

Roundtable Discussion with Chairperson and Independent Directors

Aiming to become a true global leader, we will first make

changes at our “headquarters” to achieve further growth



CKD has successfully expanded its global business by leveraging its abundant technological capabilities and diverse product lineup, contributing to the resolution of social challenges in the realms of Automatic Machinery and Components. But what are CKD's strengths and what challenges does it face as it strives to further enhance its social impact? In this roundtable discussion, facilitated by Chairperson Kajimoto, the three Independent Directors will provide their insights to illuminate these crucial matters.

Pursuing a more open Board: introducing the Corporate Officer System in 2022

Kajimoto: For over nearly 80 years, CKD has remained dedicated to addressing customer and societal issues through our core businesses of Automatic Machinery and Components. We have built an extensive portfolio of factory automation products. Today, we seek to explore CKD's competitive advantages and identify areas that demand further attention to elevate our corporate value. To achieve this, we value the input of various stakeholders, and thus, we invite the three Independent Directors to share their opinions and recommendations. To start, we would like to hear your perspectives on the role of Independent Directors and your assessment of the Board of Directors' effectiveness and governance.

Hayashi: Including my time as an auditor, I have been a board member of the board of directors for a long time. In addition to my expertise as a certified public accountant, my experience in domestic and international M&A at a global consulting firm has allowed me to offer comprehensive management support to CKD.

Looking back on the period from my appointment as an outside director to the present, I think it coincides with the time when CKD has been expanding its manufacturing bases and business domains through M&A and other means, both in Japan and overseas.

As one of the longest-serving board members, I have witnessed significant progress in the Board's effectiveness, fairness, and transparency, notably enhanced by the introduction of the Corporate Officer System.

Sacré: With extensive experience managing manufacturing companies in Japan and abroad, particularly European firms involved in the same industrial sector as CKD, I contribute insights based on global industry trends and technical aspects as CKD expands its overseas operations. Now in my third year as a board member, I appreciate CKD's emphasis on fostering an open atmosphere, where opinions flow freely, and we actively follow up and implement improvements.

Shimada: With 33 years of experience at the National Personnel Authority and the Ministry of Foreign Affairs of Japan, where I developed policies and laws related to human resources, I have shifted my focus to nurturing public value-driven human resources at my alma mater, the School of

Public Policy, since 2019. Now, as an Independent Director, despite my lack of corporate management experience, I recognize the commonalities between the public and private sectors today, such as optimizing human resources, accountability to society, and creating social value. I intend to offer proposals from this perspective.

Embracing customer proximity and the power of diversity

Kajimoto: Thank you for your valuable insights. When appointing Independent Directors, we seek a well-balanced skills matrix, encompassing expertise, background, and personal qualities. Your diverse experiences enrich our discussions with perspectives from the public sector during this transformative era of corporate management.

Moving forward, we would appreciate your honest evaluation of our company's strengths and challenges, the focal point of this gathering. Mr. Sacré, as an industry expert, we eagerly await your views.

Sacré: CKD's robust growth in recent years can be attributed to two significant factors: First, as Chairperson Kajimoto highlighted earlier, our diverse product lineup addresses various social challenges, with each offering its unique competitive edge. Second, target industries like semiconductors and rechargeable batteries are expected to flourish due to long-term megatrends. These advantages have been instrumental in our growth.

However, we must acknowledge the challenges. Presently, the uncertainty in the semiconductor market stemming from U.S.-China economic friction and other factors is a notable challenge. Additionally, the acquisition of top-tier talent presents a long-term challenge. Our ability to attract exceptional individuals hinges on the kind of company we aspire to become. Hence, to progress further, we must concentrate on accelerating globalization and expanding into overseas markets, as outlined in our long-term management vision.

From a slightly pragmatic perspective, I perceive that while our global factories and bases in the U.S., Europe, India, ASEAN, and beyond have flourished, there are still areas where we can truly embody a global company in terms of human resources and corporate culture. An essential step lies in transforming our head office. This entails initiating a process that reexamines internal rules, relationships between the head office and overseas offices, and overall culture.

Hayashi: I wholeheartedly concur with Mr. Sacré's perspective on globalization. CKD's progress thus far has been fueled by our genuine commitment to developing and delivering high-quality products to our customers, driven by the collective effort of our employees aligned towards a common goal. This sincerity and dedication represent invaluable assets that should be cherished.

Nonetheless, if we are to expand our global business, we must engage with individuals possessing diverse values. To foster an environment that thrives on diversity, irrespective of

Roundtable Discussion with Chairperson and Independent Directors

generational, gender, or national differences, we must establish a system that leverages the strength of diverse individuals.

Introducing SAP as a global standard core system in 2018 was a pivotal step towards achieving this objective, facilitating swift data sharing and analysis. However, the crux of change lies in the human mindset. Our head office must spearhead the creation of new rules tailored to the era of young leaders returning from overseas bases. For instance, adopting English as the primary language for internal communication could expedite interactions with overseas companies. Such incremental changes pave the way for CKD to evolve into a truly global leader, enhancing our worldwide presence.

Aiming for growth and value creation Valuing the “Philosophy” behind numerical targets

Shimada: Strengthening human capital is crucial, and while it's essential to disclose various indicators and targets, the mere numerical values are not the sole focus. Instead, we should concentrate on bridging the gap between the philosophy and goals behind these targets and their actual realization.

For instance, the existence of a daycare center on the CKD premises is reassuring for balancing childcare and work. However, to truly enhance human capital, we must shift our approach to women and older employees from merely “protecting employment” to valuing their active involvement as integral members who contribute value.

Kajimoto: I appreciate your valuable feedback and highlighting areas for change.

As we celebrate our Company's 80th anniversary, we recognize the significance of preserving our core values while embracing change for improvement. Empowering the next



generation of leaders to embrace innovation is crucial. We must contemplate what should be transformed and what merits preservation, connecting these decisions to our subsequent milestones like the 90th and 100th anniversaries.

Regarding globalization, as Mr. Sacré pointed out, we have made progress in expanding our markets worldwide. Still, we acknowledge that achieving true globalization requires time, dedication, and nurturing human resources who will be the future leaders of CKD. As we explore this path, we value the input of our overseas-trained leaders, and we shall initiate globalization from our head office while firmly moving forward.

To develop future human resources, we have prioritized the cultivation of global and digital talent, along with the next-generation leaders. Under the “Human Resources Strategy Committee” and “Future Human Resources Project,” led by President Okuoka, we aim for a management approach that maximizes the potential of our workforce. We eagerly anticipate your feedback as we progress with these initiatives.

Capture potential needs through “technology x marketing”



Sacré: The challenges of globalization and diversity are not unique to Japanese companies; also Japanese subsidiaries of foreign firms encounter similar obstacles. Addressing these issues requires continuous effort rather than quick fixes. By collaborating on projects with other companies, we can foster a corporate culture that values diversity.

Kajimoto: Indeed, the concept of “Co-creation” in our newly established corporate “Purpose” highlights the importance of incorporating external perspectives into our corporate culture.

Building upon our abundant technological capabilities and product range, we should further promote collaboration among various technologies, leveraging diversity to create our strengths.

Encouraging horizontal cooperation among departments and projects, and nurturing talents capable of comprehensive collaboration ideas will lead to the development of innovative products based on new and combined technologies.

Hayashi: This plan holds great potential. By integrating a marketing function that assesses customer needs into our technology-driven initiatives, we can expand our proposals and access untapped markets.



Sacré: While CKD's technological capabilities are undoubtedly a core strength, I wonder how we can effectively connect hardware, applications, and marketing fields to create new value. I am eager to witness the developments that lie ahead.

Kajimoto: Promoting technological collaboration will be entrusted to President Okuoka, and I look forward to witnessing its fruition. In conclusion, we welcome your opinions and expectations for CKD's future.

Shimada: Over the past decade, the roles of private companies and public offices have gradually converged.

CKD, since its inception, has expanded its business by providing technological solutions to customers. As we venture into an era where companies must create social value, we must ponder the specific social value CKD aims to achieve. Additionally, every employee must reflect on the social value they wish to contribute through their work. Sharing these thoughts and ideas will create a powerful synergy, fostering growth among human resources both in Japan and overseas.

Considering the shifting attitudes of the younger generation, who aspire to create shared value through business, we envision a future where talented individuals, passionate about contributing to resolving societal issues, will join CKD. In this endeavor, I aspire to act as a bridge between the two worlds.



Hayashi: A strong organization necessitates “having it all” concerning people and multiple encounters. CKD is well on its way in this regard.

Our recent aggressive investments and expansion into overseas markets have further strengthened our global presence. Operating new factories and bases allows us to attract the human resources we seek, broadening our contribution to solving social issues.

Sacré: CKD's foundation lies in its technology, products, manufacturing traditions, and a corporate culture centered on earnest customer service. These irreplaceable values make CKD a “good company.” Communicating this brand value more widely in the market will be crucial. My expectations for CKD are high.

Kajimoto: Thank you all for your valuable insights. As we embark on the eighth year of our “10-Year VISION” with minor modifications to adapt to changing times, we approach the second year of the four-year Fifth Mid-Term Management Plan, the culmination of our “10-Year VISION.”

Our ongoing mission revolves around simultaneously establishing a strong foundation and driving growth. The next two and a half years are pivotal for CKD's future.

We eagerly anticipate your continued feedback as we strive to realize our vision of a workplace where employees find fulfillment and contribute positively to society. I extend my heartfelt gratitude to all of you for partaking in this invaluable exchange of opinions.

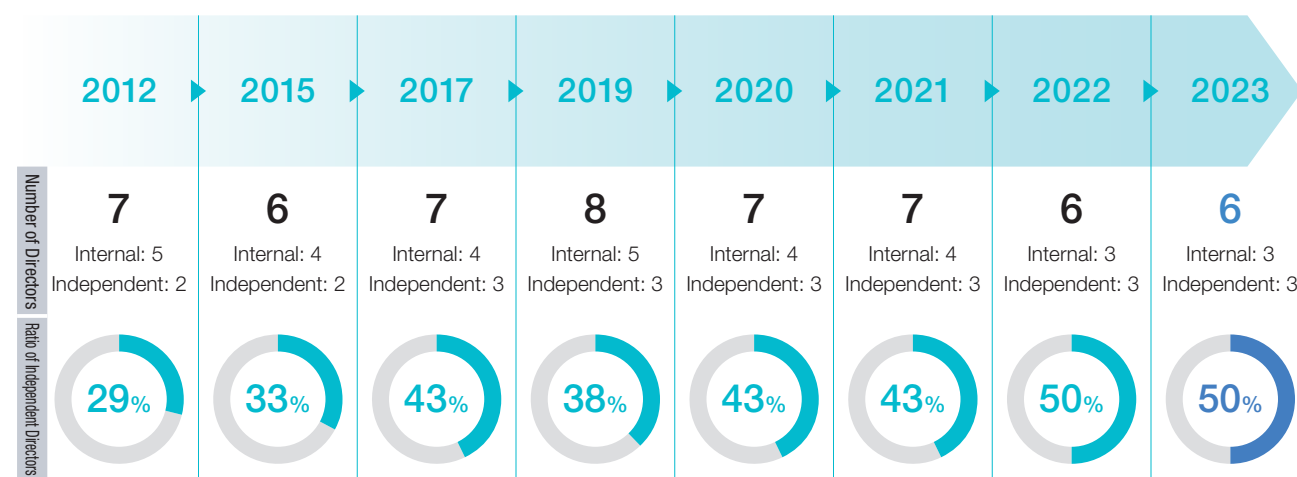
Corporate Governance

We strive to ensure and strengthen the feasibility of corporate governance from the perspectives of *ensuring transparent, healthy management, and appropriate cooperation with stakeholders* to realize a greater level of sustainable corporate value.

Approach

Corporate governance in the Company is based on our Values. To build good relationships with stakeholders with whom we have various interests and become a company that continues to be trusted, we believe it is essential to build a system that functions to enhance management transparency and fairness to enable prompt decision making that leads to sustainable growth and increased corporate value.

Corporate governance evolution



2017

- The number of Independent Directors increased from two to three
- Evaluation of the effectiveness of the Board of Directors initiated by a third-party organization

2018

- Nomination & Remuneration Advisory Committee established
- Information Disclosure Committee established
- Restricted stock remuneration introduced as a remuneration system for Directors (excluding Independent Directors)

2020

- Compliance Committee (renamed from the Good Value Promotion Committee) established
- Opinions exchanged between the Representative Directors, Independent Directors, and External Audit & Supervisory Board Members

2021

- Sustainability Committee established
- Opinions exchanged between Independent Directors and External Audit & Supervisory Board Members

2022

- Proportion of Independent Directors: 50%
- Corporate Officer System introduced

Promotion structure

The Board of Directors is positioned as an entity that determines basic policies and important matters concerning management as well as those required by laws and regulations.

Currently, the Board of Directors consists of six Directors, including one non-Japanese Director and one female Director, and the proportion of Independent Directors is set to be 50%. In addition, the Board of Corporate Officers, which reports directly to the Board of Directors, promotes prompt management decision-making and flexible business execution. It aims to achieve both short-term and medium- to long-term performance targets and further enhance corporate value. We have also established the Nomination & Remuneration Advisory Committee as a voluntary advisory body to the Board of Directors. The purpose of establishing the committee is to ensure objectivity and transparency in the decision-making process regarding the nomination of Directors and Audit & Supervisory Board Members and the remuneration for Directors and further strengthen the corporate governance system. The committee consists of three members: two Independent Directors and one Representative Director. The Independent Director chairs the committee and the committee members are selected by mutual vote.

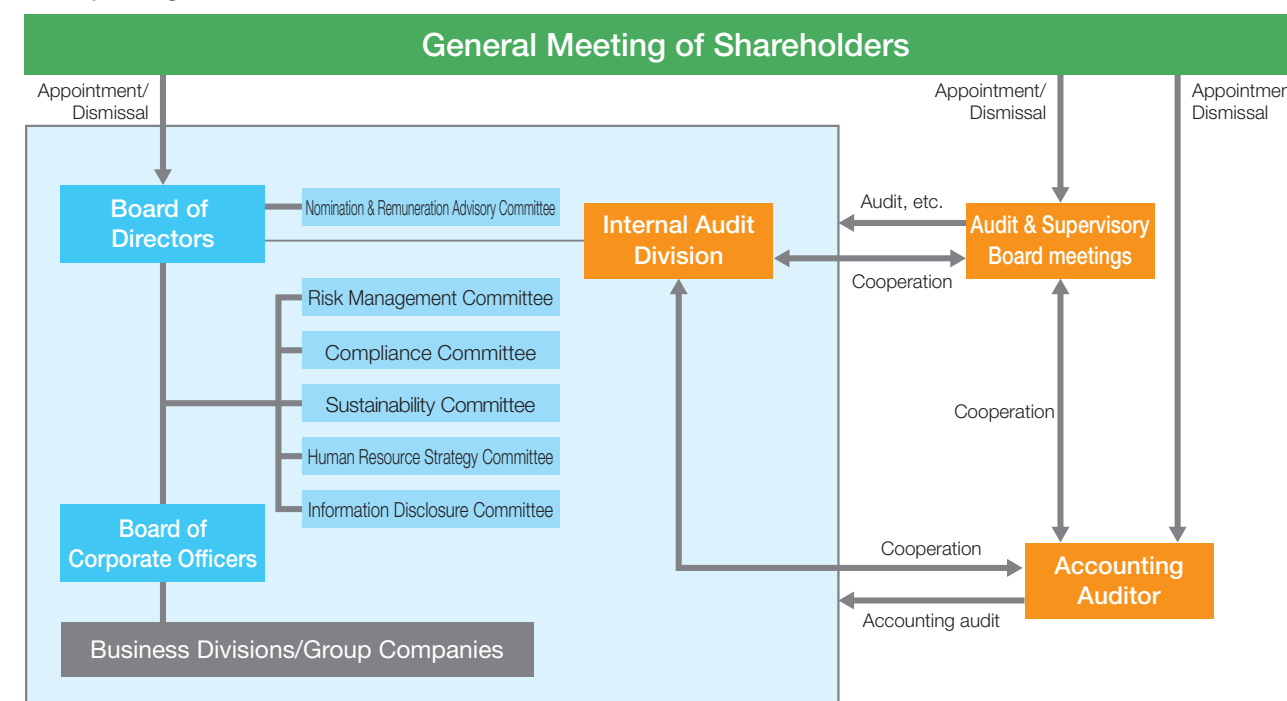
Auditing functions

The Company has adopted an Audit & Supervisory Board system, and the Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including three External Audit & Supervisory Board Members. Each Audit & Supervisory Board Member audits the execution of duties by Directors by attending meetings of the Board of Directors and other important meetings, and by examining the status of operations and assets, in accordance with the audit policy and audit plan formulated by the Audit & Supervisory Board. Audit & Supervisory Board Members cooperate with the Internal Control Audit Office and the Accounting Auditor by exchanging information regularly.

The standing Audit & Supervisory Board Member also attends important meetings such as Board of Corporate Officers meetings to deliberate on the management matters of each business division, analyze the business environment, and work to understand the status of business planning progress to provide appropriate audits.

Accounting audits are conducted under an audit contract with an Accounting Auditor for Companies Act audits and Financial Instruments and Exchange Act audits. We request fair and unbiased accounting audits.

Corporate governance structure



Corporate Governance

Boards and committees

Name	Details
Board of Directors	<p>Outline In the Regulations for the Board of Directors, the Company stipulates that the matters stipulated by laws, regulations, and the Articles of Incorporation, and other matters related to important businesses shall be decided by resolution of the Board of Directors. The Board delegates decision-making authority for the execution of other businesses to the Board of Corporate Officers in accordance with internal regulations that clarify decision-making authority.</p> <p>Main activities</p> <ul style="list-style-type: none"> The Board of Directors meetings provide a forum for more extensive discussions of important cases as matters to be discussed in addition to matters to be resolved and reported. Conduct regular reports on the status of business execution from Executive Officers. Exchange opinions between the Representative Directors, Independent Directors, and External Audit & Supervisory Board Members. Exchange opinions between Independent Directors and External Audit & Supervisory Board Members.
Nomination & Remuneration Advisory Committee	<p>Outline The committee has been established to ensure objectivity and transparency in the decision-making process regarding the nomination of Directors and Audit & Supervisory Board Members and the remuneration system for Directors and further strengthen the corporate governance system.</p> <p>Main activities</p> <ul style="list-style-type: none"> The committee is chaired by an Independent Director. A majority of the committee members are Independent Directors. Meetings are held about four times a year. Appointment of candidates for Directors is determined in light of the appointment criteria. The committee determines policies on remuneration for Directors and the amount of individual remuneration, deliberates on the establishment and revision of the remuneration system, and determines the specific details of the stock remuneration.
Board of Corporate Officers	<p>Outline The board promotes prompt management decision-making and flexible business execution to achieve company-wide management goals.</p> <p>Main activities In principle, the board meetings are held twice a month. Directors, Audit & Supervisory Board Members, and Corporate Officers attend the meetings to discuss matters to be reported and deliberated from each division, which lead to prompt management decision-making and flexible business execution.</p>
Risk Management Committee	<p>Outline As part of business management, the committee establishes basic matters necessary to identify and comprehensively manage risks surrounding the Company and conducts risk management.</p> <p>Main activities</p> <ul style="list-style-type: none"> The committee meetings are held every three months in principle. However, they are held as needed at the chairperson's discretion for risks that need to be addressed immediately. Individual themes are selected from key risks. The status of each activity is regularly checked with instructions. In fiscal 2022, the committee promoted initiatives to promote information security, responses to climate change and BCP, and activities to increase engagement.
Compliance Committee	<p>Outline The committee ensures that all employees are fully aware of legal compliance and business ethics and promotes compliance with the CKD Group. It also conducts activities to prevent compliance violations within the Company, acts as a contact point in the event of compliance violations, investigate the causes and establishes measures to prevent a recurrence. The committee acts as a contact point for whistleblowing, conducts investigations in cooperation with each division within the Company, reviews necessary corrective measures, and takes immediate action.</p> <p>Main activities</p> <ul style="list-style-type: none"> Hold the meetings every six months in principle. Review disciplinary action proposals. Report the results of the harassment consultation contact. Report the results of compliance inspections (conducted in fiscal 2022). Report the results of reporting and recommendations to internal and external reporting contact points. Review harassment prevention measures. Report to the Board of Directors.
Sustainability Committee	<p>Outline The committee consists of the President as chairperson and relevant officers and division heads as committee members. It deliberates on key issues to promote our ESG and SDGs initiatives, contribute to the global environment, and help enrich society through our business activities.</p> <p>Main activities</p> <ul style="list-style-type: none"> Hold the meetings every six months in principle. Extract key issues. Review and deliberate on the progress of responses. Report to the Board of Directors. Formulate response policies and plans. Disseminate policies and plans to related divisions and the entire Company.
Information Disclosure Committee	<p>Outline The committee determines the materiality of information and the appropriateness of disclosure content in statutory and timely disclosure and works to establish a fair and reliable information disclosure system.</p> <p>Main activities</p> <ul style="list-style-type: none"> The committee meetings are held every three months, after the settlement date of accounts, in principle. However, they are held as needed at the chairperson's discretion for cases that need to be addressed immediately. Confirm the status of disclosure in IR, general meetings of shareholders, and business results. Review and determine the method of disclosure of matters to be added. Review and respond with corrective actions when concerns are identified in disclosing information subject to the Fair Disclosure Rules. Monitor decisions made by the Information Disclosure Committee. Report to the Board of Directors.

Skill set matrix

	Name	Job title	Gender	Age*	Years in office	Significant concurrent positions		Committee affiliations	Expertise and experience							
						The number of companies	Of which, the number of listed companies		Corporate management	Manufacturing, technology, research and development	Quality and safety	Sales and marketing	Finance and accounting	Legal affairs and risk management	DX and IT	Sustainability and environment
Internal	Kazunori Kajimoto	Representative Director Chairperson of the Board of Directors and Chief Executive Officer	Male	66	19			●	●	●	●	●			●	●
Internal	Katsuhito Okuoka	President and Chief Operating Officer	Male	55	7				●	●	●		●	●	●	●
Internal	Yusuke Hirako	Director Managing Executive Officer	Male	60	1				●			●	●	●	●	
External (Independent)	Stefan Sacré	Independent Director	Male	60	2	2		●	●	●	●			●		●
External (Independent)	Koichi Hayashi	Independent Director	Male	58	1	2	1	● Chair	●			●	●			●
External (Independent)	Hiroko Shimada	Independent Director	Female	59	(New election)	2	1					●		●	●	●
Internal	Masafumi Kokubo	Standing Audit & Supervisory Board Member	Male	62	3				●			●	●	●	●	●
External (Independent)	Shuzo Hashimoto	External Audit & Supervisory Board Member	Male	67	3	1			●				●			
External (Independent)	Kiyoshi Miura	External Audit & Supervisory Board Member	Male	65	1				●			●	●	●	●	●
External (Independent)	Tsuyoshi Takeuchi	External Audit & Supervisory Board Member	Male	64	1	2			●			●	●			●

* As of June 23, 2023

Corporate management	Experience and knowledge of corporate management and business operation, which are necessary to fulfill medium- to long-term business goals, practice its Purpose of "cultivating a healthy global environment and a prosperous future," and grow together with society sustainably	Legal affairs and risk management	Experience and knowledge of legal affairs and risk management, which are necessary to develop a foundation for sustainable corporate value enhancement by establishing a governance system, improving compliance, and thoroughly managing risks
Manufacturing, technology, research and development	Experience and knowledge of manufacturing, technology, research, and development, which are necessary to engage in R&D of automation and fluid control technologies and manufacture products that contribute to solving challenges faced by society	DX and IT	Experience and knowledge of DX and IT, which are necessary to promote the creation of new value, such as improving operational efficiency and optimizing business processes by utilizing introduced core systems and integrating digital technologies and data
Quality and safety	Experience and knowledge of quality and safety, which are necessary to deliver high-quality and safe products to society and create a work environment that gives due consideration to occupational safety and health within the organization	Sustainability and environment	Experience and knowledge of sustainability and environment to actively promote sustainability and environmental initiatives to realize a sustainable society, which are essential for the Company's medium- to long-term development as a company that contributes to society
Sales and marketing	Experience and knowledge of sales and marketing, which are necessary to develop marketing activities that satisfy customers, strengthen sales capabilities and respond to customers' needs to become the company of choice	International experience	Experience and knowledge of overseas businesses, management, culture, etc., which are necessary to accelerate globalization and fulfill management strategies for expanding overseas markets
Finance and accounting	Experience and knowledge of finance and accounting, which are necessary to disclose financial information, raise finance properly and aim to increase the Company's corporate value that satisfies both investing in growth and returning profits to shareholders based on the sound financial standing		

Corporate Governance

Evaluating the effectiveness of the Board of Directors

Toward sustainable growth and increased corporate value, the Company regularly conducts evaluation of the effectiveness of the Board of Directors by a third-party organization, so that the Board of Directors properly fulfills its roles and responsibilities.

The results of the survey confirmed that the Board of Directors conducts free, open, and constructive discussions and exchanges views, that information necessary for Directors and Audit & Supervisory Board Members to execute their duties is being provided appropriately, and that the Board's overall effectiveness is secured. Overall, the evaluation showed that the results were generally improved compared to the previous evaluation result.

Going forward, we will create opportunities to discuss management strategies and management plans, while ensuring sufficient supervision of the operation status of internal control system. As we carry out these and other efforts, we will also further enhance discussions on human capital investment, ESG, and SDGs.

The Company aims to further increase the effectiveness of the Board of Directors referring to these evaluation results.

Main contents of the survey

● Respondents	All members of the Board of Directors (Six Directors and four Audit & Supervisory Board Members)
● Evaluation method	Anonymous questionnaire
● Summary of questions	Composition of the Board of Directors Management of the Board of Directors meetings Discussion at the Board of Directors meetings Monitoring function of the Board of Directors Training Dialogue with shareholders (investors) Self-improvement
● Aggregation of results	Outsourced to a third-party organization to ensure objectivity

Cross-shareholdings

In principle, the Company does not hold cross-shareholdings, except in cases where the Company judges that it will contribute to the enhancement of its corporate value from the perspective of business strategies, business alliances with business partners, and the maintenance and strengthening of business relationships.

If the significance of the shares held by the Company has diminished, the Company will sell them in a phased manner, taking into account the circumstances of the company concerned. If the Company determines that it is necessary to hold shares, the Board of Directors examines the objectives and rationale for holding the shares by examining the stock

every year to determine the need for business strategies, business alliances, and the maintenance and strengthening of business relationships. When exercising voting rights pertaining to these shares, the Company will consider whether or not the exercise of voting rights will lead to an increase in the corporate value of the issuing company and shareholder value, for example, by opposing any proposal in the event where the financial health of the issuing company is adversely affected or if an illegal act occurs.

In the event that a company holding shares of the Company indicates its intention to sell the shares, the Company will not prevent such sale.

Officer remuneration

The Nomination & Remuneration Advisory Committee has been established to ensure objectivity and transparency in the decision-making process regarding the remuneration system for Directors and further strengthen the corporate governance system.

Determination process and details

Remuneration for Directors consists of basic remuneration, performance-linked remuneration, and stock remuneration. At the same time, Independent Directors, who are responsible for the oversight function, are paid only basic remuneration considering their role.

The ratio of Directors' remuneration by type is designed so that the higher a person's position, the more significant the proportion of performance-linked remuneration. The Board of Directors determines the amount of remuneration for officers based on consultation of the Nomination & Remuneration Advisory Committee, which is chaired by an Independent Director and the majority of which members are Independent Directors, within the range approved by the General Meeting

Policy on determining the remuneration for Directors

Basic Policy

- 1 Design the system to motivate Directors to contribute to the enhancement of corporate value
- 2 Ensure the appropriateness of the method for determining the remuneration and distribution
- 3 Design the system to allow Directors to share their interests with shareholders through stock ownership

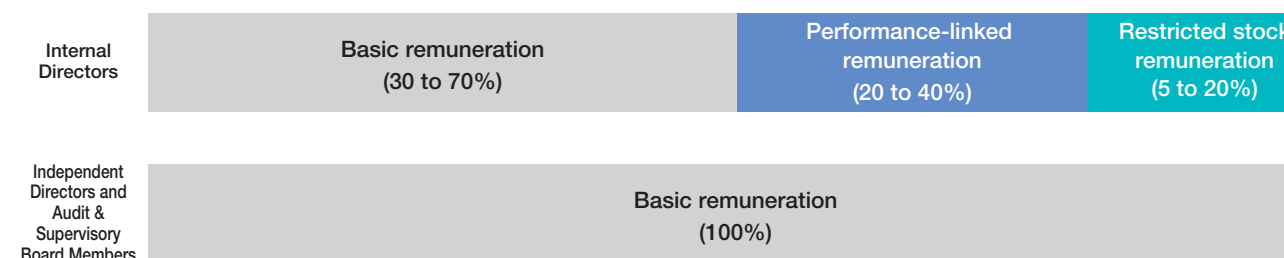
of Shareholders. The Board of Directors also determines the determination policy based on consultation with the Nomination & Remuneration Advisory Committee.

The achievement rate for each of the performance indicators for performance-linked remuneration ranged from 40% to 60% of the evaluation indicators, i.e. consolidated net sales, consolidated operating profit, ROE, development investment, environmental initiatives, and initiatives toward health and productivity management for the previous fiscal year, which are linked to the Medium-Term Management Plan.

Type of remuneration (composition ratio)	Remuneration details
Basic remuneration (about 30 to 70%)*	● The amount is fixed by position according to responsibilities determined upon careful consideration while referring to employees' salaries and remuneration levels at other companies.
Performance-linked remuneration (about 20 to 40%)*	● The performance-linked remuneration is paid in cash in an amount reflecting the results of the performance indicator in the previous fiscal year to raise awareness on improving performance each fiscal year. ● The target performance indicator and its amount are consulted with the Nomination & Remuneration Advisory Committee as necessary in accordance with environmental changes and are reviewed based on its recommendations. ● Officers other than those with titles are eligible for bonuses, to be paid at a specific time each year in an amount obtained reflecting the degree of targets achieved for each individual.
Restricted stock remuneration (about 5 to 20%)*	● Restricted stock remuneration consists of restricted stock intended to raise further motivation to sustainably improve corporate value and shareholder value over the medium- to long-term within the range approved at the General Meeting of Shareholders. ● The number of shares to be granted to Directors is resolved by the Board of Directors. ● The restrictions on shares are lifted when the Director retires.

* If there is a pronounced decline in performance, performance-linked remuneration and stock remuneration may fall below the stated range. Therefore, basic remuneration may surpass the stated range.

Proportion of basic remuneration, performance-linked remuneration, and restricted stock remuneration



Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the range approved at the general meeting of shareholders.

The total amount of remuneration, etc., by officer category, the total amount of remuneration, etc., by type, and number of eligible officers in fiscal 2022

Category	Total amount of remuneration, etc.	Total amount of remuneration by type			Number of eligible officers (Persons)
		Basic remuneration	Performance-linked remuneration	Restricted stock remuneration	
Directors	238	132	80	26	9
Audit & Supervisory Board Members	49	49	—	—	6
Total	287	181	80	26	15

*1 Of the amount paid above, the total remuneration for four Independent Directors and five External Audit & Supervisory Board Members is ¥52 million.

*2 As of March 31, 2023, there are six Directors (including three Independent Directors) and four Audit & Supervisory Board Members (including three External Audit & Supervisory Board Members).

Criteria for judging independence

The Company deems an Independent Director or a candidate for Independent Director to be independent of the Company if the Director or the candidate is judged to have no risk of generating conflicts of interest with ordinary shareholders of the Company.

* For details of our Criteria for Judging Independence, please refer to "Corporate Governance" on our website.

Board of Directors and Audit & Supervisory Board Members

Directors




Kazunori Kajimoto
Representative Director,
Chairperson of the Board of
Directors, Corporate Officer, and
Chief Executive Officer (CEO)

83 thousand shares
100% (12/12)

- Apr. 1980 Joined the Company
- Jun. 2004 Director & Executive Officer
General Manager, Sales, and Marketing Division
- Jun. 2005 Director & Managing Executive Officer
- Jun. 2008 President
- Jun. 2021 Representative Director, Chairperson of the Board of Directors and Chief Executive Officer (CEO) (to present)

Reason for appointment

Mr. Kazunori Kajimoto has long experience in overseeing sales divisions, as well as abundant experience and broad insight as a corporate executive. We have appointed him as we believe that he will contribute to our management by utilizing the above.



Katsuhito Okuoka
Representative Director, President,
Corporate Officer, and
Chief Operating Officer (COO)

32 thousand shares
100% (12/12)

- Apr. 1991 Joined the Company
- Jun. 2015 Executive Officer, General Manager, Components Business Division
- Jun. 2016 Director & Executive Officer
- Jun. 2018 Director & Managing Executive Officer
- Jun. 2019 Representative Director and Senior Managing Executive Officer
- Jun. 2020 Representative Director and Senior Managing Executive Officer,
General Manager, Corporate Planning Department
- Jun. 2021 President and Chief Operating Officer (COO)
- Jun. 2022 President and Chief Operating Officer (COO)
(job title changed in Japanese only) (to present)

Reason for appointment

Mr. Katsuhito Okuoka has long experience in overseeing production divisions, as well as abundant experience and broad insight as a manager. We have appointed him as we believe that he will contribute to our management by utilizing the above.




Yusuke Hirako
Director, Managing Executive
Officer, Corporate Officer, and
Chief Financial Officer (CFO)

12 thousand shares
100% (10/10)

- Apr. 1986 Joined The Mitsui Bank, Limited
- Apr. 2015 Executive Officer, General Manager, Tokyo Banking Department VII, Sumitomo Mitsui Banking Corporation
- Apr. 2017 Executive Officer, General Manager, Eastern Japan Corporate Banking Division IV
- Jan. 2018 Managing Executive Officer, General Manager, Nagoya Corporate Banking Division, in charge of Nagoya Banking Department, Nagoya Banking Division
- Apr. 2020 Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.
Managing Executive Officer, Sumitomo Mitsui Banking Corporation
- Jan. 2022 Advisor, the Company
- Jun. 2022 Director & Managing Executive Officer and Chief Financial Officer (CFO)
(to present)

Reason for appointment

Mr. Yusuke Hirako has extensive experience developed over the years in financial institutions and broad insight into finance and accounting. We have appointed him as we believe that he will contribute to our management by utilizing the above.



Stefan Sacré
Independent Director

0 shares
100% (12/12)

- May 1991 Received Ph. D (Engineering) from the Technical University of Berlin
- Aug. 1998 Representative Director, SICK Optic-Electronic K.K. (Japan)
- Jan. 2006 President, Bosch Rexroth Corporation (Japan)
- Jan. 2011 CEO, EagleBurgmann Germany GmbH & Co. KG
- Jan. 2017 President and Representative Director, Carl ZEISS Co., Ltd. (Japan) (to present)
President and Representative Director, Carl Zeiss Meditec Co., Ltd. (to present)
- Jun. 2021 Director, the Company (to present)

Reason for appointment

Mr. Stefan Sacré appropriately performs his duties as an Independent Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has high academic knowledge as a Doctor of Engineering and abundant experience as a manager in the manufacturing sector in Japan and overseas. We have appointed him as we expect that he will oversee all aspects of the Company's operations and offer advice and opinions from broad management perspectives.



Koichi Hayashi
Independent Director

0 shares
100% (12/12)
100% (2/2)

- Oct. 1990 Joined KPMG LLP, New York Office
- Apr. 1997 Registered as a certified public accountant
- Mar. 2008 Representative Director, Attax Co., Ltd. (to present)
- Jun. 2010 Audit & Supervisory Board Member, the Company
- Jun. 2013 External Audit & Supervisory Board Member, Plaza Create Co., Ltd.
- Jun. 2018 External Director, Plaza Create Co., Ltd. (to present)
- Jun. 2022 Director, the Company (to present)

Reason for appointment

Mr. Koichi Hayashi appropriately performs his duties as an Independent Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has professional knowledge as a certified public accountant and abundant experience as a manager. We have appointed him as we expect that he will oversee all aspects of the Company's operations and offer advice and opinions from broad management perspectives.



Hiroko Shimada
Independent Director


0 shares

- Apr. 1986 Joined National Personnel Authority
- Jun. 1990 Long-term overseas researcher in the United Kingdom (University of Oxford)
- Apr. 2000 First Secretary, The Permanent Mission of Japan in Geneva, Ministry of Foreign Affairs of Japan
- Apr. 2017 First Deputy Director General, Remuneration Bureau, National Personnel Authority
- Apr. 2018 Deputy Director General, Human Resources Bureau, National Personnel Authority
- Apr. 2019 Professor, School of Government, Kyoto University (to present)
- Mar. 2023 External Director, SPACE CO., LTD. (to present)
- Jun. 2023 Director, the Company (to present)

Reason for appointment

Ms. Hiroko Shimada has abundant domestic and international experience in human resources policies, laws and regulations, mainly in recruitment and development, diversity, work style reform, and labor-related matters at the National Personnel Authority and the Ministry of Foreign Affairs of Japan. We have appointed her as we expect that she will oversee all aspects of the Company's operations and offer advice and opinions from broad perspectives.

Audit & Supervisory Board Members



Masafumi Kokubo
Standing Audit & Supervisory
Board Member

19 thousand shares
100% (12/12)
100% (12/12)

- Apr. 1983 Joined the Company
- Oct. 2008 Chairman and President, TAIWAN CKD CORPORATION
- Jun. 2015 Executive Officer, General Manager, Corporate Planning Department
- Jun. 2018 Director & Executive Officer
- Jun. 2019 Director & Managing Executive Officer
- Jun. 2020 Standing Audit & Supervisory Board Member (to present)

Reason for appointment

Mr. Masafumi Kokubo has abundant experience in overseeing sales divisions, including those overseas, and the Corporate Planning Department. We have appointed him as we believe that he will appropriately audit management based on such experience and insight.



Shuzo Hashimoto
External Audit & Supervisory
Board Member

0 shares
100% (12/12)
100% (12/12)

- Apr. 1987 Registered as attorney-at-law, Joined Oguri Law Office
- Apr. 1992 Director, Hashimoto Law Firm (to present)
- Apr. 2004 Vice Chairman, Nagoya Bar Association (currently Aichi Bar Association)
- Jun. 2020 Audit & Supervisory Board Member, the Company (to present)

Reason for appointment

Mr. Shuzo Hashimoto has abundant experience and broad insight as a lawyer. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.



Kiyoshi Miura
External Audit & Supervisory
Board Member

0 shares
100% (10/10)
100% (10/10)

- Apr. 1980 Joined Sumitomo Bank
- Apr. 2010 Executive Officer, General Manager, North Osaka Corporate Banking Division, Sumitomo Mitsui Banking Corporation
- Apr. 2012 Managing Executive Officer secondarily responsible for Corporate Divisions, In charge of Western Japan Region
- Jun. 2014 Representative Director and Executive Deputy President, Kansai Urban Banking Corporation
- Apr. 2019 Representative Director and Executive Deputy President, Kansai Mirai Bank, Limited
- Apr. 2020 Director, Chairperson of the Board of Directors, SMBC Human Career, Co., Ltd.
- Jun. 2022 Audit & Supervisory Board Member, the Company (to present)

Reason for appointment

Mr. Kiyoshi Miura has experience developed over the years in financial institutions as well as abundant experience and broad insight as a corporate manager. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.



Tsuyoshi Takeuchi
External Audit & Supervisory
Board Member

0 shares
100% (10/10)
100% (10/10)

- Oct. 1983 Joined Peat Marwick Mitchell, Osaka Office (currently KPMG)
- Apr. 1988 Registered as a certified public accountant
- Sept. 1993 Head of ASEAN Japan Center, KPMG Singapore Office
- Jun. 1999 Representative Partner, Century Audit Corporation
- Jun. 2003 Representative Partner, Azsa Audit Corporation
- Jul. 2021 Representative Director, PM Business Solutions Inc. (to present)
- Jun. 2022 Audit & Supervisory Board Member, the Company (to present)
- Dec. 2022 Principal, Takeuchi Tsuyoshi Certified Public Accountant Office (to present)
- Jun. 2023 Outside Auditor, Chugai Ro Co., Ltd. (to present)

Reason for appointment

Mr. Tsuyoshi Takeuchi has professional knowledge as a certified public accountant and abundant overseas experience. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.

Number of shares of the Company held
Status of attendance at Board of Directors meetings (Fiscal 2022)
Status of attendance at Audit & Supervisory Board meetings (Fiscal 2022)

Compliance

In our compliance regulations and Standards of Conduct, we make our legal compliance approach clear. We are pursuing a variety of initiatives with the aim of raising awareness of compliance throughout the entire group, including overseas.

Approach We will fulfill our social responsibilities by ensuring every employee adheres to laws, regulations, and business ethics.

Thoroughly enforcing Standards of Conduct

Our Standards of Conduct clearly outline our thorough policy regarding legal compliance and business ethics, comprehensively covering topics including fair transactions, preventing harassment, bribery and illicit benefit sharing, and other dishonest and corrupt acts. Additionally, in order to communicate this policy widely throughout the Company, we provide all employees with a CKD Standards of Conduct Manual, implement internal level-specific compliance training, share legal compliance information with overseas bases, and have new employees submit a written pledge on service rules (including employees hired on part-time basis).



Handling risk of compliance violations

The status of handling matters related to legal compliance as stipulated in the Standards of Conduct is covered under risk assessments of business operations carried out by the Risk Management Committee under the supervision of the Board of Directors. Procedures for handling these matters are considered in accordance with the importance and priority of the risk involved. When dealing with customers and suppliers who may become business partners, we carry out due diligence as necessary, including screening before any transaction is carried out and confirming whether there have been any instances of inappropriate transactions, fraud or corruption.

In fiscal 2022, one case of non-compliance was found at an overseas subsidiary, and one employee was disciplined at the subsidiary. We will continue to handle such matters strictly and make efforts to prevent recurrence.

Standards of Conduct

Requests for Business Partners

Furthermore, our approach to compliance is clearly stated through means such as the Requests for Business Partners posted on our corporate website, and business partners are informed of this approach.

Whistleblower system

We have established a whistleblower helpline as a mechanism through which employees and others who work in the CKD Group can make reports. In addition to the internal whistleblower hotline, we have established an external helpline staffed by an independent lawyer to ensure anonymity and confidentiality of whistleblowers and to protect them as well as to detect and correct compliance violations as early as possible. Reports can be made regarding a wide range of compliance violations, including violations of the Antimonopoly Act, such as cartels, and violations of criminal laws, such as bribery, corruption, and embezzlement.

We continuously work to make employees aware of this whistleblower system, and we are making progress on creating a structure which enables reports to be made by overseas-based employees by developing our ability to handle reports in English and other multiple languages. The details of reports are presented to Representative Directors (or External Audit & Supervisory Board Members, depending on the nature of the case) without delay, and matters are investigated and deliberated on by the Compliance Committee. We take action to correct any problems and ensure that they do not reoccur.

Risk Management

CKD considers risk management as an important operational activity to be a company that continues to earn the trust of society and develops a structure to that end. At the same time, the Company strives to mitigate material risks and minimize loss that results from risk.

Approach CKD identifies various risks ancillary to business activities so as to ensure business continuity and to raise corporate value, and based upon the proper assessment of such risks, undertakes efficient and effective management activities.

Risk management system

The Risk Management Committee has been established as an organization under the direct control of the Board of Directors. It reports the progress and results of its activities to the Board of Directors regularly to promote risk management. We established a Risk Management Office as a subordinate organization of the Risk Management Committee and a monitoring system by the Audit Division to strengthen our risk management system.

Specifically, the Risk Management Office comprehensively identifies and analyzes the risks for CKD as a whole, checks the status of the Operating Division's efforts to address each risk, and encourages improvements as necessary. It regularly reports to the Risk Management Committee. The Audit Division, the third line of risk management, monitors the appropriateness of functions of the Operating Division, the first line of risk management, and the Risk Management Office, the second line.



Risk identification process

Each of the business divisions, Group companies, and the Head Office administration divisions identifies risks that may hinder the improvement of corporate value and the achievement of management goals and their countermeasures. Risks are differentiated, and then evaluated and identified based on the frequency and degree of impact when they occur. Identified risks are reported to and shared at the Board of Directors.

