Last updated: June 27, 2024

FUSO CHEMICAL CO., LTD.

Shinichi Sugita, Representative Director & President
Contact: +81 6 6203 4771
Securities Code: 4368
https://fusokk.co.jp

The state of corporate governance of FUSO CHEMICAL CO., LTD. (the "Company") is as follows.

I. Basic Stance on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Stance

The Board of Directors and the Management Committee consisting of Directors, Executive Officers, and heads of consolidated subsidiaries share information and oversee specific execution of duties. Full-time Audit and Supervisory Committee Members also attend the meetings of relevant organs, striving to ensure effective audits on business execution.

Furthermore, in accordance with Japan's Corporate Governance Code revised in June 2021, the Company endeavors to timely disclose information and promote communication with its stakeholders including shareholders by carrying out investor relations activity, to increase management transparency.

Reasons for Non-compliance with Principles of Japan's Corporate Governance Code

Disclosure Based on Principles of Japan's Corporate Governance Code Updated

Supplementary Principle 1.2.4

Foreign institutional investors now constitute approximately 20% of the Company's shareholders and the Company has taken the following actions. The Company will continue to meet the expectations of a broad range of investors, including those from abroad.

2018 Enabled electronic exercise of voting rights at the General Meeting of Shareholders

2021 Made the Electronic Voting Platform for the General Meeting of Shareholders available for institutional investors

2023 Began providing an English convocation Notice of the General Meeting of Shareholders as well as disclosure documents such as explanatory materials for financial results announcements in Japanese and English

2024 Received questions from shareholders on agenda items for the General Meeting of Shareholders in advance and answered them at the meeting and on our company's website.

Principle 1.4: Cross-Shareholdings

1. The Company acquires and holds shares for the purpose of cross-shareholdings if it is deemed to contribute to higher corporate value from a medium- to long-term perspective, taking into consideration the grounds therefor, such as maintaining and strengthening business relationships and the necessity for business operation. In addition, the Company will continue the transactions with cross-shareholdings upon careful examination of the underlying economic rationale, and will not engage in transactions with cross-shareholdings which may harm the interests of the Company or the common interests of its shareholders.

2. The Board of Directors annually assesses whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital, and discloses the purpose. The Company strives to reduce less important cross-shareholding and sells such shares while monitoring stock market trends. As a result, the Company has reduced the number of different stocks by 68% and the value by 60% compared to the end of FY2020. In addition, if the importance of a cross-shareholding has declined, the Company will sell the shares held, keeping an eye on stock market moves. When exercising voting rights of cross-held shares, the Company observes specific standards.

3. If a company holding shares in the Company for the purpose of cross-shareholding indicates its intention to sell those shares, the Company will not imply a possible reduction of business transactions or otherwise hinder the sale of the cross-held shares.

4. The Company exercises voting rights of cross-held shares in accordance with the following standards to ensure that they are exercised appropriately:

(1) Examine the details of proposals and decide whether they contribute to increasing the corporate value of the Company as a shareholder;

(2) Vote against proposals for election of directors or other officers in the case of a company on which investment returns have continuously been extremely low and whose performance have continuously been poor with no indication of improving, or in the case of directors or other officers who have committed an anti-social act or law violation; and

(3) Vote against proposals that are damaging to the corporate value of the Company as a shareholder, whether they are company proposals or shareholder proposals.

Principle 1.7: Related Party Transactions

The Company obtains prior approval of its Board of Directors for engaging in a transaction with its Director or any other related party. At the beginning of each fiscal year, the Company investigates whether any transaction with a related party exists, and its Board of Directors checks the necessity for continuing the existing transaction. Furthermore, the Company sets forth procedures for managing these transactions with related parties in the Rules on Related Party Transactions.

Supplementary Principle 2.4.1

The Company discloses on its website (Sustainability page) its initiatives on empowering women, as well as policy, targets, and schedule on talent development including deployment, development, training, and appointment of human resources. Our policy on promoting (appointing, recruiting) core (talented) personnel is based primarily on diversity of employees and business execution capabilities developed through re-skilling and on-the-job training. Every year, we strive to ensure a larger number of female managers than that of the previous year. Currently, two out of 10 Directors are female directors. The Company primarily promotes local foreign nationals to the core positions in the overseas subsidiaries. Many mid-career hires have already been promoted to core positions through the acquisition of divisions of other companies. The Company will continue to actively hire and promote mid-career personnel in accordance with its business performance expansion.

For details, please refer to “Promote Diverse Work Styles” on our website with the following URL. https://fusokk.co.jp/sustainabilitys/social_02

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

The Company entrusts its corporate pension to an asset manager that has expressed acceptance of Japan’s Stewardship Code. A dedicated division of the Company monitors such points as whether investment targets are sufficiently achieved, whether the asset mix is reviewed where necessary, and whether conflicts of interest are appropriately managed. The Company discloses the overview of operations relating to its defined benefits corporate pension once a year. In addition, the Company regularly receives reports from the asset manager, checks for any change in their stance, and, through constructive dialogue, monitors its stewardship activity and encourages efforts to make improvements on issues.

Principle 3.1: Full Disclosure

(1) Company objectives (e.g., corporate philosophy), management strategy, and management plans

Under the company motto of “Limitless Progress and Creation,” the Company aims to become a company that is widely trusted by society, by increasing its “economic value” such as sales and profit as well as “social value” of fulfilling its responsibility as a member of society, while striking a balance between the two.

Medium-term Management Plan

In May 2021, the Company formulated its medium-term management plan “FUSO VISION 2025” and identified four materiality issues to be addressed toward the ideal image of the company. The numerical targets to be achieved by fiscal 2025 was revised upward in May 2023 to reflect the strong business performance. For details, please refer to “Medium-term Management Plan ‘FUSO VISION 2025’” on the Company’s website with the following URL. https://fusokk.co.jp/fusovision2025

Action to implement management that is conscious of cost of capital and stock price (Also announced in English)

In response to the request from the Tokyo Stock Exchange to promote the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” the Company has resolved its future policy at the Board of Directors meeting held on May 10, 2024, and has made an announcement. To achieve the Action to Implement Management that is Conscious of Cost of Capital and Stock Price, the Company will aim to secure an over 10% ROE.
For details, please refer to the following URL in the Company’s website.
https://fusokk.co.jp/eng/ir-calendar

Strategies for each business unit

The Company’s current management strategy is for the Life Science business to globalize leveraging the network of bases abroad and develop products in new growth fields, for the Electronic Materials & Functional Chemicals business to develop products compatible with the advancement of semiconductors and products in new fields, and for the Company to expand into new business domains.
The Company describes the overview of its management strategy and management plans under the heading of “tasks to be addressed” in convocation notices.

(2) Basic stance and guidelines on corporate governance based on each of the principles of the Japan’s Corporate Governance Code

As for the basic policy on corporate governance, the Company describes the overview of it in corporate governance reports and individual measures in the Corporate Governance Guidelines. The Corporate Governance Guidelines are disclosed on the Company’s website.

(3) The Board of Directors’ policies and procedures in determining the remuneration of its senior management and Directors

Remuneration, etc. for Directors (including Audit and Supervisory Committee Members) are determined by resolution of the Board of Directors that includes Independent External Directors in consideration of the Company’s business performance, economic conditions, and other factors, within the limits on total amounts resolved by the General Meeting of Shareholders, after discussions at the HR and Remuneration Committee.

(4) The Board of Directors’ policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for Directors and Audit and Supervisory Committee Members

The Company’s policy on appointing Director candidates is to nominate the candidates based on their views to commit themselves to compliance with laws, regulations, and corporate ethics, while taking into consideration the balance of knowledge and experience in the Board of Directors as a whole.
In addition, the Company nominates candidates for Directors who are Audit and Supervisory Committee Members taking into consideration the balance of the Board of Directors as a whole in terms of expertise and knowledge on finance, accounting, and laws and regulations, as well as the Company’s business and corporate management.
The Representative Directors and the Division Manager of the Administration Division review appointments and dismissals of Directors, and the Board of Directors consults with the HR and Remuneration Committee, explaining the reasons for nomination or dismissal and the background therefor and other relevant matters to the Committee. The HR and Remuneration Committee reports the matters to the Board of Directors after deliberating on the matters objectively from an independent standpoint. The Board of Directors deliberates on the matters reported by the Committee and adopts a resolution on the appointment and dismissal.

(5) Explanations with respect to the individual appointments/dismissals of senior management and nominations of candidates for Directors and Audit and Supervisory Committee Members based on (4)

For the appointment/dismissal of Director/Officer candidates, the Company discloses the profile, reasons for election/dismissal of each candidate in the “reference documents for the General Meeting of Shareholders” attached to the convocation notice of the meeting.

Supplementary Principle 3.1.2

The Company is working on information disclosure/provision in English to the extent that is reasonable and is translating information for quarterly disclosure and other necessary information into English.

Supplementary Principle 3.1.3

From December 2022, the Company publishes a Sustainability Report on its website and other media every fiscal year, and discloses its sustainability initiatives and information based on the TCFD framework.
For details, please refer to the following URL in the Company’s website for the “Sustainability Report 2022.”
https://fusokk.co.jp/eng/sustainability

Supplementary Principle 4.1.1

The Company establishes the Board of Directors Regulations and the Standards for Submission to Board of Directors, which set forth matters to be deliberated

by the Board of Directors in accordance with laws and regulations. In addition, the Board of Directors Regulations provide that if only basic matters or important matters are decided by the Board of Directors, the details thereof will be decided by the Representative Directors. Based on these, the Company clarifies the scope of delegation to the management by establishing the Rules on Delegation of Authority.

Supplementary Principle 4.2.2

The Company established and published the Sustainability Fundamental Policy. At the same time, the Company established the Sustainability Committee under the control and supervision of the Board of Directors and chaired by the director in charge of the Planning and Development Office. The Committee is responsible for formulating policies and targets for sustainability initiatives, as well as deliberating on progress management and measures.

< Sustainability Fundamental Policy>

The Company as a front-runner of the global niche top company continue to play an active role in various aspects of people's quality of life. The Company has been proud of providing indispensable products to the society by both Life Science (fruit acids and their derivative) and Electronic Materials (Ultra High Purity Colloidal Silica and silica-related products) businesses. For a sustainable future, the Company has strong desire to continuously contribute to the society with insatiable aspirations under the Company's motto "Limitless Progress and Creation". The Company believes that such actions to the sustainable society lead to continuous improvement of its corporate value.

Supplementary Principle 4.8 Effective Use of Independent Outside Directors

As of the end of the 67th Annual General Meeting of Shareholders in 2024, four of the ten Directors of the Company are Independent External Directors.

All independent external directors attended all 13 board meetings held in fiscal year 2023, where effective discussions and proposals were made on matters including large-scale capital investments, bank financing, and sustainability.

Supplementary Principle 4.8.3

The Company does not have a controlling shareholder or other affiliated companies.

Principle 4.9: Independence Standards and Qualification for Independent External Directors

The Company's criteria for independence are the satisfaction of the independence criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange, being in effect unlikely to have conflicts of interest with general shareholders, and able to help the Company strengthen governance from an objective standpoint.

In accordance with these independence criteria, the Company has four Independent External Directors appointed as Independent Directors.

Supplementary Principle 4.10.1

The Company establishes the HR and Remuneration Committee the majority of which is composed of External Directors to enhance the independence, objectivity, and accountability of the Board of Directors' functions relating to nominations (including succession planning), remuneration, and the like. The HR and Remuneration Committee maintains independence, examines especially important matters including nominations and remuneration, and reports to the Board of Directors.

Supplementary Principle 4.11.1

Preconditions for the appointment of Directors of the Company are that they have high standards of morality in addition to compliance with laws and understand and have a sense of fulfilling Director duties. Given that the Company operates the Life Science business and the Electronic Materials & Functional Chemicals business, the basic policy for the Board of Directors is to be composed of internal Directors who have expertise in these business operations and External Directors who have professional knowledge and the like on corporate management, finance, and legal affairs. In addition, to realize active discussions and speedy decision-making, the Articles of Incorporation provides that the Company has ten or less Directors (excluding Directors who are Audit and Supervisory Committee Members) and seven or less Directors who are Audit and Supervisory Committee Members. The Board of Directors of the Company is comprised of ten Directors including two women. In addition, candidates are recommended by Representative Directors and the Division Manager of the Administration Division after review in light of the conditions described above, and then appointed upon approval by the Board of Directors at a meeting, where all External Directors including Independent External Directors are present, based on a report from the HR and Remuneration Committee. In addition, the reason for appointment and skills and other qualifications of Director candidates are disclosed in convocation notices of the General Meeting of Shareholders. The skills matrix of Directors is included in this report.

Supplementary Principle 4.11.2

The state of significant positions concurrently held of all Directors is described annually in the convocation notice of the relevant General Meeting of Shareholders and securities report.

Supplementary Principle 4.11.3

With the objective of enhancing the functions and effectiveness of the Board of Directors, the Company carries out the self-evaluation of all members of the Board of Directors with the analysis and details of the evaluation reported to the Board of Directors. In addition, the results of the evaluation are disclosed on the Company's website. The results of the 2023 evaluation of the Board of Directors show that the Board is appropriately functioning and the effectiveness of the Board is ensured. Based on these evaluation results, the Company will work to further increase the effectiveness of the Board of Directors as a whole by continuing the annual evaluation of the Board.

Supplementary Principle 4.14.2

The Company trains Directors on legal knowledge, compliance, governance, finance and accounting, the industry to which the Company belongs, and factories of the Company/factories with the objective of their acquisition of required knowledge as Directors. The Company mainly use external training programs and seminars for this training, and internally carries out factory tours and provides training on industry knowledge. The Company bears expenses incurred for external training programs and seminars.

Principle 5.1: Policy for Constructive Dialogue with Shareholders

The Company is fully aware that providing shareholders and investors with timely and appropriate company information is fundamental to a healthy securities market. To this end, the Company works diligently to ensure that the company information is disclosed properly in a timely, accurate and fair manner from the viewpoint of the shareholders and investors. When disclosing information, the Company exercises caution not to disclose insider information.

The Company designates the Division Manager of the Administration Division as the Information Handling Officer and establishes the Corporate Communication Office within the Administration Division to collect necessary information from inside and outside the company. The Division Manager of the Administration Division puts together any concerns and other comments received from shareholders and investors, and reflects them in the Board of Directors.

In principle, the Corporate Communication Office deals with individual requests for the dialogues from shareholders and investors. Separately, a financial results briefing is held semiannually with the attendance of the President, the Division Manager of the Administration Division and the directors in charge of each business unit.

Action to implement management that is conscious of cost of capital and stock price (Also announced in English)
In response to the request from the Tokyo Stock Exchange to promote the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company has analyzed the current situation at the Board of Directors meeting held on May 10, 2024, and published its future policy in its website.
For details, please refer to the following URL in the Company's website.
https://fusokk.co.jp/eng/ir-calendar

Principle 5.2: Formulation and Announcement of Management Strategies and Plans

As described in Principle 3.1: Full Disclosure, the Company formulates and announces a medium-term management plan. The Company places importance on operating income before depreciation in terms of profitability, and announces as well return on equity and other objective indicators in its annual securities reports as important indicators. The Company does not set targets for return on equity and other indicators, as they are above the average of listed companies.

2. Capital Structure

Foreign shareholding ratio Updated	10% or more, but less than 20%

Major Shareholders Updated

Name/company name	Number of shares owned	Percentage (%)
Juseido Co., Ltd	5,596,265	15.88
Teikoku Seiyaku Co., Ltd.	3,328,000	9.44
The Master Trust Bank of Japan, Ltd. (Trust account)	3,318,100	9.41
Custody Bank of Japan, Ltd. (Trust account)	2,405,500	6.82
Kunpusha KK	2,085,900	5.92
Osaka Small and Medium Business Investment & Consultation Co., Ltd	1,490,625	4.23
Teisan Co., Ltd.	1,375,000	3.90
Nippon Shokubai Co., Ltd.	1,186,500	3.37
Akazawa Memorial Foundation	1,000,000	2.84
The Bank of New York Mellon 140042	860,922	2.44

Controlling shareholder (except for parent company)	-
Parent company	None

Supplementary explanation

-

3. Corporate Attributes

Listed exchange and market section	Tokyo Stock Exchange, Prime Market
Fiscal year-end	March
Sector classification	Chemicals
Number of employees (consolidated) as of the previous fiscal year-end	500 or more, but less than 1000
Nets sales (consolidated) for the previous fiscal year	10 billion yen or more, but less than 100 billion yen
Number of consolidated subsidiaries as of the previous fiscal year-end	Less than 10

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

-

5. Special Circumstances that May Have Material Impact on Corporate Governance

-

II Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Organizational form	Company with Audit and Supervisory Committee

Directors

Maximum number of Directors under the Articles of Incorporation	17
Term of office of Directors under the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	10
Appointment of External Directors	Appointed
Number of External Directors	4
Number of External Directors designated as independent directors	4

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Hakaru Hyakushima	Other											○
Fumiaki Hirata	From another company											○
Sayaka Eguro	Attorney-at-law											○
Kei Takeuchi	From another company										△	

*** Categories for "Relationship with the Company"**

*** "○" indicates that the Director currently falls under the category, or did so recently, and "△" indicates that the director fell under the category in the past.**

*** "●" indicates that a close relative of the Director currently falls under the category, or did so recently, and "▲" indicates that a close relative of the Director fell under the category in the past.**

a. Executive of the Company or its subsidiary
b. Executive or non-executive director of a parent company of the Company
c. Executive of a fellow subsidiary of the Company
d. Party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant, or legal professional who receives a large amount of money or any other property from the Company besides compensation as a Director
g. Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a corporation)
h. Executive of a client or supplier of the Company (which does not fall under any of d., e., or f.) (the Director himself/herself only)
i. Executive of a company whose External Directors/Auditors are mutually appointed between said company and the Company (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. Other

Relationship with the Company (2) Updated

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary explanation of the relationship	Reason for appointment
Hakaru Hyakushima		○	———	Mr. Hyakushima has abundant government agency experience in taxation, finance, and other fields from holding important posts at the Ministry of Finance and other organizations. Accordingly, with the expectation that he will oversee and offer advice drawn on his knowledge for decision-making of important management matters and supervision of execution of duties, etc. from a neutral and objective perspective, the Company has newly nominated him as candidate for External Board Director. <Reasons for designation as independent director> It is judged that he satisfies the independence criteria of

				the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders.
Fumiaki Hirata	○	○	———	Mr. Hirata has a wealth of management experience and extensive expertise in the chemicals industry, with professional knowledge in businesses operated by the Company. He is expected to carry out audits and provide advice as an Audit and Supervisory Committee Member, leveraging his professional knowledge, in relation to making decisions on important management matters and exercising oversight over business execution; therefore, he is appointed as a candidate for External Director who is Audit and Supervisory Committee Member. <Reasons for designation as independent director> It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders.
Sayaka Eguro	○	○	———	Ms. Eguro has expertise as an attorney-at-law and professional knowledge on international business management. Accordingly, with an expectation that she will oversee and offer advice drawn on her knowledge for decision-making of important management matters and supervision of execution of duties, etc. from a neutral and objective perspective as an Audit and Supervisory Committee Member, the Company has nominated her as candidate for External Board Director who is an Audit and Supervisory Committee Member. <Reasons for designation as independent director> It is judged that she satisfies the independence criteria of the Tokyo Stock Exchange. The Company has no transactional relationship with City-Yuwa Partners where she works. Thus, it is judged that there is no transactional relationship which would impact decision-making. Ms. Eguro herself does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders.
Kei Takeuchi	○	○	At Osaka Gas Co., Ltd., Mr. Takeuchi has served as Executive Officer from April 2016, Director, Senior Executive Officer from June 2019, and Senior Executive Officer between June 2020 to March 2023. Currently, he serves as Advisor of Osaka Gas Co., Ltd., and Director and Chair of Osaka Gas Liquid Co., Ltd., a subsidiary of Osaka Gas Co., Ltd. However, he is not an executive stipulated in Article 2, paragraph (3), item (vi) of the Ordinance for Enforcement of the Companies Act in both of these companies. There is a transactional relationship between Osaka Gas Co., Ltd. (“Osaka Gas”) and the Company. However, the annual transaction volume between Osaka Gas and the Group is less than 2% of the annual consolidated net sales of Osaka Gas, and the Company does not fall under the major counterparty of Osaka Gas. Similarly, the annual transaction volume between Osaka Gas and the Group is less than 2% of the annual consolidated net sales of the Group, and Osaka Gas does not fall under the major counterparty of the Company.	Mr. Takeuchi has abundant experience in business operations and knowledge of chemicals from having served as a General Manager responsible for energy-related business at Osaka Gas Co., Ltd. as well as President and CEO of Osaka Gas Chemicals Co., Ltd. Accordingly, with the expectation that he will provide advice on management and supervise business execution as a Board Director, Audit and Supervisory Committee Member, the Company nominates him as a candidate for External Board Director. <Reasons for designation as independent director> It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange. The organizations that he concurrently serves, Osaka Gas Co., Ltd., Osaka Gas Liquid Co., Ltd., Japan Boiler Association, International Science Club of Osaka, and The Japan Institute of Energy, do not fall under any of the criteria for determining independence. Thus, it is judged that there is no transactional relationship which would impact decision-making. Mr. Takeuchi himself does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders.

Audit and Supervisory Committee

Committee’s Composition and Chairperson’s Attributes

	All Committee members	Full-time members	Internal Directors	External Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	External Directors

Appointment of Directors and staff to support the Audit and Supervisory Committee	Appointed

Matters Related to the Independence of such Directors and staff from Executive Directors

The Audit and Supervisory Committee Members of the Company are dedicated to the Audit and Supervisory Committee, independent of Executive Directors, and out of reach of Executive Directors' authority to give commands and orders with respect to those Directors' and staff's supporting the duties of the Audit and Supervisory Committee. In addition, there is a system in place for Directors to collect, in addition information provided by the Company, any additional information from relevant internal divisions to fulfill their roles and responsibilities, with the Secretarial Office, the Administration Division, or other organizational units acting as a point of contact.

Cooperation among Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Divisions

The Audit and Supervisory Committee, the accounting division, and the internal audit division proactively cooperate with the external accounting auditor, strive to secure an audit time schedule and audit systems, and ensures the execution of appropriate audits. The Audit and Supervisory Committee captures and evaluates the state of execution of duties by the external accounting auditor through meetings, audit reports, or by other means. In addition, the Audit and Supervisory Committee evaluates the state in accordance with guidelines after auditing by the external accounting auditor.

(1) The Company has discussions with the external accounting auditor at the beginning of each fiscal year, and develops audit schedules. Furthermore, according to the progress of the audit time schedule, the external accounting auditor, and relevant divisions have discussions where necessary, securing sufficient time for auditing such as by increasing audit days.
(2) If the external accounting auditor so wishes, including a request expressed at the time of developing an audit time schedule, the Company secures time for a meeting with the Representative Directors or Executive Directors.
(3) The external accounting auditor cooperates with Directors who are Audit and Supervisory Committee Members, the accounting division, and the internal audit division at regular audit results briefing meetings that are fixed in audit time schedules. In addition, the external auditor meets and cooperates with Directors who are Audit and Supervisory Committee Members or the internal audit division on an as-needed basis during its execution of audit operations.
(4) The Company has a system in place for the Division Manager of the Administration Division to report any deficiency or fraud found by the external accounting auditor to the Board of Directors, and for the Director in charge of relevant operations to lead the efforts to correct it and report to the Board of Directors. Directors who are Audit and Supervisory Committee Members and the internal audit division check the appropriateness and effectiveness of corrections made.

Voluntary Committees

Voluntary establishment of committee(s) corresponding to a nomination committee or remuneration committee	Established

Voluntary establishment of committees, committee member composition, attributes of the chairperson

	Committee name	All Committee members	Full-time members	Internal Directors	External Directors	External experts	Other	Chairperson
Voluntary committee corresponding to nomination committee	HR and Remuneration Committee	5	3	2	3	0	0	External Directors
Voluntary committee corresponding to remuneration committee	HR and Remuneration Committee	5	3	2	3	0	0	External Directors

Supplementary explanation

The Company's HR and Remuneration Committee is a voluntarily established committee that assumes the function of both the nomination committee and the remuneration committee. When examining matters relating to appointments/dismissals of senior management or design of the remuneration system/remuneration amounts, the Company has appropriate involvement and advice of the HR and Remuneration Committee, which consists of both internal and external directors.

Independent Directors

Number of Independent Directors	4

Other Matters related to Independent Directors

-

Incentives

Incentive Policies for Directors Updated	Performance-linked remuneration and others

Supplementary Explanation Updated

・Performance-linked bonuses and calculation methods thereof

For the calculation method of performance-linked bonuses of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter "Directors" in this item), the Company receives a document stating to the effect that the Audit and Supervisory Committee has found the method to be fair. Performance-linked bonuses are calculated and paid after close of the Annual General Meeting of Shareholders. The method of calculating performance-linked bonuses of Director is decided by the Board of Directors based on a report by the HR and Remuneration Committee. In addition, it is decided that the number of other bonuses of Directors is left to the discretion of Mr. Shinichi Sugita, Representative Director & President, in comprehensive consideration of business performance for the current fiscal year, the level of contribution of each Director, and other factors, after discussions by the Board of Directors based on a report from the HR and Remuneration Committee.

・Indicators and calculation methods of performance-linked bonuses

The base amount is calculated by adding depreciation to consolidated profit before income taxes before recording director bonuses, and multiplying the amount obtained by 0.029849%. Performance-linked bonuses are calculated by multiplying the base amount by a factor of each Director (fractions of less than 10,000 yen is rounded down). However, the base amount is capped at 6,900 thousand yen. Performance-linked bonuses will not be paid if the amount obtained by adding depreciation to consolidated profit before income taxes before recording director bonuses is less than 13.7 billion yen.

・Reasons for selecting indicators pertaining to performance-linked bonuses

The Group considers capital investments to be essential for future growth and thus positions "operating income before depreciation" as the most important management indicator. "Consolidated profit before income taxes before recording director bonuses" is obtained by adding/subtracting non-operating income/losses such as interest income and foreign exchange gains/losses, and extraordinary income/losses, which should be subject to management risk control, to/from this most important indicator, and the Group has determined it as the most appropriate indicator. As "consolidated profit before income taxes" includes director bonuses, director bonuses are excluded from the calculation.

・Details of non-monetary remuneration

The Company shall start restricted stock-based compensation to Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) from fiscal 2023. Based on the report of the HR and Remuneration Committee, the Board of Directors determines the number of shares allocated to each individual according to their position.

The restriction on transfer shall be lifted upon a Director resigns or retires from his/her position as a Director or other positions specified by the Board of Directors of the Company.

The number of shares granted to the Company's Directors as compensation for the execution of their duties in the previous fiscal year was 6,300 shares to six Directors.

・Delegation of decision of remuneration, etc. for individual Directors

The Board of Directors delegates decisions to Mr. Shinichi Sugita, Representative Director & President, on the base amount of each Director and the allocation of evaluation points based on the performance of divisions of which Directors are respectively in charge and other factors, excluding External Directors. The reasons for the delegation are that the Representative Directors are considered to be most suitable persons to evaluate duties of which Directors are respectively in charge while having the perspective of the Group's performance as a whole.

Recipients of stock options	

Supplementary explanation

-

Remuneration for Directors

Disclosure of individual Directors' remuneration	Not disclosed

Supplementary explanation

Individual Directors' remuneration is not disclosed.

Policy on determining amounts or calculation methods of remuneration	Established Updated

Disclosure of policy on determining amounts or calculation methods of remuneration

Total amount of remuneration, etc. paid to Directors and Audit and Supervisory Committee Members

Directors (excluding Audit and Supervisory Committee Members): 318 million yen to 7 Directors
Directors (Audit and Supervisory Committee Members): 31 million yen to 5 Directors

(Note) Employee salary paid to Directors who also serve as employees are not included.

・Policy on determination of the details of remuneration, etc. for Directors

The Company, at the Board of Directors' meeting held in May 2024, resolved to adopt policy on the details of remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members (hereinafter "Directors" in this item.)) Furthermore, the Company has the HR and Remuneration Committee chaired by an Independent External Director. The Committee is consulted and issues a report on remuneration of Directors. With respect to the remuneration, etc. of individual Directors pertaining to the current fiscal year, the Board of Directors confirms the method of determining the details of remuneration, and checks for whether the details of remuneration, etc. are consistent with the determination policy resolved by the Board of Directors and whether the report by the HR and Remuneration Committee is respected. As a result, the Board of Directors has determined that the details are in accordance with the determination policy.

The policy on remuneration, etc. of individual Directors is as follows:

・Maximum amount of remuneration

The annual maximum amount of remuneration for Directors of the Company was decided to be 700 million yen for ten or less Directors (including the annual amount of 100 million yen for External Directors) by resolution of the 61st Annual General Meeting of Shareholders held on June 22, 2018. By resolution at the 66th Annual General Meeting of Shareholders held on June 23, 2023, the total amount of remuneration in restricted stock-based compensation, etc. to be granted to Directors (excluding Outside Directors), or the maximum amount of monetary remuneration claims to be paid for the granting of restricted shares is 60 million yen per year, separate from the above remuneration, and the maximum number of shares is 18,000 shares per year.

・Breakdown of remuneration

The remuneration of Directors excluding External Directors consists of base remuneration paid monthly (regular salary paid in the same amount), bonuses (performance-linked bonuses and other bonuses), and restricted stock-based compensation. The basic ratio of the three types of remuneration is 57% (fixed remuneration), 33% (bonuses) and 10% (restricted stock-based compensation).

Remuneration for External Directors consists of base remuneration, which is paid monthly, and Director bonuses are not paid in principle.

・Base remuneration (salary paid in a fixed flat amount)

In addition, it is decided that the amount of base remuneration of Directors is left to the discretion of Mr. Shinichi Sugita, Representative Director & President, in comprehensive consideration of the roles of each Director, the level of expectation, and other factors, after discussions by the Board of Directors based on a report from the HR and Remuneration Committee. The range of adjustments is limited to within 20% above or below the center value of monthly base remuneration for each position.

・The implementation of measures concerning performance-linked bonuses, etc. for Directors is described in the supplementary explanation for the implementation of measures to provide incentives to Directors under the heading of "Incentives."

Support System for External Directors

External Directors (including Directors who are Audit and Supervisory Committee Members) attend the monthly meeting of the Board of Directors. In addition, the External Directors visit offices, plants, and other sites including overseas subsidiaries, striving to identify the actual situations by inspecting situations at the sites and contacting the executives at the sites. Furthermore, the Administration Division and its Secretarial Office receive instructions and requests from External Directors and coordinate with relevant divisions.

In fiscal 2023, information is provided on topics such as legal amendments related to internal controls, information on the semiconductor industry, ROE, and various seminars.

Status of persons who retired from the position of Representative Director & President, etc.

Name and other information on former Representative Director & President, etc. currently serving as corporate counselors or advisers

Name	Job title/ position	Responsibilities	Employment type/conditions (full/part time, with/without compensation, etc.)	Date of retirement	Term
Shozo Akazawa	Founder, Honorary Chairman	Providing advice on overall management, external activities at major business partners and in the industry	Part time With compensation	June 24, 2011	Annual renewal

Total number of former Representative Director & President, etc. currently serving as corporate counselors or advisers	1

Other matters

-

2. Matters related to Functions of Business Execution, Auditing, Oversight, Nomination, Compensation Decisions (Overview of the Current Corporate Governance System) Updated

The amendment of the Articles of Incorporation for the shift to a company with audit and supervisory committee was resolved by the 61st Annual General Meeting of Shareholders held on June 22, 2018. Accordingly, the Company has transitioned from a company with company auditors to a company with audit

and supervisory committee on the same date. This transition is aimed at increasing the effectiveness of the oversight function over the execution of duties by Directors and further enhance the corporate governance system of the Company and its subsidiaries (the "Group"), with the Audit and Supervisory Committee becoming the organization that audits and oversees the execution of duties by Directors. In addition, the Company expects to achieve faster management decision-making and higher flexibility in business execution by allowing delegation of important business execution, partly or wholly, to Directors by resolution of the Board of Directors going forward.

1. Organs

The Board of Directors is composed of seven Directors (excluding Directors who are Audit and Supervisory Committee Members) and three Directors who are Audit and Supervisory Committee Members (including three External Directors) and meets monthly in principle and on an as-needed basis. The Board of Directors decides on important matters including matters set forth in the Board of Directors Regulations and basic management policies, and oversees the execution of duties by Directors.

The Company has the HR and Remuneration Committee as a voluntary advisory organ to the Board of Directors. The HR and Remuneration Committee deliberates on matters relating to personnel affairs and remuneration, etc. of Directors upon consultation by the Board of Directors and reports the deliberation results to the Board of Directors. The rules provide that the HR and Remuneration Committee is chaired by an Independent External Director, which ensures appropriate involvement and advice by Independent External Directors, thereby increasing the independence, objectivity, and transparency of the Board of Directors' functions, and further enhancing the corporate governance system.

In addition, the Board of Managing Directors that is comprised of six full-time Directors (excluding Audit and Supervisory Committee Members) and one Director who is Audit and Supervisory Committee Member meets monthly in principle. Furthermore, the Management Committee that consists of attendees of the Board of Managing Directors' meetings and executive employees including Executive Officers and presidents of Group companies meets quarterly in principle. The Board of Managing Directors and the Management Committee exercise oversight of the Group as a whole by receiving reports on the status of business execution in the Group, deliberating carefully from various aspects, and speedily making decisions.

The Audit and Supervisory Committee is comprised of three Directors who are Audit and Supervisory Committee Members (including three External Directors) and meets monthly in principle and on an as-needed basis. The Audit and Supervisory Committee audits not only the legality but also the appropriateness of Directors' execution of duties.

2. Internal audits and audits by the Audit and Supervisory Committee

As for the organization that conducts internal audits, the Internal Auditing Office, which has two members, is established as a dedicated organization independent of divisions executing operations. The Internal Auditing Office conducts operational audits, accounting audits, investigations as special assignments instructed by the Representative Directors, and other activities covering the Group, and responsible for secretariat operations for the Audit and Supervisory Committee.

Audits by the Audit and Supervisory Committee check the status of business execution by such means as attendance to all meetings of the Board of Directors, the Board of Managing Directors, and the Management Committee mainly by full-time Audit and Supervisory Committee Members, and receiving reports on important agenda items from relevant Directors in charge. In addition, the Audit and Supervisory Committee carries out audits based on audit policies, audit plans, and the like determined by the Audit and Supervisory Committee.

3. Overview of limited liability agreements

Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with Directors (excluding Executive Directors and the like) to limit their liability for damages as provided in Article 423, paragraph 1 of the same Act with the limitation of the minimum liability amount as provided in Article 425, paragraph 1 of the same Act.

The Company has concluded an officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the Company shall compensate for damages that may arise from the fact that the insured director is responsible for the execution of his or her duties or receives a claim related to the pursuit of such liability (except in the case of an act committed in recognition of a violation of laws and regulations) with the insurance. When a candidate is appointed, he or she will be insured under the policy. The Company bears the full amount of premiums for the insurance contract, including the special contract.

3. Reasons for Adoption of the Current Corporate Governance System

Effective from June 22, 2018, the Audit and Supervisory Committee replaced Company Auditors (Board of Company Auditors) as the organ that audits and oversees the execution of duties by Directors. This change is considered to have increased the effectiveness of the function of overseeing the execution of duties by Directors and further strengthened the Company's corporate governance system. In addition, the Company expects to achieve faster management decision-making and higher flexibility in business execution by allowing delegation of important business execution, partly or wholly, to Directors by resolution of the Board of Directors going forward.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders Meeting and Smooth Exercise of Voting Rights

Updated

	Supplementary explanation
Early sending of notice of General Meeting of Shareholders	From the 66th Annual General Meeting of Shareholders, based on the enforcement of the revision of the Companies Act in September 2022, the notice has been provided electronically from the day three weeks before the date of the General Meeting of Shareholders. The notices are sent in accordance with the amended Act at least two weeks prior to the date of the Annual General Meeting of Shareholders after the date of electronical notice. For shareholders who wish to receive the materials of the General Meeting of Shareholders in writing, the Company will provide the materials in writing.
Scheduling Annual General Meetings of Shareholders avoiding the peak day	The Company strives to avoid the peak day in the last week of June and holds the meeting in the week before the peak day.
Allowing exercise of voting rights by electromagnetic means	Since the 2018 General Meeting of Shareholders, the Company allows exercise of voting rights by electromagnetic means.
Participation in electronic voting platform and other efforts to improve the environment for institutional investors to exercise their rights	Since the 2018 General Meeting of Shareholders, the Company has been conducting electronic voting. Voting using the Electronic Voting Platform has been available since the 2021 Annual General Meeting of Shareholders.
Providing convocation notice of General Meeting of Shareholders (summary) in English	The Company has been providing convocation notice of general meeting of shareholders (summary) in English since the 2022 General Meeting of Shareholders.
Others	The article was revised at the 2022 General Meeting of Shareholders to allow the electronic provision system.

2. IR Activities

	Supplementary explanation	Explanation by the Representative himself/herself
Regular results briefings for analysts and institutional investors	Twice a year (mid-term, year-end)	Yes
Posting of IR materials on website	Press releases (as-needed), flash reports (four times a year), annual securities report, quarterly reports (four times a year), business reports (twice a year), results briefing materials (twice a year)	
Establishment of department in charge of IR	The Corporate Communication Office was established in the Administration Division on July 1, 2020.	
Other	The Company strives to provide easy-to-understand explanations at General Meetings of Shareholders using slides. 2024 Received questions from shareholders on agenda items for the General Meeting of Shareholders in advance.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Internal rules for respecting the position of stakeholders	Section 2 of the Code of Conduct updated in January 2018 sets forth “Stakeholder Relations.” The details are disclosed on the Company’s website.
Implementation of environmental activities, CSR activities, etc.	The details are disclosed on the Company’s website.
Establishing policies, etc. concerning information provision to stakeholders	In 2-8: Shareholder and investor relations in the Fuso Chemical Group’s Code of Conduct, the Company stipulates that “We disclose corporate information in a timely and appropriate manner so that we can gain sufficient trust from our stakeholders.”

IV. Matters Related to the Internal Control System

1. Basic Stance on Internal Control System and the Progress of System Development

Updated

*Describe basic stance on internal control system and the progress of system development

When the Company transitioned to a company with audit and supervisory committee on June 22, 2018, the Company established the basic policy on the Group's internal control system and maintains it as follows:

I. Basic policy for establishment of the internal control system

(1) Increase the effectiveness and efficiency of operations to achieve the goals of business activities.
(2) Secure the reliability of financial statements and information that may have a significant impact on financial statements.
(3) Promote compliance with laws, regulations, and other codes concerning business activities.
(4) Work to safeguard assets, ensuring that due procedures are carried out and approval is obtained for acquisition, use, and disposal of assets.
(5) Use appropriate information processing technologies to achieve the objectives above.

II. System to ensure the appropriateness of operations

1. System to ensure that the execution of duties by Directors and employees of the Company and Group companies is in compliance with laws, regulations, and the articles of incorporation

(1) Establish the Code of Conduct of FUSO CHEMICAL Group for taking action in compliance with laws, regulations, social norms, and the like, and promulgate them to Directors and employees of the Company and Group companies and raise awareness.
(2) Establish the Basic Policy on Internal Control, develop and enhance systems to ensure the reliability of financial reporting of the Company and Group companies, and appropriately implement, evaluate, and correct internal controls.
(3) The Company establishes the Compliance Committee chaired by the Representative Director & Chairman, which oversees the initiatives relating to the compliance systems of the Company and Group companies.
(4) The internal audit division of the Company regularly audits the appropriateness and propriety of business operations of internal divisions and Group companies. In addition, the Audit and Supervisory Committee of the Company independently audits the state of execution of duties by Directors and the state of business operations by each division through internal control systems.
(5) The Company has set rules on whistleblowing and set up an internal and external points of contact for whistleblowing to detect early or prevent any law violation or other compliance-related issues in the Company and the Group.

2. System for the storage and management of information on the execution of duties by Directors

Information on execution of duties by Directors is recorded in documents, which are properly stored and managed by departments responsible for the relevant operations or by the General Affairs Department, in accordance with laws, regulations, and the internally established Document Management Rules. In addition, a system is in place for enabling Directors and Audit and Supervisory Committee Members as well as support staff to inspect these documents at any time.

3. Rules and other systems for managing risk of loss

(1) Establish rules on risk management and secure management systems that respond to risks for business operations and management strategies of the Company and Group companies.
(2) Strive for early resolution of crises and prevention of damages from spreading by clarifying the system, communication, decision-making methods in the event of a crisis with establishment of a continuity of business plan to prepare for large-scale disasters and other crisis events.

4. System to ensure efficient execution of duties by Directors

(1) The Company, at regular meetings, and ad-hoc meetings held on an as-needed basis, of the Board of Directors, deliberates and resolves on important matters concerning management, and oversees the execution of duties by Directors.
(2) The authority delegated to each position relating to business execution and procedures for executing the authority are clarified in the Board of Directors Regulations, the Rules on Delegation of Authority, the Rules on Division of Duties, and the Internal Approval Rules.
(3) The Company holds a meeting of full-time Directors, persons in charge of divisions, and representatives of Group companies at the end of each fiscal year, and establishes an annual management policy and an annual management plan.
(4) Internal divisions and Group companies regularly report the progress of the management plan, the status of business execution, and other relevant matters to the Board of Directors.

5. System to ensure the appropriateness of operations in the Company and Group companies

(1) The Code of Conduct of FUSO CHEMICAL Group is applied to the Company and all Group companies, clarifying principles and goals of the Group as a whole.
(2) The Company establishes the Rules on Management of Subsidiaries and Affiliates. By operating business in accordance with these Rules, the Company respects the decision-making at Group companies and ensures the appropriateness of operations in the Group as a whole.
(3) The Company establishes intelligence ties between the Company's accounting auditor and accounting auditors of the Company's affiliated companies outside Japan.
(4) The Company strengthens the Group's consolidated audit system through coordination among three parties: the accounting auditor, the internal audit division, and Audit and Supervisory Committee.

6. Matters related to appointment of Directors and staff to support the Audit and Supervisory Committee

Internal Auditing Office (or a department that has functions similar to this) concurrently serves as the secretariat of the Audit and Supervisory Committee, and the members of the Office serve as staff to support audits by Audit and Supervisory Committee Members.

7. Matters related to independence of the support staff in the previous item from other Directors, and matters related to ensuring the effectiveness of instructions to the support staff

(1) Personnel evaluation, personnel transfer, and awards/disciplinary actions of the support staff require prior consent of the Audit and Supervisory Committee.
(2) When the support staff execute duties instructed by Audit and Supervisory Committee Members, they are under the command and direction of Audit and Supervisory Committee Members and do not have the obligation to report to Directors who are not Audit and Supervisory Committee Members. In addition, if the support staff are concurrently engaged in other operations, instructions from Audit and Supervisory Committee Members take precedence.

8. System to ensure for Directors and staff to report to Audit and Supervisory Committee Members, and system to ensure that a person who made the report is not treated disadvantageously on the grounds that the person made the report

(1) Audit and Supervisory Committee Members and support staff of the Company may attend important meetings held at the Company and Group companies and inspect meeting minutes.
(2) The Company's Audit and Supervisory Committee Members and support staff may, where necessary, directly interview Directors and employees of the Company, persons who execute the business of Group companies, and other relevant persons, regarding issues, risks, and other matters concerning the Group companies.
(3) A report received through the whistleblowing system set up internally is promptly reported to Audit and Supervisory Committee Members and support staff.
(4) Directors and employees of the Company or Group companies who made the report as described above will not be treated disadvantageously.

9. Matters related to procedures for advance payment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee) and policy for processing of expenses or obligations arising from the execution of their duties

If Audit and Supervisory Committee Members and support staff request for advance payment or reimbursement of expenses arising from the execution of their duties, the expenses or obligations will be processed promptly in accordance with the prescribed procedures.

10. Other systems to ensure the effective performance of audits by Audit and Supervisory Committee

(1) The Audit and Supervisory Committee regularly meets with Representative Directors and exchange opinions on tasks that should be addressed by the Company, risks surrounding the Company and Group companies, as well as establishment of an environment for audits by the Audit and Supervisory Committee, audit focus issues, and other relevant matters.
(2) Audit and Supervisory Committee Members and support staff may attend important meetings held at the Company and Group companies and express their views.
(3) Important approval documents of the Company and Group companies are circulated to Audit and Supervisory Committee Members and support staff.

2. Basic stance on Exclusion of Anti-Social Forces and the Progress of System Development

Updated

*Describe basic stance on exclusion of anti-social forces and the progress of system development

1. Basic Stance

The Company is aware that it is essential to disassociate from anti-social forces, with the understanding that they are organizations that may cause significant damage to an entire company including its employees and shareholders. Therefore, in the Rules on Handling Anti-Social Forces, the Company stipulates the rejection of any involvement in business activities of anti-social forces, and sets forth a system for handling them as the Company as a whole in an effort to enhance the system for exclusion of anti-social forces.

2. Supervising Departments

The Company handles anti-social forces as the Company as a whole, with the Department Manager of the General Affairs Department serving as the person in charge of supervision and each department designating a person responsible for implementation.

3. Coordination with External Specialized Organizations

The Company is a member of the Osaka Corporate Defense Countermeasures Federation and the Corporate Defense Countermeasures Association in the jurisdiction of Higashi Police Station, and collects information by attending lectures, training, and other events held by these organizations. Furthermore, the Company contacts with external legal counsel and the competent police station in a timely manner.

4. Implementation of Training

The Company attends training sessions and other events held by the Osaka Corporate Defense Countermeasures Federation and the Corporate Defense Countermeasures Association in the jurisdiction of Higashi Police Station in a timely manner, thereby striving to collect information on anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None

Supplementary explanation

-

2. Other Matters Concerning Corporate Governance System Updated

- Internal system for timely disclosure of the Company's corporate information

(1) Policy
"2-8: Shareholder and investor relations" of the Code of Conduct of FUSO CHEMICAL Group states: "We strive to disclose corporate information in a timely and appropriate manner so that we will be fully trusted by our stakeholders."
Based on this principle, each responsible division endeavors to timely and accurately capture information on company business (e.g., decisions, facts occurred, financial results) including those of subsidiaries, and timely and appropriately disclose it to investors, etc. and financial instruments exchanges. When disclosing information timely and appropriately, important matters are submitted to the Board of Directors.

(2) Internal systems
In relation to handling corporate information in accordance with the Securities Listing Regulations established by the Tokyo Stock Exchange, the Information Handling Officer and the Information Disclosure Officer are designated, and timely disclosure is made with approval of a person with approval authority under internal rules.

Organization responsible for timely disclosure (responsible division and headcount)
Information Handling Officer: Division Manager of the Administration Division
Information Disclosure Officer: Department Managers of responsible departments in the Administration Division
Names of responsible departments: General Affairs Department, Human Resources Department, Finance & Accounting Department, Corporate Communication Office, Legal and Intellectual Property Office
Person in charge: Corporate Communication Office 3 persons (including 1 concurrently serving another post)
*For the timely disclosure system, see the schematic diagram in the reference document.

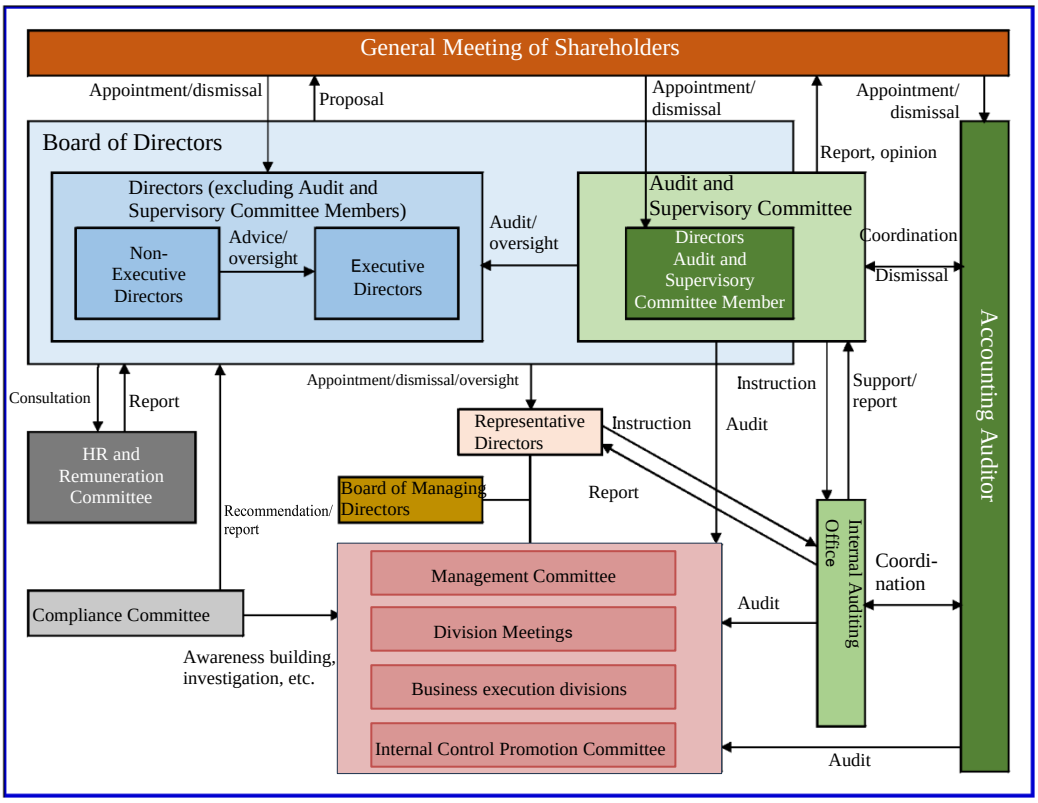
3) Method
The Company designates the Division Manager of the Administration Division as the Information Handling Officer and discloses corporate information according to types of the information. As for financial results and decisions, whether disclosure is required or not is confirmed based on materials submitted by general managers of business units and presidents of affiliated companies, and the matter is referred to the Board of Directors. Then, the department responsible for information disclosure discloses the information resolved by the Board of Directors promptly after the resolution using TDnet (Timely Disclosure network) operated by the Tokyo Stock Exchange, in accordance with the Securities Listing Regulations. As for facts occurred, if business units or subsidiaries and affiliates obtain information suddenly emerged, the information is promptly reported to the Division Manager of the Administration Division who serves as the Information Handling Officer. Furthermore, based on the materiality of the information, the Division Manager of the Administration Division reports the information to the President, Directors, and relevant departments. The department responsible for information disclosure confirms whether disclosure of facts occurred is required or not in accordance with the Securities Listing Regulations, and, if the disclosure is required, promptly discloses the information to the Tokyo Stock Exchange using TDnet.
The timely disclosure information disclosed via TDnet is also promptly posed on the Company's website, thereby proactively ensuring the transparency of corporate information. In addition, the Company posts information that is effective to deepen the understanding of investors in the Company on an as-needed basis even if it does not fall under the category of timely disclosure items.

<Skill Matrix of Directors>

Name	Position	External	Inde-pendent	Committee		Major skills, experience, etc.							
				Audit, etc.	HR and remu-neration	Corporate management	Sustainability, ESG	Technology, research, manufacturing	Sales, marketing	Global business	Finance, accounting	HR, labor	Legal, risk management
Misako Fujioka	Representative Director & Chairman				○	●	●					●	●
Shinichi Sugita	Representative Director & President				○	●		●	●		●	●	
Haruo Masauji	Senior Managing Director					●		●	●				
Takashi Tanimura	Senior Managing Director					●		●		●			
Atsushi Fujioka	Managing Director					●	●			●			
Motoki Sugimoto	Director							●	●	●			
Hakaru Hyakushima	Director	○	○			●					●		●
Fumiaki Hirata	Board Director, Audit and Supervisory Committee Member	○	○	◎	◎	●		●	●				
Sayaka Eguro	Board Director, Audit and Supervisory Committee Member	○	○	○	○		●			●		●	●
Kei Takeuchi*	Board Director, Audit and Supervisory Committee Member	○	○	○	○	●		●	●	●			

Notes: * on the name indicates new member; ◎ on Committee indicates the chairperson of the committee.

<Governance Structure>



<Timely Disclosure System>

Updated

