

## Feature — Shift to New Corporate Governance System —

At the 9th Annual General Meeting of Shareholders on June 18 2021, we made a transition from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. At the same time, we continue our evolution with the aim of a new form of governance, such as the strengthening of our executive officer system and the partial revision of the officer remuneration system.

### Purpose of change

The business environment surrounding our company is changing drastically. If we are to continue sustainable growth under such a business environment, we will need to have speed and a resilient corporate structure and to be a company that is able to co-exist into perpetuity with a wide range of stakeholders. We have made the transition to a company with an Audit and Supervisory Committee to further separate the two functions of “executive” and “supervisory” and improve the monitoring function of the management, while at the same time accelerating decision-making through the further delegation of authority.

### What has changed

#### (1) Highly diverse composition of officers

Prior to the transition, our company had a total of ten officers, consisting of seven directors, including four outside directors, and three Audit and Supervisory Board Members, including two outside Audit and Supervisory Board Members. With the transition to a company with an Audit and Supervisory Committee, we now have a leaner structure, with four directors who are not the Audit and Supervisory Committee Members (including two outside directors) and three directors who concurrently serve as Audit and Supervisory Committee Members (including two outside directors).

The post-transition Board of Directors is composed of members with a diverse range of skills required for the management of our company, such as technology management, finance and accounting, legal, and experience in global corporate management. Each member of the Board also possesses skills in his or her respective fields that

are needed for sustainability management, resulting in a structure that makes it possible to hold discussions in Board of Directors meetings that are based on specialist and objective perspectives.

#### (2) Flexible decision-making and the revitalization of strategic discussion

With the transition, we reviewed our internal rules and further accelerated decision-making by actively delegating the Board of Directors’ “authority of decision making on important business execution” to the executive directors. With the review of the matters to be resolved by the Board of Directors, the foundations have been established for the revitalization of strategic discussions.

#### (3) Further improving the monitoring function

Unlike Audit and Supervisory Board Members in a company with an Audit and Supervisory board, Audit and Supervisory Committee Members also have voting rights in the Board of Directors. As such,

they will be able to demonstrate even more effectively than before their function of holding management in check through their votes on nomination and remuneration in the Board of Directors.

With the delegation of authority from the Board of Directors, the main role of the Board of Directors has shifted from decision-making on business execution to supervision of management, which will lead to improving the monitoring function.

The optional Nomination and Remuneration Committee, which was established in 2019 and is chaired by an independent outside director, remains in place even after the transition to the new corporate system. We are working to further strengthen the functions of this committee by ensuring that independent outside directors account for the majority of its membership and that Audit and Supervisory Committee Members are also included.

### Skills matrix of board of directors

Position	Name	Area of expertise held by Directors that they are particularly expected to demonstrate					
		Corporate management	Technology management	Sustainability management	Global business	Legal and compliance	Finance & accounting and Capital policy
Representative Director and President, Nomination and Remuneration Committee Member	Yoshihisa Shinya	●	●	●	●		
Representative Director, Nomination and Remuneration Committee Member	Toshiya Satake	●		●		●	●
Outside Director, Chairperson of the Nomination and Remuneration Committee	Takashi Yokokura	●	●	●	●		
Outside Director, Nomination and Remuneration Committee Member	Satoshi Taguchi	●		●	●	●	
Outside Director, Chairperson of the Audit and Supervisory Committee, Nomination and Remuneration Committee Member	Rika Sato			●	●	●	
Director, Standing Audit and Supervisory Committee Member	Masahiro Kuwayama			●		●	●
Outside Director, Audit and Supervisory Committee Member, Nomination and Remuneration Committee Member	Tetsuyuki Kagaya			●			●