



# 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 governance 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
2021	Formulated policy for determining details of compensation and other payments of individual directors Established Risk & Compliance Committee

## ● 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.

### ◇ Management Committee

Our Management Committee 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 who are Audit & Supervisory Committee members, 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 Office (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.

Due to rising social requirements and interest regarding corporate initiatives toward the SDGs in recent times, there is also strong demand for appropriate changes in this corporate governance system.

Although future prospects remain unclear 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 the General Meeting of Shareholders; 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 value. 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.

At least once every half a year, the Outside Board of Directors comprising only outside directors is held for information exchange and awareness sharing between themselves.

\* 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 CORPORATION are independent outside directors (Audit & Supervisory Committee members). In addition, at least half of the committee members of the Nomination Committee and Compensation Committee—which are consultative bodies of the Board of Directors—are independent outside directors, and the chairpersons for both committees are also selected from independent outside directors.

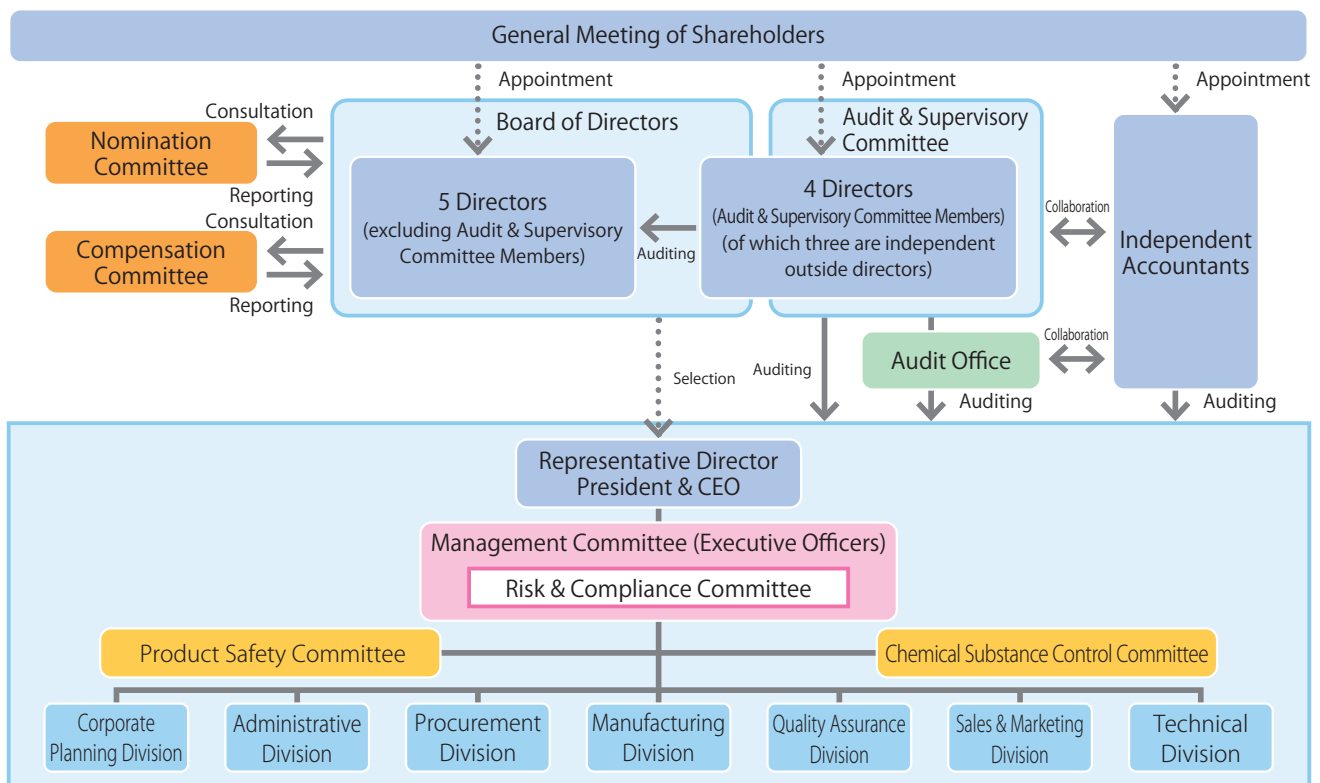
As independent outside directors, we aim to further improve the transparency and fairness of the management's decision making by diligently auditing, supervising, and advising the management from an independent standpoint, while placing importance on the perspectives of all stakeholders, such as shareholders 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 FY2021

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

A survey (anonymous) regarding the evaluation of effectiveness of the Board of Directors for FY2020 was conducted targeting all nine directors. Based on the results, effectiveness was analyzed and evaluated, and discussions were carried out at the Board of Directors meetings regarding future issues and details of actions.

#### [Key points of evaluation for FY2021]

① Composition (outside directors), state of operation, and agenda of the Board of Directors; ② system regarding improvement of knowledge and expertise; ③ risk management system; ④ relationships with shareholders and investors; ⑤ and composition and roles of the Nomination Committee and Compensation Committee

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

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

- Initiatives were undertaken to strengthen the Group's overall risk management and risk management effectiveness to develop the companywide risk management system.
- The director system and director compensation system are reviewed regularly, and objective and transparent procedures making use of the Nomination Committee and Compensation Committee are established so that they function as healthy incentives toward sustainable growth.

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

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

- Regarding the diversity of the Board of Directors, while discussions with a view of the future are being conducted, going forward, discussions will be undertaken together with the human resource strategy and development policy regarding ensuring diversity in the selection of core human resources.
- Although the roles and authority of the Head Office and consolidated subsidiaries have been organized through the review of the Consolidated Subsidiary Management Regulations, deeper discussions will continue to be undertaken regarding matters such as the ideal states of consolidated subsidiaries and the method of intervention by the parent company, and measures will be taken to further increase the Group's comprehensive capabilities.
- Regarding sustainability initiatives including SDGs, discussions in further detail will be undertaken together with the formulation of the next mid-term business plan, and methods for their disclosure will be considered.

## Strategic-holding Shares

With regard to strategic holding of shares, the Board of Directors annually examines specifically whether the purpose of holding of strategic-holding shares is appropriate, and otherwise whether the benefits and risks associated with holding are commensurate with the cost of capital, from a medium- to long-term perspective in order to improve corporate value globally, and shall continue to hold those that it believes are contributing to the improvement of the Group's medium- to long-term corporate value, but for those that it believes are inappropriate to hold, we will consider the disposal of all or part of its holdings, taking into consideration market trends and other factors, and reduce its holdings.

## ● Succession Plan

We formulate our succession plan 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 adequate 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

### ◇ Basic Policy

The compensation of directors (excluding directors who are Audit & Supervisory Committee members) serves as motivation for improving the performance of each fiscal year and improving the corporate value over the medium to long term. In addition, as a compensation system that allows value to be shared with shareholders, the appropriate level of compensation is set according to position and responsibility. To ensure objectivity and transparency when determining these levels, respect is shown to the opinions of the Compensation Committee, where more than half of the members are independent outside directors.

### ◇ Composition of Director Compensation

The compensation of directors (excluding 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 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 the General Meeting of Shareholders.

## ● Risk Management and Compliance

### ◇ Risk Management System

Our Group established the Risk & Compliance Committee for the purpose of centrally and comprehensively managing risks faced by Group companies, enhancing the effectiveness of risk management, and further improving compliance.

The Risk & Compliance Committee formulates a list of the Group's overall risks, understands risks that are critical to the Group, identifies risks to be handled with priority, and confirms the progress of risk countermeasures every six months. In addition, the committee surveys and supervises the implementation state of Group companies' compliance measures and state of improvement.

### ◇ Compliance Promotion

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.

In addition, as part of the establishment of our bribery prevention system, we formulated the Basic Policy on Bribery Prevention by RIKEN TECHNOS GROUP and relevant regulations, and our Group as a whole strives to prevent bribery.

### ◇ Whistleblower Hotline

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

### ◇ Information Security

RIKEN TECHNOS CORPORATION 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 in-house regulations in accordance with the Act on the Protection of Personal Information and Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures.

### ◇ 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 RIKEN TECHNOS GROUP Consolidated Subsidiary 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 Office conducts internal audits of consolidated subsidiaries, and provides regular reports and reports on the state of internal control to the Board of Directors, Management Committee, and Audit & Supervisory Committee.



# Corporate Governance

## Management (as of October 1, 2021)

### Directors



**Kazuaki Tokiwa**  
Representative Director  
President & CEO

March 1983 Joined the Company  
April 2002 General Manager, Sales & Marketing Dept., RIMTEC CORPORATION  
January 2007 Director, President & CEO, 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 & CEO (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 Division; General Manager, General Affairs Dept.  
April 2016 Director, Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division  
January 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division; General Manager, General Affairs Dept.  
April 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Division; General Manager, General Affairs Dept.  
October 2017 Director, Managing Executive Officer; Senior General Manager, Administrative Division  
April 2019 Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division  
April 2020 Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division  
June 2020 Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division (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 Department  
September 2012 General Manager, Computer System Development Department  
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 Department  
April 2018 Assigned to Sales & Marketing Division  
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 Representative Director & President Yoei 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)  
May 2017 Outside Director, TKP Corporation  
June 2017 Outside Director, Toyo Kosan Ltd. (Retired in June 2021)  
May 2019 Corporate Auditor, TKP Corporation (to present)  
June 2020 Outside Director, Kyoritsu Maintenance Co., Ltd. (to present)

### 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  
Executive Officer  
Senior General Manager of Corporate Planning Division



**Hitoshi Sugino**  
Director  
Executive Officer  
Senior General Manager of Technical 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 Deputy General Manager, Corporate Planning Office  
September 2011 Director, President & CEO, RIKEN ELASTOMERS CORPORATION  
April 2016 Executive Officer, RIKEN TECHNOS CORPORATION; Director, President & CEO, RIKEN ELASTOMERS CORPORATION  
April 2017 Senior Executive Officer; Senior General Manager, Corporate Planning Division, RIKEN TECHNOS CORPORATION  
June 2017 Director, Senior Executive Officer; Senior General Manager, Corporate Planning Division  
April 2019 Director, Managing Executive Officer; Senior General Manager, Sales & Marketing Division (to present)



**Taisaburo Kitaide**

Director  
Executive Officer  
Senior General Manager of Corporate Planning 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 Division  
April 2020 Senior Executive Officer; Senior General Manager, Corporate Planning Division; Responsible for Procurement Division  
June 2020 Director, Senior Executive Officer; Senior General Manager, Corporate Planning Division; Responsible for Procurement Division  
April 2021 Director, Executive Officer; Senior General Manager of Corporate Planning Division (to present)



**Hitoshi Sugino**

Director  
Executive Officer  
Senior General Manager of Technical 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 Division; General Manager, R&D Center; General Manager, R&D Office I  
April 2016 Executive Officer; Deputy Senior General Manager, Technical Division; General Manager, R&D Center; General Manager, R&D Office III  
April 2019 Executive Officer; Senior General Manager, Technical Division; General Manager, R&D Center  
April 2020 Executive Officer; Senior General Manager, Technical Division; Responsible for Manufacturing Division; General Manager, R&D Center  
June 2020 Director, Executive Officer; Senior General Manager, Technical Division; Responsible for Manufacturing Division ; General Manager, R&D Center  
April 2021 Director, Executive Officer; Senior General Manager, General Manager of R&D Center (to present)



**Shigeharu Nakamura**

Director  
Audit & Supervisory Committee Member

April 1976 Joined the Saitama Bank, Ltd. (current 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.  
June 2013 Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K.  
April 2014, Advisor, Resona Research Institute Co., Ltd. (Retired in June 2014)  
June 2014 Auditor, F-TECH INC. (to present)  
Outside Corporate Auditor  
June 2015 [Significant concurrent positions] Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K. (to present)  
June 2016 Outside Director serving as Audit & Supervisory Committee Member (to present)  
June 2018 Outside Director, The Shoko Chukin Bank, Ltd. (to present)



**Kazuma Shibata**

Outside 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, Sampo Japan Insurance Inc.  
April 2013 Executive Officer; General Manager, The 1st Tokyo Insurance Claims Service Dept.; General Manager, The 2nd Tokyo Insurance Claims Service Dept., Sampo Japan Insurance Inc.  
October 2013 Executive Officer; General Manager, the 2nd Tokyo Insurance Claims Service Dept.; Special Mission General Manager, the 1st Tokyo Insurance Claims Service Dept., Sampo Japan Insurance Inc. (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)



**Michihisa Tasaka**

Executive Officer  
Senior General Manager of Quality Assurance Division



**Takeshi Sugie**

Executive Officer  
Senior General Manager of Procurement Division & General Manager of Logistics Department



**Toshimi Yamanaka**

Executive Officer  
Director, President & CEO, RIKEN AMERICAS CORPORATION & RIKEN ELASTOMERS CORPORATION



**Tomozo Ogawa**

Executive Officer  
Senior General Manager of Manufacturing Division & General Manager of Process Management Department



**Hisashi Onozuka**

Executive Officer  
Deputy Senior General Manager of Sales & Marketing Division & General Manager of Sales & Marketing Strategy Office & General Manager of Building & Construction Business Unit



**Fumitoshi Nakamura**

Executive Officer  
General Manager of Transportation Business Unit & General Manager of Nagoya Sales Office