

Governance

Enhancing Corporate Value

Ensuring Board Independence and Transparency

Basic Approach

Customer satisfaction is the fundamental starting point of the Group's corporate activities and earning the esteem and trust of customers makes it possible to achieve sustained growth and profits. The Group recognizes corporate governance as an important task of management for realizing its basic policy of connecting this to higher corporate value and the satisfaction of shareholders and other stakeholders. The Group believes it is important to establish management

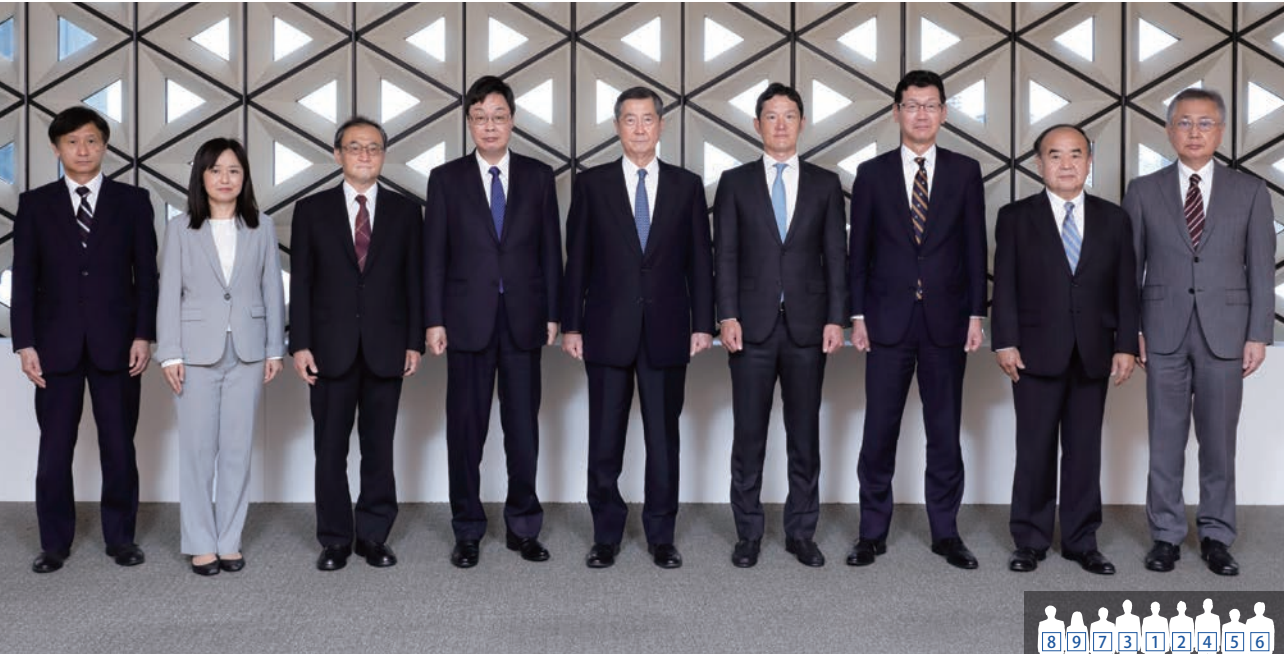
organizations and internal controls so that sound, transparent decision-making can be conducted quickly. Corporate governance fundamentally is not only compliance with laws and regulations but also consists of promoting business activities that respect corporate ethics, morality, and fairness and developing smooth, disciplined and cooperative relationships with all stakeholders.

Governance Summary

Format of governance organization	Advisory body to Board of Directors	Number of directors (excluding directors who are Audit & Supervisory Committee members)
Company with an Audit & Supervisory Committee	Independent committees	6 (including 2 outside directors)
Number of directors who are Audit & Supervisory Committee members	Number of independent directors including Audit & Supervisory Committee members	Number of Board of Directors meetings in fiscal 2021
3 (including 2 outside directors)	4	7
Term of office for directors (excluding directors who are Audit & Supervisory Committee members)	Performance-linked remuneration	Takeover defense measures
1 year	Provided	Implemented

Executive Skills Matrix

	Name	External	Corporate management	Production/Technology/Development	Sales	Overseas business	Finance/Accounting	Legal affairs
Directors	Kiyohisa Iwanami		●	●	●	●		
	Yoshinobu Iwanami		●	●	●	●		
	Ikuo Hoshikawa		●	●		●		
	Katsuhiko Shukunami		●				●	
	Yoshinori Suzuki	●	●	●	●	●	●	
	Junichi Komamura	●	●	●	●	●		
Directors who are Audit & Supervisory Committee members	Kazuhiro Maruoka						●	
	Kazumitsu Takaya	●					●	
	Kyoko Kobayashi	●						●



1 Chairman & CEO Kiyohisa Iwanami	2 President Yoshinobu Iwanami	3 Director, Senior Executive Officer Ikuo Hoshikawa
Aug. 1978 Joined the Company Director Feb. 1985 Managing Director Aug. 1987 Executive Vice President Jun. 1989 President Jun. 2007 President and Executive Officer Jun. 2020 Chairman & CEO (to present)	Jun. 2010 Joined the Company Executive Officer Jun. 2012 Director Mar. 2013 Deputy General Manager, Production Headquarters Mar. 2014 General Manager, Global Business Promotion Department Jun. 2014 Managing Executive Officer Jun. 2018 Senior Executive Officer Jun. 2020 General Manager, Sales Headquarters President (to present) President and Executive Officer (to present)	Jun. 2010 Executive Officer Jun. 2014 Managing Executive Officer Mar. 2016 General Manager, Sanda Factory (to present) Jun. 2016 Director (to present) In charge of Engineering/Production Division (to present) General Manager, Production Engineering Headquarters Apr. 2018 General Manager, Production Headquarters Jun. 2018 Senior Executive Officer (to present)
4 Director, Senior Executive Officer Katsuhiko Shukunami	5 Outside Director Yoshinori Suzuki	6 Outside Director Junichi Komamura
May 2014 Joined the Company General Manager, Corporate Planning Department (to present) Jun. 2014 Director (to present) Executive Officer Jun. 2016 Managing Executive Officer Mar. 2017 General Manager, Security Trade Control Department General Manager, Information System Department Jun. 2018 General Manager, Administration Headquarters (present) Jun. 2020 Senior Executive Officer (to present)	Apr. 1975 Joined OMRON Tateisi Electronics Co. (now OMRON Corporation) Jun. 2003 Executive Officer Jun. 2006 Managing Executive Officer Apr. 2013 Senior Managing Executive Officer Jun. 2013 CFO and Senior Managing Director Apr. 2014 Visiting Professor, Doshisha Business School (to present) Jun. 2014 Representative Director, Vice President and CFO, OMRON Corporation Jun. 2019 Outside Director of the Company (to present)	Apr. 1973 Joined Mitsubishi Corporation Apr. 1996 Director, Mitsubishi Corporation's Italian and UK portfolio companies Aug. 2003 Executive Officer, Morishta Jintan Co., Ltd. Jun. 2004 Director, Managing Executive Officer and Head of Corporate Planning Apr. 2005 Senior Managing Director and Senior Managing Executive Officer Nov. 2005 Representative Director and Managing Executive Officer Oct. 2006 Representative Director and President Mar. 2012 Member of the Board, AnGes, Inc. (to present) May 2020 Outside Director, TOKAI BUSSAN CO., LTD. (to present) Jun. 2020 Outside Director of the Company (to present)
7 Director (Audit & Supervisory Committee member) Kazuhiro Maruoka	8 Outside Director (Audit & Supervisory Committee member) Kazumitsu Takaya	9 Outside Director (Audit & Supervisory Committee member) Kyoko Kobayashi
Jul. 2009 Joined the Company Mar. 2011 General Manager, Accounting & Financial Department Jun. 2018 Director (Full-Time Audit & Supervisory Committee member) (to present)	Mar. 1989 Registered as a certified public accountant Aug. 1992 Registered as a certified public tax accountant Mar. 2004 Established Takaya CPA Office Dec. 2004 Representative Partner, Nexus Audit Corporation (present) Jun. 2016 Outside Director, HIRANO TECSEED Co., Ltd. (Audit & Supervisory Committee member) (to present) Jun. 2019 Outside Director of the Company (Audit & Supervisory Committee member) (to present)	Apr. 1999 Registered as an attorney at law Joined Irokawa Law Office (currently Irokawa Legal Professional Corporation) Sep. 2009 Seconded to Legal Affairs Office, Sharp Corporation Sep. 2014 Returned to Irokawa Law Office Jan. 2018 Partner at Irokawa Law Office Feb. 2018 Outside Auditor of Kawakami Pain Manufacturing Co., Ltd. (to present) Jan. 2020 Partner of Irokawa Legal Professional Corporation (current) Jun. 2020 Outside Director of Mitsubishi Logisnext Co., Ltd. (to present) Jun. 2021 Outside Director of the Company (Audit & Supervisory Committee member) (to present)

Executive Officers (Excluding Directors)	Managing Executive Officer Sadamitsu Yamauchi Managing Executive Officer, Process Dept., Seismic Isolation Headquarters	Executive Officer Masaki Miyamoto General Manager, 1st Sales Dept., Sales Headquarters, and Sales Engineering Dept.
	Executive Officer Masato Wada General Manager, Engineering Headquarters	Executive Officer Masaki Shibaike General Manager, Production Headquarters
	Executive Officer Toyokazu Serita General Manager, Sales Headquarters and Overseas Division	Executive Officer Masaru Fujiwara General Manager, Production & Engineering Headquarters, Fukushima Production Engineering Dept., and Fukushima Factory

Corporate Governance System

As a company with an Audit & Supervisory Committee, we have adopted the following structure to further strengthen the functions of the Board of Directors, thereby enhancing corporate governance and boosting corporate value.

1 Advisory Committee

As advisory bodies to the Board of Directors, the Nomination Advisory Committee and the Remuneration Advisory Committee, which are voluntary committees, have been established to strengthen the supervisory function of the Board of Directors and enhance the corporate governance system by ensuring the transparency and objectivity of the assessment and decision-making process regarding the nomination and remuneration of directors. Each committee comprises at least three directors selected by the Board of Directors, and the majority of members are independent outside directors.

Nomination Advisory Committee 3 or more directors

The Nomination Advisory Committee deliberates on matters pertaining to the composition of the Board of Directors, appointment and dismissal of directors, and other matters, and reports to the Board of Directors.

Remuneration Advisory Committee 3 or more directors

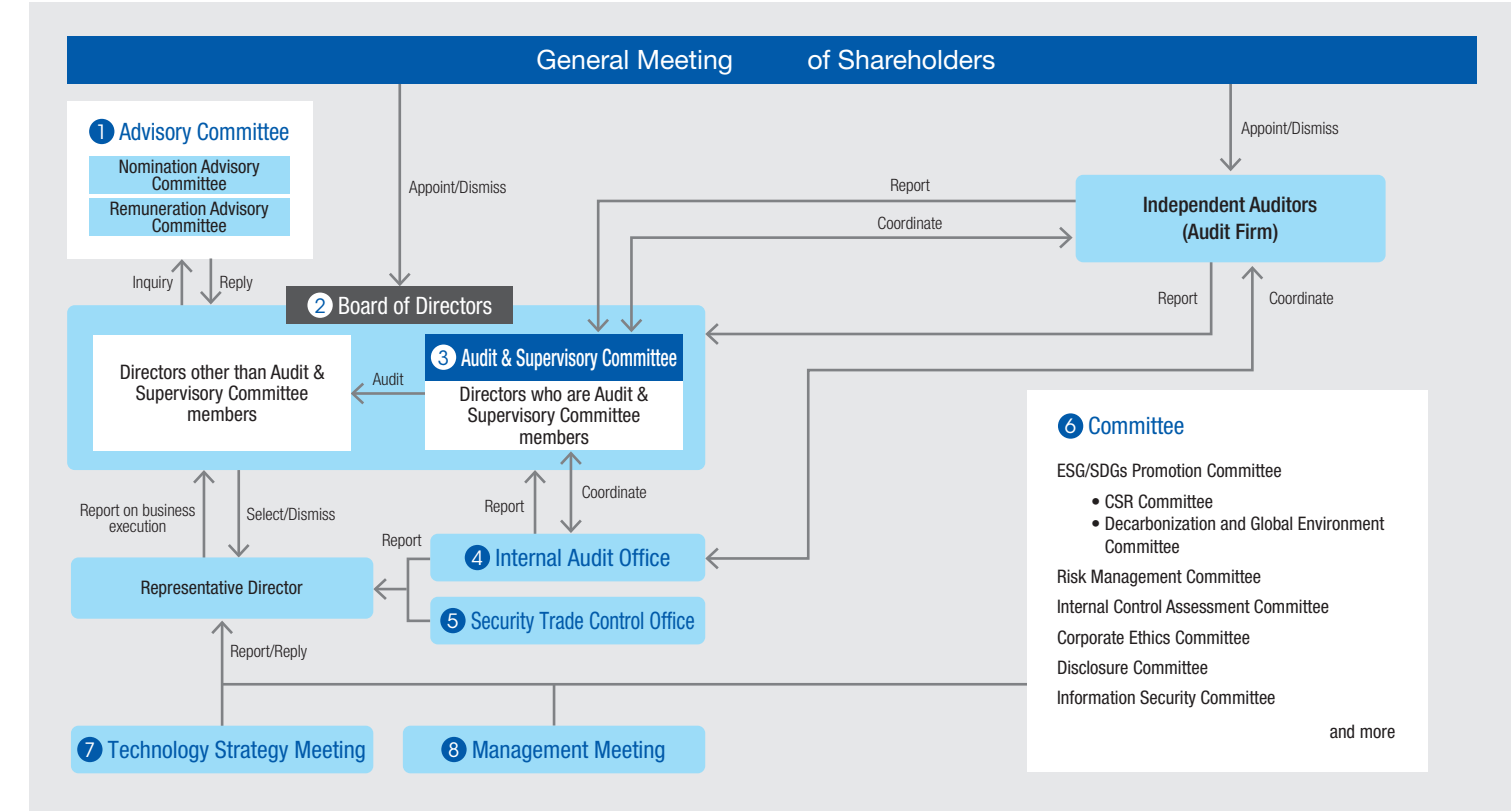
The Remuneration Advisory Committee deliberates on matters pertaining to the remuneration structure for directors, policies for determining their remuneration, contents of remuneration, and reports to the Board of Directors.

2 Board of Directors 9 directors

Four outside directors (two who are not members of the Audit & Supervisory Committee and two who are members of the Audit & Supervisory Committee) have been invited to sit on the Board of Directors, which meets regularly, and their opinions are sought based on their wide-ranging knowledge and experience in order to further raise the quality and transparency of management decisions and strengthen oversight. The schedule for board meetings is provided to outside directors in advance and their attendance is coordinated.

Self-Assessment by the Board of Directors

In order to further improve the effectiveness of the Board of Directors, in fiscal 2021, the Company carried out a questionnaire survey of each director regarding "composition and operation of the Board of Directors," "management strategy and business strategy," "corporate ethics and risk/crisis management," "performance monitoring and management assessment," and other issues, analyzed and assessed the effectiveness of the Board of Directors, and the results were shared and discussed at the Board meeting. In order to gather frank opinions from the directors and to make a more objective assessment, an outside organization was used to compile and analyze the questionnaires. As a result, the Board of Directors of the Company was generally assessed positively, and it was confirmed that the Board of Directors, in particular, is composed



7 Technology Strategy Meeting

The Technology Strategy Meeting discusses strategic issues related to management and technology.

8 Management Meeting

The Management Meeting reports and reviews business execution and deliberates on important matters.

6 Committee

ESG/SDGs Promotion Committee

In April 2021, the ESG/SDGs Promotion Committee was established as a higher-level organization to the CSR Committee and the Decarbonization and Global Environment Committee to oversee and promote activities related not only to corporate social responsibility but also to the environment, corporate governance, and the SDGs, thereby enhancing the effectiveness of our efforts to achieve sustainable development in harmony with society.

Decarbonization and Global Environment Committee

We have established an environmental management system, headed by an executive officer in charge of the environment. We oversee the environmental management system and work to reduce regional and global negative impacts on the environment.

Risk Management Committee

In the event of a crisis related to corporate business continuity, this Committee has been established for quick response and early containment, and has made efforts to respond in advance and after the fact by enacting Crisis Management Rules.

3 Audit & Supervisory Committee 3 directors

Nippon Pillar Packing changed its legal format to a company with an Audit & Supervisory Committee upon approval by the Ordinary General Meeting of Shareholders on June 23, 2017. The Audit & Supervisory Committee comprises three directors who are Audit & Supervisory Committee members (including two outside directors) and is convened on a regular basis. Information and opinions are exchanged among the directors who are Audit & Supervisory Committee members and efforts are made to improve management oversight.

4 Internal Audit Office

In addition to audits by directors who are members of the Audit & Supervisory Committee, this Office has been established to conduct internal audits from the perspective of legality and propriety.

5 Security Trade Control Office

For control of products with export restrictions, we have established the Security Trade Control Office and are taking every possible measure in this area.

Internal Control Assessment Committee

The Company has established the Internal Control Assessment Committee in response to the internal control system for financial reporting and conducts internal control assessments for the Group.

Corporate Ethics Committee

The Corporate Ethics Committee has been established to ensure compliance with laws and regulations and to improve corporate ethics. We have established the Corporate Code of Ethics as a code of conduct for all employees, and have formulated the Group Code of Conduct as a specific set of standards.

Disclosure Committee

The Disclosure Committee has been established to ensure timely and appropriate disclosure.

Information Security Committee

The Information Security Committee is in place to improve information security.

▶ Appointment of Outside Directors

The Company has four outside directors, two of which are members of the Audit & Supervisory Committee.

Outside directors shall have no personal, capital, business or other interests in the Company. In addition, in cases where outside directors concurrently hold positions at companies other than the Company, there shall be no significant transactions or other interests between those companies and the Company.

▶ Officer Remuneration

Based on a resolution of the Ordinary General Meeting of Shareholders on June 23, 2017, monetary remuneration for the Company's directors (excluding those who serve on the Audit & Supervisory Committee) has been limited to an annual remuneration of 240 million yen or less. There are six directors to whom this applies.

In addition to the said monetary remuneration, restricted stock remuneration for directors (excluding outside directors and directors who also serve on the Audit & Supervisory Committee)

Name	Reason for appointment
Yoshinori Suzuki	Mr. Suzuki has a wealth of experience and broad insight as a business corporate manager. He has been appointed as an outside director so that he can provide valuable opinions on the Company's corporate activities from a fair and neutral standpoint, and from a perspective distinct from the Company's thinking.
Junichi Komamura	Mr. Komamura has a wealth of experience and broad insight as a business corporate manager. He has been appointed as an outside director so that he can provide valuable opinions on the Company's corporate activities from a fair and neutral standpoint, and from a perspective distinct from the Company's thinking.
Kazumitsu Takaya	Mr. Takaya is well versed in finance and accounting as a certified public accountant. He is appointed as an outside director as a member of the Audit & Supervisory Committee so that he can provide auditing and supervision from a fair and neutral standpoint based on his extensive experience and expertise in this field.
Kyoko Kobayashi	Ms. Kobayashi is a qualified attorney at law and is appointed as an outside director as a member of the Audit & Supervisory Committee so that she can audit and supervise the Company from a fair and neutral standpoint based on her extensive experience and high-level insight as a legal expert.

has been limited to 50 million yen per year and the total number of common shares must not exceed 50,000 shares per year (approved at the Ordinary General Meeting of Shareholders held on June 25, 2020). Monetary remuneration consists of fixed remuneration and performance-linked remuneration, and stock-based remuneration is classified as fixed remuneration. In addition, the remuneration of outside directors and directors who also serve on the Audit & Supervisory Committee is limited to fixed remuneration in consideration of their roles.

Officer classification	Total remuneration, etc. (Millions of yen)	Total remuneration, etc. by type (Millions of yen)			Non-monetary remunerations	Number of officers (people)
		Fixed remuneration	Performance-linked remuneration	Retirement bonuses		
Directors (excluding Audit & Supervisory Committee members and outside directors)	150	63	61	—	24	4
Directors (Audit & Supervisory Committee members) (excluding outside directors)	4	4	—	—	—	1
Outside officers	14	14	—	—	—	5

(Note) 1. The breakdown of the total amount of non-monetary remunerations for directors (excluding Audit & Supervisory Committee members and outside directors) is the amount of restricted stock remuneration recorded as an expense for the current fiscal year of 24 million yen.
2. The amount paid to directors (excluding Audit & Supervisory Committee members) does not include the amount of employee salaries of directors who concurrently serve as employees.
3. The amount paid to directors (Audit & Supervisory Committee members) includes one outside director who retired at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 24, 2021.

▶ Disclosure

Regarding disclosure, Nippon Pillar Packing has established the Disclosure Committee and conducts appropriate and timely disclosure.

To administer our internal control system for financial reporting, which was started in April 2008, we established the Internal Control Assessment Committee and conduct assessments of internal controls at the Group level. In April 2021, we established the ESG/SDGs Promotion Committee as a superordinate organization to

▶ Our IR Activities

The representative himself conducts semi-annual briefings for analysts on the Company's profile and business performance. The briefings are generally conducted in-person by the representative, and are also available as a video on the Company's website. In addition, dialogue is conducted separately throughout the year with investors. In addition, timely disclosure materials are posted on the IR Information page of our website, and a recording of the General Meeting of Shareholders for fiscal 2021 is available for viewing.

the CSR Committee to oversee and promote activities related not only to corporate social responsibility but also to the environment, corporate governance, and the SDGs, thereby enhancing the effectiveness of our efforts to achieve sustainable development in harmony with society. The Company publishes an annual Integrated Report summarizing the content of these activities.

The status of these committees is reported regularly to the representative director.

Activity	Held (times)	Details
Financial results briefing for analysts	2	Briefing on financial results and initiatives for institutional investors and securities analysts held in June and November (at full-year and interim financial closing)
Small meetings	2	Briefing on business description, financial results and initiatives for institutional investors and securities analysts on an irregular basis
Individual IR for analysts	99	Briefing on business description, financial results, initiatives, etc. for institutional investors and securities analysts whenever necessary
Company briefings for individual investors	5	Briefing on business description, business model, shareholder returns, etc. for individual investors

Establishing a System for Managing Potential Risks in Business Activities

▶ Risk Management

The Company has established a Risk Management Committee to oversee overall risk management, as well as Crisis Management Rules shared by the Company and its Group companies for the purpose of promptly responding to risks related to the business, and has built a risk management system based on these Rules. When unexpected situations arise, a response headquarters is established that is headed by a person appointed by the President, a system is launched to minimize damage and impact, and the situation is quickly addressed. In addition, in order to ensure the timely disclosure of risks and other important information, we established the Disclosure Committee and created a system for conducting timely, appropriate disclosure.

Risks that should be managed
<ul style="list-style-type: none">• Risks from changes in the semiconductor/LCD markets• Risks related to quality• Risks from overseas production/sales and foreign exchange trends• Risks related to material procurement and price trends• Risks related to technological development• Risks related to litigation, etc.• Risks related to factory operations• Risks related to the COVID-19 pandemic

Execution of Business Ethics and Integrity

▶ Compliance

In order to strengthen our compliance system, we have established the Corporate Code of Ethics as a code of conduct applicable to all Group companies. As a specific standard of conduct, we have established the Group Code of Conduct, which is presented on our intranet, and through our in-house training programs and the Corporate Ethics Committee, we strive to improve and thoroughly familiarize employees with compliance with laws and regulations and corporate ethics.

In addition, we have established a Decarbonization and Global Environment Committee to develop products that take safety and environmental conservation into consideration, as well as an Environmental Policy. Based on this Environmental Policy, we are working to reduce environmental impact and to maintain and enhance our management system. Furthermore, in the event of a crisis related to corporate business continuity, the Company has established a Risk Management Committee and formulated Crisis Management Rules to ensure a quick response and early containment, and has made efforts to

respond in advance and after the fact. Along with this, for control of products with export restrictions, we have established the Security Trade Control Office and are taking every possible measure in this area.

We have introduced an internal reporting system for the early detection of misconduct, including violations of laws, regulations, and internal rules. In addition to a unified internal contact point for all Group employees and directors in Japan and overseas, an external contact point has been established for direct consultation with a legal advisor.

Nippon Pillar Packing subsidiaries are managed through a process that consists of approval and final approval based on the Affiliate Management Rules and reporting from the subsidiaries, but their autonomy as independent companies is also respected, and when there are important managerial matters that occur between Group companies, adequate discussions are conducted. In addition, the Internal Audit Office conducts internal audits of subsidiaries on a regular basis.

Corruption Prevention

▶ Our Approach to Anti-Corruption

The Group recognizes corruption as the use of entrusted power, whether monetary or non-monetary, for personal gain. We do not engage in any form of corruption, including payment of rewards to public officials or employees of other companies, excessive entertainment, bribery like giving

or receiving of gifts, embezzlement, money laundering, or insider trading, or any other form of corruption.

We also respect and comply with the relevant laws and regulations of all countries and regions in which the Group operates.