

Continuous reinforcement of governance

Basic approach and basic policies toward corporate governance

The basic policies concerning our corporate governance are as follows.

1. Strive to ensure the rights of shareholders and fairness.
2. Strive for appropriate cooperation with stakeholders other than shareholders (customers, suppliers, creditors, local communities, employees, etc.).
3. Strive to ensure appropriate information disclosure and transparency.
4. 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.
5. Strive for constructive dialog with shareholders.

General Meeting of Shareholders

Appointment/dismissal

Appointment/dismissal

Appointment/dismissal

Nomination & Compensation Committee

Inquiries, Reporting

Board of Directors
Director (excluding Audit & Supervisory Committee members)

Audit, Supervision

Audit and Supervisory Committee
Director (Audit & Supervisory Committee member)

Mutual collaboration

Assist

Orders

Audit & Supervisory Committee Office

Audit & Supervisory

Accounting Auditor

Execution of operations

President

Management Committee

Sustainability Management Committee

Compliance Committee

Environmental Committee

Human Resources Management Committee

Noritake Manufacturing Committee

Procurement Committee

Quality Committee

Central Safety and Health Committee

New Business Creation Committee

Internal Audit Division

Instructions

Report

Mutual collaboration

Executive Officers

Deliberation and reporting

Instructions

Business divisions, management divisions, domestic & overseas Group companies

Internal auditing

Accounting audits

- Progress of the Three-year Business Plan
- Ownership of investment securities
- State of activities of each committee
- Results of Board of Directors effectiveness evaluation

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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 2022, 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. The analysis and evaluation results of the effectiveness of the Board of Directors is as follows.

- The Board of Directors is composed appropriately with the required knowledge, skills, experience, and diversity to carry out their roles and responsibilities.
- The Board of Directors conducts appropriate monitoring and supervision to ensure that a corporate culture that emphasizes corporate ethics is disseminated throughout the company.
- The Board of Directors verifies that the Internal Whistleblower Contact Points is functioning properly. It also performs appropriate supervision regarding the construction and application of internal control systems.

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 needing improvement addressed in the FY2021 survey, "Strengthening risk management" was addressed by analyzing and assessing climate change risks in line with the TCFD (Task Force on Climate-related Financial Disclosures) framework while creating a governance system for risk management; "Human resources development and improvement of the internal environment" was addressed by the management team holding town hall meetings and introducing work-from-home systems, and these efforts were reported to the Board of Directors. Improvements were observed for each issue in the FY2022 effectiveness survey for "Prior distribution and explanation of materials," based on efforts to provide prior explanations and simplify distributed materials. We will continue making efforts toward "Strengthening risk management" as there is room for improvement in the future.

In addition, new items derived from these survey results indicating areas in which the effectiveness of the Board of Directors may be improved include "Revising business portfolios factoring in capital costs" and "Formulating and implementing an investment and human resource strategy for human capital based on long-term strategies." 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)

Noritake has four Directors (Outside), of which two are Directors who are Audit & Supervisory Committee members.

Directors (Outside) (excluding Directors who are Audit & Supervisory Committee members) Masanao Tomozoe and Ryoichi Yamamoto, and Directors (Outside) who are Audit & Supervisory Committee members Tatsuhiko Saruwatari and Takashi Morisaki have no person, capital, or business relationships or other conflicts of interest with our company.

While Noritake does not have any particular standards or policies concerning independence for the selection of Directors (Outside) (excluding Directors who are Audit & Supervisory Committee members) and Directors who are Audit & Supervisory Committee members, they are expected to fulfill their functions and roles of providing objective and appropriate audits and supervision based on their expertise and insight, and are appointed based on the underlying policy that there is no possibility of a conflict of interest with general shareholders.

Policies concerning the determination of compensation for Directors, etc.

To decide on the individual compensation of Directors (excluding Directors who are Audit and Supervisory Committee members), these matters are deliberated at the Nomination and Compensation Committee comprising a majority of Independent Directors, with the findings reported to the Board of Directors to make a decision.

The decision-making policies for individual compensation of Directors (excluding Directors who are Audit and Supervisory Committee members) are as follows.

a. Policies concerning fixed monthly compensation

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) is composed of "fixed monthly compensation" and "performance-linked stock compensation." "Fixed monthly compensation" is determined by the Board of Directors within the scope approved by the Shareholders Meeting. Reasonable and transparent decision-making is ensured by a process in which the Nomination and Compensation Committee 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.

Compensation for Directors (Outside) (excluding Directors who are Audit and Supervisory Committee members) is only "fixed monthly compensation," taking into account their role in supervising management from an independent standpoint.

Compensation for Directors who are Audit and Supervisory Committee members is only "fixed monthly compensation," which is decided within the scope approved by the Shareholders based on deliberation by Directors who are Audit and Supervisory Committee members.

b. Policies concerning performance-linked stock compensation

Performance-linked stock compensation is determined in accordance with degree of achievement of corporate performance targets (consolidated sales, consolidated operating profit, etc.) set in accordance with the Three-year Business Plan 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 and shareholder value. The standard for compensation varies between the range from 0% to 150%, with 100% being the degree of achievement of the baseline corporate performance targets (consolidated sales, consolidated operating profit, etc.). The compensation standard was 100% for the target indicator (consolidated sales of 139.4 billion yen, consolidated operating profit of 8.9 billion yen) related to performance-linked compensation during this fiscal year.

c. Policies concerning the ratio of compensation, etc.

The ratio of "monthly fixed compensation" to "performance-linked stock compensation" is set with an emphasis on stability of medium- to long-term performance and improvement of corporate value and shareholder value, avoiding an excess ratio of "performance-linked stock compensation" linked to business performance.

► Expertise and Experience of Directors (Skills Matrix) (as of June 30, 2023)

		Expertise and experience						
Name	Position in the Company	Corporate management	Sales	Manufacturing, technology, and R&D	Finance & accounting	Human resources and labor	Legal affairs and Risk management	Global
Hiroshi Kato	Representative Director and President	○			○	○	○	○
Akira Higashiyama	Representative Director and Vice President	○	○	○				
Makoto Okabe	Director and Senior Managing Executive Officer		○					○
Yuko Fuma	Director and Managing Executive Officer	○				○	○	○
Masanao Tomozoe	Director (Outside)	○	○					○
Ryoichi Yamamoto	Director (Outside)	○	○					
Yoshimasa Nakamura	Director and Audit & Supervisory Committee member				○			
Tatsuhiko Saruwatari	Director (Outside) and Audit & Supervisory Committee member	○		○			○	
Takashi Morisaki	Director (Outside) and Audit & Supervisory Committee member	○			○			○

Note: The above list is not a full representation of all the expertise and experience that each Director has.

► Reason for Appointment and Attendance Rate

	Name	Reason for Appointment	FY2022 attendance
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 contribute to strengthening monitoring functions of the Board of Directors and providing advice from his broad perspective of management.	Board of Directors 13/13 Audit & Supervisory Board —
	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 contribute to strengthening monitoring functions of the Board of Directors and providing advice from his broad perspective of management.	Board of Directors 13/13 Audit & Supervisory Board —
Director (Outside) and Audit & Supervisory Committee Member	Tatsuhiko Saruwatari	With his extensive experience and broad insight regarding business management, he was appointed as a Director (Outside) who is an Audit & Supervisory Committee member where he is expected to contribute to strengthening the auditing and monitoring functions of the execution of operations and providing advice from his broad perspective of management.	Board of Directors 13/13 Audit & Supervisory Board 12/12
	Takashi Morisaki	Through his extensive experience and broad-ranging insight as a financial institution executive, he was appointed as a Director (Outside) who is an Audit & Supervisory Committee member where he is expected to contribute to strengthening the auditing and monitoring functions of the execution of operations and providing advice from his broad perspective of management.	Board of Directors 13/13 Audit & Supervisory Board 12/12

► Total amount of compensation, etc., of Directors and Audit & Supervisory Board Members (Fiscal 2022)

Board members category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc., by type (million yen)		Number of eligible members (persons)
		Monetary compensation	Non-monetary compensation, etc.	
Directors (excluding Directors (Outside))	232	182	50	4
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Outside))	40	40	—	2
Outside officers	38	38	—	4

1. 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.

2. 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).

3. The amount of performance-linked stock compensation is listed as the provision for share-based remuneration for directors posted as expenses in FY2023.

Training for board members

When we appoint Internal Directors, we conduct appropriate explanations about their 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 addition, we regularly conduct in-house training for Officers, and, in fiscal 2022, we held four sessions on themes such as governance.

For External Directors, we also create individual opportunities to provide them with information about our Group management strategy, the content of our business and work, financial information, and more. In addition, they deepen their understanding of the Group through factory tours and regular interviews with internal officers.

Internal Control

Noritake conducts reviews of our structures to ensure the properness of duties in accordance with revisions to laws and the current state of our Group, and our current Basic Principles on Internal Control Systems were revised through resolution by the Board of Directors on June 23, 2023.

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 work 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.

Communication with shareholders and investors

We hold the General Meeting of Shareholders at the Noritake Company headquarters in Nagoya City every year in late June. In June 2023, 41 shareholders attended the 142nd Annual General Meeting of Shareholder and provided open opinions.

In addition, after the announcement of these financial results and the second quarter results, we ordinarily hold a financial results briefing for securities analysts.

Additionally, we are continually improving the website so that shareholders and investors can easily obtain various types of information such as business reports and financial results announcements.



Financial results announced for FY2023

Preparation of a risk management system

We have set out 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. We have also set forth “accidents management regulations,” and strive to establish a disaster prevention management system by raising the awareness of all employees on a daily basis so that they can respond quickly and appropriately in the event of any possible disaster.

The Sustainability Management Committee chaired by the President identifies risks that could have a significant impact on the company, and determines response measures to prevent them from occurring.

Disaster readiness and disaster mitigation initiatives

Disaster Prevention
Committee meetings are held twice every year company-wide, evacuation drills and confirmation of emergency contact networks are regularly conducted in preparation for the occurrence of a large-scale disaster at each business site.

Business groups and business sites have also started developing and formulating business continuity plans (BCPs).



Fire drill

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. The “Rules Regarding the Protection of Personal Information” was revised in January 2023 following revisions enacted for the Personal Information Protection Law, with revisions made to some items and new items added that need to be adhered to.

Reference URL
(Protection of Personal Information)

https://www.noritake.co.jp/utility/privacy_policy/

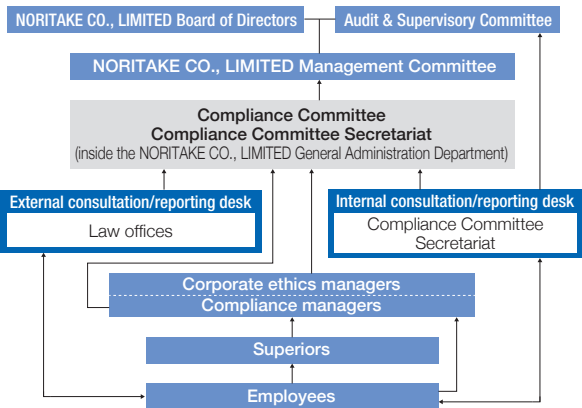
Enforcement of compliance

In the Noritake Group’s Code of Ethics, the Noritake Group set forth ethics standards for the execution of duties and compliance with laws and regulations, and ensures that these standards are met by all employees while also focusing on preventive measures.

With its Compliance Committee, the Noritake Group focuses on ongoing compliance activities throughout the entire organization, and even appoints compliance managers on a workplace level as its compliance system. The Compliance Committee, comprising executive officers in charge of the business divisions and corporate divisions and legal counsels, meets twice a year, and the Compliance Meeting comprising division managers meets four times a year, to share information on incidents, examine measures to prevent recurrence, and implement policies across departments.

Ongoing compliance education is also included in training by qualification, training by organization, training by purpose, and training for staff appointed overseas. 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 spread awareness amongst all employees.

► 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 superiors, in the event that a violation of laws or ordinances, company rules, or standards of conduct in the “Noritake Group’s Code of Ethics,” etc. is discovered or suspected. The confidentiality of persons reporting and the content of reports is strictly protected. Following the Amendment of the Whistleblower Protection Act, we revised the “Hotline/internal reporting system” in April 2023 in response to the additional obligations required by business operators. A total of 11 reports were made during fiscal 2022.

Message from Directors (Outside)

We have high expectations for Noritake's growth, which clearly indicated the Long-term Vision and materiality and shared the direction we aim for throughout the company.

In FY2022, the Noritake Group launched its 12th Three-year Business Plan. In the first year of this plan, profits declined as customers' industries have been significantly affected by changes in global environment, such as soaring resource prices and semiconductor shortages. However, we appreciate that we achieved an increase in sales.

What is more important than the business performance of a single year is the establishment of a foundation such as investment and human resource development toward the goals of the Three-year Business Plan or the Long-term Vision. Since we are generally advancing as planned, we believe that we are taking positive steps to achieve these goals. Management is a process of accumulation, and the content or the background of the figures and the factors are the most important. Focusing too much on the figures alone can result in conflicts between areas of the organization and lead to a loss of balance. As an outside director, I recognize that it is also important to look at the growth of the organization before results appear as figures.

Noritake identified the Long-term Vision and six materiality issues, clarified our goal, and linked each business group with this vision and materiality. More specifically, four taskforces have been established across business groups to advance this, and each business group would have understood the direction which it should take to reach the goals. I believe that this will lead to organizational reforms and the creation of sustainability management in the true sense of the term.

I am particularly monitoring the activities of the taskforce, which is working on organizational culture reform. We need a firm foundation to ensure the speedy progress of the 12th Three-year Business Plan. The key to this is people. We will train people to acquire experiences, to achieve decision-making skills, and to have wide perspectives. Then, we will assign them to various departments within the company to accelerate the plans for the next year and beyond. The corporate culture will become evident as a result of building up initiatives like these, and will have a significant impact on the power for the company to grow.

Now that expectations to companies from society and stakeholders grow increasingly, the company is not merely expected to raise earnings, but are also expected how it will impact and contribute to the society. That is the key to the sustainable growth of the time. It is difficult for each division to create such social value on its own, without working as a whole company. I have great expectations for the future growth of the Noritake Group, for the entire company is moving toward its Long-term Vision as one.

Director (Outside)
**Masanao
Tomozoe**



I hope that the Company will steadily achieve the targets of the 12th Three-year Business Plan and lead to the growth of the Company.

In June 2023, Noritake transitioned to a company with an Audit and Supervisory Committee. This decision was made through thorough discussion at the Board of Directors meetings, and I highly appreciate that we embarked on a new organizational design. However, the appointment of Audit and Supervisory Committee members and the establishment of the Committee will not simply leads to the strengthening of Noritake's governance. How to operate this organizational structure in the future is very important. This means the Group is shifting to monitoring-type governance that oversees execution. We should appoint several outside officers who do not execute business by themselves to separate the execution of business and supervision within the Board of Directors. The Audit and Supervisory Committee, which is centered by outside directors, has to act as a monitoring function for the execution of business while fulfilling the audit function.

On the other hand, it is also important how quickly internal directors, who are also executives, can perform their tasks. It is important for the Board of Directors to thoroughly examine the contents of the process and evaluate whether there are any unnecessary risks being taken, how valid the actions are, and whether the actions are generating profits to decide on investments and to implement policies. Directors will then monitor to verify whether the results of expeditious action by the executive side are contributing to the achievement of management goals and whether they are leading to enhance the corporate value. I believe that if such a good cycle is completed, Noritake's corporate value will improve and will grow sustainably.

Beginning in 2021, the Board of Directors devoted a great deal of time to discussions related to the formulation of the Long-term Vision and the 12th Three-year Business Plan. I recognize that the direction presented here reflects the consensus of the directors and is extremely important. Accordingly, it is vital to achieve the targets of the 12th Business Plan which have been defined as the initial step of the company reform. As a result of the first year, we will make a severe judgment of the results and set a new path to achieving the targets, and support the executives in a flexible manner.

There are many excellent engineers at Noritake, and I have always admired their abilities. If they can grasp social trends more quickly and respond immediately to changes in the market, I expect that we will get closer to achieving the goals. Management also needs to be active in deciding on investments for human capital and digital transformation to meet the proposed profit targets and leverage the skills of their human resources as much as possible. By achieving them, I think the company will be able to accomplish its 12th Business Plan targets and lead to the company's growth.

Director (Outside)
**Ryoichi
Yamamoto**

