

## Basic Corporate Governance Policies

Our management philosophy is “To contribute to medical care through the development and sale of leading-edge, superior medical devices,” and we will continue to develop our medical business in order to fulfill our social mission and responsibility, as well as to maintain and improve the relationship of trust with our shareholders and other stakeholders, and to achieve sustainable growth and medium- to long-term enhancement of corporate value.

### Chapter 1

#### General Provisions

##### Article 1.

##### Basic Approach to Corporate Governance

- JMDM shall continuously strive to enhance corporate governance in order to further increase the corporate value of the Company group.
- From the viewpoint of the Group's sustainable growth and medium- to long-term enhancement of corporate value, we believe that the essence of corporate governance is to ensure the transparency and fairness of our decision-making, to make effective use of our management resources, and to increase the vitality of management through prompt and decisive decision-making. We will work to strengthen corporate governance in accordance with the following basic principles.
  - i. Respect the rights of shareholders and ensure their equality.
  - ii. Consider the interests of stakeholders, including shareholders, and appropriately work with them.
  - iii. Ensure transparency by properly disclosing corporate information.
  - iv. Establish a system in which independent outside directors play a central role in ensuring the transparency and fairness of decision-making, and run effective supervision of business execution by the Board of Directors from an independent and objective standpoint.
  - v. Engage in constructive dialogue with shareholders to a reasonable extent.

### Chapter 2

#### Ensuring Shareholder Rights and Equality

##### Article 2.

##### General Meeting of Shareholders

- Based on the belief that the General Meeting of Shareholders, the largest decision-making body of the Company, is a forum for active and constructive dialogue with shareholders, the Company shall endeavor to create an environment in which shareholders can fully consider the proposals of the General Meeting of Shareholders and exercise their voting rights in an appropriate manner.
- JMDM shall send a notice of convocation of the General Meeting of Shareholders at least three weeks prior to the date of the General Meeting of Shareholders and such notice of convocation shall be displayed on the Company's website, etc. by the day prior to the dispatch of the notice of convocation.

- In consideration of diverse shareholders, the Company will translate the convocation notice of the General Meeting of Shareholders into English and create an environment in which all shareholders, including those who do not attend the General Meeting of Shareholders, can exercise their voting rights appropriately by exercising their voting rights via the Internet (e.g., through an electronic voting platform for institutional investors).
- In the event that a proposal is approved at a general shareholders meeting but is opposed by a significant number of shareholders, the Board of Directors shall analyze the factors behind the proposal and consider whether or not a dialogue with shareholders or other measures are necessary.

#### Article 3.

##### Capital Policy

- JMDM basic capital policy shall be to maintain a level of shareholders' equity that allows for the investment and risk necessary to achieve sustainable growth in shareholder value.
- We regard return on equity (ROE) as an important management indicator and aim to improve capital efficiency.
- JMDM basic policy is to provide stable dividends, and to flexibly return profits to shareholders by comprehensively taking into consideration its business performance and investments in growth areas.

#### Article 4.

##### Basic Policy Regarding Cross-shareholdings and the Exercise of Voting Rights Related to Cross-shareholdings

- JMDM's Board of Directors shall separately determine the basic policy on cross-shareholdings of listed shares and the basic policy on the exercise of voting rights pertaining to cross-shareholdings. These policies shall contribute to the enhancement of the Company's corporate value over the medium to long term.

#### Article 5.

##### Related Party Transactions

- In order to ensure that the common interests of the company and its shareholders are not harmed, the Company shall obtain the approval of the Board of Directors before conducting any competing transactions by directors or any transactions between directors and the Company in which there is a conflict of interest. In the event that such transactions are conducted, the fact shall be reported to the Board of Directors, and related party transactions shall be disclosed in accordance with applicable laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules of the Tokyo Stock Exchange.

#### Chapter 3

##### Appropriate Collaboration with Non-Shareholder Stakeholders

## Article 6.

### Code of Conduct

- JMDM recognizes that cooperation with various stakeholders, including employees, customers, business partners, creditors, and local communities, is essential for sustainable growth and the creation of medium- and long-term corporate value, and has established a “Management Philosophy” based on its social responsibility. The Board of Directors shall establish a “Code of Conduct for Executives and Employees” based on the “Management Philosophy” regarding sound business ethics, etc., in order to consider and respect the interests of stakeholders and to ensure effective and appropriate collaboration.

## Article 7.

### Initiatives around Sustainability

- JMDM Group aims to contribute to the creation of a sustainable society through its business activities, and recognizes that addressing sustainability issues is an important management issue that not only reduces the risk of business continuity but also leads to profit-earning opportunities. And we have established a Sustainability Committee to actively and proactively promote initiatives for the development of a sustainable society.
- From the viewpoint of improving corporate value over the medium to long term, the Group has established and disclosed a separate basic policy on sustainability initiatives.
- The Board of Directors shall, in light of the importance of investments in human capital and intellectual property, effectively supervise the allocation of management resources and the implementation of strategies related to the business portfolio so that they contribute to the sustainable growth of the company.

## Article 8.

### Ensuring diversity

- We shall create an environment where people of various backgrounds can play an active role by accepting various values and ways of thinking regardless of nationality, gender, age, employment status, etc.
- We shall display the concept and self-directed and measurable targets for securing diversity in the promotion of core human resources, such as the promotion of women, foreigners and mid-career workers to management positions, and shall disclose the status of such promotion.

## Chapter 4

### Appropriate Information Disclosure and Transparency

## Article 9.

### Disclosure of JMDM's Direction of Risk Management, Internal Control System, etc.

- The Board of Directors shall determine JMDM's policies regarding risk management, internal control systems, compliance with laws and regulations, etc., in accordance with the Companies Act and other relevant laws and regulations, and disclose such policies in a timely and appropriate

manner.

- We will disclose important facts in a timely manner in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, as well as applicable rules of the financial instrument exchanges, and will strive to promote understanding of the Company and ensure transparency and fairness in management by disclosing corporate information deemed useful to shareholders and other stakeholders in a timely and appropriate manner. We will strive to ensure the transparency and fairness of our management. In addition, the information required by disclosure documents will also be disclosed in English.
- We shall disclose its own efforts regarding sustainability. In addition, with regard to the impact of climate change-related risks and profit opportunities on JMDM's business activities and profits, the necessary data will be collected and analyzed, and disclosed based on the TCFD framework, which is an internationally established framework for disclosure.
- In formulating and announcing management strategies for the business portfolio, we shall accurately grasp the cost of capital of the Company, disclose the basic policies for profit planning and capital policy, as well as the targets for profitability and capital efficiency, etc., and explain how the Company will review its business portfolio and allocate management resources, including capital investment, R&D investment, and investment in human capital, in order to realize these targets.

## Chapter 5

Corporate Governance Structure and Responsibilities of the Board of Directors, etc.

### Section 1

Corporate Governance Structure

#### Article 10.

Institutional Design

- JMDM shall elect to be a company with a Board of Statutory Auditors (with a Board of Directors and Independent Auditors).

In addition, JMDM shall establish the Nomination and Compensation Advisory Committee to enhance fairness and transparency of management, and shall separate the functions of monitoring and supervising management from those of executing management through the Executive Officer system to clarify responsibilities and accelerate decision-making.

#### Article 11.

Role of the Board of Directors

- The Board of Directors shall, based on its fiduciary responsibility and accountability to shareholders, deliberate and decide on matters stipulated by law and the Articles of Incorporation, as well as important management matters such as management strategies and management plans, in order to realize sustainable growth of the Company and medium- to long-term improvement of corporate value. In addition, the Board of Directors shall provide an environment for appropriate risk-taking

with respect to the allocation of management resources and the execution of strategies related to the product portfolio, and shall exercise highly effective supervision over the Executive Officers from an independent and objective standpoint.

- From the viewpoint of increasing the penetration of compliance and the certainty of risk management in the Group, the Board of Directors shall develop internal controls and a company-wide sustainability promotion system, and supervise their operation while utilizing the Internal Audit Department and the Sustainability Committee.

#### Article 12.

##### Composition of the Board of Directors

- The Board of Directors shall have no more than twelve (12) members, and in order to ensure the effectiveness of management supervision, at least one-third (1/3) of the members shall be independent outside directors.
- The Board of Directors shall establish the overall balance of knowledge, experience, opinions, abilities, diversity and size of the Board of Directors, and shall be composed of such members as are judged to be in the best interests of the Company, taking into consideration the skills matrix listing the knowledge, experience and abilities of each director and the overall balance of JMDM's business environment.
- Independent outside directors include persons with management experience at other companies.

#### Article 13.

##### Qualifications and Nomination Procedures for Directors

- Directors, irrespective of sex, age or nationality, shall be persons of high ethical standards, together with outstanding character, opinions, ability and extensive experience.
- In accordance with the “Policy and Procedures for Nominating Candidates for Directors” separately stipulated by the Company, the Board of Directors shall select candidates for the Board of Directors after fair and rigorous deliberations by the Nomination and Compensation Advisory Committee from the viewpoint of enhancing fairness and transparency.
- We shall disclose the preceding paragraph “Policy and Procedure for Nominating Candidates for directors”.

#### Article 14.

##### Role of Independent outside Directors

- JMDM's independent outside directors shall, with a view to promoting the sustainable growth of the Company and enhancing its medium- to long-term corporate value, provide advice based on their own extensive knowledge regarding management policies and management improvements, supervise management through the Board's decision-making on the election and dismissal of directors and other important matters, oversee conflicts of interest between the Company and its directors, shareholders with voting rights and others, and reflect the opinions of minority shareholders and other stakeholders in an independent and objective manner to the Board.

- The chief independent outside director shall engage in constructive dialogue with shareholders as necessary, including at the shareholder's request.

#### Article 15.

##### Criteria for judging the independence of Independent outside Directors

- The criteria for judging the independence of the Independent outside directors and officers shall be separately defined and disclosed.

#### Article 16.

##### Concurrent holding of positions by Independent outside Directors and Auditors in other companies

- Independent outside director or independent outside auditor of the Company shall hold concurrent positions as director or auditor of more than three other listed companies besides the Company.

#### Article 17.

##### Chairman of the Board of Directors

- The Chairman of the Board of Directors of the Company shall be the Representative Director and Executive Officer of the Company.
- The Chairman of the Board of Directors shall strive to enhance the quality of discussions at the Board of Directors meetings and ensure that the Board of Directors operates effectively and efficiently. In order to fulfill this responsibility, the Chairman of the Board of Directors shall ensure that sufficient time is reserved for all proposals and that each director receives appropriate information in a timely manner.

#### Article 18.

##### Role of the Board of Statutory Auditors

- The Board of Statutory Auditors, as an independent body entrusted by the shareholders, shall be responsible for ensuring high quality corporate governance that lives up to the trust of society by fulfilling its roles and responsibilities, such as auditing the performance of duties by the Directors, selecting and dismissing external accounting auditors, and exercising its authority regarding audit fees.
- The Board of Statutory Auditors shall endeavor to express opinions actively and positively to the Directors and others in order to fulfill its responsibilities set forth in the preceding paragraph.

#### Article 19.

##### Composition of the Board of Statutory Auditors

- The Board of Statutory Auditors shall consist of no more than five (5) members, at least half of whom shall be outside statutory auditors, and shall include at least one (1) person with appropriate financial and accounting knowledge.

Article 20.

Qualifications and Nomination Procedures for Statutory Auditors

- In accordance with the “Policies and Procedures for Nominating Candidates for Statutory Auditors” separately stipulated by the Company, the election of statutory auditors shall be made by a resolution of the General Meeting of Shareholders, and in nominating candidates for statutory auditors, the Board of Directors shall decide on the candidates after obtaining a report from the Nomination and Compensation Advisory Committee and consent from the Board of Statutory Auditors, based on the selection criteria and ideas regarding the composition.

Section 2

Effectiveness of the Board of Directors, etc.

Article 21.

Role of the Nominating and Compensation Advisory Committee

- JMDM shall establish the Nomination and Compensation Advisory Committee as an advisory committee to the Board of Directors.
- The Nomination and Compensation Advisory Committee shall report to the Board of Directors on the election of candidates for Directors and Executive Officers and on the dismissal of Directors and Executive Officers.
- The Nomination and Compensation Advisory Committee shall report to the Board of Directors on the selection of candidates for statutory auditor and the dismissal of statutory auditors.
- The Nomination and Compensation Advisory Committee shall appropriately evaluate the Company's performance, etc., and report to the Board of Directors to reflect such evaluation in the compensation of each Director and Executive Officer.
- The Nomination and Compensation Advisory Committee shall review and report to the Board of Directors on the policy regarding the compensation of Directors and Executive Officers and the details of individual compensation

Article 22.

Composition of the Nomination and Compensation Advisory Committee

- The majority of the members of the Nomination and Remuneration Advisory Committee shall be independent outside directors.
- The chairman of the Nomination and Remuneration Advisory Committee shall be an independent outside director.

Article 23.

Performance Evaluation Indicators

- The Board of Directors, in consultation with the Nomination and Compensation Advisory Committee as appropriate, shall set return on equity (ROE) and other management indices and their target values to be used by the Board of Directors and the Nomination and Compensation Advisory

Committee when evaluating the performance of the President, each Director and each Executive Officer.

#### Article 24.

##### Succession Planning

- The Board of Directors recognizes that the development of successors to the President and CEO is one of the important issues for the sustainable growth of the Company, and shall consult with the Nomination and Compensation Advisory Committee and, after receiving its report, periodically review the succession plan for the President and CEO.

#### Article 25.

##### Training for Directors, Statutory Auditors and Executive Officers

- JMDM shall conduct annual training for all Directors, Statutory Auditors and Executive Officers, providing them with opportunities to acquire and update their knowledge to fully understand the roles and responsibilities required of Directors, Statutory Auditors and Executive Officers.
- Provide opportunities for new Directors, new Statutory Auditors, and new Executive Officers to attend seminars on the roles and responsibilities of Directors, Statutory Auditors, and Executive Officers, fiduciary responsibilities, and legal knowledge, and to participate in training to gain knowledge of the Group's business, finance, organization, industry, and regulatory environment. In addition, we will provide Directors, Statutory Auditors and Executive Officers with opportunities to update their knowledge of the regulatory environment and other aspects of the industry as appropriate as part of their ongoing training.

#### Article 26.

##### Activation of Deliberations of the Board of Directors

- The Board of Directors shall determine in advance the dates of the annual meetings of the Board of Directors for the following fiscal year and notify the Directors and Statutory Auditors thereof together with the items to be discussed.
- Materials concerning the agenda and agenda items of the Board of Directors' meetings shall be distributed to each director, including Outside Directors, sufficiently in advance of the date of the Board of Directors' meeting so that constructive discussions can be held at each meeting, and efforts shall be made to provide appropriate and sufficient information, including prior explanations as necessary.

#### Article 27.

##### Entry of Internal Information and Support by Independent outside Directors and Statutory Auditors

- The Independent outside Directors and Auditors of the Company may, whenever necessary or appropriate, request explanations or reports from internal directors, officers and employees, or request the submission of internal documents.
- The Internal Audit Department shall conduct audits of the business execution status, and report the



results of such audits to the Board of Directors on a regular basis.

- JMDM may grant an appropriate budget and establish a secretariat for the Board of Directors and a secretariat for the Board of Statutory Auditors in order to ensure appropriate performance of duties by outside directors and outside statutory auditors.

Article 28.

Evaluation of the Effectiveness of the Board of Directors

- Directors shall conduct an annual self-evaluation of the effectiveness of the Board of Directors and submit the results thereof to the Board of Directors. The Board of Directors shall annually analyze and evaluate the effectiveness of the Board of Directors as a whole based on each director's own evaluation of the effectiveness of the Board of Directors, and shall disclose a summary of the results in a timely and appropriate manner.

Section 3

Compensation System

Article 29.

Remuneration, etc. of Directors and Executive Officers

- The Board of Directors shall, in order to increase transparency and objectivity with respect to the remuneration, etc. of Directors and Executive officers, based on the report of the Nomination and Compensation Advisory Committee, the Board of Directors shall determine the remuneration, etc. for directors within the range of the total amount of remuneration for directors approved at the General Meeting of Shareholders, and the remuneration, etc. for Executive Officers within the range of the remuneration determined by the Board of Directors.
- Remuneration for Directors and Executive Officers shall be commensurate with their roles and responsibilities, and shall be structured to motivate them to continuously improve corporate performance and medium- and long-term corporate value. In accordance with this policy, remuneration for Directors and Executive Officers shall consist of a fixed amount of basic remuneration and performance-linked remuneration that is linked to short-term and medium- to long-term business performance.
- Remuneration for independent outside directors shall be limited to a fixed basic remuneration in view of their independence and the fact that they are not engaged in daily business execution.

Article 30.

Remuneration of Statutory Auditors

- From the standpoint of ensuring independence, the Board of Statutory Auditors shall determine the remuneration, etc. of statutory auditors only as a fixed amount of basic remuneration. In determining the remuneration, the amount of remuneration, etc. to be received by each statutory auditor shall be determined through consultation among the Statutory Auditors within the total amount of remuneration approved at the General Meeting of Shareholders, taking into consideration the status

of the assignment of audit duties.

## Chapter 6

### Dialogue with Shareholders

#### Article 31.

##### Dialogue with shareholders

- JMDM shall establish and disclose a separate “Direction for the Development of Systems and Initiatives to Promote Constructive Dialogue with Shareholders” in order to contribute to the sustainable growth of the Company and the enhancement of its corporate value over the medium to long term.

## Chapter 7

### Enactment, Amendment and Repeal

#### Article 32.

##### Establishment, Amendment, and Repeal

- This Direction shall be established, amended or repealed by a resolution of the Board of Directors.

Japan Medical Dynamic Marketing, INC. Board of Directors

April 1, 2022