpoint of promoting women's contribution, we have had one female external director since June 2019. Mami Ito was appointed in June 2023. At our listed subsidiary in Indonesia, which is our biggest subsidiary in the overseas business, there are six Japanese directors and two directors who are foreign nationals (both of which are female) of the total eight directors. In addition, five foreign nationals (including one of whom is an equity-method affiliate) have already served as representative directors of overseas subsidiaries. Mandom aims to become a global company, and while we currently do not have any foreign national directors or Audit & Supervisory Board members, we acknowledge this as an important issue in order to promote diversity management. Going forward, our policy is to lead innovation and realize new "Dedication to Service (Oyakudachi)" for society and improved

corporate value by proactively promoting diverse human resources, including foreign nationals and female employees, to officers and managerial positions to provide opportunities for them to leverage their talents.

By appointing external directors and external Audit & Supervisory Board members who have no special interest relationships with the Company and are highly independent of the Company, the Company aims to reinforce its corporate governance and augment the Group's overall management quality. The Company has formulated the Standards for the Independence of Independent External Officers shown below. The external directors and external Audit & Supervisory Board members of the Company satisfy these standards and the Tokyo Stock Exchange's independence criteria. The Company has notified the Tokyo Stock Exchange that all of these executives are independent officers.



Company Information

▶ Company Profile > Corporate Governance >

External Officers "Standards for the Independence of Independent External Officers"

Skill Matrix (as of June 23, 2023)

Name	Field of experience*									
	Corporate planning	Global business	Marketing	Sales	Technology/ Production	Finance/ Accounting	Human Resources/ General Resources	Legal affairs and risk management	ESG	DX and IT
[Directors]										
Motonobu Nishimura	●			●		●				
Ken Nishimura	●	●	●	●						
Yasuaki Kameda	●		●	●		●	●	●	●	●
Shinichiro Koshiba		●	●	●						
Independent External	Shigeki Suzuki	●	●		●				●	
	Hitoshi Tanii	●		●	●	●				●
	Mami Ito	●	●	●			●			
[Audit & Supervisory Board Members]										
Takehiko Ikehata	●		●							
Takeshi Hibi		●		●						
Independent External	Masahiro Nishio					● CPA				
	Mikiharu Mori							● Attorney		

* Areas of practical or supervising experience. "Global business" means that the person was seconded by Mandom Corporation to its subsidiaries or affiliated companies where he/she held a management position. For independent external officers, this refers to experience in other companies.

Message from Newly Appointed External Director

[Comments from Chairman Nishimura]

I would like to receive advice from a broad perspective based on Ms. Mami Ito's eventful and unique career and management experience to date. In addition, I am also looking forward to her advice on the promotion of women's activities as part of our diversity and inclusion promotion efforts.

Not only this, but she is also active in the media, sharing her own experiences with younger generations. Therefore, I would like her to have opportunities to talk directly with our employees, and I hope that she will provide valuable insights from an outside perspective as well as a great deal of inspiration.

Along with strengthening our corporate governance, I strongly hope that she will help us improve the overall quality of management of the Mandom Group, a human-oriented company with the corporate slogan of “BE ANYTHING, BE EVERYTHING.” for all consumers.

[Message from Director Ito]

Hello, everyone.

I am Mami Ito, and I was appointed as a director at the General Meeting of Shareholders on June 23, 2023. I look forward to working for the Mandom Group.

I visited Mandom's head office several times before assuming this position, but it was at the reception after the management policy announcement on April 3 that I had a good conversation with Mandom's employees. My honest impression at that time was, “Lively, laughing and having fun!” I was relieved to find that Mandom was considerably friendlier than I had imagined. The atmosphere was full of “Come on in! You're more than welcome!” and I was able to fit in even with people I had never met before. I felt comfortable being so warmly accepted. I believe that Mandom has experienced several turning points in its long history, but Mandom's strength is that it has grown by taking advantage of change as an ally without fearing changes. I think that is the origin of the friendly corporate culture.

In 2000, I became the Representative Director of NIHON DENTO KOUGYO Co., Ltd., a surface treatment company founded by my father. Although I am the daughter of the founder, my father had already passed away and my appointment as president was unexpected, so only a handful of employees greeted me when I went to the office. On the contrary, I started out in an environment so unwelcoming that there were even employees who ignored me. The company itself was on the verge of bankruptcy, so there was no sparkle in the eyes of employees who sensed that the company was fighting for survival, and the atmosphere was very somber. Most of the employees were male baby boomers and they were in a state of resignation, wondering what the inexperienced daughter of the founder could do and thinking that the company was doomed. I am a competitive person, and the more opposition I faced, the more motivated I became. However, it took time and effort to actually revive the company. To put it simply, the reason why the company's business had deteriorated so much was because after my father's passing, they failed to see the times as they were, and took no action in the face of the reality. There may have been plenty of opportunities, but I believe that this state was the result of not taking action, just getting by, hating change, and refusing to



take on new challenges.

There is nothing more foolish than refusing to accept someone, or rejecting them, because they are outside of your industry, because they are a different gender, or because they do not share your values. It is perfectly natural for people to be different. It is precisely because people are not the same that they are fresh and can make new discoveries. Some people have obvious skills that anyone can see are amazing, while others have amazing talents that are hard to see from the surface. Everyone has different strengths and weaknesses. It is important to recognize and respect each other because of our differences.

Japan is a wonderful country. However, I believe that there are still a high percentage of people who are too concerned about their surroundings and do not like to be different from others. Is there still a strong culture of “the nail that sticks out gets hammered down”? Perhaps Japan still has a culture that refuses to recognize uniqueness as a wonderful thing. Perhaps the importance of having your own ideas and asserting them without being dragged down by others has not yet spread throughout Japanese society. This may be one of the reasons why Japan has yet to become a country where women can play an active role. Part of the problem is that many policies have been male-driven for many years. However, it cannot be said that there are no problems on the part of the women who have allowed this to happen. I think it was necessary for women to have the courage to take action for the sake of their juniors and for the future, even though they may be criticized for doing so. Among developed countries, Japan is a backward country in terms of diversity. However, as you all know, with the birthrate declining, the survival of not only companies but also the nation itself will be in jeopardy unless diversity and inclusion are promoted and diverse human resources play an active role. The phase of wait and see, where we think that even if we don't do anything, someone surely will, is over. “Now is the time to act!”

By moving forward, we will inevitably meet others with similar mindsets. Like an orchestra playing different instruments in beautiful harmony, we can combine our different personalities

to deliver a powerful and impactful message to the world. My first impression of Mandom is not only that it has a cheerful corporate culture, but also that it is a company that makes it possible for anyone to do what they want. I hope that this positive impression of “BE ANYTHING, BE EVERYTHING!” will not only spread within the company, but will also be conveyed to the consumers who use Mandom’s products. Through Mandom’s stance and values, I want to make Mandom a

company so impactful that everyone remembers to enjoy life in their own way. I have only been in office for a short time, and I am sure there are many things I do not yet understand. However, I would like to fulfill my role as an external director by drawing on my 23 years of experience as a business manager and the sensitivity I have developed growing up in a bicultural environment.

Method of Determining Compensation Amounts for Company Officers

In addition to ensuring soundness and transparency, the Company’s compensation for directors is aimed at the appropriate pursuit of efficiency, leading to the achievement of management plans and the enhancement of corporate value. To this end, the Company sets an amount of fixed compensation to ensure steady devotion to their duties. In addition, a certain amount of performance-linked variable compensation is provided to serve as an incentive to a higher level of motivation. The Company’s policy is to strike a balance between these two.

The Company sets fixed compensation amounts at appropriate levels by referring to third-party data. These amounts differ according to executive rank and Group management responsibilities.

Variable compensation is linked to single-year and medium- to long-term performance at an appropriate ratio. Annual payment amounts are set to reflect performance with reference to the Company’s performance in the preceding fiscal year and achievement of planned targets, and to the business plan for the current fiscal year (amounts paid to individual internal directors are based on evaluation of their individual performance). Restricted Stock compensation (in principle, the amount will correspond to compensation for performance of duties in the first year covered by Middle-Range Planning) is

linked to medium- to long-term performance. Restricted Stock compensation aims to further promote shared value with shareholders and provide an incentive to strive to continually increase the Company’s corporate value.

Compensation for external directors is composed solely of fixed compensation.

Compensation for Audit & Supervisory Board members is set at an appropriate level that reflects their important role and responsibility for conducting rigorous legal audits that form the basis of compliance management for the Group, thereby maintaining and improving corporate value. As the role and responsibility of Audit & Supervisory Board members is to conduct rigorous legal audits unrelated to the Company’s operating performance, their compensation is composed only of the fixed compensation portion, which is not affected by operating performance.

The amount of compensation for directors is determined by a resolution of the Board of Directors within the limit of compensation approved at the General Meeting of Shareholders based on the deliberation and report of the Compensation Committee, which is chaired by an independent external director and of which more than half of the members are from outside the Company (external officers and external experts).

Appropriate Balance of Fixed and Performance-Linked Compensation (at time of standard evaluation)

Percentage of compensation	Fixed compensation (monetary) Approximately 60%	Short-term performance-linked compensation (monetary) Approximately 31%	Medium- to long-term performance-linked compensation (shares) Approximately 9%
Payment method	Set compensation level based on responsibility Paid as monthly fixed compensation	Performance evaluation based on achievement of single-year targets Paid as bonus after evaluating target achievement	Performance evaluation based on achievement of Middle-Range Planning targets Paid Company shares within three fiscal years corresponding to Middle-Range Planning
Performance evaluation period	—	One year	Three years (FY2021–2023)
Evaluation indicator	—	Company performance <ul style="list-style-type: none"> Achievement rate for consolidated net sales forecast in pertinent fiscal year Achievement rate for consolidated operating margin forecast in pertinent fiscal year Rate of dividend growth Individual performance <ul style="list-style-type: none"> Evaluation of contributions (Representative Director only evaluated based on Company performance) 	Company performance <ul style="list-style-type: none"> Middle-Range Planning Achievement rate for consolidated net sales in final year Middle-Range Planning Achievement rate for consolidated operating margin in final year Achievement rate for consolidated ROIC
Range of fluctuation of evaluation	—	50% above or below standard	33% above or below standard
Eligible persons	Directors Audit & Supervisory Board members Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers Executive Officers

Materiality: “Maintaining/enhancing the corporate base”

Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members for FY2022

Category	Total amount of compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)			Number of eligible officers
		Fixed compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (external directors)	288 (24)	203 (24)	49 (—)	36 (—)	7 (3)
Audit & Supervisory Board Members (external Audit & Supervisory Board Members)	50 (14)	50 (14)	— (—)	— (—)	4 (2)
Total (external officers)	339 (38)	253 (38)	49 (—)	36 (—)	11 (5)

- (Notes) 1. The amount of monetary compensation for directors was resolved at the 89th Ordinary General Meeting of Shareholders held on June 23, 2006 to be no more than ¥450 million per year. As of the close of said General Meeting of Shareholders, the number of directors was eight (including one external director). Separately from the above compensation framework, a resolution was passed at the 101st Ordinary General Meeting of Shareholders held on June 22, 2018 that the annual amount of compensation under the Restricted Stock compensation plan shall not exceed ¥150 million and the maximum number of shares shall not exceed 39,000 shares per year (external directors are not eligible for the grant). This compensation amount is, in principle, based on the assumption that an amount equivalent to the compensation for the execution of duties over the period covered by the Middle-Range Planning will be paid in a lump sum in the first year of the period covered by the Middle-Range Planning. The number of directors (excluding external directors) as of the close of said General Meeting of Shareholders was five.
2. The amount of monetary compensation for Audit & Supervisory Board members was resolved at the 88th Ordinary General Meeting of Shareholders held on June 24, 2005 to be no more than ¥70 million per year. As of the close of said General Meeting of Shareholders, the number of Audit & Supervisory Board members was four (including two external Audit & Supervisory Board members).

Policy Related to Stockholdings

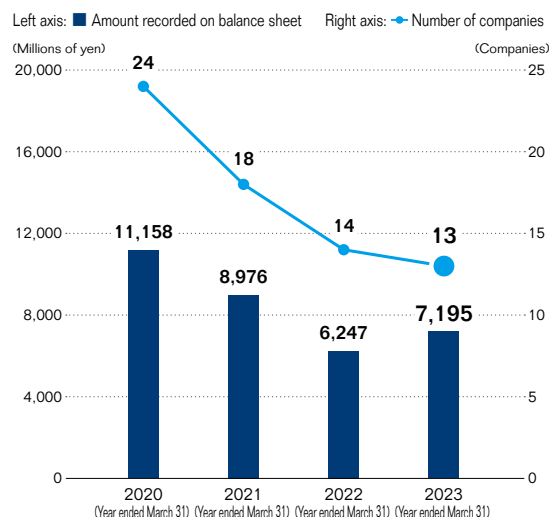
The Group maintains a basic policy of strategically holding shares of listed companies that it determines will contribute to the sustainable improvement of corporate value in the Group from a medium- to long-term perspective due to the synergies emerging from strengthening relationships through stockholding. Each year, the Board of Directors verifies whether the profit and risks that correspond to holding each individual company stock are aligned with capital costs and maintains a policy to comprehensively judge the logic of holdings. The Board of Directors will consider reducing holdings if it determines that a stockholding is not logical. Even if stockholding is logical, the Board of Directors will consider selling as needed after considering a myriad of factors, including free cash flows, investment plans, etc. Our policy is to keep the amount recorded on the balance sheet for policy

stockholdings at less than 10% of net assets at the end of each fiscal year. However, it was 10.1% at the end of March 2023. The Company’s policy is to reduce by at least 30% by the end of March 2024 compared to the end of March 2021. Stockholding of shares is a matter for approval by the Board of Directors. The Group publishes the purpose for holding major stockholdings in the securities report. The Group judges exercising voting rights for stockholdings based on whether a decision will contribute to the improvement of shareholder value for the Group and the alignment with the purpose of this investment. The Group strives for constructive dialogue with the company from the position of a shareholder and maintains a policy to appropriately and strictly exercise voting rights to improve mutual healthy corporate value and synergies.

Number of Companies with Stock Held and Amount on Balance Sheet

Category		2020	2021	2022	2023
		(Year ended March 31)	(Year ended March 31)	(Year ended March 31)	(Year ended March 31)
Number of companies	Listed	24	18	14	13
	Not listed	7	6	6	6
	Total	31	24	20	19
Amount recorded on balance sheet (Million of yen)	Listed	11,158	8,976	6,247	7,195
	Not listed	26	24	24	24
	Total	11,184	9,000	6,271	7,219

Trend of listed shares



Evaluation of the Effectiveness of the Board of Directors

Since 2016, the Company has conducted an annual survey on the effectiveness of the Board of Directors targeting those participating in the Board of Directors (excluding the chairman). **Based on the results of the survey, we believe that the effectiveness of our Board of Directors has been ensured if the quantitative evaluation shows that the Board of Directors has been appropriately implemented. In addition, items that were pointed out or suggested in the qualitative evaluation**

and items that need to be strengthened in future corporate governance are identified as issues and items for improvement.

The following is a summary of our evaluation and analysis of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2023 based on the Corporate Governance Code (hereinafter the “CG Code”) [Supplementary Principle 4-11 ③] in our Corporate Governance Guidelines (hereinafter the “CG Guidelines”).

Evaluation and Analysis Procedures and Quantitative Results

1. From January up through February 2023, a questionnaire was distributed to participants in the Board of Directors to determine whether the Company’s Board of Directors is effectively fulfilling its role in accordance with the policies and other requirements of Section 4 (Responsibilities of the Board) of the CG Code as stated in the CG Guidelines, and responses were obtained from all eligible participants.
2. Based on these responses, the Representative Director & Chairman, who is the Chairperson of the Board of Directors, interviewed each internal director to confirm their content.
3. The responses to the above questionnaire and the results of the interviews were provided to the participants of the Nominating Committee, and after ensuring a period and opportunity for consideration by the participants, the Nominating Committee made a report to the Board of Directors after careful deliberation.
4. Upon receiving the Nominating Committee’s report, the Board of Directors confirmed the results of its own evaluation and analysis of the effectiveness of the Board of Directors based on an understanding and respect for the content of the report.

The results were as follows: 67.0% for the highest evaluation (appropriate) (66.1% in 2021), 29.1% for the next highest evaluation (appropriate with some issues) (30.3% in 2021), and 2.6% for the lowest evaluation (not appropriate with many issues) (1.7% in 2021).

Items for Which Effectiveness Has Been Ensured

- ① Based on the Mandom Mission Framework, the Board of Directors has developed, revised as needed, and disclosed the Corporate Governance Policy and Corporate Governance Guidelines through constructive discussions in prior deliberations at the Executive Board and Management Council meetings.
- ② The Board of Directors formulated and disclosed appropriate Standards for the Independence of Independent External Officers. In addition to complying with these standards, the Board of Directors also invited persons capable of monitoring from an objective perspective of a shareholder who possess a wealth of business experience and an understanding and knowledge of management.
- ③ The Board of Directors appropriately established and disclosed the “Philosophy of Balance, Diversity, and Scope of the Board of Directors” and the “Policies and Procedures Related to Appointment of Directors” after receiving advice from independent external directors and Audit & Supervisory Board members and conducting constructive discussions, and has maintained the structure of the Board of Directors in accordance with these policies.

Issues and Improvement Items

- ① While the Nominating Committee and Compensation Committee, which are chaired by external directors, are being properly operated, it is believed that clarifying policies and procedures would result in increased transparency as well as deeper discussion with respect to personnel affairs for and the development of officers and the management team.
- ② It is believed that further reinforcing supervising functions for business execution by the management team would produce stronger linkage to actions to follow through differential analysis and reflections of progress in management plans.

Examples of Specific Comments

Items for Which Effectiveness Has Been Ensured

- The Nominating Committee, which is chaired by an external director, is being properly operated, its reports are being respected, and sufficient governance is being ensured. [Supplementary Principle 4-3 ④]
- Exchanges of information with executive officers are being conducted by external directors. There is a sense of this being effective in demonstrating monitoring functions. [Principle 4-6. Business Execution and Supervision of the Management]
- Effective in gathering information and ascertaining the current situation, such as through informal discussions with executive officers, quality meetings, and factory cost meetings. Regular meetings to exchange information with Audit & Supervisory Board members are highly meaningful. [Supplementary Principle 4-13 ③]

Issues and Improvement Items

- Regarding our long-term vision, it is believed that gaps have arisen with VISION2027 in aspects such as changes in the management environment and the suitability of the company’s business model in the COVID-19 and the post-pandemic world. It is likely necessary to make revisions under the leadership of the Board of Directors. [Supplementary Principle 4-1 ②]
- Perhaps personnel affairs for principal members of the managerial team need to be handled with greater room to spare. [Supplementary Principle 4-3 ①]
- The careers of external directors are the same with all of them being management executives. [Principle 4-7. Roles and Responsibilities of Independent Directors]