

Last Update: September 29, 2023
ASAHI INTECC CO., LTD.

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Securities code: 7747
<http://www.asahi-intecc.co.jp/en/>

The corporate governance of ASAHI INTECC CO., LTD. (the “Company”) is described below.

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

1. Basic Views

In order to achieve continuous stable growth and expand corporate value, the Company believes that it is necessary to speed up decision-making and increase the transparency of its management. As such, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

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

The Company implements each principle of the Corporate Governance Code.

[Disclosure Based on each Principle of the Corporate Governance Code] Updated

[Principle 1-1: Securing the rights of shareholders]

(Supplementary Principle 1-1-1: Response to proposals with high ratio of opposing votes)

For proposals made by the Company at General Meetings of Shareholders, if the percentage of votes in approval relative to the number of voting rights (the “Approval Ratio”) is less than 80%, the Company will analyze the reasons and consider future responses. Additionally, there were no proposals at the 47th Annual General Meeting of Shareholders that had an Approval Ratio of less than 80%.

[Principle 1-2: Rights exercise at General Meetings of Shareholders]

(Supplementary Principle 1-2-2: Early dispatch of convocation notices and pre-dispatch disclosure via electronic methods)

The Company dispatches convocation notices approximately two weeks before the dispatch deadline defined by the Companies Act.

Additionally, information provided in the convocation notices (Japanese and English) is announced electronically on the Listed Company Search via TDnet (Timely Disclosure network) prior to dispatch of the convocation notice and also announced on the Company’s website. Moving forward, the Company will secure time to enable shareholders to adequately consider proposals at General Meetings.

(Supplementary Principle 1-2-4: Creating environment for electronic execution of voting rights at General Meetings of Shareholders and English translations of convocation notices)

To enable institutional investors to exercise voting rights with ease, the Company uses the voting rights exercise platform and allows for exercise of voting rights via an alternative voting rights exercise website, and will continue with these measures.

Additionally, to enable overseas investors to exercise voting rights with ease, the Company has implemented English translations of the convocation notice and business report and provides the translations on the Listed Company Search on the Tokyo Stock Exchange website and on the Company’s website.

[Principle 1-4: Cross-shareholding]

(1) Policy on cross-shareholding

Sustainable business growth requires cooperative partnerships with various companies. From the viewpoint of improving corporate value over the medium to long term, the Company evaluates not only the characteristics and scale of the transactions for cross-shareholdings, but if whether or not related revenue such as dividends and revenue from related transactions exceeds the Company’s target capital costs relative to the acquisition cost. Subsequently, the Company comprehensively considers the significance for business strategy and substantial relationship with the counterparty, and has a policy to continue holding shares for

shareholdings that require strategic holding.

Based on the above policy, as a result of assessing and evaluating the rationality of shareholdings, the Company classifies those with poor rationale for holding as issuances subject to reduction, and conducts sales in consideration of funding demand, the market environment, etc. Most recently, the Company conducted an assessment and evaluation in August 2023.

(2) Standards for exercise of voting rights for cross-shareholdings

The Company inspects the proposal contents, comprehensively determines whether or not the content will contribute to the improvement of corporate value over the medium to long term for the Group and the investee and whether or not it will contribute to the maintenance and development of a favorable relationship between the Group and the counterparty, and appropriately executes voting rights for listed shares that are held by the Group.

[Principle 1-7: Transactions between related parties]

For transactions between related parties, the Board of Directors of the Company makes resolutions by excluding the officer in question from the quorum required for resolution on said transaction as a party possessing a conflict of interest. Additionally, the Company confirms the existence of conflict-of-interest transactions for its officers via a “Confirmation Note for Related-party Transactions,” creating a structure for managing transactions between related parties.

Furthermore, if related-party transactions occur, the Company will provide disclosure in accordance with related laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act in addition to regulations stipulated by securities exchanges.

[Principle 2-4: Securing internal diversity including promotion of success in female employees]

(Supplementary Principle 2-4-1: Securing diversity in recruitment of core human resources, etc.)

1. Securing diversity in recruitment of core human resources, etc.

(1) Views and targets

With the aim of improving corporate value through the diversification of human resources, the Company is striving to create an environment in which employees with abilities can fully realize their potential regardless of nationality, race, gender, age, or disability. Moreover, with development on a global scale, the Company will proactively employ foreign nationals globally, which will lead to increased corporate value through the diversification of human resources.

In addition, the Company is working to increase the ratio of women, foreign nationals, and mid-career hires in managerial positions in order to ensure diversity in the recruitment of core human resources. The Company has a target of continuing to maintain a ratio of 30% or more across the entire Group for women in managerial positions. As the ratio of foreign nationals and mid-career hires in managerial positions is currently high at over 50% each, the Company has not set any targets as sufficient diversity has already been secured.

(2) Status

- As of June 30, 2023 (Consolidated (global) ratio)

Ratio of women in managerial positions:	36.3%
Ratio of foreign nationals in managerial positions:	65.9%
Ratio of mid-career hires in managerial position:	54.7%

2. Policy and status toward securing diversity

(1) Policy

The Company formulated the AI (Asahi Intecc) Human Resources Vision, and the Company has been promoting value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group,” which is the Company’s DNA. Based on this basic policy, the Company has set KPIs (strategies and indicators) from the perspectives of “human resource management” and “cultivating a fulfilling workplace,” with the aim to build a system that is suitable for a global company. In order to pursue further growth in the future, the Company will continue to develop human resources that understand diversity and that are capable of viewing things from a wide range of perspectives, thereby enhancing an organizational capacity that is suitable for a global company.

(2) Status

Please see the Integrated Report disclosed on the Company’s website for key content from among the Company’s initiatives.

[Integrated Report]

<http://www.asahi-intecc.co.jp/esg/>

<http://www.asahi-intecc.co.jp/en/esg/>

[Principle 2-6: Demonstrating functions as a corporate pension fund asset owner]

Although the Company does not have a corporate pension fund system, the Company has introduced a defined contribution pension plan system for the stable asset creation for employees.

For employee training regarding asset management, the Company conducts defined contribution pension plan training when employees join the Company to disseminate basic knowledge regarding the system, precautions regarding management, etc. Additionally, the Company provides a dedicated website for displaying results for management products, broadcasting videos on basic knowledge for the defined contribution pension plan system, and providing information on various life plan simulations. Furthermore, by sharing monitoring reports and attending seminars for the administrative management institution, the Company also works toward development of personnel responsible for the defined contribution pension plan.

[Principle 3-1: Enriching information disclosure]

(1) Management philosophy, Management strategy, Management plans

The Company has defined a corporate philosophy and discloses it on its website.

<http://www.asahi-intecc.co.jp/about/philosophy.html> (in Japanese)

Furthermore, the Company formulates and announces a Medium-Term Management Plan based on the above philosophy to clarify its management strategy while actively conducting IR activities toward institutional investors and individual investors both within Japan and abroad in an effort to achieve widespread understanding. The state of progress is disclosed on the Company's website and in its Securities Reports, Notices of Convocation of Annual General Meetings of Shareholders, Consolidated Financial Results, Supplementary Materials on Financial Results, Integrated Reports, etc.

[Japanese websites]

<http://asahi.irbridge.com/ja/plan.html>

<http://asahi.irbridge.com/ja/irlibrary.html>

[English websites]

<http://asahi.irbridge.com/en/plan.html>

<http://asahi.irbridge.com/en/irlibrary.html>

(2) Basic views and basic policy

In order to achieve continuous stable growth and expand corporate value, the Company believes that it is necessary to speed up decision-making and increase the transparency of its management. As such, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

(3) Policies and procedures for determining remuneration

At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the total annual amount of Director remuneration was determined to be a maximum of ¥1,000 million (including not more than ¥100 million for Outside Directors) for Directors (excluding Directors who are Audit and Supervisory Committee Members), and a maximum of ¥40 million for Directors who are Audit and Supervisory Committee Members, and each Director's remuneration is determined pursuant to the following policy within the limits of this total amount. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) elected at the 40th Annual General Meeting of Shareholders was nine (including two Outside Directors) and the number of Directors who are Audit and Supervisory Committee Members was three. The Board of Directors of the Company has passed a resolution on the following policy.

1) Policy on determining the overall remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee (composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among Independent Outside Directors, and such Independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member) so that the total amounts of fixed remuneration, performance-linked remuneration (Director bonuses commensurate with short-term results), and remuneration for share purchase (linked to improvements in long-term performance) portions fall within the total amount of remuneration determined by a General Meeting of Shareholders resolution. In FYE June 2022, the Board of Directors requested the above to the Nomination and Compensation Advisory Committee and received the report on the result deliberated at the committee.

2) Policy on determining the amounts of the portion of base remuneration and the portion of remuneration for share purchase (linked to improvements in long-term performance), which are components of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

As for the portion of base remuneration and the portion of remuneration for share purchase (linked to improvements in long-term performance), the payment amount shall be determined in consideration of Director's position, duties, tenure, and the state of the Group.

3) Policy on determining the amount of portion of performance-linked remuneration (Director bonuses commensurate with short-term results), which is a component of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The portion of performance-linked remuneration (Director bonuses commensurate with short-term results) is paid in consideration of each Director's position, duties, tenure, and the state of the Group., provided that the consolidated performance of the Company is expected to significantly exceed the sales and profit plans disclosed to the public, using a portion of the excess as the source of remuneration.

4) Policy on determining the timing of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The portion of base remuneration and the portion of remuneration for share purchase (linked to improvements in long-term performance) are paid monthly. If the portion of performance-linked remuneration (Director bonuses commensurate with short-term results) is to be paid, the payment is made once a year within three months from the end of a fiscal year.

5) Policy on determining the ratio of portion of base remuneration, portion of remuneration for share purchase (linked to improvements in long-term performance), and portion of performance-linked remuneration (Director bonuses determined by performance for short period.), which are components of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), in individual remuneration of Directors

The ratio of remuneration is determined by the Board of Directors (delegated to the President & CEO in 6) below) upon receiving reports from the Nomination and Compensation Advisory Committee.

6) Policy on determining the contents of individual remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

President & CEO Masahiko Miyata, who has been delegated the authority by the Board of Directors, determines the amounts of the portion of base remuneration, the portion of remuneration for share purchase (linked to improvements in long-term performance), and the portion of performance-linked remuneration (Director bonuses commensurate with short-term results) paid to each individual, in compliance with the basic policy passed by a resolution of the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee. The reason for the delegation to the President & CEO is because the President & CEO, who is in a position to oversee the business execution of the entire Company and maintain a complete picture of the Company's performance, is best suited to evaluate each Director.

7) Remuneration of Directors who are Audit and Supervisory Committee Members

Remuneration of Directors who are Audit and Supervisory Committee Members is determined through negotiations by Directors who are Audit and Supervisory Committee Members, within the limits of total amount of remuneration determined by a General Meeting of Shareholders resolution.

(4) Policies and procedures of the Board of Directors for the selection and dismissal of management team executives and nomination of candidates for Director

In accordance with the Company's rules and regulations, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors, have a discussion based on the report to the Board of Directors, and then the Directors shall be determined at the General Meeting of Shareholders upon the nomination of candidates by the Board of Directors.

The nomination of Directors shall be based on their performance in their respective areas of responsibility, their expertise and insight into corporate management, and their specializations.

In accordance with the Company's rules and regulations, the election or dismissal of Executive Directors and Directors shall be decided at Board of Directors' meetings. Of these, the election or dismissal of Executive Directors shall be examined and decided based on the report of the Nomination and Compensation Advisory Committee.

Furthermore, in the unlikely event that the dismissal of a Director is objectively deemed appropriate, such as due to violation of laws, regulations, and the Articles of Incorporation, etc., or due to significant damaging of the Company's corporate value, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors and make a proposal based on the report to the Board of Directors. Thereafter, the matter shall be sufficiently deliberated at a Board of Directors' meeting with Independent Outside Directors in attendance, and will then be proposed to the General Meeting of Shareholders, where the matter shall be settled.

(5) Explanations for individual selection, dismissal, and nominations

Candidates for Director and the reasons for selection are provided in the 2023 Notice of Convocation (of the 47th Annual General Meeting of Shareholders).

[Notice of Convocation of the Annual General Meeting of Shareholders]

<http://asahi.irbridge.com/ja/stock/meeting.html>

<http://asahi.irbridge.com/en/stock/meeting.html>

(Supplementary Principle 3-1-2: Disclosure and provision of English-language information to overseas investors, etc.)

The Company provides the majority of its website in the English language to provide information to overseas investors. Furthermore, for its quarterly disclosures, the Company creates English-language versions of its Consolidated Financial Results and Supplementary Materials on Financial Results and provides these on its website.

Additionally, to enable overseas investors to exercise voting rights with ease, the Company has implemented English translations of the convocation notice and business report and provides the translations on the Listed Company Search on the Tokyo Stock Exchange website and on the Company's website. Depending on the state of future demand, etc., the Company may consider the gradual improvement of its English translations, including extending their scope.

[Notice of Convocation of the Annual General Meeting of Shareholders]

<http://asahi.irbridge.com/ja/stock/meeting.html>

<http://asahi.irbridge.com/en/stock/meeting.html>

(Supplementary Principle 3-1-3: Sustainability measures, etc.)

Measures toward realizing sustainability in society and in the Group, investment in human capital, intellectual property, etc., and the effects that climate change risks and revenue opportunities have on the Company's business activities and revenue, etc., are disclosed in the Integrated Report provided on the Company's website. Additionally, for the effects that climate change risks and revenue opportunities have on the Company's business activities and revenue, etc., the Company has expressed its agreement with the TCFD (Task Force on Climate-related Financial Disclosures) and provides disclosure based on the frameworks defined by the TCFD.

[Integrated Report]

<http://www.asahi-intecc.co.jp/esg/>

[Principle 4-1: Duties and roles of the Board of Directors (1)]

(Supplementary Principle 4-1-1: Scope of delegation to management team)

The Company has established the Board of Directors as the decision-making body for administrative management and the Business Liaison Committee as the business execution body based on said decision-making.

The Board of Directors deliberates on and determines legal matters as the decision-making body for administrative management in compliance with laws and regulations, the Articles of Incorporation, Board of Directors rules, regulations on administrative authority, etc., while determining and approving basic management policies and significant matters in the execution of management operations.

Meanwhile, the Business Liaison Committee, which consists of Inside Directors, Executive Officers, and the General Manager of the Internal Audit Office, conducts rapid deliberation on significant issues and projects concerning business execution, and not only provides reports to the Board of Directors for significant projects, but has frameworks in place to periodically report the status of business execution to Directors. Additionally, the General Manager of the Internal Audit Office, serving as an assistant to the Audit and Supervisory Committee, is a member of the Business Liaison Committee to gather and share information required for duties such as audits by the Audit and Supervisory Committee, which is comprised entirely of Outside Directors.

(Supplementary Principle 4-1-3: Succession plan for the President & CEO)

Concerning matters related to the succession plan, the Nomination and Compensation Advisory Committee deliberates on the appropriateness of the plan and periodically reviews candidates, etc., and reports the deliberation results to the Board of Directors and submits opinions when necessary.

[Principle 4-2: Duties and roles of the Board of Directors (2)]

(Supplementary Principle 4-2-1: Ratio of remuneration linked to mid to long term performance and appropriate setting of ratio between cash remuneration and share remuneration)

Remuneration for share purchase is set for Directors' monthly remuneration, which is used for the purchase of the Company's shares via the officer shareholding association. Purchased shares cannot be sold until the position is vacated in principle, which gives remuneration for share purchase for said Directors the characteristic of linkage with improving long term performance. In other areas, the Company also provides Director bonuses with the characteristic of linkage with short term performance. For specific amounts and ratios of remuneration, please see "Securities Report IV [Status of submitting company] 4 [Status of corporate governance, etc.] (4) [Director remuneration, etc.] 2) Total amount of remuneration, etc., by type of Director, total amount of remuneration, etc., by type of remuneration, and number of eligible Directors."

[Principle 4-8: Effective use of Independent Outside Directors]

The Company's Board of Directors consists of total of 13 Members, including 10 Directors excluding Directors who are Audit and Supervisory Committee Members (three of whom are Outside Directors) and three Directors who are Audit and Supervisory Committee Members (all are Outside Directors). All six Outside Directors are registered as Independent Directors.

Outside Directors comprise at least one-third (46.2%) of all Directors, actively providing opinions during the deliberation of particularly significant matters such as nomination and remuneration of the Board of Directors in light of their specialized knowledge and wealth of experience while also providing advice as required.

(Supplementary Principle 4-8-1: Holding meetings comprised only of independent outsiders for information exchange and awareness exchange)

Meetings, etc., comprised only of Independent Outside Directors are held as required. Outside of the Board of Directors as well, structures are in place for Independent Outside Directors conduct opinion exchanges as required and to provide opinions to Executive Directors, Inside Directors, and other Independent Outside Directors as required.

(Supplementary Principle 4-8-2: Maintaining structures for communication and coordination between Independent Outside Directors and the management team)

At present, the Company has not specifically designated a lead Independent Outside Director, but regarding maintenance of structures for communication and coordination with the management team and cooperation with Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the Company has in place structures to enable individual Independent Outside Directors to communicate and coordinate with the management team. Additionally, the Company has structures for cooperation with Directors who are Audit and Supervisory Committee Members, etc., via measures such as meetings as required that include Independent Outside Directors. Moving forward, if it becomes apparent that the current structures will make it difficult for communication and coordination with the management team and coordination with Directors who are Audit and Supervisory Committee Members, etc., the Company plans to consider establishing structures that work toward coordination, such as designated a lead Independent Outside Director.

[Principle 4-9: Standards for determining independence and disposition of Independent Outside Directors]

The Company selects candidates for Independent Outside Director who do not have the possibility of creating conflicts of interest with general shareholders based on the standards stipulated by the Companies Act and the Tokyo Stock Exchange.

[Principle 4-10: Use of voluntary frameworks]

(Supplementary Principle 4-10-1: Strengthening independence, objectivity, and accountability of the Board of Directors by establishing voluntary advisory bodies for matters related to the nomination and remuneration of Directors, etc.)

The Company has a Nomination and Compensation Advisory Committee that deliberates on the composition of the Board of

Directors, policies, and standards for the selection and dismissal of Directors, and basic policies and compensation amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) in response to the Board of Directors' consultation, and reports the results of its deliberations to the Board of Directors.

The structure of the Nomination and Compensation Advisory Committee shall be composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among Independent Outside Directors, and such Independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member.

The composition of the Nomination and Compensation Advisory Committee as of the conclusion of the 47th Annual General Meeting of Shareholders is announced on the Skill Matrix provided on the Notice of Convocation of the Annual General Meeting of Shareholders for said General Meeting of Shareholders.

[Principle 4-11: Prerequisites to secure effectiveness of the Board of Directors]

(Supplementary Principle 4-11-1: Views on the balance, diversity, and scale of the Board of Directors)

To prepare agile decision-making in response to changes in the management environment and an effective corporate governance framework, the Company ensures that the Board of Directors is on a scale appropriate for the Company's business content and management issues and that the overall Board of Directors is of a member composition that considers the balance between experience, knowledge, and specialization alongside diversity. Beginning with the Notice of Convocation of the 45th Annual General Meeting of Shareholders, as a reference for shareholders to make decisions, the Company has provided a Skill Matrix for the Board of Directors after the conclusion of said Annual General Meeting of Shareholders.

[Notice of Convocation of the Annual General Meeting of Shareholders]

<http://asahi.irbridge.com/ja/stock/meeting.html>

<http://asahi.irbridge.com/en/stock/meeting.html>

Additionally, with the expectation of providing advice and supervision of the Company's management from an objective and advanced viewpoint, the Company has in place six Outside Directors (all six are Independent Directors), including Directors who are Audit and Supervisory Committee Members, and three of the above Directors have management experience at other companies.

Depending on future changes in the environment surrounding the Company, it is possible that it may be required to increase the number of Outside Directors including Directors who are Audit and Supervisory Committee Members, and the Company will consider such changes as necessary.

(Supplementary Principle 4-11-2: Status of Directors with concurrent executive positions at other listed companies)

In determining candidates for Directors (excluding Audit and Supervisory Committee Members) and candidates for Directors who are Audit and Supervisory Committee Members, the Company confirms that candidates are in positions to appropriately fulfill the roles and responsibilities, such as by reviewing the status of concurrent executive positions at other listed companies. The status of significant concurrent positions for Directors is disclosed annually in the Notice of Convocation of the Annual General Meeting of Shareholders, Business Report, and Securities Report.

(Supplementary Principle 4-11-3: Disclosure of overview of evaluation results of the Board of Directors)

The Company believes that the Board of Directors as a whole has been effective because its Directors, who have diverse experience and knowledge, examine each proposal from a variety of perspectives, and because the structure ensures that matters pointed out by Outside Directors, which includes Audit and Supervisory Committee Members, are reflected upon resolution. In terms of analyzing and evaluating the effectiveness of Board of Directors' meetings, from the perspective of improving the functions of Board of Directors, the operations and proceedings of the Board of Directors are discussed when necessary at Board of Directors' meetings and among Directors, and efforts are made to improve the operations, etc., of the Board of Directors and other matters as appropriate. As a result, the Company has confirmed that the Board of Directors is effective in its current form and operations.

[Principle 4-14: Director Training]

(Supplementary Principle 4-14-2: Director Training Policy)

The Company provides opportunities to attend seminars as appropriate that are required for Directors (excluding Directors who are Audit and Supervisory Committee Members) to execute their duties. In addition, if there are important legal amendments, systemic changes, etc., the relevant departments will provide them with appropriate information while opportunities to attend external seminars will also be provided at the expense of the Company. Directors who are Audit and Supervisory Committee Members endeavor to acquire knowledge continuously by becoming members of the Japan Audit & Supervisory Board Members Association, etc.

Furthermore, at meetings, etc., where all Directors are present, training and discussions take place on the Company's management, human resource system, compliance, ESG, insider training policies, etc.

[Principle 5-1: Policies regarding constructive dialogue with shareholders]

For Financial Results Briefings and IR meetings, etc., for institutional investors and analysts, management team members such as the President and Director responsible for IR attend, and as much as possible, the Director responsible for IR attends other measures for shareholder dialogue held by the Company.

- (1) The Company selects a Director responsible for IR from among its Directors.
- (2) At the Company, the Director responsible for IR organically prepares responses in coordination with related departments.
- (3) Other than individual meetings, the Company implements measures such as those below as methods for dialogue.
 - Financial Results Briefings, IR meetings, and technology briefings for institutional investors and analysts
 - Providing informational videos about the Company on the Company's website for individual investors
- (4) At the Company, the Director responsible for IR provides the Board of Directors with reports on the opinions of shareholders and investors gained through IR activities as required.

(5) To prevent the leakage of earnings information and secure the fairness of information disclosure, the Company designates a “silent period” from the beginning of the month following the closing date of the fiscal period until the day of the announcement of earnings results.

Regarding insider information, the Company works for thorough information management in accordance with internal information management regulations.

Additionally, the Company has structures in place for centralized management of matters for external announcement by the Corporate Strategic Office.

[Principle 5-2: Formulation and announcement of management strategy and management plans]

The Group aims to improve the QOL of doctors and patients by ultimately pursuing minimally invasive treatments. Based on the current medium-term management plan “ASAHI Going Beyond 1000,” it works to develop a business portfolio in order to achieve further growth with consolidated net sales exceeding ¥100 billion, and has formulated the following four basic policies.

- 1) Strategic development of the global market and expansion of affected areas and treatment areas
- 2) Creating new businesses in global niche markets
- 3) Develop an R&D and production system optimized for global expansion
- 4) Establish management structure for sustainable growth

Going forward, the Group will seek to increase its corporate value by steadily implementing growth strategies based on this medium-term management plan.

The Group uses net sales, operating profit, and operating margin as key performance indicators for management. Under the medium-term management plan, the Group targets an operating margin of roughly 20%, and as an additional measure indicating key management performance, aims for an EBITDA (operating profit + depreciation and amortization) margin of around 30%.

As for financial indicators, the Group has defined ROE (return on equity) and ROIC (return on invested capital) as indicators to be monitored. As for ROE and ROIC (calculated using “working capital + non-current assets” as invested capital), the Group will seek to improve both ROE and ROIC, with a basic level of over 10%.

Regarding the above, the Company will disclose and explain its specific measures toward achieving targets via methods such as distribution of management resources including capital investment and research and development via the Company’s website and Financial Results Briefings, etc.

[Medium-term Management Plan]

<http://asahi.irbridge.com/ja/plan.html>

<http://asahi.irbridge.com/en/plan.html>

Initiatives in realizing management that considers capital costs and the share price are disclosed in the Integrated Report provided on the Company’s website.

[Integrated Report]

<http://www.asahi-intecc.co.jp/esg/>

<http://www.asahi-intecc.co.jp/en/esg/>

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	40,106,200	14.76
Bo-en Holdings Co., Ltd.	23,084,032	8.49
Custody Bank of Japan, Ltd. (trust account)	20,830,900	7.66
HI-LEX Corporation	8,100,000	2.98
SSBTC CLIENT OMNIBUS ACCOUNT	7,468,149	2.74
Y.K. ICSP	7,200,000	2.65
Masahiko Miyata	5,813,700	2.14
Kenji Miyata	5,266,900	1.93
JP MORGAN CHASE BANK 385632	4,679,534	1.72
STATE STREET BANK AND TRUST COMPANY 505225	3,884,668	1.43

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

Supplementary Explanation **Updated**

- (1) The above [Status of Major Shareholders] is as of June 30, 2023.
- (2) Percentages are calculated after deducting treasury shares (7,912 shares).
- (3) Number of shares owned by The Master Trust Bank of Japan, Ltd. And the Custody Bank of Japan, Ltd. are all related to trust operations.
- (4) In a Change Report made available for public inspection on March 22, 2023, although there is a statement that Sumitomo Mitsui Trust Asset Management Co., Ltd. and joint holder Nikko Asset Management Co., Ltd. hold the below shares as of March 15, 2023, the Company was unable to confirm the number of shares actually held as of June 30, 2023, and has thus these have not been included in the above Status of Major Shareholders.

Furthermore, the content of the Change Report is as follows.

Name or Company Name	Address	Number of Share Certificates, etc., Held	Percentage of Share Certificates, etc., Held
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	8,077,400 shares	2.97%
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	5,498,500 shares	2.02%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime, Nagoya Premier
Fiscal Year-End	June
Business Sector	Precision Instruments
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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5. Other Special Circumstances which may have a 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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	18
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	13
Election of Outside Directors	Elected
Number of Outside Directors Updated	6
Number of Independent Directors Updated	6

Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kiyomichi Ito	Academic											
Takahiro Kusakari	From another company											
Akihiro Taguchi	From another company											
Ryuji Tomida	Lawyer											
Yasunari Hanano	CPA											△
Ryoko Fukaya	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 for the Company or its subsidiary
- b. Person who executes business for a non-executive Director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a Director/Corporate Auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 Director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to Director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to Director him/herself only)
- k. Other

Relationship with the Company (2) **Updated**

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kiyomichi Ito		X	No matters of note.	<p>Mr. Kiyomichi Ito has reflected his extensive knowledge gained through many years of experience in corporate management and as a professor of business management at a university and has been strengthening corporate governance. He has been selected as an Outside Director in expectation of his contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward.</p> <p>Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.</p>
Takahiro Kusakari		X	No matters of note.	<p>Mr. Takahiro Kusakari has been selected as an Outside Director since he has served as Fund Manager and Chief Investment Officer of an investment trust management firm and in the expectation that he can offer suggestions for improving the Company's corporate value based on his experience in corporate analysis gained through dialogue with countless companies.</p> <p>Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.</p>
Akihiro Taguchi		X	No matters of note.	<p>Mr. Akihiro Taguchi has been selected as an Outside Director with the expectation that he will supervise the management of the Company and offer suggestions for improving the Company's corporate value, based on his ample experience and broad insight in the medical industry including serving as President and Representative Director of Olympus Medical Systems Corp.</p> <p>Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.</p>
Ryuji Tomida	X	X	No matters of note.	<p>Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of a legal expert. He has been selected as an Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.</p> <p>Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.</p>

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasunari Hanano	X	X	Although he was previously a member of Deloitte Touche Tohmatsu LLC, the Company's Accounting Auditor (until September 2001), a significant period has elapsed (over 10 years) and the Company has judged that there is no concern of an effect on the judgment of shareholders and investors.	Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of an accounting expert. He has been selected as an Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward. Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.
Ryoko Fukaya	X	X	No matters of note.	Ms. Ryoko Fukaya is deemed appropriate to fulfill the duties of Outside Director who is an Audit and Supervisory Committee Member such as monitoring the Company's overall management using her expertise and ample experience as a certified public accountant and by providing advice for and checking on the Company's business execution. Accordingly, she has been selected as an Outside Director who is an Audit and Supervisory Committee Member. Additionally, as she satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that she possesses no conflicts of interest with general shareholders, and has selected her as an Independent Director.

[Audit and Supervisory Committee]

Composition and Attributes of the Chairperson

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

Appointment of Directors and Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and Staff from Managing Directors in Employment

The Company has defined the following items to ensure the independence of staff to support the Audit and Supervisory Committee from Managing Directors in employment.

- Support staff to the Audit and Supervisory Committee shall, when performing the supporting tasks instructed or ordered by the Audit and Supervisory Committee, perform their duties under the command of the Audit and Supervisory Committee and Audit and Supervisory Committee Members as employees who are independent from other Directors.
- Evaluations, assignments, and transfers of support staff to the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee.

Additionally, the following matters are also defined regarding staff to support the Audit and Supervisory Committee.

- The Audit and Supervisory Committee may provide instructions and orders necessary for performing their duties to employees assigned to the Internal Audit Office, who function as support staff to the Audit and Supervisory Committee.
- Support staff to the Audit and Supervisory Committee shall be in charge of administrative work related to the duties, operation, etc., of the Audit and Supervisory Committee, in addition to the tasks described above.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Division **Updated**

The Company has established an Internal Audit Office, which reports directly to the President & CEO, and implements internal audits with four responsible persons.

Based on annual audit policies, the Internal Audit Office implements audits on the rationality and efficiency of overall business activities and status of compliance with laws and regulations and internal regulations for organizations subject to audit, replies to organizations subject audit regarding matters raised during audit, seeks rectification of other issues, and confirms the status of rectification. Additionally, it also monitors the efficacy of the Group’s internal control systems.

All three Directors who are Audit and Supervisory Committee Members are Outside Directors, and include Directors who possess a significant amount of knowledge regarding finance and accounting. Audit and Supervisory Committee meetings are held once a month, and the status of activities and the results of activities of Directors who are Audit and Supervisory Committee Members are shared, while there is also sharing and information exchange, etc., of matters related to proposals in the Board of Directors. Each Director who is an Audit and Supervisory Committee Member works to communicate clearly with Directors and the Internal Audit Office and collect information. There are periodic meetings with the Accounting Auditor, with the implementation of opinion exchanges and question and answer sessions, etc., that include whether or not the Accounting Auditor is maintaining an independent standpoint and if it is implementing appropriate audits. To strengthen cooperation with the Accounting Auditor, to the extent possible, all Directors who are Audit and Supervisory Committee Members directly receive from the Accounting Auditor explanations on audit plans, audit policies, and the results of period-end audit results, and exchange opinions.

[Voluntary Established Committee(s)]

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee 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	0	2	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	5	0	2	3	0	0	Inside Director

Supplementary Explanation

The Company has established a Nomination and Remuneration Advisory Committee that undertakes the functions of both a Nomination Committee and a Remuneration Committee.

1. Objective of establishment

In relation to the nomination of the Company’s Directors and the remuneration of the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company ensures fairness and objectivity with appropriate involvement and advice from Outside Directors and aims to further enhance the corporate governance system.

2. Composition

The structure of the Nomination and Compensation Advisory Committee shall be composed of three or more Members who are

Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among Independent Outside Directors, and such Independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member.

3. Role

The Nomination and Compensation Advisory Committee deliberates on the basic policies and compensation amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members), the composition of the Board of Directors, and policies and standards for the selection and dismissal of Directors in response to the Board of Directors' consultation, and reports the results of its deliberations to the Board of Directors.

[Matters Concerning Independent Directors]

Number of Independent Directors	Updated	6
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Other Matters Concerning Independent Directors

All Outside Directors who satisfy the criteria for Independent Director are designated as Independent Directors.

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other
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Supplementary Explanation for Applicable Items

Introduced with the objective of increasing motivation and morale toward improving the Company's performance. Remuneration for share purchase is set for Directors' monthly remuneration, which is used for the purchase of the Company's shares via the officer shareholding association. Purchased shares cannot be sold until the position is vacated in principle, which gives remuneration for share purchase for said Directors the characteristic of linkage with improving long term performance. The Company also provides Director bonuses with the characteristic of linkage with short term performance.

Information is provided in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration" and "[Principle 4-2: Duties and roles of the Board of Directors (2)] (Supplementary Principle 4-2-1: Ratio of remuneration linked to mid to long term performance and appropriate setting of ratio between cash remuneration and share 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 Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items **Updated**

Remuneration, etc., for Directors is provided for public viewing through methods such as providing the Securities Report and Business Report on the Company's website.

[Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors): 7 persons] Total amount of ¥411 million (¥375 million in base remuneration, ¥35 million in remuneration for share purchase, — in performance-linked remuneration)

[Directors (Directors who are Audit and Supervisory Committee Members; excluding Outside Directors): 1 person] Total amount of ¥4 million (¥3 million in base remuneration, ¥0 million in remuneration for share purchase, — in performance-linked remuneration)

[Outside Directors: 7 persons] Total amount of ¥38 million (¥35 million in base remuneration, ¥3 million in remuneration for share purchase, — in performance-linked remuneration)

- (Notes)
- 1 Portion of remuneration for share purchase is remuneration with the characteristic of linkage with improvements in long-term business performance.
 - 2 Portion of performance-linked remuneration is Director bonuses according to short-term performance.
 - 3 The above includes remuneration for the terms of service of one Director (Director who is an Audit and Supervisory Committee Member; excluding Outside Directors) and two Outside Directors who retired at the conclusion of the 46th Annual General Meeting of Shareholders held on September 29, 2022.

Additionally, the total amount of remuneration, etc., for President & CEO Masahiko Miyata was at least ¥100 million for the 47th fiscal year, and it is provided in the Securities Report in conformity with the "Cabinet Office Order on Disclosure of Corporate Affairs."

[Individual remuneration]

President & CEO Masahiko Miyata

Total amount of remuneration: ¥109 million (¥99 million in base remuneration, ¥9 million in remuneration for share purchase, — in performance-linked remuneration)

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Information is provided in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration."

[Support System for Outside Directors] **Updated**

The Company has not established dedicated staff for Outside Directors. Support structures for Outside Directors consist of assigning the General Affairs Group as the department responsible for support.

Additionally, the Company allows for the commissioning of audit operations by the Internal Audit Office, which is the internal audit division, and employees affiliated with the Internal Audit Office implement internal audits on matters commissioned to them by Directors who are Audit and Supervisory Committee Members, reporting on the results to Directors who are Audit and Supervisory Committee Members. Employees of the Internal Audit Office who have received commissions from Directors who are Audit and Supervisory Committee Members cannot receive instructions and orders from Directors (excluding Directors who are Audit and Supervisory Committee Members) regarding said matters. Furthermore, the Audit and Supervisory Committee shall have the General Manager of the Internal Audit Office attend the Business Liaison Committee as support staff for the Audit and Supervisory Committee, and collect and share information required for duties in audits, etc., of the Audit and Supervisory Committee.

Additionally, the Internal Audit Office reports directly to the President, and provides audit reports directly to the President as a matter of course, but audit results regarding internal controls are reported to Directors who are Audit and Supervisory Committee Members and the Board of Directors.

[Status of Persons who have Retired as President & CEO, etc.]

Information on Persons Holding Advisory Positions after Retiring as President & CEO, 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
Naohiko Miyata	Advisor	Instruction for development and production of medical devices and industrial devices; Technological instruction for employees	Part time (With remuneration)	September 28, 2016	Period: 1 year (With renewals)

Number of Persons Holding Advisory Positions After Retiring as President
& CEO, etc.

1

Other Related Matters

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

The Company has adopted a system of company with an audit and supervisory committee to further strengthen its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board as well as to increase corporate value over the medium to long term through these efforts.

[Corporate bodies]

The Company has a General Meeting of Shareholders, an Audit and Supervisory Committee, Nomination and Remuneration Advisory Committee, and a Business Liaison Committee.

1. Board of Directors

The Company's Board of Directors consists of total of 13 Members, including 10 Directors excluding Directors who are Audit and Supervisory Committee Members (three of whom are Outside Directors) and three Directors who are Audit and Supervisory Committee Members (all of whom are Outside Directors). The Board of Directors has the function of deliberating and deciding on important matters such as management policies and supervising the execution of operations, with emphasis on speediness, efficiency, and transparency in management. The Board of Directors meetings are held once a month as a regular meeting and extraordinary meetings are held flexibly as necessary.

The status of activities in the Board of Directors are disclosed in 4 [Status of Corporate Governance, etc.] (1) [Overview of Corporate Governance] 4) Status of activities in the Board of Directors in the Securities Report.

[Securities Report]

<http://asahi.irbridge.com/ja/irlibrary/securities.html> (in Japanese)

2. Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Directors who are Audit and Supervisory Committee Members, all of whom are Outside Directors, which audits the legality and appropriateness of decision-making by Directors regarding the execution of their duties, the establishment and operation of internal control systems, and the methods and results of audits by accounting auditors, and evaluates and decides whether or not to appoint or dismiss accounting auditors.

In preparation for the case that the legally required number of Directors who are Audit and Supervisory Committee Members becomes vacant, a substitute Director who is an Audit and Supervisory Committee Member has been appointed in advance at the 46th Annual General Meeting of Shareholders held on September 29, 2022.

3. Nomination and Compensation Advisory Committee

Please see II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight / 1. Organizational Composition and Operation / [Voluntary Established Committee(s)] of this Report.

4. Business Liaison Committee

The Business Liaison Committee, which consists of Managing Directors, a Director who is an Audit and Supervisory Committee

Member, and Executive Officers, holds monthly meeting in order to deliberate on important matters related to business operations, report on execution results, and share information across the company.

[Determining nomination and remuneration]

1. Nomination

Nomination of candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) and candidates for Directors who are Audit and Supervisory Committee Members is resolved in the Board of Directors upon receiving reports from the Nomination and Remuneration Committee.

Additionally, for the nomination of candidates for Inside Director excluding Audit and Supervisory Committee Members, the Company has a standard of whether or not, in light of the candidate's past experience, the candidate possesses a wide range of knowledge required for deliberation in the Board of Directors and can conduct appropriate decision-making for overall corporate management, and has adequate social credibility. For the nomination of candidates for Outside Director excluding Audit and Supervisory Committee Members, the Company has a standard of whether or not, in light of the candidate's past experience, the candidate possesses a wealth of experience and wide range of knowledge regarding corporate management, and can utilize these in the management of the Company. For the nomination of candidates for Director who are Audit and Supervisory Committee Members, the Company has a standard of whether or not, in light of the candidate's past experience, the candidate has specialization required for audits in areas such as knowledge in finance, accounting, and laws, etc., and a wealth of knowledge in a wide range of areas, making comprehensive decisions based on the above.

2. Remuneration

Please see “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration” of this Report.

[Internal audits]

The Company has established an Internal Audit Office, which reports directly to the President & CEO, and implements internal audits with four responsible persons. Through the audit of the appropriateness of business execution and suitability and efficiency, etc., of management, the Internal Audit Office provides specific advice to improve operations, and works to establish internal controls. It also takes on the role of receiving instruction from the Audit and Supervisory Committee and supporting their duties.

[Accounting Auditor]

The Company's Accounting Auditor is Deloitte Touche Tohmatsu LLC, and its consecutive audit period is since 1999. The Executive Partners are Makoto Nishimatsu, CPA, and Toru Mizukoshi, CPA. Assistants to the accounting audit operations for the Company at Deloitte Touche Tohmatsu LLC are 19 CPAs and 19 other assistants.

[Status of measures to strengthen functions of Directors who are Audit and Supervisory Committee Members]

Please see II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight / 1. Organizational Composition and Operation / [Audit and Supervisory Committee].

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a system of company with an audit and supervisory committee to further strengthen its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board as well as to increase corporate value over the medium to long term through these efforts. By appointing a number of Outside Directors and granting voting rights at the Board of Directors' meetings to Directors who are Audit and Supervisory Committee Members who are all Outside Directors and establishing a Nomination and Remuneration Committee, we have determined that supervisory and monitoring functions have been strengthened, that this will further enhance and strengthen the corporate governance structure, and that it will contribute to the improvement of our corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Dispatched approximately four weeks before the date of the General Meeting of Shareholders. Furthermore, this is approximately two weeks before the legally required dispatch deadline.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The end of the Company's fiscal year is June 30, setting a date that avoids a concentration of shareholder meetings.
Electronic Exercise of Voting Rights	To work toward improving convenience for individual investors and institutional investors, the Company implements IT initiatives for the execution of voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company uses the electronic voting rights execution platform operated by ICJ, Inc. in which the Tokyo Stock Exchange is an investor as a method for the execution of voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	English translations of the Notice of Convocation and the Business Report are available, and these are made available simultaneously on the Listed Company Search on the Tokyo Stock Exchange website and the Company's website alongside the Japanese versions.
Other	The Notice of Convocation and the Business Report are disclosed on the Listed Company Search on the Tokyo Stock Exchange website and the Company's website, and apart from the voting rights exercise platform, the exercise of voting rights is also available on the voting rights exercise website, implementing measures for the smooth exercise of voting rights. Additionally, the Company conducts its business report using video at the General Meeting of Shareholders, and implements measures to promote active discussion at General Meetings of Shareholders. Furthermore, after the conclusion of the General Meeting of Shareholders, the Company will provide video on demand, including questions and answers, for a certain period while taking care to preserve the privacy of shareholders in attendance, so that shareholders may see the proceedings of the General Meeting of Shareholders at a later date.

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	The Company discloses its “IR Policy” on its website.	
Regular Investor Briefings held for Individual Investors	The Company previously held investor briefings on a regular basis, but as a substitute in light of the effects of COVID-19, explanatory videos for individual investors are provided on the Company’s website. Additionally, the Company is currently considering resuming these briefings.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds Financial Results Briefings every quarter, and as appropriate, implements visits to institutional investors and meetings with securities analysts, etc.	Held
Regular Investor Briefings held for Overseas Investors	Although the Company does hold these periodically, it implements meetings, etc., as appropriate.	Held
Online Disclosure of IR Information	Consolidated Financial Results (Japanese and English), Securities Reports, Quarterly Reports, Supplementary Materials on Financial Results (Japanese and English), Medium-term Management Plan Materials (Japanese and English), Notices of Convocation and Business Reports (Japanese and English), Earnings Highlights Information, and timely disclosure information other than financial results information, etc., are provided on the Company’s website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Strategic Office	

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has formulated the “Asahi Intecc Group Human Rights Policy” and “Multi Stakeholder Policy” and provides them on the Company’s website. Additionally, the Company has defined a “Charter of Corporate Behavior” and provides a printed, portable version of it to all employees to ensure thorough compliance.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company provides its views on environmental preservation activities that include details on the content of activities to fulfill corporate social responsibility on its website and in the Integrated Report. Additionally, based on its corporate principles, the Company promotes solving issues in the medical field, social contribution including reducing patient burdens, and measures that contribute to environmental preservation. Key measures in this category are recorded in the Integrated Report and provided on the Company’s website.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has formulated an “IR Policy” that stipulates appropriate information disclosure positions and provides it on the Company’s website. Additionally, with the objective of providing effective information to customers in a timely manner, the Company conducts operation of official social media accounts and disseminates information, and as a basic policy for such activities, as defined a “Social Media Policy” and provides it on the Company’s website.
Other	<p>With the objective of deepening the understanding by stakeholders of measures toward sustainable improvement in corporate value of the Group, the Company issues an Integrated Report and provides it on the Company’s website.</p> <p>[Integrated Report] http://www.asahi-intecc.co.jp/esg/ http://www.asahi-intecc.co.jp/en/esg/</p> <p>Additionally, in other areas, the Company conducts the following initiatives as measures to respect the standpoints of stakeholders.</p> <p>(1) Signed on to the UN Global Compact presented by the United Nations and registered as a participating company on May 15, 2023.</p> <p>(2) Established a framework for human rights due diligence to evaluate and define latent and actual risks and implement countermeasures in an effort to work toward preventing and reducing negative effects on human rights.</p> <p>(3) To advance cooperation, coexistence, and coprosperity with supply chain counterparties and businesses aiming to create value and create new partnerships, the Company participates in and has announced its “Partnership Creation Declaration.”</p> <p>[Partnership Creation Declaration] https://www.biz-partnership.jp/declaration/37953-05-19-aichi.pdf (in Japanese)</p>

IV. Matters Concerning the Internal Control System

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

The Group's basic views on internal control systems and status of development are as shown in the Company's policy below as resolved by the Board of Directors.

1. System to ensure the execution of duties by the Group's Directors and employees complies with the laws and regulations as well as the Articles of Incorporation
 - (1) Directors of the Company shall strive to establish a management structure that is highly transparent for all stakeholders, including its shareholders. Directors shall also ensure the execution of duties by Directors and employees complies with the laws and regulations, the Articles of Incorporation, and internal rules, and ensure such duties are executed efficiently.
 - (2) The Company shall establish a Charter of Corporate Behavior to foster a corporate culture in which the Group's Directors and employees conduct business activities in compliance with the laws and regulations as well as the Articles of Incorporation. Each Director shall act in compliance with the Charter of Corporate Behavior to lead by example, while seeking to thoroughly instill its concept throughout the Group.
 - (3) The Group's Directors and employees shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, or if they receive a report to that effect, immediately report their findings to the Company's Directors. In addition, Directors who are Audit and Supervisory Committee Members (hereinafter, the "Audit and Supervisory Committee Members") may, if they believe there is an issue with the Group's legal compliance system, state their opinion and request the formulation and implementation of improvement measures.
 - (4) The Group shall not have any relationships with antisocial forces or similar organizations whatsoever, and shall ensure that the Group's Directors and employees are fully aware of the Group's determination to take a resolute stance against such forces as the entire organization. Moreover, the Group shall develop and operate systems to eliminate antisocial forces.
 - (5) The Internal Audit Office, which reports directly to the President of the Company, shall monitor the effectiveness of the Group's Internal Control Systems and examine and verify the systems for ensuring compliance with the laws and regulations as well as the Articles of Incorporation.
 - (6) As a reporting system in case someone discovers a fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation by the Group, the Company shall establish internal reporting regulations and operate an internal reporting system in which an external attorney directly receives the information. The Company shall report important matters notified through internal reporting to Directors including Audit and Supervisory Committee Members.
2. System regarding the retention and management of information pertaining to the execution of duties by Directors
 - (1) Pursuant to the confidential information handling regulations, the Company shall prescribe methods of handling information, authority required, and other details, and develop an information management system by assigning a specific rank to each piece of information, which must be observed by all officers and employees from Directors to temporary employees.
 - (2) In the document storage regulations, the Company shall prescribe storage periods according to the importance of each document, and keep the documents available for perusal throughout the applicable period.
3. Regulations and other systems regarding the management of risk of loss by the Group
 - (1) The Board of Directors of the Company shall, in order to prevent risks that pose a material impact on the business execution by the Group and to manage losses that have occurred, develop crisis management rules, rules for managing related parties, and other various regulations, and develop an all-encompassing risk management system that covers the entire Group.
 - (2) Pursuant to the regulations on administrative authority, each department shall appropriately perform ordinary risk management in relation to the everyday business execution at the Group within the scope of authority that has been granted.
 - (3) Each department of the Administrative Division of the Company shall verify and confirm the status of risk management by each department of the Group based on expert knowledge and deep insight into various work processes. If they discover an issue, they shall report the findings to the Board of Directors.
 - (4) If the Group suffers an unforeseen dire emergency, such as natural disaster, the Group shall establish a disaster response headquarters headed by the President of the Company. The headquarters shall oversee crisis management to prevent and mitigate damages.
4. System to ensure efficiency in the execution of duties by the Group's Directors
 - (1) The Company shall, as the basis to ensure efficiency in the execution of duties by Directors, hold regular meetings of the Board of Directors once a month and extraordinary meetings as needed. In addition, the Company shall hold meetings of the Business Liaison Committee once a month, whose participants are the Group's Directors (excluding Outside Directors) and the Company's Executive Officers, to discuss business execution.
 - (2) Each year, the Board of Directors shall clearly establish the Group's business plan based on the management policy and management strategies. The Group's Directors (excluding non-executive Directors) shall execute business in accordance with the policies of the business plan.
 - (3) With regard to business execution, the Group's Directors (excluding non-executive Directors) shall strive to execute business efficiently through means such as education, delegation of authority, and performance evaluations of employees pursuant to the organization rules, regulations on division of duties, regulations on administrative authority, and other regulations.
5. System to ensure the properness of businesses of the Group
 - (1) The Company shall, pursuant to the rules for managing related parties applicable to subsidiaries, require each subsidiary to request the Company's approval, report to the Company, or consult with the Company regarding important matters of the subsidiary. In addition, the Company shall develop a system in which important cases of subsidiaries are brought to the Board of

Directors of the Company for deliberation, thereby ensuring the properness of businesses of subsidiaries.

- (2) The Company shall appoint officers in charge of Group companies who will be responsible for business execution at each subsidiary.
 - (3) The Group's Directors shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation at subsidiaries, immediately report their findings to the Company's Directors.
 - (4) The Company's Audit and Supervisory Committee and Internal Audit Office shall conduct monitoring of subsidiaries as needed.
6. Matters regarding Directors and employees assigned to assist the duties of the Audit and Supervisory Committee
- (1) The Audit and Supervisory Committee may provide instructions and orders necessary for performing their duties to employees assigned to the Internal Audit Office, who function as support staff to the Audit and Supervisory Committee.
 - (2) Support staff to the Audit and Supervisory Committee shall be in charge of administrative work related to the duties, operation, etc. of the Audit and Supervisory Committee, in addition to the tasks described in (1) above.
7. Matters regarding the independence of Directors and employees in the preceding 6. from other Directors (excluding Audit and Supervisory Committee Members), and matters regarding a system to ensure the effectiveness of instructions to Directors and employees in the preceding 6.
- (1) Support staff to the Audit and Supervisory Committee shall, when performing the supporting tasks instructed or ordered by the Audit and Supervisory Committee, perform their duties under the command of the Audit and Supervisory Committee and Audit and Supervisory Committee Members as employees who are independent from other Directors.
 - (2) Evaluations, assignments, and transfers of support staff to the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee.
8. System for the Group's Directors and employees to file a report to the Audit and Supervisory Committee
- (1) The Company's Directors and employees shall, if they discover a fact that would incur significant damage to the Company, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to the Audit and Supervisory Committee.
 - (2) Directors, Auditors, and employees of subsidiaries shall, if they discover a fact that would incur significant damage to the subsidiary, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to a Director or employee of the Company. If the person who received the report is a Director or employee of the Company, the person shall immediately report their findings to the Audit and Supervisory Committee of the Company.
 - (3) Directors and employees of the Company shall report scheduled dates of important meetings, events, audit visits by the Accounting Auditor, etc. to the Audit and Supervisory Committee.
9. System to ensure those who filed a report will not be treated disadvantageously on the grounds of filing the report
- (1) The Group shall not treat any Director, Auditor, or employee of the Group who filed a report to the Audit and Supervisory Committee (hereinafter, the "Whistleblower") disadvantageously in their transfers, personnel evaluations, disciplinary actions, etc. on the grounds of filing the report.
 - (2) If the Audit and Supervisory Committee requests a disclosure of reasons for a transfer, personnel evaluation, disciplinary action, etc. of a Whistleblower, the Group shall comply with the request.
10. Procedures for advance payment or reimbursement of expenses that arise in relation to the execution of duties by Audit and Supervisory Committee Members, and other matters regarding the policy pertaining to the handling of expenses or obligations that arise in relation to the execution of the said duties
- If an Audit and Supervisory Committee Member requests an advance payment of expenses that would arise in relation to the execution of their duties, reimbursement of expenses incurred, or repayment of obligations assumed, the Company shall comply with the request unless it can be proven that such expenses or obligations did not arise from the execution of duties of Audit and Supervisory Committee Members.
11. Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee
- (1) All Directors (excluding Audit and Supervisory Committee Members) shall respond to requests by the Audit and Supervisory Committee for individual interviews, in which the Director shall report the state of compliance with Directors' duty of care and duty of loyalty, the laws and regulations, and the Articles of Incorporation. Furthermore, each Director shall sign an Attestation of the Execution of Directors' Duties to make a representation that they have performed their duties in good faith, and submit it to the Audit and Supervisory Committee at the end of each fiscal year.
 - (2) Agenda of meetings of the Board of Directors shall be distributed to all Audit and Supervisory Committee Members prior to the day of the meeting of the Board of Directors, so that they can understand the details in advance.
 - (3) Important cases other than agenda items at meetings of the Board of Directors shall be reported to Audit and Supervisory Committee Members promptly after the approval through the support staff to the Audit and Supervisory Committee.

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

Our Company's Charter of Corporate Behavior clearly states that compliance with laws and regulations is fundamental to its activities. In accordance with this Charter, the Company's basic policy is not to have any relationship with antisocial forces that pose a threat to social order and safety, and all Directors and employees are informed of this through public awareness. In addition, the General Affairs Group oversees the collection of information concerning measures against antisocial forces, and takes appropriate measures by consulting with experts such as attorneys and police as needed.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

1. About anti-takeover measures

At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the Company received approval from shareholders and implemented a partial revision to the “Countermeasures Against Large-scale Purchase of the Company’s Shares” that was approved at the Company’s 37th Annual General Meeting of Shareholders held on September 26, 2013. Subsequently, at a Board of Directors’ meeting held on August 9, 2019, the Company resolved to not continue with the plan as of the conclusion of the 43rd Annual General Meeting of Shareholders held on September 27, 2019, which was the expiration date of the plan. The plan expired on its expiration date.

2. Basic policy on control of the Company subsequent to abolishment of anti-takeover measures

Shares in the Company, which is a listed company, may be traded at will by shareholders and investors. Even if a proposal for large-scale purchase of the Company’s shares is made or a similar action is taken, the Company believes it should not be unilaterally denounced, and final decisions should be left to the shareholders’ free will. However, recently in the Japanese capital market, a trend to force a proposal for large-scale purchase or a similar action without sufficient discussion is becoming more apparent.

The Company believes that those who control the decisions on the Company’s financial and business policies must fully understand the Company’s mission, various sources of its corporate value, and relationships of mutual trust with stakeholders who support the Company. Furthermore, those who take control must ensure and increase the Company’s corporate value over the medium to long term, which in turn translates to the common interests of shareholders. Therefore, the Company believes that an entity conducting an inappropriate proposal for large-scale purchase or a similar action that may hinder the Company’s corporate value and the common interests of shareholders is not fit to become an entity controlling the decisions on the Company’s financial and business policies.

From the Company’s perspective, even subsequent to abolishment of the above plan, it will work to secure and improve corporate value of the Group and shared benefits with shareholders while seeking provision of required and adequate information for shareholders to make decisions on the benefits of working with a party seeking a large-scale purchase of the Company’s shares. At the same time, the Company will disclose opinions of the Board of Directors, etc., with due care given to the opinions of Independent Outside Directors, and while working to secure time and information for shareholders to make considerations, and the Company will put in place appropriate measures based on the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations.

2. Other Matters Concerning the Corporate Governance System **Updated**

[Overview of timely disclosure structure]

1. Basic policy

In information disclosure, the Group has a basic policy of actively and fairly disclosing corporate information to all stakeholders surrounding the company and further increasing transparency of corporate management, conducting disclosure in conformity with the following information disclosure standards.

- (1) The Group will conduct information disclosure that is fundamentally transparent, fair, and continuous, in conformity with the Companies Act, Financial Instrument and Exchange Act, related laws and regulations, and the “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” (the “Timely Disclosure Rules”) defined by securities exchanges.
- (2) Even if information is not subject to various laws and regulations and the Timely Disclosure Rules, concerning information that will be beneficial for society at large, including stakeholders, the Company will make prompt and accurate disclosure within the scope possible, regardless of if the disclosure will be beneficial or harmful to the Group.

2. Internal structures for timely disclosure

- (1) About timely disclosure structures for matters that have been determined or that have occurred (See timely disclosure flowchart)

Matters that have been determined or that have occurred shall be reported to the Corporate Strategic Office, which is the department tasked with information management, by the responsible department (including subsidiaries).

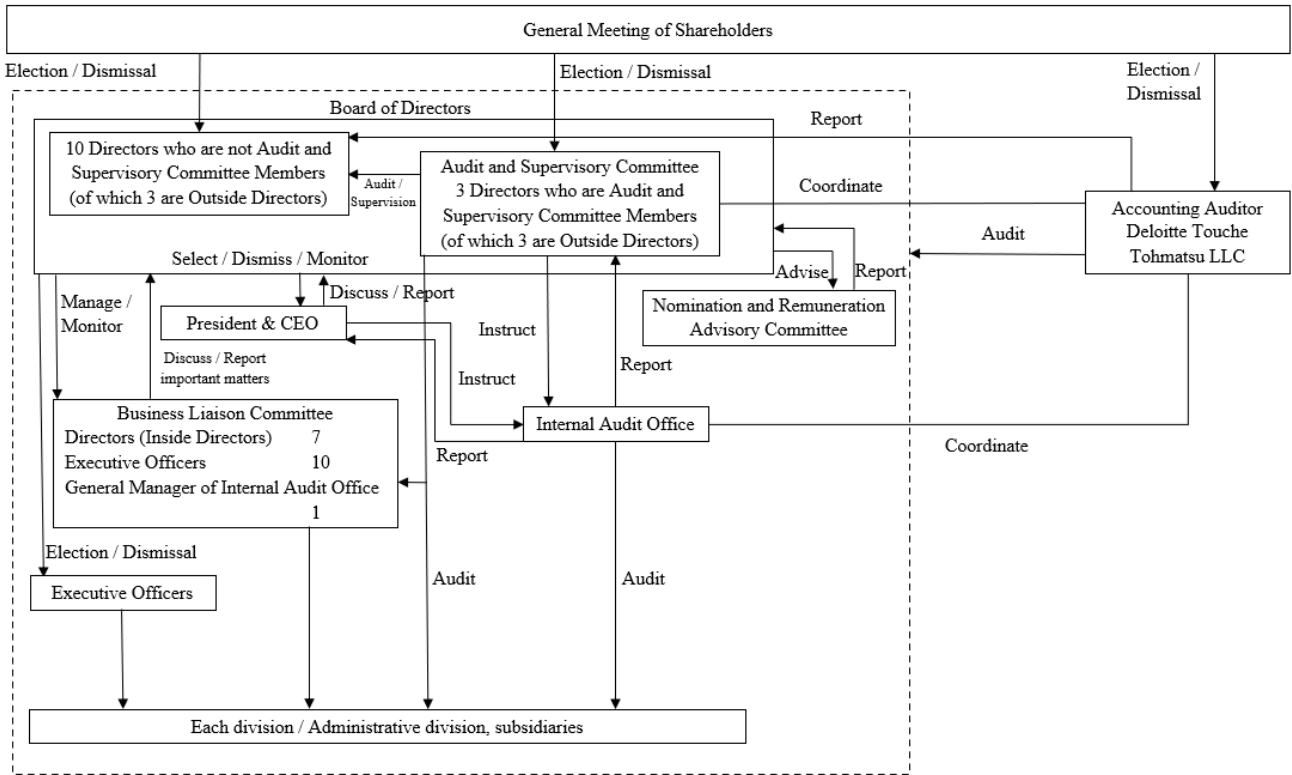
After receiving the report, the General Manager of Administration Division and Corporate Strategic Office, which are defined as the parties responsible for information management, will deliberate with the President & CEO to determine on whether or not to conduct a timely disclosure, and if timely disclosure is required, the content of disclosure will be managed, etc., in cooperation with related departments. After deliberation and resolution in the Board of Directors, the parties responsible for information management and the Corporate Strategic Office will serve as the contact point, and said information will be disclosed in a timely manner.

- (2) About timely disclosure structures for financial results information (See timely disclosure flowchart)

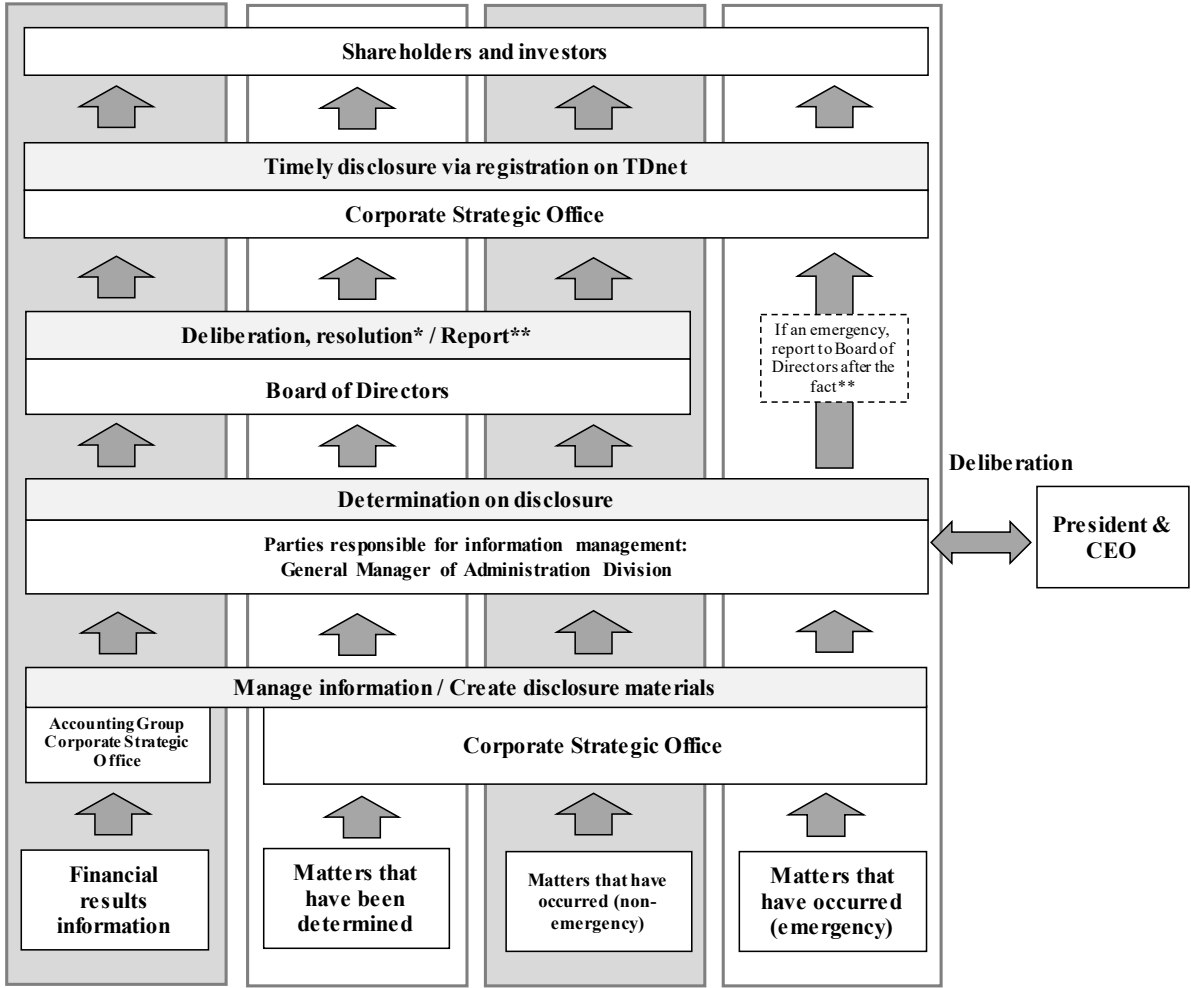
Regarding financial results information such as financial results, dividends, and earnings forecasts, the Accounting Group and Corporate Strategic Office will serve central roles and collect related information (including subsidiaries) and the General Manager of Administration Division and Corporate Strategic Office, which are defined as the parties responsible for information management, will deliberate with the President & CEO to determine on whether or not to conduct a timely disclosure, and if timely disclosure is

required, the content of disclosure will be managed, etc., in cooperation with related departments. After deliberation and resolution in the Board of Directors, the parties responsible for information management and the Corporate Strategic Office will serve as the contact point, and said information will be disclosed in a timely manner.

Corporate Governance Structure



Timely Disclosure Flowchart



* Deliberate and make resolutions on disclosure materials as required.
 ** Resolutions of the Board of Directors will be conducted as appropriate for matters requiring resolution of the Board of Directors based on laws and regulations, etc., and internal rules.