

Details of corporate governance at Toyo Ink SC Holdings are as follows.

I. Basic position on corporate governance, capital composition, corporate data and other basic information

1. Basic position

The Toyo Ink Group (“the Group”) aims to enhance the overall value of the entire Group under a holding company system by strengthening groupwide strategic capabilities, speeding up management, and striking a balance between optimization on a groupwide scale and for individual lines of business.

The group’s management framework revolves around the “Toyo Ink Group’s Philosophy System,” which takes the Group’s basic position on Group company management and distills it into a Corporate Philosophy, Corporate Policy and a set of Guiding Principles, and a “CSR Value System,” which consists of a CSR Charter and CSR Action Guidelines that clearly underline the Group’s commitment to social responsibility.

By putting the Toyo Ink Group’s Philosophy System and CSR Value System into practice, the Group will contribute to improving the sustainability of consumption, life and the global environment through science-driven manufacturing, with the aim of being “a company that contributes to the enrichment of life and culture throughout the world,” as stated in the Group’s Corporate Policy.

To achieve that, the Group has made it a top priority to evaluate its own corporate activities from the same point of view as its stakeholders, and to ensure balanced management from an economic, social, human and environmental standpoint, in order to create tangible and intangible corporate value and fulfill its social responsibilities.

To make that a reality, the Group is implementing the following measures.

- Adequately implementing approval and affiliate management regulations applicable to Group companies, to enable delegation of executive capabilities to individual operating companies and to strengthen corporate governance
- Improving internal control systems
- Strengthening the legal functional capabilities of General Meetings of Shareholders, the Board of Directors, the Audit & Supervisory Board, accounting auditors and other such parties, in order to improve leadership and monitoring capabilities
- Disclosing information quickly, accurately and widely, in order to improve management transparency
- Strengthening and improving compliance systems
- Promoting environmental preservation on a global scale

These and other measures are intended to establish good relationships with all of the Group’s stakeholders, including shareholders, suppliers, local communities and employees, and to enhance corporate governance.

[\[Reasons for not implementing principles under the Corporate Governance Code\]](#)

The Company implements each of the principles under the Corporate Governance Code.

[\[Disclosure in accordance with principles under the Corporate Governance Code\]](#) Updated

(Principle 1-4)

The Company examines the economic viability of cross-shareholdings for listed shares at meetings of the Board of Directors each year, based on their economic viability. Benefits from holding the shares, status of transaction, and other elements are examined on a stock-by-stock basis in comparison with the capital cost. Where it is deemed to be inappropriate to hold shares in a particular company, the number of shares owned by the Company will be reduced, taking into consideration the conditions of the company and market trends.

In the previous fiscal year, the Company sold all of the shares of two stocks that it held and some of the shares of five stocks that it held.

Voting rights in relation to cross-shareholdings for listed shares will be exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help to enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including the Company, and the qualitative and overall impact it will have on the Group in terms of management and

business. Where an issuing company has special circumstances, such as the occurrence of significant damage to its corporate value or a serious compliance violation, or where there is a concern that an issuing company may damage the corporate value of the Company as its shareholder, judgment over whether or not to approve will be made carefully by collecting sufficient information through dialogues with the issuing company or by other means.

(Principle 1-7)

The Company will carry out all transactions, including related party transactions, in accordance with its own internal regulations, having sought necessary approvals in line with the importance and nature of the relevant transaction. Transactions whereby the related party is a major shareholder, or equivalent, will be subject to the same terms and conditions as transactions with third parties, to ensure that transactions are carried out legitimately.

(Principle 2-6)

At the Company, the corporate pension assets are managed by the Toyo Ink Corporate Pension Fund.

Under the pension scheme of the Fund, the assets are managed by diversifying them appropriately after listening to opinions from the asset management consultant and asset management organizations, to secure investment earnings on a long-term basis for the purpose of securing resources for stable payment in the future.

Management of the pension assets of the Fund is entrusted to multiple asset management organizations, and each organization is left to select individual investment destinations and exercise voting rights, so as to prevent a conflict of interest between beneficiaries of the corporate pension and the Company. In addition, information about the management status is obtained regularly from each management organization, and details are shared by the Asset Management Committee. The Fund thus oversees the status of asset management appropriately.

Further, the commissioner and person in charge from the Fund cooperate with the asset management consultant to ensure appropriate asset management and participate in pension management seminars and similar sessions hosted by asset management organizations, as part of their efforts to strengthen their expertise.

(Principle 3-1)

(i) Details of the Company's Corporate Philosophy are published on the Company's website for reference.

Corporate Philosophy: Company > Toyo Ink Group's Philosophy System

<https://schd.toyoinkgroup.com/en/corpinfo/philosophy.html>

Management Plan: Investors > Corporate Management > Strategy

<https://schd.toyoinkgroup.com/en/corpinfo/strategy.html>

(ii) Details of the Company's basic position on corporate governance are included under Section I-I of this report (Basic position). The Company's Basic Corporate Governance Policies are published on the Company's website for reference.

Investors > Corporate Management > Corporate Governance.

<https://schd.toyoinkgroup.com/en/ir/management/governance.html>

(iii) The Company believes the executive remuneration system is an important part of its corporate governance and has established the five policies below based on this understanding. The Company will also ensure that the system adopts an objective perspective through the Nomination and Remuneration Advisory Committees which are chaired by an Outside Director.

- 1) Remuneration should be at a level that reflects economic conditions and corporate performance.
- 2) It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
- 3) The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
- 4) Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance targets.
- 5) It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

Based on the above policies for executive remuneration, from the perspective for securing transparency and focusing on the performance, the remuneration of Directors excluding Outside Directors shall consist of a basic salary, performance-based compensation and restricted stock compensation. Regarding the amount of remuneration, the Annual General Meeting of Shareholders held on March 24, 2021 passed a resolution deciding that the total amount of the basic salary and the performance-based compensation (monetary compensation) for Directors including Outside Directors would not exceed ¥500 million a year and that the total amount of restricted stock compensation (non-monetary compensation) would be ¥100 million a year or less, outside the ¥500 million framework for monetary compensation. The percentage of each constituent element of compensation (standard amount when the 100% of the targets for performance-based compensation are achieved) is as follows: 65% basic salary, 35% performance-based compensation and 5% restricted stock compensation.

The remuneration of Outside Directors is fixed and composed of only the basic salary in light of their duties and role of supervising the execution of business.

In addition, the remuneration of individual Directors is determined through the following procedures.

- 1) The Board of Directors delegates the determination of the amounts of the remuneration for individual Directors (the amount of the basic salary and the amount of the performance-based compensation) to the Chairman, the President and the Director in charge of personnel affairs who shall consult on the matter. The President shall present a proposal prepared after consultation among the three persons above on the amount of remuneration for each Director and the number of shares to be granted to each Director through the restricted stock compensation to the Nomination and Remuneration Advisory Committee (hereinafter the “Advisory Committee”).
 - 2) The Advisory Committee examines and deliberates on this evaluation process and the results of the evaluation, etc.
 - 3) The Chairman, President and Director in charge of personnel affairs consult to determine the amount of remuneration for each Director taking into consideration the Advisory Committee’s report, and the Board of Directors confirms the Company’s evaluation of the performance-based compensation and passes a resolution on the number of shares to be granted to each Director in the restricted stock compensation.
- (iv) The Board of Directors of the Company appoints and removes Executives, nominates candidates for Directors and Audit & Supervisory Board Members, and makes important management decisions, so as to fulfill its fiduciary responsibility to shareholders through sustainable growth and medium- and long-term improvement of corporate value. It ensures fair, transparent management by fulfilling its function of supervising the overall business management. At the same time, it shows the major directions, such as management strategies, and makes decisions on the allocation of important management resources.

When a candidate for Director is nominated, the following matters (a) to (d) are determined comprehensively by the Chairman, President and Director in charge of Personnel. The Chairman & Group CEO nominates candidates for the posts of Director and Audit & Supervisory Board Member. The nomination of candidates for the post of Director is discussed by the Nomination and Remuneration Advisory Committees, which are attended by four independent Outside Directors, and candidates for the post of Audit & Supervisory Board Member are approved at the meeting of the Audit & Supervisory Board concerning submission of the proposal for the appointment to the General Meeting of Shareholders, before they are determined through deliberation and a resolution at a meeting of the Board of Directors.

At the current time, the Company has appointed six Outside Directors and Outside Audit & Supervisory Board Members who meet independence standards (including independent decision making) set out by Tokyo Stock Exchange (see Principle 4-9 below) (hereafter referred to using the generic term “Outside Directors”), ensuring that they do not have any special personal relationship with, capital ties to, or other interests in the Company.

(a) Criteria for nomination of Chief Executive Officer

In accordance with the Company’s Corporate Policy, the Company nominates the Chief Executive Officer, based on a comprehensive assessment of:

- ◆ the nominee’s ability to balance short-term, medium-term and long-term perspectives and to make sophisticated management decisions;
- ◆ the nominee’s familiarity with the Group’s business gained through experience serving as an executive director; and
- ◆ the nominee’s awareness of the need to strictly enforce the law and corporate ethics.

(b) Appointment and nomination of candidates for Executives and Directors

In accordance with the Company’s Corporate Policy, the Company nominates candidates for Executives and Directors, based on a comprehensive assessment of:

- ◆ their expected ability to contribute to the further development of the Group and related industries as a whole;
- ◆ their ability to accurately identify issues in their division and work with other Executives to resolve those issues; and
- ◆ their awareness of the need to strictly enforce the law and corporate ethics.

(c) Nomination of candidates for Audit & Supervisory Board Members

In accordance with the Company’s Corporate Policy, the Company nominates candidates for Audit & Supervisory Board Members, based on a comprehensive assessment of:

- ◆ their ability to audit Directors’ performance, prevent violations of the law and the Company’s articles of incorporation before they occur, and maintain and improve sound management and public trust in the Group; and
- ◆ their ability to conduct audits from a neutral, objective perspective, and contribute to ensuring sound management.

(d) Nomination of candidates for Outside Directors

Taking the Company’s criteria for independence for independent officers into consideration, the Company nominates candidates for Outside Directors, based on a comprehensive assessment of:

- ◆ their extensive expertise and experience in fulfilling leadership roles in areas such as management, legal affairs, finance and accounting, personnel and labor relations, and the chemical industry; and
- ◆ their ability to get to the heart of issues affecting the Group, adequately share their opinions with management, and provide guidance and supervision.

Concerning the removal of an Executive, consultation will be sought from the Advisory Committee in light of the criteria for removal stipulated in the Rules on Disciplinary Actions against Directors.

- (v) The reasons for the nomination of candidates for Directors and Audit & Supervisory Board Members are already available on the Company's website for reference, on pages 7-16 of the Notice of the 181st Annual General Meeting of Shareholders.

Investors > IR Archives > Other Documents

<https://schd.toyoinkgroup.com/en/ir/archives/mtg.html>

(Supplementary Principle 4-1(1))

In addition to matters that require a decision from the Board of Directors in accordance with the law or the Company's articles of incorporation, important operational matters such as annual business plans are submitted for approval by the Board of Directors in accordance with the Board of Directors Regulations. Decisions regarding other important matters in relation to management are made by the Group Management Executive Committee in accordance with the Management Committee Regulations. To ensure effective supervision by the Board of Directors, matters determined by the Group Management Committee are then reported to the Board of Directors.

Operations relating to matters other than those submitted to the Board of Directors or the Group Management Executive Committee are handled directly by the relevant Director in accordance with responsibilities determined by the Board of Directors. Such operations may also be delegated to a responsible Executive Officer. Even in cases such as these however, there are approval regulations in place for matters that can only be acted upon with approval from the Representative Director, due to their importance or nature.

(Principle 4-9)

Details of independence standards for Outside Directors and Audit & Supervisory Board Members are published on the Company's website for reference.

Investors > Corporate Management > Corporate Governance

<https://schd.toyoinkgroup.com/en/ir/management/governance.html>

(Supplementary Principle 4-11(1))

The Company's position regarding the balance of knowledge, experience and skills across its Board of Directors, and the diversity of the board, is more or less the same as its position regarding the nomination of candidates for Directors, details of which are outlined under Principle 3-1-4 above. There are systems in place to examine matters such as setting out details in internal regulations as necessary in the future, with a greater emphasis on the balance of knowledge, experience and skills across the board as a whole, and the diversity and size of the board.

(Supplementary Principle 4-11(2))

Details of executive positions held concurrently by Directors and Audit & Supervisory Board Members at other listed companies are included in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report, which are posted on the Company's website.

Investors > IR Archives > Other Documents

<https://schd.toyoinkgroup.com/ja/ir/archives/mtg.html>

Investors > IR Archives > Annual Securities Reports

<https://schd.toyoinkgroup.com/ja/ir/archives/scr.html>

(Supplementary Principle 4-11(3))

The Company asked all Directors and Audit & Supervisory Board Members, including Outside Directors, to complete a questionnaire in fiscal 2020 assessing the composition of the Company's Board of Directors, its capabilities and operating methods, and its effectiveness in handling matters for discussion. The results confirmed that the Board of Directors was operated soundly, with unrestricted discussions at all times, including appropriate questions and presentations of issues from Outside Directors and Audit & Supervisory Board Members, and opinions and suggestions given from each expert's perspective.

At the same time, however, there are opinions that it needs an improvement or means for strengthening the asymmetry of information about the company and its operations possessed by Internal Directors and Outside Directors. Based on the above assessment results, the Board of Directors will continue to work to improve its effectiveness to achieve sustainable growth.

(Supplementary Principle 4-14(2))

The Company continues to provide Directors and Audit & Supervisory Board Members with opportunities for essential training to help them to perform their respective duties and responsibilities. In addition to outside training for newly appointed Directors, the Company provides opportunities for Directors and Audit & Supervisory Board Members to acquire education in management or auditing, expertise in areas such as the Companies Act and corporate governance, and useful information for legal compliance and management, and helps fund this training. Outside Directors are provided with other resources besides the foregoing, including explanations aimed at improving their understanding in areas such as the Group's management strategy, business activities and current status, upon taking office as well as facility tours and briefings from supervising executives as necessary thereafter.

(Principle 5-1)

The Company regards shareholders and investors as key stakeholders, and makes every effort to respect shareholders' rights and improve shareholder value, based on its Guiding Principle to "enhance shareholder satisfaction (SHS)." In particular, constructive dialogue with shareholders and investors is positioned as an important factor. The Company appoints Directors in charge of finance, general affairs and IR, in order to effectively share information through organic cooperation between related divisions. The General Affairs Department and the Corporate Communication Department work to promote dialogue with shareholders and investors, respectively. If feedback obtained through dialogue is deemed to be important, it is then reported to the relevant Director as necessary.

In terms of managing insider information, there are regulations in place such as Insider Trading Prevention & Management Regulations and Information Protection & Management Regulations. The Group has also set out specific action guidelines in the form of its Business Code of Conduct, and distributes guidebooks to all Group employees, as well as providing regular education in an effort to effectively raise awareness.

2. Capital composition

Overseas stock holdings	Between 10% and 20%
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[Major shareholders]

Name	Holdings (shares)	Ratio (%)
Toppan Printing Co., Ltd.	13,646,988	22.51
The Master Trust Bank of Japan Ltd. (Trust Account)	3,172,700	5.23
SAKATA INX CORPORATION	2,335,200	3.85
Toyo Ink SC Holdings Co., Ltd.	2,195,524	3.62
Custody Bank of Japan, Ltd.	2,099,500	3.46
Nippon Shokubai Co., Ltd.	1,661,230	2.74
Toyo Ink Group Employee's Stock Club	1,488,844	2.46
National Mutual Insurance Federation of Agricultural Cooperatives	1,296,000	2.14
Toyo Ink Suppliers' Stock Club	994,400	1.64
State Street London care of State Street Bank and Trust Boston SSBTC A/C UK London branch clients - United Kingdom	875,500	1.44

Majority shareholder (excluding parent company)	Toppan Printing Co., Ltd.
Parent company	None

Supplementary explanation

Through the statement of large-volume holdings (the Cchange Report) submitted by Toppan Printing Co., Ltd. to the Kanto Local Finance Bureau on March 16, 2021, the Company has confirmed that the percent of the Company's shares held by Toppan Printing Co., Ltd. has decreased to 18.19% (including 0.02% in indirect holdings).

3. Corporate data

Listed stock exchange and section	Tokyo Stock Exchange, First Section
Accounting year end	December
Industry	Chemicals
Workforce as of the end of the last fiscal year (consolidated)	Over 1,000 employees
Sales as of the end of the last fiscal year (consolidated)	Between ¥100 billion and ¥1 trillion
Consolidated subsidiaries as of the end of the last fiscal year	Between 50 and 100

4. Guidelines on minority shareholder protection policies when engaging in transactions with a majority shareholder, etc.

As of December 31, 2020, Toppan Printing Co., Ltd. holds 24.74% (including 1.31% in indirect holdings) of the voting rights in the Company. That means that the Company is positioned as an equity method affiliate of Toppan Printing. For the purpose of receiving advice and guidance on the Company's general management from an objective perspective with a view toward the business environment surrounding the Group from an expert with seasoned knowledge of the industry, the Chairman of Toppan Printing also serves as a Director of the Company as of the day when this report has been submitted.

Management decisions are made independently by the Company and we consider that a certain level of independence has been secured. Moreover, terms and conditions for all transactions with Toppan Printing and its group companies are determined based on a comprehensive overview of factors such as contract details and market prices, in the same way as transactions with other companies that have no capital ties with the Group. Through this management structure and policy on transactions, the Group has established a system to effectively protect minority shareholders.

5. Other special circumstances that could have a material effect on corporate governance

II. Management structure in relation to decision making, execution and oversight, and other aspects of corporate governance structure

1. Matters relating to organizational composition, organizational management, etc.

Organization type	Company with auditors
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[Directors]

Number of Directors under the Articles of Incorporation	22
Term in office for Directors under the Articles of Incorporation	1 year
Chair of the Board of Directors	President
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Outside Directors designated as independent	4

Relationship with the Company (1)

Name	Status	Relationship with company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Kimito Amari	Academic expert												
Keiko Kimura	Lawyer												
Shingo Kaneko	From another company								△				
Chise Onodera	Academic expert					○		○					
Yutaka Yokoi	Other												

* Nomination category based on relationship with the company

* If any of the following points are applicable to individual currently, or recently, they are marked as ○. If they were applicable in the past, they are marked as △.

* If any of the following points are applicable to a close relative currently, or recently, they are marked as ●. If they were applicable to a close relative in the past, they are marked as ▲.

- Executive member of staff at a listed company or subsidiary thereof
- Executive member of staff or non-executive director at the parent company of a listed company
- Executive member of staff at a sister company of a listed company
- Major supplier to a listed company, or an executive member of staff thereof
- Major client to a listed company, or an executive member of staff thereof
- Consultant, accounting specialist or legal expert in receipt of a substantial sum of money or other assets (other than executive remuneration) from a listed company
- Major shareholder in a listed company (or an executive member of staff if the relevant major shareholder is a company)
- Executive member of staff at a supplier or client to a listed company (other than those listed under d, e, or f) (individual only)
- Executive member of staff at an organization with a mutual appointment relationship for Outside Directors (individual only)
- Executive member of staff at an organization donating to a listed company (individual only)
- Other

Relationship with the Company (2)

Name	Independent	Notes on suitability	Reasons for nomination
Kimito Amari	Yes	Emeritus Professor of Sophia University Lawyer, Kashiwagi & Amano Law Office	<p>Mr. Kimito Amari is an independent party with no trading relationship with the Company. He is a qualified lawyer and an academic expert in the legal field. Based on his past experience as an Outside Audit & Supervisory Board Member, he can be expected to oversee management from an impartial perspective.</p> <p>As Mr. Amari is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>
Keiko Kimura	Yes	Lawyer, Anzai Law Office	<p>Ms. Keiko Kimura is a qualified lawyer and an independent party with no trading relationship with the Company. She is an expert in labor law in particular, and has a wide range of expertise in the field of personnel and labor relations. She can therefore be expected to oversee management from an impartial perspective.</p> <p>Ms. Kimura is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>
Shingo Kaneko		<p>Chairman and Representative Director of Toppan Printing Co., Ltd.</p> <p>The Group regularly conducts transactions with the Toppan Printing Group.</p> <p>As of March 9, 2021, Toppan Printing holds an 18.17% stake in the Company.</p>	<p>Mr. Shingo Kaneko is a management expert with extensive experience in this industry, and can therefore be expected to provide general management advice and guidance from an objective perspective with a view toward the business environment surrounding the Group, which will lead to livelier discussions at meetings of the Board of Directors.</p>
Chise Onodera		Professor at the College of Law, Nihon University	<p>Ms. Chise Onodera is an independent party with no trading relationship with the Company. As a legal scholar, she also has a high level of specialized knowledge. Based on her past experience as an Outside Audit & Supervisory Board Member of the Company, she can be expected to oversee management from an impartial perspective.</p> <p>As Ms. Onodera is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>

Yutaka Yokoi	Yes	Mr. Yutaka Yokoi is an independent party with no trading relationship with the Company. Based on his international perspective and broad insight into the world situation cultivated as a Foreign Ministry employee, he can be expected to provide advice and guidance for the Company's management and appropriately supervise its execution of business from an objective and neutral perspective. As Mr. Yokoi is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.
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Nomination committee, or voluntary committee equivalent to a remuneration committee	Yes
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Establishment of voluntary committee, member composition and attributes of committee chair

	Name of Committee	Total members	Full-time members	Internal Directors	Outside Directors	Outside experts	Others	Committee Chair
Voluntary committee equivalent to a Nomination Committee	Nomination and Remuneration Advisory Committees	6	0	2	4	0	0	Outside Director
Voluntary committee equivalent to a Remuneration Committee	Nomination and Remuneration Advisory Committees	6	0	2	4	0	0	Outside Director

Supplementary explanation

At the meeting of the Board of Directors held on February 9, 2017, the Company resolved to establish Nomination and Remuneration Advisory Committees aimed at further enhancing transparency and objectivity in processes for determining the nomination and remuneration of directors. The Company convened the advisory committees ahead of the 183rd Annual General Meeting of Shareholders held on March 24, 2021, to discuss director candidates and their remuneration. The committee meetings were attended by four Outside Directors (independent Outside Directors) who satisfy the criteria of independence of Outside Directors and Outside Audit & Supervisory Board Members established by the Company.

[Audit & Supervisory Board Members]

Audit board	Yes
Number of auditors under the Articles of Incorporation	5
Number of auditors	5

Coordination between Audit & Supervisory Board Members, accounting auditor, and internal auditing departments

The Company has a contract with Deloitte Touche Tohmatsu LLC, which is responsible for auditing the Company's accounts in its capacity as accounting auditor.
The full-time Audit & Supervisory Board Members exchange opinions with the Representative Director, Directors,

executive officers and general managers of departments on a regular basis. Full-time Audit & Supervisory Board Members also conduct onsite inspections of major subsidiaries and offices in Japan and overseas and interviews using the web meeting system as necessary. In addition, they convene information exchange meetings with the Outside Audit & Supervisory Board Member to strengthen cooperation between them.

The full-time Audit & Supervisory Board Members, accounting auditor and the General Manager of the Group Internal Audit Department exchange information and views with each other to strengthen cooperation over their respective audits and the accounting auditor holds a meeting to report its audit results each quarter. The full-time Audit & Supervisory Board Members and the Internal Audit Department hold information exchange meetings every month to receive reports from each other on the implementation of audits and to collaborate over audits.

The Company assigns a member of auditing staff who concurrently serves as an employee who assists with the duties of the Audit & Supervisory Board.

The Group Internal Audit Department conducts audits to check that each Group Company conducts operations properly, in compliance with laws and regulations and the Articles of Incorporation, and it reports the audit results to the Representative Director and the Director responsible for Internal Control, and also reports to the Audit & Supervisory Board.

Appointment of outside auditors	Yes
Number of outside auditors	3
Outside auditors designated as independent	2

Relationship with the Company (1)

Name	Status	Relationship with company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hidetaka Kakiya	From another company							△		△				
Jusuke Ikegami	Academic expert													
Minoru Matsumoto	Certified public accountant								△					

* Nomination category based on relationship with the company

* If any of the following points are applicable to individual currently, or recently, they are marked as ○. If they were applicable in the past, they are marked as △.

* If any of the following points are applicable to a close relative currently, or recently, they are marked as ●. If they were applicable to a close relative in the past, they are marked as ▲.

- Executive member of staff at a listed company or subsidiary thereof
- Non-executive director or accounting advisor at a listed company or subsidiary thereof
- Executive member of staff or non-executive director at the parent company of a listed company
- Auditor at the parent company of a listed company
- Executive member of staff at a sister company of a listed company
- Major supplier to a listed company, or an executive member of staff thereof
- Major client to a listed company, or an executive member of staff thereof
- Consultant, accounting specialist or legal expert in receipt of a substantial sum of money or other assets (other than executive remuneration) from a listed company
- Major shareholder in a listed company (or an executive member of staff if the relevant major shareholder is a company)
- Executive member of staff at a supplier or client to a listed company (other than those listed under f, g, or h) (individual only)
- Executive member of staff at an organization with a mutual appointment relationship for Outside Directors (individual only)
- Executive member of staff at an organization donating to a listed company (individual only)
- Other

Relationship with the Company (2)

Name	Independent	Notes on suitability	Reasons for nomination
Hidetaka Kakiya		<p>Mr. Hidetaka Kakiya was a business executive of Toppan Printing Co., Ltd. until June 28, 2018.</p> <p>The Group regularly conducts transactions with the Toppan Printing Group.</p> <p>As of March 9, 2021, Toppan Printing holds an 18.17% stake in the Company.</p>	<p>Mr. Kakiya has a wide range of expertise in the field of corporate management, and can therefore be expected to audit management in general from an objective perspective.</p> <p>Mr. Kakiya has engaged in finance and accounting operations over the years at Toppan Printing Co., Ltd. and has subsequently been serving as Head of Finance & Accounting Division of the said company, and therefore possesses considerable knowledge in finance and accounting.</p>
Jusuke Ikegami	Yes	<p>Mr. Jusuke Ikegami is a Professor at Waseda Business School (Graduate School of Business and Finance), Waseda University</p>	<p>Mr. Ikegami is an independent party with no trading relationship with the Company. He also has a high level of specialist knowledge as a researcher in corporate strategy and marketing, and can therefore be expected to audit management in general from an objective, neutral perspective.</p> <p>As Mr. Ikegami is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>
Minoru Matsumoto	Yes	<p>Mr. Minoru Matsumoto is the head of Office of Minoru Matsumoto CPA Office, an outside director of Foster Electric Co., Ltd. and an outside director (Audit and Supervisory Committee member) of JASTEC Co., Ltd.</p> <p>Mr. Matsumoto previously worked for Deloitte Touche Tohmatsu LLC, an accounting auditor of the Company. However, he left this audit corporation in September 2012.</p>	<p>Mr. Matsumoto is an independent party with no trading relationship with the Company. He also has a wealth of experience in accounting audits and considerable knowledge in finance and accounting as a certified public accountant, and can therefore be expected to audit management in general from an impartial perspective and oversee management from an impartial perspective.</p> <p>As Mr. Matsumoto is not covered under Article 211, Paragraph 4, Section 5 of the Enforcement Rules for Securities Listing Regulations, there is not deemed to be any conflict of interest with general shareholders.</p>

[Independent auditors]

Number of independent auditors

6

Other matters relating to independent auditors

[Incentives]

Implementation of policies relating to the provision of incentives to Directors

Introduced a performance-linked remuneration system and others

Supplementary explanation regarding this matter

In addition to a performance-based compensation system as a short-term incentive for Directors excluding Outside Directors, the Company has introduced a restricted stock compensation system with the aim of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company's results over the medium to long term based on a healthy entrepreneurial spirit, and increasing Directors' enthusiasm for and contribution to enhancing corporate value (approved at the Annual General Meeting of Shareholders held on March 24, 2021).

Eligibility for stock options

Directors (internal), others

Supplementary explanation regarding this matter

[Directors' remuneration]

Disclosure of remuneration (for individual Directors)

Individual remuneration is not disclosed

Supplementary explanation regarding this matter

Total remuneration is disclosed separately for internal Directors and Outside Directors. Remuneration for Directors in fiscal 2020 (from January 1, 2020 to December 31, 2020) totaled ¥369 million (¥38 million of which was paid to Outside Directors).

Policies on remuneration and methods of calculation

Yes

Details of disclosure of policies on remuneration and methods of calculation

The Company believes the executive remuneration system is an important part of its corporate governance and has established the five policies below based on this understanding. The Company will also ensure that the system adopts an objective perspective through the Nomination and Remuneration Advisory Committees chaired by an Outside Director.

- 1) Remuneration should reflect economic conditions and corporate performance.
- 2) It should be a level that enables the Company to attract and retain talent to increase its corporate value.
- 3) The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
- 4) Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance targets.
- 5) It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

Based on the above policies for executive remuneration, the remuneration of Directors excluding Outside Directors shall consist of a basic salary, performance-based compensation and restricted stock compensation. Regarding the amount of remuneration, the Annual General Meeting of Shareholders held on March 24, 2021 passed a resolution deciding that the total amount of the basic salary and the performance-based compensation (monetary compensation) for Directors including Outside Directors would not exceed ¥500 million a year and that the total amount of restricted stock compensation (non-monetary compensation) would be ¥100 million a year or less, outside the ¥500 million framework for monetary compensation.

[Basic salary]

The basic salary is cash-based and paid monthly according to the specific position.

[Performance-based compensation]

Performance-based compensation is established to be a short-term incentive paid monthly and reflecting the evaluation of consolidated financial results. The calculation method is as follows.

*Basic amount of performance-based compensation for each position x Payment rate (%) based on the evaluation of consolidated financial results

*The method for calculating the payment rate based on the evaluation of consolidated financial results is as follows. Target below is the published target at the beginning of the period.

- Indicators for the evaluation of consolidated financial results are the comparison of consolidated net sales and consolidated operating profit with the targets and the previous year respectively.

- The comparison of consolidated net sales with the target, the comparison of consolidated net sales with the previous year, the comparison of consolidated operating profit with the target and the comparison of consolidated operating profit with the previous year are weight-averaged using the following percentages: 24%, 16%, 36%, and 24%, respectively, and the payment ratio is determined based on their results.

[Restricted stock compensation]

The Company has established restricted stock compensation as a long-term incentive, with the aim of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company's results over the medium and long terms based on a healthy entrepreneurial spirit, and increasing Directors' enthusiasm for and contribution to the improvement of corporate value. The Company will deliver its shares with restriction on transfer to Directors excluding Outside Directors at a certain time every year. The calculation method is as follows.

*Basic amount of restricted stock compensation for each position x Payment rate (%) based on the evaluation of consolidated financial results

*The method for calculating the payment rate based on the evaluation of consolidated financial results is as follows. Target is the published target at the beginning of the period.

- Indicators for the evaluation of consolidated financial results are the comparison of consolidated net sales and consolidated operating profit with the targets and the previous year respectively.

- The comparison of consolidated net sales with the target, the comparison of consolidated net sales with the previous year, the comparison of consolidated operating profit with the target and the comparison of consolidated operating profit with the previous year are weight-averaged using the following percentages: 24%, 16%, 36%, and 24%, respectively, and the payment ratio is determined based on their results.

The percentage of each constituent element of compensation standard amount when the 100% of the targets for performance-based compensation are achieved) is as follows: 65% basic salary, 35% performance-based compensation and 5% restricted stock compensation.

The remuneration of Outside Directors is fixed and composed of only the basic salary in light of their duties and role of supervising the execution of business.

The remuneration of Audit & Supervisory Board Members is also only composed of the fixed basic salary in light of their duties and role of conducting audits of the Directors' execution of their duties. It is determined upon consultation of the Audit & Supervisory Board Members within ¥100 million a year, which is the maximum amount of remuneration as resolved by the Annual General Meeting of Shareholders held on June 29, 2006.

[Support structure for Outside Directors (and Outside Audit & Supervisory Board Members)]

There is a structure in place to enable Outside Directors and Outside Audit & Supervisory Board Members to keep up to date with the Company's operations based on important matters from Management Committee meetings, including meetings of the Board of Directors, through measures such as accessing important documents from meetings, regardless of whether or not they attended the relevant meeting.

[\[Details on retired President, etc.\]](#)

Name, etc. of advisors, consultants, etc. who are a former President, etc.

Name	Title/Position	Duties	Form/ conditions of service (full-time or part-time, with or without remuneration, etc.)	Date of retirement as President, etc.	Term of office
Kunio Sakuma	Advisor	To serve as Principal of Toyo Ink Vocational College (advice on development of human resources) and to work for various outside organizations	Form of service: Full-time With remuneration	March 26, 2020	One year (Renewable)

Total number of advisors, consultants, etc. who are former President, etc.

1

Other matters

The Company's advisor, Mr. Kunio Sakuma gives advice on the development of human resources as Principal of Toyo Ink Vocational College and also works for various outside organizations as an advisor. He does not attend meetings of the Company's Board of Directors or Management Meetings and is not involved in the Company's business execution or decision-making.

2. Matters relating to executing operations, auditing and oversight, nominations, determining remuneration, and other such functions (overview of the current corporate governance system)

The Company uses an auditing officer system with a Board of Directors consisting of 10 Directors, including five Outside Directors, and an Audit & Supervisory Board consisting of five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members, as of the date of submission of this report. Outside Directors and Outside Audit & Supervisory Board Members both attend (and contribute to) important meetings, including meetings of the Board of Directors, and are kept up to date with important management information via access to important documents. This ensures effective management oversight from an objective perspective from outside the Company. The term in office for all Directors is set at one year, so as to clarify Directors' management responsibilities.

The Company uses an executive officer system (term of office of Executive Officers is set at one year) to clarify the separation of roles between management supervisory functions and business execution functions and has speeded up decision making and strengthened the supervisory functions over business execution.

(Board of Directors)

The Board of Directors meets every month, in its capacity as the key management decision-making body of the Company and the Group as a whole to make decisions on matters prescribed by laws and regulations and important management-related matters and supervise the status of business execution. The Board of Directors consists of 10 Directors, including five Outside Directors, as of the date of submission of this report.

(Audit & Supervisory Board)

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members, as of the date of submission of this report. The Company's full-time Audit & Supervisory Board Members regularly exchange opinions with the Representative Director, Directors, Executive Officers and general managers of departments, etc. and also conduct onsite audits of major subsidiaries and offices in Japan and overseas and interviews using the web meeting system where necessary.

(Group Management Executive Committee)

As consultative and policymaking body, subordinate to the Board of Directors, the Group Management Executive Committee is the key executive decision-making body. Meetings are always attended by Audit & Supervisory Board Members, as part of a system that enables sufficient oversight of operations carried out by Directors. The Group Management Executive Committee mainly examines the Group's business strategies, business-related issues and business results and its meetings are, therefore, attended by the Representative Directors of core operating companies Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.

(Nomination and Remuneration Advisory Committee)

At the meeting of the Board of Directors held on February 9, 2017, the Company resolved to establish the Nomination and Remuneration Advisory Committee aimed at further enhancing transparency and objectivity in processes for determining director nomination and remuneration of Directors. As of the date of submission of this report, the Nomination and Remuneration Advisory Committee consists of two internal Directors and three independent Outside Directors who meet the Company's independence standards for Outside Directors and Outside Audit & Supervisory Board Members, and is chaired by an Outside Director.

3. Reasons for choosing the current corporate governance system

In addition to ensuring that management decision-making processes in general are legally compliant and appropriate, the Company uses its current system of governance in the belief that it is the best system for ensuring effective executive oversight capabilities.

Under the holding company structure, the Company will seek to further clarify the oversight capabilities and executive capabilities of the Group as a whole and work to improve the effectiveness of corporate governance.

III. Policies relating to shareholders and other interested parties

1. Initiatives aimed at energizing General Meetings of Shareholders and facilitating the process of exercising voting rights

	Supplementary explanation
Sending out notices of General Meetings of Shareholders as early as possible	The Company coordinates its schedule so that notices are sent out 21 days before general meetings, to give shareholders sufficient time to fully digest items being put to the meeting. In 2021, the Company sent out notices on Tuesday, March 2, that is, 22 days before general meetings. Before sending out notices, the Company posted the notice on its official website as early as Thursday, February 25, which is 27 days before the general meetings.
Scheduling General Meetings of Shareholders by Avoiding Peak Days	In 2021, the General Meeting of Shareholders was held on Wednesday, March 24, which is six days before the first peak day of annual general meetings of shareholders concerning the fiscal year ended December 2020.
Exercising voting rights electronically	The Company has set up a voting website to enable voting rights to be exercised online. The Company also uses the “Smart voting” service that allows people to vote using their smartphones.
Using electronic voting platforms and working to improve voting practices for institutional investors	The Company uses an electronic voting platform in order to encourage institutional and overseas investors to exercise their voting rights.
Providing (abridged) notices in English	The Company provides reference documents accompanying notices of General Shareholders Meetings in English to encourage overseas investors to exercise their voting rights.

2. Investor relations (IR)

	Supplementary explanation	Explanation direct from representative
Compilation and publication of disclosure policy	The Company’s Disclosure Policy is available on the website. https://schr.d.toyoinkgroun.com/en/ir/notice.html	
Regular briefings for analysts and institutional investors	The Company organizes results briefings twice a year.	Yes
Posting IR documents on website	The Company posts preliminary reports, securities reports, notices of General Shareholders Meetings and other such documents on its website.	
IR department (staff)	IR is handled by the Corporate Communications Department.	

3. Initiatives relating to respect for stakeholder perspectives

	Supplementary explanation
Provisions relating to respect for stakeholder perspectives in internal regulations, etc.	Respect for stakeholder perspectives is stipulated in the Guiding Principles under the Toyo Ink Group’s Philosophy System, and in the CSR Charter and CSR Action Guidelines under the CSR Value System.
Environmental preservation activities, CSR activities, etc.	The Group has set up a CSR Management Committee, and publishes CSR Reports annually.
Establishment of policy for the provision of information to stakeholders	At a meeting of its Board of Directors, the Company resolved to adopt a policy of disclosing information in accordance with the Financial Instruments and Exchange Act and the timely disclosure rules issued by the Tokyo Stock Exchange, and disclosing information, in a manner as active and as fair as possible, that is not applicable to the above rules, but is critical for its shareholders and investors to understand the Toyo Ink Group (“disclosure policy”), and published the disclosure policy on its website. https://schr.d.toyoinkgroup.com/en/ir/notice.html
Other initiatives	<p>[Promoting greater roles for female employees]</p> <p>The Company has formulated a general business operator action plan in accordance with the Act on the Promotion of Women’s Participation and Advancement in the Workplace, and is aiming to actively recruit women, expand the range of jobs available to women, change values in the workplace and working practices, and create workplaces that are rewarding and dynamic for all employees. The Company obtained the “Eruboshi” certification in recognition of its results in the four areas of recruitment, continued employment, continuity in office, and various career courses.</p> <p>Main points of the action plan and details of initiatives</p> <p>(1) Actively promoting recruitment of female employees</p> <ul style="list-style-type: none"> • Setting target of no less than 30% female recruits, the Company actively recruits human resources that the Toyo Ink Group can expect will participate actively in operations. The ratio of female recruits in April 2021 was 32.2%. • The Company actively uses return-to-work schemes to enable retired employees to actively participate again. Four employees (including two females) have returned to work through this scheme since its introduction in FY2013. • Reviewing and developing workplace environments (infrastructure of manufacturing sites, etc.), the Company works to expand workplaces where diverse employees can play various roles regardless of gender. • Provides opportunities for female employees to interact according to their job class and job type and provides support for the creation of networks. • Provides training to employees and their superiors before and after childcare leave is taken to support women’s formation of their careers. • Communicates from the highest levels the message that the Company promotes women’s participation and advancement in the company. <p>(2) Establishing the target of employees taking 60% or more of their annual paid leave.</p> <p>To develop a working environment where all employees can work energetically and be satisfied with their jobs, the Company will encourage them to take annual paid leave, with the aim of achieving the target of employees taking 60% or more of their annual paid leave.</p> <p>* The term of the Company’s current action plan is from January 1, 2021 to December 31, 2022. The Company will continue to actively identify issues and implement measures to increase women’s participation and advancement.</p>

IV. Matters relating to internal control systems, etc.

1. Basic position and status of internal control systems Updated

<Outline of basic policy on internal control systems>

(1) Systems relating to performance

1. Systems to ensure that Directors and employees perform their duties in compliance with the law and the Company's Articles of Incorporation

The Company has established the Toyo Ink Group's Philosophy System that consists of the Corporate Philosophy, Corporate Policy and Guiding Principles and the Toyo Ink Group Business Conduct Guidelines that which explain the fundamental philosophy and actions required of the Group's officers and employees based on the Toyo Ink Group's Philosophy System. The Company will make them fully known to all **officers** and employees and work to ensure the penetration of the Group's corporate ethics and compliance consciousness.

Important matters that could have an impact on the Company and Group companies as a whole are determined by the Board of Directors, in accordance with the law and the Company's Articles of Incorporation. The Board of Directors also ensures that Directors perform their duties in compliance with the law, and makes decisions in accordance with the law and the Company's Articles of Incorporation. The Representative Director performs their duties on behalf of the Company as a whole, based on decisions made by the Board of Directors. Audit & Supervisory Board Members audit the performance of duties by Directors in accordance with Standards for Audit & Supervisory Board Members, to ensure that they are legally compliant and legitimate. Directors are required to report on the performance of their duties to Audit & Supervisory Board Members if requested to do so by an Audit & Supervisory Board Member.

As a good corporate citizen, the Company strives to ensure compliance management, based on a value system spearheaded by the Toyo Ink Group's Philosophy System, including a CSR Charter and CSR Action Guidelines that clearly underline its commitment to social responsibility. Activities revolve primarily around the Compliance Committee, which is an expert committee under the CSR Management Committee, the Company's body for the promotion of CSR management.

The Company is also working to improve systems that enable the quick detection and correction of actions that violate laws and the Toyo Ink Group Business Conduct Guidelines via its Compliance Office (internal/external reporting service).

The Group's Internal Audit Department audits operations within the Company to ensure they are being carried out lawfully and appropriately. In addition to reporting audit results to the Representative Director and the Director in charge of internal control, the department also reports to and works in cooperation with the Audit & Supervisory Board.

2. Systems for the storage and management of information relating to the performance of duties by Directors

The Company stores and manages information relating to the performance of duties by Directors in an appropriate manner in accordance with the law, and the Company's Articles of Incorporation, Board of Directors Regulations and Information Security Regulations.

Directors and Audit & Supervisory Board Members are able access the relevant information as and when necessary.

3. Crisis management regulations and other systems relating to losses

The Company has set up a Risk Management (RM) Committee, a Compliance Committee and an Environment & Safety Committee as expert committees under its CSR Management Committee, which is headed by the Officer in charge of CSR. Based on a system presided over by the Officer in charge of RM, in accordance with Risk Management Regulations in line with the Toyo Ink Group Business Conduct Guidelines, the Company identifies companywide risks and business risks, and operates a risk management system designed to implement risk countermeasures, in order to maintain sound corporate activities and earn public trust.

In an effort to raise awareness of risk management, the Company incorporates risks and issues facing individual divisions and Group companies into its annual plans and employs management techniques that are built into its evaluation standards. The Company is also focused on preventing risks at all times, by having companywide risk countermeasures established and implemented by a working group of the RM Committee and the division in charge.

In case of an emergency, there is an emergency contact system in place whereby individual facilities immediately contact the Representative Director if they detect a risk. If the apparent risk could have a serious impact on the Company's business, there is a business continuity system in place to immediately respond to the relevant emergency, by setting up an emergency task force for instance.

4. Systems to ensure that Directors perform their duties efficiently
To ensure that Directors perform their duties efficiently, the Company holds additional meetings of the Board of Directors as and when necessary, as well as regular monthly board meetings, with the aim of speeding up management decisions and running the business efficiently.

The Company also holds regular monthly meetings attended by Directors and Operating Officers, as a means of discussing and making decision regarding Group management issues and business strategy. Meetings enable management issues and strategies to be shared, in an effort to efficiently achieve management and business targets.

Such meetings are also attended by Audit & Supervisory Board Members, who provide input from an auditing perspective as and when necessary, thereby strengthening auditing capabilities with regard to the performance of duties by Directors.

5. Systems to ensure that operations are carried out appropriately as a corporate group consisting of the Company and its subsidiaries

The Company strives to maximize the corporate value of the entire Group, by sharing the Toyo Ink Group's Philosophy System, consisting of its Corporate Philosophy, Corporate Policy and Guiding Principles, and making the most of management resources within the Group.

The Company has set out Affiliate Management Regulations to ensure that Group management is implemented appropriately, and requires Group companies to report on the performance of important matters in accordance with the relevant regulations, whilst still respecting the autonomy of individual Group companies. This ensures appropriate Group management, underpinned by involvement from the Company.

In addition to applying the risk management system and emergency measures outlined in the above section (1) 3. to Group companies, the Company holds regular Legal Committee meetings for selected Group company Directors, and shares details of legal risks affecting Group management, in an effort to ensure that the Group is being run in an appropriate manner. Group companies hold regular meetings attended by Directors, amongst others, and work to achieve their management and business targets efficiently. They also report to the Company on a regular basis.

The Internal Audit Department conducts audits to ensure that individual Group companies are operating appropriately in compliance with the law and the Company's Articles of Incorporation. It then reports audit results to the Representative Director and the Director in charge of internal control, as well as reporting to the Audit & Supervisory Board. Permanent Audit & Supervisory Board Members meanwhile hold regular board meetings with members from Group companies in order to improve and strengthen auditing.

By way of systems to ensure the reliability of financial reports, the Company consults its accounting auditor as and when necessary, based on an organizational structure headed by the Representative Director. It also establishes and operates effective internal control systems in accordance with standards for evaluating and auditing internal controls in relation to financial reports, published by the Business Accounting Council, and in line with the basic internal control framework set out in the relevant practice standards. In addition, the Company will develop a mechanism collecting information from the Group companies and sharing it with them, raise awareness of proper operational procedures and implement the appropriate internal audits of operation bases which were not identified as important bases on the basis of sales, when appropriate, taking into account the risks peculiar to them.

(2) Audit systems

1. Matters relating to employees in the event that the Audit & Supervisory Board requires the assignment of employees to assist with its duties

If the Audit & Supervisory Board requires the assignment of employees to assist with its duties, the Company consults the Audit & Supervisory Board and assigns employees to assist with auditing operations. The company also sets up information sharing meetings between the Audit & Supervisory Board and the Internal Audit Department, in order to strengthen systems to enable them to implement audits in conjunction with one another, and works to improve internal auditing capabilities in order to strengthen the auditing capabilities of the Audit & Supervisory Board.

2. Matters relating to the independence of employees assisting the Audit & Supervisory Board with its duties from Directors, and ensuring that instructions issued to such employees are effective

In the event that employees are assigned to assist with auditing operations as outlined in the above section (2) 1., they will be appointed and transferred with the agreement of the Audit & Supervisory Board, which will then be responsible for issuing instructions to and evaluating the relevant employees.

3. Systems for Directors and employees to report to the Audit & Supervisory Board; systems for Directors, Audit & Supervisory Board Members and employees at the Company's subsidiaries, and parties in receipt of reports

from such, to report to the Audit & Supervisory Board; systems for other parties to report to the Audit & Supervisory Board; and systems to ensure that reporting parties are not disadvantaged

The Company's Directors and Operating Officers report on the performance of operations under their supervision via Audit & Supervisory Board Members attending important meetings, including meetings of the Board of Directors.

Directors, Operating Officers and employees working for the Company or any of its subsidiaries are required to report the following facts to the Audit & Supervisory Board immediately, in accordance with Risk Management Regulations and other applicable regulations.

- Important facts relating to compliance
- Facts that will cause, or could potentially cause, serious damage to the company
- Any other facts that are required to be reported based on consultation with the Audit & Supervisory Board

The utmost care is taken to protect and maintain the confidentiality of reporting parties, in accordance with Compliance Office Regulations.

In addition to requiring that Directors working for the Company or any of its subsidiaries report the above facts to the Audit & Supervisory Board, Audit & Supervisory Board Members also attend various meetings essential to auditing, and have access to information liable to have a serious impact on business operations, including approval documents.

Directors, Operating Officers and employees are required to report on the status of company operations and property if instructed to do so by the Audit & Supervisory Board.

There are systems in place to enable the Audit & Supervisory Board to instruct Directors, Operating Officers and employees to directly submit reports relating to operations.

4. Matters relating to procedures for advance payment or reimbursement of expenses incurred by Audit & Supervisory Board Members in performing their duties, and policies for processing other expenses or debts arising from the performance of such duties

If an Audit & Supervisory Board Member claims for expenses incurred from auditing activities, the claim will be processed immediately. If incurring emergency auditing expenses or new research expenses for expert services, in addition to regular auditing expenses, the Audit & Supervisory Board Member will notify the relevant officer in advance.

5. Other systems to ensure that Audit & Supervisory Board Members conduct audits effectively

The Representative Director and other Directors regularly exchange opinions with the Audit & Supervisory Board regarding management issues and other important issues affecting business operations. The Company continues to improve systems so that Audit & Supervisory Board Members can conduct audits effectively, in line with Auditing Standards for Audit & Supervisory Board Members.

The Audit & Supervisory Board receives reports on planned internal audits conducted by the Internal Audit Department and regularly exchanges opinions with Outside Audit & Supervisory Board Members, to ensure that audits are conducted by Audit & Supervisory Board Members efficiently and effectively.

- (3) Systems aimed at combating antisocial forces

The Company is resolute in its rejection of antisocial forces posing a threat to the order or safety of people's everyday lives, as specified in the Toyo Ink Group Business Conduct Guidelines and the Regulations for Dealing with Antisocial Forces. The Company will not respond to any unreasonable or illegal demands, and will not have any relationship with antisocial forces, trading or otherwise. The Company also coordinates with external specialist organizations to gather and manage information relating to antisocial forces.

2. Basic position and status of measures to combat antisocial forces

The Company is resolute in its rejection of antisocial forces posing a threat to the order or safety of people's everyday lives, as specified in the Toyo Ink Group Business Conduct Guidelines and the Regulations for Dealing with Antisocial Forces, and will not respond to any unreasonable or illegal demands. The Company clearly states in its basic policy on internal control systems that it will not have any relationship with antisocial forces, trading or otherwise, and that it will coordinate with external specialist organizations to gather and manage information relating to antisocial forces.

V. Other matters

1. Putting in place anti-takeover measures

Anti-takeover measures in place	No
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Supplementary explanation regarding this matter

The Company introduced anti-takeover measures by resolution of the 170th Annual General Meeting of Shareholders held on June 27, 2008 and updated these measures by resolution of the Annual General Meeting of Shareholders every three years thereafter. However, at the meeting of the Board of Directors held on February 17, 2020, the Company resolved not to renew the anti-takeover measures and to abolish them as of the close of the 182nd Annual General Meeting of Shareholders held on March 26, 2020 when their period of validity expired. Accordingly, the Company does not have anti-takeover measures in place as of the date of submission of this report.

The Company will ask those who have conducted or will try to conduct a large purchase of the Company's shares to provide necessary and sufficient information for the Company's shareholders to make an appropriate decision on the appropriateness of the large purchase and strive to secure time and information for their consideration by disclosing the opinions of the Company's Directors at the same time. The Company will also take measures in an appropriate and timely manner based on the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations.

2. Other matters relating to corporate governance structure, etc.

1. Disclosure structure

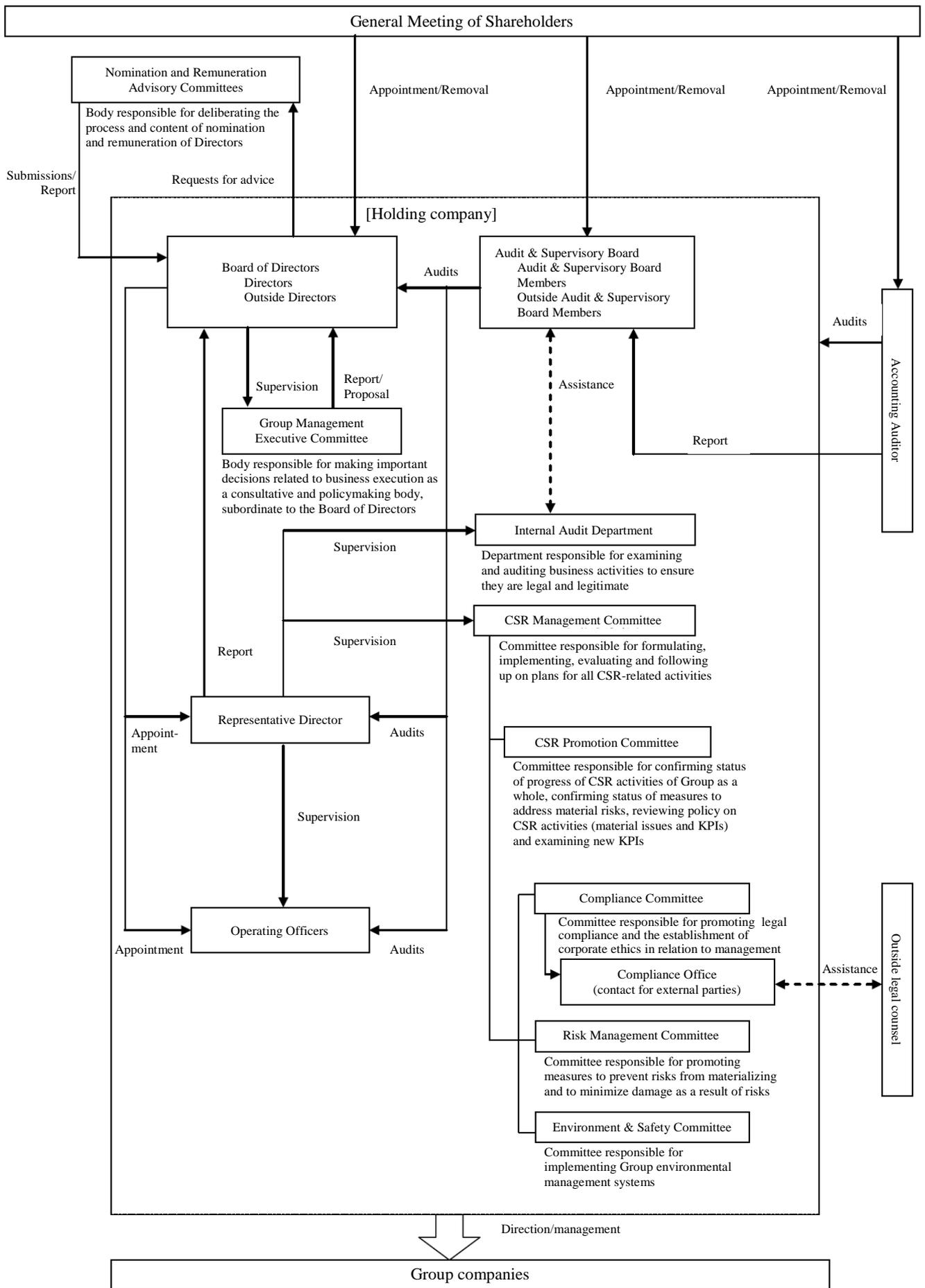
- (1) Information relating to financial results is drafted by the General Manager of the Finance & Accounting Department, submitted to the President via the relevant supervising Director, and then disclosed on a timely basis as soon as it has been approved by the Board of Directors.
- (2) Corporate information other than that specified in the above point (1) (decisions, incidents, etc.) is gathered by the General Manager of the General Affairs Department in accordance with the Company's internal Guidelines on the Timely Disclosure of Corporate Information. The General Manager of the General Affairs Department then determines whether or not disclosure is required, in consultation with the relevant department. If proceeding with timely disclosure, the relevant information will be disclosed as soon as it has been approved by the Board of Directors.

2. Information management structure

The Company will set out regulations in relation to information management, including Information Protection & Management Regulations and Insider Trading Prevention Regulations, and will make every effort to adequately manage and operate corporate information.

3. Auditing structure

The Company will ensure that audits in accordance with the Companies Act are regularly conducted by Audit & Supervisory Board Members and the accounting auditor, that audits in accordance with the Financial Instruments and Exchange Act are regularly conducted by an auditing firm, and that the performance of general duties, including at subsidiaries, is regularly audited by internal auditing departments, in order to maintain and improve sound operations.



Timely disclosure structure

