

Last Update: July 4, 2023

IWAKI CO.,LTD.

Representative: President: Shigeru Fujinaka

Contact: Business Management Head Office, Tel: +81-(0) 3-3254-2931

Stock Code: 6237

<https://www.iwakupumps.co.jp>

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

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

1. Basic Views

The priorities of the IWAKI Group are fulfilling its social responsibilities to shareholders, employees, suppliers, communities and all other stakeholders and achieving the growth of corporate value. The basic policy for corporate governance is adherence to the IWAKI basic policy for compliance, strict compliance with corporate ethics and laws and regulations, and the maintenance and reinforcement of internal control and risk management systems.

All group companies recognize that strengthening corporate governance is essential for maximizing corporate value and further increasing customer satisfaction. IWAKI believes that the establishment of a sound framework for corporate governance and measures to further upgrade governance are needed in order to manage business activities with high degrees of efficiency and transparency.

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

[Supplementary Principle 2.4.1]

IWAKI uses a fair evaluation process to make decisions about promoting to management positions women, non-Japanese employees and employees hired with prior work experience. There are currently no numerical targets for placing these individuals in management positions. IWAKI plans to take actions in order to achieve diversity in a manner that reflects the characteristics of business operations. IWAKI will also conduct studies about actions for the medium to long-term growth of corporate value.

[Supplementary Principle 3.1.3]

Investments in human capital and intellectual property

IWAKI has started work on the creation of a new long-term vision that will follow the Iwaki Group 10-year vision that covers the 10-year period ending with the fiscal year ending in March 2025. The importance of achieving both a sustainable society by resolving social issues and a sustainable increase in corporate value is growing. In order to promote management based on the perspective of sustainability, IWAKI is simultaneously studying the identification of the new vision and material issues (materiality). IWAKI will work on enhancing its response and disclosure of information on investment in human capital and intellectual property, together with the development of the new vision and identification of material issues.

[Principle 4.11] Preconditions for Board and Audit & Supervisory Board Effectiveness

The composition of the IWAKI’s Board of Directors is based on a broad range of considerations to achieve the proper balance concerning careers, accomplishments, knowledge, experience, skills and other characteristics. There are currently four directors, including two outside directors. All directors are Japanese men. IWAKI will continue to consider measures involving the diversity of the directors with regard to gender, nationality, business experience and age.

[Supplementary Principle 5.2.1]

IWAKI manages sales of individual products and markets and allocates human resources and other resources in an appropriate manner. Based on the goals of the Corporate Governance Code, there will be measures concerning the business portfolio for the purpose of further improving the management of profitability. In addition, the Board of Directors and high-ranking committees will discuss specific actions for the allocation of IWAKI's resources in order to announce a basic policy for the allocation of resources.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1.4] Cross-shareholdings

IWAKI currently does not hold listed shares as cross-shareholdings. It is its policy not to hold listed shares as cross-shareholdings in the future either.

[Principle 1.7] Related Party Transactions

The basic policy of IWAKI is to not engage in transactions and other business relationships with executives, major individual shareholders, and other related parties. However, when a related party transaction is unavoidable, a decision about whether or not to conduct the transaction is made after a sufficient examination by the Risk Management and Compliance Committee and other units by examining the reason, necessity, terms, fairness and other aspects of the proposed transaction.

For related party transactions, the General Affairs Head Office conducts a survey of all related parties for executives once every year for the purpose of overseeing these transactions.

When there is a transaction that may be a related party transaction, the General Affairs Head Office performs an examination to determine if it is a related party transaction.

If it is determined as a related party transaction as a result of the examination, a decision about approval of the transaction is made based on a sufficient examination of the reason, necessity, terms, fairness and other aspects of the transaction by the Board of Directors or other unit with no conflict of interest.

[Supplementary Principle 2.4.1]

This is explained in "Reasons for Non-compliance with the Principles of the Corporate Governance Code."

[Principle 2.6] Roles of Corporate Pension Fund as Asset Owner

IWAKI has a defined benefit corporate pension program for making payments to employees after retirement. There are contracts with external asset administration and management companies and other companies for administrative and asset management tasks involving this program. The performance of these external companies concerning returns on investments and other performance indicators is properly monitored. The management of pension program assets is entrusted only to financial institutions and other companies that have announced their agreement with the Japanese Stewardship Code.

[Principle 3.1] Full Disclosure

(i) Goals (corporate philosophy, etc.), Business Strategies and Business Plans

1) Our mission

Our mission is to always be at the forefront of efforts to advance development in the global markets, industries and communities where we operate while building trust with, and contributing to the happiness of everyone we interact with.

2) Our vision

Everyone on our team will work together to arrive at the best solution to each customers' unique needs, thereby growing our business while earning a second-to-none reputation for reliability.

3) Our business goal

We will lead our industries in developing and delivering reliable products and services that add clear value for our customers, favorable circumstances for our employees and fair returns to our stakeholders.

4) Our guideline for conduct

We will build strong, long-term relationships with our customers that will enable us to be proactive in employing our creativity and original thinking on their behalf. We will not give up!

In addition to these elements of IWAKI's corporate philosophy, the IWAKI website has information about medium- to long-term visions, business strategies and other items.

The basic policy for the business portfolio will be determined later and announced once preparations have been completed.

(ii) Basic Views and Guidelines on Corporate Governance Based on the Principles of the Corporate Governance Code

This subject is explained in this report and the annual securities report.

(iii) Policies and Procedures in Determining the Remuneration of the Senior Management and Directors by the Board of Directors

Information about the policy and procedure for determining the remuneration of senior management and directors is in the supplementary information in this report about the Nomination Committee and Remuneration Committee, which are voluntary committees, and about the remuneration of directors.

(iv) Policies and Procedures in the Appointment and Dismissal of the Senior Management and the Nomination of Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors

IWAKI has voluntarily established a Management Advisory Committee to give advice to the Board of Directors. The committee provides advice about appointments and dismissal of senior management and nomination of director candidates. The committee assists with decisions in order to achieve the proper overall balance and diversity of executives and directors regarding experience, knowledge and character for making proper and speedy decisions and for managing and overseeing risk management and business operations.

Individuals who commit fraud, violate a law or the Articles of Incorporation or some other serious infraction will be dismissed.

Based on the policy of having at least two outside directors, IWAKI will take actions aimed at selecting candidates covering a broad range of business fields and who meet the Tokyo Stock Exchange standards for independence.

Due to the characteristics of IWAKI's business activities, scale of operations, business climate, auditing framework and other operations, candidates for election as Audit & Supervisory Board members must be able to audit the performance of directors from a fair and objective standpoint and contribute to improving the soundness and transparency of management. These candidates also require considerable knowledge and experience involving corporate management and conducting business operations.

Based on the policy of having outside Audit & Supervisory Board members be at least half of all of these individuals, IWAKI will take actions aimed at selecting candidates covering a broad range of business fields and who meet the Tokyo Stock Exchange standards for independence.

(v) Explanations of Individual Appointments and Dismissal and Nominations with Respect to Appointments and Dismissal of Senior Management and Nominations of Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors based on (iv) above

Based on the policy explained in (iv) above, individual decisions about appointments and dismissal of senior management and nomination of director candidates are first discussed by the Management Advisory Committee, where the majority of members are independent outside directors. Final decisions are made by resolutions of the Board of Directors while placing emphasis on the conclusions reached by the discussion.

Information about the backgrounds of individual candidates for election as directors and Audit & Supervisory Board members is in notices of shareholders meetings. These notices also include the reasons for the selection of each outside director and outside Audit & Supervisory Board member candidate.

[Supplementary Principle 3.1.3]

Sustainability Activities

Our mission is to always be at the forefront of efforts to advance development in the global markets, industries and communities in which we operate, while building trust and contributing to the happiness of everyone with whom we interact with. We are a source of value for society as supplier of a broad range of chemical pumps and fluid control devices for industrial applications. At all companies, the importance of helping solve social problems to create a sustainable society and achieving sustained growth of corporate value is increasing. We have established a Basic Policy for Sustainability in order to state our stance regarding sustainability activities. This policy and information about sustainability activities are on the IWAKI website.

Sustainability

<https://www.iwakupumps.co.jp/sustainability/>

Basic Policy for Sustainability

<https://www.iwakupumps.co.jp/sustainability/policy/policy.html>

Investments in human capital and intellectual property

This is explained in “Reasons for Non-compliance with the Principles of the Corporate Governance Code.”

To help create a sustainable society while achieving the sustained growth of corporate value, IWAKI positions activities involving climate change and other environmental problems as one of the highest priorities. One measure is support for the Task Force on Climate-Related Financial Disclosures (TCFD) framework and the disclosure of information in accordance with this framework. The IWAKI website has more information about this subject.

Disclose information in accordance with the Task Force on Climate-Related Financial Disclosures

<https://www.iwakupumps.co.jp/sustainability/environment/tcfdf/>

[Supplementary Principle 4.1.1]

Agenda items for the Board of Directors are items prescribed by laws and regulations and the Articles of Incorporation and other important matters to be decided. The scope of these items is defined in the Rules for Administrative Authority. For the authority to conduct other general tasks, the basic policy is to increase the agility and flexibility of business activities and raise the vigor of management. The roles and authorities of individual directors are stipulated in the Division of Duties Rules and the Rules for Administrative Authority.

[Principle 4.9] Independence Criteria and Qualification for Independent Directors

The selection of candidates for election as independent outside directors is based on the requirements of the Companies Act and the Tokyo Stock Exchange standards for independence for independent officers.

[Supplementary Principle 4.10.1]

IWAKI has a Management Advisory Committee that holds regular meetings at least once every year and where the majority of members are independent outside directors. This committee discusses nomination, remuneration and other matters concerning senior executives and directors and the Board of Directors approves resolutions about these matters while placing emphasis on the conclusions reached by these discussions.

In addition, the committee will continue to submit reports to the Board of Directors about progress concerning the training of individuals who are candidates to become senior executives in the future.

[Supplementary Principle 4.11.1]

Candidates for election as directors are selected based on their overall suitability. Considerations include the

ability to make proper and speedy decisions about management, knowledge about corporate governance, the ability to oversee how businesses are conducted, and the balance of the Board of Directors with respect to knowledge, experience and skills.

IWAKI is including a Board of Directors skill matrix in the notice of the latest shareholders meeting.

[Supplementary Principle 4.11.2]

Information about significant concurrent positions of directors and Audit & Supervisory Board members and these candidates is in the reference materials of shareholders meeting notices, business reports and other documents in every year.

[Supplementary Principle 4.11.3]

Based on the statements, questions and answers, and discussions involving all directors at the Board of Directors, the Board of Directors has conducted a self-evaluation and concluded that the directors are effectively performing their functions of making decisions and overseeing how business operations are conducted.

Evaluations of the effectiveness of the directors and Audit & Supervisory Board members are continuously conducted and a summary of the results are disclosed on our website.

<https://www.iwakipumps.co.jp/ir/news.html>

[Supplementary Principle 4.14.2]

Directors and Audit & Supervisory Board members receive opportunities to undergo training in order to enable them to perform their functions sufficiently.

In addition, outside directors and outside Audit & Supervisory Board members have the opportunity to increase their understanding of IWAKI by receiving explanations of IWAKI's business strategies, business activities, finances, organization and other items to enable them to perform their roles.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

IWAKI has a policy of holding frequent dialogues with shareholders and other investors for the purposes of giving these individuals an understanding of IWAKI's goals and receiving valuable feedback that can contribute to the sustained growth of the company and medium to long-term growth of corporate value. The department responsible for investor relations plays a central role in conducting these constructive dialogues.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
----------------------------	---------------------------

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Kabushiki-gaisha Fujinaka Holdings	2,700,000	12.29
Shigeru Fujinaka	1,786,538	8.13
Rumi Fujinaka	1,727,020	7.86
Iwaki Employee Stock Ownership Association	1,597,940	7.27
The Master Trust Bank of Japan, Ltd.	1,586,000	7.22
KBC BANK NV CLIENTS ACCOUNT NON TREATY	1,091,000	4.96
Iwaki Sangyo Kabushiki-gaisha	856,750	3.90
Custody Bank of Japan, Ltd.	737,800	3.35
Yuko Fujinaka	692,470	3.15
Tomohiro Yoshida	613,600	2.79

Controlling Shareholder (except for Parent Company)	-
---	---

Parent Company	None
----------------	------

Supplementary Explanation <u>Updated</u>
--

1. The above major shareholders are as of March 31, 2023.
2. Treasury stocks of 519,393 shares are not included in the above list.
3. The number of shares in the above list includes the following numbers of shares held in trust accounts: 686,800 shares at The Master Trust Bank of Japan, Ltd. (Trust Account) and 323,700 shares at Custody Bank of Japan, Ltd. (Trust Account).
4. Percentages of shares owned are calculated after deducting treasury stock.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) for the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year <u>Updated</u>	From 10 to less than 50

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

-

5. Other Special Circumstances which may Have Material Impact on Corporate Governance

-

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

1. Organizational Composition and Operation

Organization Form	Company with the Audit & Supervisory Board
-------------------	--

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	Two years
Chairperson of the Board	President
Number of Directors	4
Election of Outside Directors	Yes
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Toshihiro Kayahara	From other company									△			
Kenichi Ogura	From other company									△			

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with IWAKI (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Toshihiro Kayahara	○	<p>Mr. Kayahara was Managing Director and Senior General Manager of Technology Development Department at MIURA Co., Ltd., which purchases IWAKI products, until June 2009. He had no significant relationship with MIURA after leaving this company.</p> <p>Sales to MIURA as a percentage of IWAKI's consolidated sales are negligible.</p> <p>Due to the size and nature of transactions with MIURA and Mr. Kayahara's present relationship with MIURA, IWAKI believes there is no possibility of a conflict of interest with ordinary shareholders of IWAKI.</p>	<p>Mr. Kayahara can use his many years of experience as a director of a listed company and considerable knowledge of the industrial machinery industry to provide objective, broad and expert advice about IWAKI's business activities. In addition, he has not been a director of MIURA for many years and IWAKI believes that there is no risk of a conflict of interest with ordinary shareholders. As a result, he is believed to be independent and has therefore been designed an independent director of IWAKI.</p>
Kenichi Ogura	○	<p>Mr. Ogura was a director responsible for sales at DAILITE Co., Ltd., a supplier of IWAKI, until December 2012. He had no significant relationship with DAILITE after leaving this company.</p> <p>Procurement of items from DAILITE as a percentage of IWAKI's consolidated procurement activities are negligible.</p> <p>Due to the size and nature of transactions with DAILITE and Mr. Ogura's present relationship with DAILITE, IWAKI believes there is no possibility of a conflict of interest with ordinary shareholders of IWAKI.</p>	<p>Mr. Ogura has considerable experience and knowledge of the resin tank industry, where he worked for many years and which has a very close relationship with the industrial machinery industry, IWAKI's business sector. He can use this background to provide objective, broad and expert advice about IWAKI's business activities. In addition, he has not been a director of DAILITE for many years and currently has no relationship with DAILITE. IWAKI believes that there is no risk of a conflict of interest with ordinary shareholders. As a result, he is believed to be independent and has therefore been designed an independent director of IWAKI.</p>

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

Established

Committee's Name, Composition, and Attributes of Chairperson
--

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Management Advisory Committee	Management Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Internal Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Internal director	Internal director

Supplementary Explanations

The Management Advisory Committee was established by IWAKI voluntarily to provide advice to the Board of Directors. The committee has three members with outside directors a majority: one representative director of IWAKI and two outside directors. The committee meets on a regular basis after the end of every fiscal year and at other times as needed.

To contribute to the transparency of IWAKI's management, the Management Advisory Committee discusses the remuneration of directors and senior executives and the policy for determining this remuneration, the nomination of director candidates, appointments and dismissal of senior executives, and other subjects and reports the conclusions of these discussions to the Board of Directors.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

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

An auditing meeting is held as needed and is attended by the accounting auditor, Audit & Supervisory Board members and members of the Internal Audit Office. These three parties exchange opinions and information for the purpose of conducting internal audits more efficiently.

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

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masahiro Nagasawa	Certified public accountant										△			
Yoshinori Hosoya	Attorney										△			

- * Categories for “Relationship with the Company”
 - * “○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
 - “△” when the Audit & Supervisory Board Member fell under the category in the past
 - * “●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
 - “▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past
- a. Executive of the Company or its subsidiaries
 - b. Non-executive Director or accounting advisor of the Company or its subsidiaries
 - c. Non-executive Director or executive of a parent company of the Company
 - d. Audit & Supervisory Board Member of a parent company of the Company
 - e. Executive of a fellow subsidiary company of the Company
 - f. A party whose major client or supplier is the Company or an executive thereof
 - g. Major client or supplier of the Company or an executive thereof
 - h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
 - i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
 - j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
 - k. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
 - l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
 - m. Others

Outside Audit & Supervisory Board Members' Relationship with IWAKI (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Masahiro Nagasawa	○	<p>Mr. Nagasawa was an engagement partner of KPMG AZSA LLC, the accounting auditor of IWAKI, between 2002 and 2012. He participated in audits of IWAKI from the fiscal year that ended in November 2006 to the fiscal year that ended in March 2012. He had no significant relationship with KMPG AZSA after leaving this company. IWAKI paid KMPG AZSA 45,335 thousand yen for auditing and other services for the fiscal year ended March 2023, which is a negligible pct. of this firm's total revenue. Due to the size and nature of transactions with KMPG AZSA and Mr. Nagasawa's present relationship with KMPG AZSA, IWAKI believes there is no possibility of a conflict of interest with ordinary shareholders of IWAKI.</p>	<p>As a certified public accountant, Mr. Nagasawa has considerable experience and knowledge about corporate accounting. He can use these skills to perform audits using a broad perspective and accounting expertise. In addition, he has not been a director of KMPG AZSA for many years and IWAKI believes that there is no risk of a conflict of interest with ordinary shareholders. As a result, he is believed to be independent and has therefore been designed an independent director of IWAKI.</p>
Yoshinori Hosoya	○	<p>IWAKI had a business relationship with Keiwa Sogo Law Offices (established by Mr. Hosoya and two others) between December 2008 and July 2014. Revenue from IWAKI was a negligible pct. of this firm's total revenue. IWAKI had no relationship with this law office since then. Due to the size and nature of transactions with Keiwa Sogo Law Offices and Mr. Hosoya's present relationship with Keiwa Sogo Law Offices, IWAKI believes there is no possibility of a conflict of interest with ordinary shareholders of IWAKI.</p>	<p>Mr. Hosoya was selected for election as an outside Audit & Supervisory Board member because his many years of experience as an attorney and extensive knowledge makes him qualified for this position. There was a business relationship between IWAKI and Keiwa Sogo Law Offices (established by Mr. Hosoya and two others) between December 2008 and July 2014. However, payments to this law office were negligible and there was no relationship afterward. IWAKI believes that there is no risk of a conflict of interest with ordinary shareholders. As a result, he is believed to be independent and has therefore been designed an independent director of IWAKI.</p>

[Independent Officers]

Number of Independent Directors/Audit & Supervisory Board Members	4
---	---

Matters relating to Independent Directors/Audit and Supervisory Board Members

All outside officers (two outside directors and two outside Audit & Supervisory Board members) who qualify as independent officers are designated as independent officers.

[Incentives]

Incentive Policies for Directors	Performance-linked stock compensation plan
----------------------------------	--

Supplementary Explanation

Director remuneration is explained in “Policy on Determining Remuneration Amounts and Calculation Methods.”

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation

-

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Selected Directors
--	--------------------

Supplementary Explanation <u>Updated</u>
--

Remuneration for directors and the Audit & Supervisory Board members for the fiscal year ended March 2023

- Total amount of remuneration paid to directors (excluding outside directors): 411,914 thousand yen
- Total amount of remuneration paid to Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members): 40,170 thousand yen

Remuneration for directors includes restricted stock (distributed to two directors other than outside directors) of 45,012 thousand yen that was recognized as an expense in the fiscal year ended March 2023.

Information about directors who received remuneration of at least 100 million yen is disclosed individually in the Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
--

IWAKI uses the following policy for the determination of remuneration for directors.

To contribute to the long-term and sustained growth of corporate value, the remuneration of directors is linked to earnings for shareholders and at a sufficient level to attract and retain skilled managers. Beginning with the fiscal year ended March 2022, restricted stock remuneration has been changed to a payment after an individual leaves IWAKI. The purpose is to increase the incentive to achieve the medium to long-term and sustained growth of corporate value during a director’s entire term of office and to increase shared values between directors and shareholders.

Remuneration for directors has three components: basic remuneration, performance-linked remuneration, and non-cash remuneration (restricted stock). Total remuneration cannot exceed the limit approved at shareholders meetings.

The performance indicators used for performance-linked remuneration and restricted stock are the degree to which the target for profit attributable to owners of parent (net income) was achieved and the growth rate of earnings per share. Net income is followed closely by investors because this is a source of funds for investments for growth and for distributions to shareholders. Earnings per share was selected because this is an indicator to increase shared values with shareholders and link the growth of shared values with IWAKI's results of operations. The basic, performance-linked and non-cash (restricted stock) remuneration for individual directors is determined at the Board of Directors based on quantitative parameters such as the business climate, the level of achievement of business plans, including business budget and medium-term plans and other targets. Remuneration also reflects the roles and responsibilities of each director, the achievement of goals and other items. The remuneration of outside directors is based on monthly basic remuneration. This remuneration is determined by the Board of Directors based on the roles and responsibilities of each outside director. Prior to the determination of remuneration by the Board of Directors, remuneration is discussed by the Management Advisory Committee, a voluntarily established committee that provides advice to the Board of Directors.

The remuneration of Audit & Supervisory Board members is based on monthly basic remuneration within the limit for total remuneration for these members approved at shareholders meetings. The remuneration of individual Audit & Supervisory Board members is determined by the mutual agreement of these members and is provided at a fixed amount based on the roles and responsibilities of each member.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

There are no employees assigned exclusively to assist the outside directors and outside Audit & Supervisory Board members. Support is provided by head office administrative departments, primarily the General Affairs Head Office. This support includes distribution of notices and documents concerning the Board of Directors, reports about the status of business operations, the collection and distribution of documents required for audits and other activities, and other assistance as needed.

[Retired Representative Directors, Presidents, Etc.]

Profile of Senior Advisors, Etc. Who Are Former Representative Directors/Presidents, Etc.

Name	Position	Job responsibilities	Employment terms (Full time or not, remuneration or not)	Date of resignation as president, etc.	Term
-	-	-	-	-	-

Number of senior advisors, etc. who are former representative directors/presidents, etc. 0

Other Matters

This program exists but there are currently no applicable individuals.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

IWAKI uses the current governance structure for the purposes of strengthening the oversight of management and maintaining the soundness of management.

IWAKI has a shareholders meeting, Board of Directors, Audit & Supervisory Board and an accounting auditor. There are four directors, including two internal and two outside directors, and four Audit & Supervisory Board members, including two internal and two outside members. For internal audits, there is an Internal Audit Office that reports directly to the president and performs periodic internal audits to confirm that their duties are performed in compliance with laws and regulations and the Articles of Incorporation.

The following meetings are held regularly for the purpose of making decisions about important matters involving management and about how business activities are conducted.

1. Management Meeting

As a rule, this meeting is held once every month. Members are the internal directors, internal Audit & Supervisory Board members, executive officers and other managers. This meeting makes decisions about basic and important matters concerning business activities, including budgets, entrusted to this meeting by the Board of Directors, other than items that the directors must handle.

2. Senior General Managers Meeting

As a rule, this meeting is held once every month. Members are the directors, Audit & Supervisory Board members, executive officers, senior general managers of divisions and departments, and others. This meeting is responsible for preliminary discussions of items to be submitted to the Management Meeting and Board of Directors and discussions of basic and important items concerning business activities, including budgets.

3. Risk Management and Compliance Committee

As a rule, this committee meets once every quarter of a fiscal year. This committee is chaired by the senior general manager of the General Affairs Head Office and the members are the directors, Audit & Supervisory Board members, executive officers, senior general managers of divisions and departments, and the IWAKI consulting attorney and other external experts. The committee is responsible for maintaining and strengthening an administrative structure for ensuring that risk management is performed properly, preventive measures are in place concerning risk factors and the occurrence of a problem can be handled properly.

4. Group Company Management Meeting

As a rule, this meeting is held once every month. Members are the directors, Audit & Supervisory Board members, executive officers, and senior general managers of divisions and departments and others involved with group

management and group company executives. This committee discusses matters concerning group companies and makes decisions about these matters.

3. Reasons for Adoption of Current Corporate Governance System

IWAKI has a commitment to effective governance that combines two elements. One is audits by an Audit & Supervisory Board that includes members from outside the IWAKI Group who are independent and have professional knowledge about laws, accounting and other subjects. These audits are performed by working closely with the accounting auditor and the Internal Audit Office. The other element is the oversight of how business activities are conducted by a Board of Directors that includes independent outside directors who are independent and have considerable experience and knowledge about management and other subjects.

IWAKI selected this governance system based on the belief that this is an effective structure for ensuring the soundness of corporate governance and facilitating the proper and efficient management of business operations.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Notices of shareholders meetings are sent six days earlier than the legally required deadline in order to conduct fiscal year end accounting procedures earlier. More activities are planned in order to send notices even earlier.
Scheduling General Shareholder Meeting Avoiding the Peak Day	IWAKI will consider holding shareholders meetings on days other than when most other companies with the same fiscal year end hold their shareholders meetings.
Other	Notices of shareholders meetings are posted on the IWAKI website on the day that the notices are sent.

2. IR Activities Updated

	Supplementary Explanations	Presentation by President
Preparation and Announcement of Disclosure Policy	IWAKI'S disclosure policy is posted on its website. https://www.iwakupumps.co.jp/ir/disclosure.html	
Regular Investor Briefings for Individual Investors	IWAKI regularly holds briefings for individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	IWAKI holds information meetings for analysts and institutional investors at the end of the first half of every fiscal year and the end of every fiscal year.	Yes
Posting of IR Materials on Website	IWAKI posts financial results, supplementary materials, securities reports, quarterly reports and other timely disclosure materials on its website.	
Establishment of Department and/or Manager in Charge of IR	The Management Administration Control Department of the Business Management Head Office is responsible for investor relations.	

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	IWAKI has established a basic policy for compliance in order to fulfill its social responsibilities. All executives and employees at the IWAKI Group is given a sound understanding of the importance of complying with laws and regulations as well as conducting all business activities in accordance with high ethical standards.
Implementation of Environmental Activities, CSR Activities, etc.	IWAKI recognizes that environmental activities are one of the most important social responsibilities of a company. Major production bases (Saitama Plant, Miharu Plant) have received ISO14001 certification and have energy conservation and other programs in order to reduce the environmental impact of business activities. IWAKI has established a Basic Policy for Sustainability for the purpose of defining policies and goals in order to help create a sustainable society while achieving the sustained growth of corporate value. This policy and information about sustainability activities are on the IWAKI website. https://www.iwakupumps.co.jp/sustainability/

Development of Policies on Information Provision to Stakeholders	IWAKI recognizes that one of the duties of a listed company is the timely and accurate disclosure of information to shareholders, suppliers and all other stakeholders. The basic policy for compliance also includes this obligation. To fulfill this obligation, IWAKI uses its website and other ways of making information accessible in order to disclose corporate information with speed and accuracy.
--	---

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

In accordance with Article 362, Paragraph 4-6 of the Companies Act, IWAKI has established the following basic policy concerning a system of internal controls. The purposes are to maintain a framework for ensuring that the directors perform their duties in accordance with laws and regulations and the Articles of Incorporation and a framework for ensuring that all business activities are conducted properly.

1. System for ensuring that directors and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation
 - (1) IWAKI has established a basic policy for compliance that defines the items requiring compliance in order to ensure that business activities comply with laws and regulations, corporate ethics, and internal rules. There are programs to make executives and employees at the IWAKI Group aware of this compliance policy.
 - (2) The basic policy for compliance states that IWAKI will refuse to have any contact with anti-social forces and organizations that threaten public order and safety. IWAKI works closely with the police and other agencies for the elimination of anti-social forces.
 - (3) The Risk Management and Compliance Committee promotes compliance management and oversees activities concerning the basic policy for compliance. This committee is chaired by the senior general manager of the General Affairs Head Office and the members are the directors, Audit & Supervisory Board members, executive officers, senior general managers of divisions and departments, and the IWAKI consulting attorney and other external experts.
 - (4) IWAKI has established a basic policy for an internal control system for financial reports to ensure the reliability of these reports. There are activities for the establishment of rules, manuals, procedures and other components of an internal control system for financial reports. There are also activities to strengthen the framework for implementing these internal control measures.
 - (5) The Internal Audit Office, which reports directly to the president, is responsible for internal audits. These audits are conducted on a regular basis to confirm that all business activities are conducted in compliance with laws and regulations and the Articles of Incorporation.
 - (6) Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings to audit the performance of the directors' duties.
 - (7) IWAKI has an internal reporting system based on the Internal Report Rules to provide employees with a channel for directly reporting behavior that may violate laws or regulations or be improper in other ways. The aim is to facilitate the rapid discovery and amendment of improper activities.
2. System for the storage and management of information about the performance of directors' duties
 - (1) In accordance with Document Management Rules and Business Confidentiality Management Rules, IWAKI properly manages legal documents, such as minutes of shareholders meetings and Board of Directors meetings, documents with important information, and other important information.
 - (2) Directors and Audit & Supervisory Board members can view these documents and other important information as needed to perform their supervision and auditing duties.
3. Regulations and other systems for the risk management of losses
 - (1) IWAKI has Risk Management Rules for the purposes of preventing problems from occurring and minimizing losses at IWAKI and its group companies.
 - (2) IWAKI has a Risk Management and Compliance Committee for the purpose of properly managing risk. The committee is responsible for maintaining and reinforcing an infrastructure for preventing problems from occurring in advance and properly responding in the event that a problem occurs.

4. System for ensuring that directors perform their duties efficiently

- (1) The Board of Directors meets once every month. At these meetings, the directors and Audit & Supervisory Board members make decisions about important matters, hold discussions and exchange opinions. All directors work together to supervise the performance of their duties.
- (2) In addition to these regular meetings of the Board of Directors, the Management Meeting is held once every month with the attendance of internal directors, internal Audit & Supervisory Board members and executive officers. This meeting makes decisions about basic and important matters concerning business activities, including budgets, entrusted to the meeting by the Board of Directors, other than items that the directors must handle.
- (3) Senior General Managers Meeting is held once every month. Members are the directors, Audit & Supervisory Board members, executive officers, senior general managers of divisions and departments, and others. This meeting is responsible for preliminary discussions of items to be submitted to the Management Meeting and Board of Directors and discussions of basic and important items concerning business activities, including budgets.
- (4) For business operations, medium-term management plans that reflect the outlook for the business climate in the future and fiscal-year budget plans are created and targets for the entire company are established. Then every department establishes its concrete action plan for accomplishing these targets.
- (5) Authority is delegated and decision-making rules are determined in accordance with rules for the Board of Directors, the assignment of business responsibilities, the delegation of authority for businesses, the decision-making process, Management Meeting and other items. These rules collectively establish a framework for the directors, executive officers, senior general managers of divisions and departments, and others to perform their duties properly and efficiently.

5. System for ensuring the suitability of business operations of the corporate group consisting of the Company and its subsidiaries

- (1) System relating to reporting of matters pertaining to the execution of duties by directors, etc., of subsidiaries to the Company

The Global Management & Planning Office of IWAKI oversees the management of group companies while respecting the autonomy of these companies. In accordance with Rules for the Management of Group Companies, these companies are required to submit reports periodically to IWAKI concerning their results of operations, financial position and other important information. In addition, the Group Company Management Meeting is held regularly to discuss and make decisions about important matters and is required to submit reports on its activities. Members are those of the Board of Directors and other directors, Audit & Supervisory Board members, executive officers, and senior general managers of divisions and departments and others involved with group management and group company executives.

- (2) Regulations and other systems for the risk management of losses of subsidiaries to the Company
The IWAKI Group's risk management framework uses the collection of information by the Global Management & Planning Office and the sharing of information among group companies in order to monitor and maintain a risk management infrastructure for the entire group.
- (3) System for ensuring that directors, etc. of subsidiaries perform their duties efficiently
IWAKI establishes medium-term management plans and fiscal-year budget plans on a consolidated basis in order to establish a vision and targets for the IWAKI Group. To accomplish the goals of these plans, IWAKI provides management guidance and other support to subsidiaries and uses the Group Company Management Meeting and other channels for sharing information in order to rigorously manage activities involving consolidated budgets and plans.
- (4) System for ensuring that directors and employees of subsidiaries perform their duties in compliance with laws and regulations and the Articles of Incorporation
 - 1) IWAKI sends executives to serve as directors of subsidiaries in order to oversee how business activities are conducted by these companies. Guidance is provided to the directors and employees of subsidiaries for ensuring that their duties are performed in compliance with laws and regulations and the Articles of Incorporation.
 - 2) IWAKI sends individuals as needed to serve as Audit & Supervisory Board members at subsidiaries. By

performing audits of how business activities are conducted at subsidiaries, these auditors ensure that the directors and employees of these companies perform their duties in compliance with laws and regulations and the Articles of Incorporation.

- 3) The Internal Audit Office of IWAKI performs internal audits of subsidiaries periodically to ensure that the directors and employees of these companies perform their duties in compliance with laws and regulations and the Articles of Incorporation.

6. Matters concerning requests by Audit & Supervisory Board members for employees to assist with their duties
There are currently no employees assigned exclusively to assist the Audit & Supervisory Board members perform their audits. When one of these members asks for assistance, based on the mutual agreement of these members, one or more suitable employees will be assigned to act solely as an assistant.

7. Matters concerning ensuring the independence of auditing assistants from the directors and effectiveness of instructions

- (1) When one or more employees are named to assist the Audit & Supervisory Board members, to ensure the independence and effectiveness of the instructions, the directors must hold discussions in advance with the full-time Audit & Supervisory Board members before one of these assistants is transferred, evaluated or punished.
- (2) An employee who has received a request from an Audit & Supervisory Board member to assist with audits is prohibited from accepting instructions or orders regarding the request from a director, the individual's direct supervisor or other supervisor.

8. System for reports by directors and employees to Audit & Supervisory Board members and for reports to these members by directors and other executives, employees and other workers who received a report from these members at subsidiaries

- (1) Audit & Supervisory Board members receive reports about important matters from directors and employees at meetings of the Board of Directors, Management Meeting, Senior General Managers Meeting, Group Company Management Meeting, Risk Management and Compliance Committee, and other committees.
- (2) When the Audit & Supervisory Board members receive reports from directors, employees, the accounting auditor and others, this information is reported at meetings of the Audit & Supervisory Board as needed.
- (3) Audit & Supervisory Board members view significant decision-making documents and other important documents concerning business activities and, as needed, ask for explanations from directors, executive officers, senior general managers of divisions and departments, and others.
- (4) Directors and employees of IWAKI and its subsidiaries are allowed to submit reports directly to Audit & Supervisory Board members about facts and other information that may result in significant losses for IWAKI.
- (5) The Global Management & Planning Office reports to the Audit & Supervisory Board members any information received from directors and employees of subsidiaries about facts and other information that may result in loss at the subsidiary.

9. System for ensuring no negative consequences for individuals who submit reports to Audit & Supervisory Board Members

- (1) IWAKI will not subject a director or employee of IWAKI or its subsidiaries to harmful treatment because of a report submitted to an Audit & Supervisory Board member.
- (2) IWAKI oversees and performs supervision to confirm that the working environment of an individual who submitted a report has not become worse because the report was submitted. If IWAKI discovers that the individual who submitted a report has received harmful treatment, corrective actions will be taken immediately.

10. Policy concerning prepayment or reimbursement procedure for expenses resulting from execution of duties by the Audit and Supervisory Board members and the treatment of other expenses or debt resulting from execution of duties by the Audit and Supervisory Board members

When an Audit & Supervisory Board member asks for the payment of expenses required for the performance of duties, IWAKI will promptly pay the expenses as requested.

11. Other systems for ensuring that audits by the Audit & Supervisory Board Members are performed effectively

- (1) The Audit & Supervisory Board prepares auditing plans and reports these plans to the Board of Directors.
- (2) The Audit & Supervisory Board members exchange opinions in an appropriate manner with the president and CEO and the accounting auditor.
- (3) The Audit & Supervisory Board members work with the Internal Audit Office to ensure the effectiveness of audits.

2. Basic Views on Eliminating Anti-Social Forces Updated

The policy, standards and other items concerning anti-social forces are in the basic policy for compliance section titled “Eliminating Anti-Social Forces.” Activities take place repeatedly at every business location to make people aware of this policy.

IWAKI has a Risk Management and Compliance Committee and a conference for measures involving compliance and risk management for anti-social forces. The General Affairs Head Office is responsible for activities concerning anti-social forces. To provide guidance involving anti-social forces for business activities, IWAKI has prepared Anti-Social Forces Investigation Manual. A counterparty is examined to confirm it is not an anti-social force before starting a business relationship.

In addition, IWAKI thoroughly takes actions to eliminate anti-social forces, such as by including provisions for the elimination of anti-social forces in contracts with suppliers.

IWAKI works with external organizations for activities involving anti-social forces, including membership in the Manseibashi Special Violence Prevention Association and various measures for collecting information about anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

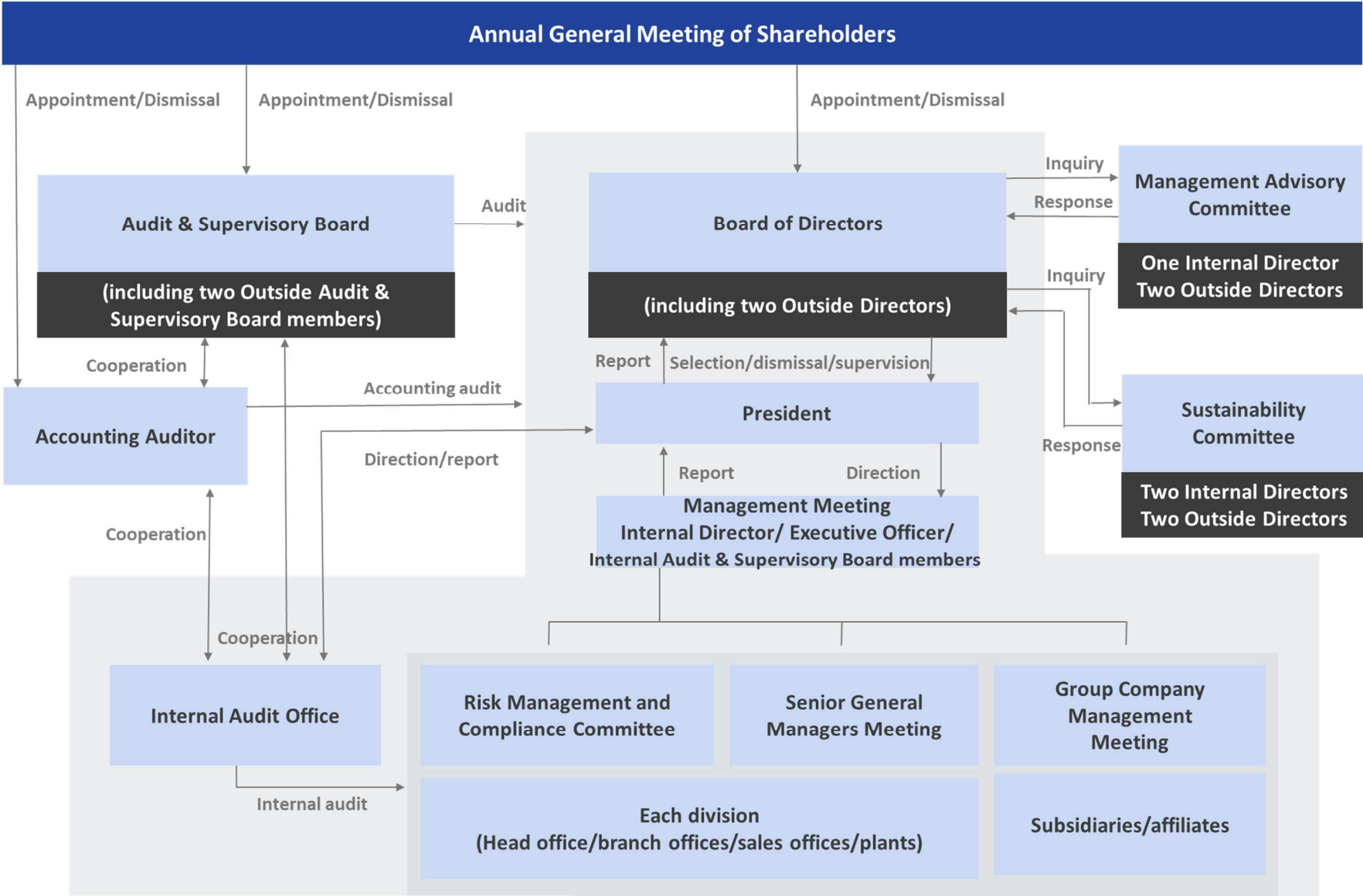
Supplementary Explanation

-

2. Other Matters Concerning Corporate Governance System

-

Corporate Governance System (Executive Officer System)



Recommendations for Timely Disclosure System (Structure Chart)

IWAKI’s basic policy is to appropriately disclose corporate information necessary for shareholders and investors to make accurate judgments about the value of investing in the Group at any time. IWAKI has established a system that enables prompt disclosure as follows.

