

## CORPORATE GOVERNANCE REPORT

JUKI CORPORATION

Last Update: August 1, 2022

**JUKI CORPORATION**

Shinsuke Uchinashi

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Securities Code: 6440

<https://www.juki.co.jp/en/>

The corporate governance of JUKI CORPORATION (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

The Company regards the appropriate maintenance and operation of its corporate governance system as one of its most important matters from the viewpoint of ensuring sound and efficient management and responding to the trust of stakeholders and strives to develop and enhance it. We will also increase management transparency through timely and accurate disclosure of information.

### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The information below is based on the Corporate Governance Cord as revised in June 2021.  
The Company complies with all the principles of the Corporate Governance Code.

### **[Disclosure Based on the Principles of the Corporate Governance Code]**

#### **[Principle 1.4 Cross-Shareholdings]**

##### **1. Policy on Cross-Shareholdings**

Cooperative relationships with various companies are essential for business expansion and sustainable development. From a medium- to long-term perspective, the Company aims to increase its corporate value by comprehensively considering factors such as the importance of business strategies, business relationships with business partners, returns and risks, and by holding shares that are strategically necessary.

Each year, the Company examines the appropriateness of the purpose of cross-shareholdings, the status of transactions, and the benefits and risks associated with holding such as dividend income, in relation to the cost of capital. If, as a result of such verification, it is determined that the shares are not worth holding, the Company will reduce the number of shares as appropriate.

At the meeting of the Board of Directors held in July 2021, the Board of Directors examined the listed shares held by the Company as of the end of 2020 from the viewpoints of the appropriateness of purpose, investment profitability, business benefits, and holding risks in accordance with the above examination criteria and determined that the holding will continue.

##### **2. Exercise of voting rights**

While respecting the management policies of the investee companies, the Company will exercise its voting rights by comprehensively deciding whether to vote for or against each proposal from the perspectives of medium - to long-term corporate value improvement, shareholder return policy, corporate governance, and social responsibility. In particular, the Company will carefully decide whether to approve or disapprove

proposals that may damage corporate value, such as proposals for the election of officers, proposals related to anti-takeover measures, and proposals related to organizational restructuring, in the event that the investee company's business performance continues to be sluggish over the medium to long term or if misconduct or other similar incidents occur.

[Principle 1.7 Related Party Transactions]

The Company requires approval and reporting by the Board of Directors for conflict of interest transactions with officers.

In addition, the Company conducts transactions in compliance with laws and regulations in its corporate activities and conducts fair, transparent, and free competition in its commercial transactions. The same principle applies to transactions when a business partner is a major shareholder. In addition, the Company has established the "JUKI Group Employee's Code of Conduct" based on this policy to ensure that transactions with related parties do not harm the interests of the Company and shareholders.

[Principle 2.4 Policies and Goals for Ensuring Diversity in the Promotion to Core Human Resources]  
[Supplementary Principle 2.4.1]

(1) Promoting diversity

JUKI's diversity management system accepts diverse work styles and makes the most of every person's diverse qualities regardless of gender, nationality, or age. We aim to maximize organizational performance by leveraging the diversity of persons of all ages, gender identities, and nationalities based on the three pillars of diversity management: "promoting the advancement of female employees," "assigning global human resources," and "promoting the advancement of specialized employees." We have set a new goal of increasing the percentage of female managers to 10% of the total managers by fiscal 2026. We are finding ways to give female employees more opportunities to play active roles, gain work experience, and expand their job portfolios.

(2) Global human resource development Recognizing that people are the key to business growth, we provide educational support to strengthen on-site capabilities and promote domestic and overseas human resource exchanges geared to globalization. On the educational front, we develop human resources by offering education organized by job level, function, and specialized field. We also hold remote training sessions and educate young employees in e-learning sessions at an expanded scope even during the coronavirus pandemic.

(3) Internal environment development

At the end of 2019 we completed the development of an IT infrastructure called the JUKI Global Platform (JGP) to accelerate diverse work styles throughout the JUKI Group. Telework has become an urgent priority with the advent of the global pandemic. JUKI has been implementing full-fledged telework and remote meetings since April of 2020. Remote collaborations have progressed seamlessly with help from Microsoft Teams and other tools in a secure IT infrastructure environment

Detail of the Company's actions for ensuring diversity is in the Company's website as linked below.

(JUKI Corporate Report)

<https://www.juki.co.jp/en/ir/library/>

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company manages defined benefit corporate pension plans in accordance with its agreement. For the management of reserves, we have established a basic policy for asset management and set a policy asset composition ratio. In addition, the Pension Funds Management Committee, which consists of members selected from the Human Resources, Accounting and Finance Departments, has been established to select fund managers and products and monitor fund managers (including those engaged in stewardship activities). We will strive to improve the quality of our operations by assigning persons with appropriate qualifications to be in charge of the operations and conducting periodic training.

[Principle 3.1 Full Disclosure]

1. Company objectives (e.g., management principles), management strategies, and management plans

The Company has clarified its basic ideas in the “Corporate Philosophy,” “Basic Management Policy,” “Corporate Slogan,” and “JUKI Corporate Code of Conduct,” and posted them on the Company's website. In addition, management strategies, management plans (medium-term management plans), and management initiatives in each business field are also posted on the Company's website as “Results briefing materials” and “Business Report.”

## 2. Basic Views and Policies on Corporate Governance

As described in [1. Basic Views].

## 3. Policies and Procedures for Determining Remuneration for Senior Management and Directors

The relevant information is stated under [Director Remuneration] in [1. Organizational Composition and Operation] from [II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management] in this report.

## 4. Policies and Procedures for Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Audit & Supervisory Board Members

With regard to the appointment of senior management (Representative Director Chairman & CEO, Representative Director President & COO, Executive Director, and Corporate Officer with special titles) and the nomination of candidates for Director, the Company comprehensively examines them from the perspective of placing the right person in the right position, while taking into account appropriate and prompt decision-making, risk management, monitoring of business execution, and a balance that can cover each function of the Company and each business division.

With regard to the nomination of candidates for Audit & Supervisory Board Members, the Company comprehensively examines the matter from the perspective of placing the right person in the right position while ensuring a balance between knowledge on finance and accounting, on laws, and diverse perspectives on corporate management.

Nomination of candidates for Directors and Audit & Supervisory Board Members is subject to deliberation and decision by the Board of Directors upon receiving a report from the Designation and Reward Advisory Committee based on the above policy.

The Designation and Reward Advisory Committee annually evaluates the status of business execution, including business performance, of senior management (Representative Director Chairman & CEO, Representative Director President & COO, Executive Director, and Corporate Officer with special titles), and deliberates on whether or not to appoint Directors, and reports the results to the Board of Directors. With regard to the dismissal of senior management (Representative Director Chairman & CEO, Representative Director President & COO, Executive Director, and Corporate Officer with special titles), the Designation and Reward Advisory Committee has established standards for dismissal in advance. If the Committee determines that such standards are met, the Designation and Reward Advisory Committee deliberates on the appropriateness of dismissal and reports its opinion to the Board of Directors. Based on this, the Board of Directors deliberates on the appropriateness and decides whether or not to dismiss.

## 5. Explanation of individual appointments and nominations

The Company discloses the backgrounds of each candidate for Director and Audit & Supervisory Board Member, as well as the election in the Reference Documents for the General Meeting of Shareholders.

### [Supplementary Principle 3.1.3(First Part)]

#### (1) Our Implement of Sustainability

The JUKI Group will ramp up its efforts to solve the social challenges targeted under the SDGs. We are committed to realizing the prosperous and sustainable society the SDGs aim to create by ensuring that all of our employees steadily carry out their activities based on the Corporate Philosophy and Medium-term Management Plan. Most urgently, we will aim to achieve carbon neutrality by 2025 in order to cope with the ever-more serious crises brought by climate change and other trends in the global environment.

Detail of the Company's actions for ensuring diversity is in the Company's website as linked below.

(JUKI Corporate Report)

<https://www.juki.co.jp/en/ir/library/>

#### (2) Investment in human capital

Development and assignment of human resources including investment in human capital is mentioned in Principle 2.4.1 above.

Detail of the Company's actions for ensuring diversity is in the Company's website as linked below.

(JUKI Corporate Report)

<https://www.juki.co.jp/en/ir/library/>

### (3) Investment in Intellectual Property

The Company is working actively on R&D activities regarding the products and services in accordance with "Corporate value creation flow" in order to maintain and improve business competitiveness and business continuity.

Detail of the Company's actions for ensuring diversity is in the Company's website as linked below.

(Annual Securities Report (Japanese))

<https://www.juki.co.jp/ir/library/>

(JUKI Corporate Report)

<https://www.juki.co.jp/en/ir/library/>

## [Principle 4.1 Roles and Responsibilities of the Board of Directors (1)]

### Supplementary Principle 4.1.1

The Company has established rules for the Board of Directors, clarifying what the Board of Directors makes decisions on its own, and delegating other matters to the management.

The management team is engaged in management based on the authority rules determined according to the scale and nature of transactions and operations.

## [Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

In addition to the requirements under the Companies Act, the election of Outside Directors focuses on their abundant experience and deep insight in corporate management, etc., as well as their sufficient knowledge of corporate governance systems. The Company has designated independent directors who satisfy the requirements for independent directors set forth by the stock exchanges on which they are listed and who are unlikely to have conflicts of interest with general shareholders.

## [Principle 4-11. Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness]

### Supplementary Principle 4.11.1

The Company strives to maintain a small number of members of the Board of Directors in order to enhance the substance of discussions at the Board of Directors.

The Board of Directors consists of Directors who are elected based on the fields and experience of each business necessary for business operations. The Board of Directors consists of five members, three full-time and two outside members, and strives to maintain transparency and soundness of management while maintaining a balance.

The composition of the Board of Directors (Skill Matrix) is shown at the end of this document.

### [Supplementary Principle 4.11.2]

The Company discloses important concurrent positions held by Directors and Audit & Supervisory Board Members at other listed companies in the Business Report and Reference Materials for the General Meeting of Shareholders.

### [Supplementary Principle 4.11.3]

The operating status of the Company's Board of Directors is as follows.

- 1) In accordance with the Board of Directors Regulations, the Board of Directors selects all important matters as proposals and meets monthly in principle to discuss them in a timely and appropriate manner.
- 2) Prior to deliberation by the Board of Directors, problems, issues, risks and their countermeasures are clarified at meetings such as the Corporate Strategy Committee, and the effectiveness of discussions is enhanced.
- 3) In order for the Board of Directors to conduct smooth and active discussions and conduct sufficient deliberations, materials for the Board of Directors are distributed in advance, and in particular, the content is explained to Outside Directors and Outside Audit & Supervisory Board Members in advance.

The Company conducts self-evaluation through questionnaires once a year for Directors and Audit & Supervisory Board Members, and after totaling the self-evaluation, the Board of Directors conducts “Analysis and Evaluation of the Effectiveness of the Board of Directors.”

In the evaluation for fiscal 2021, we confirmed that the effectiveness of the Board of Directors as a whole is ensured for the following reasons.

- 1) The composition of the Board of Directors is appropriate in light of the content and scale of the Company's business.
- 2) The management of the Board of Directors is appropriately conducted from the viewpoints of the frequency of meetings and the content of materials.
- 3) The deliberations of the Board of Directors are appropriate from the perspective of the content of the deliberations, such as the selection of agenda items, the deliberation time, and the statements of the attendees.
- 4) The system to support Directors is appropriate from the perspective of opportunities to exchange information with top management or to deepen understanding of the contents of proposals and business other than the Board of Directors.

Based on the “Analysis and Evaluation of the Effectiveness of the Board of Directors of the fiscal 2021”, the Board of Directors will make further efforts to ensure the effectiveness of the Board of Directors by further enhancing of closer communication, further improving the amount of materials to be distributed, and the time for deliberation etc. at the Board of Directors. In this way, the Board of Directors will aim to build a more satisfactory corporate governance system and further increase corporate value.

[Principle 4-14. Training for Directors and Audit & Supervisory Board Members]

Supplementary Principle 4.14.2

The Company has appointed persons who can fully fulfill the roles and responsibilities expected of Directors and Audit & Supervisory Board Members, including Outside Officers.

In light of this, the Company promotes the understanding of the roles and responsibilities expected of Directors, including legal knowledge, of newly appointed officers, who have been promoted internally, by utilizing external training sessions and such.

As for Outside Directors and Outside Audit & Supervisory Board Members, the Company conducts activities to understand the business and functions of the Company at the time of their appointment and periodically thereafter.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

In order to promote constructive dialogue with shareholders, the Company provides easy-to-understand explanations of its management company's management policy and management status, and strives to gain the understanding of shareholders.

- 1) Dialogue with shareholders is supervised by the officer in charge of IR, and efforts are made to enable constructive dialogue through activities such as financial results briefings and individual interviews.
- 2) In order to support dialogue with shareholders, the Company cooperates with related divisions such as finance and accounting, and actively cooperates in creating materials and sharing necessary information.
- 3) As a means of dialogue other than individual interviews, the Company holds financial results briefings for institutional investors and analysts twice a year (in the interim and at the end of the fiscal year) in which the President himself provides explanations.

Every year, after the General Meeting of Shareholders, we hold product tours at our exhibition room for those who wish to attend.

- 4) Opinions obtained through dialogue with shareholders are aggregated as necessary and reported to the management and related divisions to share information.
- 5) The period prior to the announcement of financial results is a silent period in which dialogue with investors is restricted.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,517,200	12.00
Custody Bank of Japan, Ltd. (Trust Account)	1,109,900	3.78
Mizuho Bank, Ltd.	938,064	3.20
NIPPON LIFE INSURANCE COMPANY	732,193	2.49
Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.	684,631	2.33
Asahi Mutual Life Insurance Company	569,000	1.94
MSCO CUSTOMER SECURITIES	525,800	1.79
JPMorgan Securities Japan Co.,Ltd.	515,042	1.75
The Dai-ichi Life Insurance Company, Limited	511,600	1.74
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	466,819	1.59

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

### Supplementary Explanation

\*The status of major shareholders is as of December 31, 2021.  
 \* Percentages are calculated deducting 579,433 treasury shares held by the Company.

## 3. Corporate Attributes

Listed Stock Market and Market Section <b>UPDATED</b>	Tokyo Stock Exchange Prime Section
Fiscal Year-End	December
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (except when concurrently serving as President)
Number of Directors	5 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	2 persons
Number of Independent Directors	2 persons

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kazumi Nagasaki	From another company											
Yutaka Hori	Lawyer											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a(n) director/Audit & Supervisory Board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board member are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazumi Nagasaki	○	-	He has served as Outside Director of the Company since 2014 and will have served for eight (8) years as of the conclusion of the most recent General Meeting of Shareholders. Based on his wealth of experience and knowledge as a corporate manager, as well as his high level of insight and supervisory capabilities regarding management, the Company expects that he will provide accurate advice and make decisions from an objective and neutral standpoint, and has judged that he is qualified as an Outside Director. The Company has determined that he is highly independent with no risk of conflict of interest with general shareholders and has designated him as an independent officer.
Yutaka Hori	○	-	He has served as Outside Director of the Company since 2016 and will have been in office for six (6) years as of the conclusion of the most recent General Meeting of Shareholders. The Company has judged that he is qualified as an Outside Director because he can be expected to provide accurate advice and make decisions on compliance and other matters based on his professional legal knowledge cultivated over many years as an attorney and his experience as a director of other companies in the business field. The Company has determined that he is highly independent with no risk of conflict of interest with general shareholders and has designated him as an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Committee's Name, Composition, and Attributes of Chairperson



	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Designation and Reward Advisory Committee	Designation and Reward Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Internal director	Internal director

#### Supplementary Explanation

the Company has established the Designation and Reward Advisory Committee, a voluntary advisory committee of the Board of Directors, consisting of one (1) internal director and two (2) outside directors, with a view to seeking the appropriate advice and involvement of independent external directors in the nomination and remuneration of senior management and directors and the nomination of Audit & Supervisory Board members. The Committee is chaired by an internal director. Through this committee, the independence, objectivity, and accountability of the Board of Directors regarding the nomination and remuneration of senior management and directors are strengthened. In fiscal year 2021, the Committee held eleven (11) meetings with the attendance of all three members, deliberated on the remuneration of directors and the development of successors, and reported to the Board of Directors.

#### [Audit & Supervisory Board member]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board members stipulated in Articles of Incorporation	4 persons
Number of Audit & Supervisory Board members	3 persons

#### Cooperation among Audit & Supervisory Board members, Accounting Auditors and Group Internal Audit Department

The Group Internal Auditing Department has been established as an internal auditing organization consisting of eight (8) members. As part of its business activities, the Company conducts business audits of each department of the Company and group companies. In addition, the Audit & Supervisory Board Members' Audit is conducted in cooperation with the Group Internal Auditing Department and the accounting auditor in accordance with the audit policy and division of duties established by the Audit & Supervisory Board. An audit report meeting is held regularly by the accounting auditor.

Appointment of Outside Audit & Supervisory Board members	Appointed
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*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.*

Number of Outside Audit & Supervisory Board members	2 persons
Number of Independent Audit & Supervisory Board members	1 person

#### Outside Audit & Supervisory Board member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masatoshi Tanaka	Lawyer													
Junko Watanabe	From another company							△						

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;
- \* "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- \* "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Others

#### Outside Audit & Supervisory Board member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board member	Supplementary Explanation of the Relationship	Reasons of Appointment
Masatoshi Tanaka		-	He has served as Outside Audit & Supervisory Board Member of the Company since 2011 and will have served for ten (10) years and nine (9) months as of the conclusion of the most recent General Meeting of Shareholders. The Company has judged that he is qualified as an Outside Audit & Supervisory Board Member because he

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			can be expected to provide accurate advice and auditing including compliance matters based on his professional legal knowledge and experience gained over many years as an attorney. The Company has designated him as an independent officer because he does not have any conflict of interest with general shareholders.
Junko Watanabe	○	-	She has served as Outside Audit & Supervisory Board Member of the Company since 2020. She will have served as Outside Audit & Supervisory Board Member for two (2) years as of the conclusion of the most recent General Meeting of Shareholders. She has considerable knowledge and experience in business management, diversity management, execution of duties as director, and finance and accounting. The Company has judged that she is qualified as Outside Audit & Supervisory Board Member because she is expected to provide accurate advice and audit for the Company's management. The Company has designated her as an independent officer because she does not have any conflict of interest with general shareholders.

**[Independent Directors/Audit & Supervisory Board members]**

Number of Independent Directors/Audit & Supervisory Board members	3 persons
Matters relating to Independent Directors/Audit & Supervisory Board members	
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## [Incentives]

Incentive Policies for Directors	Performance-linked Remuneration, other
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### Supplementary Explanation

#### 【Performance-linked Remuneration】

Performance-linked Remuneration (bonus) is granted to Directors (excluding Outside Directors) at a certain time every year.

Performance-linked Remuneration (bonus) is calculated by comprehensively considering the company's performance and dividends, tc. for each fiscal year, using consolidated ordinary income which is material standard indicating profitability of our group companies as an index.

#### 【Restricted Stock-Based Remuneration】

The Company has introduced the "Restricted Stock-Based Remuneration System" to internal directors, since the resolution of "Determination of Remuneration to grant restricted stock to Directors (excluding Outside Directors)" has been adopted at the 107th Ordinary General Meeting of Shareholders held on March 28, 2022,

The restricted stock award is a form of compensation that aims to provide an incentive to the Directors for the sustainable enhancement of corporate values and to promote an enhanced level of value-sharing with our shareholders and is granted to the Directors (excluding Outside Directors) as a part of remuneration.

Recipients of Stock Options	None
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### Supplementary Explanation

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## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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### Supplementary Explanation

The Company discloses the total amount of remuneration for all Directors in the "Annual Securities Report" and "Business Report (attached documents to the convocation notice)". The total amount of remuneration paid to directors in fiscal year 2021 was 138million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- 1) The policy for determining the details of individual remuneration for Directors (Basic policy)

The remuneration, etc., for Directors of the Company, is provided under a remuneration system whereby incentives function to enhance the company's sustainable growth and corporate value.

The remuneration, etc., for Directors, of which the total amount is adopted at the general meeting of stockholders, is monetary remuneration that consists of monthly compensation (fixed compensation) and

performance-linked remuneration (bonus), which varies depending on the level of achieving consolidated business performance targets.

Directors' monthly remuneration is determined based on the evaluation of the Director's responsibilities every fiscal year. Performance-linked remuneration (bonus) is determined based on the evaluation of individual performance and achievement and paid at a determined point in time every fiscal year by considering comprehensive factors, including the status of achieving company business performance and dividends and calculating the total payment amount using consolidated ordinary profit as a key indicator, which reflects the level of earning power of the Company Group.

Remuneration, etc., for Outside Directors consists of only monthly remuneration from the viewpoint of their role of overseeing and supervising management and their independence.

Since the resolution of "Determination of Remuneration to grant restricted stock to Directors (excluding Outside Directors)" has been adopted at the 107th Ordinary General Meeting of Shareholders held on March 28, 2022, a part of remuneration shall be paid as "restricted stock-based remuneration. Accordingly, the system of Directors' remuneration, etc., will consist of monthly remuneration (fixed remuneration), performance-linked remuneration (bonus), and restricted stock-based remuneration.

The overview of restricted stock-based remuneration is as follows:

- Maximum amount of restricted stock-based remuneration: 50 million yen in total (per year)
- Maximum number of restricted stocks granted: 100,000 (per year)
- Transfer restriction period: Until the day of resignation

(Determination process)

As for the process of determining Directors' remuneration, etc., to reinforce the independence and objectivity of the function related to the determination of remuneration for Directors, the Designation and reward Advisory Committee, which is comprised of three Directors, including two Independent Outside Directors, deliberates a remuneration plan proposed by the Representative Director, Chairman and CEO, and reports to the Board of Directors. The Board of Directors deliberates the appropriateness of the details of the report submitted by the committee.

2) Matters related to the resolution of the Board of Directors concerning remuneration, etc.

The 92nd Ordinary General Meeting of Shareholders held on June 28, 2007, resolved that the maximum amount of the remuneration, etc. for the Directors (excluding employee salary for employees concurrently assuming a position as a Director) and Audit & Supervisory Board Members of the Company would be 480 million yen and 80 million yen per year, respectively.

#### **[Supporting System for Outside Directors and/or Audit & Supervisory Board members]**

The Company provides Outside Directors and Outside Audit & Supervisory Board Members with prior explanations regarding proposals submitted to the Board of Directors. The Company has established the Auditor's office, which reports directly to the Audit & Supervisory Board members.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

The Company has adopted the form of a company with an Audit & Supervisory Board. By appointing highly independent Outside Directors and Outside Audit & Supervisory Board Members, we believe that the management supervision function and the audit function by the Audit & Supervisory Board are functioning effectively.

The Board of Directors consists of five Directors, Akira Kiyohara (Chairman: Representative Director Chairman & CEO), Shinsuke Uchinashi, Hirokazu Nagashima, Kazumi Nagasaki (Outside Director) and Yutaka Hori (Outside Director) as of the date of this update. The Board of Directors makes decisions on matters stipulated by laws and regulations and on important matters related to management, while continuously supervising the status of business execution.

The Audit & Supervisory Board consists of three Audit & Supervisory Board Members, Masahiko Suzuki (Chairman: Full-time Audit & Supervisory Board Member), Masatoshi Tanaka (Outside Audit & Supervisory Board Member), and Junko Watanabe (Outside Audit & Supervisory Board Member) as of the date of this

updated. The Auditor's office has been established to assist the Audit & Supervisory Board Members. Each member conducts audits in accordance with the audit policy and division of duties established by the Audit & Supervisory Board, and audits the execution of duties by directors.

The Company has established the Group Internal Auditing Department, which consists of eight (8) members. As part of its business activities, the Company conducts business audits of each division of the Company and group companies.

In addition, the Company has established the Designation and Reward Advisory Committee as a voluntary advisory body under the Board of Directors for the purpose of strengthening the independence, objectivity and accountability of the functions of the Board of Directors regarding the nomination and remuneration of the senior management and Directors and Audit & Supervisory Board Members. The Committee consists of Akira Kiyohara (Chairman: Representative Director Chairman & CEO), Kazumi Nagasaki (Outside Director) and Yutaka Hori (Outside Director) as of the date of this update.

The Company has introduced an Executive Officer system and a Corporate Officer system (for officers equivalent to Corporate Officers except Corporate Officers with special titles) to try to facilitate business executions and clarify responsibility. All Directors, excluding Directors Kazumi Nagasaki and Yutaka Hori, concurrently serve as Executive Officers. The number of Executive Officers is six (6), and the number of Corporate Officers is nine (9).

Since April 1, 2020, the Company has positioned and nurtured Corporate Officers (officers equivalent to Corporate Officers except Corporate Officers with special titles) as successors to Executive Officers with special titles, and has promoted young employees to invigorate them.

The Company has established a Management Strategy Council under the Board of Directors. With regard to the corporate group consisting of the Company and the group companies, the Board of Directors, as well as the Executive Officers with titles in charge, the Corporate Officers in charge and the heads of departments in charge attend the council. The council deliberates from various angles on basic policies and strategies for management, thereby enabling more appropriate decision-making and business execution. The Board of Directors makes decisions on particularly important matters among those submitted to the Management Strategy Council.

As a risk management system, the Company has established the Risk Management Conference, and the "Crisis Control Headquarters" or the "Crisis-Management Task Force" shall take prompt actions against any materialized risks depending on the scale of the risks.

### **3. Reasons for Adoption of Current Corporate Governance System**

By appointing highly independent Outside Directors and Outside Audit & Supervisory Board Members, we believe that the management supervision function and the audit function by the Audit & Supervisory Board are functioning effectively. In addition, the Company has established an effective corporate governance system through the introduction of a Corporate Officer system to speed up and improve the efficiency of decision-making and business execution.

## **III. Implementation of Measures for Shareholders and Other Stakeholders**

### **1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights**

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company has sent notifications more than three weeks prior to the date of the Ordinary General Meeting of Shareholders.
Scheduling AGMs Avoiding the Peak Day	The date has been set to avoid peak day.

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Allowing Electronic Exercise of Voting Rights	The Company has been using the system of Mizuho Trust & Banking Co., Ltd., the shareholder registry administrator.
Participation in Electronic Voting Platform	We have joined the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The convocation notice for the General Meeting of Shareholders in English has been posted on the Timely Disclosure network of the Tokyo Stock Exchange and the Company's website before the mailing date.
Other	

## 2. IR Activities

	Supplementary Explanations
Regular Investor Briefings for Individual Investors	Although we do not regularly hold briefing sessions for individual investors, we are striving to provide information such as by sending “To Our Shareholders” printed in color with easy-to-understand manner using charts and graphs, and by publishing materials for IR Results Briefing materials on our website.
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds IR financial results briefings twice a year for institutional investors and analysts at the end of the fiscal year and in the middle of the fiscal year. The President explains the business results and management strategies for the fiscal year under review.
Regular Investor Briefings for Overseas Investors	The Company does not regularly hold briefing sessions for overseas investors, but responds to individual interviews from institutional investors and analysts as necessary.
Posting of IR Materials on Website	The URL for information regarding IR is <a href="https://www.juki.co.jp/ir/library/">https://www.juki.co.jp/ir/library/</a> . Information for investors posted on our website includes financial information and business results, securities reports, results briefing materials, business reports to our shareholders, notification of General Meeting of Shareholders, and timely disclosure materials.
Establishment of Department and/or Manager in Charge of IR	The Corporate Planning Department is assigned to be in charge of IR.
Other	We respond to individual interviews from institutional investors and analysts as necessary.

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In order to fulfill our social responsibilities to our stakeholders, we have established the “JUKI Corporate Code of Conduct” on our website. This code serves as a specific guideline to be a company that not only complies with laws and regulations but also has value for society.
Implementation of Environmental Activities, CSR Activities etc.	We have established our Environmental Philosophy and Environmental Action Guidelines. The “Corporate Report” is issued to disclose the Company’s approach to environmental conservation, as well as the Company’s initiative and implementations.
Development of Policies on Information Provision to Stakeholders	The “JUKI Corporate Code of Conduct” stipulates that the Company shall communicate with not only shareholders but also society at large, and shall actively and fairly disclose corporate information.
Other	

## IV. Matters Related to the Internal Control System

## **1. Basic Views on Internal Control System and the Progress of System Development UPDATED**

1 System to ensure that the execution of the duties of the directors complies with the regulations and articles of incorporation

- (1) We shall establish a “JUKI Corporate Code of Conduct” prescribing the basic ways we are to act as a company and clarifying the concepts of legal compliance.
- (2) We shall establish a “JUKI Group Employee’s Code of Conduct” as a detailed standard of behavior for employees in the execution of their duties, and shall strive to carry out thorough legal compliance.
- (3) Our “Regulations on Compliance” shall establish a system and procedures for the compliance of the whole business group consisting of our company and subsidiary companies (hereinafter “our group companies”).
- (4) We shall vigilantly oppose antisocial individuals and groups who adversely affect social order and our sound activities as a company.

2 System to store and manage information on the execution of the duties of the directors

- (1) With regard to information on the execution of duties, we shall establish a “Regulation on the Storage (Safekeeping) and Management of Important Documents.”

3 Regulations to manage risks of loss at our company and group companies

- (1) We shall establish a “Regulation on Risk Management” to manage the risks that we and our group companies face as a whole.
- (2) We shall establish a “Risk Management Conference” to examine important risks of the whole company, take appropriate measures to respond, and manage each department’s activities to manage risk.
- (3) An “Anti-crisis Task Force” shall take quick measures against inherent risks facing our company and the group companies.

4 System to ensure that the execution of the duties of the directors, etc. is carried out efficiently

- (1) We shall transfer some of the directors’ rights in the execution of duties to the executive officers and corporate officers to try and speed up the execution of duties using the Executive Officer System and Corporate Officer (for officers equivalent to Corporate Officers except Corporate Officers with special titles).
- (2) We shall transfer some of the directors’ rights in the execution of duties to employees in the “Regulation on Authority,” and improve the efficiency of decision-making.
- (3) We shall discuss important decision-making matters in the “Management Strategy Council,” and the president shall give his or her final approval on such matters.
- (4) The “Sustainability Promotion Committee” shall deliberate and decide the formulation of the company policies and goals relating to sustainability, and shall build and establish the system to implement its policies and goals and monitor various measures.
- (5) We shall establish the respective roles in the execution of duties in the “Regulations on Organization” and make efforts toward the efficient execution of duties.

5 System to ensure that the execution of the duties of our employees and the execution of the duties of the directors and employees of our group companies comply with the regulations and the articles of incorporation

- (1) We shall establish a “JUKI Corporate Code of Conduct” prescribing the basic ways we are to act as a company and clarifying the concepts of legal compliance.
- (2) We shall establish a “JUKI Employee’s Code of Conduct” as a detailed standard of behavior for employees in the execution of their duties and shall strive to carry out thorough legal compliance.
- (3) In order to carry out thorough legal compliance, our department in charge of legal affairs shall conduct and disseminate education on compliance and managerial activities.
- (4) We shall appoint an officer in charge of internal control and compliance and endeavor to control the related organizations and activities.
- (5) Our “Regulations on Compliance” shall establish a system and procedures for the compliance of our company and the group companies.
- (6) We shall provide a “consultation service for employees” to directly respond to employees’ questions on compliance.

6 System for reporting to our company on matters regarding the execution of the duties of the directors of our group company, etc.

- (1) A group company shall report management policies and management plans to our company in “the Group Management Meeting” to enable our company to check and adjust the same.



(2) A group company shall report to our company in accordance with the “Regulation on the Management of Group Companies,” regularly according to need.

(3) The directors of a group company, etc. shall report promptly to our executive officer in charge of internal control and compliance in the event that there are facts indicating remarkable damage incurred by a company, fraudulence in a director’s execution of duties, or violations in regulations or the articles of incorporation.

7 Other systems to ensure adequate business in the business group consisting of our company and the group companies.

(1) We shall establish a management control system according to our functional organization in our “Regulations on Organization” and “the Regulations on the Management of Our Group Companies”.

(2) We shall establish a rule on decision-making on the distribution of management resources in our group companies in the “Regulations of Authority”.

(3) Our Group Internal Auditing Department shall conduct internal audits of our group companies when needed.

8 Matters regarding an employee appointed by the Audit & Supervisory Board Members to assist them in the execution of their duties

(1) We shall establish “Auditor’s office” that reports to the Audit & Supervisory Board Members as an organization to assist them.

9 Matters regarding the independence of the employee stipulated in the preceding clause from the directors and measures taken to secure the effectiveness of instructions from the directors to the said employee

(1) An Audit & Supervisory Board Member may remark on a personnel transfer and personnel evaluation of an employee who belongs to the Auditor’s office.

(2) An employee who belongs to the Auditor’s office collects information necessary for the Audit & Supervisory Board Member’s audit promptly in accordance with their instructions.

10 System for enabling our directors, directors of our group companies and employees to report to the Audit & Supervisory Board Member

(1) A full-time Audit & Supervisory Board Member shall attend meetings of important bodies such as the Board of Directors Meeting, Management Strategy Council, Group Management Meeting, Risk Management Conference, etc. to collect necessary information in person.

(2) Our directors, directors of our group companies, and employees shall report to an Audit & Supervisory Board Member promptly upon becoming aware of any facts suggestive of the risk that the company will incur significant damage, that a director has committed fraud in the execution of duties, or that the regulations or articles of incorporation of the company are violated.

(3) An Audit & Supervisory Board Member shall receive information directly from a department in charge, directors of our group companies, and employees in case that he or she judges to be necessary.

11 System to ensure that a person who has made a report stipulated in the preceding clause is not unfavorably treated on the grounds of making the said report.

(1) The “compliance regulations” clearly state that a person who reports to an Audit & Supervisory Board Member are not to be unfavorably treated for doing so, and our directors, directors of our group company, and employees shall be kept informed about this regulation.

12 Policies regarding procedures for advance payment of expenses or reimbursement of expenses that accrue during the execution of an Audit & Supervisory Board Member’s work or regarding the processing of expenses or debts that accrue during the execution of other work.

(1) We shall pay expenses that accrue during the execution of an Audit & Supervisory Board Member’s work and appropriate the budget he or she plans every year.

(2) When an Audit & Supervisory Board Member judges that the occurrence of expenses is necessary to ensure the effectiveness of an audit, we shall handle the expenses appropriately even if they are outside the budget stipulated in the preceding item.

13 Other systems to ensure that an Audit & Supervisory Board Member’s audit is conducted effectively

- (1) In addition to attending the board of directors' meetings to express his or her opinions, he or she may exchange views with a representative director at any time to raise the effectiveness of the Audit & Supervisory Board Member's audit.
- (2) An Audit & Supervisory Board Member shall cooperate with the Group Internal Auditing Department and conduct audits as the need arises.
- (3) An Audit & Supervisory Board Member shall cooperate with a corporate lawyer and an accounting auditor, and conduct audits as the need arises.

#### 14 System to ensure the reliability of financial reporting

- (1) We shall prepare and operate a system that enables the effective functioning of the internal control of reliable financial reporting.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company's "Basic policy for building an internal control system" and the "JUKI Corporate Code of Conduct" stipulate that the Company will take a resolute stand against antisocial individuals and organizations that have a negative impact on social order and sound corporate activities.

## V. Others

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation

The Company believes that increasing corporate value through further improvement of business performance is a matter of priority and has not introduced any "Anti-Takeover Measures" at present. However, the Company believes that appropriate measures are necessary for large-scale share acquisitions that do not contribute to the corporate value of the Company or the common interests of shareholders. We will carefully consider the necessity of introducing the system while paying attention to future legal systems and social trends.

## 2. Other Matters Concerning to Corporate Governance System

### 1. Timely Disclosure Policy

In view of the importance of information disclosure to investors, the Company has established an internal system based on promptness, transparency, and fairness, and is engaged in timely and appropriate information disclosure.

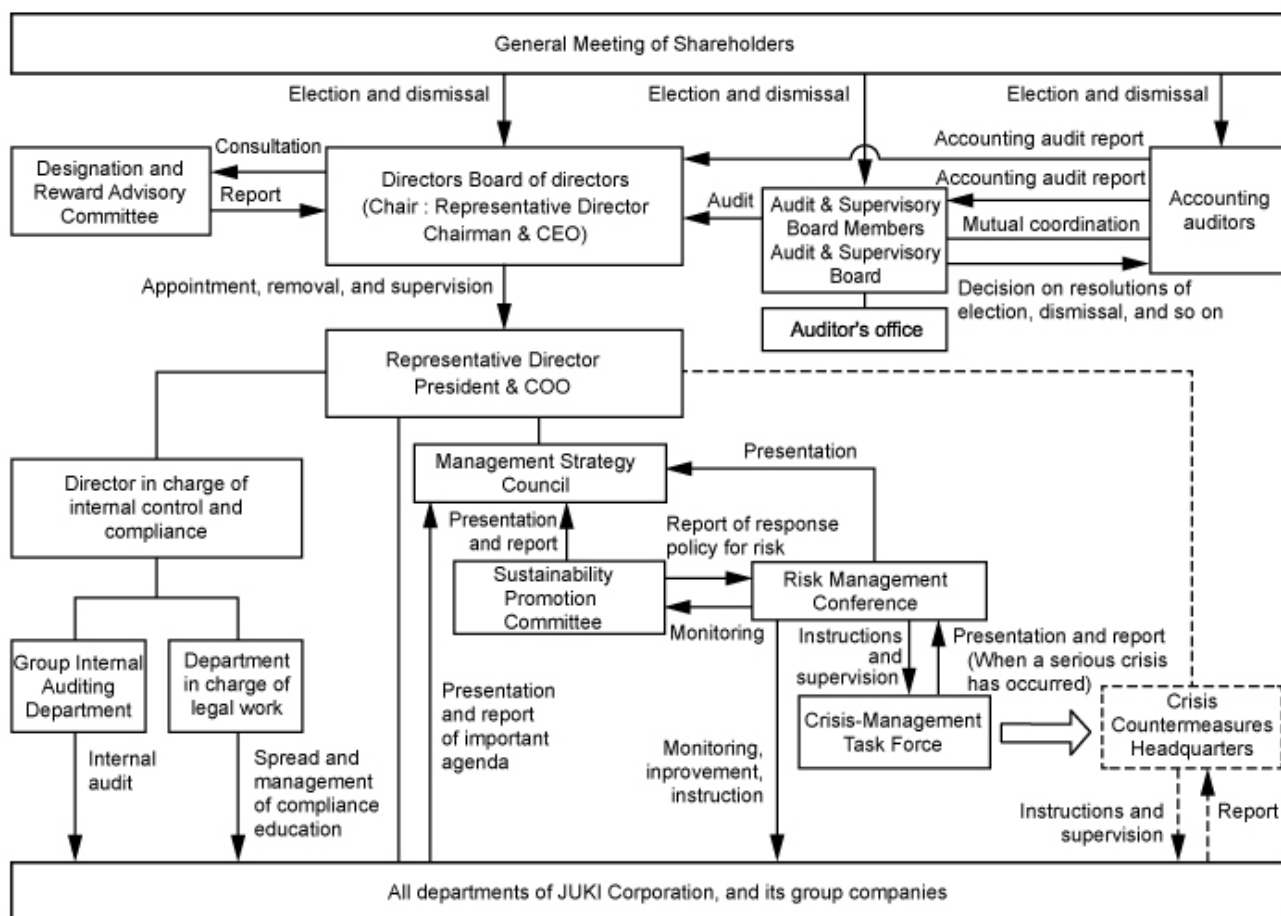
### 2. System for Timely Disclosure

In accordance with the "Timely Disclosure Rules" of the Tokyo Stock Exchange, the Company discloses information in a timely and appropriate manner based on the communication of information from each division, subsidiary, and affiliated company, based on the judgment of the top management and the administrative divisions (Human Resources & General Affairs Department, Finance & Accounting Department, etc.) and the person responsible for information management.

In addition, important decisions, financial results, etc. are promptly disclosed after approval by the Board of Directors.

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# Reference: JUKI's Corporate Governance Structure **UPDATED**



## Reference: Composition of Directors (Skill Matrix)

[Structure of the Board of Directors] Skill matrix of the Company's Directors

Name	Independent Outside Director	Corporate manage-ment	Finance /Accounting	Legal /Compli-ance	Global	Sales /Marketing	Manufactu- ring /Quality control /Research and develop-ment	Environ-ment /Society	Human resources and labor relations /Human resource develop-ment
Akira Kiyohara		○	○	○	○	○		○	○
Shinsuke Uchinashi		○	○	○			○	○	
Hirokazu Nagashima		○			○	○	○		○
Kazumi Nagasaki	○	○	○				○	○	○
Yutaka Hori	○	○		○	○			○	○

(Note)The above list does not show all knowledge and experience of each candidate for Director, but indicates skills that are considered significant.