

# Corporate Governance Guidelines

INNOTECH CORPORATION

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## Chapter 1 General Provisions

(Purpose)

Article 1. INNOTECH Corporate Governance Guidelines are our principles of conduct which are set in order to enhance our corporate values as INNOTECH CORPORATION (hereinafter referred to as “INNOTECH” ) and our group companies (our consolidated subsidiaries and entities whose management rights are substantially held by INNOTECH), considering the benefits of our stakeholders (our shareholders, customers, suppliers, communities, and employees) . Thus, we publish these guidelines for the purpose of fulfilling our accountability.

(Basic Views on Corporate Governance)

Article 2. Based on the recognition that corporate governance functioning effectively is indispensable for a company to remain competitive and efficient, and thus to maximize the return on investment for our shareholders, INNOTECH pursues fair and sound management in line with the global standards.

## Chapter 2 Management Philosophy

(Management Philosophy)

Article 3. INNOTECH management philosophy is described as follows. Directors and Executive Officers as well as employees of INNOTECH and its group companies shall share such philosophy as our principles of conduct and put them into practice;

<Our Vision>

Make our daily lives comfortable, convenient, and versatile and contribute to the future society by devoting ourselves to electronics business.

Leverage our creativity and contributing to technical development of the electronics industry and become an indispensable company.

Realize that our business is to solve problems and dedicate ourselves to satisfy our customers.

Become a pioneer to keep up with the most challenging cutting-edge technology.

Become a company where every employee makes the most of his or her creativity and feel proud of themselves as well as their own organization.

### <Our Action>

Work hard to become the “number one” and the “only one” in each business area and pursue growth in cooperation with each other.

Keep our passion and courage to face with major business challenges; maintain self-reforming power for continuous progress.

Help the company philosophy and spirit of progress penetrate the entire organization.

Respect individuality and incentives for growth of each employee and encourage them to conduct business with a good faith.

### (Mid-Term Management Plans)

#### Article 4.

1. INNOTECH sets and publishes its corporate and its group companies' mid-term management plans in order to realize our continuous growth.
2. INNOTECH and its group companies make their best efforts to achieve the goals which are set by the mid-term management plans. In case any goal was not achieved, the causes as well as the measures taken by INNOTECH and its group companies will be thoroughly reviewed and the results of such reviews will be reported to the shareholders; and the results of such reviews as well as lessons learned will be reflected to the content of our next mid-term management plans.

### (Development of Human Resources and Diversity)

#### Article 5.

1. INNOTECH believes that enhancement of our core values and growth are achieved along with the growth of our employees. Thus, INNOTECH actively secures and trains human resources as our scale and scope of business expand, further upgrades our personnel management system, and develop organizations in which individual employees' various talents and skills are fully leveraged.
2. INNOTECH and its group companies fully respect each individual's talents and skills, and regardless of his or her age, gender and gender identity, sexual orientation, nationality, and physical handicap, INNOTECH will continue to appreciate people with different values in hiring.

## Chapter 3 Organizations

(Our Organizations)

Article 6. INNOTECH has adopted to become a company with the Audit & Supervisory Committee. INNOTECH believes that through exercising voting rights at the Board of Directors by the Audit & Supervisory Committee Members, who are in charge of audit of execution of duties by Directors, INNOTECH can reinforce the supervisory function of the Board of Directors and further enhance the quality of its corporate governance, thus its corporate value will become higher by enabling the Board of Directors to delegate the decision making to the designated Director, and accelerating the speed of managerial decision making.

(Roles and Responsibilities of the Board of Directors)

Article 7.

1. The Board of Directors shall fairly and most appropriately execute the management decisions to put our management philosophy into practice as well as supervise execution of duties by individual Directors for good and effective corporate governance.
2. The Board of Directors recognizes its fiduciary obligations to the shareholders and is responsible for enhancing the corporate values of INNOTECH and its group companies in the mid-term and long-term point of view and contributing to the sustainable development of the society.
3. The Board of Directors is a place to make reporting and/or resolutions on such matters as statutory required, important management strategies and management plans, matters which may have major impacts on decision-making related to management and investors' investments, and on administrative progress. Detailed and ad-hoc administrative matters or matters which do not have major impacts on investment amount and management shall be resolved and/or discussed at other meetings which are formed by the management team or the management team and other appropriate members based on the internal Rules on Administrative Authorities so that matters to be deliberated at the Board of Directors shall be specific enough and business judgement will be agile.
4. In order for an active discussion at the Board of Directors, it is considered to be desirable that the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be no more than 5, and the number of Directors who are Audit & Supervisory Committee Members shall be no more than 5.
5. It is desirable that the Board of Directors, in addition to INNOTECH proper Executive Directors who are well-informed on business as well as financial matters of INNOTECH and its group companies, consists of Directors with diverse and well-balanced expertise and qualities as a whole who also have various expertise and business experience in corporate management such as from accounting, legal, and financial perspectives and in different industries.

6. The Board of Directors shall adopt the process where the Advisory Committee's views and opinions will be sufficiently reflected in electing and dismissing the Board of Directors.

7. The Board of Directors shall periodically analyze and evaluate whether the Board is effectively functioning or not and disclose the outline of such analysis and evaluation results.

(Directors)

Article 8.

1. In order to enhance its corporate values, transparency of management and objectiveness of the administration, INNOTECH retains several Independent Outside Directors.

2. The term of service for the Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be one year in order to ensure agile management scheme which promptly responds to the changes of the corporate environment. Also, any additional post held by such Directors concurrently shall be disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders as well as in the Annual Securities Report.

3. The Directors who are in charge of business administration shall have abundant business experiences and spirit of compliance with laws and regulations and shall be capable of making highly seasoned business judgments, solid execution, and be with excellent management skills.

4. The Outside Directors shall have strong sense of supervision, leverage their independence and make precise suggestions in order for appropriate decision-making and management.

5. The Directors may not hold more than three listed companies' directors and/or the audit & supervisory board members' positions other than such positions of INNOTECH and its group companies.

(Missing number)

Article 9.

(Remuneration of Corporate Officers)

Article 10.

1. Remuneration paid to the Executive Directors consists of monthly compensation, performance-based compensation, and compensation based on the shareholders long-term interests reflecting the share price (equity-based compensations) in order to provide such Directors with incentives for the enhancement of corporate values of INNOTECH.

2. As for the performance-based compensation, it shall be conditioned that the profit goal was achieved and distribution of such compensation to each Director shall be made in a fair manner, so that his or her contribution to the annual profit and long-term contribution to the company are fairly assessed and reflected.

3. Performance-based compensation as well as the equity-based compensation shall require the Board of Directors approvals and the Advisory Committee's views and opinions shall be thoroughly reflected in the decision-making process at such meetings where the compensation matters are deliberated.

4. Compensation for other corporate officers than the Executive Directors, e.g. the Outside Directors, shall not be equity-based nor performance-based.

(Trainings for Directors)

Article 11. In order to have the Directors fulfill their missions and responsibilities as well as maintain and enhance their qualities, INNOTECH is committed to the following corporate scheme;

- ① Establish a supporting system for the Outside Directors such as individual briefing on the background, objectives, and content of proposed agenda items and reporting matters of the Board of Directors by the Secretariat or the Internal Audit Office;
- ② Invite external professionals to constantly make updated information available and to provide training to the Directors;
- ③ Pay necessary cost and expenses for any outside trainings and seminars as appropriate for the Directors.

(Succession Plan)

Article 12.

1. As electing and dismissing the Chief Executive Officer is the most important strategic decision-making for a company, INNOTECH will develop and implement the Succession Plan. The Succession Plan will be pursued systematically and on a continued basis, taking the environmental changes surrounding INNOTECH, achievement levels of various strategies, and realization of the management philosophy and the vision of INNOTECH into consideration.

2. With respect to the development and the implementation of the Succession Plan, the decision-making process in which the Advisory Committee's opinions will be sufficiently reflected shall be adopted.

(Transactions between Related Parties)

Article 13. Transactions involving the Directors and the Audit & Supervisory Board Members of INNOTECH as well as its group companies should be verified on an annual basis and be supervised that there is no conflict of interest with INNOTECH and its group companies with respect to such transactions. No transaction involving the Directors and the Audit & Supervisory Board Members shall be made unless it has a necessity from the sales and business policy

perspectives of INNOTECH and its group companies. No such transaction without any approval by the Board of Directors either.

(Independence Standards)

Article 14. INNOTECH determines that its Outside Directors are independent if such Outside Directors satisfy the requirements set forth in the Companies Act and the independence standards which are set forth by the Tokyo Stock Exchange, and in addition, if they do not fall under any of the following criteria which are set by INNOTECH;

- ① He or she is the shareholder with more than 10 % of voting rights of INNOTECH or its group companies, or has experience in working in such shareholders' organization;
- ② He or she has experience in working at major business counterparts, major lenders, or lead managing security companies of INNOTECH or its group companies in the past 5 business years ("A major business counterpart" shall mean a company whose transaction amount with INNOTECH or its group companies exceeds more than 2 % of the consolidated annual sales amount of INNOTECH, its group companies, or such company. "A major lender" shall mean a company whose loan amount to INNOTECH or its group companies is more than 2% of the consolidated total assets of INNOTECH, its group companies, or such company).
- ③ He or she has received a large sum of legal counsel fee, auditing fee, consulting fee or alike from INNOTECH or its group companies in the past 5 years other than the corporate officers' remuneration from INNOTECH or its group companies or has experience in working in such company which received such a large sum of fees ("a large sum" means annual 50 million yen or more).
- ④ He or she belongs to an entity which received more than a certain cumulative amount of financial contribution from INNOTECH or its group companies ("a certain cumulative amount" shall mean 20 million yen or more).
- ⑤ He or she has the second-degree familial relation or closer with those or is a relative who lives together with those defined in the items above from ① to ④ herein;
- ⑥ He or she has served as the Director of the Board of INNOTECH for total of more than 10 years.

(Coordination with Accounting Auditors)

Article 15. In order for a fair and quality audit by the Accounting Auditors, INNOTECH shall;

- ① provide enough time for audits;
- ② periodically provide opportunities for interviews with the Representative Director and corporate officers who are in charge of administration division; and



- ③ Assure enough communication between the Audit & Supervisory Committee Members, INNOTECH Internal Audit Office, and such Accounting Auditors.

(Advisory Committee)

Article 16.

1. In order to realize the paragraph 6 of Article 7, paragraph 3 of Article 10, and paragraph 2 of Article 12 herein, INNOTECH establishes the Advisory Committee which mainly consists of the Independent Outside Directors under the Board of Directors and strengthen the independence, objectiveness and the accountability of the Board of Directors.

2. Matters related to the Advisory Committee shall be governed by “the Rules for Advisory Committee” which are adopted by the resolution of the Board of Directors.

#### Chapter 4 Establishing Shareholders Relations

(General Meeting of Shareholders)

Article 17. INNOTECH will take following measures so that every shareholder may exercise his or her voting rights appropriately based on the operational guidelines of the general meeting of shareholders which are set by INNOTECH;

- ① Properly provide/publish information which contributes to appropriate execution of voting rights by the shareholders;
- ② Provide enough question-and-answer session at the general meeting of shareholders so that we communicate with our shareholders sufficiently, have them fully understand mid-term and long-term efforts of INNOTECH and of our group companies, and build a relationship of trust with them;
- ③ Provide the Notice of Convocation of the General Meeting of Shareholders earlier than legally required so that shareholders will have enough time to review the agenda items;
- ④ Any matter which may be announced prior to sending the Notice of Convocation shall be appropriately and promptly disclosed via the TDnet (Timely Disclosure Network operated by the Tokyo Stock Exchange) as well as on the INNOTECH website;
- ⑤ Hold the annual general meeting of shareholders avoiding the dates when many other companies hold their general meetings of shareholders so that more shareholders may attend it;
- ⑥ Lay the groundwork for the Internet voting system and its platform so that more shareholders may exercise their voting rights; and
- ⑦ As for resolution matters which were approved and adopted but also gathered substantial number of negative votes, INNOTECH will analyze such matters and discuss at the Board

of Directors.

(Exercising Rights by Minority Shareholders)

Article 18. INNOTECH shall set forth the exercising methods of the rights of minority shareholders in its Share Handling Rules so that none of our shareholders shall be precluded from exercising his or her rights.

(Protection of Shareholders' Rights)

Article 19.

1. INNOTECH shall promptly and accurately disclose any information related to its capital policy which may affect the control of the company or dilution of shares with an appropriate procedure and explain enough to shareholders.

2. If INNOTECH securities are subject to tender offer, INNOTECH shall analyze if such tender offer will contribute to the shareholders' interests. The Board of Directors will deliberate the offer and the Board resolution shall be clearly presented. Also, from the perspective to respect shareholders rights, INNOTECH will not take any measures to preclude any shareholders from selling off their securities in response to the tender offer.

(Basic Policies for Distribution of Interests)

Article 20.

1. INNOTECH considers that one of the most important elements of its management policy is to increase its corporate value and to appropriately return to shareholders.

2. The dividends shall be determined so that the dividend payout ratio (on a consolidated basis) will never be less than 30 percent.

3. INNOTECH will purchase treasury shares flexibly in order to enhance the total return ratio and keep the appropriate level of the capital equity amount, considering the cash status and share price level as a whole.

(Communication with Shareholders and Investors)

Article 21. INNOTECH sets out its IR Policy which outlines its communication policy with the shareholders and investors and publishes such Policy on its website.

## Chapter 5 Establishing Stakeholders Relations

(Internal Code of Conduct and Ethics)

Article 22. In order to maintain its reputation and trust from its stakeholders and contribute to their successes long-term with its high ethical standards, INNOTECH sets up the "INNOTECH

Group Internal Code of Conduct and Ethics” so that INNOTECH Group officers and employees will thoroughly comply with applicable laws and regulations and act sincerely.

(Corporate Social Responsibility: CSR)

Article 23. INNOTECH vigorously engages in the CSR activities and discloses the content on its website in order to achieve sustainable growth.

(Cross-Shareholdings)

<INNOTECH Policy on Cross-Shareholding>

Article 24.

1. Cross-shareholding mean holding of shares on a long-term basis for other purpose than pure investments, such as strategic holding from business deployment point of view or to maintain and strengthen the business relationship.
2. In the event that INNOTECH engages in cross-shareholding, the purpose will be clarified and it will require an approval of the Board of Directors or of the management meeting, depending on the resolution amount which is set forth in the Rules on Administrative Authorities.
3. In the event of cross-shareholding of listed shares, whether such cross-shareholding of listed shares is appropriate or not in terms of quantity and the nature thereof shall be discussed at the Board of Directors on an annual basis, reviewing the capital cost, considering the benefits and risks and achievement of the relevant objectives of such cross-shareholding. And any shares whose reason of cross-shareholding is no longer sufficiently justifiable, such cross-shareholding will be reduced, such as by selling off the relevant shares.
4. As a result of discussion stated in the previous paragraph, in the event of any decision to reduce the cross-shareholding such as by selling off the acquired shares, the discussion process to reach to such decision shall be reported at the Board of Directors as appropriate.

<Exercising Voting Rights>

Article 25.

1. INNOTECH shall, in exercising the voting rights of owned shares for resolution matters, respect the management policy of the issuing company of such shares, and make judgements, considering whether the relevant resolution matters match the purpose of INNOTECH share ownership of the company and whether such resolution matters may cause adverse effects on shareholders' interests or not.
2. INNOTECH exercises its voting rights of owned shares upon consideration of various factors, such as not only the interests of shareholders of the issuing company but also those of other stakeholders.

## Chapter 6 Other

### (Basic Policy on Internal Management and Control)

#### Article 26

1. INNOTECH, in line with the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act of Japan, establishes its “Basic Policy on Internal Management and Control” with a resolution of the Board of Directors. Also, INNOTECH organizes and operates its internal control system under the leadership of the Internal Management and Control Office which is established in the company.
2. INNOTECH publishes its “Basic Policy on Internal Management and Control” as well as its corporate governance report on its website.

### (Whistleblowing)

Article 27. INNOTECH ensures that any dishonest and/or unfair practice taking place in the company shall be detected at an early stage so that we will not betray the trust of our society. For that purpose, INNOTECH sets up an appropriate reporting and processing scheme related to organizational or individual illegal conducts which may take place at INNOTECH and its group companies. And to facilitate the scheme, INNOTECH sets forth the “INNOTECH Group Whistleblowing Rules” and provide an appropriate internal point of contact as well as other external point of contact which is independent from the Board of Directors for reporting.

### (Revisions and Abolishment)

Article 28. Revisions and abolishment of these guidelines shall be made by the resolution of the Board of Directors.

Established on November 9, 2015

Revised on December 20, 2018

Revised on June 23, 2023