

Basic Policy on Corporate Governance

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AS OF MAY 22, 2024
RIGAKU HOLDINGS CORPORATION

Basic Policy on Corporate Governance

Rigaku Holdings Corporation (the “Company”) has established this Basic Policy on Corporate Governance (the “Basic Policy”) in order to achieve sustainable growth and the mid-to long-term enhancement of the corporate value of the Rigaku Group (the “Rigaku Group” or “we”).

Chapter I. Basic Approach to Corporate Governance

Article 1. (Basic Approach to Corporate Governance)

Rigaku Group’s Corporate Philosophy has been to “Contribute to the enhancement of humanity through the development of science and technology” since we were founded.

We believe that our continuous effort to resolve social issues while obtaining the trust and maintaining good relationships with Customers, Business partners, Creditors, Our people (employees), Local communities, Shareholders, and other stakeholders (individually or collectively “Stakeholders”) will contribute to sustainable growth and the mid-to long-term enhancement of the corporate value, and to achieve this, we have established the “Mission Vision Value” and “Rigaku Group Code of Conduct”.

In order to promote sustainable growth and the mid-to long-term enhancement of the corporate value, we, in accordance with this Corporate Philosophy and the Code of Conduct, and to ensure transparency and fairness of decision-making, establishes an effective corporate governance structure with the following basic principles:

- i. Cooperate with Stakeholders appropriately, taking their interests into consideration,
- ii. Respect Shareholders’ rights and treat all shareholders equally,
- iii. Disclose corporate information appropriately, ensuring transparency,
- iv. Given its fiduciary duty and accountability to shareholders, the Board of Directors, etc. shall fulfill the required roles and responsibilities, and
- v. Have constructive dialogues with shareholders who have a mid-to long-term investment policy.

Chapter II. Relationships with Various Stakeholders

Article 2. (Relationships with Various Stakeholders)

1 The Board of Directors of the Company regularly (and from time to time as necessary) reviews whether the Code of Conduct such as “Mission Vision Value” is widely achieved to ensure the continuous development of the Rigaku Group obtaining the trust of Stakeholders.

2 We shall recognize its social responsibility, which we shall fulfill through communication with Stakeholders, and by resolving social, environmental and other sustainability issues through our business.

Article 3. (Improvement of Working Environment and Respect for Human Rights and Diversity)

We recognize that variety in experiences, skills, and background help to bring diversity in perspectives and values necessary for sustainable growth. Therefore, we shall promote the diversity of internal human resources by encouraging the active participation of women, foreigners, mid-career hires and so on. We shall also respect the human rights of all business partners including suppliers as well as our employees, and publicly disclose the situation thereof.

Article 4. (Whistleblowing)

In order to enhance compliance management, we have a whistleblower system (including an outside contact with independence from the Company’s management) for early finding of violations of laws and ethics and has rules and a process that prevent adverse treatment of whistleblowers.

Article 5. (Ensuring Equality Among Shareholders)

1 The Company shall treat all shareholders equally according to their shares held, and disclose information appropriately so that there is no information gap among shareholders.

2 The Company shall send convening notices for general shareholders meeting early enough, in order to provide shareholders sufficient time to consider the agenda and exercise their voting rights appropriately. The convening notice will be disclosed on the Tokyo Stock Exchange, the electronic voting platform, the Company’s website, etc. To enhance the convenience of foreign shareholders, the convening notices of general shareholders meeting shall be provided in English and published on our website, etc.

3 The Company shall strive to create an environment that allows all shareholders including those who cannot attend the general shareholders meeting to exercise their voting rights appropriately by scheduling the general shareholders meeting on a different date from that of other companies as far as possible, and by utilizing an electronic voting platform or other measures.

4 If an institutional investor who holds shares under the name of a trust bank or other entity expresses an interest in attending the general shareholders meeting and exercising its voting rights, the Company will work with the trust bank or other entity to consider such possibility and decide on the response.

5 The Company shall sincerely accept the outcome of the exercise of voting rights at the general shareholders meeting, including a proposal by the Company which a considerable number of votes has been cast against, and analyze and consider the results at the Board of Directors, and as necessary, take measures such as having dialogue with shareholders.

Article 6. (Capital Management)

The Company places a strong emphasis on maintaining a balance between promoting investment for growth and ensuring financial soundness from a mid-to long-term management perspective. The Company shall pay dividends based on business performance and strive to maintain and improve the average payout ratio.

Article 7. (Cross-Shareholding)

1 In principle, the Company shall not enter into cross-shareholdings with business partners. However, the Company may as an exception hold cross-shares when this contributes to sustainable growth and the mid-to long-term enhancement of the corporate value, to build and bolster stable long-term relationships with significant business partners and to increase its competitiveness and profitability.

2 If the Board of Directors determines that a shareholding as described in the preceding paragraph is inconsistent with the basic policy regarding cross-shareholdings, and lacks potential for mid-to long-term improvement, then the Company shall work to sell those shares appropriately and adequately.

3 The Company shall appropriately exercise voting rights after comprehensively determining at the Board of Directors or the Management Meeting or similar, whether such exercise will contribute to the Rigaku Group's sustainable growth and the mid-to long-term enhancement of the corporate value, as well as the shareholders' common interests.

4 If a company holding the Company's shares as a cross-shareholding expresses an intention to sell those shares, we shall respect such decisions and respond appropriately.

Article 8. (Tender Offer)

Upon the Company listing its shares in public, it should be the shareholders' decision whether or not to accept a proposal for a large-scale purchase of the Company's shares that cause a transfer of corporate control. Furthermore, this respect for the ultimate authority of our shareholders will be maintained even when the Company receives a large-scale purchase proposal, as long as such proposal contributes to the mid-to long-term enhancement of the corporate value of the Rigaku Group and the common interests of the shareholders.

Article 9. (Avoidance of Related Parties Transactions)

1 In principle, we shall not engage in transactions with the Directors and other related parties.

2 If a situation arises involving a transaction with the Directors or other related parties, we shall verify that such transactions will not harm the interests of the Rigaku Group or the common interests of shareholders, and seek approval of the Board of Directors of the Company in advance. Furthermore, if a problem relating to a conflict of interest in regard to a director arises, the director shall report this to the Board of Directors immediately and obtain the approval of the Board of Directors.

Chapter III. Ensuring Appropriate Information Disclosure and Transparency

Article 10. (Information Disclosure)

1 The Company shall disclose information appropriately in accordance with the applicable laws and the Tokyo Stock Exchange rules, concerning its financial information such as financial and business results, non-financial information such as the management philosophy and strategies, the policy and procedure to determine remuneration for top management executives /the Directors, and other social and environmental factors (including activities towards sustainable development, investments in its human resources and intellectual property, etc.). In addition to the disclosure requirements described above, we shall proactively provide Stakeholders with such information in a plain and transparent manner.

2 In disclosing information, the Company shall take sufficient care to avoid substantial information gaps among shareholders, for example, by preparing Japanese and English version.

Article 11. (Disclosure of Management Plans and similar)

When disclosing management plans and similar, the Company shall strive to explain the basic policy of its business portfolios clearly and logically in plain words along with any necessary reassessment. The Company shall likewise explain its earning plans and the fundamental capital policy, and how this influences the allocation of management resources as well as the composition of its shareholders, the cost of capital, and the goals regarding profitability, capital efficiency, etc.

Chapter IV. Corporate Governance Structure

Section 1: Organizational Structure

Article 12. (Organizational Structure)

1 The Company has adopted the corporate governance structure of a company with the Board of Company Auditors under the Companies Act of Japan.

2 The Company has introduced an Executive Officers System to clarify responsibilities for business execution and management supervisory functions. In addition to facilitate its progress and decision-making at the Board of Directors, the Company has established a Management Meeting to deliberate and consider in advance matters such as proposed resolutions to the Board.

Section 2 : Responsibilities of the Board of Directors

Article 13. (Roles and Responsibilities of the Board of Directors)

1 The Board of Directors is entrusted by shareholders, under the provisions of laws and regulations, and internal regulations of the Company, to oversee management strategy/plans, important decision-making, and execution of the business, and to take responsibility for delivering sustainable growth and mid-to long-term enhancement of the corporate value.

2 In order to fulfill the responsibilities set forth in the preceding paragraph, the Board of Directors shall exercise supervisory functioning over the Company's management, and ensure fairness and transparency in management through nomination, appointment/dismissal proposal for the Directors, the Company Auditors, and the Executive Officers, decisions of remuneration for the Directors and the Executive Officers, and the execution of important business operations, etc. in accordance with the law and regulations, etc.

3 The Board of Directors shall ascertain and evaluate significant risks faced by the Rigaku Group and make the decisions that are best for the Rigaku Group and its various Stakeholders.

4 The Board of Directors shall establish levels of decision-making authority for matters to be determined at each management level, and promote prompt decision-making.

Article 14. (Establishment and Roles of Nomination/Evaluation and Remuneration Committee)

1 The Company has established the Nomination/Evaluation and Remuneration Committee as an advisory body to the Board of Directors to hold effective and sufficient discussions in addition to ensuring objectivity and transparency in nominating Executives and determining remuneration. The Nomination/Evaluation and Remuneration Committee shall deliberate in a position independent from the management by being chaired by an Independent External Director and including a majority of Independent External Directors as its members.

2 After formulating the nomination policy for the Directors, the Company Auditors, and the Executive Officers in accordance with law and regulations, the Nomination/Evaluation and Remuneration Committee shall deliberate on appointments and dismissals and provide recommendations to the Board of Directors.

3 The Nomination/Evaluation and Remuneration Committee, entrusted by the Board of Directors, shall formulate the policy related to a remuneration system for the Directors/Executive Officers, hold deliberations and make decisions on the matters related to those remuneration.

Article 15. (Conditions for Independence)

1 The Company shall formulate "Independence Standards for External Executives" based on the requirements of the Companies Act and Independence Standards of the Tokyo Stock Exchange, and nominate the Independent External Directors and the Independent External Company Auditors in line with the Standards.

2 The "Independence Standards for External Executives" shall be proposed by the Nomination/Evaluation and Remuneration Committee, and after deliberations and determination at the Board of Directors, be made public in reference materials for the general shareholders meeting and other documents.

Article 16. (Roles of the Independent External Directors)

1 From an independent standpoint, the Independent External Directors shall fulfill their functions of activating discussion at the Board of Directors through offering questions and opinions from various perspectives, as well as exercising appropriate decision-making and supervision to ensure fairness of judgement and action by the Board of Directors. The Independent External Directors shall represent the opinions of various Stakeholders to the Board of Directors, as well as promoting improved corporate governance.

2 The Independent External Directors shall, as necessary, obtain information from the Company to fulfill their roles, and in addition, shall exercise the statutory investigation granted to them by the laws in order to collect further information when needed.

3 The status of concurrent positions held by the Independent External Directors shall be described in the convening notice of general shareholders meeting and in the Annual Securities Report.

4 The Independent External Directors shall hold meetings to be attended only by them as a place of having discussions freely as well as to deepen their understanding in order to ensure the effectiveness of the Board of Directors.

5 If any important transaction/behavior that brings conflict of interest between controlling shareholders and minority shareholders arises, to ensure fairness and to promote the enhancement of the Rigaku Group's corporate value, a Special Committee shall be established, composed of independent individuals including the Independent External Directors, and shall deliberate and offer its recommendation, so as to avoid harming the interest of minority shareholders.

Section 3 : Effectiveness of the Board of Directors

Article 17. (Composition of the Board of Directors)

The number of Directors appointed to the Board shall be at least three (3) in number, and more than one-third (1/3) of them shall be the Independent External Directors.

Article 18. (Internal Control)

In order to ensure the appropriateness of the Rigaku Group's operations and financial reporting, and ensure the establishment of a sound management structure, the Board of Directors shall establish an Internal Control Department and a cross-functional committee for risk and compliance management, and monitor this structure and its operational status to secure the Rigaku Group's internal control, risk management, and compliance.

Article 19. (Procedures for Appointment and Dismissal of Executives)

1 Regarding the nomination of prospective Directors, Company Auditors, and Executive Officers, the Board of Directors shall nominate candidates who contribute to the Rigaku Group's sustainable growth and the mid-to long-term enhancement of corporate value, based on the advice of the Nomination/Evaluation and Remuneration Committee. The candidates should have abundant experience, deep knowledge, and a high level of expertise related to the positions, and diversity of gender, nationality, work experience, age, and skills shall also be considered. In particular when selecting the CEO, as the key strategic decision-maker, sufficient time and resources should be available to nominate a person with appropriate qualifications.

2 If circumstances arise that require dismissal of top management executives (particularly in the case of CEO, due to a serious impropriety or exceptionally poor results), the dismissal shall be determined by the Board of Directors. The dismissal of the Directors shall be conducted based on the advice of the Nomination/Evaluation and Remuneration Committee, in accordance with the Companies Act of Japan and regulations of the Company.

Article 20. (Responsibilities of Directors)

1 When assuming office, the Directors shall fully understand their responsibilities as well as the relevant laws and regulations, the Board of Directors regulations, and other internal regulations.

2 In performing their duties, the Directors shall proactively collect sufficient information, actively express their opinions, and discuss issues in depth.

3 Directors shall devote sufficient time to the performance of their duties and exercise their expected abilities for the benefits of the Rigaku Group and various Stakeholders.

Article 21. (Succession Plan)

1 To ensure objective, timely, and transparent procedure, the Nomination/Evaluation and Remuneration Committee is responsible for deliberating with sufficient time at least once a year whether successor candidates (including external candidates) with appropriate qualifications are available as successors for the CEO and other key roles. The Board of Directors shall discuss and endorse the recommendations provided by the Nomination/Evaluation and Remuneration Committee.

2 Cultivating successors for key positions shall be achieved through providing candidates with suitable opportunities around the Rigaku Group, under the supervision of the Board of Directors.

Article 22. (Evaluation of Effectiveness of the Board of Directors)

The Company shall analyze and evaluate the effectiveness of the Board of Directors every year with input from external advisors, and disclose a summary of the results appropriately.

Article 23. (Support System, etc. Relating to Operation of the Board of Directors)

The Company shall establish a secretariat for the Board of Directors with appropriate personnel and budget to ensure that the Board of Directors is able to have sufficient discussions.

Section 4 : Roles and Responsibilities of the Company Auditors and the Board of Company Auditors

Article 24. (Roles and Responsibilities of the Company Auditors and the Board of Company Auditors)

1 The Company Auditors and the Board of Company Auditors, working as a body with independence from the Board of Directors, shall, in order to secure a healthy approach to the Rigaku Group's pursuit of a sustainable increase in its corporate value, and based on its legal right to request reports about business activities of the Rigaku Group and exercising its right to investigate operations, audit the execution of duties by the members of the Board, the internal control system of the Rigaku Group, and the Company's business results/financial condition and so on.

2 Fulfilling the responsibilities described in the preceding paragraph, the Company Auditors and the Board of Company Auditors shall proactively express their opinions to the Directors and other related parties.

3 The Board of Company Auditors shall work to establish a system to secure the efficacy of audits by each Company Auditor, such as through allocating staff members to assist in their duties.

4 As required by laws and regulations and by the Company's Articles, the number of Company Auditors shall be three (3) or more, at least half of whom shall be the Independent External Company Auditors. The terms of office of the Company Auditors are as stipulated by the Companies Act of Japan.

5 In order to fulfill their functions, the Company Auditors and the Board of Company Auditors shall cooperate with the Accounting Auditors and with the department responsible for internal audits.

Article 25. (Independent External Company Auditors)

1 The Independent External Company Auditors shall express objective audit opinions to the Representative Director and the Board of Directors from a neutral standpoint to enhance independence and fairness of the audit.

2 The status of any concurrent posts held by the Independent External Company Auditors will be described in convening notices for general shareholders meeting and the Annual Securities Report.

Article 26. (Roles and Responsibilities of the Accounting Auditors)

1 The Accounting Auditors are tasked with securing the reliability of financial reports, and play an important role in achieving effective corporate governance, with a responsibility to shareholders and investors.

2 The Accounting Auditors shall use their independence and professional expertise to implement a system that enables fair and appropriate audits, in cooperation with the Board of Company Auditors and the department responsible for internal audits, in addition to regularly conducting interviews with top management executives.

Article 27. (Relationships with the Board of Company Auditors, the Accounting Auditors, and the Department Responsible for Internal Audits)

1 The Board of Company Auditors shall implement a system that enables sufficient and appropriate audits in cooperation with the Accounting Auditors and the department responsible for internal audits.

2 The Board of Company Auditors shall establish evaluation and nomination standards for the Accounting Auditors and shall verify whether or not the Accounting Auditors possess independence and expertise.

3 If the Accounting Auditors identify any misconduct and request appropriate measures, or if they point out inadequacies or problems, the Board of Company Auditors shall respond in a timely and appropriately manner.

4 The Board of Company Auditors shall regularly hold meetings with the Accounting Auditors and the Representative Director. Furthermore, the Board of Company Auditors shall strive to exchange information and share their opinions regarding important issues facing the Rigaku Group, for example, by holding regular meetings with the Independent External Directors.

Section 5 : Execution System**Article 28. (Management Meeting)**

The Management Meeting has responsibilities for sustainable growth and the mid-to long-term enhancement of corporate value through deliberating on important matters regarding the business operations of the Rigaku Group, as entrusted by the Board of Directors.

Article 29. (Responsibilities of Executive Officers)

1 The Executive Officers shall be appointed by the Board of Directors based on the “Board of Directors regulations” and play a role in executing matters determined by the Board of Directors.

2 The Executive Officers shall be aware that they play a role in the management of the Company together with the Directors, have responsibilities to fulfill their duties sincerely and faithfully, and thereby strive to contribute to sustainable growth and the mid-to long-term enhancement of the Rigaku Group’s corporate value.

Section 6 : Remuneration System

Article 30. (Policy on Remuneration)

1 The basic principle guiding remuneration policy for Members of the Board/Executive Officers is that it should strengthen the incentives to improve company performance by introducing a remuneration system linked to the Company's performance indicators.

2 Remuneration for Members of the Board shall be set after careful deliberation at the Nomination/ Evaluation and Remuneration Committee, within the scope of the total pool for remuneration approved at the general shareholders meeting, based on the remuneration regulations for Executives and on the performance achieved against the performance indicators.

3 Remuneration for the Company Auditors shall be determined through consultation at the Board of Company Auditors within the scope of the total amount of remuneration approved at the general shareholders meeting.

Article 31. (Remuneration for the Executive Directors/Executive Officers)

1 Remuneration for the Executive Directors and Officers shall be composed of fixed remuneration, short-term incentives, and mid-term incentives.

2 Fixed remuneration and short-term incentives shall be set based on an annual review for each position.

- (1) Fixed remuneration shall be determined based on the seniority of the role and the scope of responsibilities of each position.
- (2) Short-term incentives shall be determined linked to the achievement level against the performance indicators based on the management plan for each fiscal year and not exceed the agreed proportion of fixed remuneration determined for each position.

3 Medium-term incentives shall be determined based on the achievement level against mid-to long-term business goals, share price, and so on.

Section 7 : Training of Directors and Company Auditors

Article 32. (Policy on Training)

Upon assuming office, the Company shall provide each Director and Company Auditor with opportunities to acquire the necessary knowledge about the Rigaku Group's business operations, finance, organization, and so on, and to understand their required duties and responsibilities. After appointment, the Company shall provide opportunities and introductions for training suitable for each Director and Company Auditor, and provide support for the costs. The Company shall disclose its policy on this training.

Chapter V. Dialogue with Shareholders

Article 33. (Constructive Dialogue with Shareholders)

1 The Company shall work to hold an active and constructive dialogue with shareholders and to establish a system to promote such dialogue under the supervision of the Executives in charge of IR, in order to achieve sustainable growth and the mid-to long-term enhancement of the Rigaku Group's corporate value.

2 The President, the Directors and the Executive Officers responsible for specific areas of the business, and relevant departments, shall conduct the dialogue with shareholders. However, other Board Members including the External Directors or the Company Auditors may also respond within reason, depending on the nature of the questions and the topic for the meeting requested by the shareholder.

3 In order to hold constructive dialogue with shareholders, relevant departments such as Investor Relations, Corporate Planning, General Affairs, Finance, Accounting, and Legal shall share information and exchange opinions appropriately based on their professional viewpoint, with a collaborative spirit.

4 The Company shall work to enrich means of dialogue with shareholders, by, for example, holding earnings results briefings, mid-term management plan briefings, and small meetings, in addition to individual interviews. The Company shall work to enrich the content of the "integrated report" as a tool for dialogue, as well as actively disclosing information that is required to hold a dialogue.

5 The Company shall deliberate on opinions gathered through dialogue with shareholders at the Board of Directors or the Management Meeting, and provide further comment to Stakeholders about the management strategies of the Company to secure their understanding.

6 Throughout its dialogue with shareholders, the Company shall pay attention to ensuring the fairness of information disclosure and prevent the disclosure of insider information.

Supplementary Provisions

Supplementary Provisions 1.

This Basic Policy shall be reviewed appropriately as necessary, revised through a resolution of the Board of Directors, and disclosed promptly.