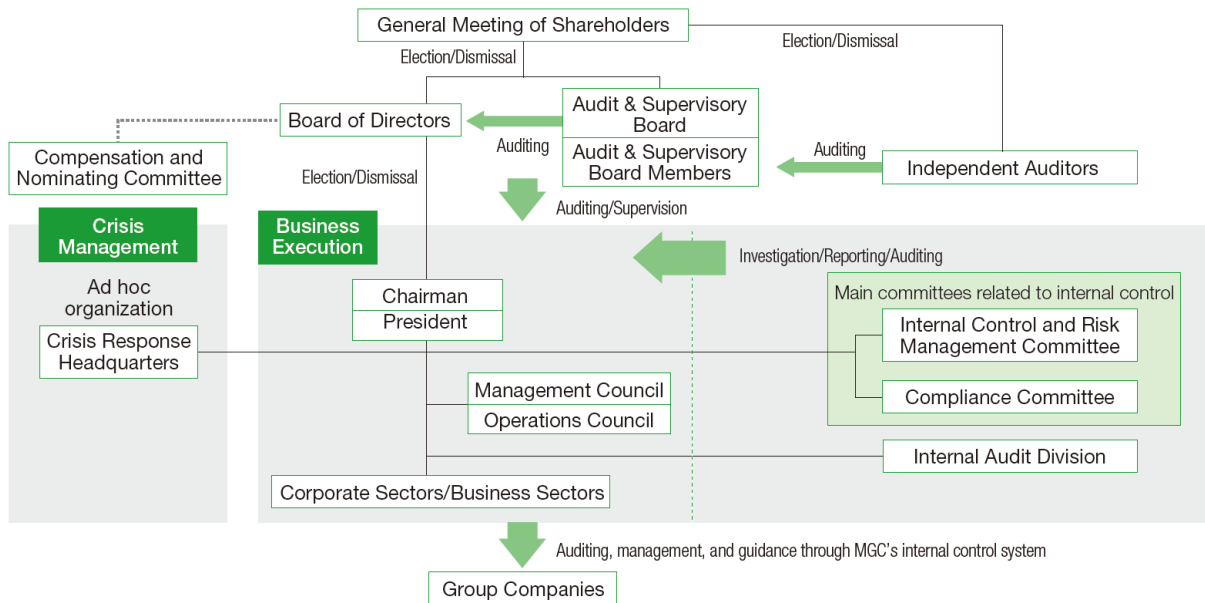


# Governance

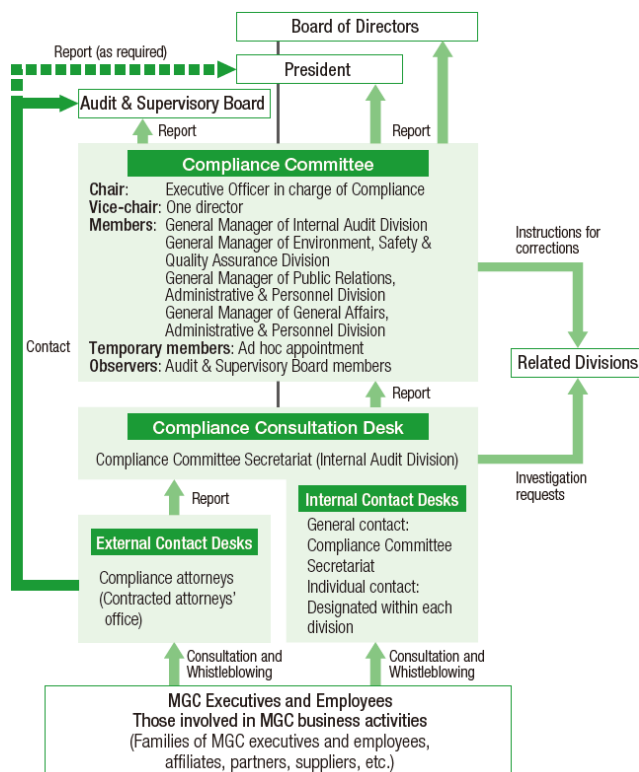
Management System | Governance Structure | Number of Major Meetings and Attendances | Officer Remuneration | Legal/Regulatory Violations | Compliance Violations | Internal Audits  
Compliance Consultation Desk | Approach to Prevention of Corruption | Prevention of corruption training  
Approach to Tax Governance | Political Contributions | Categories of Shares Issued

## Management System

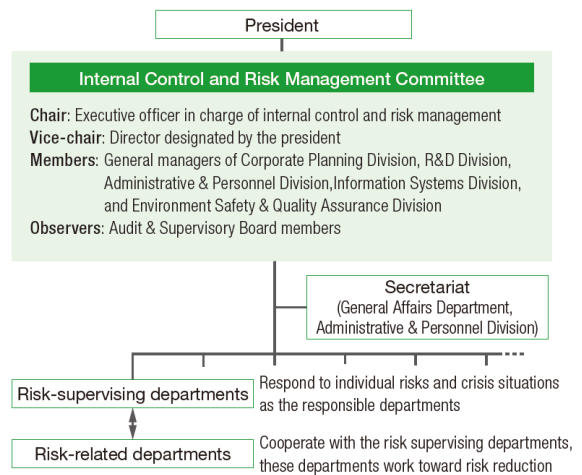
### Corporate governance and risk management organization chart



### Compliance Structure



### Risk Management Promotion System



## Governance Structure

Indicator	Scope		Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Directors	Inside directors	Male	People	10	10	9	8	8
		Female	People	0	0	0	0	0
		Total	People	10	10	9	8	8
	Outside directors (independent)	Male	People	2	2	2	3	3
		Female	People	0	0	0	1	1
		Total	People	2	2	2	4	4
	Altogether		People	12	12	11	12	12
Average term			Year	4y8m	5y2m	5y11m	3y7m	-
Ratio of independent outside directors (actual)			%	17	17	18	33	-
Ratio of female directors			%	0	0	0	8	8
Executive directors			People	10	10	9	8	8
Audit & Supervisory Board Members	Inside Audit & Supervisory Board members	Male	People	2	2	2	2	2
		Female	People	0	0	0	0	0
		Total	People	2	2	2	2	2
	Outside Audit & Supervisory Board members	Male	People	2	2	2	2	2
		Female	People	0	0	0	0	0
		Total	People	2	2	2	2	2
	Altogether		People	4	4	4	4	4
Average term			Year	3y3m	3y9m	4y9m	5y9m	-
Ratio of independent outside Audit & Supervisory Board members (actual)			%	50	50	50	50	-
Ratio of female Audit & Supervisory Board members			%	0	0	0	0	0

\*Data as of the conclusion of the General Meeting of Shareholders held each fiscal year

## Number of Major Meetings and Attendances

Indicator	Unit	FY2017	FY2018	FY2019	FY2020
Board meetings	Times	12	14	12	12
Average attendance of directors at board meetings	%	100	100	99	100
Average attendance of Audit & Supervisory Board members at board meetings	%	100	100	98	100
Audit & Supervisory Board meetings	Times	14	14	14	14
Average attendance at Audit & Supervisory Board meetings	%	100	100	98	98

\*Data from April to March of each fiscal year

## Officer Remuneration

Indicator	Scope	Unit	FY2017	FY2018	FY2019	FY2020
Directors (excluding outside directors)	Total remuneration	Million yen	496	549	489	444
	Number of officers*	People	11	11	13	11
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	Total remuneration	Million yen	52	52	52	53
	Number of officers*	People	2	3	2	3
Outside officers	Total remuneration	Million yen	54	55	55	70
	Number of officers*	People	5	4	4	6
Total		Million yen	602	656	596	567

\*Above number of Directors and Audit & Supervisory Board members, remuneration, etc. include remuneration for officers who resigned at the close of the General Meeting of Shareholders.

There is no Officer Remuneration, etc. received by outside officers from our subsidiaries.

## Legal/Regulatory Violations

Indicator	Unit	FY2017	FY2018	FY2019	FY2020
Cease and desist orders from JFTC	Cases	0	0	0	0
Suspension of operations due to, e.g., scandal	Cases	0	0	0	0
Compliance-related criminal indictments	Cases	0	0	0	0
Price-fixing	Cases	0	0	0	0
Bribery	Cases	0	0	0	0
Other violations	Cases	0	0	0	0

## Compliance Violations

\*For the reporting boundaries of the data in the table below, see MGC Group's Consolidated Subsidiaries on page 32.

Indicator	Unit	FY2017	FY2018	FY2019	FY2020
Number of reports to the Compliance Consultation Desk	Cases	18	16	17	27
Legal actions received for anti-monopoly/anticompetitive practices (cases under investigation)	Cases	0	0	0	0
Fines charged and settlement fees for anti-monopoly/anticompetitive practices	Thousand yen	0	0	0	0
Confirmed corruption incidents (cases under investigation)	Cases	0	0	0	0
Fines charged and settlement fees for corruption	Thousand yen	0	0	0	0
Other incidents related to compliance (excluding environmental)	Cases	0	0	0	0
Fines charged and settlement fees for other compliance-related incidents (excluding environmental)	Thousand yen	0	0	0	0
Reported cases of discrimination	Cases	0	0	0	0
Reported human rights violations	Cases	—	—	—	0
Reported cases of child labor	Cases	0	0	0	0
Reported cases of forced labor	Cases	0	0	0	0
Reported cases of infringement of rights of indigenous peoples	Cases	0	0	0	0

## Internal Audits

MGC has established an Internal Audit Division, an internal organization that is dedicated exclusively to internal auditing and reports directly to MGC's president. As one activity to monitor internal controls, the Internal Audit Division conducts audits separate from the Audit & Supervisory Board and independent auditor's respective audits. It audits every facet of MGC and Group companies' business execution. Internal audits verify whether internal controls are implemented and functioning properly from multiple standpoints, including maintaining operational effectiveness and efficiency, ensuring the reliability of financial reporting, abiding by laws and regulations applicable to business activities and deterring compliance violations such as bribery, embezzlement and other forms of corruption, and keeping assets, all to enable MGC to achieve its management objectives. The Internal Audit Division audits all business units (MGC's divisions, other organizational units equivalent thereto and consolidated subsidiaries) at roughly three-year intervals. Internal audit findings are periodically reported to the Board of Directors and Audit & Supervisory Board by the director in charge of the Internal Audit Division.

## Compliance Consultation Desk

The MGC Group has established a Compliance Consultation Desk accessible both internally and externally (via a law office) to enable prompt detection of and responses to actual or potential situations that cannot be dealt with through normal organizational channels, including legal/regulatory violations (e.g., bribery, other acts of corruption, harassment), misconduct and human rights infringements.

All parties connected with the MGC Group can consult with or report information to the Compliance Consultation Desk, including not only Group personnel inclusive of temp and contract workers but also their family members and the Group's suppliers, customers and collaborators.

As a general rule, the Compliance Consultation Desk allows individuals to consult with or report to it by telephone or in-person conversation in addition to by self-documenting means such as email, fax or letter. It allows individuals to also consult/report anonymously if they so wish and protects the privacy of those who reveal their identity. The Compliance Consultation Desk never divulges names or reported facts to anyone beyond a bare minimum of concerned parties who need to be informed to investigate or otherwise appropriately respond to reports.

The privacy of individuals who cooperate with investigations is also protected, with even the fact that they cooperated kept confidential.

Investigative findings pertaining to consultations/reports are reported to the Compliance Committee, an independent body that reports directly to MGC's president. When the Compliance Committee determines that a compliance violation has occurred, appropriate corrective and recurrence-prevention measures are taken and the whistleblower is notified of the outcome. All Compliance Committee activities' outcomes are reported to the president, Board of Directors and Audit & Supervisory Board members.

## Approach to Prevention of Corruption

Under published "MGC Corporate Behavior Guidelines" and "MGC Group Code of Conduct" that are well known MGC Group, MGC Group employees, officers, directors and Audit & Supervisory Board members are obligated to comply with Japan's Unfair Competition Prevention Act, the U.S.'s Foreign Corrupt Practices Act, the U.K.'s Bribery Act and other anti-corruption laws and regulations, including those pertaining to bribery.

MGC promotes strict, Group-wide compliance and a comprehensive ban on "bribery" with "MGC Corporate Behavior Guidelines" and "MGC Group Code of Conduct", both of which have been translated into English, Chinese and Thai.

Specific anti-corruption initiatives include compliance training programs for management personnel and overseas subsidiaries' Japanese expat executives. The programs cover prevention of bribery. Using anti-corruption training materials, MGC strives to thoroughly and uniformly impart a correct mindset to newly appointed executive officers with respect to bribery and other acts of corruption.

Additionally, every organizational unit keeps records of entertainment provided and received, the content of which is checked during internal audits.

## Prevention of Corruption training

The compliance handbook distributed to all domestic Group companies' personnel contains the MGC Corporate Behavior Guidelines, MGC Group Code of Conduct, names of major domestic and foreign laws relevant to anti-corruption compliance, including Japan's Public Offices Election Act, Political Funds Control Act and National Public Service Ethics Act, and internal regulations related thereto. The handbook aims to promote understanding of, and cooperation toward compliance with, applicable laws and regulations/ethical standards vis-à-vis public officials.

MGC promotes strict, Group-wide compliance with "MGC Corporate Behavior Guidelines" and "MGC Group Code of Conduct", both of which have been translated into English, Chinese and Thai.

MGC posts compliance training materials, including content on preventing corruption, on its intranet site to ensure employees are able to learn about the compliance risks most pertinent to their own jobs.

MGC conducts compliance training programs for management personnel and overseas subsidiaries' Japanese expat executives. The programs cover prevention of bribery. Using anti-corruption training materials, MGC strives to thoroughly and uniformly impart a correct mindset to newly appointed executive officers with respect to bribery and other acts of corruption.

## Approach to Tax Governance

The MGC Group recognizes that tax management and appropriate fulfillment of tax obligations in compliance with each country's relevant laws and regulations plays an important role in the country's economic and societal development and helps to earn the support and trust of all stakeholders.

The Group properly pays taxes in accord with each country's laws and regulations, including those pertaining to transfer pricing taxation and anti-tax-haven taxation. It is endeavoring to strengthen its tax governance by building closer ties with affiliates.

## Political Contributions (Non-consolidated)

Indicator	Unit	FY2017	FY2018	FY2019	FY2020
Political contributions	Thousand yen	469	590	496	524

## Categories of Shares Issued (As of June 30, 2021)

Category	Number of shares	Number of voting rights	Notes
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Voting shares (treasury shares, etc.)	Ordinary shares 17,800,300	—	Number of shares per unit: 100 shares
Voting shares (other)	Ordinary shares 207,709,500	2,077,095	Same as above
Shares less than one unit	Ordinary shares 229,399	—	Shares that are less than one unit (100 shares)
Total issued shares	225,739,199	—	—
Total number of voting rights	—	2,077,095	—

(Notes) 1. Shares less than one unit includes the following treasury shares and cross-held shares:

Treasury shares: 2 shares, Yamada Kasei Co., Ltd. 5 shares

2. Voting shares (others) includes 500 shares (five voting rights) held in the name of the Japan Securities Depository Center, Inc.