

Governance

Corporate governance

Basic approach

We consider the improvement of corporate governance to be a key business issue for raising our performance, value, and social credibility.

Corporate governance structure

Our Board of Directors comprised of eight members makes decisions on key issues in INOAC's business. Each board member reports the execution, financial, and performance statuses of his/her division, based on which the Board supervises and controls the business execution of the company. In order to also separate su-

pervisory and executorial responsibilities in management, INOAC has introduced an executive officer system. Each executive officer, endowed with his/her own authority from the Board, acts as the head of the department, group company or major functional organization to speed up decision-making, optimize business operations, and handle critical business execution.

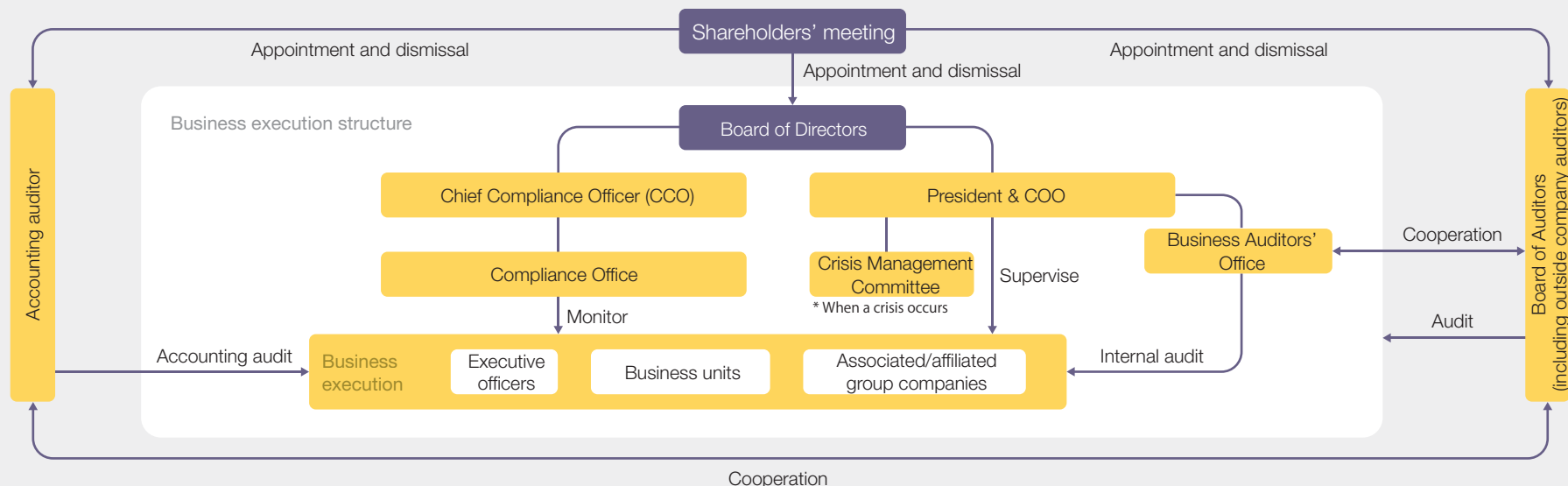
For our auditing function, we have a Board of Auditors composed of three company auditors including two external auditors. The company auditors attend important meetings such as board meetings and audit the execution of duties by the directors by inquiring about the status of their business operations.

Internal control system

We are implementing various measures to ensure that we comply with applicable laws as well as the company's articles of incorporation in our business execution. For information management, we determine the responsible department or section and storage period for each document according to our Document Control Procedure. The Executive Management Committee controls risk management, and Crisis Management Committee meetings are held when a crisis occurs.

For associated and affiliated companies we have established our Governance Rules for Associated Companies. We also clarify rules for business operations and conduct both operational and accounting audits as needed.

Corporate governance structure (organizational structure)



Governance

Compliance

Basic approach

In order for INOAC to satisfy its corporate social responsibilities and expectations from customers, it is not enough to simply observe the applicable laws. Employees must also recognize their social responsibilities as part of the corporation. We strive to implement thorough compliance that goes beyond simply defining a company policy and observing the applicable laws by also holding each individual employee to high ethical standards in their actions.

Implementation system

With authority independent of our directors and executive officers, our Chief Compliance Officer (CCO) runs the Compliance Office, taking measures and actions for compliance-related matters.

Working together with the Compliance Office, with the CCO playing a leading role, we conduct compliance activities while finding ways to strengthen our overall global coordination.

If any compliance violations arise, the CCO directs the Compliance Office as the person in charge of the response. The CCO establishes a task force at Head Office to address the violation in a centralized manner according to the level of impact.

We continuously improve the program that determines our compliance organization through revisions made regularly by the CCO. The Compliance Office also hosts a Global Compliance Evaluation Conference once per year.

Compliance organizational chart



Specific efforts

Compliance training

We are incorporating compliance portions into the regular training conducted at major intervals in all employees' careers (training for new employees, employees hired mid-career, overseas assignment candidates, those handling core functions, etc.). In addition, we conduct separate compliance trainings according to the characteristics of each region and department.

Whistle-blowing system

We have established a whistle-blowing system to enable everyone who works for or with the INOAC Group to consult or report matters involving compliance violations that have or might have occurred. Our whistle-blowing system connects both internally (to the Compliance Office) and externally (to a law firm).

Mamoru project

Under the mantra of *Mamoru* meaning "protection" in Japanese, we are engaged in an initiative to promote proper usage of the whistle-blowing system and create a sounder business culture.

- (1) Comply with the Rules (2) Safeguard Your Colleagues
(3) Protect Yourself

Mamoru is bringing the message directly from top management along with the system and our compliance policy to INOAC locations throughout the world, while establishing environments that make it easier for members of the INOAC Group to speak up.

Information Security Committee established

We established our Information Security Committee in September 2022 in order to operate properly in line with our Confidentiality Management Regulations and to further improve our management of information. The aim of our activities is to implement these globally throughout our organizations as we also work to reduce occurrences of cyber incidents and put response measures in place.

Activities

- Actions to reduce occurrences of cyber incidents
- Rule-making and training to be prepared to take quick action against cyber incidents when they occur
- Accommodating Cyber Security Guidelines Ver. 2.0 and various guidelines set out by customers
- Engaging in activities to bolster security including in the INOAC supply chain

Goals

* Within the duration of our security specialist vendor agreement from February 2024 to February 2025

- Visualize the issues in achieving 90% of the LV1 & LV2 categories of Cyber Security Guidelines 2.0 and how to deal with them, along with the main departments involved, deadlines, and amounts of investments (as needed) by March 2024
- Conduct training based on the flow of steps to responses when cyber incidents occur
- Security awareness-raising activities (e-learning, workshops)

Information security management structure (in normal circumstances)

