



# Corporate Governance

## ● Basic Philosophy Toward Corporate Governance

The RIKEN TECHNOS GROUP implements organizational systems and mechanisms for management and carries out the necessary measures to achieve sustainable growth and improve medium- to long-term corporate value through practicing the corporate philosophy RIKEN TECHNOS WAY. By positioning the strengthening of corporate management as one of the important issues in management, an effective governance mechanism is established across the entire RIKEN TECHNOS GROUP to work toward strengthening the Group's competitiveness and ensuring management transparency and fairness.

## ● RIKEN TECHNOS GROUP Corporate Governance Policy

We have established the RIKEN TECHNOS GROUP Corporate Governance Policy based on our basic philosophy toward corporate governance. The RIKEN TECHNOS GROUP's corporate governance system and initiatives are comprehensively and exhaustively systemized and disclosed through this policy.

Going forward, we will continue to strengthen and enhance our corporate governance for the RIKEN TECHNOS GROUP's sustainable growth and improvements in medium- to long-term corporate value.

\* RIKEN TECHNOS GROUP Corporate Governance Policy

<https://www.rikentechnos.co.jp/e/company/governance/>

### ◇ Past Actions to Strengthen Corporate Governance

2016	Introduced executive officer system (separation of supervisory and executive functions) Shifted from a company with a board of company auditors to a company with an audit and supervisory committee (at least one third of the Board of Directors are independent outside directors) Established Nomination Committee and Compensation Committee (at least half of the committee members are independent outside directors; the committee chairperson is selected from independent outside directors through election by the committee members) Established Outside Board of Directors (appointment of primary independent outside director) Introduced share-based compensation system (BBT: Board Benefit Trust)
2017	Commenced effectiveness evaluation of Board of Directors (subsequently conducted annually)
2020	Established RIKEN TECHNOS GROUP Corporate Governance Policy Formulated independence standard for outside directors Formulated succession plan

## ● Corporate Governance System

### ◇ Structural Design

To strengthen the supervisory function of the Board of Directors, and improve management transparency and fairness, RIKEN TECHNOS CORPORATION has adopted the format of a company with an audit and supervisory committee. In addition, we have adopted an executive officer system and pushed ahead with the delegation of a significant amount of authority for business execution to build an agile and strategic management system.

### ◇ Board of Directors

Our Board of Directors comprises up to seven directors (excluding directors who are Audit & Supervisory Committee members) and up to five directors who are Audit & Supervisory Committee members. To ensure management transparency and soundness, at least one third of the directors are independent outside directors.

In addition, given the global business operations of the RIKEN TECHNOS GROUP, directors are appointed so that the Board of Directors has the appropriate scale and composition taking into consideration factors such as the Board's overall balance in knowledge, experience, and capabilities; maintenance of diversity; and invigoration of deliberations.

### ◇ Strategy Meeting

Our Strategy Meeting comprises all executive officers. Directors who are not concurrently executive officers also attend the meetings from the perspective of management supervision and state their opinions as necessary. In addition, meetings are held ahead of Board of Directors meetings each month to deliberate beforehand issues being put forth to the Board of Directors as well as to deliberate and decided on the execution of important tasks for which authority has been delegated by the Board of Directors.

### ◇ Audit & Supervisory Committee

Our Audit & Supervisory Committee comprises up to five directors, of which more than half are independent outside directors. At least one member has considerable expertise related to finance and accounting. In addition, full-time Audit & Supervisory Committee members are appointed to carry out prompt information collection within the company and closely share information with outside directors. The Audit & Supervisory Committee collaborates with the Audit Department (department for internal audits) which is under the direct control of the committee. Through joint conduct of audits in Japan and overseas as necessary, audits are conducted systematically and effectively using the internal control system.

### Message from Full-Time Audit & Supervisory Committee Member



**Masato Koizumi**  
Director, Full-time Audit & Supervisory Committee Member  
RIKEN TECHNOS CORPORATION

The duty of the Audit & Supervisory Committee is to establish a corporate governance system that ensures the sound and sustainable growth of RIKEN TECHNOS and meets the expectations of social reliability. Therefore, we conduct audits on the execution of duties by directors and checks on whether the internal control system is being established and implemented properly.

Although there is much concern about the significant impact on the environment surrounding the company due to COVID-19, we will contribute toward the establishment and implementation of an even more robust corporate governance system.

### ◇ Nomination Committee and Compensation Committee

We have established the Nomination Committee and Compensation Committee as voluntary consultative bodies of the Board of Directors to ensure appropriateness regarding nomination and compensation as well as to heighten their transparency. Both committees comprise at least three directors, of which more than half are independent outside directors. The chairperson of each committee is selected from independent outside directors through election by the committee members.

The Nomination Committee reports and recommends on matters such as those related to the appointment and dismissal of directors, executive officers, counselors, and advisors, and those related to the formulation and change of independence standard for outside directors. The Compensation Committee reports and recommends on matters such as details of proposals regarding compensation and other payments (including share-based compensations) of directors being put forth to general shareholder meetings; compensation system for directors (excluding directors who are Audit & Supervisory Committee members), executive officers, counselors, and advisors; and details of compensation and other payments (including share-based compensations) of individuals.

### ◇ Independent Outside Directors

Our independent outside directors take on the roles of providing active advice regarding management, supervision of management in general, and supervision regarding conflicts of interests as well as reflecting opinions of stakeholders at Board of Directors meetings. We appoint people who meet the independence standard for outside directors set by us as independent outside directors. At the same time, they must be able to take on the role of contributing toward our sustainable growth and improvements in medium- to long-term corporate valuation. In addition, the primary independent outside director is elected by and chosen from among the independent outside directors, and serves as a liaison with the company.

\* The independence standard for outside directors is defined in the RIKEN TECHNOS GROUP Corporate Governance Policy.

### From the viewpoint of the primary independent outside director



**Takayuki Hayakawa**  
Outside Director, Audit & Supervisory Committee Member  
RIKEN TECHNOS CORPORATION

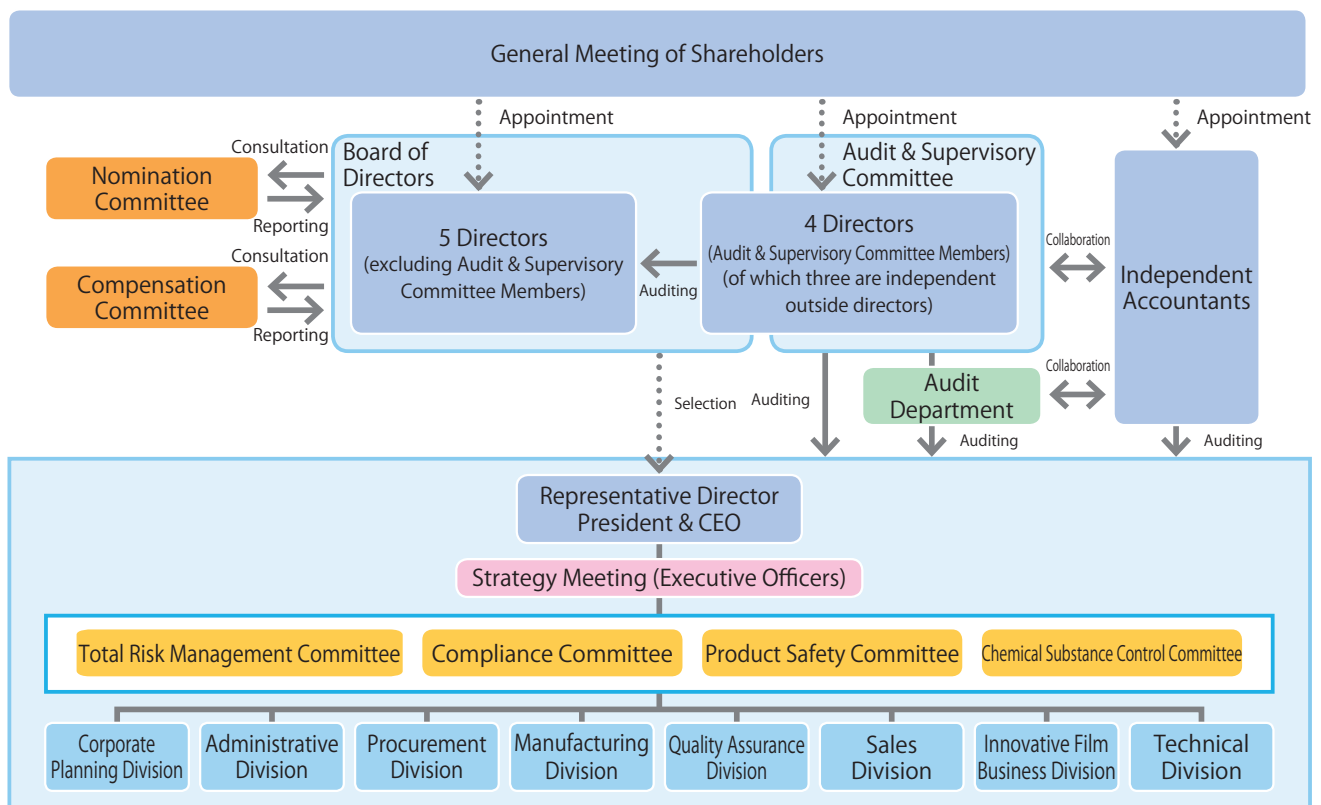
Three directors—which is one third the number of directors—at RIKEN TECHNOS are independent outside directors. As members of the Audit & Supervisory Committee, we aim to further improve the transparency and fairness of the management's decision making by diligently auditing, supervising, and advising the management from an independent standpoint, while placing importance on the perspectives of all stakeholders, such as shareholders and suppliers.

### ◇ Summary Table of Corporate Governance System

Structural design	Company with an audit and supervisory committee
Number of directors (excluding Audit & Supervisory Committee members)	5 Directors
Number of directors (Audit & Supervisory Committee members)	4 Directors (of which three are outside directors)
Term of directors	1 year (2 years for Audit & Supervisory Committee members)
Voluntary consultative bodies of the Board of Directors	Nomination Committee and Compensation Committee
Adoption of executive officer system	Yes
Independent accountant	Ernst & Young ShinNihon LLC



# Corporate Governance



## Effectiveness Evaluation of Board of Directors

To improve the functions of our Board of Directors, we conduct evaluation and analysis of its effectiveness each year.

### ◇ Results of Board of Directors Effectiveness Evaluation for FY2019

#### (1) Method of analysis and evaluation

A survey (anonymous) regarding the evaluation of effectiveness of the Board of Directors for FY2019 was conducted targeting all eight directors. Based on the results, effectiveness was analyzed and evaluated, and discussions were carried out at the Board of Directors regarding future issues and details of actions.

[Key points of evaluation for FT2019]

① Composition (including roles and such of outside directors), state of operation, and agenda of the Board of Directors; ② system regarding improvement of knowledge and expertise; ③ risk management system; and ④ relationships with shareholders and investors

#### (2) Summary of analysis and evaluation of effectiveness

Overall, it was analyzed and evaluated that our Board of Directors functions appropriately and its effectiveness is sufficiently ensured. Specifically, it was confirmed that effectiveness is sufficiently ensured in the following areas.

- Regarding the main risks that affect our Group's businesses, directors raise questions and report on directions and response policies toward resolving issues. Outside directors also offer diverse opinions and bring up problems. Discussions are not limited just to risks but also discussed together with returns and costs, among other things. There is adequate understanding of risks and deep discussions.
- Information exchange is actively carried out between full-time and outside directors. Among outside directors, awareness of problems is also shared in a timely and appropriate manner through use of the outside Board of Directors meetings and other means. In addition, besides Board of Directors meetings, outside directors also participate in meetings such as the Strategy Meeting to give various opinions and advice based on independent and objective positions, contributing to the invigoration of discussions.

#### (3) Issues to further improve effectiveness and details of future actions

It was confirmed that, overall, the effectiveness of our Board of Directors is ensured sufficiently. However, the following points will continue to be discussed to further improve its effectiveness.

- Regarding the succession plan for key personnel such as the chief executive officer, detailed discussions were conducted and proper supervision was carried out to establish a development plan that is transparent and flexible. In the future, the succession plan will be properly executed, and appropriate evaluation and supervision will be carried out on its state of implementation and other aspects so that sufficient human resources are secured for the group of management candidates.
- Regarding the diversity of the Board of Directors, while many members with rich international experience are appointed, it cannot be said to be adequate from the aspect of gender. Improvement in this aspect will continue to be undertaken together with the implementation of the succession plan, including selection to the group of management candidates.
- Regarding the training of the directors, training appropriate to the company is accumulated through discussions at meetings, interviews with the Audit & Supervisory Committee, and other opportunities. Going forward, in addition to the improvement of knowledge and expertise through external lecturers, the scope and opportunities for training will be broadened such as by participating in external organizations and other bodies to build human networks and deepen understanding about the management of other sectors.

## Succession Plan

We established our succession plan in June 2020 to secure a pool of human resources for the group of management candidates. Taking into consideration our corporate philosophy, management policy, and other factors, so that the development of management candidates is carried out systematically with adequately time and resources, the Board of Directors and the Nomination Committee will continue to take the initiative to intervene in the plan's implementation and carry out regular supervision.

## Compensation of Directors

### ◇ Composition of Director Compensation

The compensation of directors (excluding the directors who are Audit & Supervisory Committee members) comprises fixed compensation predetermined based on position (basic compensation), bonus as compensation linked to short-term performance (monetary and allocation of shares), and fixed allocation of shares. This is because directors have the duty to improve the performance of each fiscal year as well as to improve medium- to long-term corporate value.

The compensation of directors who are Audit & Supervisory Committee members comprises only fixed compensation not linked to performance (basic compensation) and fixed allocation of shares.

### ◇ Process for the Determination of Director Compensation

In deciding the amount of compensation for directors (excluding the directors who are Audit & Supervisory Committee members), the Board of Director first consults the Compensation Committee where more than half of the members are independent outside directors. The decision is then made giving due respect to the reply from the committee.

The compensation of directors who are Audit & Supervisory Committee members is decided through deliberation by the directors who are Audit & Supervisory Committee members, within the amount established through resolution at general shareholder meetings.

## Arrangement of the Management System in Accordance with the Basic Policy on Internal Control Systems

We established the Policy on Internal Control Systems to ensure the implementation of the RIKEN TECHNOS WAY and the RIKEN TECHNOS GROUP Code of Conduct.

### ◇ Compliance System

We hold meetings of the Compliance Committee regularly each year to survey and supervise the implementation state of Group companies' compliance measures and state of improvement. In addition, compliance training is continuously conducted for officers and employees of Group companies, and we strive to improve the effectiveness of compliance, such as compliance to the RIKEN TECHNOS GROUP Code of Conduct, laws and regulations, the Articles of Incorporation, and social norms.

### ◇ Whistleblower Hotline

RIKEN TECHNOS has established a whistleblower hotline which employees can use to receive advice about doubts regarding laws, regulations, the Articles of Incorporation, breaches of rules. Besides the Audit Department, we have also established for third party contact through a law firm, and taken rigorous measures to prevent informers from being identified within the company and make sure that no detriment is suffered by informers.

### ◇ Risk Management System

We have established the Total Risk Management Committee chaired by the President based on our Risk Management Basic Regulations to manage risk across the entire company. Regarding the various risks surrounding the RIKEN TECHNOS GROUP, their severity of impact, occurrence frequency, state of plan progress, and other factors are regularly analyzed and evaluated so that risks arising from business activities are managed in an integrated manner.

### ◇ Information Security

RIKEN TECHNOS tries to minimize information security risks through access restriction, data encryption and other methods, and has installed the latest protection system. Additionally, to protect personal information, we have established and enforce internal rules in accordance with the Act on the Protection of Personal Information and the so-called My Number Act.

### ◇ Management of Consolidated Subsidiaries

We manage and supervise the state of management at RIKEN TECHNOS CORPORATION's subsidiaries through receiving the necessary reports about the situations at consolidated subsidiaries—such as the state of management and the financial situation—based on the Consolidated Subsidiaries Management Regulations. In addition, as the department overseeing the overall management of consolidated subsidiaries, the Corporate Planning Division provides guidance on the building of internal control systems and ensures the sharing of information.

### ◇ Business Audits

The Audit Department conducts internal audits of consolidated subsidiaries, and provides regular reports and reports on the state of internal control to the Board of Directors, Strategy Meeting, and Audit & Supervisory Committee.



# Corporate Governance

## Management (as of October 1, 2020)

### Directors



**Kazuaki Tokiwa**  
Representative Director  
President & CEO

March 1983 Joined the Company  
April 2002 General Manager, Sales & Marketing Dept., RIMTEC CORPORATION  
January 2007 Managing Director, RIKEN ELASTOMERS CORPORATION  
October 2011 Deputy General Manager, Compound Div.; General Manager, Compound Sales & Marketing Dept., RIKEN TECHNOS CORPORATION  
April 2013 Vice General Manager, Corporate Planning Office  
June 2013 Director; General Manager, Corporate Planning Office  
April 2016 Representative Director, President & COO (to present)



**Junji Irie**  
Representative Director  
Senior Managing Executive  
Officer  
Senior General Manager of  
Administrative Division

April 1981 Joined the Fuji Bank, Limited (current Mizuho Bank, Ltd.)  
April 2009 Executive Officer; General Manager, Kobuna-cho Branch  
May 2011 Join the Company  
June 2011 General Manager, Legal & Compliance Office  
June 2012 Director; General Manager, Legal & Compliance Office  
April 2013 Director; Senior General Manager, Administrative Div.; General Manager, General Affairs Dept.  
April 2016 Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.  
January 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.; General Manager, General Affairs Dept.  
April 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Div.; General Manager, General Affairs Dept.  
October 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Div.  
April 2019 Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.; Senior General Manager, Corporate Planning Div.  
April 2020 Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div.  
June 2020 Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Div. (to present)



**Masato Koizumi**  
Director  
Full-time Audit & Supervisory  
Committee Member

October 1997 Joined the Company  
April 2006 General Manager, Legal Office  
June 2008 General Manager, Corporate Planning Office  
April 2010 General Manager, Accounting Dept.  
September 2012 General Manager, Computer System Development Dept.  
January 2016 General Manager, Operational Administration Office  
April 2016 Executive Officer; General Manager, Operational Administration Office  
January 2017 Executive Officer; General Manager, Operational Administration Office; General Manager, Computer System Development Dept.  
April 2018 Assigned to Sales & Marketing Div.  
June 2018 Director serving as Audit & Supervisory Committee Member (to present)



**Takayuki Hayakawa**  
Outside Director  
Audit & Supervisory Committee  
Member

April 1972 Joined the Taiyo Bank Limited (current Sumitomo Mitsui Banking Corporation)  
April 2006 Executive Officer; General Manager, East Japan the 3rd Corporate Marketing Div.; Sumitomo Mitsui Banking Corporation  
April 2008 Executive Officer; General Manager, East Tokyo Corporate Marketing Div. (Retired in April 2009)  
May 2009 Senior Managing Executive Officer, Ginsen Co., Ltd. (Retired in May 2010)  
June 2010 Representative Director & President, Yoei Holding Co., Ltd. (Retired in June 2017)  
June 2013 Outside Corporate Auditor, RIKEN TECHNOS CORPORATION  
June 2016 Outside Director serving as Audit & Supervisory Committee Member (to present)  
[Significant concurrent positions]  
Corporate Auditor, TKP Corporation  
Outside Director, Toyo Kosan Ltd  
Outside Director, Kyoritsu Maintenance Co., Ltd.

### Executive Officers



**Kazuaki Tokiwa**  
Representative Director  
President & CEO



**Junji Irie**  
Representative Director  
Senior Managing Executive  
Officer  
Senior General Manager of  
Administrative Division



**Gakuyuki  
Kajiyama**  
Director  
Managing Executive Officer  
Senior General Manager of  
Sales & Marketing Division



**Taisaburo Kitaide**  
Director  
Senior Executive Officer  
Senior General Manager of  
Corporate Planning Division  
& Responsible for  
Procurement Division



**Hitoshi Sugino**  
Director  
Executive Officer  
Senior General Manager of  
Technical Division  
& Responsible for Manufacturing  
Division  
& General Manager of R&D Center



**Gakuyuki Kajiyama**  
Director  
Managing  
Executive Officer  
Senior General  
Manager of Sales &  
Marketing Division

March 1985 Joined the Company  
June 2008 Office Manager, Nagoya Sales Office; General  
Manager, Compound Vehicle R&D Office  
March 2010 Deputy General Manager, Compound Div.  
April 2011 Vice Office Manager, Corporate Planning Office  
September 2011 Managing Director, RIKEN ELASTOMERS  
CORPORATION  
April 2016 Executive Officer, RIKEN TECHNOS CORPORATION;  
Managing Director, RIKEN ELASTOMERS CORPORATION  
April 2017 Senior Executive Officer; Senior General Manager,  
Corporate Planning Div., RIKEN TECHNOS CORPORATION  
June 2017 Director, Senior Executive Officer; Senior General  
Manager, Corporate Planning Div.  
April 2019 Director, Managing Executive Officer; Senior  
General Manager, Sales & Marketing Div. (to present)



**Taisaburo Kitaide**  
Director  
Senior Executive Officer  
Senior General  
Manager of Corporate  
Planning Division  
& Responsible for  
Procurement Division

April 1985 Joined Mitsubishi Corporation  
April 2009 Executive Officer; General Manager, Commodity Plastics  
Products Div., Mitsubishi Corporation Plastics Ltd.  
May 2013 General Manager, PVC Department, Mitsubishi Corporation  
May 2017 General Manager, Purchasing, Lithium Energy and Power  
GmbH & Co. KG  
April 2018 General Manager, Lithium Procurement Group and Global  
Procurement Group, Procurement Division, GS Yuasa Corporation  
July 2019 Joined the Company; Deputy Senior General Manager,  
Corporate Planning Div.  
April 2020 Senior Executive Officer; Senior General Manager,  
Corporate Planning Div.; Responsible for Procurement Div.  
June 2020 Director, Senior Executive Officer; Senior General Manager,  
Corporate Planning Div.; Responsible for Procurement Div. (to  
present)



**Hitoshi Sugino**  
Director  
Executive Officer  
Senior General Manager  
of Technical Division  
& Responsible for  
Manufacturing Division  
& General Manager of  
R&D Center

March 1983 Joined the Company  
April 2009 General Manager, R&D Office III, Materials Development  
Center  
January 2014 Deputy Senior General Manager, Technical Div.;  
General Manager, R&D Center; General Manager, R&D Office I  
April 2016 Executive Officer; Deputy Senior General Manager,  
Technical Div.; General Manager, R&D Center; General Manager,  
R&D Office III  
April 2019 Executive Officer; Senior General Manager, Technical Div.;  
General Manager, R&D Center  
April 2020 Executive Officer; Senior General Manager, Technical Div.;  
Responsible for Manufacturing Div.; General Manager, R&D Center  
June 2020 Director, Executive Officer; Senior General Manager,  
Technical Div.; Responsible for Manufacturing Div.; General  
Manager, R&D Center (to present)



**Shigeharu Nakamura**  
Director  
Audit & Supervisory Committee  
Member

April 1976 Joined the Saitama Bank, Ltd. (current Saitama Resona Bank, Limited)  
June 2005 Managing Executive Officer in charge of Finance Div., Resona Bank, Limited  
June 2006 Director, Senior Managing Executive Officer in charge of Finance Div. and in charge  
of Corporate Governance Office  
June 2008 Representative Director, Vice President & Executive Officer in charge of Human  
Resources Division and in charge of Corporate Governance Secretariat (Retired in March 2012)  
April 2012 Representative Director & President, Resona Research Institute Co., Ltd.  
April 2014 Advisor (Retired in June 2014)  
June 2014 Outside Corporate Auditor, RIKEN TECHNOS CORPORATION  
June 2016 Outside Director serving as Audit & Supervisory Committee Member (to present)  
[Significant concurrent positions] Outside Director and Audit & Supervisory Committee  
Member, TOYO KANETSU K.K.  
Auditor, F-TECH INC.  
Outside Director, The Shoko Chukin Bank, Ltd.



**Kazuma Shibata**  
Director  
Audit & Supervisory Committee  
Member

April 1982 Joined the Yasuda Fire and Marine Insurance Co., Ltd. (current Sampo Japan Insurance Inc.)  
April 2007 General Manager, Kanagawa Service Center, Sampo Japan Insurance Inc.  
April 2010 General Manager, The 2nd Sales Dept., Kanto Service Center, Sampo Japan Insurance Inc.  
April 2012 Executive Officer; General Manager, Sales Dept., Tokyo Service Center  
April 2013 Executive Officer; General Manager, The 1st Tokyo Insurance Claims Service Dept.; General  
Manager, The 2nd Tokyo Insurance Claims Service Dept.  
October 2013 Executive Officer; General Manager, the 2nd Tokyo Insurance Claims Service Dept.;  
Special Mission General Manager, the 1st Tokyo Insurance Claims Service Dept. (Retired in March  
2014)  
April 2014 Auditor, National Hospital Organization  
April 2016 Director, National Hospital Organization (Retired in March 2018)  
June 2018 Outside Director serving as Audit & Supervisory Committee Member (to present)  
[Significant concurrent positions]  
None



**Hirofumi Otani**  
Senior Executive Officer  
Senior General Manager of  
Innovative Film Business  
Division



**Michihisa Tasaka**  
Senior Executive Officer  
Senior General Manager of  
Quality Assurance Division



**Takeshi Sugie**  
Executive Officer  
Senior General Manager of  
Procurement Division  
& General Manager of  
Logistics Department



**Masashi Tosaka**  
Executive Officer  
General Manager of  
Building & Construction  
Business Unit



**Toshimi Yamanaka**  
Executive Officer  
Managing Director, RIKEN  
AMERICAS CORPORATION  
& RIKEN ELASTOMERS  
CORPORATION



**Tomozo Ogawa**  
Executive Officer  
Senior General Manager of  
Manufacturing Division  
& General Manager of Film  
Production Department  
& General Manager of Process  
Management Department