

Furukawa Electric Co., Ltd.
Guidelines on Corporate Governance

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Enacted December 17, 2015
(Last revised on December 16, 2021)

Furukawa Electric Co., Ltd.
Guidelines on Corporate Governance

CHAPTER 1 General Provisions

1. Furukawa Electric Group Corporate Philosophy

■ Corporate Philosophy

Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.

■ Management Philosophy

With an eye to the future, the Furukawa Electric Group management team pledges to:

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.

■ Core Value

We have set the values we wish to particularly emphasize and enhance even further, for the achievement of Corporate Philosophy and the sustainable growth of Furukawa Electric Group, as "Core Value".

“Integrity”, “Innovation”, “Addressing Reality”,
“Ownership and Speed”, “Collaboration”

■ Furukawa Electric Group Vision 2030

In order to build a sustainable world and make people's life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility.

2. Furukawa Electric Group Basic Policy on Sustainability

Furukawa Electric Group will:

- in line with its mission of contributing to the realization of a truly affluent and sustainable society, tackle important management issues (materiality) from the perspectives of both revenue opportunities and risks, while focusing on the future of people and the planet.
- in order to have sustainable growth and contribute to the achievement of SDGs (sustainable development goals), strengthen and create businesses that solve social issues, while focusing on capital efficiency and continuing to transform its business through continuous technological innovation centered on material technologies and collaboration with various stakeholders.
- contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication, while complying with laws, regulations, social norms and ethics in Japan and overseas.

3. Basic Views on Corporate Governance

(1) Basic Views on Corporate Governance

Based on the “Furukawa Electric Group Corporate Philosophy”, we enhance our management performance responding appropriately to changes in the business and market environment by prompt business decision making as well as with transparency and fairness. At the same time, we ensure sound management by developing and establishing an effective internal control system. With these, we will expand and develop our

business on a sustainable basis and increase our corporate value.

Furthermore, we seek to strengthen and enhance our corporate governance, in accordance with the followings:

- i) We secure the rights and equal treatment of shareholders;
- ii) We consider interests of stakeholders including shareholders, and cooperate appropriately with them;
- iii) We ensure appropriate information disclosure and transparency;
- iv) Given its fiduciary responsibility and accountability to shareholders, Board of Directors carries out effective oversight of management from objective standpoint, respecting the independent Directors' role for the oversight;
- v) We engage in constructive dialogue with shareholders who have investment policies in accordance with interests of mid-to-long-term shareholders.

(2) Based on “Basic Views on Corporate Governance”, we adopted these guidelines as a policy for enhancing our corporate governance.

CHAPTER 2 Relationship with Stakeholders

Section 1 Relationship with Shareholders

1. Annual Shareholders Meeting

We recognize that Annual Shareholders Meeting is an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures listed below to ensure the exercise of shareholder rights at such meetings:

- ① We provide accurate information to shareholders in order to facilitate appropriate decision-making at Annual Shareholders Meeting;
- ② We send convening notices for Annual Shareholders Meeting early enough and disclose them on such as our website, before sending to give shareholders sufficient time to consider the agenda and opportunity to exercise voting rights appropriately;
- ③ We strive not to hold the Annual Shareholders Meeting on the date when many companies hold their Annual Shareholders Meeting and determine the date of the Annual Shareholders Meeting and any associated dates appropriately;
- ④ For convenience of institutional and foreign shareholders, we use voting system via the Internet and the Electronic Voting Platform, and disclose the provision of English translations of the convening notices of Annual Shareholders Meeting;
- ⑤ In case any institutional investor who holds shares in street name (i.e. in the name of a trust bank and/or custodial institution) expresses an interest in advance in attending the Annual Shareholders Meeting, we work with the trust bank and/or custodial institution to consider our response: for example, upon going through predetermined procedures such as checking whether the investor in question is the beneficial shareholder, we may permit the investor to enter the Annual Shareholders Meeting venue as an observer.

2. Securing the Rights of Shareholders

- (1) We give due consideration and take appropriate measures to fully secure rights of all shareholders (including minority shareholders and foreign shareholders), including voting rights at the Annual Shareholders Meeting.

- (2) When Board of Directors recognizes that a considerable number of votes have been cast against a proposal by the company, it analyzes the reasons why many shareholders opposed, and consider measures including making opportunities for dialogue with institutional investors.

3. Capital Allocation Policy

(1) Basic Strategy for Capital Allocation Policy

In our basic strategy for capital allocation policy, we aim for management focusing on capital efficiency and balancing among growth and future new business investments, improvement of balance sheet and returns to the Company's shareholders.

(2) Execution of Capital Allocation Policy

With respect to execution of our capital allocation policy that results in the change of control or in significant dilution, including share offerings, Board of Directors and Audit & Supervisory Board Members carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

4. Policy for Cross-Shareholdings

(1) Policy for Cross-Shareholdings

We will reduce Cross-Shareholdings that we have determined to contribute to improve capital efficiency and decided not to have the significance of possession. Annually, at Board of Directors, we will verify the

appropriateness of ownership of all listed company as Cross-Shareholdings and disclosure of the outline of the verification contents.

In the verification, we have an comprehensive perspective including methods of comparing the quantitative benefits holding of shares with the holding costs calculated from the market value and capital cost of the stocks, creating of business opportunities, and maintaining of cooperative relationships in business.

※We define “Cross-Shareholdings” as the “investment stock that its purpose for holding is other than pure investment purpose” in securities report.

(2) Standards with respect to the Voting Rights as to our Cross-Shareholdings

We exercise the voting rights for all proposals on the shares are determined to be held through reviewing the contents of the proposals and determining whether or not to contribute to the improvement of shareholders value of the issuing company.

We consider voting against for the proposal such as to damage the shareholders value of the issuing company.

5. Related Party Transactions

When a Director intends to carry out any transactions with the Company or in the line of business of the Company for himself/herself or for a third party, the Director obtains approval of Board of Directors in advance and reports their results to Board of Directors based on the laws, regulations and Company’s rules in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders.

Section 2 Relationship with Stakeholders other than Shareholders

1. Code of Conduct etc.

(1) Under the “Furukawa Electric Group Corporate Philosophy”, we

establish the “Furukawa Electric Group Basic Policy on Sustainability” as a basic idea for our Group to achieve sustainable growth and “The Furukawa Electric Group CSR Code of Conduct” as the fundamental rules of behavior for executives and employees of our group to follow in conducting corporate activities.

We strive to be implemented these philosophies broadly.

- (2) Implementation of the “Furukawa Electric Group Basic Policy on CSR” and the “Furukawa Electric Group CSR Code of Conduct” is verified and reported to Board of Directors every year.

2. Ensuring Diversity

- (1) Our Group aims to become a more diverse and creative organization and promote diversity of personnel, including the active participation of women.
- (2) We set our policy and goals for ensuring diversity of core human resources in appointing people to managerial positions, and disclose them along with the current status.
- (3) We disclose our policies on initiatives for ensuring diversity, as well as the implementation status.

3. Whistle Blowing

To prevent compliance infringements and to enable to correct them early, we establish the whistle blowing system and point of contacts that are inside and outside of the company.

With securing the confidentiality of the information provider regardless of the point and considering adequately in order to prohibit any disadvantageous treatment to the information provider, we take appropriate action, for example reporting and investigating the whistle blowing which is recognized that it needs to investigate timely and establishing the systems

to report to Board of Directors depending on the content.

4. Sustainability Issues

(1) We take appropriate and positive measures to address sustainability issues, including consideration of climate change and other global environmental issues, respect of human rights, consideration of safety and health of employees as well as fair and appropriate treatment of employees, risk management across the entire supply chain including natural disaster response.

Board of Directors deepens its consideration of sustainability issues, including important business issues (materiality) related to revenue opportunities and risks, and appropriately and positively addresses such issues.

(2) We collect and analyze necessary data on impact of climate-related risks and revenue opportunities on our business activities and revenue, and appropriately disclose such information in accordance with an internationally well-established disclosure framework.

5. Roles of Corporate Pension Fund as Asset Owners

We fully recognize that pension asset management affects our own financial standings in addition to stable asset formation for employees.

In human resources allocation, the personnel in the accounting department who have expertise and experience on asset management in charge should assume the asset management.

In operation, we should entrust the operation of all pension assets to the pension investment management organization that has expressed the acceptance of The Stewardship Code, and monitoring and evaluating the operation status of the entrusted management institution and the implementation status of the stewardship activities and should strive for safe and efficient asset management.

CHAPTER 3 Corporate Governance System

Section 1 Governance Organization, etc.

(1) We adopt the “Company with the Audit & Supervisory Board” type under the Japanese Companies Act., taking account of the importance of maintaining the independence of the statutory audit function.

And we have a “Nominating/Compensation Committee”, the majority of whose members shall be Outside Directors, and in principle, the Committee shall be chaired by an Outside Director.

Furthermore, we split the function of management decision-making and oversight, and the function of business execution; and we also adopted the Corporate Vice President system to expedite business execution, and established the Management Committee as the highest decision-making body concerning business execution.

Section 2 Board of Directors

1. Roles and Responsibilities of Board of Directors

(1) Given its fiduciary responsibility and accountability to shareholders, for promoting sustainable corporate growth and the increase of corporate value over the mid-to-long-term and enhancing earnings capability and capital efficiency, Board of Directors performs roles and responsibilities listed below:

- ① The establishment of business principle and the setting of strategic direction;
- ② The establishment of an environment that supports appropriate risk-taking by the Management (meaning Executive Director(s) including Representative Director(s) and Corporate Vice President(s). The same shall apply in this chapter.);
- ③ The effective oversight of the Management from an independent and

objective standpoint.

(2) Board of Directors performs the following actions based on the preceding paragraph of roles and responsibilities:

- ① Determination of corporate governance-related matters;
- ② Establishment and amendment of business strategies and oversight of execution of such strategies and plans;
- ③ Determination of capital allocation policy-related matters;
- ④ Appointment and dismissal of the Management team members (including identification of the skills set necessary for Board of Directors as a whole), and determination of their remuneration (including delegation of such roles to Nominating/Compensation Committee);
- ⑤ Establishment of an internal control system relating to compliance and financial reporting and risk management systems, and oversight of them;
- ⑥ Decision on important business matters;
- ⑦ Others prescribed by the applicable laws and regulations etc.

(3) Based on the Company's business principles (i.e. Management Philosophy), Board of Directors establishes and amends business strategy and medium-term business plan.

When establishing and amending the business strategy and medium-term business plan, Board of Directors sets and presents targets for revenue plans, profitability and capital efficiency, upon recognizing the cost of capital, based on the causal analysis of differences between targets and results under former business strategy and medium-term business plan; and provides shareholders, etc. with explanations on specific measures for achieving the targets (including review of the business portfolio, allocation of management resources) and the progress of such measures, etc.

(4) Every year Board of Directors analyzes and evaluates its effectiveness as

a whole, taking into consideration of the self-evaluations of each Director and Audit & Supervisory Board Member. A summary of the results is disclosed, and Board of Directors endeavors to improve its function by implementing improvement measures appropriately.

- (5) Board of Directors ensures adequate cooperation with the internal audit department (i.e. Auditing Department), including direct reporting from the internal audit department.

2. The Scope and Content of matters that Board of Directors makes Decisions

- (1) In order to promote timely and decisive decision-making, based upon appropriately functioning corporate governance pursuant to the Guideline, certain decision-makings are delegated to the Management to the extent of the applicable laws and regulations.

The scope and content of the delegation is stipulated specifically in the standards for decision and report to Board of Directors and the Management Committee etc. depending on importance of the decision-makings.

- (2) In consideration of important business issues for the occasion, the standards of the preceding paragraph are revised appropriately, based on the Board evaluation results.

3. Chairperson of Board of Directors

- (1) Chairperson of Board of Directors is appointed by mutual vote from among the members of Board of Directors pursuant to Article 22(1) of Articles of Incorporation of Furukawa Electric Co., Ltd.
- (2) Chairperson of Board of Directors endeavors to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by Outside Directors.

4. Operation of Board Meetings

- (1) Board of Directors ensure the following to discuss and exchange of views constructively, and to attempt to make deliberations active:
 - ① Materials for Board Meetings are distributed (including disclosed by electronic means) sufficiently in advance of the meeting date;
 - ② In addition to Board materials and as necessary, sufficient information is provided by prior explanation about the materials;
 - ③ The schedule of Board Meetings for the current year and anticipated agenda items are determined in advance;
 - ④ The number of items to be discussed in Board Meetings and the frequency of Board Meetings are set appropriately and sufficient time for deliberations is ensured.

- (2) Legal Department assists the operation of Board Meetings and provides information about agenda items of them and support for Directors and Audit & Supervisory Board Members.

Directors may request the Company to provide with information as necessary.

- (3) Directors and Audit & Supervisory Board Members may consult with external specialists at company expense as necessary.

Section 3 Nominating/Compensation Committee

1. Formation and Roles of Nominating/Compensation Committee

- (1) We established Nominating/Compensation Committee for the purpose of ensuring objectivity and transparency in deliberation and decision-making procedures concerning nomination of Directors and other officers and their remuneration.

- (2) Nominating/Compensation Committee consists of 5 or more members,

majority of which shall be Outside Directors appointed from Directors by the Board of Directors resolution.

In principle, the Chairperson is appointed from Outside Directors and by mutual vote.

(3) Upon a request from Board of Directors, Nominating/Compensation Committee deliberates and reports matters of nominating candidates for Directors listed below:

- ① Agendas to be proposed to a Shareholders Meeting upon an appointment and removal of Directors and Audit & Supervisory Board Members;
- ② Election and dismissal of a Representative Director, Chairperson of the Board and President;
- ③ Appointment and removal of Corporate Vice Presidents;
- ④ Appointment and dismissal of Executive Officers (Corporate Senior Executive Vice President / Corporate Executive Vice President / Corporate Senior Vice President);
- ⑤ Policy on Remuneration for Directors and Corporate Vice Presidents.

(4) Upon a delegation from Board of Directors, Nominating/Compensation Committee deliberates and determines matters of listed below:

- ① Evaluation of Directors and Corporate Vice Presidents;
- ② Systems concerning Remuneration for Directors and Corporate Vice Presidents based on the policy decided by Board of Directors on the item 5 of the preceding paragraph;
- ③ Details concerning Remuneration for individual Directors and Corporate Vice Presidents based on the policy decided by Board of Directors on the item 5 of the preceding paragraph;
- ④ Agendas to be proposed to a Shareholders Meeting on Remuneration for Directors and Audit & Supervisory Board Members;
- ⑤ Guidelines of Remuneration for representatives of affiliated companies;

- ⑥ Policy on the term of Directors and Corporate Vice Presidents and handling after their retirement;
- ⑦ Contents of appointment, removal and remuneration about Senior Advisers and Honorary Advisers;
- ⑧ Contents of the Management's succession planning.

(5) Upon opinion of Audit & Supervisory Board, Nominating/Compensation Committee deliberates and determines on the training and its policy of Directors, Audit & Supervisory Board Members and Corporate Vice President.

2. Policy on Nomination and removal of Candidates for Directors, Audit & Supervisory Board Members and Corporate Vice Presidents

(1) Policy on Nomination of Candidates for Directors etc.

- For high quality and valuable deliberation, the number of Directors is limited about 10, and total number of participants including Audit & Supervisory Board Members in the Board Meetings is less than 20 at most.

- There are many affiliates in Japan and abroad, and our business area is very widely and variously.

So candidates for Directors, Audit & Supervisory Board Members are nominated or Corporate Vice Presidents are appointed with taking into consideration whether their skills, knowledge and experience are enough to each position for the occasion, in order to contribute to raising corporate value .

We also consider diversity including gender and international experience.

- Candidates for Outside Directors, Audit & Supervisory Board Members are nominated in consideration of the balance of their knowledge and career, for example, a person with experience of corporate management or government, an engineer who is versed in

technology and an expert on law or accounting. They are expected to participate in the deliberation of the Board Meetings from the variety of viewpoint.

- We consider that at least one Audit & Supervisory Board Member has appropriate expertise on finance and accounting.
- Where Directors and Audit & Supervisory Board Members also serve as Directors, Audit & Supervisory Board Members or the Management at other companies, such positions are limited 5 or under including our company at most.

The information of the concurrent posts is disclosed each year.

(2) When candidates for Directors and Audit & Supervisory Board Members are nominated, Corporate Vice Presidents are appointed or they are dismissed, the reasons of the individual nominations, appointments and dismissals are disclosed.

(3) When Directors and Corporate Vice Presidents are removed, Board of Directors makes a comprehensive judgment based on deliberations and reports of the Nominating/Compensation Committee.

3. Succession Planning

(1) Succession planning for the President as CEO is deliberated, determined and revised every year in Nominating/Compensation Committee, based on the “Furukawa Electric Group Corporate Philosophy” and specific business strategies.

(2) Succession planning for Corporate Vice Presidents is revised every year and confirmed in Nominating/Compensation Committee.

(3) Candidates for the President or Corporate Vice Presidents in the future are fostered based on a plan, for example, they are advised by outside consultants, trained for the Management and targeted for change of

Department to get necessary experiences.

4. Policy for Remuneration of the Management

(1) Policy for Determining the Remuneration of the Management

The remuneration of Directors and other officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Group will increase its corporate value and achieve sustainable growth while contributing to the society through its business activities.

(2) Outline of Remuneration of the Management determined in the preceding policy consists of Basic salary, Short-term performance-linked remuneration (individual divisions), Short-term performance-linked remuneration (the entire Company) and Mid-to-long-term performance-linked remuneration.

- Basic salary is paid in cash in a fixed amount every month.
The amount paid to each person differs depending on their role, i.e., management supervision role or business execution role, and position.
- Short-term performance-linked remuneration (individual division) is paid to each officer.
The remuneration amount for each person is determined by the Nominating/Compensation Committee after evaluating their actual performance versus the business plan of the division in charge and the progress of implementing measures during the previous fiscal year.
The determined amount is paid in cash every month.
- Short-term performance-linked remuneration (the entire Company) amount, which is paid in cash once a year, is determined by the Nominating/Compensation Committee, using consolidated operating income as the base for evaluation.
- Mid-to-long-term performance-linked remuneration is stock award

through the Trust.

Eligible Directors and Officers grant points for their service of each fiscal term for the future stock payout, amount of which point to each Eligible Directors and Officers varies depending on its rank. Every three-fiscal-year, points become vested as a right to receive stock remuneration after downward only adjustment by the pre-set measures.

Upon its retirement, Eligible Directors and Officers are paid from the Trust in the stocks in the amount corresponding to the vested points accumulated during their fiscal term.

Eligible Directors and Officers of each Remuneration program are following.

- Basic salary : Directors, Audit & Supervisory Board Members as well as Corporate Vice Presidents and Senior Fellows who are not Directors.
- Short-term performance-linked remuneration (individual divisions), Short-term performance-linked remuneration (the entire Company) and Mid-to-long-term performance-linked remuneration: Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors.

Section 4 Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) Audit & Supervisory Board Members and Audit & Supervisory Board collect information about management under statutory investigation authority and report and express their views to the Board Meetings and the Management from an independent and objective standpoint as a fiduciary to shareholders.
- (2) Full-time Audit & Supervisory Board Members attend the important meetings such as the Management Committee which decides major business matters, and they report information obtained from these

meetings and audit activities to Outside Audit & Supervisory Board Members.

- (3) Assistant staff that is independent of the Management is appointed to assist audit activities and Audit & Supervisory Board operation.
- (4) Audit & Supervisory Board Members shall ensure adequate cooperation with the Internal Audit Department (i.e. Auditing Department) by holding regular meetings and receiving reports as necessary.
Furthermore, Audit & Supervisory Board Members regularly report on their audit policy and plan as well as audit results to Board of Directors regularly.

Section 5 Accounting Auditor

- (1) Audit & Supervisory Board evaluates Accounting Auditor regularly based on the evaluation standards set forth by Audit & Supervisory Board resolution from a point of view of the independence and expertise to fulfill the Accounting Auditor's responsibilities, quality control for audit operation by the audit firm as Accounting Auditor, cooperation with our group auditors and responding to any fraud risk.
- (2) Audit & Supervisory Board select the candidates of Accounting Auditor based on the standards set forth by Audit & Supervisory Board resolution from a point of view of the audit firm's overview (independence, quality control system), the audit system, appropriate amount estimated as audit compensation.
- (3) Audit & Supervisory Board agrees to compensation of Accounting Auditor taking into consideration whether audit time is adequate to ensure high quality audit. Board of Directors approves an audit contract with the Accounting Auditor respecting opinion of Audit & Supervisory Board.

- (4) Accounting Auditor is ensured opportunities for interviews with President and General Manager of Finance & Accounting Division regularly.
- (5) General Manager of Finance & Accounting Division is responsible for handling any fraud, inadequacies or concerns identified by Accounting Auditor, and Audit & Supervisory Board Members confirm to the status of them by means of visiting audit or hearing for them.

Section 6 Outside Officers

1. Outside Officers Committee

- (1) We establish an environment actively for Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members) to exercise functions of advice, supervising and audit.
- (2) Outside Officers Committee is held in order to exchange opinions and develop a shared awareness among themselves from an independent and objective standpoint.
- (3) The center of Outside Officers appointed by mutual vote from Independent Directors presides over Outside Officers Committee, reports the committee's agenda to Board of Directors or the Management as necessary and coordinates with the Management, Audit & Supervisory Board Members or Audit & Supervisory Board.

2. Independent Outside Officers

- (1) One third or more of Directors shall be Independent Outside Directors.
- (2) Independence Standards for Outside Officers specified by the Company
If none of the following attributes are applicable to the relevant Outside

Directors and Outside Audit & Supervisory Board Members (including candidates), we consider that they are Independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

- ① Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client's annualized total sales in the most recent fiscal year) or who engages in such operations.
- ② Person belonging to a company which is one of the Company's main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company's annualized total sales in the most recent fiscal year) or who engages in such operations.
- ③ Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company's total assets in the most recent years).
- ④ Person who receives monetary or other economic benefits from the Company of 10 million yen or more a year, over and above officer's compensation, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives 100 million yen a year from the Company.
- ⑤ Person who has fallen under items ① to ④ during any period within the past three years.
- ⑥ Relative of the person who falls under items ① to ⑤ above, within the second degree of kinship.
- ⑦ Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if items ① to ⑦ are not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or

those of the relevant client to which the person belongs.

Section 7 Cooperation between Supervising and Audit

- (1) Outside Directors may request Full-time Audit & Supervisory Board Members to provide them with audit information as necessary.
- (2) Outside Directors may request Accounting Auditor to provide them with financial audit information as necessary.

Section 8 Training of Directors and Audit & Supervisory Board Members, etc.

- (1) Training Policy for Directors and Audit & Supervisory Board Members, etc.

We provide necessary knowledge and information to Directors and Audit & Supervisory Board Members, etc. to perform their duty appropriately when assuming their position and during their tenure period.

- (2) Pursuant to the preceding policy, we support each Director and Audit & Supervisory Board Member as follows along with financial support for associated expenses:

- ① Assumed Time

Inside Officers (our origin Directors, Corporate Vice Presidents and Audit & Supervisory Board Members) are given the training when assuming their position to acquire necessary knowledge and fully understand their roles and responsibilities, including legal liabilities.

When Outside Officers are appointed, we distribute basic materials outlining our group and provide explanations thereof and necessary information about business condition and business issues to perform their duty.

- ② During Tenure

We offer lectures about various theme by experts quarterly as Officers Study Session, Officers training camp to discuss our group issues every summer, and opportunities to participate in office meetings such as research presentation conference and factory tour.

- (3) Board of Directors establishes an internal system for providing training opportunities and information necessary for Directors and Audit & Supervisory Board Members, etc. to appropriately fulfill their roles and responsibilities; and regularly checks whether such measures are appropriately implemented.

CHAPTER 4 Dialogue with Shareholders

1. Policy for Constructive Dialogue with Shareholders

(1) So as to support sustainable growth and increase corporate value over the mid-to long-term, we establish systems and make effort to promote constructive dialogue with investors including shareholders based on policies listed below:

(Member who is responsible for Overseeing)

General Manager of Finance & Accounting Division is appointed as a member who is responsible for overseeing and establishes systems and makes effort to ensure constructive dialogue with investors.

(Promoting Opportunities for Dialogue aside from Individual Meeting)

As a means of dialogue, we make effort to promote opportunities for dialogue as follows:

- holding general investor meetings;
- management of opened Annual Shareholders Meeting;
- holding company facility tours for shareholders, etc.;
- enhancement of company information disclosure for home and abroad investors on our website;
- ensuring opportunities to express opinion on our website for investors.

(Individual Meetings)

In addition to the above, we hold individual meetings taking into consideration fairness of information disclosure in case we judge that the meeting contributes to our sustainable growth and increase corporate value over the mid-to long-term.

(Measures to relay to Board of Directors)

General Manager of Finance & Accounting Division reports our shareholder ownership structure and relays investor views learned through dialogue to Board of Directors regularly.

(Cooperation between Internal Departments to Support Dialogue)

Finance & Accounting Division, Strategy Division, Risk Management

Division and other related department consider contents of dialogue taking into account control of insider information.

(Participants in Dialogue)

When the Company holds individual meetings with investors, taking into account the purposes of each meeting, appropriate person(s) shall meet the investor(s).

(2) In order to enhance our IR activities and constructive dialogue with investors, we regularly examine our shareholder ownership structure.

CHAPTER 5 Disclosure

- (1) To ensure fair and transparent corporate management, we comply with laws and relevant regulations, and make timely and appropriate information disclosures.
- (2) We strive to disclose information that is deemed useful for shareholders and other stakeholders, regardless of whether it is financial or non-financial information, as necessary.
- (3) When disclosing information, due consideration is given to ensure that such information is clear and useful for shareholders and other stakeholders.
- (4) We strive to disclose necessary information in our disclosure documents (including voluntary disclosure documents) in English.
- (5) With respect to management of insider information, we establish a separate disclosure policy, and take adequate measures by ensuring fair disclosures.

CHAPTER 6 Miscellaneous Provisions

(1) Enactment, Revision and Abolition

These guidelines are enacted, revised and abolished by the resolution of Board of Directors.

Enacted on December 17, 2015

Revised on June 27, 2016

Revised on May 10, 2017

Revised on December 20, 2018

Revised on February 25, 2021

Revised on December 16, 2021