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## Amano Group Corporate Governance Guidelines

Amano Corporation

### 1. Purpose

- (1) These Guidelines determine the basic framework and guidelines for corporate governance of the Company Group in accordance with the Amano Group Basic Policy for Corporate Governance.
- (2) These Guidelines are reviewed as needed in consideration of verification of effectiveness and appropriateness in order to realize corporate governance that contributes to the sustainable growth of the Company Group and the increase of corporate value over the mid- to long-term.

### 2. The Board of Directors

- (1) For sustainable increase of corporate value and common interests of shareholders, the Board of Directors shall determine the basic management policies, management plans, and other important matters. The Board of Directors shall make decisions on important aspects of execution of operations in consideration of these basic policies, etc., and supervise the execution of duties by Representative Directors, Directors, and Operating Officers.
- (2) The Board of Directors shall have an appropriate number of members for active debates and discussions as well as speedy decision-making, and such number shall not exceed ten (10). Also, the Board of Directors shall consist of members including outside directors who have diversified knowledge, experience, and ability regardless of their gender, nationality, or age.
- (3) In order to secure the effectiveness of independent and objective supervision of management, the Board of Directors shall endeavor to utilize highly independent outside directors.
- (4) When Directors concurrently hold posts as officers of listed companies, they shall be careful and disclose their concurrent posts in order to secure sufficient time for attendance of meetings of the Board of Directors and for preparation for such attendance.
- (5) For active discussions of the Board of Directors, Chairperson of the Board of Directors shall provide Directors and Audit & Supervisory Board members (hereinafter the “Officer(s)”) with information necessary for considering proposals before a meeting of the Board of Directors. The Officers shall request Chairperson of the Board of Directors to provide additional information as needed.
- (6) When collecting professional information on laws, accounting, and taxation, etc., Directors shall utilize external experts as needed.
- (7) In order to provide information to outside directors in a timely and appropriate manner, the staff of the Corporate Planning Unit shall provide support as needed.

- (8) The Board of Directors shall periodically review whether duties are being executed in accordance with laws and regulations, the Articles of Incorporation stipulate, and these Guidelines in order to improve the effectiveness of corporate governance.
  - (9) The Board of Directors will supervise a successor of Chief Executive Officer based on the successor training program formulated by the Nomination and Compensation Committee and in consideration of the management philosophy to ensure the appropriate development of the successor of Chief Executive Officer.
3. Operating Officer System
- (1) The Company establishes the Operating Officer System to clarify functions and responsibilities relating to management and execution of operations and realize speedy and efficient decision-making.
  - (2) Some Operating Officers may concurrently serve as Directors.
4. Audit & Supervisory Board
- (1) The Audit & Supervisory Board shall audit the legality and validity of the execution of duties by the Board of Directors and Directors from an independent and objective point of view.
  - (2) In order to secure the independency of outside directors, Audit & Supervisory Board members and the Audit & Supervisory Board shall exchange opinions with outside directors as needed and otherwise fully cooperate with them.
  - (3) The Audit & Supervisory Board has a role in accounting audits, and therefore it shall include the Audit & Supervisory Board member who has a reasonable level of expertise regarding finance and accounting.
  - (4) In order to provide information to outside Audit & Supervisory Board members in a timely and appropriate manner, the staffs of the Internal Audit Unit and the Accounting Unit shall provide support as needed.
5. Nomination and Compensation Committee and other Committees
- (1) The Nomination and Compensation Committee, a voluntary committee, consisting of outside directors and Representative Directors is established for the purpose of enhancing corporate governance systems by enforcing fairness, transparency, and objectivity of processes relating to nomination and compensation of Directors, etc. Members of the Nomination and Compensation Committee, discuss the selection of officers, remuneration, and other important matters from the viewpoint of independent outside officers based on their broad experience and professional knowledge, and report to the Board of Directors.
  - (2) The Nomination and Compensation Committee will operate in a manner that does not cause a conflict of interest with general shareholders in accordance with the Nomination and Compensation Committee Regulations.

- (3) The Company establishes internal committees for developing and strengthening of measures related to both corporate social responsibility (CSR) activities and risk management systems.

#### 6. Selection and Dismissal of Representative Directors

- (1) In selecting a new Representative Director, the current Representative Director will elect a candidate based on reports by the Nomination and Compensation Committee. The Board of Directors will select the new Representative Director by giving careful consideration as to whether the candidate possesses the appropriate qualities for the position.
- (2) In the event of incidents described below, the Board of Directors will resolve the dismissal of Representative Directors based on reports by the Nomination and Compensation Committee.
  - (i) When business performance deteriorates over medium- to long-term and its recovery is not expected.
  - (ii) Occurrence of a serious incident(s) causing major reputational damages and significant financial losses.
  - (iii) Serious compliance violation by the Representative Director concerned.

#### 7. Appointment of the Officers

- (1) Giving the utmost possible respect to reports by the Nomination and Compensation Committee, a candidate for the position of Officers shall be selected, based on consultation among Representative Directors, from among persons who have the appropriate knowledge, experience, and ability that are required of Officers. The appointment of such candidate shall be approved by the Board of Directors and thereafter determined at the General Shareholder's Meeting.
- (2) An Audit & Supervisory Board member candidate shall require the approval of the Audit & Supervisory Board.
- (3) A candidate selected for the position of outside director or outside Audit & Supervisory Board member (hereinafter an "Outside Officer") shall be a person who understand the Company's business and management environment and can provide fair, impartial, and appropriate guidance and advice for the Company's management based on his/her broad knowledge and experience. The criteria for independency listed in the following paragraph shall also be taken into account.
- (4) A candidate for the position of Outside Officer shall be considered independent if none of the following items are currently applicable or have been applicable within the past ten (10) years to such candidate or to relatives of such candidate within the second degree of kinship:
  - (i) A major business partner of the Company or a person executing business of a such business partner;
  - (ii) A consultant, accounting expert, or legal expert, etc. who receives a large amount of money, etc. other than the Officers' remuneration from the Company (or a person

who belongs to a corporation, association, or any other organization that receives such money, etc. from the Company);

- (iii) A person executing business of the Company or its subsidiary;
  - (iv) A director of the Company's subsidiary who does not execute business of such subsidiary (only in cases in which an outside Audit & Supervisory Board member is designated as an independent officer);
  - (v) A major shareholder of the Company or a person executing business of such major shareholder;
  - (vi) A person who has been a director or Audit & Supervisory Board member of the Company or its subsidiary at any time during the ten-year period before his/her appointment.
- (5) For appointment to the position of the Officer, candidates shall be given the opportunity to fully understand the Company's business, finance, organization, and other necessary knowledge as well as the roles and duties of the Officers. After appointment, continuous education shall be provided to the Officers through training utilizing external experts, etc.

#### 8. Remuneration for the Officers

- (1) The amount of remuneration for the Officers shall be determined by respecting reports by the Nomination and Compensation Committee to the utmost extent possible and considering each Officer's duties and achievements as well as the status of management and economic situation, and such remuneration shall not exceed the upper limit approved by the General Shareholder's Meeting. The remuneration for Directors, etc. shall be determined on the basis of consultation among the Representative Directors who are entrusted with the task of such determination by the Board of Directors on the basis of remuneration policies prescribed by the Board of Directors. On the other hand, the remuneration for Audit & Supervisory Board members, etc. shall be determined on the basis of consultation among Audit & Supervisory Board members.

#### 9. Accounting Auditor

- (1) In order to secure the effectiveness of accounting audit, the Audit & Supervisory Board shall confirm the following items when selecting and evaluating an accounting auditor:
- (i) The accounting auditor has the necessary and sufficient knowledge, ability, and personnel to conduct an audit of the Company, a large public company;
  - (ii) The accounting auditor can perform operations globally, considering that the Company has overseas group companies;
  - (iii) The accounting auditor is independent as a professional expert, and there are no issues that could obstruct its independency. In addition, fairness can be secured;
  - (iv) The accounting auditor conducts audit operations with strong ethics and without violating relevant laws and regulations.

- (2) In order to implement audits of the highest possible quality, the Board of Directors and the Audit & Supervisory Board shall consult with the accounting auditor and secure necessary and sufficient audit time.
- (3) In order to exchange information in a timely and appropriate manner, the accounting auditor and Representative Directors shall periodically exchange opinions. The Officer in charge of Financial Affairs shall consult with the accounting auditor as necessary to deepen mutual recognition and understanding.
- (4) Opinions shall be exchanged periodically between the accounting auditor and the Audit & Supervisory Board, or the Internal Audit Unit, or Outside Directors to share findings detected and discuss measures for improvement, etc.

#### 10. Rights of Shareholders

- (1) The Company recognizes that the exercise of voting rights at the General Shareholder's Meeting and other rights of shareholders are important, and it develops an appropriate environment to secure such rights.
- (2) The Company believes that the distribution of dividends to shareholders is an issue of primary importance, and its basic policies include the continuous and stable distribution of dividends as a measure for returning profits, appropriate distribution of results depending on performance, and flexible acquisition of treasury stock.
- (3) In order to protect the common interests of shareholders, the Company shall prevent its Officers and employees from performing any transaction that would be contrary to the Company's interests.
- (4) No transaction mentioned in the preceding paragraph may be performed without the prior approval of the Board of Directors, and investigations shall be conducted periodically to determine whether or not any such transactions have been performed.

#### 11. Dialogue with Shareholders

- (1) The Director in charge of IR shall be responsible for general dialogue with shareholders.
- (2) The Corporate Planning Division shall be in charge of providing assistance for dialogue with shareholders and cooperate with the Legal Unit, the Accounting Unit, and other relevant sections as needed.
- (3) Not only dialogue with individual shareholders but also explanatory meetings, etc. shall be held to enhance communication.
- (4) Opinions and concerns of shareholders shall be reported to Representative Directors and, if necessary, shall be reported and discussed at a meeting of the Board of Directors. Appropriate measures shall be taken in cooperation with relevant sections.
- (5) Important information concerning management of both financial and non-financial, should be disclosed in a timely and appropriate manner that makes it easy for shareholders to understand it, as well as in English.
- (6) When holding dialogue with shareholders, for the management of important facts, the employees of the Company shall understand and comply with the Insider Trading

Management Rules and obtain the shareholders' understanding by indicating the non-disclosure period in the Disclosure Policy.

#### 12. Relationship with a Range of Stakeholders

- (1) The Company shall, through sustainable growth of its business, continuously return profits to a range of stakeholders including employees, customers, and business partners for the purpose of coexistence and mutual prosperity.
- (2) The Company shall take appropriate actions for sustainability issues in medium- to long-term issues including ESG factors, commencing with social and environmental problems.
- (3) The Company shall recognize that sustainable growth requires experience, skills, attributes, and diverse viewpoints and senses of values, and develop the diversity by appointing women, foreigners, and mid-career workers to core human resources positions such as managerial posts in the Company.
- (4) For the purpose to ensure sustainable growth and to raise corporate value over the medium-to long-term, the Company may hold the shares of mainly its business partners which are listed companies, in order to deepen business relationships and cooperation. The propriety of holding the shares shall be evaluated by the Board of Directors by comparing the cost of capital based revenue targets and the actual return, along with the business status, etc. The results of this evaluation shall be disclosed annually, and the shares that are deemed as not appropriate and/or not rational to retain, shall be reduced.
- (5) When exercising the voting rights pertaining to the shares mentioned in the preceding paragraph, the Company shall carefully examine the content of each proposal and determine whether or not to approve it in consideration of the opinions of an objective third party (institutional investors or a proxy advisory firm, etc.), and exercise appropriately.
- (6) The Company shall establish a whistle-blowing system for early detection of the violations of corporate ethics or laws and develop an appropriate framework that prevents the disadvantageous treatment of the employees and other whistleblowers.

#### 13. Supplementary Provisions

- (1) The establishment, revision, and abolition of these Guidelines shall be determined by the Board of Directors.