

June 20, 2023

FUJIMORI KOGYO CO.,LTD.

Eishi Fuyama, Representative Director, President

Contact: 03-5804-4221

Securities Code: 7917

<https://www.zacros.co.jp>

The corporate governance of the “Company” is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

FUJIMORI KOGYO CO.,LTD. (the “Company” or “we”) believes that enhancing corporate governance is an important management issue to improve management transparency in accordance with corporate ethics and the spirit of legal compliance, and to maximize corporate value from the perspective of shareholders while increasing competitiveness.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] **Update**

#### Supplementary Principle 1-2-2 [Exercise of Rights at the General Meeting of Shareholders]

The Company strives to expedite the sending of convocation notices so that shareholders have ample time to consider proposals. The convocation notice is sent on the legal date, and the Japanese and English versions (reference translation) of the convocation notice are posted on TDnet, our website, etc., respectively, before the legal date.

### [Disclosure Based on the Principles of the Corporate Governance Code] **Update**

#### Principle 1-4 [Cross-Shareholdings]

##### Policy on cross-shareholdings

The Company strategically holds shares in companies that we believe will contribute to enhancing our corporate value in terms of helping to maintain and strengthen medium to long-term business-to-business transactions, forming business alliances, building good relationships with business partners, and facilitating business operations. The Company comprehensively examines the rationality of holding shares for each stock by carefully considering future prospects and potential synergies in our core business, and any stock that we determine is not reasonably held will be subject to reduction. As of June 20, 2023, the Company held 21 stocks.

- Standards for ensuring appropriate exercise of voting rights for cross-shareholdings

With respect to the exercise of voting rights pertaining to cross-shareholdings, we decide to approve or reject proposals by comprehensively examining them from the viewpoint of improving the medium to long-term

corporate value of the Company and the companies whose shares we hold, and we have dialogue with them regarding proposals as necessary before exercising our voting rights.

### Principle 1-7 [Related Party Transactions]

Any competitive transactions and conflict-of-interest transactions between the Company and any Directors or corporations substantially controlled by a Director require deliberation and a resolution by the Board of Directors, and information on such transactions is disclosed in the convocation notice of general meeting of shareholders and the annual securities report. The Company has established a system that ensures there will be no disadvantage for the Company when a corporation substantially controlled by any of our Directors or major shareholders does business with us as our customer.

### Principle 2-4-1 [Ensuring Diversity in the Company, Including the Promotion of Female Participation and Career Advancement]

#### (1) Ensuring diversity

In order to strongly promote our business activities, the Company actively and continuously hires and promotes a diverse range of people, including women, foreign nationals, and mid-career workers with a variety of job experience, while improving workplace environments, providing training to management members and taking other initiatives so that they can make the most of their characters and abilities. In addition to the initiatives already in place, under the medium-term management plan (FY2021 to FY2023), we will implement human resource measures to encourage seeking a variety of career paths and work styles and to utilize the diversity of our employees in the creation of new businesses and the expansion of our presence in new markets, both in Japan and abroad.

#### < Promotion of women to managerial positions >

The Company is actively promoting the advancement of women in the workplace. In addition to bringing more female employees to management positions, we are expanding their scope of work within the Company, including appointing women as foremen at traditionally male-dominated manufacturing sites. In addition, with the aim of increasing the proportion of female employees in our workplaces including manufacturing sites to approximately 35% by the end of the 2030s, the Company will promote the creation of an environment which will naturally enable women's active participation in the workforce from a medium to long-term perspective. We will also support the autonomous growth of female employees and continuously work to foster their career awareness. Through these initiatives, we will increase the number of female employees involved in management decision-making.

#### Goals related to women's empowerment

- Proportion of female managers: 7% (FY2021) ⇒ 15% (FY2025) ⇒ 35% (FY2035)

### < Promotion of foreign nationals to managerial positions >

At the Company, we continuously recruit personnel with different nationalities and several foreign nationals join us each year. At present, we have not been able to appoint foreign nationals to management positions, but we intend to form a population through continuous recruitment to increase the percentage to 2% by 2025 and to 5% or more by 2035. At companies affiliated to the Fujimori Kogyo Group (the “Group”), including those overseas, foreign nationals hold about 25% of the approximately 60 executive positions that play central roles in business operations. We will continue to work to maintain and improve this level on an ongoing basis so that we can expand business areas by utilizing a market-in perspective and local networks, and achieve competitive advantages through the enhanced functions.

### < Promotion of mid-career employees to managerial positions >

Under our slogan “Making Diversity a Competitive Advantage,” mid-career employees currently account for approximately 30% of the managerial positions and approximately 80% of the executive positions at the Company. We will continue to reinforce our management team and professional staff resources, such as DX specialists, and to strengthen the diversity of employees, particularly female and foreign nationals. Under this policy, about half of new hires each year will be mid-career workers.

### (2) Human resource development policy and internal environmental improvement policy to ensure diversity, and the status of their implementation

Amid drastic changes in the working environment, including labor shortages and changes in working values, we are promoting initiatives that help our employees to remain highly motivated and achieve a variety of career paths and work styles.

#### • Job-based personnel system

The Company further advances the operation of the existing role-based personnel system and, in April 2022, introduced a job-based personnel system that is not tied to any attributes such as age or gender. We will support each and every employee to continue to be active in their new career path.

#### • Human resource development policy

Under the new job-based personnel system, we will expand our education and training structure to ensure the growth of each and every employee, as well as establish a strategic rotation system that includes international work assignments with the aim of helping them to develop into central roles in the management team.

#### • Improvement of internal environment

In order to enable diverse human resources to work actively, we will promote ways of working as a measure, including teleworking, that employees actively use to increase productivity.

### Principle 2-6 [Roles of Corporate Pension Funds as Asset Owners]

The Company does not have a corporate pension fund plan, but has introduced a defined contribution corporate

pension plan in order to ensure stable asset formation by employees.

### Principle 3-1 [Full Disclosure]

(1) The Company's management philosophy, financial results summaries, securities reports, financial results explanatory materials, etc. are disclosed on our website, etc. (<https://www.zacros.co.jp/company-profile/zacros/>, <https://www.zacros.co.jp/ir/library/>)

(2) The Company's basic policy on corporate governance is disclosed on our website (<https://www.zacros.co.jp/company-profile/corporate-governance/>) and in our annual securities report, convocation notice of general meeting of shareholders (delivery documents), etc.

(3) Please refer to II (Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods) for the remuneration of Directors, etc.

(4) The Company comprehensively considers the following matters, etc. in the process of nomination of candidates for Directors.

In order to establish independent, objective, and transparent procedures, the Board of Directors established, at a meeting in June 2022, a voluntary Nomination and Remuneration Committee, chaired by an Independent Outside Director. As a result, the Company has established a system whereby the Board of Directors makes decisions on the nomination of management executives after a process of consulting and reporting to the Committee. The Board of Directors will decide on the candidates for the Board of Directors, and then the matter will be put on the agenda for the General Meeting of Shareholders.

#### (a) Selection of senior management and Director candidates

a. Understand the Company's founding spirit, corporate philosophy, etc., and has a strong will to contribute to the sustainable development of the Group.

b. Have integrity trusted by stakeholders and treat others with respect.

c. Comply with laws and regulations, the corporate code of conduct, and social norms, and possess the necessary insight, fairness, and sense of balance as an officer.

d. Have the ability to make decisions from a broad and long-term perspective without being biased toward one's own specialty.

e. Have an attitude to keep learning and can act to make up for and develop their shortcomings.

#### (b) Selection of candidates for Directors serving as Audit and Supervisory Committee Members

a. Have significant insight into key management areas (corporate management, compliance, crisis management, finance, global management, marketing, production management, etc.).

b. Can make frank, fair and constructive contributions to important meetings, such as the Board of Directors, based on understanding of the facts.

### (c) Selection of candidates for Outside Directors

a. The candidate must meet the independence requirements set out by the Tokyo Stock Exchange and must have a wealth of knowledge and experience in taking leadership roles in areas such as management, legal affairs, finance and accounting, and human resources and labor affairs, etc.;

b. Must have the ability to understand the nature of the Company's issues and appropriately provide opinions and guidance to management and oversee it.

The procedures for dismissal of Directors shall be followed in cases where a Director engages, or is likely to engage, in any act in violation of laws and regulations and/or the Articles of Incorporation or in any other cases where it is deemed difficult for a Director to perform duties appropriately. In any such cases, the reason for dismissal, etc. shall be explained to the Audit and Supervisory Committee prior to the Board of Directors' meeting, and with appropriate advice given by the Audit and Supervisory Committee, a decision shall be made by the Board of Directors and submitted to the General Meeting of Shareholders.

(5) The reasons for the appointment and dismissal of candidates for Directors will be disclosed in the convocation notice of general meeting of shareholders (delivery documents).

### Supplementary Principle 3-1-3 [Sustainability Initiatives and Investment in Human Capital and Intellectual Property]

#### (1) Corporate sustainability initiatives

The Company has announced its Basic Policy on Sustainability and the Sustainability Committee, chaired by the Representative Director, President, is leading the Company's initiatives for individual stakeholders. In FY2023, the Company has set and disclosed indicators and targets based on the identified materiality.

(<https://www.zacros.co.jp/sustainability/>)

#### (2) Investments in human capital and intellectual property

In order to contribute to society sustainably through value creation, the Company aims to create an organization where diverse people come together and develop themselves. For this purpose, we will create a culture in which the Company and our employees can build mutually beneficial relationships and grow together.

(Our initiatives on this matter are disclosed on our website, <https://www.zacros.co.jp/sustainability/employee/>).

As for the allocation of management resources to intellectual property and the implementation of strategies related to the business portfolio, the Management Strategy Committee regularly shares information, discusses issues, and formulates and reviews policies in a timely manner.

#### (3) Risks and opportunities related to climate change

These are disclosed on our website ([https://www.zacros.co.jp/sustainability/sus\\_environment/](https://www.zacros.co.jp/sustainability/sus_environment/)).

### Supplementary Principle 4-1-1 [Scope of Delegation to Management]

Based on the criteria for approval authority, the Company clearly defines the authority for final decisions, deliberation, and approval, etc. for each of decision-making body and decision makers such as the Board of

Directors, management strategy committee, Representative Director, Directors in charge, and General Managers, etc.

The Board of Directors serves as the decision-making and supervisory body for management, and the management strategy committee serves as the business execution system based on decisions of the Board of Directors. We also have chief officers in respective business areas, meeting bodies, and executive officers. By doing so, we ensure the clear separation of management decision-making functions and business execution functions. An overview of this topic is disclosed on our website (<https://www.zacros.co.jp/company-profile/corporate-governance/>) and elsewhere.

The Board of Directors makes decisions on matters stipulated by laws and regulations and the Articles of Incorporation, as well as important matters regarding the Company and Group companies, etc.

#### Principle 4-9 [Independence Standards and Qualifications for Independent Directors]

The Company selects candidates for Independent Directors who, in addition to meeting the criteria stipulated by the Companies Act and the Tokyo Stock Exchange, do not fall under the following categories in our own criteria for independence.

- (a) An executive of a major business partner of the Group. A “major business partner” means a business partner with whom the transaction value in the most recent fiscal year exceeds 2% of the consolidated net sales of the Group or the business partner (including its parent company and significant subsidiaries).
- (b) An executive of a major lender to the Group. A “major lender” means a lender that has extended loans to the Company in an amount exceeding 2% of the Group’s consolidated total assets as of the end of the most recent fiscal year.
- (c) Lawyers, certified public accountants, tax accountants, or consultants, etc. who received monetary or other property benefits from the Company in excess of 10 million yen in the most recent fiscal year, other than executive remuneration.
- (d) A person who received a donation or subsidy exceeding 10 million yen from the Company in the most recent fiscal year or an executive thereof.
- (e) A person who falls under any of (a) through (d) above in the past two fiscal years.
- (f) When a person who falls under any of (a) to (d) above is a director, operating officer, executive officer, or an executive with the rank of general manager or higher, or an executive with equivalent authority, or their spouse or relative within the second degree of kinship.

#### Supplementary Principle 4-10-1 [Nomination and Remuneration Committees]

In June 2022, the Company established a voluntary Nomination and Remuneration Committee to ensure independence, objectivity, and transparency in the nomination and remuneration of directors and executive officers. The Committee consists of four members, half of whom are Independent Outside Directors, and is chaired by an Independent Outside Director. Nomination and remuneration of directors and executive officers

will be decided by the Board of Directors after a process of consulting and reporting to the Committee. The nominees for the Board of Directors will be put on the agenda for the General Meeting of Shareholders.

A total of 11 meetings were held in FY2022, and the attendance rate of committee members at each meeting was 100%. The main topics of deliberation included consideration and determination of the nomination policy, consideration of director candidates, interviews with new candidates, and others, and the conclusion of the deliberation was reported to the Board of Directors.

Supplementary Principle 4-11-1 [Disclosure of Policy on Appointment of Directors, etc.]

The Board of Directors consists of six Directors (excluding Directors serving as Audit and Supervisory Committee Members) and three Directors serving as Audit and Supervisory Committee Members. We have at least three Outside Directors in principle.

In light of the Company's management strategy, we have identified the following skills that the Board of Directors must be equipped with: corporate management; manufacturing and development; sales and marketing; finance, accounting and legal affairs; internationalization and diversity; and environment and the ESGs. These skills are considered in the process of appointment, and at least one Independent Director must have experience in corporate management. By doing so, we make sure to build a well-balanced Board of Directors by appointing individuals who are diverse in knowledge, experience and capabilities.

The policies and procedures for appointment of individual Directors are as explained in Principle 3-1 (4) and (5).

Supplementary Principle 4-11-2 [Disclosure of Concurrent Positions of Directors at Other Listed Companies]

The Company stipulates in its internal rules that if an inside Director concurrently serves as an officer of another listed company, the approval of the Board of Directors is required. In addition, we have established a system to manage the status of concurrent positions of all Directors, in which the status of related party transactions and concurrent positions are verified for all Directors each fiscal year. The status of concurrent positions held by Outside Directors at other companies is disclosed annually through the convocation notice of general meeting of shareholders, the annual securities report and the corporate governance report, etc.

~~Outside Directors concurrently serve as directors of other listed companies that are not affiliated with the Group.~~

However, all other Directors do not concurrently serve as officers of other listed companies not affiliated with the Group, so they can concentrate on the duties of Directors.

Supplementary Principle 4-11-3 [Implementation and Disclosure of Analysis and Evaluation of the Board of Directors' Effectiveness]

The members of the Board of Directors, including Outside Directors, engage in active discussions based on their diverse knowledge and abundant experience, and strive to enhance the management of meetings so that management decisions can be made in a timely and appropriate manner.

With regard to the analysis and evaluation of the effectiveness of the Board of Directors, the Chairperson of the Board of Directors collects opinions of Directors on the effectiveness of the Board through questionnaires or by

other means, and reports to the Board of Directors whenever there are points for improvement.

In FY2022, we reviewed the agenda items of the Board of Directors and the Management Strategy Committee to ensure that the Board of Directors has sufficient time to deliberate on proposals related to group-wide strategy and management oversight.

In addition, there was an opinion that the role of the skills of directors should be considered, so the Board of Directors will discuss and make a decision following consultation and recommendations to the Nomination and Remuneration Committee.

#### Supplementary Principle 4-14-2 [Disclosure of Training Policy for Directors and Kansayaku]

Training for Directors is designed to help them to manage the Company in a way that grows our business based on our corporate philosophy and also contributes to society and the industry. At the time of assuming office, Directors and executive officers are encouraged to take part in training programs provided by external training bodies that are necessary for them to manage the Company and perform their duties, including programs in areas such as legal, accounting, governance and compliance. They are also encouraged to join external organizations and participate in human networks (interactions across industries) in order to achieve personal development, etc. by gaining new insights and real-life information. The relevant expenses are paid by the Company when claimed by Directors and executive officers. Outside Directors are also given sufficient training to enhance their understanding of the Company's business, including explanations and visits to research laboratories and business locations.

#### Principle 5-1 [Matters Related to Constructive Dialogue with Shareholders]

(1) The Company has appointed a Director in charge of IR who oversees departments involved in IR activities, such as the President's Office, the Accounting Department and the General Affairs Department, and ensures day-to-day coordination among these departments.

(2) The Director in charge of IR stipulated above actively accepts IR interviews, including telephone interviews from investors, small meetings and individual meetings, and holds semi-annual financial results briefings for analysts and institutional investors, where the President and Director in charge of IR provide explanations.

(3) Opinions and concerns, etc. from shareholders are shared among the departments in charge of IR, and when deemed important, such opinions and concerns, etc. are reported to senior management, Directors and etc., and also shared as necessary with senior employees.

(4) When we engage in dialogue with investors, whether in financial results briefings, small meetings or individual interviews, such dialogue is always focused on matters relating to sustainable growth and medium to long-term enhancement of corporate value of the Company, in order to ensure thorough management of information under the "Insider Trading Prevention Regulations." We also take great care of the management of insider information, for instance by refraining from commenting on our financial and business results from each



closing date until the announcement date.

(5) A shareholder identification survey will be conducted as necessary.

Principle 5-2 [Formulation and Publication of Management Strategies and Plans)

[Measures for realizing management that is conscious of capital costs and stock prices]

Although we expect to achieve net sales in FY2023, the final year of our medium-term management plan formulated in 2021 (from fiscal year ended March 2022 to fiscal year ending March 2024), we expect operating income to fall short of our target due to rising raw material and energy costs, the impact of a sharp decline in the semiconductor market, and other factors.

At the Company, the key management indicators are operating income, operating margin, ROE, ROIC, and ROA. In addition, the Company has formulated a business strategy to achieve sales of 200 billion yen and operating margin of at least 10% in FY2030.

To achieve these goals, the Group will develop a new medium- to long-term plan by the end of the current fiscal year and disclose it in the beginning of FY2024, after conducting discussions with full awareness of capital costs and capital profitability, based on a medium- to long-term management strategy that focuses on: 1) developing a business portfolio, 2) creating a company that will be proud of for the following generations, and 3) strengthening the Group brand.

[Status of Dialogue with Shareholders, etc.]

As stated in Principle 5-1.

The Company has appointed a Director in charge of IR, who actively accepts IR interviews, including telephone interviews from investors, small meetings and individual meetings, and holds semi-annual financial results briefings for analysts and institutional investors. In each case, the President and the Director in charge of IR explain matters relating to sustainable growth and medium to long-term enhancement of corporate value of the Company, as themes of the dialogue.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders] **Update**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,766,200	14.70
Custody Bank of Japan, Ltd. (Trust Account)	836,200	4.45
Cad LLC.	724,500	3.85

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H&N Co., Ltd.	718,800	3.82
BNP PARIBAS/2S/LUXEMBOURG/JASDEC/FIM/LUX EMBOURG FUNDS/UCITS ASSETS (Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department)	710,000	3.77
Misako Fujimori	578,000	3.07
Nobuhiko Fujimori	533,200	2.83
Masahiko Fujimori	514,000	2.73
Yukihiko Fujimori	508,500	2.70
Chiyako Kataoka	480,500	2.60

Name of controlling shareholder (excluding parent company)	-----
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Name of parent company	Not Adopted
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### Supplementary Explanation **Update**

The status of major shareholders is as of March 31, 2023.
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### 3. Corporate Attributes

Market segment to be listed	Prime Market
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9 persons
Election of Outside Directors	Appointed
Number of Outside Directors	3 persons
Number of Outside Directors Designated as Independent Directors	3 persons

### Outside Directors' Relationship with the Company (1) Update

Name of Director	Attribute	Outside Directors' Relationship with the Company (*1)											
		a	b	c	d	e	f	g	h	i	j	k	
Manabu Sakai	From another company												
Jenny Chang	From another company												
Satoko Takeuchi	From another company								△				

\*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/kansayaku
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

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h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/kansayaku are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

### Outside Directors' Relationship with the Company (2) Update

Name of Director	Audit and Supervisory Committee Member	Independent Director	Designation as Independent Director	Supplementary Explanation of the Relationship
Manabu Sakai	○	○	Designated as Independent Director as stipulated by Tokyo Stock Exchange, Inc. on the grounds that he is unlikely to have conflicts of interest with general shareholders.	Mr. Sakai was appointed with the expectation that his long experience and deep insight into R&D activities and corporate management will be utilized in the management of the Company. He was also designated as Independent Director based on our judgement that he meets the requirements for independence that would not cause conflicts of interest with general shareholders and that he has abundant experience and a career as a manager with advanced management decision-making abilities.
Jenny Chang	○	○	Designated as Independent	Ms. Chang was

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			<p>Director as stipulated by Tokyo Stock Exchange, Inc. on the grounds that she is unlikely to have conflicts of interest with general shareholders.</p>	<p>appointed with the expectation that her advanced expertise cultivated through her experience in the international financial industry will be utilized in the management of the Company. She was also designated as Independent Director based on our judgement that she meets the requirements for independence that would not cause conflicts of interest with general shareholders and that she has advanced legal knowledge and experience, and financial accounting insights.</p>
Satoko Takeuchi	○	○	<p>Designated as Independent Director as stipulated by Tokyo Stock Exchange, Inc. on the grounds that she is unlikely to have conflicts of interest with general shareholders.</p>	<p>Ms. Takeuchi was appointed with the expectation that her long management consulting experience and expertise will be utilized in the management of the Company. She was also designated as Independent Director based on our judgement that she meets the requirements for independence that would</p>

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				not cause conflicts of interest with general shareholders and that she has knowledge and experience in advanced management strategies and human resource development.
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[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Audit and Supervisory Committee may assign audit staff to assist the Committee in its operations as necessary. Employees who have received orders necessary for audit operations from the Audit and Supervisory Committee shall not be directed or ordered by Directors (excluding Directors who are Audit and Supervisory Committee Members) with respect to such orders.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

Both Directors serving as members of the Audit and Supervisory Committee and audit staff attend important meetings, conduct on-site inspections of offices, research laboratories and subsidiaries, etc., hear feedback and opinions from administrative departments, exchange opinions with the Representative Director, and conduct audits on documents requiring approval, etc.

The Company holds regular meetings with the Accounting Auditor as well as the Audit Office, which was established as an internal audit department, and closely works with them, including exchanging information and opinions as necessary, in order to enhance the effectiveness and efficiency of audits.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s)	Established
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Corresponding to Nomination Committee or Remuneration Committee	
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Voluntary Establishment of Committee(s), Committee's Composition and Attributes of Chairperson

Committee Corresponding to Nomination Committee

Name of Committee			Nomination and Remuneration Committee			
All Committee Members	Full-time Members	Inside Directors	Outside Directors	In-house experts	Others	Chairperson
4	0	2	2	0	0	Outside Directors

Committee Corresponding to Remuneration Committee

Name of Committee			Nomination and Remuneration Committee			
All Committee Members	Full-time Members	Inside Directors	Outside Directors	In-house experts	Others	Chairperson
4	0	2	2	0	0	Outside Directors

Supplementary Explanation

The Nomination and Remuneration Committee's objective is to clarify the objectivity, transparency and fairness of procedures related to the nomination and remuneration of Directors and executive officers, and to enhance and strengthen corporate governance. Members of the Committee are selected by resolution of the Board of Directors based on the achievement of these objectives. Currently, there are four committee members, consisting of Jenny Chang (Chairperson and Outside Director), Manabu Sakai (Outside Director), Akihiko Fujimori (Chairman and Representative Director), and Eishi Fuyama (Representative Director, President). The Committee reports its deliberations to the Board of Directors, which makes decisions. Through the establishment of the Committee, the Company will ensure the transparency and objectivity of the evaluation and decision-making process regarding nomination and remuneration of senior management, strengthen the supervisory function of the Board of Directors and its accountability to shareholders, and further enhance the corporate governance system.

[Independent Directors]

Number of Independent Directors	3 persons
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### Matters relating to Independent Directors

The Company designates all Outside Directors who meet the qualifications for Independent Directors as Independent Directors.

### [Incentives]

Incentive Policies for Directors	Introduction of performance-linked remuneration system, etc.
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### Supplementary Explanation

The Annual General Meeting of Shareholders held on June 18, 2021, approved the introduction of a restricted stock remuneration scheme replacing the existing stock option remuneration scheme. This new scheme is intended to provide incentives for the sustainable enhancement of the Company's corporate value and also to promote further value sharing with our shareholders. Recipients of restricted stock remuneration: Directors (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors and part-time Directors)

Recipients of Stock Options	
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### Supplementary Explanation

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### [Director Remuneration]

Status of Disclosure	No Individual Disclosure
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### Supplementary Explanation

Information on remuneration paid to Directors is disclosed in our annual securities report and business report, which is posted on our website for public view. None of our Directors are subject to the individual disclosure requirements (consolidated remuneration of 100 million yen or more) stipulated by the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Update</b>	Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Our Board of Directors decides on policy for determining details of remuneration for individual Directors. The details are as follows.

#### [Basic Views on Remuneration]

1. The remuneration for Directors who execute business operations consists of base remuneration (fixed monthly remuneration); bonus (short-term performance-linked remuneration); and restricted stock remuneration (stock-based remuneration as a medium to long-term incentive). The remuneration framework for Directors is therefore focused on reflecting the Company's performance as well as their duties and achievements.



2. The remuneration for Outside Directors, part-time Directors, and Directors who are Audit and Supervisory Committee Members consists only of base remuneration, which is fixed monthly remuneration.

3. The amount of remuneration shall be within the maximum amount of remuneration approved at the general meeting of shareholders.

4. Remuneration levels are determined by the Board of Directors after consideration based on benchmarking analysis of companies of similar business sizes or companies belonging to related industries and businesses in order to ensure that remuneration levels reflect the Company's business performance and are consistent with their positions and roles. In the process of such consideration, Directors who are Audit and Supervisory Committee Members are also involved and the results of research and advice provided by external professional bodies are taken into account. The remuneration for Directors who are Audit and Supervisory Committee Members is reviewed and determined by the Audit and Supervisory Committee.

5. In designing the remuneration framework, the Board of Directors shall consider remuneration of officers with Directors who are Audit and Supervisory Committee Members, by taking into account the results of research and advice provided by external professional bodies so that remuneration levels will reflect the Company's business size and performance, as well as changes in business environment, and are consistent with the positions and roles of individual Directors. After such consideration, the officers remuneration regulations, etc. shall be established by resolution of the Board of Directors.

#### (a) Basic Remuneration Policy

The base remuneration for Directors is fixed monthly pay consisting of supervisory remuneration and executive remuneration, and shall be set at an appropriate level according to positions and roles and in line with the size of the Company's operations and the business environment.

#### (b) Policy on Performance-linked Remuneration

Bonuses are determined based on the calculation standards that reflect items related to key performance indicators (KPIs) and the enhancement of corporate value and shareholders' value, with the level of target achievement taken into consideration as an indicator.

#### (c) Policy on Non-monetary Remuneration, etc.

As medium to long-term performance-linked remuneration (stock remuneration), restricted shares are granted to Directors who execute business operations, with the aim of ensuring their commitment to the achievement of the management plan and the enhancement of corporate value. Allotted shares on which restrictions have not been lifted will be acquired by the Company without consideration, except when there are rational reasons including resignation before the expiration of his/her term of office.

#### (d) Matters Concerning the Delegation of Decisions on Remuneration, etc.

(i) The Representative Director, President shall be entrusted with authority for the amount of base remuneration and the evaluation of individual Directors in accordance with the remuneration regulations, etc. for Directors and

other rules, and shall decide on bonuses allocated based on the evaluation of individual Directors in terms of performance of the business operations for which they are responsible.

(ii) In order to ensure that the Representative Director, President may appropriately exercise such authority, the Board of Directors deliberates on the remuneration regulations, etc. for officers, following the recommendations of the Nomination and Remuneration Committee. The Representative Director, President who is delegated as described above shall make decisions in accordance with the said rules. With regard to stock remuneration, the Board of Directors determines the number of shares allotted to each Director, in accordance with laws and regulations and based on the resolution of the General Meeting of Shareholders.

[Support System for Outside Directors (Outside Kansayaku)]

Before taking office, Outside Directors (Outside Kansayaku) are provided with explanations of the Company's products and internal terminology with materials.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **Update**

The "Board of Directors" consists of 9 members: Six Directors (excluding Directors who are Audit and Supervisory Committee Members) and three Directors who are Audit and Supervisory Committee Members. In principle, the Board of Directors meets once a month to make important management decisions. The Board also supervises the execution of operations by Directors (excluding Directors who are Audit and Supervisory Committee Members) and executive officers. The Board is operated in accordance with the Board of Directors regulations.

The "Management Strategy Committee" consists of 12 members including the Chairman, Vice Chairman, President, General Manager of the Business Division, Director in charge of the Administrative Division, Head of the President's Office, Manager of the building and civil engineering materials business segment, and Head of R&D, meets about twice a month to deliberate on important matters related to the management of the Company and the Group based on the basic policy decided by the Board of Directors, make decisions on the scope of executive authority, and deliberate on matters to be decided by the Board of Directors and matters to be reported to the Board of Directors.

- The executive officer system has been in place since 2001.
- We seek guidance and advice on compliance issues from our legal advisor as necessary.

The Company has appointed EY Ernst & Young ShinNihon LLC as its "accounting auditor". There is no special interest between the Company and the auditor's engagement partners who are engaged in audits of the Company.

The Company enters into an audit agreement with the audit firm and pays fees based on the agreement.

The names of certified public accountants who conducted audits during the fiscal year under review and their number of years of continuous service are as follows.

The names of the certified public accountants who conducted audits and their number of years of continuous service

Designated Attestation and Engagement Partner, Seiji Kuzunuki (Note)

Designated Attestation and Engagement Partner, Shotaro Shimafuji (Note)

(Note) Their number of years of continuous service is seven years or less and is therefore not indicated above.

The composition of audit assistants is as follows.

Number of assistants in audit operations

Six certified public accountants

20 in other professions

### 3. Reasons for Adoption of Current Corporate Governance System

The Company believes that adopting a system of the Audit and Supervisory Committee in order to further strengthen corporate governance and improve corporate value over the medium to long-term will further strengthen the audit and supervisory function by allowing Directors who are Audit and Supervisory Committee Members to hold voting rights at the Board of Directors meetings, and will encourage more opinions from Independent Directors and improve management transparency and mobility, as well as facilitate understanding from overseas stakeholders.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Update

	Supplementary Explanation
Early Dispatch of Notices of Convocation of General Meetings of Shareholders	Convocation notices are dispatched on the legal date, but the Japanese and English versions (reference translation) of convocation notices are posted on our website prior to the legal date, respectively.
Scheduling AGMs Avoiding the Peak Day	We schedule our general meeting of shareholders on a day other than the peak day.
Allowing Electronic Exercise of Voting Rights	You can exercise your voting rights via the internet.
Participation in an Electronic Voting	We have adopted participation in an electronic voting platform beginning with the General Meeting of Shareholders for the fiscal year ended March 31, 2022.

# Corporate Governance Report

Corporate Governance

Platform and Other Initiatives to Improve the Voting Environment of Institutional Investors	
Provision of Convocation Notice (Summary) in English	We provide it in English.

## 2. IR Activities

	Supplementary Explanation	Explanation by the representative
Regular briefings for individual investors	We hold regular briefings.	Yes
Regular briefings for analysts and institutional investors	The President holds financial results briefings twice a year, in May and November, and gives interviews with analysts and institutional investors, and also holds small meetings as needed.	Yes
Posting of IR Materials on Website	We post the following: statutory and voluntary disclosure materials, timely disclosure materials, securities reports (quarterly reports), digest versions of financial results briefings, financial results summaries (summary of quarterly financial and business results), convocation notice of general meeting of shareholders, and shareholder correspondence.	

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In the “Fujimori Kogyo Group Charter of Corporate Conduct” established by the Company and our Group companies, ethical responses to all stakeholders (including customers, business partners, shareholders, local residents, employees, governments, and the global environment) and strict compliance with laws are stipulated, and copies of the translated version of our Charter are distributed to all our business locations in Japan and overseas.
Implementation of Environmental Activities, CSR	In addition to establishing the “Basic Sustainability Policy,” we have established the “Fujimori Kogyo Group Charter of Corporate Behavior” and the “ZACROS Environmental Charter,” which stipulate that we will contribute to “reducing

Activities, etc.	environmental impact and creating a sustainable society” and be committed to “developing and providing innovative technologies, products and services that contribute to energy and resource conservation and environmental conservation.” We are also actively engaged in environmental management, and are also promoting company-wide action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children.
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#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

In accordance with the provisions of the Companies Act requiring "development of a system to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems specified by the Ministry of Justice Ordinance as those necessary to ensure the appropriateness of the operations of a Stock Company," the Company has established the following systems and strives to ensure the legality and efficiency of our business operations and to manage risks under these systems. We are committed to improving and enhancing our operations by constantly reviewing our business practices to make them in line with changes in socioeconomic conditions and other environmental factors.

##### 1. System to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

(a) The Company has established the Fujimori Kogyo Group Charter of Corporate Behavior and the basic compliance rules as the basis of our compliance system. We will strive to disseminate and thoroughly implement these rules, and Directors will take the lead in complying with laws and regulations and the Code of Ethics. In addition, the “Compliance and Risk Management Committee,” chaired by the President and in principle with the participation of outside lawyers, shall be established to develop, maintain, monitor and improve the compliance system of the Company.

Regulations and guidelines shall be established and training shall be conducted in each department in charge as necessary.

(b) The Company has established an Internal Audit Office as an internal audit body independent of business execution departments.

(c) Directors shall report to the President and the Audit and Supervisory Committee as soon as they become aware of any serious violation of laws or regulations or any other important compliance-related situation or fact in the Company.

(d) As an internal reporting system for legal violations and other compliance-related issues, the Company shall establish and improve an internal whistleblowing system in which the Audit and Supervisory Committee, outside lawyer, and General Manager of the General Affairs Department are the direct recipients of information. Based on the internal whistleblowing rules, the Compliance and Risk Management

Committee shall respond to issues or concerns, operate the whistleblowing system, and develop measures to prevent recurrence.

(e) Directors who are Audit and Supervisory Committee Members may state their opinions and request the formulation of improvement measures if there is a problem with the Company's legal compliance system or the operation of its internal whistleblowing system.

### 2. System for retention and management of information concerning the execution of duties by Directors

In accordance with the document management regulations, the Company shall appropriately and reliably retain and manage information pertaining to the execution of duties by Directors in a highly searchable way suitable for the storage medium.

### 3. Rules and other systems for managing the risk of loss

In accordance with our "Risk Management Regulations," the Company shall establish the "Compliance and Risk Management Committee," chaired by the President, to oversee overall risk management.

In the event of an emergency, a "Crisis Management Headquarters" (or, in the event of a disaster, a Disaster Management Headquarters), headed by the President, will be established to minimize damage and prepare for business continuity and early recovery in accordance with the "Crisis Management Rules" and the "Disaster Prevention Rules." In normal times, business divisions and departments shall identify their risks and engage in activities to prevent and mitigate those risks.

### 4. System to ensure efficient execution of duties by Directors

(a) The Company shall hold a regular meeting of the Board of Directors once a month and also have extraordinary meetings as necessary, as the basis of a system to ensure the efficient execution of duties by Directors. Important matters related to the Company's management policies and management strategies shall be discussed in advance by the Management Strategy Committee composed of Directors (excluding Directors who are Audit and Supervisory Committee Members and part-time Directors), and execution decisions shall be made after deliberation.

(b) With regard to the execution of business operations based on decisions made by the Board of Directors, the organization rules and the rules for division of duties shall set out the details on persons in charge, their authorities, and execution procedures.

### 5. System to ensure the appropriate business operations of a corporate group consisting of a stock company, its parent company, and its subsidiaries

(a) The Group shall establish and maintain a system for compliance and risk management of the entire Group, in which the "Compliance and Risk Management Committee" supervises and promotes compliance and risk management across the Group. In order to ensure proper operations of Group companies, the "Fujimori Kogyo Group Charter of Corporate Behavior" shall be established and shall apply to all Group companies, and each Group company shall establish its own rules and regulations based on this Charter.

With regard to business management, in accordance with the regulations on management of affiliated companies, subsidiaries shall be managed through the approval and reporting system to the Company and be monitored as necessary. Directors and employees of the Company or Group companies shall report to the Audit and Supervisory Committee if they become aware of any violations of laws and regulations or other important compliance-related situations or facts at Group companies.

- (b) If a Group company finds that the content of business management and management guidance from the Company violates laws and regulations or there are other compliance issues, it shall report to the Company's Audit and Supervisory Committee, which may state opinions and request the formulation of improvement measures.

6. Systems pertaining to employees who are to assist the Audit and Supervisory Committee in its operations, and matters concerning the securing of the independence of such employees from Directors and the effectiveness of instructions given by the Audit and Supervisory Committee to such employees

The Audit and Supervisory Committee may, as necessary, have audit staff who assist the Committee in its operations, and employees who have received orders necessary for audit operations from the Committee shall not be directed or ordered by Directors (excluding Directors who are Audit and Supervisory Committee Members) with regard to such orders.

7. Systems for Directors and employees to report to the Audit and Supervisory Committee and other systems for reporting to the Audit and Supervisory Committee

If a Director becomes aware of a fact that may cause substantial damage to the Company, the Director shall immediately report to the Audit and Supervisory Committee in accordance with laws and regulations.

Directors serving as Audit and Supervisory Committee Members shall attend important meetings in addition to meetings of the Board of Directors, and shall be able to view documents requesting approval and other important documents related to business execution, and to request explanations from other Directors or employees as necessary.

Employees shall report directly to the Audit and Supervisory Committee if they become aware of any matter that may cause substantial damage to the Company or any material fact concerning a violation of laws, regulations or the Articles of Incorporation.

8. System to ensure that audits by the Audit and Supervisory Committee are conducted effectively

The Company shall establish regular meetings between the Audit and Supervisory Committee and the Representative Director, President.

9. System to ensure the reliability of financial reporting

For the purpose of ensuring the reliability of financial reporting and the effective and appropriate submission of internal control reports as prescribed in Article 24-4-4 of the Financial Instruments and Exchange Act, a system for internal control over financial reporting shall be established and operated under the direction of the President.

## 2. Basic Views on Eliminating Anti-Social Forces

# Corporate Governance Report

Corporate Governance

With the aim of eliminating antisocial forces, the Company has stipulated in the Fujimori Kogyo Group Charter of Corporate Behavior that “the Company shall never engage with anti-social forces and groups that threaten the order and security of civil society, and shall stand firmly against any pressure from them” and that it will respond to unjust acts committed by antisocial forces in cooperation with competent police authorities, legal advisors, and other external professional organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System

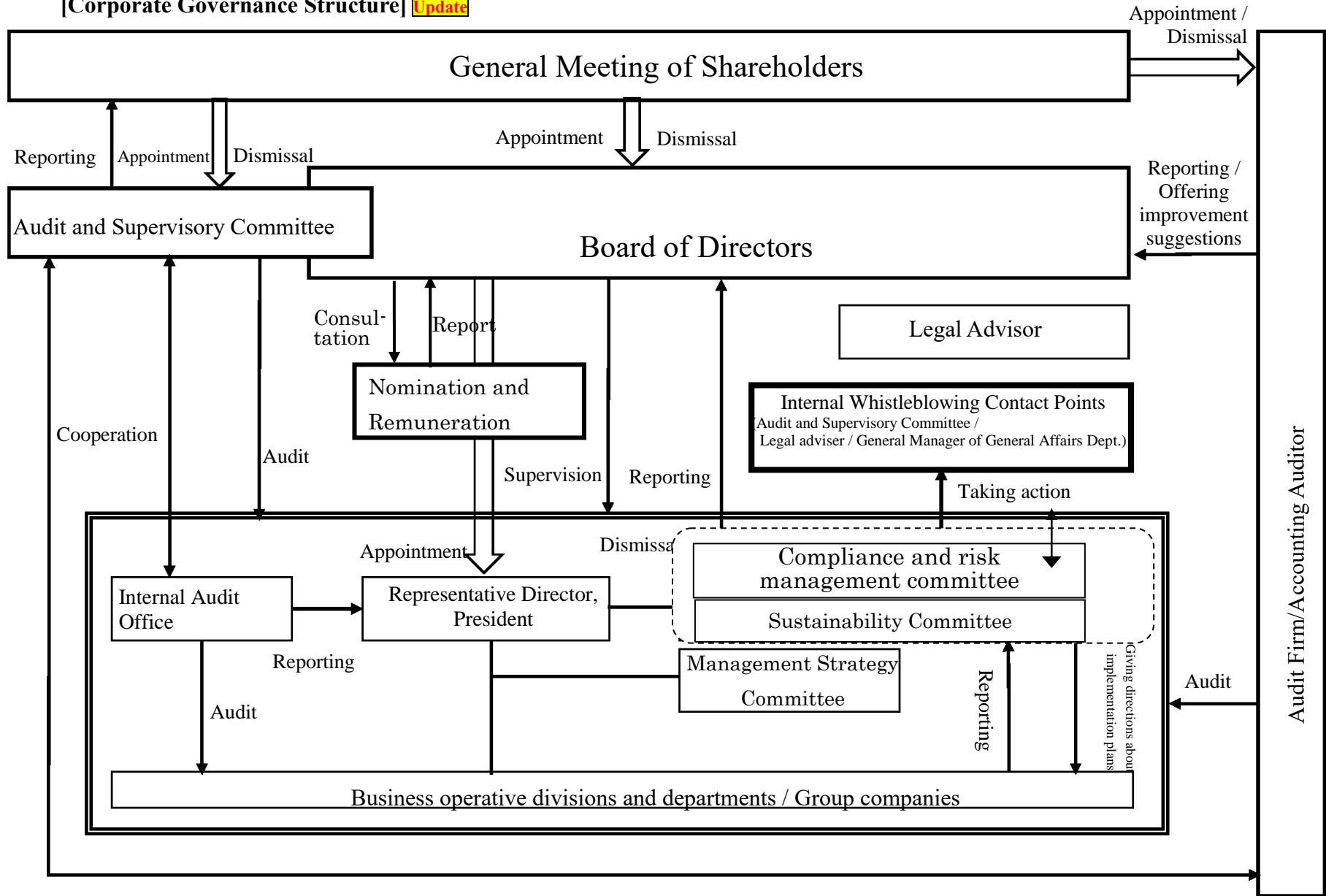
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# Corporate Governance Report

Corporate Governance

[Corporate Governance Structure] **Update**



# Corporate Governance Report

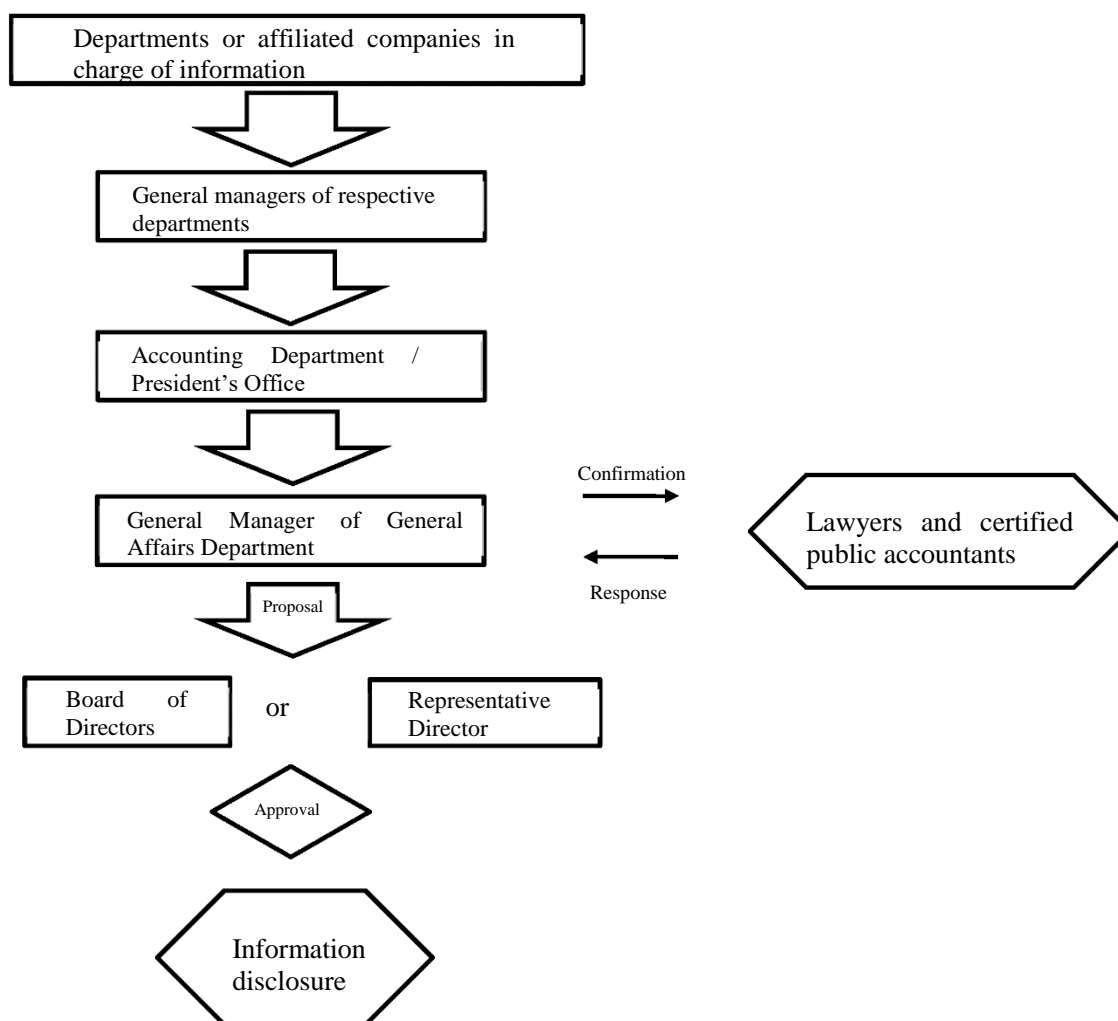
## Corporate Governance

### [Outline of the Timely Disclosure System]

The Company has always strived to comply with laws and regulations such as the Financial Instruments and Exchange Act and the rules set out by the stock exchange on which our securities are listed and to disclose important information about our business in a timely manner, in order to promote the proper understanding and evaluation of the Company by our shareholders and investors, thereby becoming a company that all stakeholders, including customers, shareholders, employees, and suppliers, can be proud of.

Financial information is collected in the Accounting Department and management information is collected in the President's Office. After being presented to the General Manager of the General Affairs Department, who is in charge of handling information, both categories of information are disclosed in a timely and appropriate manner based on decisions by the Board of Directors or the Representative Director.

### [Flowchart for Timely Disclosure of Corporate Information]



# Corporate Governance Report

## CORPORATE GOVERNANCE

[Director Skills Matrix] **Update**

Name of Director	Corporate management	Manufacturing and development	Sales and marketing	Finance, accounting and legal affairs	Environment and ESG	Internationalization and diversity
Akihiko Fujimori	○	○	○		○	
Nobuhiko Fujimori	○		○	○		○
Eishi Fuyama	○	○			○	○
Taku Shimoda	○	○	○			○
Michihiko Sato			○	○	○	○
Norihiro Kusaka	○	○	○		○	
Manabu Sakai	○	○		○	○	
Jenny Chang	○		○	○		○
Satoko Takeuchi			○	○	○	○