

Corporate Governance Report

CORPORATE GOVERNANCE

TOYO INK SC HOLDINGS CO., LTD.

Last Update: April 3, 2023

Toyo Ink SC Holdings Co., Ltd.

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<https://schd.toyoinkgroup.com/en/>

The corporate governance of Toyo Ink SC Holdings (“the Company”) is described below.

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

1. Basic Views

The Toyo Ink Group (“the Group”) aims to enhance the overall value of the entire Group under a holding company system by strengthening groupwide strategic capabilities, speeding up management, and striking a balance between optimization on a groupwide scale and for individual lines of business.

The Group’s management framework revolves around the “Toyo Ink Group’s Philosophy System,” which takes the Group’s basic position on Group company management and distils it into a Corporate Philosophy, Corporate Policy and a set of Guiding Principles, and a “CSR Value System,” which consists of a CSR Charter and CSR Action Guidelines that clearly underline the Group’s commitment to social responsibility.

By putting the Toyo Ink Group’s Philosophy System and CSR Value System into practice, the Group will contribute to improving the sustainability of consumption, life and the global environment through science-driven manufacturing, with the aim of being “a company that contributes to the enrichment of life and culture throughout the world,” as stated in the Group’s Corporate Policy.

To achieve that, the Group has made it a top priority to evaluate its own corporate activities from the same point of view as its stakeholders, and to ensure balanced management from an economic, social, human and environmental standpoint, in order to create tangible and intangible corporate value and fulfill its social responsibilities.

To make that a reality, the Group is implementing the following measures.

- Adequately implementing approval and affiliate management regulations applicable to Group companies, to enable delegation of executive capabilities to individual operating companies and to strengthen corporate governance
- Improving internal control systems
- Strengthening the legal functional capabilities of General Meetings of Shareholders, the Board of Directors, the Audit and Supervisory Committee, accounting auditor and other such parties, in order to improve leadership and monitoring capabilities
- Disclosing information quickly, accurately and widely, in order to improve management transparency
- Strengthening and improving compliance systems
- Promoting environmental preservation on a global scale

These and other measures are intended to establish good relationships with all of the Group’s stakeholders, including shareholders, suppliers, local communities and employees, and to enhance corporate governance.

Reasons for Non-compliance with the Principles of the Corporate Governance Code Updated

The Company is implementing all of the principles under the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code Updated

【Principle 1.4 Cross-Shareholdings】

The Company holds shares of companies as it deems necessary for policy reasons as part of its management strategy, including business alliances, the maintenance and strengthening of business relationships and the stable

procurement of raw materials.

The Board of Directors examines the benefits of holding these cross-held listed stocks every year, comparing them with the cost of capital and the status of transactions of each individual stock, and the Company reduces the number of stocks it holds when it determines that it is no longer appropriate to hold the stocks, taking into consideration the situation of the companies and market trends.

In FY2022, the Company sold all of the shares of nine stocks that it held and some of the shares of three stocks that it held.

Voting rights in relation to cross-shareholdings for listed shares will be exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help to enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including the Company, and the qualitative and overall impact it will have on the Group in terms of management and business. Where an issuing company has special circumstances, such as the occurrence of significant damage to its corporate value or a serious compliance violation, or where there is a concern that an issuing company may damage the corporate value of the Company as its shareholder, judgment over whether or not to approve will be made carefully by collecting sufficient information through dialogues with the issuing company or by other means.

【Principle 1.7 Related Party Transactions】

The Group will carry out all transactions, including related party transactions, in accordance with its own internal regulations, having sought necessary approvals in line with the importance and nature of the relevant transaction. Transactions whereby the related party is a major shareholder, or equivalent, will be subject to the same terms and conditions as transactions with third parties, to ensure that transactions are carried out legitimately.

【Principle 2.4 Ensuring Diversity, Including Active Participation of Women】

Based on its corporate philosophy, "People-oriented management," the Group believes that recruiting diverse human resources regardless of gender, age, nationality or disability and accepting their diverse values, thoughts and ideas will generate innovative ideas and innovation and promote the creation of value through diversity.

One of the most important issues is the promotion of the active participation of women. In terms of promoting a comfortable working environment, the Company has created an environment where employees are able to work actively while balancing childcare and work, and in 2010 the Company acquired Kurumin mark certification. By introducing a half-day off system and then also enhancing its assistance system, the Company also received Eruboshi certification in 2017, and currently 100% of employees are returning to work after childcare leave. Regarding the promotion of the active participation of women, approximately 37% of the new graduates hired in April 2023 are women. In addition, the Company aims to establish an education system to develop women candidates for managerial positions.

The Group will facilitate the advancement of women in terms of both ease of work and careers and promote the appointment of women to managerial positions.

【Supplementary Principle 2.4.1 Ensuring the Diversity in Promotion to Core Positions】

The Group set itself a target of increasing the percentage of managers in Japan that are women to 8% by FY2023. The Group will provide career training for female future leaders and implement other initiatives to encourage female employees to take the first step in trying new jobs and duties with confidence and courage.

In the Group's view, it is unnecessary to set a numerical target for the percentage of managers in Japan that are foreign nationals and midcareer hires given that its policy is not to discriminate on the basis of nationality or career background in the context of employment and career development. The Group endeavors to ensure diversity in accordance with the policy described later in this report.

As of January 2023, the percentage of managers in Japan that are women was around 4.5%, the percentage that are foreign nationals was less than 1% and the percentage that are midcareer hires was around 32%.

The Group's policies to cultivate human resources and develop an internal environment to ensure diversity are as follows.

< Cultivate human resources that have global perspectives and abilities >

The Group cultivates human resources based on a policy of developing abilities through diverse practical work experience related to overseas business both in Japan and overseas.

In anticipation of future needs, the Group also cultivates human resources through practical training at overseas subsidiaries aimed primarily at young and middle-ranking employees.

< Foster diversity to invigorate the organization >

In order to (i) provide information and training for mutual respect and the effective use of differences among

employees and (ii) promote diversity, the Company established the Diversity and Inclusion (D&I) Promotion Office, a dedicated organization, to promote diversity and inclusion in 2023 to develop an environment, design programs and consider measures that will enable the active participation of diverse human resources.

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owner】

The Company has adopted a contract-type defined benefit corporate pension plan and manages the pension assets. Under the pension scheme of the Fund, the assets are managed by diversifying them appropriately after listening to opinions from the asset management consultant and asset management organizations, to secure investment earnings on a long-term basis for the purpose of securing resources for stable payment in the future.

Management of the pension assets is entrusted to multiple asset management organizations, and each organization is left to select individual investment destinations and exercise voting rights, so as to prevent a conflict of interest between beneficiaries of the corporate pension and the Company. In addition, information about the management status is obtained regularly from each management organization, and details are shared by the Asset Management Committee, which is composed of executives in charge of personnel and managers from personnel and finance departments, and management status is managed appropriately.

Further, managers and persons in charge from the personnel department, which is the department in charge, cooperate with asset management consultants to ensure appropriate asset management and participate in pension management seminars and similar sessions hosted by asset management organizations, as part of their efforts to strengthen their expertise.

【Principle 3.1 Full Disclosure】

i) Company objectives (e.g., business principles), business strategies and business plans;

Details of the Company's Corporate Philosophy are published on the Company's website for reference.

◇Corporate Philosophy: Company > Toyo Ink Group's Philosophy System

(<https://schd.toyoinkgroup.com/en/corpinfo/philosophy.html>)

◇Management Plan: Company > Strategy

(<https://schd.toyoinkgroup.com/en/corpinfo/strategy.html>)

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;

Details of the Company's basic position on corporate governance are included under Section I-1. (Basic Views) of this report.

The Company's Basic Corporate Governance Policies are published on the Company's website for reference.

◇Basic Corporate Governance Policies: Investors > Corporate Management > Corporate Governance.

(<https://schd.toyoinkgroup.com/en/ir/management/governance.html>)

iii) Board policies and procedures in determining the remuneration of the senior management and directors;

The Company believes the executive remuneration system is an important part of its corporate governance and has established the five policies below based on this understanding. The Company will also ensure that the system adopts an objective perspective through the Nomination and Remuneration Advisory Committee which is chaired by an Outside Director

- 1) Remuneration should be at a level that reflects economic conditions and corporate performance.
- 2) It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
- 3) The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
- 4) Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance forecasts.
- 5) It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

For more information, see II-1. (Director Remuneration, Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof) of this Report.

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of director candidates;

When a candidate for Director is nominated, the following matters (a) to (d) are determined comprehensively by the Chairman, President and Director in charge of personnel affairs. The President nominates candidates for the posts of Directors and Audit and Supervisory Committee Member. The nomination of candidates for the post of Director is discussed by the Nomination and Remuneration Advisory Committee, which is attended by three independent Outside Directors, and candidates for Directors who are members of the Audit and Supervisory Committee are approved at the meeting of the Audit and Supervisory Committee concerning submission of the proposal for the appointment to the General Meeting of Shareholders, before they are determined through deliberation and a

resolution at a meeting of the Board of Directors.

(a) Criteria for nomination of Chief Executive Officer

In accordance with the Company's Corporate Policy, the Company nominates the Chief Executive Officer, based on a comprehensive assessment of:

- the nominee's ability to balance short-term, medium-term and long-term perspectives and to make sophisticated management decisions;
- the nominee's familiarity with the Group's business gained through experience serving as an executive director; and
- the nominee's awareness of the need to strictly enforce the law and corporate ethics.

(b) Appointment and nomination of candidates for Executives and Directors who are not members of the Audit and Supervisory Committee

In accordance with the Company's Corporate Policy, the Company nominates candidates for Executives and Directors, based on a comprehensive assessment of:

- their expected ability to contribute to the further development of the Group and related industries as a whole;
- their ability to accurately identify issues in their division and work with other Executives to resolve those issues; and

- their awareness of the need to strictly enforce the law and corporate ethics.

(c) Appointment and nomination of candidates for Directors who are members of the Audit and Supervisory Committee

In accordance with the Company's Corporate Policy, the Company nominates candidates for Audit and Supervisory Committee Members, based on a comprehensive assessment of:

- their ability to audit Directors' performance, prevent violations of the law and the Company's articles of incorporation before they occur, and maintain and improve sound management and public trust in the Group; and
- their ability to conduct audits from a neutral, objective perspective, and contribute to ensuring sound management.

(d) Appointment and nomination of candidates for Outside Directors

Taking the Company's criteria for independence for independent officers into consideration, the Company nominates candidates for Outside Directors, based on a comprehensive assessment of:

- their extensive expertise and experience in fulfilling leadership roles in areas such as management, legal affairs, finance and accounting, personnel and labor relations, and the chemical industry; and
- their ability to get to the heart of issues affecting the Group, adequately share their opinions with management, and provide guidance and supervision.

Concerning the removal of an Executive, consultation will be sought from the Nomination and Remuneration Advisory Committee in light of the criteria for removal stipulated in the Rules on Disciplinary Actions against Directors.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

The reasons for the nomination of candidates for Directors are already available on the Company's website for reference of the Notice of the Annual General Meeting of Shareholders.

◇Notice of the Annual General Meeting of Shareholders: Investors > IR Archives > Other Documents
(<https://schd.toyoinkgroup.com/en/ir/archives/others.html>)

Reasons for the nomination of Outside Directors are also stated in II-1. (Directors, Outside Directors' Relationship with the Company) of this Report.

【Supplementary Principle 3.1.3 Sustainability Initiatives】

In its long-term corporate vision, SIC27, the Group defines the concept of "sustainable growth" as the Toyo Ink Group growing sustainably and contributing to improvement of society's sustainability. In addition, the Group has set the basic vision of promoting a range of sustainability activities centered on the achievement of carbon neutrality in 2050 and interim goals in 2030 by formulating its sustainability vision, TSV2050/2030, as a practical long-term goal for the Group's sustainability activities. Framework to promote sustainability and disclosures of climate change-related financial information based on the TCFD recommendations are published in the Company's website and Integrated Report 2022.

With respect to human capital, the Group sees human resources as its most important management capital and actively invests in them, establishing the "Toyo Ink Vocational College", introducing a human resource rotation program, promoting women's participation and advancement in the workplace to increase diversity, and ensuring safety and health in the workplace as a manufacturer. Similarly, in terms of the creation of new intellectual property, the Company has renewed its R&D structure to promote the development of new products and the creation of new

businesses which meet the needs of society. In addition, the Group is endeavoring to promote open innovation and strategically acquire patents, and is actively disclosing information about these activities through its integrated report and other means.

◇Long-Term Corporate Vision "SIC27": Company > Strategy

(<https://schd.toyoinkgroup.com/en/corpinfo/strategy.html>)

◇Sustainability Vision "TSV2050/2030":

CSR > CSR of the Toyo Ink Group > Sustainability Vision "TSV2050/2030"

(<https://schd.toyoinkgroup.com/en/csr/group/tsv.html>)

◇Integrated Report 2022: CSR > Download Reports > Integrated Report

(https://schd.toyoinkgroup.com/en/ir/archives/pdflib/report/2022/integrated_report2022en.pdf)

◇Sustainability Data Book 2022: CSR > Download Reports > Sustainability Data Book

(https://schd.toyoinkgroup.com/en/csr/doc/reports/sust_databook2022en.pdf)

【Supplementary Principle 4.1.1 Scope of Delegation to Management】

In addition to matters that require a decision from the Board of Directors in accordance with the law or the Company's articles of incorporation, important operational matters such as annual business plans are submitted for approval by the Board of Directors in accordance with the Regulations of the Board of Directors. In addition, in order to transfer decision-making authority for the execution of business, decisions regarding the execution of business may be delegated to the Representative Directors in accordance with the Articles of Incorporation and the Board of Directors Regulations.

Decisions regarding other important matters in relation to management are made by the Group Management Committee in accordance with the Regulations of operating the Top Management Committee. To ensure effective supervision by the Board of Directors, matters determined by the Group Management Committee are then reported to the Board of Directors.

Operations relating to matters other than those submitted to the Board of Directors or the Group Management Committee are handled directly by the relevant Director in accordance with responsibilities determined by the Board of Directors. Such operations may also be delegated to a responsible Executive Officer. Even in cases such as these however, there are approval regulations in place for matters that can only be acted upon with approval from the Representative Directors, due to their importance or nature.

【Principle 4.9 Independence Standards and Qualification for Independent Directors】

Details of independence standards for Outside Directors and Audit and Supervisory Committee Members are included under II -1. (Matters Concerning Independent Directors) of this report.

【Supplementary Principle 4.10.1 Authority and Roles of the Nomination and Remuneration Committee】

The Company has established Nomination and Remuneration Advisory Committee aimed at further enhancing transparency and objectivity in processes for determining the nomination and remuneration of Directors.

The Nomination and Remuneration Advisory Committee consists of a majority of independent Outside Directors. The two Representative Directors attend the committee as members but an independent Outside Director serves as chair to ensure independence.

The Company positions the committee as advisory bodies which are mandated by the Board of Directors to deliberate on candidates for Directors and remuneration proposals presented by the Representative Directors before their proposal to the Board of Directors and to confirm the appropriateness of such candidates and proposals. The Representative Directors make proposals to the Board of Directors, based on utmost respect for the opinions of the committee. Details of procedure are stated in Principle 3.1. iv) of this section.

【Supplementary Principle 4.11.1 Policy on Diversity of the Board of Directors】

The Company's Board of Directors shall be composed of appropriate personnel, taking into consideration diversity and expertise within the number of Directors stipulated in the Articles of Incorporation, and at least one-third of the Directors shall be independent Outside Directors in accordance with the Company's independence standards as stipulated in Principle 4-9 above.

The criteria for nominating Directors and the procedures for their election are described in Principle 3-1 (iii)(iv) above. For the Director skills matrix, see the Attachment to this Report.

【Supplementary Principle 4.11.2 Concurrent Positions Held by Directors】

Details of executive positions held concurrently by Directors at other listed companies are included in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report, which are posted on the Company's

website. In addition, those of Outside Directors are also stated in II-1. (Directors) of this Report.

- ◇Notice of the Annual General Meeting of Shareholders: Investors > IR Archives > Other Documents
(<https://schd.toyoinkgroup.com/en/ir/archives/others.html>)
- ◇Annual Securities Report (*Japanese only): Investors > IR Archives
(<https://schd.toyoinkgroup.com/ja/ir/archives/scr.html>)

【Supplementary Principle 4.11.3 Analyses and Evaluations of Effectiveness of the Board of Directors】

Every year, the Company evaluates the effectiveness of the Board of Directors that includes the performance of all Directors, including Outside Directors. In the previous effectiveness evaluation conducted as a questionnaire in January 2022, an opinion was expressed that originality and ingenuity would be necessary to explain the matters reported by the Board of Directors (the contents of Group Management Committee meetings) to Outside Directors, and in fiscal 2022, the administrative organization supporting the Board of Directors regularly provided explanations to the independent Outside Directors regarding the matters reported by the Board of Directors in advance of meetings. As a result, in the effectiveness evaluation conducted in January 2023, there was feedback that information was provided more appropriately.

The outline of the evaluation of effectiveness conducted in January 2023 is as follows.

<Implementation process>

- A questionnaire survey was developed and conducted with the involvement and advice of a third-party external organization.
- Anonymity was ensured by enabling the submission of responses directly to the external organization.
- Analysis, discussion and evaluation were made at a meeting of the Board of Directors in March 2023 based on reports of aggregate results from the external organization.

<Results>

- Results showed that broadly the effectiveness of the Board of Directors as a whole was ensured, indicated by the generally positive evaluations received by that the Board of Directors that stated that discussions and exchanges of opinions between the members of the Board of Directors are active and in line with the nature of the Board of Directors, emphasizing the Board's supervisory functions.
- On the other hand, issues were pointed out regarding training opportunities for Officers, feedback given to the Board of Directors regarding the status of the dialogue with shareholders, and the operations of the Nomination and Remuneration Advisory Committee.

The Company's Board of Directors will strive to continuously improve its effectiveness by addressing the issues identified in this evaluation and monitoring the status of improvements in the following year's evaluation.

【Supplementary Principle 4.14.2 Policy on Training for Directors】

The Company continues to provide Directors with opportunities for essential training to help them to perform their respective duties and responsibilities.

In addition to supporting the expenses necessary to ensure that Directors and Executive Officers continue to obtain useful information on management, training to appropriately understand the changes in the business environment such as DX, TCFD and diversity is also provided. Further, all of the Executive Officers receive external training on finance, corporate governance and other related topics when they are appointed.

Outside Directors are provided with other resources besides the foregoing, including explanations aimed at improving their understanding in areas such as the Group's management strategy, business activities and current status, upon taking office as well as facility tours and briefings from supervising executives as necessary thereafter.

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

The Company regards shareholders and investors as key stakeholders, and makes every effort to respect shareholders' rights and improve shareholder value, based on its Guiding Principle to "enhance shareholder satisfaction (SHS)." In particular, constructive dialogue with shareholders and investors is positioned as an important factor. The Company has appointed a Director in charge of IR, in order to effectively share information through organic cooperation between related divisions. The General Affairs Department and the Corporate Planning Division work to promote dialogue with shareholders and investors, respectively. If feedback obtained through dialogue is deemed to be important, it is then reported to the relevant Director as necessary.

In terms of managing insider information, there are regulations in place such as Insider Trading Prevention & Management Regulations and Information Protection & Management Regulations. The Group has also set out specific action guidelines in the form of its Business Code of Conduct, and distributes guidebooks to all Group employees, as well as providing regular education in an effort to effectively raise awareness.

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Toppan Inc.	10,446,988	17.92
TOYO INK SC HOLDINGS CO., LTD.	5,298,507	9.09
The Master Trust Bank of Japan, Ltd. (Trust account)	5,120,500	8.79
Custody Bank of Japan, Ltd. (trust account)	1,893,300	3.25
Nippon Shokubai Co., Ltd.	1,661,230	2.85
Toyo Ink Group Employee's Stock Club	1,642,591	2.82
SMBC Nikko Securities Inc.	1,146,500	1.97
Toyo Ink Suppliers' Stock Club	935,900	1.61
STATE STREET BANK AND TRUST COMPANY 505001	810,595	1.39
MUFG Bank, Ltd.	753,246	1.29

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
Name of Parent Company, if applicable	None

Supplementary Explanation Updated

As of December 31, 2022, Toppan Printing Co., Ltd. holds 19.77% of the voting rights in the Company. That means that the Company is positioned as an equity method affiliate of Toppan Printing. For the purpose of receiving advice and guidance on the Company's general management from an objective perspective with a view toward the business environment surrounding the Group from an expert with seasoned knowledge of the industry, the Chairman of Toppan Printing also serves as a Director of the Company as of the day when this report has been submitted.

Management decisions are made independently by the Company based on the deliberations of the Board of Directors of the Company and various other management meetings, and the Company considers that a certain level of independence has been secured. Moreover, terms and conditions for all transactions with Toppan Printing and its group companies are determined based on a comprehensive overview of factors such as contract details and market prices, in the same way as transactions with other companies that have no capital ties with the Group. Through this management structure and policy on transactions, the Group has established a system to effectively protect minority shareholders.

3. Corporate Attributes

Listed Stock Exchange and Market Segment Updated	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more

Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and fewer than 100

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

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j
Shingo Kaneko	From another company					○		○			
Chise Onodera	Academic										
Tomoko Adachi	Other										
Yutaka Yokoi	Other										
Keiko Kimura	Lawyer										
Minoru Matsumoto	CPA								△		

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business or a non-executive director of a parent company
- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2) Updated

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Shingo Kaneko			<p>Chairman and Representative Director of Toppan Printing Co., Ltd.</p> <p>The Group regularly conducts transactions with the Toppan Printing Group.</p> <p>As of December 31, 2022, Toppan Printing Co., Ltd. holds an 17.92% stake in the Company.</p>	<p>Mr. Shingo Kaneko is a management expert with extensive experience in this industry, and can therefore be expected to provide general management advice and guidance from an objective perspective with a view toward the business environment surrounding the Group, which will lead to livelier discussions at meetings of the Board of Directors.</p>
Chise Onodera		Y	Professor at the College of Law, Nihon University	<p>Ms. Chise Onodera is an independent party with no trading relationship with the Company. As a legal scholar, she also has a high level of specialized knowledge. She can be expected to oversee management from an impartial perspective.</p> <p>As Ms. Onodera is not covered</p>

				under Article 211, Paragraph 4, Section 6 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.
Tomoko Adachi		Y	<p>Trustee of Imperial Gift Foundation Boshi-Aiiku-Kai</p> <p>Honorary Director of Aiiku Hospital, Aiiku Maternal and Child Health Center, Imperial Gift Foundation Boshi-Aiiku-Kai</p> <p>Visiting Professor at School of Medicine, Tokyo Women's Medical University</p>	<p>Ms. Tomoko Adachi is an independent party with no trading relationship with the Company. She possesses experience in hospital management as well as highly professional knowledge and expertise in medicines and health-conscious business management and diversity & inclusion, having served as a member of multiple national and administrative councils and committees for women's advancement. She can be expected to oversee management from an impartial perspective.</p> <p>As Ms. Adachi is not covered under Article 211, Paragraph 4, Section 6 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>
Yutaka Yokoi	Y	Y	<p>Deputy Director-General and Distinguished Professor of Chiba Institute of Technology</p> <p>Outside Director of Hokuhoku Financial Group, Inc.</p>	<p>Mr. Yutaka Yokoi is an independent party with no trading relationship with the Company. Based on his international perspective and broad insight into the world situation cultivated as a Foreign Ministry employee, he can be expected to oversee management from an impartial perspective.</p> <p>As Mr. Yokoi is not covered under Article 211, Paragraph 4, Section 6 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>
Keiko Kimura	Y	Y	<p>Lawyer at Anzai Law Office</p> <p>Outside Director (Audit and Supervisory Committee Member) of Yashima & Co., Ltd.</p>	<p>Ms. Keiko Kimura is a qualified lawyer and an independent party with no trading relationship with the Company. She is an expert in labor law in particular, and has a wide range of expertise in the field of personnel and labor relations. She can therefore be expected to supervise management from an impartial perspective.</p> <p>As Ms. Kimura is not covered under Article 211, Paragraph 4, Section 6 of the Enforcement Rules for Securities Listing</p>

				Regulations, there is not deemed to be any conflict of interest with general shareholders.
Minoru Matsumoto	Y	Y	<p>Representative employee of Teradakaikei Tax Accountant Office</p> <p>Outside Director of Foster Electric Co., Ltd.</p> <p>Outside Director (Audit and Supervisory Committee Member) of JASTEC Co., Ltd.</p> <p>Mr. Minoru Matsumoto used to belong to Deloitte Touche Tohmatsu LLC, which is the accounting auditor of the Company. However, he left the auditing corporation in September 2012.</p>	<p>Mr. Minoru Matsumoto is an independent party with no trading relationship with the Company. He also has extensive experience in accounting audits and considerable knowledge in finance and accounting as a certified public accountant, and can therefore be expected to oversee management from an impartial perspective. As Mr. Matsumoto is not covered under Article 211, Paragraph 4, Section 6 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

Where the Company appoints employees to assist the duties of the Audit and Supervisory Committee, before the appointment or transfer of any such employee, the prior approval of the Audit and Supervisory Committee is required and the Audit and Supervisory Committee is responsible for issuing instructions and orders to and evaluating any such employee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

Outside Directors who are Audit and Supervisory Committee Members receive reports on matters such as audits and the status of development and operation of the internal control system from the accounting auditor, the Internal Audit Department and Audit and Supervisory Board Members of Group companies, either directly or through the full-time Audit and Supervisory Committee Members, and express opinions at meetings of the Board of Directors and the Audit and Supervisory Committee where necessary. Moreover, meetings attended by Outside Directors (excludes Directors who are Audit and Supervisory Committee Members) and Outside Directors who are the Audit and Supervisory Committee Members are organized as appropriate to exchange information on audits and the development and operation of the internal control system, thus strengthening mutual cooperation.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	5	2	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	5	2	2	3	0	0	Outside Director

Supplementary Explanation

The Company has established Nomination and Remuneration Advisory Committee aimed at further enhancing transparency and objectivity in processes for determining the nomination and remuneration of Directors. The Committee is chaired by an Outside Director and consists of two Internal Directors and three Outside Directors who meet the Company's independence standards for Outside Directors.

Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors Updated

The Company's criteria of independence for outside directors is as follows.

The Board of Directors of the Company does not certify Outside Directors as independent officers if they fall under any of the following categories.

- (1) A business executive¹ of the Company or its affiliated company (hereinafter collectively “the Group”)
- (2) A major business partner of the Group² or a business executive of such business partner
- (3) A major client of the Group³ or a business executive of such client
- (4) A major shareholder of the Company⁴ or a business executive of a major subsidiary⁵ of such shareholder
- (5) An entity or a business executive of such entity that receives a large amount of donations⁶ from the Group
- (6) A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation⁷ (in case of corporation, association or other organization, an individual who belongs to such organization)
- (7) A certified public accountant, an employee, partner or staff of an audit firm that provides accounting audit of the Group
- (8) In case of a law firm, audit firm, tax accounting firm or consulting firm, or other professional advisory firm that do not fall under above (6) or (7), an employee, partner, associate or staff of a firm whose major client is the Group⁸
- (9) A business executive of a company whereat a business executive of the Group is an outside officer
- (10) A business executive of a company whose major shareholder is the Company

- (11) An individual who has fallen under criteria (1) above in the past ten years prior to his/her assumption of office (in case of an individual who was a non-executive Director or an Audit and Supervisory Board Member of the Company in the past ten years prior to his/her assumption of office, another ten years prior to such assumption)
- (12) An individual who has fallen under criteria (2) or (3) in the past three business years
- (13) An individual who has fallen under criteria (4) through (8) in the past three years (with regard to (7), this shall apply only to an individual who was actually in charge of handling the audit (excluding ancillary duty) of the Group (including an individual who is retired or resigned at present)
- (14) A close relative⁹ to an individual that would fall under the following
 - a. An important business executive¹⁰ of the Group
 - b. An individual who has fallen under above a. in the past five years
 - c. An individual defined as above (2) through (10) (with regard to “a business executive” in (2) through (5), and (9) and (10), an important business executive, with regard to “an individual who belongs to such organization” in (6), an important business executive and, in case of an audit firm or a law firm, etc., an individual who possesses professional qualification, and with regard to “an employee, partner or staff of an audit firm” in (7), an important business executive and certified public accountant and other professional experts)
 - d. An individual who has fallen under above c. in the past three years

Notes:

- 1. “A business executive” is defined as executive director, executive officer or employee.
- 2. “A major business partner of the Group” is defined as any of the following:
 - 1) A business partner group that provides products or services to the Group (a party that belongs to a consolidated group to which the direct business partner belongs; the same applies hereafter.), a business partner group whose transactions with the Group exceeds 2% of the consolidated net sales or total income of the business partner group for the most recent fiscal year
 - 2) The counterparty group to which the Group is indebted and the aggregate amount of indebtedness of the Group exceeds 2% of consolidated total assets of the counterparty at the end of the most recent fiscal year
- 3. “A major client of the Group” is defined as any of the following:
 - 1) The business partner group to which the Group provides products or services and the transactions with the business partner group exceed 2% of the consolidated net sales of the Group for the most recent fiscal year
 - 2) The counterparty group that is indebted to the Group and the aggregate amount of indebtedness of the counterparty group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year
 - 3) The financial institution group from which the Group is borrowing (defined as an individual who belongs to a consolidated group to which the financial institution from which the Group is directly borrowing belongs) and the aggregate borrowing amount of the Group from the financial institution group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year
- 4. “Major shareholder” is defined as a shareholder who owns 10% or more of the total voting rights either directly or indirectly.
- 5. “Major subsidiary” is defined as a subsidiary that is presented as a major subsidiary in the “Status of the parent company or major subsidiaries” (Article 120, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act) in the Business Report of the Company pertaining to the most recent fiscal year, or in other disclosure documents made public by the Company.
- 6. “Entity that receives a large amount of donations” is defined as an entity who received from the Group a donation amounting to 10 million yen or more, a year taken in average of the three most recent fiscal years, or an amount equivalent to 30% or more of the average total annual cost of such entity, whichever is higher.
- 7. “A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation” is defined as an individual who receives from the Group, a financial benefit of 10 million yen or more a year taken in average of the three most recent fiscal years aside from executive compensation.
- 8. “A firm whose major client is the Group” is defined as a firm that received a payment from the Group in an amount equivalent to 2% or more of the consolidated net sales of the firm taken in average of the three most recent fiscal years.
- 9. “A close relative” is defined as a spouse or relative within the second degree, or a relative living together.
- 10. Of business executives, “an important business executive” is defined as an individual who executes significant business operations, including executive director, executive officer or general manager.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items **Updated**

Details are included under II-1. (Director Remuneration) of this report.

Persons Eligible for Stock Options

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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The Company disclosed the aggregate amounts of individual remuneration for Internal Directors and for Outside Directors. Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) in FY 2022 totaled ¥293 million (¥34 million of which was paid to Outside Directors).

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

<Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)>

The Company believes the executive remuneration system is an important part of its corporate governance and has established the five policies below based on this understanding. The Company will also ensure that the system adopts an objective perspective through the Nomination and Remuneration Advisory Committee which is chaired by an Outside Director.

- 1) Remuneration should be at a level that reflects economic conditions and corporate performance.
- 2) It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
- 3) The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
- 4) Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance forecasts.
- 5) It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

Remuneration for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) shall consist of (a) Basic salary, (b) Performance-based compensation and (c) Restricted stock compensation, in accordance with the executives remuneration policy. The percentage of each constituent element of compensation (standard amount when the 100% of the targets for performance-based compensation are achieved) is as follows: (a) 65% Basic salary, (b) 35% Performance-based compensation and (c) 5% Restricted stock compensation. However, remuneration for Outside Directors (excluding Directors who are Audit and Supervisory

Committee Members) is fixed and composed of only (a) Basic salary in light of their duties and roles of supervising the execution of business.

(a) Basic salary

The basic salary is cash-based and paid monthly according to the specific position.

(b) Performance-based compensation

The Company's performance-based compensation is designed to reflect the evaluation of consolidated financial results and takes the form of monthly compensation paid as a short-term incentive. The calculation method is as follows.

*Basic amount of performance-based compensation for each position x Payment rate (%) based on the evaluation of consolidated financial results

*The method for calculating the payment rate based on the evaluation of consolidated financial results is as follows. Target below is the published target at the beginning of the period.

- Indicators for the evaluation of consolidated financial results are the comparison of consolidated net sales and consolidated operating profit with the targets and the previous year respectively.

- The comparison of consolidated net sales with the target, the comparison of consolidated net sales with the previous year, the comparison of consolidated operating profit with the target and the comparison of consolidated operating profit with the previous year are weight-averaged using the following percentages: 24%, 16%, 36%, and 24%, respectively, and the payment ratio is determined based on their results.

These indicators were chosen because the Company believes that the degree of achievement of performance targets in each business year reflects increases and decreases in corporate value and judges them to be appropriate as indicators.

(c) Restricted stock compensation

The Company has established restricted stock compensation as a long-term incentive, with the aim of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company's results over the medium and long terms based on a healthy entrepreneurial spirit, and increasing Directors' enthusiasm for and contribution to the improvement of corporate value. The Company will deliver its restricted stock compensation to Directors excluding Outside Directors and Directors who are Directors who are Audit and Supervisory Committee Members. The calculation method is as follows.

*Basic amount of restricted stock compensation for each position x Payment rate (%) based on the evaluation of consolidated financial results

*The method for calculating the payment rate based on the evaluation of consolidated financial results is as follows. Target is the published target at the beginning of the period.

- Indicators for the evaluation of consolidated financial results are the comparison of consolidated net sales and consolidated operating profit with the targets and the previous year respectively.

- The comparison of consolidated net sales with the target, the comparison of consolidated net sales with the previous year, the comparison of consolidated operating profit with the target and the comparison of consolidated operating profit with the previous year are weight-averaged using the following percentages: 24%, 16%, 36%, and 24%, respectively, and the payment ratio is determined based on their results.

The 184th Annual General Meeting of Shareholders held on March 23, 2022 passed a resolution deciding that the aggregate amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) would not exceed ¥500 million a year (including an aggregate amount for Outside Directors of ¥100 million or less). In addition, the Annual General Meeting of Shareholders passed a resolution deciding that the aggregate amount of monetary compensation claims to be provided as restricted stock compensation to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) would be ¥100 million a year or less, outside the framework of the ¥500 million a year or less for monetary compensation. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) at the conclusion of the Annual General Meeting of Shareholders was seven (three of whom are Outside Directors).

In addition, the remuneration of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined through the following procedures.

1) The Board of Directors delegates the determination of the amounts of the remuneration for individual Directors (the amount of the basic salary and the amount of the performance-based compensation) to the Chairman, the President and the Director in charge of personnel affairs who shall consult on the matter. The President shall present a proposal prepared after consultation among the three persons above on the amount of remuneration for each Director and the number of shares to be granted to each Director through the restricted stock compensation

to the Nomination and Remuneration Advisory Committee (hereinafter the “Advisory Committee”).

- 2) The Advisory Committee examines and deliberates on this evaluation process and the results of the evaluation, etc.
- 3) The Chairman, President and Director in charge of personnel affairs consult to determine the amount of remuneration for each Director taking into consideration the Advisory Committee’s report, and the Board of Directors confirms the Company’s evaluation of the performance-based compensation.
- 4) The Board of Directors shall then determine the number of shares to be granted to each Director in the restricted stock compensation.

<Remuneration for Directors who are Audit and Supervisory Committee Members>

Remuneration for Directors who are Audit and Supervisory Committee Members is fixed and composed of only the basic salary in light of their duties and roles of supervising and auditing the execution of business.

The 184th Annual General Meeting of Shareholders held on March 23, 2022 passed a resolution deciding that the aggregate amount of remuneration for Directors who are Audit and Supervisory Committee Members would not exceed ¥100 million a year. The number of Directors who are Audit and Supervisory Committee Members at the conclusion of the Annual General Meeting of Shareholders was four (three of whom are Outside Directors).

Support System for Outside Directors

There is a structure in place to enable Outside Directors to keep up to date with the Company’s operations based on important matters from Management Committee meetings, including meetings of the Board of Directors, through measures such as receiving reports at the Board of Directors meetings and accessing important documents, regardless of whether or not they attended the relevant meeting. In addition, to enable independent Outside Directors to actively contribute to discussions at Board of Directors meetings and to further communicate and coordinate with management and the Directors who are full-time Audit and Supervisory Committee Members, the Company has established a forum for the exchange of information and understanding between independent Outside Directors who are not Audit and Supervisory Committee Members and the Audit and Supervisory Committee.

statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Kunio Sakuma	Advisor	To serve as Principal of “Toyo Ink Vocational College” (advice on development of human resources) and to work for various outside organizations	Form of service: Full-time With remuneration	March 26, 2020	One year (Renewable)

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*)

After Retiring as Representative Director and President, etc.

1

Other Related Matters

The Company’s advisor, Mr. Kunio Sakuma gives advice on the development of human resources as Principal of “Toyo Ink Vocational College” and also works for various outside organizations as an advisor. He does not attend meetings of the Company’s Board of Directors or Management Meetings and is not involved in the Company’s business execution or decision-making.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

(Board of Directors)

The Board of Directors meets every month, in its capacity as the key management decision-making body of the Company and the Group as a whole to make decisions on matters prescribed by laws and regulations and important management-related matters and supervise the status of business execution. As of March 23, 2023, the Board of Directors is composed of seven Directors (excluding Directors who are Audit and Supervisory Committee Members; three of these seven Directors are Outside Directors) and four Directors who are Audit and Supervisory Committee Members (three of whom are Outside Directors), making a total of 11 Directors.

In FY2022, the Board of Directors met 17 times.

(Audit and Supervisory Committee)

As of March 23, 2023, the Audit and Supervisory Committee is composed of four Directors who are Audit and Supervisory Committee Members (three of whom are Outside Directors). The Audit and Supervisory Committee cooperates with the Internal Audit Department and accounting auditor and audits the legality and appropriateness of Directors' execution of their duties.

(Group Management Committee)

As consultative and policymaking body, subordinate to the Board of Directors, the Group Management Committee is the key executive decision-making body. Meetings are always attended by Audit and Supervisory Committee Members, as part of a system that enables sufficient oversight of operations carried out by Directors. Because the Group Management Committee mainly examines the Group's business strategies, business-related issues, and business results, its meetings are always attended by Executives in charge of technology, research and development, the General Managers of the Group Finance Department and the Group Human Resources Department, and the representative directors of the Group's core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.

In FY2022, the Group Management Executive Committee before the change in the executive structure during the year and the Group Management Committee met a total of 26 times.

(Nomination and Remuneration Advisory Committee)

At a meeting held on February 9, 2017, the Company's Board of Directors approved a resolution to establish Nomination and Remuneration Advisory Committee aimed at further enhancing transparency and objectivity in processes for determining the nomination and remuneration of Directors. The committee is chaired by an independent Director and are composed of two internal Directors and three Outside Directors who satisfy the criteria of independence of Outside Directors established by the Company.

3. Reasons for Adoption of Current Corporate Governance System Updated

The Company has adopted an organizational design with an audit and supervisory committee under the Companies Act. By seeking to expedite decision-making processes and business execution through the delegation of decision-making authority on business execution from the Board of Directors to Directors and by allowing Audit and Supervisory Committee Members, who are Directors, to exercise their voting rights at meetings of the Board of Directors, the Company aims to increase fairness and transparency of management and strengthen oversight of the Board of Directors, thereby further enhancing corporate governance.

A majority of the Directors are Outside Directors. Outside Directors fulfil their role of overseeing management from an outside perspective and objective standpoint by attending (and contribute to) important meetings, including meetings of the Board of Directors, and being kept up to date with important management information via access to important documents.

The Company uses an executive officer system (term of office of Executive Officers is set at one year) to clarify the separation of roles between management supervisory functions and business execution functions and has speeded up decision making and strengthened the supervisory functions over business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

Updated

Supplementary Explanation		
Early Posting of Notice of the General Shareholders Meeting	<p>In 2023, the convocation notice was sent out on Wednesday, March 1, 22 days prior to the date of the General Meeting of Shareholders, and on the same day, measures were taken to electronically provide the meeting materials to shareholders.</p> <p>In addition, if a proposal for the General Meeting of Shareholders is determined to have the potential to affect the rights and interests of shareholders, the Company promptly discloses information on the content of the proposal through the Company's website and TDnet, etc. following the resolution by the Board of Directors before sending the notice of convocation, to ensure shareholders have sufficient time to consider the proposal and that they are able to make an appropriate decision.</p>	
Scheduling of the General Shareholders Meeting During Non-Peak Days	<p>In 2023, the General Meeting of Shareholders was held on Thursday, March 23.</p>	
Electronic Exercise of Voting Rights	<p>The Company has set up a voting website to enable voting rights to be exercised online. The Company also uses the “Smart voting” service that allows people to vote using their smartphones.</p>	
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	<p>The Company participates in the ICJ platform in order to encourage institutional and overseas investors to exercise their voting rights.</p>	
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	<p>The Company provides reference documents accompanying notices of General Shareholders Meetings in English to encourage overseas investors to exercise their voting rights</p>	
Other	<p>The Company streamed the General Meeting of Shareholders held on March 23, 2023 live to allow large number of shareholders to watch the meeting. In addition, the Company accepted questions in advance from shareholders who would be unable to attend the meeting to answer them at the General Meeting of Shareholders.</p>	

2. Status of IR-related Activities

Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>The Company's Disclosure Policy is available on the website.</p> <p>◇ Disclosure Policy: Investors > Disclosure Policy and Disclaimer (https://schd.toyoinkgroup.com/en/ir/notice.html)</p>	
Regular Investor Briefings held for Individual Investors	<p>The Company regularly appears at briefings for individual investors organized by IR support companies.</p>	Held
Regular Investor Briefings held for Analysts	<p>The Company organizes results briefings twice a year.</p>	Held

and Institutional Investors	
Online Disclosure of IR Information	<p>The Company posts Financial Statements, materials of Results Presentations, Stock Information, IR News and other such documents on its website.</p> <p>◇Investors: (https://schd.toyoinkgroup.com/en/ir/index.html)</p>
Establishment of Department and/or Placement of a Manager in Charge of IR	IR is handled by the Corporate Planning Division.

3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Guiding Principles in the Corporate Philosophy System, which forms the foundation of the management of the Group, include the enhancement of customer satisfaction (CS), employee satisfaction (ES), social satisfaction (SS) and shareholder satisfaction (SHS). The Group's Board of Directors and management team respect the rights and positions of these stakeholders and aim to continue to be a company that contributes to their prosperity, development, and growth through the business of the Group.</p> <p>◇Guiding Principles: Company > Toyo Ink Group's Philosophy System (https://schd.toyoinkgroup.com/en/corpinfo/philosophy.html)</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Believing that responding to issues surrounding sustainability are a corporate social responsibility (CSR), the Group established the CSR Charter and CSR Action Guidelines in 2005 and has put them into practice. To further strengthen its sustainability activities, including its CSR activities, the Company has been proceeding with its responses as part of its corporate governance system since 2022 by establishing the Sustainability Committee under the supervision of the Board of Directors through the President and Representative Director. In these activities, the Committee plays a central role in promoting and managing the progress of sustainability activities based on the five material issues that were identified with the goal of balancing sustainable corporate growth and the improvement of the sustainability of society.</p> <p>The details of the Group's activities are disclosed through its integrated reports and sustainability data books.</p> <p>◇CSR Charter & Action Guidelines: CSR > CSR Related Policies > CSR Charter & Action Guidelines (https://schd.toyoinkgroup.com/en/csr/policies/charter.html)</p> <p>◇Integrated Report and Sustainability Data Book: CSR > Download Reports (https://schd.toyoinkgroup.com/en/csr/reports/index.html)</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>At a meeting of its Board of Directors, the Company resolved to adopt a policy of disclosing information in accordance with the Financial Instruments and Exchange Act and the timely disclosure rules issued by the Tokyo Stock Exchange, and disclosing information, in a manner as active and as fair as possible, that is not applicable to the above rules, but is critical for its shareholders and investors to understand the Toyo Ink Group ("disclosure policy"), and published the disclosure policy on its website.</p> <p>◇Disclosure Policy: Investors > Disclosure Policy and Disclaimer (https://schd.toyoinkgroup.com/en/ir/notice.html)</p>

Other

[Promoting greater roles for female employees]

The Company has formulated a general business operator action plan in accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace, and is aiming to actively recruit women, expand the range of jobs available to women, change values in the workplace and working practices, and create workplaces that are rewarding and dynamic for all employees. The Company obtained the "Eruboshi" certification in recognition of its results in the four areas of recruitment, continued employment, continuity in office, and various career courses.

<Main points of the action plan and details of initiatives>

The term of the action plan: January 1, 2023 to December 31, 2025.

(1) Increasing the percentage of managers that are women to 8%.

- Continuously providing career leadership training and manager education (manager awareness-rising and internal training to management candidates that are women).
- Providing early management opportunities and actively promoting the appointment of women to key positions.
- Providing information about situations, developing a career counseling system, and building a network of employees to enable employees to smoothly return to work after childcare leave and work enthusiastically while balancing work and childcare.
- Maintaining the percentage of new graduates hired that are women at 30% or higher.
- Implementing training and other measures to increase awareness and knowledge of women's health issues.

(2) Raise the percentage of eligible male employees that take paternity leave to 100%.

- Continuously increasing top management's understanding and awareness by holding seminars and providing information to them.
- Expanding opportunities to provide information through guidebooks and role models to familiarize employees with the content and use of the childcare leave system and the support system for balancing work and childcare.
- Conducting an internal awareness survey and implementing measures to resolve issues that are identified.
- Regularly visualizing the status of employees taking childcare leave to ensure that at least 10 days of childcare leave are taken.

(3) Increase the percentage of annual paid leave used to 60% or higher.

- Ensuring that employees take planned leave in accordance with the revised law, and working together with labor and management to encourage employees who do not take many days of leave to take them more often.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

<Outline of basic policy on internal control systems>

(1) Systems to ensure that Directors and employees perform their duties in compliance with the law and the Company's Articles of Incorporation

The Company has established the Toyo Ink Group's Philosophy System that consists of the Corporate Philosophy, Corporate Policy and Guiding Principles and the Toyo Ink Group Business Conduct Guidelines that explain the fundamental philosophy and actions required of the Group's officers and employees based on the Toyo Ink Group's Philosophy System.

As a good corporate citizen, the Company strives to earn trust from society, based on a value system spearheaded by the Toyo Ink Group's Philosophy System, including a CSR Charter and CSR Action Guidelines that clearly underline its commitment to social responsibility.

Compliance initiatives are implemented by the Compliance Subcommittee. In addition, the Company is working to ensure compliance management, including improving systems that enable the quick detection and correction of actions that violate laws and the Toyo Ink Group Business Conduct Guidelines via its Compliance Office (internal/external reporting service).

The Board of Directors confirms the legality of Directors' execution of their duties and also makes decisions on important matters which impact the Company and the whole Group in accordance with laws and regulations and the articles of incorporation. The Representative Director performs their duties on behalf of the Company as a whole, based on decisions made by the Board of Directors.

The Audit and Supervisory Committee, where a majority of members are Outside Directors, audits the legality and appropriateness of Directors' execution of their duties and reports the results obtained through its audit activities to the Board of Directors in a timely and appropriate manner. Meanwhile, in response to requests from Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee (hereinafter referred to as "Selected Audit and Supervisory Committee Members"), Directors report to the Audit and Supervisory Committee on the status of execution of their duties.

The Group's Internal Audit Department reports directly to the Representative Directors, and audits operations within the Company to ensure they are being carried out in compliance with laws and regulations and the articles of incorporation and in an appropriate manner and that the internal control system is working effectively. In addition to reporting audit results to the Representative Directors and the Director in charge of internal control, the department also reports to and works in cooperation with the Audit and Supervisory Committee.

(2) Systems for the storage and management of information relating to the performance of duties by Directors

The Company stores and manages information relating to the performance of duties by Directors in an appropriate manner in accordance with the law, and the Company's Articles of Incorporation, Board of Directors Regulations and Information Security Regulations.

Directors and Audit and Supervisory Committee Members are able to access the relevant information as and when necessary.

(3) Crisis management regulations and other systems relating to losses

The Company has set up a Risk Management (RM) Subcommittee and a Compliance Subcommittee as expert subcommittees under its Sustainability Committee, which is supervised by the Representative Directors. Based on a system presided over by the Officer in charge of risk management, in accordance with Risk Management Regulations in line with the Toyo Ink Group Business Conduct Guidelines, the Company identifies companywide risks and operates a risk management system designed to implement risk countermeasures, in order to maintain sound corporate activities and earn public trust. In an effort to raise awareness of risk management, the Company incorporates risks and issues facing individual divisions and Group companies into its annual plans and employs management techniques that are built into its evaluation standards. The Company is also focused on preventing risks at all times, by having companywide risk countermeasures established and implemented by the RM Subcommittee and the division in charge.

In case of an emergency, there is an emergency contact system in place whereby individual facilities immediately contact the Representative Director if they detect a risk. If the apparent risk could have a serious impact on the Company's business, there is a business continuity system in place to immediately respond to the relevant emergency, by setting up an emergency task force for instance.

(4) Systems to ensure that Directors perform their duties efficiently

To ensure that Directors perform their duties efficiently, the Company holds additional meetings of the Board of Directors as and when necessary, as well as regular monthly board meetings, with the aim of speeding up management decisions and running the business efficiently.

The Company also holds regular monthly meetings attended by Executive Directors and Operating Officers, as a means of discussing and making decision regarding Group management issues and business strategy. Meetings enable management issues and strategies to be shared, in an effort to efficiently achieve management and business targets. Such meetings are also attended by Selected Audit and Supervisory Committee Members, who provide the necessary input from an auditing perspective, thereby strengthening oversight with regard to the performance of duties by Directors.

The Board of Directors may delegate certain important business execution decisions to Directors who execute business in accordance with laws and regulations, the articles of incorporation, and the Board of Directors Regulations, for the purpose of increasing the flexibility of business execution.

(5) Systems to ensure that operations are carried out appropriately as a corporate group consisting of the Company and its subsidiaries

The Company strives to maximize the corporate value of the entire Group, by sharing the Toyo Ink Group's Philosophy System, consisting of its Corporate Philosophy, Corporate Policy and Guiding Principles, and making the most of management resources within the Group.

The Company has set out Affiliate Management Regulations to ensure that Group management is implemented appropriately, and requires Group companies to report on the performance of important matters in accordance with the relevant regulations, whilst still respecting the autonomy of individual Group companies. This ensures appropriate Group management, underpinned by involvement from the Company.

In addition to applying the risk management system and emergency measures outlined in the above section (3) to Group companies, the Company holds regular Legal Committee meetings for selected Group company Directors, and shares details of legal risks affecting Group management, in an effort to ensure that the Group is being run in an appropriate manner. Group companies hold regular meetings attended by Directors, amongst others, and work to achieve their management and business targets efficiently. They also report to the Company on a regular basis.

The Audit and Supervisory Board Members of each Group company shall audit the legality and appropriateness of Directors' execution of duties at each company and report the results to the Board of Directors of each company and the Company's Audit and Supervisory Committee.

The scope of the audits conducted by the Internal Audit Department in (1) above shall include each Group company.

By way of systems to ensure the reliability of financial reports, the Company consults its accounting auditor as and when necessary, based on an organizational structure headed by the Representative Director. It also establishes and operates effective internal control systems in accordance with standards for evaluating and auditing internal controls in relation to financial reports, published by the Business Accounting Council, and in line with the basic internal control framework set out in the relevant practice standards. In addition, the Company will develop a mechanism collecting information from the Group companies and sharing it with them, raise awareness of proper operational procedures and implement the appropriate internal audits of operation bases which were not identified as important bases on the basis of sales, when appropriate, taking into account the risks peculiar to them.

(6) Matters relating to employees in the event that the Audit and Supervisory Committee requires the assignment of employees to assist with its duties

If the Audit and Supervisory Committee requires the assignment of employees to assist with its duties, the Company consults the Audit and Supervisory Committee and assigns employees to assist with the Audit and Supervisory Committee's duties. The Company also sets up information sharing meetings between the Audit and Supervisory Committee and the Internal Audit Department, in order to strengthen systems to enable them to implement audits in conjunction with one another, and works to improve internal auditing capabilities in order to strengthen the auditing capabilities of the Audit and Supervisory Committee.

(7) Matters relating to the independence of employees assisting the Audit and Supervisory Committee with its duties from Directors (excluding Directors who are members of the Audit and Supervisory Committee), and ensuring that instructions issued to such employees are effective

In the event that employees are assigned to assist with the Audit and Supervisory Committee's duties as outlined in the above section (6), they will be appointed and transferred with the agreement of the Audit and Supervisory Committee, which will then be responsible for issuing instructions to and evaluating the relevant employees.

(8) Systems for Directors and employees to report to the Audit and Supervisory Committee; systems for Directors,

Audit and Supervisory Board Members and employees at the Company's group companies, and parties in receipt of reports from such, to report to the Audit and Supervisory Committee; systems for other parties to report to the Audit and Supervisory Committee; and systems to ensure that reporting parties are not disadvantaged

The Company's Directors and Operating Officers report on the performance of operations under their supervision at important meetings attended by Audit and Supervisory Committee Members, including meetings of the Board of Directors.

Directors, Audit and Supervisory Board Members, Operating Officers and employees working for the Company or any Group company are required to report the following facts to the Audit and Supervisory Committee immediately, in accordance with Risk Management Regulations and other applicable regulations.

- Important facts relating to compliance
- Facts that will cause, or could potentially cause, serious damage to the company
- Any other facts that are required to be reported based on consultation with the Audit and Supervisory Committee

The utmost care is taken to protect and maintain the confidentiality of reporting parties, in accordance with Compliance Office Regulations.

In addition to requiring that Directors working for the Company or any Group company report the above facts to the Audit and Supervisory Committee, Selected Audit and Supervisory Committee Members also attend various meetings essential to auditing, and have access to information liable to have a serious impact on business operations, including approval documents.

Directors, Operating Officers and employees of the Company and each Group company are required to report on the status of company operations and property if instructed to do so by Selected Audit and Supervisory Committee Members.

(9) Matters relating to procedures for advance payment or reimbursement of expenses incurred by Audit and Supervisory Committee Members in performing their duties (only expenses related to performance of duties of Audit and Supervisory Committee), and policies for processing other expenses or debts arising from the performance of such duties

If an Audit and Supervisory Committee Member claims for expenses incurred from auditing activities, the claim will be processed immediately. If incurring emergency auditing expenses or new research expenses for expert services, in addition to regular auditing expenses, the Audit and Supervisory Committee Member will notify the relevant officer in advance.

(10) Other systems to ensure that Audit and Supervisory Committee Members conduct audits effectively

The Company continues to improve systems so that Audit and Supervisory Committee Members can conduct audits effectively, while exchange opinions with Representative Directors and other Directors regularly regarding management issues and other important issues affecting business operations.

The Audit and Supervisory Committee receives reports on planned internal audits conducted by the Internal Audit Department and regularly exchanges opinions with the Audit and Supervisory Board Members of each Group company and the accounting auditor, to ensure that audits are conducted by Audit and Supervisory Committee Members efficiently and effectively.

(11) Systems aimed at combating antisocial forces

The Company is resolute in its rejection of antisocial forces posing a threat to the order or safety of people's everyday lives, as specified in the Toyo Ink Group Business Conduct Guidelines and the Regulations for Dealing with Antisocial Forces. The Company will not respond to any unreasonable or illegal demands, and will not have any relationship with antisocial forces, trading or otherwise. The Company also coordinates with external specialist organizations to gather and manage information relating to antisocial forces.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company is resolute in its rejection of antisocial forces posing a threat to the order or safety of people's everyday lives, as specified in the Toyo Ink Group Business Conduct Guidelines and the Regulations for Dealing with Antisocial Forces, and will not respond to any unreasonable or illegal demands. The Company clearly states in its basic policy on internal control systems that it will not have any relationship with antisocial forces, trading or otherwise, and that it will coordinate with external specialist organizations to gather and manage information relating to antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

The Company introduced anti-takeover measures by resolution of the 170th Annual General Meeting of Shareholders held on June 27, 2008 and updated these measures by resolution of the Annual General Meeting of Shareholders every three years thereafter. However, at the meeting of the Board of Directors held on February 17, 2020, the Company resolved not to renew the anti-takeover measures and to abolish them as of the close of the 182nd Annual General Meeting of Shareholders held on March 26, 2020 when their period of validity expired. Accordingly, the Company does not have anti-takeover measures in place as of the date of submission of this report.

The Company will ask those who have conducted or will try to conduct a large purchase of the Company's shares to provide necessary and sufficient information for the Company's shareholders to make an appropriate decision on the appropriateness of the large purchase and strive to secure time and information for their consideration by disclosing the opinions of the Company's Directors at the same time. The Company will also take measures in an appropriate and timely manner based on the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations.

2. Other Matters Concerning the Corporate Governance System

1. Disclosure structure

- (1) Information relating to financial results is drafted by the General Manager of the Finance & Accounting Department, submitted to the President via the relevant supervising Director, and then disclosed on a timely basis as soon as it has been approved by the Board of Directors.
- (2) Corporate information other than that specified in the above point (1) (decisions, incidents, etc.) is gathered by the General Manager of the General Affairs Department in accordance with the Company's internal Guidelines on the Timely Disclosure of Corporate Information. The General Manager of the General Affairs Department then determines whether or not disclosure is required, in consultation with the relevant department. If proceeding with timely disclosure, the relevant information will be disclosed as soon as it has been approved by the Board of Directors.

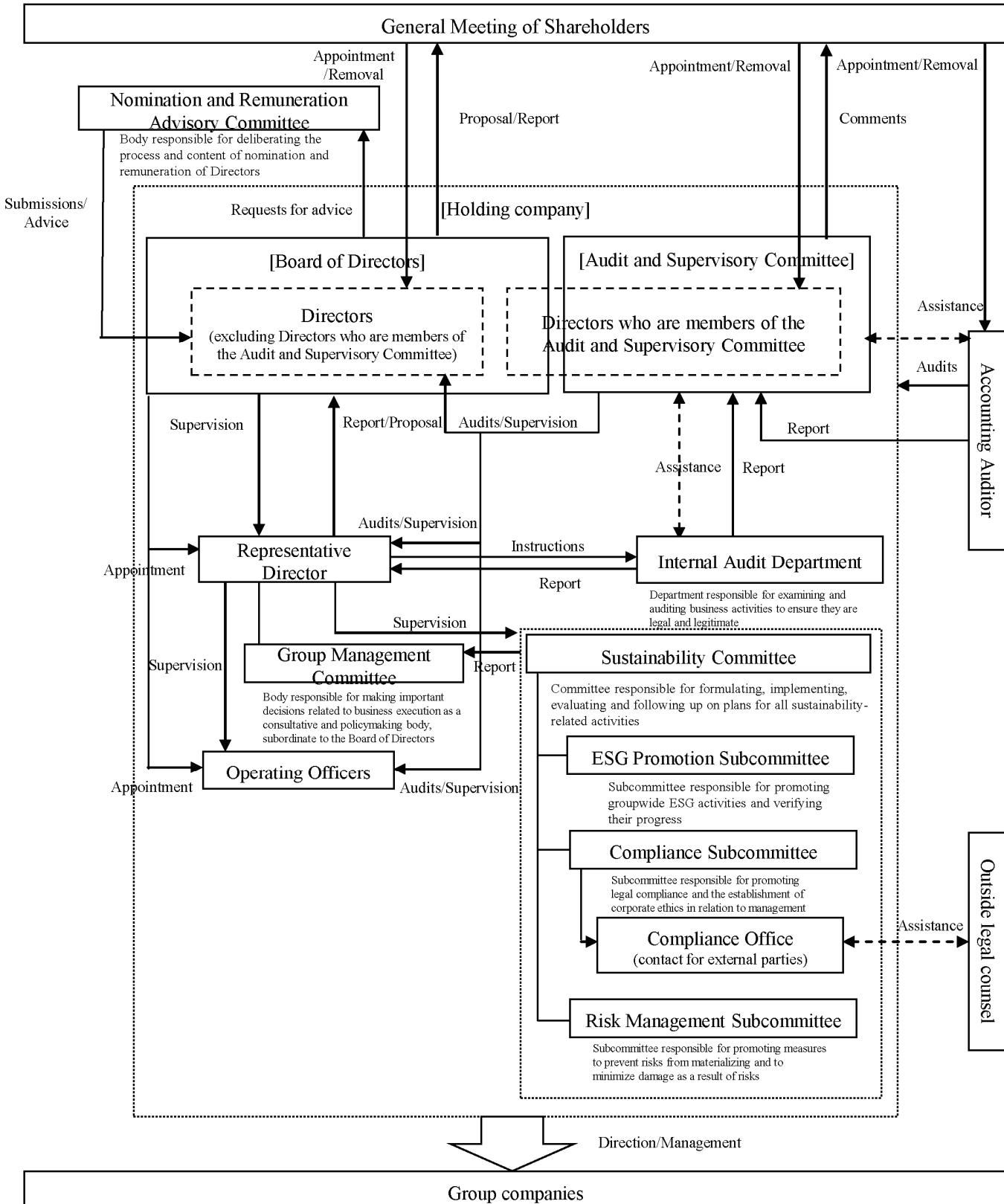
2. Information management structure

The Company will set out regulations in relation to information management, including Information Protection & Management Regulations and Insider Trading Prevention Regulations, and will make every effort to adequately manage and operate corporate information.

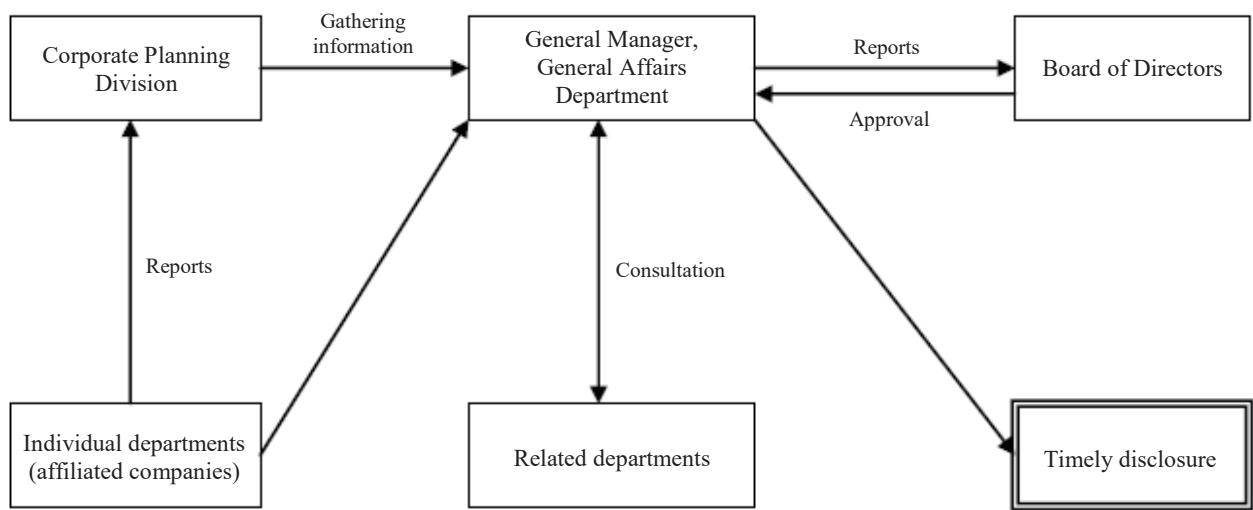
3. Auditing structure

The Company will ensure that audits in accordance with the Companies Act are regularly conducted by Directors who are Audit and Supervisory Committee Members and the accounting auditor, that audits in accordance with the Financial Instruments and Exchange Act are regularly conducted by the accounting auditor, and that the performance of general duties, including at subsidiaries, is regularly audited by internal auditing departments, in order to maintain and improve sound operations.

[Corporate Governance System Chart]



[Timely disclosure structure]



[Skills matrix of the Board of Directors and the Group Management Committee]

The Group develops, produces, and sells products that are useful for the society on a global scale, with a focus on core technologies including material chemistry. As a holding company, the Company is responsible for formulating strategies of the Group and overall management of group companies. The Board of Directors and the Group Management Committee will be composed of members with the following expertise and experience.

<Configuration of the Board of Directors>

Name Positions at the Company	Main expertise and experience that the Company regards as strengths of the members						
	Corporate management	Technical/ Research & development Production	Sales Marketing	Global	Finance/ Accounting	Human resource and D&I	ESG Compliance Risk management
Katsumi Kitagawa Chairman, Representative Director	●	●	●				
Satoru Takashima President, Representative Director	●		●	●			
Hiroyuki Hamada Senior Managing Director			●	●	●		●
Shingo Kaneko Director Outside Director	●		●				
Chise Onodera Director Outside Director Independent							●
Tomoko Adachi Director Outside Director Independent	●	●				●	
Tetsuaki Sato Director		●					●
Toshiaki Hirakawa Director, Full-time Audit & Supervisory Committee Member					●		●
Yutaka Yokoi Director, Audit & Supervisory Committee Member Outside Director Independent				●			●
Keiko Kimura Director, Audit & Supervisory Committee Member Outside Director Independent						●	●
Minoru Matsumoto Director, Audit & Supervisory Committee Member Outside Director Independent					●		●

*D&I: Diversity & Inclusion

*The above table does not indicate all expertise and experiences of the candidates.

*Ms. Tomoko Adachi has experience in hospital management although she has never been involved in company management.

<Members of the Group Management Committee>

Below are main expertise and experience that the Company regards as strengths of the members of the Group Management Committee, a voluntary body responsible for making important decisions related to business execution.

Name Positions and responsibilities	Main expertise and experience that the Company regards as strengths of the members						
	Corporate management	Technical/ Research & development Production	Sales Marketing	Global	Finance/ Accounting	Human resource and D&I	ESG Compliance Risk management
Katsumi Kitagawa Chairman, Representative Director	●	●	●				
Satoru Takashima President, Representative Director, Group CEO	●		●	●			
Hiroyuki Hamada Senior Managing Director, Supervisor of Corporate divisions			●	●	●		●
Tetsuaki Sato Director, Supervisor of Quality Assurance, Production and Environment, Sustainability, and Purchasing, General Manager of Production- Logistics Division		●					●
Toshiaki Hirakawa Director, Full-time Audit & Supervisory Committee Member					●		●
Shintaro Yamaoka Senior Executive Operating Officer, Supervisor of Technology, Research and Development	●	●					
Takeshi Arimura Operating Officer, General Manager of Finance & Accounting Department					●		
Junji Sekino Operating Officer, General Manager of Human Resources Department						●	●
Hideki Okaichi Executive Operating Officer President & Representative Director, TOYOCOLOR CO., LTD.	●		●	●			
Toshinori Machida Executive Operating Officer President & Representative Director, Toyochem Co., Ltd.	●	●					
Masato Yanagi Executive Operating Officer President & Representative Director, Toyo Ink Co., Ltd.	●	●		●			

* The Company has an operating officer system, and some of the Operating Officers attend Group Management Committee meetings.

* The table above does not indicate all expertise and experiences of the candidates.