



Headquarters

# Corporate Governance

## Basic approach and basic policies toward corporate governance



The globalization of business is progressing, and social responsibility for the impacts of corporate activities is coming under severe scrutiny. At the Noritake Group, every officer and employee inherits the founding spirit of our company, and, by observing and practicing the Noritake Group's Code of Ethics formulated on the basis of that founding spirit, embodies a Noritake Group that holds to higher corporate ethics. In addition, by providing financial information through our website, we will strive to actively and fairly disclose information and heighten the transparency of our management.

The basic policies concerning our corporate governance are shown on the right.

### Basic policies

- 01 | Strive to ensure the rights of shareholders and fairness.
- 02 | Strive for appropriate cooperation with stakeholders other than shareholders (customers, suppliers, creditors, local communities, employees, etc.).
- 03 | Strive to ensure appropriate information disclosure and transparency.
- 04 | Strive to appropriately carry out the roles and responsibilities of the Board of Directors to enhance sustainable growth of the company and medium- to long-term corporate value.
- 05 | Strive for constructive dialog with shareholders.

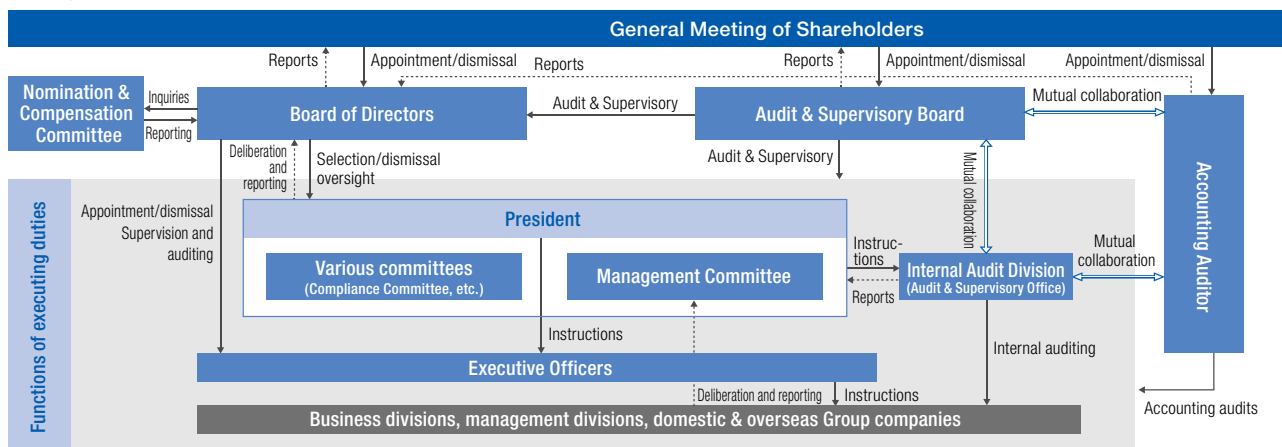
## Corporate Governance System

In addition to the General Meeting of Shareholders, Board of Directors, and Audit & Supervisory Board, Noritake has established Audit & Supervisory Board to form a system of corporate governance together with the Management Committee and other various committees.

Meeting of the Board of Directors is where the important decisions are made, such as basic principles on management

and matters stipulated by law. It has introduced an executive officer system to clarify executive responsibilities and the delegation of executive authority. Furthermore, to promote the early appointment and promotion of talented human resources, the Board of Directors introduced a new Executive Officer system on April 1, 2019.

## Corporate Governance Structure



### Board of Directors

Members: 6 Directors (4 internal Directors, 2 Director (Outside))

No. of meetings during FY2020: 13

To make decisions on key matters and monitor the execution of duties, Noritake's Board of Directors joined by executive officers engaging in execution of duties meet once a month regularly to build a consensus among the Group as a whole. During FY2020, a total of 13 meetings were held, with a 100% average attendance rate for directors and 98% for auditors & supervisors. In accordance with the regulations and deliberation standard of the Board of Directors, deliberations are held to decide items regarding General Meetings of Shareholders, human resources and organizational matters, and financial reporting. The Board of Directors also appoint two Directors (Outside) as part of a system to strengthen oversight functions and ensure transparency in decision-making.

### Key topics of the Board of Directors

During FY2020, deliberations covered the following key issues.

#### Resolutions

- Approval of budget and financial results
- Forecast of operating results, amendment of expected dividend amounts
- Revision of basic policies to create internal control system
- Establishing and revising key regulations
- Concluding key contracts

#### Reported Matters

- Progress of the Three-year Business Plan
- Investment plans for production equipment, etc.
- Ownership of investment securities
- Reports from each committee (Compliance Committee, Central Safety and Health Committee, Noritake Manufacturing Committee)

### Management Committee

Members: 7 Directors

(Executive Officers designated by internal Directors and the President)

No. of meetings during FY2020: 25

Conducting full deliberations with key administrative matters related to execution of business, the Management Committee is composed of internal Directors as well as Executive Officers designated by the President. It convenes once a week and takes part in systems for precise and prompt management decision-making.

### Nomination & Compensation Committee

Members: 6 Directors (2 Representative Director, 4 Director (Outside))

No. of meetings during FY2020: 2

We established the Nomination & Compensation Committee in order to ensure reasonable and transparent decision-making regarding Board of Directors membership and compensation. With independent External Directors comprising a majority of its members, the committee serves as an advisory body to the Board of Directors. Based on inquiries from the Board of Directors, the committee discusses personnel matters, assignments and compensation concerning Directors and Executive Officers, then reports to the Board of Directors on the results of its deliberations.

### Audit & Supervisory Board

Members: 4 Directors

(2 Audit & Supervisory Board Members, 2 Audit & Supervisory Board Member (Outside))

No. of meetings during FY2020: 12

The Audit & Supervisory Board determines auditing and supervisory policy, and receives reports from Audit & Supervisory Board Members regarding the current status and results of auditing and supervisory implementation. It also communicates with and collects information from the Board of Directors and the Audit & Supervisory Office, which serves as an internal audit division. Moreover, Audit & Supervisory Board Members attend important meetings including those of the Board of Directors and Management Committee, receive reports on the status of execution of duties by Directors, and request explanations as required. Our company considers functions for objective and neutral monitoring of management from outside to be important in corporate governance, and has prepared a structure by which management monitoring functions are ably performed by two Audit & Supervisory Board Members (Outside).



Management Committee

## Evaluations of the effectiveness of Board of Directors

We perform evaluations of the effectiveness of the Board of Directors for the purpose of heightening its effectiveness and increasing corporate value. At the end of each fiscal year, a survey is conducted for Directors and Audit & Supervisory Board members, and the results will be analyzed and evaluated by an external organization before being reported to the Board of Directors.

In fiscal 2020, a questionnaire survey was administered to the Board of Directors and Audit & Supervisory Board regarding their evaluation of Board of Directors composition and operation, management and business strategies, corporate ethics and risk management, business performance monitoring, managerial evaluation/compensation, and dialog with shareholders. Analysis and evaluation of these results were entrusted to an external organization, and the results were reported to the Board of Directors. The results of the analysis of the Board of Directors are as follows:

- The Board of Directors is composed of appropriate members with the required knowledge, skills, experience, and diversity to carry out their roles and responsibilities. The matters to be discussed and to be decided by the Board of Directors, and those to be delegated to management are classified properly.
- The Board of Directors plans actions to make improvements to key issues identified through the effectiveness analysis and evaluation held every fiscal year, and works toward to improve its effectiveness.
- The Board of Directors works to establish a corporate culture based on corporate ethics, while also performing appropriate oversight and supervision for its dissemination. It also performs appropriate oversight and supervision regarding the construction and application of internal control systems throughout the entire Noritake Group.
- The design of compensation schemes for management is aligned with the company's management and business strategies, and is ideally balanced for both short-term and long-term goals.

From the above information, we have confirmed that our company's Board of Directors is operated appropriately, and that its effectiveness is assured.

Of the areas of effectiveness that were identified as those requiring improvements in the FY2019 survey, "Enhancement of Director training" was improved by holding regular training for Directors, and "Reinforcement of risk management systems" was improved by developing a system to identify and discuss risks. While improvements were seen in FY2020 effectiveness evaluations, we continue to work on making further improvements.

In addition, new items have derived from these survey results, indicating areas in which the effectiveness of the Board of Directors may be improved. This includes revising business portfolios factoring in capital and other costs, and sharing details of dialog with shareholders and institutional investors. Moving forward, we will address these items as we continue to work to maintain and improve the effectiveness of the Board of Directors.

## Status of Directors (Outside) and Audit & Supervisory Board Members (Outside)

We bring in outside Board members who have extensive experience and broad insight regarding business management, to provide thorough counsel on matters spanning the overall management. Outside members also strengthen Board of Directors monitoring functions and enhance the transparency of decision-making.

Outside members have no personal, capital, or business relationships, or other conflicts of interest with our company.

### Reason for Appointment of Directors (Outside) and Audit & Supervisory Board Members (Outside) (June 2021)

	Name	Reason for Appointment
Director (Outside)	Masanao Tomozoe	With his extensive experience and global insight regarding business management, he was appointed as a Director (Outside) where he is expected to play an effective role in contributing to strengthening monitoring functions of the Board of Directors and providing advice from his broad perspective of management.
	Ryoichi Yamamoto	With his extensive experience and high-level insight regarding business management, he was appointed as a Director (Outside) where he is expected to play an effective role in contributing to strengthening monitoring functions of the Board of Directors and providing advice from his broad perspective of management.
Audit & Supervisory Board Member (Outside)	Tatsuhiko Saruwatari	With his extensive experience and high-level insight regarding business management, he was appointed as an Audit & Supervisory Board Member (Outside) where he is expected to apply his expertise to company audits.
	Takashi Morisaki	Through his extensive experience and broad-ranging insight as a financial institution executive, he was appointed as an Audit & Supervisory Board Member (Outside) where he is expected to apply his expertise to company audits.

## Policies concerning the determination of compensation for Directors

Compensation for Directors is composed of fixed compensation and performance-based compensation.

Fixed compensation is determined by the Board of Directors. Reasonable and transparent decision-making is ensured by a process in which the Nomination and Compensation Committee, within which independent External Directors comprise a majority, deliberates and reports its findings to the Board of Directors regarding the appropriateness of compensation amounts for each Directorship position as appropriate to its roles and duties in keeping with the basic policies pertinent to the compensation system.

Performance compensation is determined in accordance with degree of achievement of corporate performance targets (consolidated sales, consolidated operating profit, etc.) for the fiscal year based on regulations for the granting of stock, as an incentive for management that takes into account medium- to long-term improvement in corporate value. The ratio of fixed

compensation to performance-linked compensation is set with an emphasis on stability and improvement of medium- to long-term performance, avoiding an excess percentage of performance-linked compensation.

External Directors and Audit & Supervisory Board Members (Outside) receive only fixed compensation, because of their roles in supervising and auditing from an independent standpoint.

#### ■ Total amount of compensation, etc., for Directors and Audit & Supervisory Board Members (Fiscal 2020)

Board members category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc., by type (million yen)		Number of eligible board members (persons)
		Monetary compensation	Non-monetary compensation, etc.	
		Fixed compensation	Performance-linked compensation	
Directors (excluding Directors (Outside))	208	182	26	5
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Outside))	40	40	—	2
Outside officers	38	38	—	4

- The limit of fixed compensation for Directors was resolved to be within 40 million yen per month at the 109th Annual General Meeting of Shareholders (held on June 28, 1990). Note that at the 135th Annual General Meeting of Shareholders (held on June 29, 2016), the amount of performance-linked stock compensation was resolved to be paid separately to fixed compensation, where the maximum limit of trust money is to be 600 million yen for applicable Directors other than Directors (Outside), and Executive Officers who meet specific requirements, for each 3-fiscal year period in which the system is applicable.
- The limit of fixed compensation for Audit & Supervisory Board Members was resolved to be within 6 million yen per month at the 109th Annual General Meeting of Shareholders (held on June 28, 1990).

## Training for board members

When we appoint new members to Directors and Audit & Supervisory Board, we conduct appropriate explanations about the legal duties and responsibilities to be observed and make use of external training bodies as necessary. We also offer seminars to the members, to acquire higher skills and new knowledge required for them to perform better. In fiscal 2020, four seminar sessions were held for Directors. For outside members, we offer sessions individually for them to acquire Noritake Group's key management factors, such as our management strategy, contents of our businesses and work, and financial information.



Seminar for board members

## Internal Control

We conduct reviews of our structures to ensure the properness of duties in accordance with revisions to laws and the current state of our Group. Our

current Basic Principles on Internal Control Systems were revised through resolution by the Board of Directors on April 23, 2020.

The Internal Audit Division governs internal control regulations for financial reporting, and performs continuous monitoring of work procedures to ensure the reliability of financial reporting. We have also established internal auditing regulations and conduct internal audits involving the legal compliance of the business activities of our business divisions and Group companies. Key matters discovered through these initiatives are reported to the Board of Directors or the Management Committee.

## Promotion of supply chain management

We believe that supply chain management is important for the Noritake Group to continue with our business in a stable manner, and we established our Purchasing Policy in FY2020. We work to build mutual relationships of trust with all of our business partners, and to engage in transactions in compliance with the laws of each country. We also continually review our relationships with our key business partners. We proceed to purchase environmentally-friendly raw materials, and pay well attention not to consume ores originating in areas of conflict.

### <Noritake Group Purchasing Policy>

Based on Noritake's corporate motto of "Good Quality, Export, and Co-prosperity", we will engage in purchasing activities aimed at continually providing our customers with good products and services that satisfy them. Furthermore, by building trusting relationships aimed at co-prosperity with our suppliers, we will proactively fulfill our corporate social responsibility in cooperation with our suppliers, that is:

- (1) We will keep our doors open impartially and globally to all suppliers and conduct fair transactions in good faith.
- (2) We will judge from every perspectives when selecting suppliers.
- (3) We will not only consider quality, cost and delivery, but also the supplier's attitude in its corporate responsibilities.
- (4) We will comply with the laws and regulations as well as social norms of each country and region while conducting business based on highly ethical standards.
- (5) We will perform environmentally friendly purchasing in line with Environmental Policy of the Noritake Group.

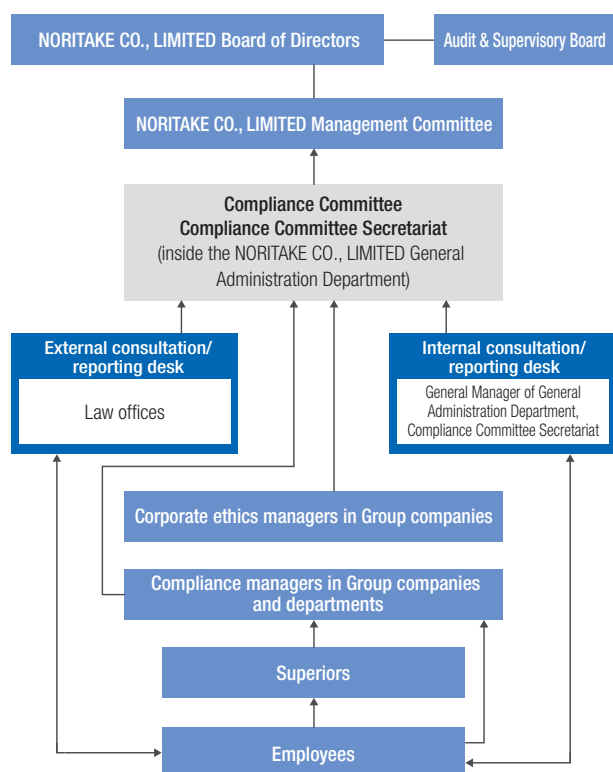
## Enforcement of compliance

With its Compliance Committee, the Noritake Group focuses on ongoing compliance activities throughout the entire organization, and appoints compliance managers on a workplace level.

The committee meets twice a year, and a compliance meeting is also held four times a year, where actual cases are studied and shared in order to prevent such recurrences. Compliance is also included in training by qualification, training by organization, training by purpose, and training for staff appointed overseas as part of employee education to encourage them to acquire specialist knowledge. We also provide easily understood explanations of laws and ordinances in every issue of our internal newsletter with case examples that relate to our everyday work to make these understood by all employees.

In the Noritake Group's Code of Ethics, we set forth ethical standards for the execution of duties and the observance of laws and ordinances concerning the prevention of bribery and other improprieties, and ensure that these standards are met by all employees while also focusing on preventive measures.

## ■ Compliance Structure



## Preparation of an internal reporting system

We have established contact points both inside and outside the company so that any employee of the Noritake Group can consult and report directly, without going through managers, in the event that a violation of laws, ordinances, standards of conduct or company rules, etc., is discovered or suspected. The confidentiality of persons reporting and the content of reports is strictly protected. No disadvantage shall be taken toward the persons by the company for having made consultation or reporting. A total of 11 reports were made during fiscal 2020.

## Disaster readiness and disaster mitigation initiatives

Disaster Prevention Committee meetings are held twice every year companywide, and evacuation drills assuming a large-scale disaster are also held twice a year at every workplace.

We have also started formulating business continuity plans (BCPs) for some businesses.

## Preparation of a risk management system

We have risk management rules so that, when faced with the risk of a loss of corporate value due to problems in management, accident or disaster, we can mitigate losses to the extent and continue with our business. Safety is taken on the highest priority, especially to secure human life. In the case of an emergency, we set up a task force immediately to respond to the risks.

In accordance with "disaster prevention management regulations," we also have a risk management structure in which we assume the occurrence of all manner of risks and make these continually known to all employees, so as to enable prompt and appropriate response in the event of emergency.

## Strengthening of information security

With regard to the protection of personal information and other information assets, we have information security management rules in order to eliminate risks and safely carry out business activities. These rules indicate a code of conduct concerning information security for all officers and employees. We create and employ countermeasure standards and implementation manuals based on this code.

We also have a promotional division under the officer in charge, and are working to strengthen security. To guard against unauthorized access and cyber attacks, we perform strict ID management, logging of PC access, 24-hour monitoring at our Security Operation Center. Drills for targeted e-mail are taken place periodically.

## Policies for the protection of personal information

The Noritake Group fully recognizes the importance of the protection of personal information. We comply with Japan's Act on the Protection of Personal Information and heed the laws of other countries as well, and properly manage the personal information provided by customers.

Reference URL (Protection of Personal Information)  
[https://www.noritake.co.jp/utility/privacy\\_policy/](https://www.noritake.co.jp/utility/privacy_policy/)

## Message from Director (Outside)

As a Director (Outside), I am committed to improving the long-term corporate value of the Noritake Group while always maintaining a neutral stance.

### ● How do you view measures to prevent the spread of COVID-19 infections?

Initially, I think that many people, including myself, held an optimistic view, thinking the impact of infections were only a temporary setback and markets would recover quickly. Yet as COVID-19 spread rapidly around the world and there seemed to be no end in sight, the Board of Directors clearly recognized the risk and revised plans as it moved to devise a more defensive budget. As we made proper management decisions despite the lack of clear solutions, we were able to recover a loss in revenue when the market recovered faster than anticipated by the second half of the year. This experience did not only pushed the move to digitalization within the company, but also increased awareness amongst employees of business risks and opportunities, and defense or offensive strategies. I believe that the Noritake Group has emerged even stronger as a result of the incident.

### ● What do you think about your roles as a Director (Outside) and governance?

I am aware that the responsibilities of Directors (Outside) has increased as revisions were made to the corporate governance code. The Noritake Group has a long history and cherishes the relationship of trust it has built with customers. Making continual improvements to the corporate governance system in line with the Group's management conditions based on the corporate governance code will be essential to ensure its effectiveness on a day-to-day basis. To achieve this, incorporating the views of all stakeholders associated with Noritake, including shareholders, into management through ongoing dialog will be extremely important.

As a Director (Outside), I will continue to provide feedback and point out risks or problems that members may have missed during meetings of the Board of Directors. I am committed to improving the long-term corporate value of the Noritake Group while always maintaining a neutral stance.

### ● What domains should the Noritake Group be focusing on in the future?

Today, companies are more and more questioned on how they can contribute to the society. With this in mind, I think that efforts toward ESG as well as helping to protect the global environment will be essential. Ceramics-related technology, the very core of the Noritake Group, is used in applications like batteries, clean water and atmospheric purification and contributes to the environment in a broad ways. I believe the Noritake Group should put its effort on development associated with SDGs targets or that help to resolve social or environmental issues.

### ● What can be expected to the Noritake Group in the future?

The company operates in four core business areas, employs staff located in many countries around the world, and has a diverse range of customers. Its production and sales network also spans the globe, which means the Noritake Group has contact with a lot of information. I believe that the Noritake Group has the ability to collect, organize and analyze this information in order to create new products that meet trends occurring throughout society. I expect the Noritake Group to make an even greater leap in the global markets.

Director (Outside)  
**Masanao  
Tomozoe**

