

November 8, 2021

Shibaura Electronics Co., Ltd., Basic Philosophy on Corporate Governance

Chapter 1 General Provisions

"(Mission)

Article 1

· The purpose of this Basic Philosophy on Corporate Governance is to show the basic thinking of Shibaura Electronics Co., Ltd. ("Shibaura"), on corporate governance, its initiatives thereunto, and its philosophy related to operation in order to continuously contribute to society through sustained growth and medium- and long-term increase in corporate value, based on the Corporate Mission and Management Philosophy shown below. "

"(Corporate Mission and Management Philosophy)

Article 2

Shibaura shall set forth its principles for corporate activities as follows in the Corporate Mission and Management Philosophy, which are to be carried out by all Shibaura officers and employees. "

"(1) Corporate Mission

The mission of Shibaura Electronics is to protect the global environment, contribute to the improvement of life, and promote the culture and happiness of people around the world "

"(2) Management Philosophy

· Each Shibaura Electronics employee shall passionately and boldly take on challenges to reach their dreams, share values and empathy, and act proactively

We will develop employees who demonstrate refined individuality and sensibilities, improve through friendly rivalries, and grow through work as we create a free and vigorous corporate culture "

· We will strive to help customers improve corporate value by using our products. We will achieve our contributions to clients by meeting their needs, responding quickly and accurately, and securing reasonable profits

- To protect the global environment, we will contribute to the improvement of energy efficiency and the realization of a safe and secure society
- We will enhance our company's value by earning the trust of society and continuing to be chosen as a company that contributes to shareholders

"(Basic Thinking on Corporate Governance)

Article 3

· Shibaura will engage in business that emphasizes the many stakeholders, such as employees, customers, business partners, local communities, shareholders, and financial institutions. "

· Shibaura believes that corporate governance is a system that increases the vitality of business through quick and decisive decision-making and ensuring transparency and fairness of decision-making from the perspective of its sustained growth and medium- and long-term increase in corporate value. Shibaura approaches the improvement and strengthening of corporate governance as one of its most important management issues.

Chapter 2 Ensuring the Rights and Equality of Shareholders

"(Ensuring the Rights and Equality of Shareholders)

Article 4

· Shibaura respects the rights of shareholders, giving due consideration to the exercising of rights by minority shareholders, etc., and along with maintaining an environment in which rights are exercised, treating all shareholders equally in accordance with the number of shares they hold and promptly and appropriately disclosing information so that disparity of information does not arise among shareholders."

"(General Meeting of Shareholders)

Article 5

· Shibaura is aware that the General Meeting of Shareholders is an important venue for dialog with shareholders and shall maintain an environment in which shareholders can appropriately exercise their voting rights
and other rights they have in the General Meeting of Shareholders."

- Shibaura strives to send notices of convocation of the General Meeting of Shareholders early, so that shareholders are sure to have enough time to consider the agenda items and also announces it by electronic means, such as posting the content of the notices on the Shibaura website before they are sent.

- Shibaura shall, when necessary, provide accurate information that will contribute to shareholders appropriately exercising their voting rights.

- In the event that a company-proposed resolution has passed in the General Meeting of Shareholders, but faced significant opposition, Shibaura will analyze the reasons for the opposition and the causes of the many No votes and respond appropriately.

- Based on the percentages of institutional investors and foreign investors, Shibaura will use an electronic platform for the exercise of voting rights. Additionally, in order to ensure practical opportunities for foreign investors to exercise voting rights, English translations of notices of convocation of the General Meeting of Shareholders will be posted on the Shibaura website, etc.

"(Basic Thinking on Capital Policy)

Article 6

- Shibaura realizes that sustained growth and medium- and long-term increase in corporate value raises shareholder value, and its basic philosophy on capital policy is to maintain shareholder equity at a level such that Shibaura can seize business opportunities quickly and reliably."

- For capital policy (including capital increases, MBO, etc.) that brings about large-scale dilution, Shibaura will fully examine its necessity and reasonableness in the Board of Directors so that it does not unjustly harm existing shareholders, and then ensure the proper procedures and fully explain to shareholders.

"(Philosophy on Cross-Shareholding)

Article 7

- Shibaura's philosophy is that it can hold shares of companies when it deems it necessary, holding shares solely for strategic reasons, in order to promote smoothness in work related to products, services, and financial transactions with business partners."

- Every year in the Board of Directors, Shibaura examines the significance of each cross-held stock from the perspectives of the purpose of holding it, the economic rationality of the income from its dividends, etc., and the risks associated with holding it.
- Verification of economic rationality shall be performed according to the criterion of Shibaura's capital cost.
- Cross-held shares for which the result of examining the significance of holding them finds that they cannot be expected to increase Shibaura's medium- and long-term corporate value will be reduced after consideration of that company's situation and of market trends.
- Shibaura will not engage in transactions that lack economic rationality with companies that cross-hold Shibaura shares. Furthermore, if such a company indicates an intention to sell off Shibaura shares, Shibaura shall not hinder such selling.
- Because exercise of voting rights for cross-held shares is an important means for increasing that company's corporate value, it contributes to increasing Shibaura's own corporate value and shareholders' interests, so Shibaura sets detailed standards for exercising voting rights and exercises them based on those standards.

"<Cross-shareholdings and criteria for exercise of voting rights>

(1) Assignment of Directors

- In the event that a deficit continues for a certain period, and there is little prospect of business recovery, oppose assignment of a Representative Director
- In the event that the independence of an External Director is determined to be low, oppose the assignment of said External Director"

"(2) Assignment of Corporate Auditors

- In the event that the independence of an External Corporate Auditor is determined to be low, oppose the assignment of said External Corporate Auditor"

"(3) Proposed appropriation of surplus

- Oppose in the event that retained earnings are excessive, and return to shareholders

is insufficient"

"(Transactions with Related Parties)

Article 8

· In the event that Shibaura makes a transaction with its Officer or major shareholder, except when the terms of the transaction are clearly the same as those of general transactions, the transaction shall be brought in advance to the Board of Directors for approval so that the transaction does not harm Shibaura's and shareholders' shared interests."

· Whether there are any transactions with Officers or their close relatives shall be investigated and understood through the Related Parties Confirmation Form submitted by Officers every term.

"(Takeover Defense Measures)

Article 9

· In the adoption, updating, and operation of so-called takeover defense measures or an acquisition proposal, etc., Shibaura carefully evaluates and considers its corporate value and contributing to enhancing the shared interests of shareholders. Along with ensuring proper procedures, Shibaura will explain fully to shareholders."

· In the event that Shibaura's shares were tendered in a tender offer, Shibaura would clearly explain its thinking and would not take steps to hinder shareholders' rights to sell shares in response to the offer.

Chapter 3 Appropriate Collaboration with Stakeholders Other Than Shareholders

"(Business Principles)

Article 10

· In order to realize the Corporate Mission, Shibaura has established the Shibaura Electronics Group Charter of Business Principles as principles that all of Shibaura Group's Officers and employees must follow in corporate activities and disseminates them to every Group Officer and employee."

· Shibaura shall periodically investigate the status of compliance with the Shibaura Electronics Group Charter of Business Principles, and in light of the report on the

results of that analysis, the Board of Directors shall verify if a corporate culture and climate that respect the purpose and spirit of the Business Principles is being fostered.

"(Responses to Social and Environmental Problems and Other Issues Concerning Sustainability)

Article 11

· Shibaura's Corporate Mission is to protect the global environment and contribute to the improvement of life and the development of culture, so Shibaura actively and proactively engages with social, environmental, and other issues surrounding sustainability."

· Shibaura has set the Shibaura Electronics Group Sustainability Basic Philosophy regarding issues related to sustainability.

· In order to actively respond to issues surrounding sustainability, the Shibaura Group has established the Sustainability Committee as a body under the Board of Directors to study and promote company-wide initiatives on sustainability.

· Shibaura is aware that its responses to consideration of climate change and other global environmental problems, respect for human rights, consideration of employee health, work environments, and fair and proper treatment, fair and proper dealing with business partners, crisis management for natural disasters, and other issues related to sustainability not only reduce risk, but are also important management issues that lead to revenue opportunities. Shibaura therefore proactively discloses its initiatives on sustainability.

"(Ensuring Internal Diversity)

Article 12

· Shibaura has set the Human Resources Development Philosophy and the Internal Environment Improvement Philosophy in order to ensure internal diversity."

"<Human Resources Development Philosophy>

· Based on the new personnel system adopted in April 2021, Shibaura shall perform human resources development that contributes to ensuring diversity."

· In hiring practices, strike a good balance between new graduates and mid-career

hires.

- In human resources development, Shibaura considers respecting employees' autonomy and promoting their individual growth to be basic. It has established a picture of the desired person and comprehensively develops human resources with a common training system for all employees.
- Actively promote people without regard to age, sex, nationality, etc.

"<Internal Environment Improvement Philosophy>

· Shibaura has set safety and health rules and along with striving to ensure safe and healthy work environments in the workplace in order to ensure employee safety and health, implements a comprehensive and systematic plan for industrial accident prevention."

· In order to maintain and improve the state of employees' health, Shibaura has enhanced various systems to prevent illness, such as a health checkup system.

· Employees shall get a stress test once per year in order to understand the state of their own mental health.

· In case a physical or mental disorder occurs, Shibaura has assigned a psychiatric specialist occupational health physician and maintains support systems such as implementing monthly health consultations, establishing an outside consultation desk, and providing support for employees on sick leave.

· In order to support balancing work and childrearing, Shibaura maintains and promotes a leave system with parental leave and childcare leave, etc., as well as a short-term-leave acquisition system.

· Shibaura has responded to employees' diverse workstyles by establishing tracks with specified regional work locations and a track transfer system.

"(Whistleblowing)

Article 13

· Shibaura has established Whistleblower Protection Rules so that employees can

convey information or concerns about illegal or inappropriate conduct or information disclosure without having to worry about suffering a disadvantage and so that the conveyed information or concerns can be objectively verified and properly used."

- The Board of Directors shall periodically supervise the operational status of the whistleblower system.

"(Demonstration of Function as Asset Owner of Corporate Pension Plan)

Article 14

- Shibaura is well aware that operation of corporate pension plan funds impacts employees' asset formation and the company's own financial situation, and when operating the corporate pension plan places appropriate personnel with expertise in charge, regularly monitors the state of operation, and discloses those initiatives."

- On the operation side, with the objectives of maximization of benefits for beneficiaries and appropriate management of conflict of interest transactions, along with operating properly by giving appropriate instructions to an asset management company and collaborating with an asset management company, Shibaura acts to build the expertise of the personnel involved with operating the corporate pension plan.

Chapter 4 Ensuring Appropriate Information Disclosure and Transparency

"(Enhancement of Information Disclosure)

Article 15

- Shibaura strives to build relationships of trust with all stakeholders, including shareholders, and in terms of information, in addition to information such as the Management Philosophy, financial situation, and business initiatives, when senior management is assigned or dismissed or Director/Corporate Auditor candidates are nominated, Shibaura discloses the reasons and so on for each assignment, dismissal, or nomination in a timely, appropriate, and fair way."

- When disclosing information, Shibaura strives to explain clearly using easily understood words and logic in light of shareholder diversity.

- Furthermore, in response to the diversity of shareholders, such as Shibaura's foreign investors, information is also disclosed in English to the extent reasonable.

"(External Accounting Auditors)

Article 16

· Shibaura recognizes that proper auditing by External Accounting Auditors is essential for proper information disclosure and responds by ensuring proper audits as follows."

(1) Ensure sufficient time for auditing

(2) Ensure interviews with the President and other senior management

(3) Ensure information exchange and collaboration between Corporate Auditors and the Internal Audit Room

(4) Establish a response system in case an External Accounting Auditor discovers an irregularity and requests a response"

· The Board of Corporate Auditors appropriately selects candidates for External Accounting Auditors, sets criteria for appropriate evaluation of External Accounting Auditors, and confirms whether External Accounting Auditors have the required independence and expertise.

Chapter 5 Duties of Board of Directors, etc.

"(Board of Directors' Resolutions and Scope of Authority)

Article 17

· Shibaura sets Board of Directors Rules, and in addition to deciding matters of important business execution that a Board of Directors should make according to laws and regulations, the Board of Directors quickly and decisively decides non-statutory matters as specified in the Board of Directors Rules."

· Business execution and decisions not specified in the Board of Directors Rules are delegated to bodies such as the Management Conference and the Officers and Corporate Officers in charge of that business, while the Board of Directors supervises the state of business execution by those bodies and Officers, etc.

"(Role of the Board of Directors)

Article 18

· The Board of Directors receives a commission from shareholders to promote

Shibaura's sustained growth and medium- and long-term increase in corporate value, and to attempt to improve profitability, capital effectiveness, etc."

- The Board of Directors establishes where to go with the Corporate Mission and Management Philosophy that are basic to all of Shibaura's activities and indicates the strategic direction.

- The Board of Directors sets medium- and long-term management strategy and management plans according to that strategic direction, then analyzes performance and results and reflects the analysis in plans for subsequent terms.

- The Board of Directors builds an internal control system that holds risk to an appropriate level, and along with maintaining a risk management system, uses the internal auditing department to supervise the status of internal controls.

- The Board of Directors decides the nomination and evaluation of the President and other management, as well as their compensation, proactively contributes to setting and implementing succession plans for the President, etc., and appropriately supervises such that training of successor candidates is carried out systematically, with sufficient time and resources invested.

- The Board of Directors performs highly effective supervision of management and Directors from an independent and objective perspective, evaluates company and department performance, and appropriately reflects that evaluation in personnel movement of senior management.

"(Roles of Corporate Auditors and the Board of Corporate Auditors)

Article 19

- To fulfill their roles and duties of auditing the work performance of Directors, exercising their authority over assigning/dismissing Corporate Auditors and External Accounting Auditors and setting their audit fees, etc., Corporate Auditors and the Board of Corporate Auditors shall make appropriate judgments from an independent and objective perspective based on their fiduciary responsibility to shareholders."

- Full-time Corporate Auditors and External Corporate Auditors shall mutually collaborate, actively exercise their authority, and appropriately state their opinions to

the Board of Directors and management.

"(Roles and Responsibilities of Independent External Directors)

Article 20

· Shibaura's Independent External Directors shall properly fulfill the following roles and responsibilities."

(1) Give advice about management philosophy and management improvement, based on personal knowledge, from the perspective of trying to improve corporate value in the medium to long term

(2) Supervise management through assignment/dismissal of senior management and other important decision-making by the Board of Directors

(3) Supervise conflicts of interest among the company, its management, controlling shareholders, etc.

(4) From a standpoint independent of management and controlling shareholders, appropriately reflect the opinions of stakeholders such as minority shareholders in the Board of Directors

· Independent External Directors should fulfill their roles and responsibilities so as to contribute to Shibaura's sustained growth and medium- to long-term increase in corporate value, and Shibaura shall assign Independent External Directors well equipped with such characteristics to comprise at least one-third of the members of the Board of Directors.

· Shibaura shall hold at least two times per year an Independent External Board Meeting with members comprising only Independent External Directors and Independent External Corporate Auditors, who shall freely discuss matters related to Shibaura's business and its corporate governance.

· The Independent External Directors shall collaborate together and discuss matters raised in the Independent External Board Meeting with the Board of Directors.

"(Criteria for Judging the Independence of External Directors and External Corporate

Auditors)

Article 21

· For selecting candidates for External Directors and External Corporate Auditors, Shibaura shall set as follows criteria for judging independence in addition to criteria for independence set by financial instruments exchanges. The primary requirement shall be that as an External Director no conflict of interest with general shareholders shall arise, so a person who falls under any of the following items shall be deemed not independent."

"<Criteria for Judging Independence>

(1) Persons who currently fall under any of ① through ⑨"

① A business executor of the Shibaura Group

② A person for whom the Shibaura Group is a major business partner, and the amount of business with Shibaura accounted for at least 2 percent of that person's or their business executor's annual consolidated sales in the most recent fiscal year

③ A major business partner of the Shibaura Group, and the amount of business with that business or their business executor accounted for at least 2 percent of Shibaura's annual consolidated sales in the most recent fiscal year

④ A person or their business executor who is important to Shibaura's fundraising and has lent to the Shibaura Group an amount that is at least 5 percent of the Group's consolidated total assets

⑤ A person or their business executor who is a major Shibaura shareholder (a holder, whether directly or indirectly, of at least 10 percent of voting rights)

⑥ A certified public accountant or a partner or employee of an auditing firm that is an Accounting Auditor of the Shibaura Group

⑦ A certified public accountant, tax accountant, legal specialist, or other consultant who obtains at least 10 million yen in annual money or economic benefit other than Director's compensation (if the receiver of economic benefit is a group such as a corporation, association, or office, this includes a member of the group)

⑧ A person belonging to a law firm, auditing firm, tax accountant firm, or consulting firm for which money or other payments by the Shibaura group amount to at least 2 percent of annual sales

⑨ A person whose term as an External Director or External Corporate Auditor will exceed 10 years

(1) A person who has fallen under ① above within the past 10 years

(2) A person who has fallen under ② through ⑨ above within the past 5 years

(3) A spouse or relative of the second degree or closer of a person who falls under the above items (limited to persons in important positions)

Note 1: "Business executor" means an Executive Director, Executive Officer, Corporate Officer, or other important employee (except Corporate Auditors)

Note 2: "The Shibaura Group" means Shibaura Electronics and affiliates

"(Establishment of a Voluntary Nominating Committee and Compensation Committee)

Article 22

· Shibaura shall establish a Nominating Committee and a Compensation Committee as advisory organs to the Board of Directors in order to strengthen the independence, objectivity, and accountability of the Board's functions concerning the nomination, compensation, etc. of Directors and Corporate Officers (including a Succession Plan)."

· A majority of members of the Nominating Committee and the Compensation Committee shall be Independent External Directors to ensure the independence of the committees.

"(Nominating Committee)

Article 23

· In response to consultation from the Board of Directors, the Nominating Committee shall deliberate the following matters and give the Board advice and recommendations."

- (1) Matters concerning assignment/removal of Directors
- (2) Matters concerning selection/dismissal of President
- (3) Matters concerning selection/dismissal of Directors with Special Titles
- (4) Matters concerning selection/dismissal of Corporate Auditors
- (5) Matters concerning assignment/removal of Corporate Officers
- (6) Matters concerning succession planning (including development)
- (7) Criteria for independence of Independent Officers
- (8) Setting, changing, or abolishing necessary basic philosophy, rules, procedures, etc., for deciding the above matters
- (9) Other matters concerning the above matters that the Nominating Committee deems necessary

"(Compensation Committee)

Article 24

· In response to consultation from the Board of Directors, the Compensation Committee shall deliberate the following matters and give the Board advice and recommendations."

- (1) Philosophy concerning decisions on calculation methods for the details of compensation of individual Directors and Corporate Officers
- (2) Details of compensation of individual Directors and Corporate Officers
- (3) Setting, changing, or abolishing necessary basic philosophy, rules, procedures, etc., for deciding the preceding two matters
- (4) Other matters concerning compensation, etc., of Directors and Corporate Officers that the Compensation Committee deems necessary

- The Compensation Committee shall deliberate compensation, etc., of Directors and Corporate Officers based on compensation criteria and give the Board of Directors advice and recommendations based on the results.

"(Composition of the Board of Directors and the Board of Corporate Auditors)

Article 25

- So that Shibaura's Board of Directors can effectively fulfill its roles and responsibilities, its composition shall balance each Director's knowledge, experience, and abilities while achieving both diversity (including gender, international character, work history, and age) and an appropriate scale."

- The Board of Directors shall create and disclose a skill matrix listing the knowledge, experience, abilities, etc., of the Directors and Corporate Auditors. For Independent External Directors, this shall be able to include those with business experience at other companies.

- Those assigned to be Corporate Auditors shall have appropriate experience and ability, as well as necessary expertise in finance, accounting, and legal affairs, and at least one person shall have sufficient knowledge of finance and accounting.

- In the event that a Shibaura External Director or External Corporate Auditor is concurrently an officer of another listed company, there shall be a maximum of three companies, including Shibaura, and they shall disclose their concurrent position status annually.

"(Criteria for Assignment/Removal of Candidates for Director, Corporate Auditor, or Corporate Officer)

Article 26

- When assigning Director candidates and Corporate Auditor candidates, through consultation with the Board of Directors, the Nominating Committee shall actively exchange opinions based on the candidate assignment criteria for Directors, etc., and give the Board advice and recommendations."

- The Board of Directors shall rigorously deliberate the Nominating Committee's advice and recommendations and select Director and Corporate Auditor candidates.

· As for assignment of Corporate Officers, after rigorous deliberation in the Nominating Committee based on the candidate assignment criteria for Directors, Corporate Officers, etc., and advice and recommendations to the Board of Directors, the Board of Directors shall decide.

· Selection of candidates for Corporate Auditor shall obtain the approval of the Board of Corporate Auditors.

<Criteria for Assignment of Candidates for Director, Corporate Auditor, Corporate Officer, etc.>

(1) Understands and is proactive towards Shibaura's Corporate Mission and Management Philosophy

(2) Complies not only with laws, regulations, and company rules, but also with social ethics and norms

(3) Builds internal controls and risk management systems and personally implements them

(4) Is healthy in body and mind, has excellent character, and is widely respected

(5) Has abundant experience and accomplishments, and great ability and knowledge

(For External Directors and External Corporate Auditors, the Following Assignment Criteria Are Added to the Above)

(1) Has business experience, accomplishments, insight, expertise, etc.

(2) In Board of Directors meetings, can contribute from an independent standpoint to the accomplishment of appropriate decision-making

<Criteria for Dismissal>

(1) In the event of performance of an action that violates the law, regulations, or Shibaura's Articles of Incorporation

(2) In the event of an action considered a scandal or discipline that is deemed unworthy of a corporate officer

(3) In the event of performance of an action offensive to public order and morals

(4) In the event that continuing in the position would be difficult for health reasons

(5) In the event that attributes stated in the assignment criteria are not recognized to exist

"(Directors' Compensation)

Article 27

· The compensation structure for Directors comprises base pay, which is fixed compensation, ""Directors' bonuses,"" which are performance-based monetary compensation according to each fiscal year's business results, and ""performance-based stock compensation,"" which is intended to raise consciousness of contributing to medium- and long-term business improvement and corporate value increase."

· Monetary compensation of base pay and Directors' bonuses shall be within the compensation limits decided at the General Meeting of Shareholders, and shall be decided by the Board of Directors following deliberation in the Compensation Committee.

· Performance-based stock compensation shall be within the compensation limits decided at the General Meeting of Shareholders, and a trust established with money provided by Shibaura shall obtain Shibaura shares and grant them to Directors according to rank and performance based on points set in the share delivery regulations established by the Board of Directors.

· External Directors' compensation shall in principle be base pay.

"(President Succession Plan)

Article 28

· The Board of Directors shall set and periodically review a succession plan for Shibaura's President in light of advice and recommendations from the Nominating

Committee. The President Succession Plan shall set required characteristics of President, based on Shibaura's management strategy."

- When a new President is assigned, the Board of Directors decide a candidate to be the President's successor, based on the succession plan in the preceding paragraphs and in light of advice and recommendations from the Nominating Committee.

"(Evaluation of Effectiveness of Board of Directors)

Article 29

- Every year, Directors shall self-evaluate the effectiveness of the Board of Directors, their own performance as Directors, etc., and submit the results to the Board of Directors. Based on the Directors' self-evaluations, every year the Board of Directors shall involve a third-party evaluating body and perform analysis and evaluation of the overall effectiveness of the Board of Directors and disclose a summary of the results."

- In the evaluation, if a third-party evaluating body's effectiveness evaluation questionnaire is used concerning the Directors and Corporate Auditors, the Board of Directors Secretariat shall summarize the results of the third-party evaluating body's analysis of the questionnaire, and the Board of Directors shall decide the effectiveness evaluation.

"(Initiatives to increase the effectiveness of the Board of Directors)

Article 30

- The Board of Directors shall strive to foster an ethos of open, constructive, debate and opinion exchange, including issues brought up by External Directors."

- The department in charge of the Board of Directors Secretariat shall provide sufficient information by distributing materials concerning the Board of Directors meeting agenda to each Director and Corporate Auditor, including external Officers, sufficiently in advance of the meeting's date (however, this does not apply to highly confidential matters) and when necessary explaining matters in advance to external Officers.

- Before the start of each fiscal year, the department in charge of the Board of Directors Secretariat shall notify each Director and Corporate Auditor of the dates of the scheduled Board of Directors meetings during the coming fiscal year.

"(Support System and Access to Internal Information for Independent External Directors and Corporate Auditors)

Article 31

· Shibaura's Independent External Directors and Corporate Auditors can, when necessary or when they consider it appropriate, ask Internal Directors, Corporate Officers, and employees for explanations or reports or ask for internal materials to be submitted to them."

· Corporate Auditors, including External Corporate Auditors, shall appropriately obtain information, including through exercise of their court-based investigative rights.

· Shibaura shall ensure collaboration among the internal auditing department, Directors, and Corporate Auditors to fulfill the functions of the Board of Directors and the Board of Corporate Auditors, and the internal auditing department shall be able to make reports directly to the Board of Directors and the Board of Corporate Auditors.

· Shibaura shall establish an Independent External Directors Secretariat such that Independent External Directors can appropriately execute their work.

· Shibaura shall establish a Board of Corporate Auditors Secretariat such that the Board of Corporate Auditors and each Corporate Auditor can appropriately execute their work.

"(Training of Directors and Corporate Auditors)

Article 32

· Shibaura shall provide Directors, Corporate Auditors, and Corporate Officers with training opportunities to acquire the knowledge necessary to fulfill their required roles and duties through methods such as the following."

· When Directors, Corporate Auditors, and Corporate Officers have been newly assigned, they shall be given opportunities to sufficiently deepen their understanding of Shibaura's medium-term management plans, important business issues, and corporate governance.

· When External Directors and External Corporate Auditors have been newly assigned,

in addition to learning basic information concerning Shibaura's business, they shall be given opportunities to visit worksites and so on to deepen their knowledge of Shibaura's business.

"<Directors (other than External Directors), Corporate Auditors (other than External Corporate Auditors), and Corporate Officers>

(1) Before assumption

- Management lecture from the President, External Directors, etc.
- Using outside seminars, etc., management, corporate governance, corporate law, finance and accounting, etc."

"(2) After assumption

- In-company training on solving business problems
- Using outside seminars, etc., internal controls, risk management, sustainability, and so on"

"<External Directors and External Corporate Auditors>

(1) Before assumption

- Explanations from Internal Directors, etc., of Shibaura's business situation, corporate governance, etc.
- Factory inspections and other on-site visits"

"(2) After assumption

- Attendance at seminars, etc., provided by outside bodies"

Chapter 6 Dialog with Shareholders

"(Constructive Dialog with Shareholders)

Article 33

- Shibaura is aware that constructive dialog with shareholders is essential for sustained growth and medium- and long-term increase in corporate value and strives to enhance two-way dialog."

"<Basic Philosophy Concerning Constructive Dialog with Shareholders>

- The President, management, or the head of the department in charge of IR shall carry out dialog with shareholders to the extent reasonable. Additionally, Directors, including

External Directors, and Corporate Auditors shall also engage in this to the extent reasonable."

- As the department in charge of IR, the Business Administration Department undertakes this to assist dialog with shareholders and builds collaborative systems with relevant internal departments to achieve constructive dialog.

- The Business Administration Department aims to diversify IR activities by holding financial results briefings, facility tours, etc., in addition to individual meetings.

- The Business Administration Department shall appropriately feed back to management in the Management Conference, the Board of Directors, etc., shareholder opinions learned through dialog.

- The Business Administration Department shall carefully manage undisclosed important information based on internal regulations in order to fairly and thoroughly disclose information.

- Shibaura shall make the time from the day after the last day of a term until the day results are announced a period of silence in order to prevent leaks of financial results information (including quarterly results) and ensure fairness. During that period, Shibaura shall refrain from answering or commenting on any questions about financial results or forecasts.

"(Formulation and Announcement of Management Strategies and Management Plans)

Article 34

- When formulating and announcing management strategies and management plans, Shibaura shall accurately grasp its own capital cost and then along with indicating basic philosophies of revenue plans and basic policies, etc., shall show goals for profitability and capital efficiency and shall explain to shareholders in an easily understandable way the allocation of management resources to achieve them, including investment in plant and equipment, in research and development, and in human capital."

Chapter 7 Other

"Article 35

- Revision or abolition of this Policy shall be by resolution of the Board of Directors."

Established November 8, 2021