

Corporate Governance

Topia Group recognizes the importance of developing and strengthening its corporate governance system. This system ensures transparency in corporate management, respects the rights and positions of all stakeholders, and enhances corporate value over the medium to long term. Although an adequate system has not yet been established, Topia considers it an important issue that should be addressed as soon as possible by the entire group. We are currently preparing for the introduction of an internal control system which is planned to expand to group companies in the future. In addition, we aim to create a governance system that is transparent, fair, and trustworthy by incorporating the perspectives of external experts and management, including outside directors.

Compliance

Topia aims to achieve maximum corporate value through the implementation of its management philosophy, building good relationships with all stakeholders, and pursuing long-term, stable growth and development. We have also established our Compliance Basic Policy to promote fair and transparent management as a company trusted by the international community.

Topia Group Compliance Basic Policy

Topia Group regards compliance as an important issue that underpins its management, and strives to establish a system in which all directors and employees within the group are aware of their corporate social responsibilities and take the initiative to conduct themselves in accordance with laws and ethics.

1. Basic Concept

(1) Topia engages in various business activities based on its management philosophy, and we place compliance at the core of our management and promote honest corporate activities through thorough legal compliance and corporate ethics.

(2) Compliance refers to “To comply with all laws and regulations and internal rules (Hereinafter, “laws and regulations, etc.”) related to the business activities of Topia, and to act honestly and fairly in response to the expectations and demands of society.”

2. Standards of Conduct for Directors and Employees

(1) Sincere Behavior

- 1) We comply with laws and regulations. When we discover any violation of laws and regulations, we will gather the courage to point out such violations and correct them in cooperation with relevant parties.
- 2) When we are in doubt about what we should do, we ask ourselves whether we are in the right, whether there is no ethical problem, whether we can confidently explain to family and friends, and whether we will not damage the trust and brand of Topia.
- 3) We will treat everyone in every situation with integrity and fairness.

(2) Actions to Support Appropriate Business Activities

- 1) We will not engage in unfair transactions and restricting competition such as bid-rigging or using our trading positions to gain unfair profits.
- 2) We protect intellectual property rights and do not infringe on the intellectual property rights of others.
- 3) We strictly manage customer information obtained in the course of our business operations and do not use it for purposes other than those specified.
- 4) We will take a firm stance against antisocial forces and will not respond to unjust or unfair demands.
- 5) We will appropriately manage conflict of interest transactions so that the interests of our customers are safeguarded.
- 6) We will ensure the appropriateness of transactions when conducting intra-group transactions and business alliances.
- 7) We will ensure management transparency by disclosing information in a timely and appropriate manner.
- 8) We will not engage in insider trading (trading of stocks, etc. using important undisclosed information).
- 9) We will properly manage group company assets, important information, trade secrets, etc.
- 10) We will not engage in private profiteering by taking advantage of our business position.

(3) Respect for Human Rights and Ensuring a Satisfactory Work Environment

- 1) We will respect human rights and refrain from discrimination or harassment based on race, nationality, gender, age, occupation, region, creed, disability, etc.
- 2) We will ensure a safe and comfortable work environment.

Anti-Corruption Initiatives

Topia does not engage in bribery, illegal political donations, intimidation, coercion, embezzlement, money laundering, illegal international remittances, funding anti-social forces, or any other illegal or unjust provision of benefits. We strive to comply with anti-corruption laws and regulations in all countries and regions where we conduct business.

Risk Management

Basic Approach

In order to minimize various risks, Topia is working to strengthen its risk management as part of its internal controls. We will appropriately identify and manage risks relating to our business activities by working to minimize human, economic, and social damage, and by striving to recover quickly and prevent recurrences.

Strengthening Our Information Security and Management Systems

Topia plays a part in the planning and development processes of new customer products. This makes the importance of appropriately handling customer information and strengthening information security extremely high. With this in mind, we have established and are continuing to strengthen our security policy. We have also obtained certification (TISAX — Trusted Information Security Assessment Exchange) based on the information security evaluation standards established by the German Association of the Automotive Industry. Topia maintains a high level of information security and is working to continuously educate and raise awareness among its employees.



- **Improving Distribution of Security Awareness Information**

Under the leadership of the Information Security Committee, we implement employee education as needed to strengthen awareness of the importance of confidentiality. Specifically, the Information Security Committee meets monthly to share problems and improvements, decide on specific actions, conduct security education, distribute e-mails, report at various meetings, and share information through bulletin boards to improve the overall level of security. Employees are also provided with education from departmental managers about confidentiality and quality as needed during various regular meetings. This is to increase their knowledge and awareness on these matters.

Strengthening Initiatives Relating to the Business Continuity Plan (BCP)

In preparation for disasters such as large-scale earthquakes and pandemics, we have established a Business Continuity Plan. Based on this plan, we will clarify our policies, procedures, and operational systems to ensure that important business activities are not interrupted, and that even if they are interrupted, they can be restored as soon as possible. We will work to restore important business activities as soon as possible, while giving the highest priority to employee safety.

- **Introduction of the Safety Confirmation System**

As part of our BCP, we have introduced a safety confirmation system. In the event of actual damage, such as a natural disaster or epidemic, we have established a system to promptly ascertain the safety and damage of employees and their families in remote locations. They will be provided the necessary support and system in cooperation with the company.



- **Implementation of Disaster Drills**

Under the guidance of the fire department, we regularly conduct earthquake safety training and tsunami evacuation drills. In the most recent drills, we conducted safety training based on an earthquake scenario. Right after the quake was assumed to have subsided, employees moved to an evacuation site based on the assumption that a fire had broken out, and conducted fire extinguishing training using water extinguishers.



- **Preparation of Disaster Stockpiles**

We have prepared disaster stockpiles such as water and food for employees at each site, to be prepared for a natural disaster. In addition to these stockpiles, we have also established a system for using vending machines and in-house stores as stockpiles in the event of a disaster.

