

**Iwatani Corporation**

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<https://www.iwatani.co.jp/eng/ir/>

The corporate governance of Iwatani Corporation (the “Company”) is described below.

**I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information****1. Basic Views Updated**

The corporate philosophy of Iwatani Corporation is “Become a person needed by society, as those needed by society can prosper.” For details of our corporate philosophy and slogan, please visit our website (<https://www.iwatani.co.jp/eng/company/mission/>). In keeping with the corporate philosophy, we will strive to improve management soundness, transparency, and efficiency and to build a corporate governance framework with the following items as our basic policy.

(Basic Policy)

1. We will create an environment that allows shareholders to exercise their rights properly and will endeavor to ensure equality among shareholders.
2. We will respect the rights and positions of employees, customers, business partners, creditors, local communities and other stakeholders and endeavor to collaborate with them properly.
3. We will make appropriate disclosure in accordance with legislation. For the purpose of ensuring transparency, we will endeavor to offer information other than the information to be disclosed pursuant to the legislation.
4. We will make impartial, transparent and swift decisions in an effort to ensure that the Board of Directors will properly fulfill its functions and duties.
5. We will endeavor to hold constructive dialogs with shareholders in a bid for continuous growth and increase in corporate value.

**Reasons for Non-compliance with the Principles of the Corporate Governance Code Updated****Principle 1.4 Strategic shareholdings**

Shares retained by the Company for the purpose of strategic shareholdings shall be the shares that can strengthen its relationships with business partners and allow it to maintain stability of transactions with them and that have importance in terms of business strategy. It is the Company’s policy to retain strategic shareholdings only when it is determined that they contribute to the enhancement of corporate value of the Company. The rationality of their retention is determined for each case once a year at the meeting of the Board of Directors, after examination of the perspectives of whether they are consistent with the purpose of retention and whether it is commensurate with the capital costs to the Company, and of the status of business transactions and other factors. It has been determined that the strategic shareholdings currently retained by the Company are consistent with the purpose of their retention and that the total value of the retained strategic shareholdings is within the proper range.

Going forward, the Board of Directors will continue to determine the appropriateness of retention of strategic shareholdings upon examination on an individual case basis. The exercise of voting rights on strategic shareholdings is determined appropriately as a shareholder upon the examination of each agenda from the perspectives of whether they are consistent with the Company’s purpose of retention, as well as the sustained growth and medium- to long-term enhancement of corporate value of the investee.

**Principle 2.4 Ensuring Diversity, Including Promotion of Active Participation of Women****Supplementary Principle 2.4.1**

(1) Views, internal development policy, and policy for establishment of internal environment for ensuring diversity

The Company believes that diversity and inclusion are necessary for the sustained growth and creation of corporate

value corresponding to changes in the business environment. A message from the President, “Toward an Organization of Acceptance and Mutual Respect of Diverse Values,” has been communicated, and the Company implements various initiatives for the promotion of diversity & inclusion. In the Iwatani Code of Corporate Ethics, the code of conduct for employees of the Company, the Company states that “We will respect diverse values and create an environment where abilities can be fully demonstrated in a bid to provide leeway and affluence,” and the Company strives to develop human resources who can fully demonstrate freedom of ideas and abundant creativity through teamwork that makes use of individuality and independence.

A diversity team was established within the Company in fiscal 2017 to support the success of diverse human resources, including promoting women’s participation in the workplace. Details of the Company’s views, policies, and initiatives for diversity are available on the Company’s website.

[\(https://www.iwatani.co.jp/eng/sustainability/society/diversity/\)](https://www.iwatani.co.jp/eng/sustainability/society/diversity/)

Going forward, the Company will further promote diversity management to become an organization of acceptance and mutual respect of diverse values.

## (2) Status of ensuring diversity and self-directed, measurable goals

[Promote women to managerial positions]

- Currently, women make up a low percentage of career track employees and there are few female candidates for managerial positions. For this reason, the Company has set a target of achieving a rate of female hires for career track positions of at least 25% in the General Employer Action Plan under the Act on the Promotion of Women’s Active Engagement in Professional Life and is working to achieve that target.

[Promote foreign nationals to managerial positions]

- The Company currently has one non-Japanese Executive Officer.
- The Company will continue to recruit and appoint employees based on their job description and abilities, regardless of nationality.

[Promote mid-career employee to managerial positions]

- The Company hires mid-career employees with a focus on people with expert knowledge.
- The Company will continue to hire people to fill shortages of in-house personnel. Promotions to managerial positions are made based on the job description and ability, with no distinction made between new-graduate or mid-career hires.

## Principle 4.1 Roles and Responsibilities of the Board of Directors (1)

### Supplementary Principle 4.1.3

The succession plan for Chief Executive Officer is based on the management philosophy and management strategy. Going forward, the formulation and operation of the succession plan will be examined by the Board of Directors to determine whether they are being done systematically, taking into account consultation with the Nomination and Compensation Committee.

## Principle 4.3 Roles and Responsibilities of the Board of Directors (3)

### Supplementary Principle 4.3.2

The determination on the appointment of Chief Executive Officer will be examined by the Board of Directors in consultation with the Nomination and Compensation Committee.

### Supplementary Principle 4.3.3

The determination on procedures for dismissal of Chief Executive Officer will be examined by the Board of Directors in consultation with the Nomination and Compensation Committee.

## Principle 4.11 Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit & Supervisory Board

For the appointment of Members of the Board, both internal and outside members are expected to have excellent character and insight, and persons with a wealth of knowledge and experience are nominated as candidates. The Board of Directors comprises a diverse group of members, including in professional career and age, each of whom has a wealth of knowledge and experience in corporate management, finance and accounting, and international business development. However, the Company will continue to consider ensuring diversity, including gender diversity.

The Company appoints at least one (1) Audit & Supervisory Board Member who has extensive knowledge of finance and accounting.

## Disclosure Based on the Principles of the Corporate Governance Code Updated

### Principle 1.7 Related Party Transactions

In the Board of Directors Regulations, the Company has stipulated transactions and conflict-of-interest transactions between Members of the Board and the Company and competitive transactions by Members of the Board as matters to be resolved by the Board of Directors.

### Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Because the management of corporate pension funds impacts stable asset formation for employees and the financial position of the Company, the Company assigns and strives to develop personnel with the necessary experience and qualifications, to ensure that the organization in charge of corporate pension funds are able to conduct appropriate activities, including the monitoring of fund managers.

### Principle 3.1 Full Disclosure

#### (i) Company objectives (e.g., business principles) and management strategies

[Corporate philosophy]

As described in “1. Basic Views” in this Report.

[Management strategy and plan]

The Company has formulated the Medium-Term Management Plan “PLAN23” (2021-2023).

Under PLAN23, with the theme, “Establishing a hydrogen energy-based society—Assuming challenges beyond the boundaries of business frameworks—,” the Company sets forth its basic policies of “Enhancing strategic investment to establish a carbon-free society” and “Promotion of digitization.”

Details of the Medium-Term Management Plan are available on the Company website.

[\(https://www.iwatani.co.jp/eng/ir/vision/midterm-plan/\)](https://www.iwatani.co.jp/eng/ir/vision/midterm-plan/)

#### (ii) Basic views and policies on corporate governance

As described in “1. Basic Views” in this Report.

#### (iii) Policies and procedures in decisions on the compensation of core management executives and Members of the Board

Policies and procedures in decisions on the compensation of core management executives and Members of the Board can be found in “Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof” under “II.1. Compensation of Members of the Board.”

#### (iv) Policies and procedures for the appointment/dismissal of core management executives

The Board of Directors decides the personnel affairs and the criteria for appointment and dismissal of candidates for Member of the Board in consultation with the Nomination and Compensation Committee. Regarding personnel affairs of candidates for Audit & Supervisory Board Members, the Audit & Supervisory Board examines their eligibility, etc. based on the appointment policy for Audit & Supervisory Board Member candidates, and the Board of Directors decides the candidates in consultation with the Nomination and Compensation Committee, after obtaining the agreement of the Audit & Supervisory Board.

#### (v) Explanations with respect to the individual appointments/dismissals of core management executives

When nominating candidates for the positions of Member of the Board and Audit & Supervisory Board Member at the General Meeting of Shareholders, the reasons for the nomination of each candidate are described in the reference documents for the Notice of the Annual General Meeting of Shareholders.

### Supplementary Principle 3.1.3

#### (1) Sustainable growth initiatives

Based on our corporate philosophy, “Become a person needed by society, as those needed by society can prosper,” the Iwatani Group strives to achieve sustainable growth and to identify solutions to social issues through business activities involving gas and energy.

In addition to establishing the Iwatani Code of Corporate Ethics as basic policy for sustainability, the Company has

established business goals that will lead to the achievement of the SDGs in the Medium-Term Management Plan and is promoting initiatives.

The Company's views, policies, and initiatives on sustainability, including the Iwatani Code of Corporate Ethics and the Medium-Term Management Plan, are available on the following website pages and in the Integrated Report.

[\(https://www.iwatani.co.jp/eng/company/ethics/\)](https://www.iwatani.co.jp/eng/company/ethics/)

[\(https://www.iwatani.co.jp/eng/ir/vision/midterm-plan/\)](https://www.iwatani.co.jp/eng/ir/vision/midterm-plan/)

[\(https://www.iwatani.co.jp/eng/sustainability/\)](https://www.iwatani.co.jp/eng/sustainability/)

[\(https://www.iwatani.co.jp/eng/ir/library/integrated-report/\)](https://www.iwatani.co.jp/eng/ir/library/integrated-report/)

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

For the sustainable growth and development of the Company, it is indispensable for each and every employee to demonstrate their individual abilities to the maximum. The Company respects individuals, and strives to create workplaces in which its diverse human resources can thrive. The Company believes that the improvement of employees' capabilities is key to corporate advancement and supports the development of individual capabilities in various ways. Details of the Company initiatives for human resources are available on the Company website.

[\(https://www.iwatani.co.jp/eng/sustainability/society/human-development/\)](https://www.iwatani.co.jp/eng/sustainability/society/human-development/)

The Company established the Iwatani R&D Center with Japan's top-level analytical instruments and various testing equipment in April 2013, and the Iwatani Advanced Hydrogen Technology Center in October 2021, where it is engaging in research and development and the verification of hydrogen energy technologies.

Details of initiatives conducted by the Iwatani R&D Center and the Iwatani Advanced Hydrogen Technology Center are available at the following websites.

[\(https://www.iwatani.co.jp/eng/business/rd/central/\)](https://www.iwatani.co.jp/eng/business/rd/central/)

[\(https://www.iwatani.co.jp/eng/business/rd/hydrogen/\)](https://www.iwatani.co.jp/eng/business/rd/hydrogen/)

## (3) Climate change risks

Recognizing climate change and other global environmental issues as important management challenges, the Iwatani Group considers harmony with the environment to be essential to our corporate activities and continuity. Toward this end, we are striving to reduce the environmental impact of various business activities.

We have declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we have assessed and identified, and are verifying responses to and disclosing, climate-related risks and opportunities based on the TCFD Framework.

Specifically, we disclose our governance structures concerning climate-related risks, the impact of climate change on business, risk management processes, and targets for carbon neutrality. Details are available on the Company website.

[\(https://www.iwatani.co.jp/eng/sustainability/environment/climate/\)](https://www.iwatani.co.jp/eng/sustainability/environment/climate/)

## Principle 4.1 Roles and Responsibilities of the Board of Directors (1)

### Supplementary Principle 4.1.1

The Company clarifies matters to be resolved by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations and entrusts other matters to core management. Core management engages in the management of the Company in accordance with approval criteria stipulated according to the scale and nature of business transactions and business operations.

## Principle 4.9 Independence Criteria and Qualification for Independent Outside Members of the Board

In appointing Outside Members of the Board, the Company places importance on ensuring their independence based on requirements under the Companies Act and judgement criteria for independent officers stipulated by financial instruments exchanges and on their possessing a wealth of experience in and deep insight into corporate management and other areas.

## Principle 4.10 Use of Optional Approach

### Supplementary Principle 4.10.1

The Company has 12 Members of the Board, four (4) of whom are Independent Outside Members of the Board.

To enhance fairness, transparency and objectivity in and accountability for procedures related to decision-making on the appointment and dismissal of Members of the Board, the appointment of Audit & Supervisory Board Members, and compensation of Members of the Board, the Company has established the Nomination and Compensation Committee.

This body is chaired by an Independent Outside Member of the Board, and the majority of its members are Independent Outside Members of the Board to ensure its independence and objectivity.

#### Principle 4.11 Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit & Supervisory Board Supplementary Principle 4.11.1

The Company stipulates in the Articles of Incorporation that the number of Members of the Board shall not exceed 17 and strives to conduct swift decision-making.

The Company engages in highly specialized businesses, such as gas and energy, on a global scale and has a basic policy of forming the Board of Directors with internal Members of the Board who have expertise and knowledge of these businesses and Outside Members of the Board who are able to express opinions from the perspectives of diverse stakeholders, including shareholders.

In nominating candidates for Members of the Board, the Board of Directors make decisions in consultation with the Nomination and Compensation Committee.

The knowledge, experience and abilities of each Member of the Board are listed in the skills matrix on the final page of this Report (Reference Material 3). Three of the Independent Outside Members of the Board have management experience at other companies.

#### Supplementary Principle 4.11.2

The status of Members of the Board and Audit & Supervisory Board Members who serve concurrently at other companies is disclosed in the Notice of the Annual General Meeting of Shareholders and securities reports.

#### Supplementary Principle 4.11.3

In March 2022, the Board of Directors conducted a questionnaire survey of all Members of the Board regarding the Board's effectiveness. Analysis and evaluation of the results were reported at the Board of Directors in April 2022.

The following is an overview of the evaluation method and results regarding the effectiveness of the Board of Directors in FY2021.

#### [Respondents]

All 12 Members of the Board and 4 Audit & Supervisory Board Members as of March 2022.

#### [Evaluation method]

The respondents evaluated the following items on a 5-point scale, using a questionnaire provided by an external organization:

- (1) Composition and operation of the Board of Directors
- (2) Management and business strategies
- (3) Corporate ethics
- (4) Risks and risk management
- (5) Performance monitoring, evaluation and compensation of core management
- (6) Dialogue with shareholders, etc.

#### [Summary of evaluation results]

With generally positive evaluation results in all items, it is confirmed that effectiveness of the Board of Directors has been secured.

The Company will continue to conduct analysis and evaluation of the effectiveness of the Board of Directors on a regular basis in an ongoing effort for the improvement of the effectiveness of the Board of Directors.

#### Principle 4.14 Training of Members of the Board and Audit & Supervisory Board Members

##### Supplementary Principle 4.14.2

The Company offers opportunities for Members of the Board and Audit & Supervisory Board Members to acquire and properly update necessary knowledge, to ensure that they are able to perform their expected roles and duties appropriately. In particular, Executive Officers attend external seminars for newly appointed officers at the time of their assumption of office. The Company will also provide Members of the Board and Executive Officers with training programs regarding the duties and responsibilities of Members of the Board on a regular basis.

### Principle 5.1 Policy for Constructive Dialogue with Shareholders

The Company aims for investor relations (IR) activities that will contribute to the enhancement of corporate value through the promotion of timely and appropriate information disclosure to shareholders and investors and of constructive dialogue with shareholders and investors, based on the Iwatani Code of Corporate Ethics, which stipulates the social norms that are the foundation of corporate behavior. From these perspectives, the Company sets forth a policy to establish and engage in the following structures.

(i) Person with overall responsibility

The officer responsible for the Corporate Planning & Coordination Department oversees dialogue with shareholders.

(ii) Promotion structure

To ensure the efficacy of dialogue and disclosure, dedicated IR staff are assigned within the Corporate Planning & Coordination Department. The Company also maintains a structure to enable the effective sharing of information through dynamic joint efforts among administrative sections such as the Public Relations Department, Human Resources & General Affairs Department, and Accounting Department, in addition to the Corporate Planning & Coordination Department, as well as individual business sections.

(iii) Means of dialogue other than individual interviews

Means of dialogue other than individual interviews include quarterly briefings on financial results for analysts and institutional investors as well as facility tours. The Company strives to enhance the content of these initiatives by ascertaining the views and wishes of investors through questionnaires and other means. IR staff in the Corporate Planning & Coordination Department serve as contact points for individual investors, for whom briefings and other activities also are conducted.

(iv) Feedback to core management and the Board of Directors

Information on the views and wishes of shareholders collected through dialogues is shared with the Board of Directors and others through means including reports to management and reporting by the officer in charge.

(v) Management of insider information

The Company strives to control insider information in various ways, including in-house rules on information management and measures to ensure thorough understanding among all our employees. In addition, to prevent information leaks concerning financial results and to ensure equitable behavior, multiple staff are tasked with participating in IR interviews, and they are enjoined to refrain from answering questions concerning financial results during the “silent period” for IR activities, i.e., from the second business day after the end of each quarter to the date on which financial results for that quarter are announced.

## 2. Capital Structure

Foreign Shareholding Ratio **Updated** 20% or more and less than 30%

### Status of Major Shareholders **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,429,200	12.90
The Iwatani Naoji Foundation	4,132,715	7.18
Custody Bank of Japan, Ltd. (Trust Account)	2,409,100	4.18
Government of Norway	1,539,394	2.67
MUFG Bank, Ltd.	1,336,021	2.32
Resona Bank, Ltd.	1,177,794	2.05
Tetsu Iwatani Co., Ltd.	1,000,000	1.74
Iwatanisangyou Senyukai	917,100	1.59
Nippon Life Insurance Company	898,395	1.56
Iwatani Enyukai	772,805	1.34

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
Name of Parent Company, if applicable	N/A

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Supplementary Explanation

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**3. Corporate Attributes**

Listed Stock Exchange and Market Segment <b>Updated</b>	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

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

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**5. Other Special Circumstances Which May Have Material Impact on Corporate Governance**

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

### 1. Organizational Composition and Operation

Corporate Governance System Company with Audit & Supervisory Board\*

\*Referred to in the Corporate Governance Code reference translation as “Company with *Kansayaku* Board”

#### Directors

Number of Members of the Board Stipulated in Articles of Incorporation	17
Term of Office of Members of the Board Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Chairman (excluding those concurrently serving as President)
Number of Members of the Board	12
Election of Outside Members of the Board	Elected
Number of Outside Members of the Board <span style="border: 1px solid red; padding: 2px;">Updated</span>	4
Number of Independent Members of the Board <span style="border: 1px solid red; padding: 2px;">Updated</span>	4

Relationship of Outside Members of the Board with the Company (1) Updated

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Shinji Murai	Academic												
Shosuke Mori	From another company								△				
Hiroshi Sato	From another company								△				
Hiroyuki Suzuki	From another company								○				

\*Categories for “Relationship with the Company.”

“○” 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;

“▲” when a close relative of the director fell under the category in the past.

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



Relationship of Outside Members of the Board with the Company (2) **Updated**

Name	Designation as Independent Member of the Board	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Shinji Murai	○	—	Mr. Shinji Murai was selected as an Outside Member of the Board based on the determination that he has extensive experience and broad knowledge from many years as a person of responsibility at research institutions, and he can be expected to utilize this experience and knowledge with regard to technology in the management of the Company. Furthermore, the Company believes that he will significantly contribute to raising the technological abilities and further expansion of research and development at the Company. As there are no special interests between Mr. Murai and the Company, the Company has determined that he has no potential conflict of interest with general shareholders and has designated him as an Independent Member of the Board.
Shosuke Mori	○	Mr. Shosuke Mori served as the Chairman and Representative Director of The Kansai Electric Power Co., Inc. until June 2016, before becoming Senior Advisor of that company. As he has not engaged in the execution of business since then, the Company has determined that his independence will not be affected.	Mr. Shosuke Mori was selected as an Outside Member of the Board based on the fact that he engaged in the management of The Kansai Electric Power Co., Inc. for many years and also served as the Chairman of Kansai Economic Federation (public interest incorporated association), and he can be expected to utilize his extensive management experience and deep insight for the enhancement of the Company's corporate value. As there are no special interests between Mr. Mori and the Company, the Company has determined that he has no potential conflict of interest with general shareholders and has designated him as an Independent Member of the Board.
Hiroshi Sato	○	Mr. Hiroshi Sato served as the Chairman and Representative Director of Kobe Steel, Ltd. until March 2016, before becoming Senior Advisor to the Board and later Advisor of that company. As he has not engaged in the execution of business since then, the Company has determined that his independence will not be affected.	Mr. Hiroshi Sato was selected as an Outside Member of the Board based on the fact that he engaged in the management of Kobe Steel, Ltd. for many years, and he can be expected to utilize his extensive management experience and deep insight for the enhancement of the corporate value of the Company. Although Mr. Sato concurrently serves as an Advisor to Kobe Steel, Ltd., a business partner of the Company, he is not engaged in the execution of business, and there are no special interests between him and the Company. Therefore, the Company has determined that he has no potential

			conflict of interest with general shareholders and has designated him as an Independent Member of the Board.
Hiroyuki Suzuki	○	Maruichi Steel Tube Ltd., at which Mr. Hiroyuki Suzuki serves as the Chairman and CEO, and the Company have a transaction relationship of selling products, but as the value of transactions in the most recent fiscal year accounted for less than 1% of sales of both companies, the Company has determined that his independence will not be affected.	Mr. Hiroyuki Suzuki was selected as an Outside Member of the Board based on the fact that he engaged in the management of Maruichi Steel Tube Ltd. for many years and also served as Representative Director of Kansai Association of Corporate Executives (general incorporated association), and he can be expected to utilize his extensive management experience and deep insight for the enhancement of the Company's corporate value. Although Mr. Suzuki concurrently serves as the Chairman and CEO of Maruichi Steel Tube Ltd., a business partner of the Company, and there are transactions between the two companies, in view of the scale of those transactions, the Company does not consider them significant enough to generate special interests. Further, as Mr. Suzuki also meets the independence criteria stipulated by the stock exchange, the Company has determined that he has no potential conflict of interest with general shareholders and has designated him as an Independent Member of the Board.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee(s) and the Committee Chairs
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	Committee's Name	All Members	Full-time Members	Internal Members of the Board	Outside Members of the Board	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Member of the Board
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Member of the Board

Supplementary Explanation **Updated**

To enhance the fairness, transparency, and objectivity in procedures related to the nomination, compensation, etc. of Members of the Board and Audit & Supervisory Board Members and to strengthen the Company's corporate governance, a Nomination and Compensation Committee was established in June 2021 as an advisory body to the Board of Directors, with Outside Members of the Board accounting for the majority of the Committee's members.

**Audit & Supervisory Board Members\***

\*Referred to in Corporate Governance Code reference translation as “kansayaku”

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments **Updated**

The Audit Department has been established to conduct internal audits. Its periodic internal audits, implemented in close cooperation and communication with Audit & Supervisory Board Members, consider whether the business activities throughout the Company are being performed appropriately and efficiently. Currently, the staff engaged in internal audits consists of four persons in charge of internal auditing, three persons in charge of safety control audits, and five persons in charge of internal control.

The results of these audits are reported regularly to the President and to the Board of Directors and Audit & Supervisory Board, and concrete exchanges of opinions are conducted as necessary.

The Audit & Supervisory Board monitors the Company's business execution for the early discovery and rectification of issues. It consists of two full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members. In addition, one dedicated staff member has been assigned to assist Audit & Supervisory Board Members with the auditing work and the operation of the Audit & Supervisory Board. Further, the effectiveness of the auditing of the Company's business execution is increased by holding separate meetings with the Representative Members of the Board and the Accounting Auditors on a regular basis.

Full-time Audit & Supervisory Board Member Toyofumi Ohama has worked for many years on budget control operations and other areas in the Company's corporate planning division, and has considerable knowledge of finance and accounting. Full-time Audit & Supervisory Board Member Naoki Iwatani has worked in the Company's audit and corporate planning divisions and has considerable knowledge of finance and accounting.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshinori Shinohara	CPA													
Yasushi Yokoi	CPA													

\*Categories for “Relationship with the Company.”

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“△” when the Audit & Supervisory Board Member fell under the category in the past;

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the

category;

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past.

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

Outside Audit & Supervisory Board Members' Relationship with the Company (2) **Updated**

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yoshinori Shinohara	○	-----	<p>Mr. Yoshinori Shinohara was selected as an Outside Audit &amp; Supervisory Board Member because, in addition to ensuring a certain level of independence by meeting the definition of Outside Company Auditor in Item 16, Article 2 of the Companies Act, he is expected to leverage his specialized knowledge and experience as a certified public accountant for the enhancement of the Company's audit systems. He is also an appropriate person who will be able to monitor the Members of the Board and from whom the Company will be able to obtain recommendations and advice based on wide-ranging perspectives by leveraging his wealth of experience as a director, Audit and Supervisory Board member and other roles at numerous companies.</p> <p>As there are no special interests between the Company and Mr. Shinohara, the Company has determined that he has no potential conflict of interest with general shareholders and has designated him as an Independent Audit &amp; Supervisory Board Member.</p>
Yasushi Yokoi	○	-----	<p>Mr. Yasushi Yokoi was selected as an Outside Audit &amp; Supervisory Board</p>

			Member because, in addition to ensuring a certain level of independence by meeting the definition of Outside Company Auditor in Item 16, Article 2 of the Companies Act, he will leverage his expert knowledge and experience as a certified public accountant for the enhancement of the Company's audit systems. In addition, although Mr. Yokoi manages Yokoi Yasushi Certified Public Accountant Office, as there are no special interests between the Company and that office, the Company has determined that he has no potential conflict of interest with general shareholders and has designated him as an Independent Audit & Supervisory Board Member.
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### Matters Concerning Independent Officers

Number of Independent Members of the Board and Independent Audit & Supervisory Board Members <u>Updated</u>	6
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Other Matters Concerning Independent Officers

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There is a total of six (6) outside officers who are qualified to be independent officers, all of whom are designated as either Independent Members of the Board or Independent Audit & Supervisory Board Members.

### Incentives

Implementation Status of Measures related to Incentives Granted to Members of the Board	Other
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Supplementary Explanation for Applicable Items

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To provide a long-term incentive and promote sharing of shareholder value, the Company has introduced a system for transfer-restricted stock compensation for Members of the Board (not including Outside Members of the Board) (resolved at the Annual General Meeting of Shareholders held on June 19, 2019). Specific timing of payment and the details of distribution to individual eligible Members of the Board are decided by the Board of Directors in consultation with the Nomination and Compensation Committee that was established to enhance the fairness, transparency, and objectivity of procedures related to compensation and other treatment of Members of the Board.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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### Compensation of Members of the Board

Status of Disclosure of Compensation of Individual Members of the Board	Disclosed individually for selected Members of the Board
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[Details of compensation and other treatment for Members of the Board and Audit & Supervisory Board Members]

a) Total amount of compensation and other treatment for Members of the Board and Audit & Supervisory Board Members in FY2021

Amount paid to 10 internal Members of the Board: ¥1,304 million (including ¥522 million in compensation linked to business results and ¥57 million in share-based compensation)

Amount paid to 2 internal Audit & Supervisory Board Members: ¥142 million

Amount paid to 6 Outside Members of the Board/Audit & Supervisory Board Members: ¥153 million

Amount paid to total of 18 persons: ¥1,600 million (including ¥522 million in compensation linked to business results and ¥57 million in share-based compensation)

b) Total amount of consolidated compensation and other treatment for individual Members of the Board and Audit & Supervisory Board Members

Akiji Makino (Representative Member of the Board): ¥351 million (¥173 million in fixed compensation, ¥166 million in compensation linked to business results, ¥12 million in share-based compensation)

Toshio Watanabe (Representative Member of the Board): ¥243 million (¥110 million in fixed compensation, ¥122 million in compensation linked to business results, ¥10 million in share-based compensation)

Hiroshi Majima (Representative Member of the Board): ¥194 million (¥93 million in fixed compensation, ¥93 million in compensation linked to business results, ¥8 million in share-based compensation)

Makoto Horiguchi (Member of the Board): ¥112 million (¥69 million in fixed compensation, ¥38 million in compensation linked to business results, ¥5 million in share-based compensation)

Note: Only persons whose total consolidated compensation and other compensation is ¥100 million or more are listed.

Policy on Determining Compensation Amounts and the Calculation Methods Thereof **Updated**

Established

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

To develop a compensation scheme to serve as an incentive for sustained growth in corporate value and reflect the medium-term management plan, in its meeting held on June 22, 2022, the Board of Directors approved a policy on the details of compensation and other treatment of individual Members of the Board. The details of this policy are described below.

Overview

Compensation of Members of the Board consists of fixed compensation and bonuses as compensation linked to business results and share-based compensation. The 79th Annual General Meeting of Shareholders held on June 22, 2022, approved fixed compensation and bonuses not to exceed the maximum of ¥1.4 billion/year (including a maximum of ¥150 million for Outside Members of the Board) for Members of the Board, excluding the portions of compensation for employee duties of Members of the Board serving concurrently in employee positions. There were 12 Members of the Board (four (4) of whom were Outside Members of the Board) at the conclusion of the 2022 Annual General Meeting of Shareholders. The 69th Annual General Meeting of Shareholders held on June 26, 2012 approved compensation for Audit & Supervisory Board Members not to exceed the maximum of ¥300 million/year. There were four Audit & Supervisory Board Members at the conclusion of the 2012 Annual General Meeting of Shareholders.

To enhance the fairness, transparency, and objectivity of procedures related to compensation and other treatment of Members of the Board, the Company has established a Nomination and Compensation Committee, the majority of whose members are Outside Members of the Board.

The Board of Directors has delegated to Chairman and CEO Akiji Makino all authority for making appropriate decisions on fixed compensation and bonuses for individual Members of the Board within the limits of the total compensation amounts described above, in consultation with the Nomination and Compensation Committee. The reason for delegating authority to Chairman and CEO is because it was determined that he would be able to take an over-arching view of the Company's entire performance, evaluate the scope of responsibility and duties of the individual Members of the Board, and make comprehensive decisions on compensation amounts. Compensation of Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members.

On the question of share-based compensation, the 76th Annual General Meeting of Shareholders held on June 19, 2019, approved the adoption of compensation in the form of shares of transfer-restricted stock. The number of Members of the Board at the conclusion of the 2019 Annual General Meeting of Shareholders was 12 (of whom, the two Outside Members of the Board are ineligible). Specific conditions on the timing of payment and distribution to individual eligible Members of the Board are decided by the Board of Directors in consultation with the Nomination and Compensation Committee, within the approved compensation limit (up to ¥260 million/year).

- Fixed compensation: Fixed compensation is paid monthly in fixed amounts, with consideration for the years of experience of each Member of the Board and job grades reflecting matters such as the scope of his or her duties and responsibilities, as reward for efforts toward sustained corporate growth and increasing corporate value.
- Compensation linked to business results: For compensation linked to business results, using the target key performance indicators in the medium-term management plan as shared performance benchmarks for all Members of the Board (excluding Outside Members of the Board), general bonus amounts are determined through consideration of the degree of achievement of these targets, and bonuses are paid at fixed times each year. These numerical targets were chosen as indicators of business performance because they are considered appropriate medium-term incentives to realize sustained growth in corporate value.
- Share-based compensation: This compensation program awards shares of transfer-restricted stock to Members of the Board (excluding Outside Members of the Board) as incentives toward sustained growth in corporate value and to promote further sharing of value with shareholders. Numbers of shares awarded to each Member of the Board are decided by the Board of Directors after the Annual General Meeting of Shareholders with consideration for the years of experience of each Member of the Board and job grades reflecting matters such as the scope of his or her duties and responsibilities, and the shares are awarded within one month after this decision.

To ensure objectivity and appropriateness of the ratios of fixed compensation, compensation linked to business results, and share-based compensation, the compensation ratios of a considerable number of other companies of similar industries and scale are compared and verified, and the compensation ratios for the Company are set based on the Company's financial status and other considerations.

### Support System for Outside Members of the Board and/or Outside Audit & Supervisory Board Members

A dedicated staff member has been assigned as an assistant to the Audit & Supervisory Board Members for auditing work and to assist as the Audit & Supervisory Board's secretariat in the operation of the Audit & Supervisory Board.

### Status of Persons Who Have Retired as Representative Director and President, Etc.

Information on Persons Holding Advisory Positions (Senior Advisor to the Board, Advisor, Etc.) After Retiring as Representative Director and President, Etc. **Updated**

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part-time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Masao Nomura	Advisor	Advice on management and business, activities in business circles, and social contribution activities	Part-time, with compensation	March 31, 2017	Renewed annually
Mitsuhiro Tanimoto	Senior Advisor to the Board	Advice on management and business, activities in business circles, and social contribution	Full-time, with compensation	March 31, 2020	Renewed annually



		activities			
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Number of Persons Holding Advisory Positions (Senior Advisor to the Board, Advisor, Etc.) After Retiring as Representative Director and President, Etc.

2

Other Related Matters

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

### 1) Status of business execution and audit/supervision

Responsible for Iwatani's business decision-making and oversight, the Board of Directors consists of 12 members (including four Outside Members of the Board). Together with swift, appropriate decision-making and oversight based on comprehensive and active deliberation in the Board of Directors, the Outside Members of the Board strengthen the functions of the Board by enhancing and improving the transparency of decision-making and the effectiveness of oversight from standpoints independent of core management and based on extensive experience and knowledge of corporate governance.

The Company strives to stimulate the activities of the Board of Directors by introducing a system of executive officers to speed up decision-making and delegate authority. In accordance with management policies decided on by the Board of Directors, Executive Officers are delegated authority by the Representative Member of the Board to devote themselves to business execution in compliance with relevant instructions and orders. Through adopting this system, the Company is promoting more efficient management by enhancing decision-making on corporate strategies and oversight functions by the Board of Directors. Once a month, the Board of Corporate Officers, whose membership consists of full-time Members of the Board, Executive Officers, and full-time Audit & Supervisory Board Members, meets to share information and facilitate communication, in addition to deliberating on important matters related to business execution.

The Company has adopted a company structure with an Audit & Supervisory Board. The Audit & Supervisory Board consists of four members (including two Outside Audit & Supervisory Board Members). Full-time Audit & Supervisory Board Members attend all meetings of the Board of Directors and the Board of Corporate Officers, and Outside Audit & Supervisory Board Members also attend Board of Directors meetings, to ensure full oversight of the execution of duties by Members of the Board. Audit & Supervisory Board Members are appointed with a focus on matters such as their specialized knowledge of finance, accounting, and the law and their knowledge and experience related to the Company's businesses. Outside Audit & Supervisory Board Members in particular are appointed based on the requirements for independent officers identified by financial instruments exchanges. In this way, the Company's audit system is based on multifaceted perspectives.

In June 2021, the Company established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. This body consists of three or more Members of the Board, a majority of whom, including the chair, are Outside Members of the Board. The goal is to enhance fairness, transparency, and objectivity in procedures related to decision-making on the appointment and dismissal of Members of the Board, the appointment of Audit & Supervisory Board Members, and compensation of Members of the Board and to strengthen corporate governance, through consultation with this Committee.

### 2) Status of accounting audits

The Company has appointed KPMG AZSA LLC as its Accounting Auditor. It submits the necessary data to the Accounting Auditor in a timely manner and has established a structure to enable appropriate audits to be conducted. The names of the certified public accountants who have carried out the Company's accounting audit work and the composition of assistants involved in accounting audit work are as follows.

#### (a) Names of the certified public accountants who carried out the accounting audit work:

Designated Engagement Partners: Yoshinori Tatsuta, Tatsuo Amekawa, Hiroshi Kubota

#### (b) Composition of assistants involved in accounting audit work:



17 certified public accountants, 10 persons who have passed the certified public accountant examination, and 11 other staff members

The details of remuneration paid to the auditing certified public accountants and others are as follows.

Remuneration based on audit certification work: ¥100 million (including ¥13 million for consolidated subsidiaries)

Remuneration based on no-audit work: ¥131 million (including ¥6 million for consolidated subsidiaries)

Total: ¥231 million (including ¥19 million for consolidated subsidiaries)

### 3) Details of provisions of Articles of Incorporation

#### 1. Number of Members of the Board

The Articles of Incorporation provide that the number of Members of the Board of the Company shall be not more than seventeen (17).

#### 2. Requirements for resolution on the election of Members of the Board

The Articles of Incorporation provide that resolutions for the election of Members of the Board shall be made by a majority of the voting rights of the shareholders present at a meeting who hold shares representing one-third or more of the voting rights of shareholders who are entitled to exercise voting rights.

#### 3. Matters for resolution by the General Meeting of Shareholders that may be resolved in the Board of Directors

With the objective of enabling the flexible execution of capital policies, regarding the acquisition of own shares, pursuant to the provisions of Article 165 (2) of the Companies Act, the Articles of Incorporation provide that the Company may acquire its own shares by resolution of the Board of Directors.

#### 4. Requirements for special resolutions in the General Meeting of Shareholders

With the objective of the smooth operation of the General Meeting of Shareholders, regarding special resolutions by the General Meeting of Shareholders set forth in Article 309 (2) of the Companies Act, the Articles of Incorporation provide that such resolutions shall be made by two-thirds or more of the voting rights of the shareholders present at a meeting who hold shares representing one-third or more of the voting rights of shareholders who are entitled to exercise voting rights.

### 4) Status of establishment of risk management structures

The Company has established a Risk Management Committee to coordinate risk management of all Group companies. There are eight individual committees under the Risk Management Committee, namely the Security and Export Control Committee, which works to enhance management structures for compliance with the Foreign Exchange and Foreign Trade Act and prevent improper exports, the Personal Information Control Committee, which strives for the comprehensive protection of personal information, the Compliance Committee, which strives for comprehensive compliance with laws and regulations, the Factory Safety Control Committee, which formulates priority measures on high-pressure gas safety and other matters, the Sustainability Promotion Committee, which deliberates on the establishment of responses at times of disaster and important matters related to environmental management, the Global Security Control Committee, which strives for comprehensive international risk management, the Customer Satisfaction (CS) Committee, which works to increase customer satisfaction, and the Product Safety & Brand Management Committee, which examines the safety and compliance with laws and regulations of products handled and works to establish the image of the Iwatani brand and to maintain and increase brand value.

In 1998, to prevent corporate misconduct, the Company established the Iwatani Code of Corporate Ethics as “a norm to be observed in all aspects of business activities on the basis of sharing the management philosophy, morality and values among management team members and employees in the group.” This code is publicized throughout the Company and Group companies to raise awareness of compliance groupwide. It is also revised to reflect recent changes in the social conditions in which the Company does business as well as amendments in laws and regulations.

The Company also obtains advice as necessary from its legal counsel when legal decisions are required.

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

As stated in the previous paragraph (Overview of Current Corporate Governance System), the Company has adopted a system of executive officers, achieved swifter decision-making, and proceeded with delegation of authority, and stimulated the operation of the Board of Directors. It also elects Outside Members of the Board and strives to enhance the transparency of decision-making and improve the effectiveness of supervision. Therefore, the Company has adopted this system of corporate governance in the belief that it has put in place the functions for securing soundness of management.

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

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

Updated

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of the Annual General Meeting of Shareholders of FY2022 was sent two weeks in advance, but it was posted on TDnet and the Company website about three weeks in advance.
Electronic Exercise of Voting Rights	The Company has adopted a system of allowing the exercise of voting rights via the internet.
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 participates in an electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Notice (summary) in English is posted on the Company website and on the Tokyo Stock Exchange website.

#### 2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a Representative Member of the Board or Representative Executive Officer
Regular Investor Briefings Held for Individual Investors	IR seminars are held for individual investors about twice a year, at which explanations are given of the overview of the Company, its medium- to long-term strategies, and other matters.	Not held
Regular Investor Briefings Held for Analysts and Institutional Investors	Financial results briefings are held for institutional investors and analysts, at which the Company representatives explain the status of the financial results, medium- to long-term strategies, and other matters.	Held
Online Disclosure of IR Information	Content: Message from top management, business overview, management policies (Corporate Philosophy, Medium-Term Management Plan, Corporate Governance Report), General Meeting of Shareholders (Notices of General Meeting of Shareholders), IR Library (Overview of Business Results, Financial Results Briefing Materials, Fact Book, Integrated Report), IR Calendar, Stock Quote URL: <a href="https://www.iwatani.co.jp/eng/ir/">https://www.iwatani.co.jp/eng/ir/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Staff members in charge of IR have been assigned to conduct IR activities within the Corporate Planning & Coordination Department.	

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

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	To obtain wider understanding of the Company's extensive contributions to the environment and society, the Company produces an Integrated Report, and publishes non-financial information such as environmental and social initiatives on the Company's website, in addition to financial information. URL: <a href="https://www.iwatani.co.jp/eng/sustainability/">https://www.iwatani.co.jp/eng/sustainability/</a>

## IV. Matters Concerning the Internal Control System

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

Since its foundation, the Company's corporate philosophy has been to "become a person needed by society, as those needed by society can prosper," and we have constantly strived to create new value that society and our customers demand, in our aim to contribute to society. We engage in our day-to-day business management in the belief that responding to the trust and expectations of shareholders, business partners, employees and other stakeholders is an absolute prerequisite for the prosperity of the Company.

Based on this corporate philosophy and pursuant to the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has established the following internal control system and is developing and operating structures to ensure the propriety of operations of the corporate group that comprises the Company and its subsidiaries (hereinafter "the Group").

- 1) Structures to ensure that the execution of their duties by Members of the Board and employees of the Group is compliant with laws and regulations, and the Articles of Incorporation

To ensure that the execution of their duties by Members of the Board and employees of the Company is compliant with laws and regulations and with the Articles of Incorporation and to achieve the appropriate and sound execution of the Company's business, the Board of Directors strives to develop and operate an effective internal control system and compliance structures. The Audit & Supervisory Board monitors the execution of the Company's business for the early detection and rectification of issues.

In addition, a Compliance Committee has been set up to comprehensively promote legal and regulatory compliance by enforcing and enhancing compliance structures in Group business activities. Further, the corporate philosophy, morality and values are shared through the Iwatani Code of Corporate Ethics, which serves as the norm to be observed in all aspects of business activities by all core management members and employees of the Group, and compliance training is conducted to raise awareness of compliance.

To ensure the reliability of financial reporting, under the Financial Instruments and Exchange Act and related laws and regulations, basic plans and policies for the development of the internal control system pertaining to the financial reporting of the Group are set out, and efforts are made for the development and appropriate operation of adequate Group-wide structures.

The Group's Code of Conduct holds that anti-social forces that threaten the order and safety of civic society should be stood up against with a resolute attitude. In addition, the Company cooperates with external expert organizations to respond to unreasonable demands and collect information about anti-social forces.

- 2) Structures for the storage and management of information relating to the execution of their duties by the Members of the Board of the Company

Information relating to the execution of their duties by the Members of the Board, including the written proposals and minutes of meetings of the Board of Directors, Board of Corporate Officers, and other meetings is stored and managed appropriately in accordance with laws and regulations and company regulations.

- 3) Rules and other structures for the management of risks of loss in the Group

The Group has established a Risk Management Committee under the direct control of the President to ensure integrated management of risks across all Group companies. Specialized individual committees set up beneath the Risk Management Committee address the main anticipated risks such as compliance risks and plant safety risks, to enable comprehensive responses to corporate risks, both apparent and potential.

- 4) Structures to ensure the efficient execution of the duties of the Group's Members of the Board, etc.

In addition to the formulation of the Group's Medium-Term Management Plan and the adoption of management indicators and performance management indicators on a consolidated basis, a department has been established to oversee the management of Group companies, and meetings are held regularly to debate Group-wide basic strategies and management issues.

The Company has adopted a system of executive officers for the efficient execution of duties by the Members of the Board. Through swifter decision-making and the delegation of authority, the Company is promoting more efficient management by strengthening decision-making on corporate strategies and oversight functions by the Board of Directors.

The Company also strives to improve the efficiency of execution of duties in accordance with regulations on segregation of duties and approvals, and uses core IT systems for the comprehensive management of management resources and the improvement of company-wide operational efficiency.

- 5) Structures to ensure the proper execution of business by the Group
 

In accordance with the rules governing Group management, the Company ensures the proper execution of business by stipulating matters for prior approval concerning key management issues, such as the management plans and annual budgets of Group companies and other matters concerning business activities. In addition to regular reporting, it has made prompt reports in the event of abnormal situations mandatory. The Company works to raise awareness of compliance across the entire Group by thoroughly disseminating the Iwatani Code of Corporate Ethics, which is the code of conduct for the business activities of the Group.

Further, the Audit Department has been established. Its periodic internal audits, implemented in close cooperation and communication with the Audit & Supervisory Board, consider whether the business activities throughout the Group are being performed appropriately and efficiently.
- 6) Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof
 

A dedicated staff member has been assigned as an assistant to the Audit & Supervisory Board Members and the Audit & Supervisory Board's secretariat to assist with auditing work and the operation of the Audit & Supervisory Board.
- 7) Matters to ensure the independence of the employees assisting the duties of the Audit & Supervisory Board Member of the Company from the Members of the Board and the effectiveness of directions given to the employees by the Audit & Supervisory Board Members
 

The appointment of the staff member assigned to the Audit & Supervisory Board Members will be decided with due respect to the opinions of the Audit & Supervisory Board, and their independence from the Members of the Board will be ensured. Further, the staff member will comply with the directions and orders of the Audit & Supervisory Board Members in the execution of their duties.
- 8) Structures for reporting to Audit & Supervisory Board Members of the Company by the Members of the Board and others of the Group as well as its employees and other structures for reporting to Audit & Supervisory Board Members
 

The Members of the Board and employees of the Company will report promptly and appropriately to the Audit & Supervisory Board Members regarding statutory matters, matters resolved by the Board of Corporate Officers, matters that would have a serious impact on the Group, the implementation status of internal audits in the Group, the operational status of internal whistleblowing systems, and other matters determined to require reporting to the Audit & Supervisory Board Members for the execution of their duties.

In addition, the Audit & Supervisory Board Members of the Company will receive regular reports on the status of internal control and other matters from the Audit & Supervisory Board Members of Group companies. They will also receive explanations about the details of accounting audits from the Accounting Auditor and otherwise exchange opinions.
- 9) Structures to ensure that persons who have made reports in the above item are not subjected to disadvantageous treatment for reason of making such reports
 

The Company prohibits the disadvantageous treatment of persons who have made reports in the above item for reason of making such reports and will take measures to ensure that this fact is thoroughly understood.
- 10) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit & Supervisory Board Members of the Company and other policies for processing expenses and reimbursements arising with respect to the execution of duties
 

As the Company bears the costs arising in conjunction with the execution of duties by Audit & Supervisory Board Members, a budget is posted based on the audit plan.

In addition, Audit & Supervisory Board Members may subsequently request reimbursement from the Company for any emergency or extraordinary expenses paid.
- 11) Other structures to ensure that audits by the Company's Audit & Supervisory Board Members are conducted effectively
 

In addition to the full-time Audit & Supervisory Board Members attending all important meetings, including meetings of the Board of Directors and the Board of Corporate Officers, the Audit & Supervisory Board Members and the Audit & Supervisory Board will increase the effectiveness of auditing of the Company's business execution

by holding regular meetings with the Representative Members of the Board and the Accounting Auditors respectively.

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

The Company has stated in the Iwatani Code of Corporate Ethics its Code of Conduct that all officers and employees of the Company and each company within the group must show a resolute attitude against antisocial forces which threaten the order and safety of civil society. It has clearly indicated that we “will not respond to any request for money or goods,” “will not provide any benefit,” and “will exclude them thoroughly in cooperation with the police authority.”

The Company has established a department to manage responses to antisocial forces, which coordinates with external expert organizations and takes counter-measures such as dealing with improper request from antisocial forces, collecting information about such forces, and establishing special clauses in contract documents. In terms of activities to educate employees, opportunities have been established for them to deepen their understanding of the Code of Conduct through training and other means.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures Adopted

Supplementary Explanation for Applicable Items **Updated**

- Basic policy toward any person(s) who should control decisions on the Company's financial and business policies (summary)

The Company's Board of Directors believes it to be preferable that the person(s) controlling decisions on the Company's financial and business policies be person(s) who will help to enhance the corporate value of the Group and in turn materialize the common interests of the shareholders, but that ultimately, such decisions should be entrusted to the judgment of shareholders.

The Company, whose shares are listed on the financial instrument exchanges, respects any free transaction of shares of the Company in the markets, and even if any specified person(s) contemplates conducting any large purchase of shares and the like of the Company, as long as it would help to enhance the corporate value of the Group and, by extension, realize the common interests of the shareholders of the Company, the Company will not hold a negative opinion of that action.

However, the Company's Board of Directors deems it inappropriate for any person(s) conducting a large purchase action of shares and the like of the Company that would prejudice or for which there is a strong risk of it prejudicing the corporate value and common interests of the shareholders of the Group to be person(s) controlling decisions on the Company's financial and business policies. For this reason, in its fiduciary duty to the shareholders, the Company's Board of Directors deems it necessary to make certain preparations to deal with any inappropriate proposal for a large purchase action of shares and the like of the Company, and to secure the time and information necessary for shareholders to make judgments on such large purchase actions and to negotiate with the person(s) proposing such actions.

- Measures to facilitate realization of the basic policies (summary)

The Company formulated the Medium-Term Management Plan "PLAN23" ending March 31, 2024 as an effort to put the basic policies into practice, and based on such plan, the Company has been working toward the Plan's targets of "enhancing strategic investment to establish a carbon-free society" and "promotion of digitization."

Specifically, the Company has set the following three visions as its basic strategies.

(a) Enhancing initiatives toward a carbon-free society

- Promoting the development of a hydrogen energy-based society
- Expanding sales of eco-friendly products

(b) Evolving into an energy & living total service provider

- Expanding the customer base
- Expanding BtoC business
- Developing community services based on the Iwatani GateWay platform

(c) Expanding international businesses

- Enhancing supply structures and manufacturing functions
- Enhancing the Cartridge Gas business
- Expanding the Industrial Gases & Machinery business in the United States

Further, with respect to the basic policy for distributing profits, the Company will respond to expectations of shareholders by exerting best efforts to maximize corporate value, not only by returning a stable distribution of dividends to shareholders, but also by utilizing surplus for investment and other purposes to support the growth strategy of the Company.

The Company will carry out these measures steadily and continue to be "an enterprise needed by society," which the Company believes will serve to enhance the corporate value of the Group, and by extension, materialize the common interests of the shareholders of the Company.

- Measures to prevent inappropriate persons from controlling decisions on the Company's financial and business policies in light of the basic policy (summary)

With the approval of the shareholders at the 77th Annual General Meeting of Shareholders held on June 24, 2020, the Company decided to continue the defense policy against large purchase action of shares of the Company (takeover defense measures; hereinafter referred to as "the Plan") as described below.

1) Establishment of Independent Committee

The Company has established an Independent Committee as an advisory body that is independent of the Board of Directors with the objectives of eliminating arbitrary judgments by the Board of Directors and guaranteeing the objectivity and reasonableness of judgments and responses.

2) Large purchase action of shares subject to the Plan

Purchase actions of shares and the like issued by the Company as a result of which the holding ratio of the holder would be 20% or more.

3) Provision of "necessary information"

The Company's Board of Directors will obtain from the purchaser the information necessary and sufficient for shareholders to make a judgment on large purchase actions. All information obtained will be provided to the Independent Committee.

4) Board evaluation period

If it is recognized that the provision of the necessary information is sufficient or if the deadline for a response has arrived without sufficient necessary information having been amassed, the Board of Directors will disclose this without delay. In addition, an evaluation period of 60 or 90 days will be established (extendable for a maximum of 30 days) for the consideration of the details of the large purchase action by the purchaser from the viewpoint of securing and enhancing corporate value and the common interests of shareholders of the Company.

5) In the event of the Independent Committee's recommendation to trigger the defense measure

The Independent Committee will recommend to the Company's Board of Directors within the evaluation period whether or not to trigger the defense measure.

(a) Recommendation of Independent Committee relating to triggering of the defense measure

In the event that the large purchaser does not comply with the procedure, or the large purchase action is deemed to materially prejudice corporate value and the common interests of the shareholders of the Company, the Independent Committee will make recommendations to the Company's Board of Directors to trigger the defense measure.

(b) In the event that the Independent Committee makes a recommendation not to trigger the defense measure

The Independent Committee will make a recommendation not to trigger the defense measure in cases other than that stated in paragraph (a) above.

6) Resolution at the Board of Directors

The Company's Board of Directors will fully respect the recommendation made by the Independent Committee and adopt a resolution of whether or not to trigger the defense measure without delay, from the viewpoint of securing and enhancing corporate value and the common interests of the shareholders of the Company.

7) Details of defense measure

The Company will make a *gratis* allotment of a stock acquisition right that only the large purchaser cannot exercise.

8) Effective period, abolishment and amendment

The effective period of the Plan is until the close of the Annual General Meeting of Shareholders scheduled to be held in June 2023. However, in the event that a resolution amending or abolishing the Plan is adopted at the General Meeting of Shareholders of the Company prior to the end of the effective period, the Plan will be



amended or abolished pursuant to such resolution at the time of its adoption. If the Company's Board of Directors adopts a resolution to abolish the Plan, it will be abolished at the time of such resolution.

More details of the Plan are available on the Company's website (<https://www.iwatani.co.jp/eng/>).

○ Judgments of the Company's Board of Directors on specific initiatives and reasons therefor

The various measures in the Medium-Term Management Plan and the Plan have been introduced with the objective of securing and enhancing corporate value and the common interests of shareholders of the Company. Their introduction is in line with the Basic Policy.

Further, due to the facts that the introduction of the Plan has obtained the approval of the General Meeting of Shareholders; that the triggering or not of the defense measure is recommended by the Independent Committee, which is independent of the Board of Directors; that the requirements for triggering the defense measure are reasonable and objective and it is a mechanism that prevents its arbitrary triggering by the Board of Directors; and that the Plan can be abolished by the General Meeting of Shareholders or the Board of Directors, its reasonableness is guaranteed, and it does not aim to maintain the status of the Members of the Board of the Company.

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

(1) Please refer to the diagram of the corporate governance system, which includes an overview of the internal control system (Reference Material 1).

(2) Overview of timely disclosure structure

As the sections in charge of disclosure, the Corporate Planning & Coordination Department, Human Resources & General Affairs Department, Public Relations Department, and Accounting Department, led by the person responsible for information handling, all work together to gather important company information and disclose it in a timely and appropriate manner in accordance with the Timely Disclosure Rules. The following systems are in place depending on the nature of the company information.

### 1. Information on decisions

Important decisions are made by the Board of Corporate Officers and the Board of Directors. The sections in charge of disclosure, led by the person responsible for information handling, will review in advance whether or not such decisions fall under the category of timely disclosed information. If disclosure is deemed necessary, the sections in charge of disclosure strive to implement such disclosure promptly and appropriately after the decisions are made.

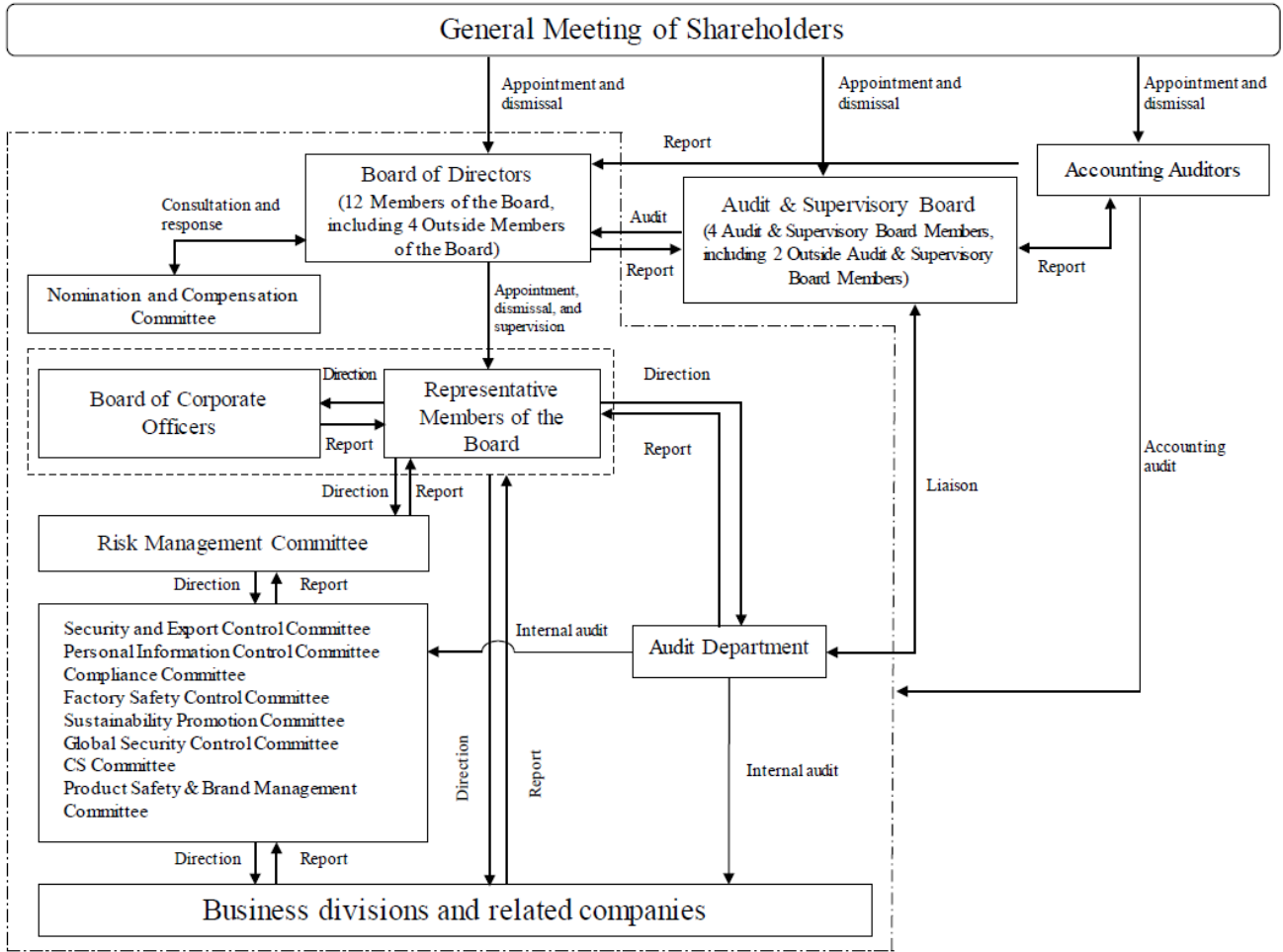
### 2. Information on developments

The sections in charge of disclosure, led by the person responsible for information handling, strive to gather information on important developments from each related section and consider whether it qualifies as information subject to timely disclosure. If disclosure is deemed necessary, the sections in charge of disclosure strive to implement such disclosure promptly and appropriately after obtaining approval of the Representative Member of the Board.

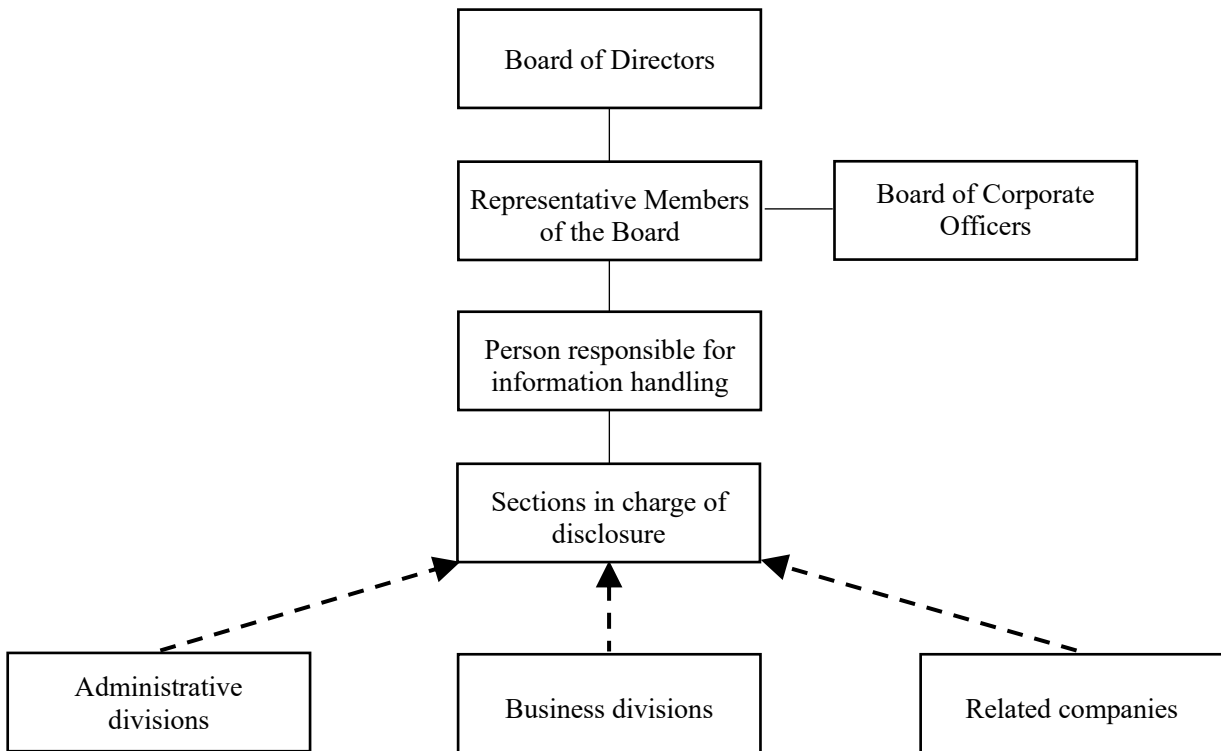
### 3. Information concerning financial results

For information concerning financial results, the Accounting Department prepares figures on finances and settlement of accounts and the Human Resources & General Affairs Department and other related sections prepare information on matters, including information concerning corporate governance. Following final approval of settlement of accounts by the Board of Directors, information concerning financial results is disclosed on the same day. Please refer to Reference Material 2 for an overview diagram of this structure.

**(Reference Material 1)**



**(Reference Material 2) Overview of Timely Disclosure Structure**



**(Reference Material 3) Skills Matrix of the Members of the Board**

		Corporate management	Financial accounting	Legal affairs / risk management	HR / talent development	Sales / marketing	Global	R&D	Production engineering	ESG / sustainability	IT / digital
Chairman and CEO	Akiji Makino	○		○		○	○			○	
Vice Chairman	Toshio Watanabe	○	○	○	○						
President	Hiroshi Majima	○		○		○	○			○	○
Member of the Board	Makoto Horiguchi					○	○				
Member of the Board	Itaru Ookawa		○	○							○
Member of the Board	Manabu Tsuyoshi					○	○	○	○		
Member of the Board	Hiroshi Fukushima			○				○	○	○	
Member of the Board	Hirozumi Hirota			○	○	○					
Outside Member of the Board	Shinji Murai						○	○	○	○	
Outside Member of the Board	Shosuke Mori	○				○	○			○	
Outside Member of the Board	Hiroshi Sato	○						○	○	○	
Outside Member of the Board	Hiroyuki Suzuki	○				○	○			○	