

Last Update:

June 27, 2025

**Arisawa Mfg. Co., Ltd.**

Yuta Arisawa, Representative Director and CEO

Contact: Takeshi Masuda, Director and Senior  
Managing Operating OfficerSecurities code: 5208; TSE Prime Market  
<https://www.arisawa.co.jp/en/>

The corporate governance of Arisawa Mfg. Co., Ltd. (the “Company”) is described below.

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

### 1. Basic Views

The Company has established a corporate governance system in place to increase corporate value through sustainable growth and to maintain social credibility and is also making efforts to secure efficient and equitable management and to enhance management transparency through proactive disclosure.

In terms of management efficiency, to ensure expeditious decision making, we aim at management by a selected few and restrict the number of Directors to the requisite minimum. We also employ the operating officer system to ensure speedy execution of operations and collect highly accurate information under the decisions of the Board of Directors.

In terms of equitable management, in line with the basic policy concerning the improvement of the internal control system, we have established systems and structures to ensure legal compliance.

In order to enhance transparency, we promote communication with our shareholders through IR activities, etc., and conduct disclosure practices as actively and promptly as possible.

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

[Supplementary Principle 1.2.4: Establishment of environment for the electronic exercise of voting rights and English translation of notice of general shareholders meeting]

The Company uses an electronic voting platform to enable institutional and overseas investors to exercise their voting rights electronically.

In addition, we provide an environment in which overseas investors can exercise their voting rights by providing an English translation of the Notice of the Annual General Meeting of Shareholders and publishing it not only on the electronic voting platform but also on the Company’s website and the Tokyo Stock Exchange’s website.

[Principle 1-3: Basic Policy on Capital Management]

The Company aims to maximize corporate value by promoting a business strategy aimed at enhancing profitability and a financial strategy that pursues capital efficiency in our “Medium-Term Business Plan (FY2025-FY2029)”. The targets of the Business Plan are “Return on invested capital (ROIC) of 8% or more” and “Return on equity (ROE) of 10% or more”.

In terms of the business strategy, the Company will create new value through the development of differentiating products using our unique technologies and enhance our profitability by expanding the scope of existing business and creating new business opportunities. In terms of the financial strategy, we will improve capital efficiency by investing in growth businesses that generate future cash flows, as well as actively returning profits to shareholders.

[Principle 1-4: Cross-shareholdings]

1. Policy on Cross-shareholdings

The Company may acquire and hold shares of a business partner that are deemed to contribute to the enhancement of our medium- to long-term corporate value from the perspective of building stable and long-term business relationships, business alliances, and collaborative business development with the business partner.

The Board of Directors examines the effects of holding stocks, and stocks that are no longer considered rational to hold are sold in order to reduce the number of stocks held from the perspective of medium- to long-term economic rationality and maintaining and strengthening relationships with business partners.

2. Method of Verifying the Reasonableness of Shareholding

Regarding cross-shareholdings, the Board of Directors annually gives comprehensive consideration to quantitative analysis of transaction performance and returns, qualitative analysis of the status of business, business strategies, background of acquisition, as well as the risk of shareholding, and then verifies and evaluates the propriety of such shareholding.

Following items are verified through quantitative analysis.

- i. Balance between dividend earning rate and capital cost
- ii. Annual transaction amount and profit amount
- iii. Profit or loss from valuation of stock

3. Deliberation Results by the Board of Directors

At the Board of Directors meeting held on May 9, 2024, the Company decided to continue holding the two listed shares held as of March 31, 2024, after comprehensively evaluating their quantitative, qualitative, and other aspects. The Company will continue to scrutinize the rationality of its holdings and proceed with the sale of stocks that do not meet the criteria.

4. Criteria for Exercising Voting Rights Connected to Cross-shareholdings

The Company examines the content of each proposal, determines whether or not it will contribute to the long-term enhancement of an issuing company's corporate value, and exercises its voting rights. When exercising voting rights, we will collect necessary information on the following proposals and other proposals that may have a significant impact on the corporate value of portfolio companies and make decisions for or against them after careful examination.

Furthermore, we will engage in dialogue with the issuing company on the content of the agenda items as necessary.

5. Response to Cross-shareholding Shareholders

If a company that holds our Company's shares as cross-shareholdings (cross-shareholding shareholders) expresses an intention to sell its shares, we will not prevent such sale by suggesting a reduction in the transaction or otherwise. In addition,

we will not engage in any transactions with the company that would be detrimental to the company or the common interests of shareholders.

[Principle 1.7: Transactions with Related Parties]

If the Company conducts a transaction with its Directors or major shareholders (related party transaction), the transaction is submitted to and approved by the Board of Directors in advance to ensure that the transaction does not harm the common interests of the Company and its shareholders. In addition, the Board of Directors annually requests all Directors of the Company to submit a response to related party transactions to confirm whether they have any transactions with related parties.

[Supplementary Principle 2.4.1: Ensuring Diversity Including the Promotion of Women, Foreign Nationals, and Mid-career Hires]

We respect the diversity of our human resources and evaluate and treat them according to their abilities and achievements, regardless of age, gender, background, or nationality, when making decisions about hiring or promoting them. As a result, 67.7% of managerial positions of our Group are occupied by mid-career employees (39.7% for the Company). In addition, we promote the balance between work and personal life, and there is no difference in the average length of service between male and female employees.

The ratio of female employees in managerial positions increased to 20.1% at the end of March 2025 from 12.5% at the end of March 2022 through the recruitment and training of candidates. The first female Director was appointed in June 2021, and as of June 2023, two of the Directors are female as a result of implementation of various development plans and efforts to promote the active participation of women. In addition, the first female Operating Officer was appointed in June 2022 through internal promotion, and the number increased to three by additionally appointing one each in June 2024 and 2025, respectively. We will continue to work on a variety of initiatives, such as providing opportunities for development and realization of abilities, respecting employees' personalities, and recruiting and appointing diverse employees.

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company has prepared basic investment policies and investment guidelines based on the premise of safe and efficient management of corporate pension funds, and has issued these to multiple investment trustees, and monitors them as needed. Through this monitoring, we are working to fulfill our function as an asset owner.

[Principle 3.1: Enhancement of Information Disclosure]

- 1) The Company's corporate philosophy and business strategies are described in the securities report, integrated report, etc., and are disclosed on the Company's website.

(Corporate Philosophy: [https://www.arisawa.co.jp/en/co\\_profile/index.html](https://www.arisawa.co.jp/en/co_profile/index.html))

In addition, the Company has formulated a medium-term business plan covering the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030, which is disclosed on its website.

(Medium-Term Business Plan: <https://www.arisawa.co.jp/en/ir/result.html>)

- 2) The basic policy of corporate governance is disclosed in the Corporate Governance Report.

- 3) In determining the remuneration of executive managers and Directors, the Board of Directors determines remuneration based on the report of the Nomination and Remuneration Advisory Committee. Since June 25, 2021, the Committee has been comprised of six members, including five independent Outside Directors and a Representative Director, and is chaired by an Outside Director.
- 4) In nominating candidates for executive managers, Directors and Corporate Auditors, we select those who have extensive experience, deep insight, and a high level of expertise suitable for executive managers, Directors or Corporate Auditors in the Company. The Board of Directors determines the nomination of candidates for Directors based on the report of the Nomination and Remuneration Advisory Committee, and candidates for Corporate Auditors by getting the consent of the Board of Corporate Auditors. Dismissal will occur in the event that any of the following cases is applicable: (i) a relationship with antisocial forces is found, (ii) laws, regulations, or articles of incorporation are violated, causing a significant loss to our Group, (iii) the execution of duties is significantly impeded, or (iv) it becomes clear that the requirements of the appointment criteria are not met. In that case, after deliberation by the Board of Directors, a decision is made to dismiss a position or to submit a proposal for dismissal to the general meeting of shareholders.
- 5) The reasons for the election and nomination of each Director candidate are disclosed in the Notice of the General Meeting of Shareholders.  
(Notice of the General Meeting of Shareholders [https://www.arisawa.co.jp/en/ir/shareholder\\_news.html](https://www.arisawa.co.jp/en/ir/shareholder_news.html))

[Supplementary Principle 3.1.3: Enhancement of Information Disclosure on Sustainability]

As “contribute to solving the social and environmental issues and realize the sustainable growth” is mentioned in our management policy, the Company recognizes that actively addressing social and environmental issues is an essential requirement for corporate activities, and has identified the following four material issues (materialities).

- i) Contribution to the realization of a decarbonized society (achieve carbon neutrality by 2030, promote energy saving and resource conservation, replace with renewable energy, and offer materials with low environmental load)
- ii) Development of diversified human resources and improvement in job satisfaction (enhance individual autonomy and the sense of unity within the organization, develop human resources to lead the next generation, and company where all employees can work lively)
- iii) Promotion of a circular economy (reduce emissions, promote recycling, establish a sustainable supply chain, and ensure the safety of chemical substances)
- iv) Enhancement of corporate governance (an organization with a strong sense of ethics and enhanced risk management)

The ESG Committee, which is chaired by an executive Director, addresses these materialities, clarifies the Key Goal Indicators and sets goals.

(Medium-Term Business Plan: <https://www.arisawa.co.jp/en/ir/result.html>)

(Integrated Report: <https://www.arisawa.co.jp/en/csr/sustainability.html>)

## 1. Responding to Climate Change

In accordance with our environmental policy, we consistently improve our environmental protection activities by promoting the reduction of electricity and gas consumption, hazardous chemical substances, and industrial waste, etc. Important matters are reported to the Board of Directors.

Based on the philosophy that solving environmental problems not only reduces business risks but also creates value for society, we consider climate change to be a particularly pressing issue. In June 2021, we set a carbon neutral goal of virtually eliminating greenhouse gas (Scope 1 and Scope 2) emissions generated through our business activities by FY2030 and announced the progress on our website as “Carbon Neutral Initiatives”. In addition, the Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in June 2022, and has disclosed specific activities based on the TCFD recommendations framework on the website.

([https://www.arisawa.co.jp/en/csr/environment.html#eco\\_link5](https://www.arisawa.co.jp/en/csr/environment.html#eco_link5))

## 2. Human Capital

Human resources are the source of value creation and the driving force to achieve sustainable growth and development for our Group. The Company defines the talent that meets our needs as “Personnel who can practice CIC on their own (Create, Innovate and Challenge)”, and the Human Capital Subcommittee under the ESG Committee promotes environmental improvements and human resource development.

Furthermore, we set forth in the Medium-Term Business Plan that “We aim to enhance our corporate value from both business and financial perspectives by leveraging our human resources and addressing environmental and social issues” and work for developing human resources to lead business and management, attracting and developing diverse human resources, and creating comfortable and rewarding workplaces. We hope that the results of these efforts will lead to an increase in corporate value and create a virtuous cycle of further value creation by returning the results to every employee.

The first female Operating Officer was appointed in June 2022 through internal promotion, and the number increased to three by appointing one each in June 2024 and 2025, respectively. The ratio of female employees in managerial positions was 20.1% as of March 31, 2025, and we achieved the target regarding this matter.

Additionally, in order to respond to environmental changes and take on new business challenges speedily, we also place emphasis on mid-career hiring of professionals with advanced knowledge and experience in specialized fields.

At the same time, as we value each employee’s independence and creativity, coexistence and co-prosperity with the company, and protect workplace safety and physical and mental health, we are working to ensure a healthy work environment that respects human rights and is free from discrimination. While giving first priority to ensuring human safety and health in all processes of our business activities, we will respect the personality and individuality of each and every employee, foster a free and open-minded corporate culture that respects diversity, and maintain a cheerful and rewarding work environment.

As a result of the adoption of various systems such as flextime, teleworking, and staggered working hours, the percentages of employees taking paid leave and of male employees taking childcare leave are on an upward trend. We also support employee asset building through employee shareholding associations and selective defined contribution plans.

It is the Company’s obligation to provide a comfortable work environment for its employees. Efforts to improve the work-life balance of employees lead to improved operational efficiency, which contributes to a high employee retention rate.

In March 2024, we conducted our first Employee Engagement Survey, which provided a multifaceted assessment of our current engagement score. We recognized that our challenges are to clarify our career paths, ensure fairness in evaluation and treatment, and enhance our physical and mental health.

	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Actual)	FY2024 (Actual)
Ratio of female employee in managerial positions	12.5%	10.6%	14.4%	20.1%
Ratio of mid-career employees in managerial positions	68.8%	70.5%	69.4%	67.7%
Ratio of gender wage gaps between men and woman	77.6%	80.5%	85.9%	92.5%
Ratio of male employees taking childcare leave	29.4%	42.1%	38.1%	54.5
Percentage of annual paid leave taken	57.2%	65.6%	67.0%	66.7%

### 3. Emission Policy

We have been working to reduce and reuse emissions and waste generated by our business activities through the activities. To enhance the activities for reduction and reuse, we established the Emission Subcommittee within the Environmental Protection and Management Committee in FY2022.

Long-term targets for the Emission Subcommittee are as follows:

- i) Reduce industrial waste emissions by 30% compared to FY2020 by 2050; and
- ii) Achieve zero emissions of industrial waste related to development and manufacturing by 2050.

To achieve these goals, we will continue to reduce waste and recycle industrial waste that is not currently recycled.

### 4. Supply Chain Management

The Company strives to procure environmentally friendly products and services and build a supply chain that is free from social issues related to human rights, health, ethics, etc. In 2022, the Company established the Procurement Subcommittee, which sets out and publicly discloses the CSR Procurement Policy. Based on the policy, we conduct a supplier survey through questionnaires to confirm that there are no social problems, and follow up by notifying suppliers of items to be improved. The CSR Procurement Policy is disclosed on the website.

([https://www.arisawa.co.jp/en/csr/relationship.html#rel\\_link1](https://www.arisawa.co.jp/en/csr/relationship.html#rel_link1))

### 5. Intellectual Property

To maintain and improve technological innovation and competitiveness, we place importance on owning effective patent rights and know-how. While preventing important technologies from leaking, we have obtained the date of notarization for some know-how and secured the right of prior use. Our previous intellectual property strategy focused on preventing other companies from infringing our patents and heightening barriers to entry into our businesses. Going forward, we will actively promote open innovation and accelerate joint development and new OEM projects. This enables us to strengthen our cooperative relationships with customers and advance the development of new market opportunities.

As of March 31, 2025, the Company held 312 patents (-2 y/y), 6 utility models (+/-0 y/y), and 45 designs and trademarks (+/-0 y/y), with expenses related to the acquisition and operation of intellectual property totaling 66 million yen in FY2024.

We will also regularly conduct internal specialized training to deepen our employees' understanding of intellectual property and enhance our competitive advantage of the Group as a whole. We will continue to nurture our patents and know-how as powerful assets and utilize them to develop new markets and expand our business.

[Supplementary Principle 4.1.1: Overview of the Scope of Delegation from the Board of Directors to the Management]

The Board of Directors is responsible for the supervision of overall management, including the execution of business by management, ensuring fairness and transparency of management, making resolutions on important business execution matters as stipulated by law, and providing major directions such as corporate strategy. For executions and decisions related to operations other than the important matters mentioned above, the Board of Directors delegates authority to subordinate meetings of the Management Committee and the Board of Operating Officers, as well as to the officer in charge of the relevant business and supervises the status of the execution of duties by these meetings and officers.

In order to ensure the Company's sustainable growth and enhance its corporate value over the medium to long term, Outside Directors will supervise the decision-making of the Board of Directors and the execution of management's duties, as well as any conflicts of interest between the Company and management, in an independent manner.

[Principle 4.8: Effectively Utilizing the Functions of Independent Outside Directors]

A majority of five members out of the nine Directors are independent Outside Directors as defined by the Tokyo Stock Exchange and the Board of Directors is engaged in constructive discussions, including their objective opinions from an independent standpoint.

[Principle 4.9: Independence Standards of Independent Outside Directors]

In addition to meeting the independence standards set forth by the Tokyo Stock Exchange, the Company selects candidates for independent Outside Directors based on the following criteria.

Criteria for Independence for Outside Directors and Outside Corporate Auditors

The Company's judgement on the independence of its Outside Directors and Outside Corporate Auditors is based on the condition that none of the following criteria apply. We believe that the appropriate number of years of service for independent Outside Directors is approximately eight years in principle from the perspective of independence.

- i) Person for which the Company is a major client or a person who executes business for said person or his/her close relative, or a major client of the Company or a person who executes business for said client or his/her close relative, including those who were such persons until recently
- ii) Consultants, accounting experts, or legal experts who receive a large amount of money or other assets from the Company other than remuneration for Directors and Corporate Auditors (including persons belonging to such organization if the person receiving such assets is a corporation, partnership, office, or other such entity) and their close relatives, including those who were such persons until recently
- iii) Close relative of any of the following persons (excluding immaterial persons). However, (b) shall apply only when determining the independence of an Outside Corporate Auditor.
  - (a) Person who executes business for the Company's subsidiaries, including those who were such persons until recently
  - (b) Directors who do not execute business for the Company's subsidiaries, including those who were such persons until recently
  - (c) Person who executed business for the Company until recently (including a Director who does not execute business for the Company in determining the independence of an Outside Corporate Auditor)

\* “Close relative” means a relative within the second degree of kinship. However, it is excluded in the case that the kinship has been dissolved due to divorce, separation, etc.

\* “Who were such person until recently” means a case in which a person can be regarded as a person who substantially falls under any of the events listed above, and in which the person was applicable at the time when the Board of Directors decided the content of the proposal for the General Meeting of Shareholders to elect the person as an Outside Director or Outside Corporate Auditor.

\* Whether or not it falls under the “immaterial” shall be determined in accordance with Article 74, Paragraph 4, Item 6(e), etc. of the Ordinance for Enforcement of the Companies Act.

#### [Principle 4.10: The Use of Voluntary Structures]

The Company has in place the voluntary Nomination and Remuneration Advisory Committee, which deliberates matters related to the appointment and dismissal of Directors, appointment and removal of Representative Directors and Directors with executive titles, succession planning and director remuneration, and reports to the Board of Directors.

#### [Supplementary Principle 4.10.1: Approaches to the Independence of Each Committee Composition, its Authority, and Roles, etc.]

The voluntary Nomination and Remuneration Advisory Committee reports to the Board of Directors on matters relating to the election and dismissal of Directors, the selection and dismissal of Representative Directors and Directors with executive titles, succession planning, and director remuneration. Based on the report, the Board of Directors deliberates and decides on the nominations and remuneration of senior management and Directors.

The Advisory Committee consists of a total of six members, five independent Outside Directors and a Representative Director, and is chaired by an outside Director. Diversity in terms of gender, skills, etc. is also ensured.

#### [Principal 4.11: Prerequisites for Ensuring the Effectiveness of the Board of Directors and the Board of Corporate Auditors]

The Company’s basic approach is to have the Board of Directors composed of individuals with a wealth of experience, deep insight, and a high level of expertise, within the limits of 15 Directors and four Corporate Auditors set forth in the Articles of Incorporation, while taking into consideration their balance of knowledge, experience, and abilities related to each business and operation. Regarding diversity, we have appointed multiple Directors who have extensive experience in international business and who have experience as managers at other companies. The composition also takes gender and age into consideration.

#### [Supplementary Principle 4.11.1: View on the Appropriate Balance Between Knowledge, Experience and Skills of the Board as a Whole, and also on Diversity and Appropriate Board Size]

The expertise and experience of Directors and Corporate Auditors necessary to achieve the goals of the business and financial strategies set forth in the Medium-Term Business Plan are visualized using a skills matrix, which is attached at the end of this report.

#### [Supplementary Principle 4.11.2: Concurrent Positions of Directors and Corporate Auditors]

The Company believes that all Directors and auditors, including Outside Directors and Outside Corporate Auditors, should



devote the time and effort required to properly fulfill their roles and responsibilities to the work entrusted to them. When Directors or Corporate Auditors serve concurrently as Directors or Corporate Auditors of other listed companies or other entities, they do so only to a reasonable extent. The status of important concurrent positions is disclosed in the business report, the securities report, etc.

[Supplementary Principle 4.11.3: Analysis and Evaluation of the Effectiveness of the Board of Directors]

The Company conducts self-evaluation and analysis of the effectiveness of the Board of Directors every year with the aim of improving the functions of the Board of Directors and enhancing corporate value. The self-evaluation and analysis were conducted by the following methods, based on annual questionnaire surveys and individual interviews every few years, with advice from outside organizations.

In February 2025, the Company conducted an anonymous survey of all Directors and auditors who are members of the Board of Directors (32 questions in total, including eight open-ended questions). The responses are submitted directly to an outside organization to ensure anonymity. Based on the report of the aggregate results from the outside organization, the Board of Directors analyzed, discussed, and evaluated the results at its annual meeting in May 2025. The summary of the results is as follows.

We recognize that the effectiveness of the Board of Directors as a whole is ensured as the results of the survey (average 4.3 on a 5-point scale) which are generally positive evaluations, such as the fact that the Board of Directors meetings are not formal, but free and open with constructive discussions and exchange of ideas.

The Company improved its approach to important Group companies that were recognized as having room for improvement, as well as the method of sharing the content of deliberations of the Nomination and Remuneration Advisory Committee with the Board of Directors, and received a certain level of evaluation. On the other hand, it was pointed out that the timing of providing materials needed to be improved, and issues regarding further improving the functions of the Board of Directors and revitalizing discussions were also shared.

In the future, the Board of Directors of the Company will take prompt action based on this evaluation of effectiveness after thorough consideration of the issues, and will continue to work to improve the functions of the Board of Directors.

[Supplementary Principle 4.14.2: Training Policy for Directors and Corporate Auditors]

The Company supports Directors, Outside Directors, Corporate Auditors, and Outside Corporate Auditors of the Company in the performance of their duties by collecting and providing them with information on economic conditions, industry trends, relevant laws and regulations, corporate governance, financial accounting, and other matters necessary for them to fulfill their roles and responsibilities. Specifically, we arrange seminars for Outside Directors provided by external organizations, where our Operating Officers in charge regularly provide explanations on business plans and strategies, the status of various businesses, the business environment, and management issues. In addition, we provide Outside Directors with opportunities to participate in the Board of Operating Officers and Business Division Briefing Sessions, as well as support for product manufacturing process inspections and e-learning courses, while arranging inspection tours of product manufacturing processes.

[Principle 5.1: Policy on Constructive Dialogue with Shareholders]

In order to enhance corporate value over the medium to long term, our Operating Officer in charge of investor relations plays

a central role in engaging in constructive dialogue with shareholders, including institutional investors. In addition, the Corporate Strategy Department, as the department in charge of investor relations, discloses financial results and other information that contributes to shareholders' investment decisions on the Company's website. The Operating Officer in charge of IR responds to inquiries from shareholders.

In the fiscal year ended March 31, 2025, we held two financial results briefings and 77 individual meetings with domestic and foreign institutional investors, securities analysts, and voting representatives. Their main concerns were about our business performance, market trends, the progress of the Medium-Term Business Plan, capital policy, shareholder return policy, major shareholder trends, and other matters, as well as the integrated report issued in November 2024.

The opinions and requests of shareholders obtained through these dialogues are deliberated at the Board of Directors and other meetings and reflected in management in order to respond to the expectations and requests of society.

[Supplementary Principle 5.1.2: Policy to Promote Constructive Dialogue with Shareholders]

The Company holds financial results briefings and individual meetings to engage in constructive dialogue with shareholders. The Operating Officer in charge of IR works closely with departments related to IR activities, such as the Corporate Strategy Department, General Affairs Department, and Human Resources Department on a daily basis, and responds to inquiries from shareholders. The Representative Director also attends the interim and year-end financial results briefings to provide explanations, and various disclosure materials including financial results briefing materials are published on the IR library of the Company's website to provide information.

Matters of interest identified through dialogue with shareholders are regularly reported to the Board of Directors and other relevant bodies, and reflected in management measures, thereby making dialogue with shareholders more effective.

In addition, with regard to the management of insider information, the Company has established "Regulations for Prevention of Insider Trading" and strives to comply with related laws and regulations, etc., and takes these regulations into consideration when engaging in dialogue with shareholders prior to the announcement of financial results.

## 【Action to Implement Management that is Conscious of Cost of Capital and Stock Price】

Contents	Disclosure of initiatives (update)
English-Language Disclosure	Available
Update date	June 27, 2025

### Explanation for Applicable Items

On May 7, 2025, the Company formulated a five-year Medium-Term Business Plan covering the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030, with the aim of enhancing our corporate value from both business and financial perspectives by leveraging our human resources and addressing environmental and social issues.

In terms of the business strategy, we aim to provide new value through the development of differentiated products using our unique technologies, to enhance profitability through "exploration the scope of existing businesses" and "creation of new business opportunities", and achieve ROIC of 8.0% or more and ROE of 10% or more. As of March 31, 2025, the ROIC was 6.2% against a WACC (Wight Average Cost of Capital) of 4.8%, and the ROE was 8.4% against a CAPM (Capital Asset Pricing Model) of

5.6%.

In terms of the financial strategy, we aim to explore capital structure optimization and improve capital efficiency by investing in growth in businesses that generate future cash flows, as well as actively returning profits to shareholders.

Our basic dividend policy is to return dividends at a DOE (Dividend On Equity) ratio of 6% or a total return ratio of at least 80%, whichever is greater. This policy is applied until the equity ratio reaches around 50%.

## 2. Capital Structure

Foreign Shareholding Ratio	Between 10% and 20%
----------------------------	---------------------

### 【Status of Major Shareholders】

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,339,800	13.03
Mitsubishi Gas Chemical Company, Inc.	1,472,166	4.42
Custody Bank of Japan, Ltd. (Trust account)	1,272,600	3.82
Daishi Hokuetsu Bank, Ltd.	743,903	2.23
Arisawa Kenko Ltd.	504,338	1.51
Sanji Arisawa	446,847	1.34
JP MORGAN CHASE BANK 385781	396,800	1.19
Nippon Life Insurance Company	388,822	1.16
Yoko Mori	376,024	1.12
Tadao Arisawa	334,400	1.00

Name of Controlling Shareholder, if applicable  
(excluding Parent Companies)

\_\_\_\_\_

Name of Parent Company, if applicable

None

### Supplementary Explanation

The Report of Possession of Large Volume is available for public inspection as follows. However, as the Company is unable to confirm the number of shares substantially held by the Company as of March 31, 2025, the Company is not included in the above list of major shareholders (ranked 10th in the above list).

Name/Date of Public Inspection/Number of Shares Held (Ratio of the shares owned to the total outstanding shares)

- Nippon Value Investors KK/October 2, 2020/1,421,500 shares (3.91%)
- Nomura Securities Co., Ltd. and two other joint holders/June 6, 2024/1,451,354 shares (4.32%)
- Strategic Capital, Inc./September 5, 2024/1,666,500 shares (4.96%)

## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	TSE Prime Market
--	------------------

Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (consolidated) for the Previous Fiscal Year	10 billion yen or more but less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

-----

#### 5. Other Special Circumstances which May Have a Material Impact on Corporate Governance

-----

## 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*
-----------------------------	---

#### **[Directors]**

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Koji Nakamura	From another company											
Kazuo Abiko	From another company											
Hirotoishi Takada	From another company											
Miho Numata	From another company											
Makiko Horie	From another company											

\*Categories for "Relationship with the Company"

\*"○" 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; "▲" 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. Person who executes business for or a non-executive Director of the Company's parent company

- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. 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
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. 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)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

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

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Koji Nakamura	○	-----	Koji Nakamura, an Outside Director, has been involved in corporate management in Japan and overseas for many years, having served as Senior Executive Managing Officer of Mitsui & Co., Ltd. and as Director at Sanko Gosei Ltd. The Company has appointed him because we deem that he has extensive insight and knowledge regarding global management from his experience as a managing officer at a global company and that he will deliver opinions from an outside perspective with regard to the overall management of the Company, particularly in the area of business strategy, and increase the rationality and transparency of the Company's management.
Kazuo Abiko	○	-----	Kazuo Abiko, an Outside Director who graduated from the Graduate School of California State University, was appointed General Manager of Tokyo Studio and General Manager for Northeast Asia at the Associated Press while also serving as the President of the Foreign Correspondents' Club of Japan. The Company has appointed him because we believe that he will provide opinions from an outside perspective and increase the rationality and transparency of the Company's management by leveraging his knowledge of international communication and standards and ethics of journalism, including his subsequent experience as a part-time lecturer at Tokyo University of Foreign Studies and Sophia University.
Hirotoishi Takada	○	-----	Hirotoishi Takada, an Outside Director, has served as the Representative Director of NIPPON SEIKI CO., LTD. and as Chairman, etc. of overseas subsidiaries, and has been engaged over many years in sales and product planning, etc. in the automobile industry. He has a deep knowledge of that industry. The Company has appointed him because we believe that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company by leveraging his abundant experience and broad knowledge as a manager of a global company in the manufacturing industry.
Miho Numata	○	-----	Miho Numata, an Outside Director, is Representative of NUMATA LAW OFFICE, and by serving as Civil Conciliation Commissioner of Tokyo Summary Court and as Outside Corporate Auditor of Tokyo Boeki Holdings Corporation, while managing the law office, she has a well-balanced career. The Company has appointed

			her because we believe that she will provide opinions from an outside perspective and increase the rationality and transparency of the Company by using her in-depth knowledge and experience as a legal expert who has worked as an attorney at law for many years, as well as her sophisticated knowledge relating to governance and compliance.
Makiko Horie	○	-----	Makiko Horie, an Outside Director, was engaged in sales to institutional investors, company surveys, and operation related to the Japanese stock market at a global financial institution, and also involved in management consultation and launching of start-ups. The Company has appointed her because we believe that she can reflect on management strategies the status of the Company that investors expect by leveraging her experience and increase the rationality and transparency of the Company.

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

Established

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

	Committee's Name	Total Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	6	0	1	5	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	6	0	1	5	0	0	Outside Director

Supplementary Explanation

The Company has in place the voluntary Nomination and Remuneration Advisory Committee, which deliberates matters related to the appointment and dismissal of Directors, appointment and removal of Representative Directors and Directors responsible for business execution, succession planning and director remuneration, and reports to the Board of Directors. The Committee is composed of Outside Directors and the Representative Director, and the Chairperson is appointed by the Outside Directors.

#### 【Audit and Supervisory Board Member】

Establishment of Audit and Supervisory Board	Established
Number of Corporate Auditors stipulated in Articles of Incorporation	4
Number of Corporate Auditors	3

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

Corporate Auditors hold hearings with Ernst & Young Shin Nihon LLC, the Company's accounting auditor, regarding its audit plan and also monitor the results of the audit and work closely with the accounting auditor by exchanging opinions, and inspect the validity of the accounting auditor's audit methods and results by attending onsite audits and other means.

Corporate Auditors receive regular reports from the internal audit department on the results of operational and other audits and exchange opinions to promote collaboration between the two parties. In addition, the internal audit department strives to improve the quality of audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & 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
Koichiro Tanaka	CPA													
Koichi Yokota	Tax Accountant													

\*Categories for "Relationship with the Company"

\*"○" 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; "▲" when a close relative of the Director fell under the category in the past

- Person who executes business for the Company or its subsidiary
- Non-executive Director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive Director of the Company's parent company
- Audit and Supervisory Board Member of the parent company of the 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 f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the Director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

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

Name	Designation as Independent	Supplementary	Reasons for Appointment
------	----------------------------	---------------	-------------------------

	Audit and Supervisory Board Member	Explanation of the Relationship	
Koichiro Tanaka	○	-----	He is qualified to serve as an Outside Corporate Auditor based on his knowledge as a certified public accountant and tax accountant and his extensive work experience at a major audit firm. There is no special interest between him and the Company and, as an independent Director, nor no conflict of interest with general shareholders, as judged by the Company.
Koichi Yokota	○	-----	He is qualified to serve as an Outside Corporate Auditor based on his extensive experience and expertise as a certified tax accountant. There is no special interest between him and the Company and, as an independent Director, nor no conflict of interest with general shareholders, as judged by the Company.

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

Number of Independent Directors and Independent Audit and Supervisory Board Members

7

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

The Company designates all Outside Directors and Outside Audit & Supervisory Board Members who meet the qualifications of independent Directors and independent Audit & Supervisory Board Members as independent Directors and independent Audit & Supervisory Board Members.

### 【Incentives】

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme/Other

Supplementary Explanation for Applicable Items

The remuneration structure for the Company's Executive Directors consists of basic remuneration as fixed remuneration, performance-based remuneration linked to the previous year's performance, and stock-based remuneration (restricted stock) for the purpose of sharing interests with the Company's shareholders. It is designed with a ratio of 5:3:2 for basic remuneration, performance-based remuneration, and stock-based remuneration (in the case of 100% achievement of KPI).

Persons Eligible for Stock Options

Employees/Subsidiaries' Directors/Subsidiaries' Employees

Supplementary Explanation for Applicable Items

In order to further motivate and inspire employees to improve the performance of the Group and to secure excellent human resources, the Company granted stock acquisition rights as stock options to employees of the Company and Directors and employees of wholly owned subsidiaries of the Company. However, there have been no grants since June 25, 2020. The exercise period for the stock acquisition rights is until June 30, 2025.



## 【Director Remuneration】

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

### Supplementary Explanation for Applicable Items

No individual disclosure is made because there are no Directors whose total amount of consolidated remuneration, etc. is 100 million yen or more. The business report and financial report disclose the aggregate amount of remuneration for each category of Directors. The remuneration of Directors and Corporate Auditors for the fiscal year ended March 31, 2025, is as follows:

- Total amount of remuneration paid to four Directors (excluding Outside Directors): 190,774 thousand yen (including expenses related to restricted stock compensation of 47,721 thousand yen);
- Total amount of remuneration paid to one Corporate Auditor (excluding Outside Auditor): 13,311 thousand yen; and
- Total amount of remuneration paid to seven Outside Directors: 31,002 thousand yen.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

#### 1. Policy of Determination on Amount of Remuneration, etc. of Directors and Corporate Auditor

The Company has established the Nomination and Remuneration Advisory Committee, which is chaired by an independent Outside Director and whose majority of members are composed by independent Outside Directors, as an advisory body to Directors in order to enhance independence, objectivity, and transparency of procedures for determining the nomination and remuneration of Directors and to enhance corporate governance. The policy for determining the individual remuneration of Directors is determined by the Board of Directors based on the deliberations and recommendations of the Nomination and Remuneration Advisory Committee. The outline of the details of the policy for determining Directors' remuneration, etc. is as follows:

##### a. Basic Guidelines for Remuneration System for Directors

- The system should encourage the management to improve their performance through associating the performance with remuneration and to exercise their solid entrepreneurship for the sustainable development of the Company.
- The system should reflect not only financial performance, but also appreciation for proactive initiative based on the management philosophy of "CIC Better today than yesterday, better tomorrow than today" with the basic spirit of "Create, Innovate, and Challenge".
- The system should attract excellent human resources for management who can contribute to sustainable development and enhancement of corporate value of the Company.

##### b. Remuneration Structure

Under the policy above, the remuneration structure for Executive Directors is constituted of basic remuneration as fixed remuneration, performance-based remuneration linked to the previous year's performance, etc., and stock-based remuneration for the purpose of sharing interest with shareholders (restricted stock-based remuneration). It is designed with a ratio of 5:3:2 for basic remuneration, performance-based remuneration, and stock-based remuneration (in the case of 100% achievement of KPI).

Outside Directors who assume a role of supervisory function are paid only basic remuneration in consideration of their duty. Basic remuneration and performance-based remuneration reflecting the previous year's performance is dividend and paid equally during the period of execution of duties and restricted stock-based compensation is paid yearly at fixed time.

## 2. Details, Reason for Selection, and Performance and Calculation Method of Indicators (KPI) for Performance-Based Remuneration

The Key Performance Indicators (KPI) for performance-based remuneration are consolidated operating profit for the previous single fiscal year and such remuneration is divided and paid according to the degree of achievement of the target values. The reasons for selecting such Indicators are that they are a financial indicator which represents the result of primary business activities of companies, use Net Operating Profit Less Adjusted Taxes (NOPLAT) to calculate ROIC which is a target figure to be achieved of the Medium-Term Business Plan, and are used in the bonus system for employees and important to keep consistency between the two systems.

Out of the amount of carbon dioxide emission reduction held up in our Carbon Neutral Project, the Company has added the goal attainment levels with respect to reduced usage resulted from improving energy use efficiency to the Performance Indicators. The results were 2,271 t-CO<sub>2</sub> (the goal was 2,380 t-CO<sub>2</sub> and the achievement rate was 95.4%).

## 3. Details of Stock-based Remuneration (Non-Monetary Remuneration)

Stock-based remuneration (non-monetary remuneration) shall be restricted stock-based remuneration, and is programmed to lift restrictions of transfer upon retirement for the purpose of building awareness of contribution to sustainably increasing corporate value of the Company by clarifying the linkage between the Company's stock value and remuneration and sharing returns and risks due to fluctuations in the value of stocks with shareholders. Furthermore, the Company issues to Executive Directors monetary compensation claims to grant restricted stocks each year and each Executive Director pays all of such monetary claims as contributed properties in kind and receives issuance or disposal of the Company's common shares. The number of shares to be allocated to each Director corresponding to the individually determined base amount is determined by the Board of Directors based on the report of the Nomination and Remuneration Advisory Committee. The payment amount per share shall be an amount not particularly favorable to the Eligible Directors base on the closing price on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (if no transaction is made on that day, the closing price on the trading date immediately before that day).

## 4. Matters Relating to Determination of Individual Remuneration for Directors

With respect to the details of individual remuneration for the Company's Directors, etc., following consultations with the Board of Directors, the Nomination and Remuneration Advisory Committee recommends the amount of basic remuneration for each Director and the evaluation allocation based on the performance of a division of which each Director is in charge in the performance-based remuneration. The Board of Directors determines individual remuneration for the Company's Directors, etc. pursuant to the report of the Advisory Committee.

With regard to stock-based compensation, the Board of Directors determines the details of individual remuneration such as the number of shares to be allocated, etc., based on the report of the Advisory Committee.

5. Reasons for the Board of Director's Judgement that the Details of Individual Remuneration, etc. for the Company's Directors Comply with the Policy for Determination

The Board of Directors has judged that the details of individual remuneration, etc. for the Company's Directors comply with the policy for determination, because the Nomination and Remuneration Advisory Committee considered multilaterally the consistency between the details of the remuneration system for the Company's Directors and the policy for determination.

The Nomination and Remuneration Advisory Committee verifies the validity hereof through an objective and multifaceted benchmark analysis of remuneration based on "Management Remuneration Database" run by an outside remuneration consultant, (WTW; Willis Towers Watson).

### 【Support System for Outside Directors (and/or Outside Auditors)】

The General Affairs Group of the General Affairs Department is responsible for supporting Outside Directors and Outside Audit and Supervisory Board Members. No dedicated employees are assigned to assist the auditors in their duties. At the request of the auditors, the Company appoints employees to assist them as necessary, taking into consideration the knowledge and experience required for the purpose of the audit.

### 【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
_____	_____	_____	_____	_____	_____

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

None

Other Related Matters

\_\_\_\_\_

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

As for execution of operations, to ensure speedy execution and control of the management policy and management plans determined at the regular meetings of the Board of Directors, the Board of Operating Officers comprising one Chief Executive Officer and 14 Operating Officers for a total of 15 members (structure after June 26, 2025) is in place in pursuit of management proactively and appropriately.

Each Operating Officer plans and promotes operations under his or her supervision upon approval at the Board of Directors as well as the regular meeting of the Management Conference (a meeting to deliberate and coordinate basic management policies based on decisions of the Board of Directors, other important matters related to management, and to conduct preliminary

deliberations on matters to be discussed at the Board of Directors meetings) or the Board of Operating Officers and strives for efficient and speedy execution of their duties pursuant to the Regulations for the Segregation of Duties and Official Authority, etc.

As an internal audit division, two full-time employees are assigned to the Internal Auditing Office, which is independent of other organizations of the Company and conducts scheduled audits and special audits as appropriate. As for the scheduled audits, an audit plan is made for each term pursuant to the relevant internal regulations, and audits are conducted after the final decision by the Chief Executive Officer. Audit results are notified to the relevant departments along with specific advice and recommendations, while reporting to, and opinion exchanges with, the Corporate Auditors are also made.

The certified public accountants who conduct the accounting audit of the Company are two members of Ernst & Young ShinNihon LLC, and the composition of assistants involved in the accounting audit work of the Company is determined in accordance with the selection standards of the audit corporation and specifically includes nine certified public accountants and ten others.

The results of auditing by the internal audit division and the details of accounting audits by the accounting auditors are reported to the Board of Corporate Auditors, and the Corporate Auditors share in the recognition of such results in the course of their auditing to enhance their collective audit function.

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

As a company with a board of corporate auditors, the Board of Corporate Auditors holds a meeting of the Board of Corporate Auditors ten times a year in accordance with the Board of Corporate Auditors Regulations. The Corporate Auditors attend meetings of the Board of Directors, and the Full-time Corporate Auditor attends meetings of the Board of Operating Officers, etc. The Corporate Auditors also offer appropriate proposals and advice as to execution of Director's duties and the status of improvement and operation of the internal control system, etc., thereby exercising strict oversight over the management. We also appoint five Outside Directors and two Outside Corporate Auditors, who contribute to constructive discussions at Board of Directors meetings by offering objective opinions on laws and regulations, finance, accounting, and corporate governance from their independent standpoints. We believe that the management oversight function is fully functioning with the Outside Directors and Outside Corporate Auditors, who have a wealth of experience and a wide range of insight, providing advice and recommendations to ensure the appropriateness and legitimacy of the Board of Directors' decision-making. Five Outside Directors, Koji Nakamura, Kazuo Abiko, Hirotoishi Takada, Miho Numata, and Makiko Horie, and two Outside Corporate Auditors, Koichiro Tanaka and Koichi Yokota, are designated as independent Director of the Company.

## 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 Notification of the General Meeting of Shareholders	We strive to send the Notice of the General Meeting of Shareholders as soon as possible regardless of the legal deadline. The Notice of the 77th Ordinary General Meeting of Shareholders of the Company, held on June 26, 2025, was posted on the Company's website on May 30 of the same year.
Electronic Exercise of Voting Rights	Introduced the Electronic Exercise of Voting Rights method from the 72nd

	Ordinary General Meeting of Shareholders (held in June 2020)
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Participated in a Platform for the Electronic Exercise of Voting Rights from the 72nd Ordinary General Meeting of Shareholders (held in June 2020)
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The narrowly defined Notice of Convocation and Reference Documents for the General Meeting of Shareholders are posted on the Company's website from the date of dispatch of the Notice of Convocation. ( <a href="https://www.arisawa.co.jp/en/">https://www.arisawa.co.jp/en/</a> )
Other	The Notice of Convocation, the Notice of Resolutions, and extraordinary reports on the results of exercise of voting rights are posted on the Company's website. In addition, the Company has been holding hybrid virtual general meetings of shareholders since the 72nd Ordinary General Meeting of Shareholders held in June 2020. ( <a href="https://www.arisawa.co.jp/en/ir/shareholder_news.html">https://www.arisawa.co.jp/en/ir/shareholder_news.html</a> )

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Regular Investor Briefings held for Analysts and Institutional Investors	Briefings on the financial results and the business strategies are held twice a year (after the announcement of the second quarter results and the main financial statements).	Held
Regular Investor Briefings held for Overseas Investors	Briefings on the financial results and the business strategies are regularly held for overseas institutional investors.	Held
Disclosure of IR Information on Website	IR information such as financial results and securities reports is available on our website. (Japanese: <a href="https://www.arisawa.co.jp/jp/ir/statements.html">https://www.arisawa.co.jp/jp/ir/statements.html</a> ) (English: <a href="https://www.arisawa.co.jp/en/ir/statements.html">https://www.arisawa.co.jp/en/ir/statements.html</a> )	
Establishment of Department and/or Placement of a Manager in Charge of IR	The following department is in charge of IR: Department: Corporate Strategy Dept. Person in charge: Takeshi Masuda, Director and Senior Managing Operating Officer	

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

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Information on our environmental initiatives and social relations is available on our website and in the integrated report. ( <a href="https://www.arisawa.co.jp/en">https://www.arisawa.co.jp/en</a> )

## IV. Matters Concerning the Internal Control System

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

System to ensure that execution by Directors complies with the applicable laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the Company's operations are as follows.

1. System to ensure that execution by Directors and employees of the Company and its subsidiaries of their respective duties complies with the applicable laws and regulations and the Articles of Incorporation

The Company and its subsidiaries shall lay down the "Arisawa Group Corporate Action Guidelines" applicable through the Group, set specific internal regulations in line with the said guidelines, and then observe the said internal regulations, thereby establishing a system which ensures that execution by Directors and employees of their respective duties complies with the applicable laws and regulations and the Article of Incorporation.

2. System concerning storage and management of information on execution of duties of Directors of the Company

As for the storage and management of information on execution of duties of Directors, internal regulations for document management shall be set in line with the provisions of the applicable laws and regulations and the Articles of Incorporation to construct a system which ensures proper storage and management of the relevant information.

3. System concerning reporting to the Company of the matters relating to execution of duties of Directors, etc. of subsidiaries of the Company

Supervision over execution of duties of Directors, etc. of subsidiaries of the Company shall be exercised through having Directors of the Company concurrently serve as Directors of subsidiaries of the Company. Also, internal regulations for the management of associated companies shall be set, establishing a system which makes it mandatory for subsidiaries of the Company to submit their respective board minutes to the Company and also to report the relevant material facts to the Company, both along the lines of the provisions of the said regulations.

4. Regulations and other systems concerning management of risk of loss for the Company and its subsidiaries

In order to comprehend and manage various risks surrounding the Group and its operations, internal regulations managing and coping with each risk category shall be set. Observing the said regulations establishes a system that helps reduce and mitigate business risks.

5. System to ensure efficient execution of duties of Directors of the Company and its subsidiaries

The Group shall improve internal regulations governing the segregation of duties and the scope of job authorities to definitize each department's duty assignment and job authorities and shall also introduce a common accounting management system for the entire Group, etc., thereby establishing a system which endures efficient execution of duties of Directors of the Company and its subsidiaries.

6. Matters concerning employees assigned, upon the request of Corporate Auditors of the Company, to assist with duties of Corporate Auditors of the Company, the matters concerning independence of such employees from Directors of the Company and the system to ensure effectiveness of instructions from Corporate Auditors of the Company to such employees

Employees to assist with duties of a Corporate Auditor shall be appointed upon the request of the Corporate Auditor and in view of the expertise and experience, etc. required for the audit work. The employees so appointed as assistant shall execute the relevant duties under the direction of the Corporate Auditors and also be free from the dictates of any Director of the Company so as to ensure the independence of such employees from Directors and the effectiveness of instructions from the Corporate Auditors to such employees.

7. System to mandate reporting to Corporate Auditors of the Company by Directors and employees, etc. of the Company as well as Directors, Corporate Auditors and employees, etc. of subsidiaries of the Company and the system to ensure prevention of unfavorable treatment of those who have made such reporting on account of the pertinent report having been made

Internal regulations stipulating the matters to be reported by Directors and employees, etc., of the Company to Corporate Auditors shall be set so as to establish a system which mandates immediate reporting to Corporate Auditors of all material facts with implications on the Group's management and business results. Also, the internal hotline system prohibiting unfavorable treatment of the whistle-blower is maintained so that Corporate Auditors can directly receive the relevant reports from employees, etc.

8. Matters concerning policies on the processing of costs incurred from execution of duties of Corporate Auditors of the Company

Promptly upon receipt of a request, made by a Corporate Auditor, under the provisions of Article 388 of the Companies Act, for an advance payment, etc. of expenses to be incurred from execution of his or her duties, the Company shall settle the pertinent expenses or liabilities. Also, if a Corporate Auditor deems consultations, etc. with lawyers, chartered accountants and other specialists to be necessary for execution of his or her duties, the Company shall bear the amount disbursed for enlisting such consultations, etc.

9. Other systems to ensure execution of effective audits by Corporate Auditors of the Company

Corporate Auditors of the Company shall collect periodic reports from Directors of subsidiaries of the Company, collect reports from Corporate Auditors of subsidiaries of the Company and also engage in other coordinated actions, as needed, so as to execute proper audits of the Group.

10. System to ensure credibility of financial reporting

To ensure credibility of financial reporting, the Group shall make continuous evaluation of the status of improvement and operation of the internal control system for financial reporting and also remedy any defect or flow found in such system, thereby improving a system which allows the Group's internal control to function effectively and properly. In addition, the Group shall enhance a system which allows the Group's governance and internal control to function effectively and properly in accounting of our subsidiaries.

11. System to exclude anti-social forces

The Company and its subsidiaries shall expressly state in the "Arisawa Group Corporate Action Guidelines" a policy to prevent and preclude any relationship with anti-social forces that pose a threat to the order and safety of civil society. The Group shall also adopt and maintain a resolute attitude toward anti-social force in cooperation with law enforcement and other external specialized agencies.

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

The Group sets forth the guidelines and code of conduct in the Compliance Manual that we shall be resolute in its stance against and sever any relations with anti-social forces which pose a threat to civil society and disturb economic activities as well as precludes anti-social forces by preparing an internal reporting system and strengthening its internal audit system and strengthening its internal audit system to prevent violation of the provisions in accordance with the internal control system.

## I. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
-----	

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

The Company's internal system for the timely disclosure of corporate information is as follows:

#### 1. System for timely disclosure of information

(1) We have established the Board of Operating Officers under the leadership of the Chief Executive Officer to ensure the prompt execution and management of management policies and strategies determined by the Board of Directors. It promotes efficient management and ensures the timely disclosure of corporate information.

(2) We have established an investor relations system centered on the Board of Operating Officers in charge and the Corporate Strategy Department to ensure thorough legal compliance and timely and appropriate disclosure of corporate information to shareholders.

#### 2. Reporting system for timely disclosure

The Management Strategy Department is in charge of information disclosure related to the Company's consolidated accounting, governance, etc., and collects information on matters that require disclosure, communicates it to related departments, and adjusts the content of disclosure. We have established a system to prevent delays and omissions in information disclosure by centrally managing information that may need to be disclosed.

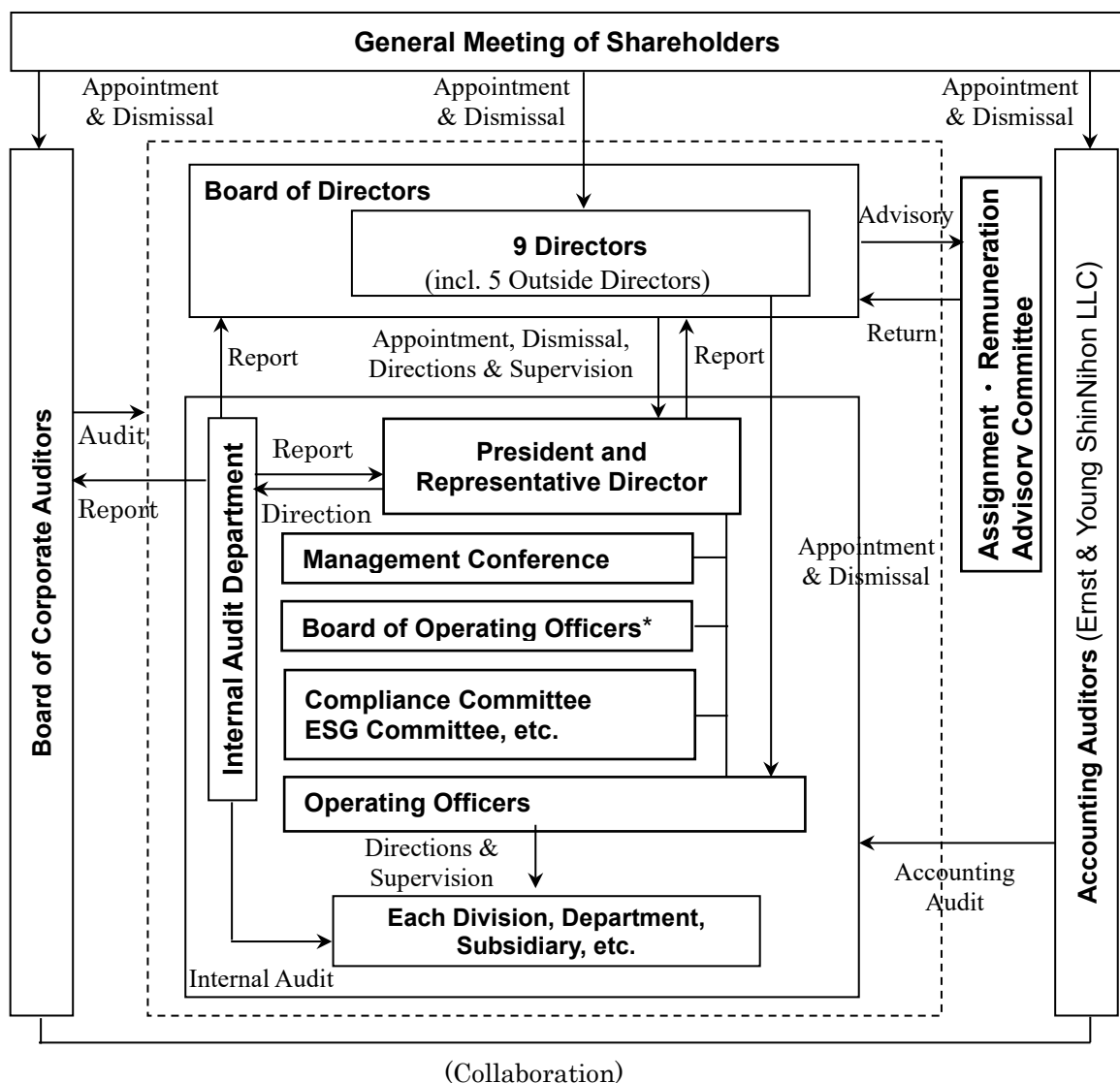
#### 3. Auditing system regarding the maintenance and operation of the disclosure system

The Internal Auditing Office conducts audits, reports the results to the Chief Executive Officer and auditors, and takes measures to prevent problems before they occur.

#### 4. Reporting procedures for timely disclosure in disclosing corporate information

The General Affairs Department and the Corporate Strategy Department prepare disclosure materials under the direction of the Operating Officer in charge, which are then discussed at the Board of Operating Officers and Management Conference and approved by the Board of Directors.





\*Note: The Board of Operating Officers consists of a total of 15 Operating Officers (including, but not limited to, the Chief Executive Officer), four of which are concurrently assumed by the relevant Directors.

## Skill Matrix

Name / Job title	Corporate Management	Business strategy / marketing	R&D/ technological strategies	Finance / accounting / financial market	HR / labor / HR development	Legal / risk management	International experience
Yuta Arisawa Representative Director	○	○	○	○			○
Takeshi Masuda Director				○	○	○	
Osamu Nakajima Director		○	○				○
Makoto Tai Director		○	○				
Koji Nakamura Outside Director	○	○					○
Kazuo Abiko Outside Director	○				○		○
Hirotohi Takada Outside Director	○	○					○
Miho Numata Outside Director	○				○	○	
Makiko Horie Outside Director				○			○
Hisashi Masumura Corporate Auditor				○	○	○	
Koichiro Tanaka Outside Corporate Auditor	○			○			○
Koichi Yokota Outside Corporate Auditor	○			○			

END