[Translation: Please note that this is an English translation of the Japanese original Notice of the 15th Ordinary General Meeting of Shareholders of KH Neochem Co., Ltd. prepared for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.]

Securities code: 4189
Date of sending: March 3, 2025
Start date for measures for providing information in electronic format: February 26, 2025

To our shareholders,

Michio Takahashi
Representative Director
President & Chief Executive Officer
KH Neochem Co., Ltd.
2-3-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

Notice of the 15th Ordinary General Meeting of Shareholders

We are pleased to announce the 15th Ordinary General Meeting of Shareholders (the "Meeting") of KH Neochem Co., Ltd. (the "Company"), which will be held as indicated below. In the course of convening the Meeting, we have taken measures for providing information electronically—specifically, publishing the information comprising the Reference Documents for the Meeting, etc. (matters subject to measures for providing information electronically) under "Notice of the 15th Ordinary General Meeting of Shareholders" and "Informational Materials for the 15th Ordinary General Meeting of Shareholders (in Japanese only)" on the following website(s) on the Internet. Thus, we ask that you please visit the website(s) to look over the information.

[The Company's website]
URL: https://www.khneochem.co.jp/en/
(To access the information, please visit the website above and click "Investor Relations." Then, click "Stock Information" and select "General Meeting of Shareholders.")

[Website containing the notice of the ordinary general meeting of shareholders]
URL: https://d.sokai.jp/4189/teiji/ (in Japanese only)

[Tokyo Stock Exchange website (Listed Company Search)]
URL: https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show
(To access the information, please visit the website above and enter "KH Neochem" in the "Issue name (company name)" field or the Company's securities code ("4189") in the "Code" field, click "Search," then "Basic information," and then "Documents for public inspection/PR information," and then check the "Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting" column under "Documents for public inspection.")

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing, via the Internet, or by other means. We ask that you check the attached "Instructions for Exercising Voting Rights" on pages 4-6 for guidance on exercising your voting rights.

1. **Date and Time:** Tuesday, March 25, 2025, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

2. **Venue:** Nihonbashi Mitsui Hall, (Reception: 4F), COREDO Muromachi 1, 2-2-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

3. **Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 15th term (from January 1, 2024 to December 31, 2024), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 15th term (from January 1, 2024 to December 31, 2024)

Items to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)

<Matters decided regarding the convocation>

- When exercising your voting rights by mail, if your approval or disapproval of a proposal is not indicated on the Voting Card, it will be handled as though you had indicated your approval of the proposal.
- If you exercise your voting rights in duplicate both by mail (Voting Card) and via the Internet or by other means, your voting via the Internet or by other means shall prevail. Additionally, if you exercise your voting rights multiple times via the Internet or by other means, only your last voting instructions will be valid.

- If any revisions are made to the matters subject to measures for providing information electronically, we will publish the fact that revisions were made as well as the original and revised versions of the matters on the website(s) indicated above.
- For shareholders who have requested document delivery, we send the documents, including the matters subject to measures for providing information electronically. However, pursuant to laws and regulations and Article 16, paragraph 2 of the Company's Articles of Incorporation, the following matters are not included in the documents delivered to shareholders. We publish them on the websites listed above.
  - Principal offices, plants, etc., Employees, Principal lenders, Accounting Auditor, and System to ensure appropriateness of operations and operational status of said system in the Business Report
  - Consolidated statement of changes in equity and Notes to the consolidated financial statements in the Consolidated Financial Statements
  - Non-consolidated statement of changes in equity and Notes to the non-consolidated financial statements in the Non-consolidated Financial Statements
  - Independent Auditor's Audit Report on the Consolidated Financial Statements, Independent Auditor's Audit Report on the Non-consolidated Financial Statements, and the Audit Report by the Audit and Supervisory Committee in the Audit Reports

  Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements included in this notice are a portion of the documents audited, specifically when the Accounting Auditor prepares Independent Auditor's Audit Reports and the Audit and Supervisory Committee prepares Audit Report.

- The results of the resolutions of the Meeting will be published on the Company's website (https://www.khneochem.co.jp/en/) instead of sending a resolution notice.

Instructions for Exercising Voting Rights

You may exercise your voting rights by using any of the following three methods:

[Mailing the Voting Card]

Complete the Voting Card sent together with this notice by indicating your approval or disapproval of the proposals and return it without affixing a stamp.

Votes to be given by: 5:40 p.m. on Monday, March 24, 2025 (JST)

[Exercising Voting Rights via the Internet or by other means]

Scan the QR code with smartphone or access the Voting Website (for PC) (https://soukai.mizuho-tb.co.jp/ (in Japanese only)) through a computer, enter the "voting rights exercise code" and "password," which are provided on the Voting Card sent together with this notice, and follow the instructions on the screen to exercise your voting rights.

Votes to be given by: 5:40 p.m. on Monday, March 24, 2025 (JST)

<Electronic Voting Platform>

Institutional investors may use the platform for institutional investors operated by ICJ, Inc. to electronically exercise the voting rights.

[Attending the Meeting]

Submit the Voting Card sent together with this notice at the venue's reception.

Date/Time: Tuesday, March 25, 2025, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)
Venue: Nihonbashi Mitsui Hall, (Reception: 4F), COREDO Muromachi 1,
2-2-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo

If you need support in attending the Meeting, please access "Contact (Others)" on the Company's website in advance of attendance. (https://www.khneochem.co.jp/en/contact/)

<Exercising Voting Rights by Proxy>

You may exercise your voting rights by a proxy who is also a shareholder with voting rights.
Please be aware that a written statement attesting to the right of proxy must be submitted.

How to scan QR code, "Smart voting"

You can log in to the voting website for exercising voting rights without having to enter your "voting rights exercise code" and "password."

1. Scan the QR code printed on the right side of Voting Card.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

"Smart voting" can only be used once to exercise your voting rights. In the event that you wish to modify the details of your vote after exercising your voting rights, please access the Voting Website (for PC) below from a PC or any other means, enter the voting rights exercise code printed on the Voting Card together with your password, log in, and exercise your voting rights once again. * If the QR code is read a second time, you will be transferred to the Voting Website (for PC).

How to enter the "voting rights exercise code" and "password"

Voting Website (for PC): https://soukai.mizuho-tb.co.jp/ (in Japanese only)

1. Please access the Voting Website (for PC) and click "次へすすむ (Next)."

2. Enter the voting rights exercise code printed on Voting Card and click "次へ (Next)."

3. Enter the password printed on Voting Card, set the new password that you actually use, and click "登録 (Register)."

4. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

Please contact the following if you have questions about the operation of your computer or smartphone regarding the exercise of voting rights via the Internet.

Inquiries: Mizuho Trust & Banking Co., Ltd.
Securities Agent Department, Web Support Desk
Telephone: 0120-768-524 (available only in Japan)
(Business hours: 9:00 a.m. to 9:00 p.m. (JST) excluding the New Year holidays)

Cautions regarding exercising voting rights via the Internet or by other means

(1) Please be aware that, to prevent illegal online access by third parties who are non-shareholders (spoofing) and unauthorized changing of voting details, you will be asked to change your password when you log in to the voting website for the first time.

(2) If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.

(3) If you exercise your voting rights in duplicate both via the Internet or by other means and in writing, your voting via the Internet or by other means shall prevail.

(4) If you exercise your voting rights multiple times via the Internet or by other means, only your last voting instructions will be valid.

(5) Your password (including the password after you have changed it) shall be effective only for the Meeting.

(6) Voting rights exercised via the Internet or by other means are accepted until 5:40 p.m. on Monday, March 24, 2025 (JST); however, we kindly ask that you vote as early as possible.

(7) We conducted operation checks of the voting website using common Internet access devices. However, you may not be able to use the website on some devices.

(8) Please note that shareholders bear any costs incurred when accessing the voting website.

English Summary of the PROXY STATEMENT of KH Neochem

KH Neochem provides the official version of "Notice of the 15th Ordinary General Meeting of Shareholders" in Japanese, and this "English Summary of the PROXY STATEMENT of KH Neochem" is provided for reference purposes only.

Reference Documents for the Meeting

Proposal No. 1: Appropriation of Surplus

The Company's basic policy regarding the return of profits to our shareholders is to strive to provide continuous and stable dividends in consideration of the balance between investments for future growth areas and retained earnings.

Based on the above policy, the Company proposes to pay ¥45.00 per share as the year-end dividend for the 15th term (fiscal year under review), in comprehensive consideration of factors such as the consolidated financial results and financial condition for the fiscal year under review. As a result, the annual dividend including the interim dividend (¥45.00 per share) will be ¥90.00 per share.

Year-end dividends

1	Type of dividend property	Cash
2	Allotment of dividend property and aggregate amount thereof	Dividends per common share of the Company: ¥45 Total dividends: ¥1,671,702,120
3	Effective date of dividends of surplus	March 26, 2025

Proposal No. 2: Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the conclusion of the Meeting, the terms of office of all six current Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire. Accordingly, the Company proposes the election of six Directors (excluding Directors who are Audit and Supervisory Committee Members). The Board of Directors passed a resolution to submit this proposal after deliberation by the Company's voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors).

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name		Gender	Position and responsibility in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors meetings (fiscal year under review)
1	**Michio Takahashi**	Reelection	Male	Representative Director President & Chief Executive Officer CEO	100% (18 of 18 meetings)
2	**Masaya Hamamoto**	Reelection	Male	Board Director and Senior Corporate Officer CFO (In charge of Corporate Communications and Investor Relations, FP&A, Accounting and Finance, and Corporate Administration, Legal and Compliance)	100% (18 of 18 meetings)
3	**Toshiaki Fujima**	New election	Male	Corporate Officer Head of Corporate Planning	–
4	**Sayoko Miyairi**	Reelection Outside Director Independent Director	Female	Outside Director (Independent Director) Partner of Scholar Consult Co., ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.	100% (18 of 18 meetings)
5	**Jun Tsuchiya**	Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) CEO of Tsuchiya International Consulting Corp	100% (18 of 18 meetings)
6	**Yuji Kikuchi**	Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) Partner and attorney at law of Tokyo Hatchobori Law Office	100% (18 of 18 meetings)

The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi have been designated as Independent Directors as provided for by the aforementioned stock exchange. If this proposal is approved and adopted, the Company will notify the aforementioned stock exchange of the designation of them as Independent Directors in the same way as indicated above.

■ Opinion of the Audit and Supervisory Committee

The Audit and Supervisory Committee has reviewed and examined this proposal in accordance with the Audit and Supervisory Committee Audit Standards. As a result, the Audit and Supervisory Committee has concluded that the deliberation and decision-making process regarding the appointment of each candidate was appropriate and that there are no objections to the content of this proposal.

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
1	Reelection **Michio Takahashi** (February 15, 1965)	Apr. 1987 Joined Kyowa Hakko Kogyo Co., Ltd. Jul. 2011 Head of Basic Chemicals Division of Kyowa Hakko Chemical Co., Ltd. (now the Company) Mar. 2013 Director and Corporate Officer of the Company Mar. 2016 Managing Director and Corporate Officer of the Company Mar. 2017 Director, Executive Vice President and Corporate Officer of the Company Mar. 2019 Representative Director, President and Chief Corporate Officer of the Company Mar. 2020 Representative Director, President & Chief Executive Officer (CEO) of the Company (to present)	30,948 shares (22,948 shares)
		[Reason for nomination as candidate for Director] Mr. Michio Takahashi exercises strong leadership as President in order to realize VISION 2030 and has contributed to the further advancement of the Group through various measures. Additionally, the Company deems that Mr. Takahashi is a skilled individual that is appropriate for the sustained improvement of the Company's corporate value because he has extensive experience, achievements, and insight related to management of the Group. Accordingly, the Company proposes the election of Mr. Michio Takahashi as a Director.	Attendance at Board of Directors meetings during the fiscal year 100% (18 of 18 meetings)

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
2	Reelection **Masaya Hamamoto** (June 20, 1960)	Apr. 1985 Joined The Industrial Bank of Japan, Limited. (now Mizuho Bank, Ltd.) Apr. 2011 General Manager of Osaka Corporate Banking Division No. 1 of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.) Apr. 2014 Executive Officer and General Manager of Corporate Banking Division No. 5 of Mizuho Bank, Ltd. (retired in March 2015) Apr. 2015 Executive Officer of IBJ Leasing Company, Limited. (now Mizuho Leasing Company, Limited) Jun. 2015 Director, Executive Officer and General Manager of Corporate Planning Department of IBJ Leasing Company, Limited. Apr. 2016 Managing Director, Managing Executive Officer and General Manager of Corporate Planning Department of IBJ Leasing Company, Limited. (retired in May 2019) Jun. 2019 Joined the Company Sep. 2019 Senior Corporate Officer of the Company Mar. 2020 Board Director and Senior Corporate Officer of the Company (to present) [Current responsibility] CFO (In charge of Corporate Communications and Investor Relations, FP&A, Accounting and Finance, and Corporate Administration, Legal and Compliance)	23,772 shares (7,372 shares)
		[Reason for nomination as candidate for Director] Mr. Masaya Hamamoto is a Board Director and Senior Corporate Officer, who is in charge of Corporate Communications and Investor Relations, Accounting and Finance, Legal and Compliance, Internal Control and Risk Management, and he appropriately fulfills such responsibilities as improving management efficiency and enhancing transparency, and promoting strengthening of risk management. The Company deems that Mr. Hamamoto has served in important roles in the financial industry, and has extensive experience, achievements and insight regarding the finance and accounting field, and as a manager, and is a skilled individual who is appropriate for the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Masaya Hamamoto as a Director.	Attendance at Board of Directors meetings during the fiscal year 100% (18 of 18 meetings)

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
3	New election **Toshiaki Fujima** (July 8, 1974)	Apr. 1998 Joined Kyowa Hakko Kogyo Co., Ltd. Aug. 2006 Seconded to Kyowa Hakko U.S.A., Inc. as Director Mar. 2011 Seconded to Kyowa Hakko Chemical Americas, Inc. as Executive Vice President Aug. 2013 Manager of Sales Group 2, Chemicals Sales & Marketing of the Company Jan. 2023 Head of Corporate Planning of the Company Mar. 2024 Corporate Officer, Head of Corporate Planning of the Company (to present) [Current responsibility] Head of Corporate Planning of the Company	3,700 shares
		[Reason for nomination as candidate for Director] Mr. Toshiaki Fujima has extensive experience, achievements, and insight in the chemical industry, having been engaged in the Company's sales activities for many years. Additionally, he has acquired global expertise through his experience in the management of a U.S. corporation. As Head of Corporate Planning, he has contributed to strengthening the Company's business foundation by formulating business strategies. The Company deems that Mr. Fujima is a skilled individual who is appropriate for the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Toshiaki Fujima as a Director.	Attendance at Board of Directors meetings during the fiscal year -

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
4	Reelection Outside Director Independent Director **Sayoko Miyairi** (November 12, 1956)	Apr. 1979 Joined Hitachi, Ltd. Jul. 1982 Joined Bank of America, N.A., Asia Headquarters Mar. 1986 Joined Pasona Inc. and seconded and then transferred to Edu Consult Co., Ltd. (now Scholar Consult Co., ltd.) Apr. 2000 Partner of Scholar Consult Co., ltd. (to present) Apr. 2000 Assistant Professor of Nihonbashi Gakkan University (now Kaichi International University) Jan. 2005 Director of Scholar Consult Co., ltd. Apr. 2008 Professor of Nihonbashi Gakkan University (now Kaichi International University) Mar. 2019 Outside Director of the Company (to present) Aug. 2020 Outside Director of Toyo Engineering Corporation (to present) Apr. 2022 Professor Emeritus and Visiting Professor at Kaichi International University (to present) Jun. 2022 Outside Director of NIHON SEIKAN K.K. (to present) [Significant concurrent positions outside the Company] Partner of Scholar Consult Co., ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.	4,700 shares
		[Reason for nomination as candidate for Outside Director and overview of expected role] Ms. Sayoko Miyairi appropriately fulfills such roles as providing opinions and recommendations on human resource training and improving employee engagement, particularly from her expert perspective in organization and human resource development, in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint. The Company deems that Ms. Miyairi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Ms. Sayoko Miyairi as an Outside Director.	Attendance at Board of Directors meetings during the fiscal year 100% (18 of 18 meetings)

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
5	Reelection Outside Director Independent Director **Jun Tsuchiya** (October 23, 1952)	Apr. 1981 Joined Argonne National Laboratory, U.S.A. May 1983 Joined Lawrence Berkeley National Laboratory, U.S.A. Feb. 1984 Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) Jan. 1999 Seconded to Verbatim Corporation, U.S.A. subsidiary of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) as President Apr. 2001 General Manager of Corporate Planning Office of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) (retired in January 2002) Feb. 2002 Director of Rohm & Haas Japan K.K. (now Dow Chemical Japan Limited) (retired in December 2006) Jan. 2007 Representative Director and President of Heraeus K.K. (retired in September 2018) Oct. 2018 CEO of Tsuchiya International Consulting Corp (to present) Jun. 2019 Outside Director of Soken Chemical & Engineering Co., Ltd. (retired in June 2024) Mar. 2020 Outside Director of the Company (to present) [Significant concurrent positions outside the Company] CEO of Tsuchiya International Consulting Corp	1,100 shares
		[Reason for nomination as candidate for Outside Director and overview of expected role] Mr. Jun Tsuchiya appropriately fulfills such roles as providing opinions and recommendations concerning the Company's business, particularly in the areas of management and technology in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint. The Company deems that Mr. Tsuchiya is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Jun Tsuchiya as an Outside Director.	Attendance at Board of Directors meetings during the fiscal year 100% (18 of 18 meetings)

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
6	Reelection Outside Director Independent Director **Yuji Kikuchi** (February 15, 1964)	Apr. 1992 Registered as an attorney at law Entered Sakano, Seo & Hashimoto Law Office (now Tokyo Hatchobori Law Office) Apr. 2002 Partner of Tokyo Hatchobori Law Office Mar. 2003 Joined the Securities and Exchange Surveillance Commission (Coordination and Inspection Division, Executive Bureau) Mar. 2005 Returned to Partner of Tokyo Hatchobori Law Office (to present) Jun. 2010 Outside Corporate Auditor of Inui Warehouse Co., Ltd. (now Inui Global Logistics Co., Ltd.) (retired in September 2014) Jun. 2014 Retired from Outside Corporate Auditor of NEC Networks & System Integration Corporation (retired in June 2022) Mar. 2020 Outside Director of the Company (to present) [Significant concurrent positions outside the Company] Partner and attorney at law of Tokyo Hatchobori Law Office	600 shares
		[Reason for nomination as candidate for Outside Director and overview of expected role] Mr. Yuji Kikuchi appropriately fulfills such roles as providing opinions and recommendations concerning risk management and strengthening corporate governance, particularly from his professional perspective as an attorney in order to ensure that decision making is suitable and appropriate. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint. Although he has never in the past been involved in a company's management by means other than serving as an outside corporate auditor, the Company deems that Mr. Kikuchi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Yuji Kikuchi as an Outside Director.	Attendance at Board of Directors meetings during the fiscal year 100% (18 of 18 meetings)

Notes:

1. The number of the Company's shares owned by the respective candidates for Director (excluding candidates for Outside Director) as stated includes the number of shares to be granted subsequent to retirement as directors and/or officers, pursuant to the performance-linked share-based remuneration plan as stated in parentheses (number of shares equivalent to the points already granted under the performance-linked share-based remuneration plan).
2. Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
3. There is no special interest between any of the candidates for Director and the Company.
4. At the conclusion of the Meeting, Ms. Sayoko Miyairi's term of office as Outside Director will have been six years. At the conclusion of the Meeting, term of office of Messrs. Jun Tsuchiya and Yuji Kikuchi as Outside Directors will have been five years.
5. The Company has entered into liability limitation agreements with Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as

provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations. If they are elected, the Company plans to renew the aforementioned agreement with each of them.

6. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If respective candidates are elected, they will be included as insured persons in the agreement. The Company plans to renew the aforementioned agreement during the term of office of Directors elected under this proposal.
7. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi have been designated as Independent Directors as provided for by the aforementioned stock exchange. If they are elected, the Company plans to again submit notification concerning their designation as Independent Directors.

Skill matrices for Directors and Corporate Officers (as of March 25, 2025)

In the event that Proposal No. 2 “Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)” is approved as originally submitted at the Meeting, a skill matrix for the directors and officers is as shown in the table below. Furthermore, the Company has created skill matrices not only for Directors, but also for Corporate Officers, aiming to work on developing and promoting the next generation of human resources.

	Name	Gender	Management skills				
			Corporate management	Business strategy	Finance /accounting	Governance /compliance /risk management	Organizational & human resource development /diversity
Directors	Michio Takahashi	Male	●	●	●	●	●
	Masaya Hamamoto	Male	●		●	●	
	Toshiaki Fujima	Male		●			
	Sayoko Miyairi Outside Director Independent Director	Female					●
	Jun Tsuchiya Outside Director Independent Director	Male	●	●			
	Yuji Kikuchi Outside Director Independent Director	Male				●	
	Isao Takahashi	Male				●	●
	Kazuhiro Kawai Outside Director Independent Director	Male			●	●	
	Keiko Tamura Outside Director Independent Director	Female				●	

	Name	Gender	Management skills			Business execution skills		
			Finance /accounting	Governance /compliance /risk management	Organizational & human resource development /diversity	R&D /innovation	Manufacturing /environmental and safety /quality control	Sales /marketing
Corporate Officers	Michio Takahashi	Male	●	●	●			●
	Toshihiro Matsuoka	Male				●	●	
	Masaya Hamamoto	Male	●	●				
	Yukihiro Isogai	Male			●	●		●
	Hideki Shimizu	Male						●
	Hideo Kurokawa	Male					●	
	Toshiaki Ogata	Male					●	
	Akio Nakahashi	Male					●	
	Yoshiaki Kondo	Male					●	
	Atsushi Tokumitsu	Male	●	●				●
	Katsunori Sato	Male						●
	Takatoshi Fujii	Male			●			
	Toshiaki Fujima	Male						●
	Maki Sato	Female		●				

Note: The skill matrices provide an overview of the core skills that each director and/or officer possesses, but do not include all of their skills.

Reasons for selecting these skills

Skills	Reason
Corporate management	Experience and achievements in corporate management are necessary in order to present growth strategies aimed at the sustained improvement of the Group's corporate value and appropriately supervise the Group's management.
Business strategy	As the business environment is rapidly changing, experience and achievements in formulating strategies to enhance corporate value and building alliances that create new social value are necessary in order to establish a solid revenue base and ensure the Group's sustained growth.
Finance/accounting	Knowledge and experience in finance and accounting to formulate precise financial and capital strategies are necessary in order to achieve high capital efficiency while assessing business growth potential and profitability and maintaining financial soundness.
Governance/compliance/risk management	As for the corporate infrastructure, building an appropriate governance framework, accurately identifying and controlling business risks, and ensuring transparent, fair, and decisive decision-making require knowledge and experience in corporate governance, compliance, and risk management.
Organizational & human resource development/ diversity	To strengthen human resources as part of our corporate infrastructure, it is necessary to secure diversity of human resources and create an environment in which each employee can fully utilize their strengths and contribute to the organization. This calls for knowledge and experience in diverse talent management and organizational culture enhancement.
R&D/innovation	To lead the development of new products and businesses, which serve as the foundation of the Group's growth, experience and achievements in research and development, as well as innovation, are necessary.
Manufacturing/environmental and safety/quality control	As the core of the Group's business, manufacturing and delivering high-quality products that earn customers' trust safely and stably over the long term, while also ensuring environmental sustainability and sustained growth require experience and achievements in manufacturing, environmental and safety, and quality control.
Sales/marketing	To accurately respond to market changes and continuously deliver high-value-added products that meet customer needs and societal expectations, thereby achieving the Group's sustained growth, experience and achievements in market analysis and sales strategy formulation are necessary.

(Policy on nominating candidates for Director)

The Company nominates candidates for Director from the perspective of putting the right person in the right place and selecting individuals who are competent and can contribute to precise and rapid decision-making, based on the skills, etc., required as Director. After considering diversity factors such as gender, the voluntary Nomination and Compensation Advisory Committee responds to inquiries from the Board of Directors by conducting a comprehensive review, and the Board of Directors makes the final decision.

The Company has created skill matrices to identify the skills required for the Directors and to ensure that the Board of Directors as a whole covers each skill, maintaining a balanced composition and ensuring experience and specialization. In addition, when selecting candidates for Independent Outside Director, the Company considers candidates who meet the Tokyo Stock Exchange's criteria for independence and who have management experience at other companies. The Nomination and Compensation Advisory Committee met

eight times during FY 2024, and the proposal pertaining to the election of Directors at the Meeting underwent the same procedure as described above.

The Company's governance system is described in "(Reference) The Company's governance system (as of December 31, 2024)" in the Business Report.

Business Report

(January 1, 2024 to December 31, 2024)

1. Current Status of the Corporate Group

(1) Status of business operations for the current fiscal year

(i) Business progress and results

In the fiscal year under review, the Japanese economy continued its moderate recovery. This was supported by improvements in employment and income conditions, which were driven by sustained wage increases and rising inbound demand. However, the future remains unclear due to persistently high interest rates in Europe and the U.S. and stagnation in the Chinese economy, which pose downside risks to Japan's economic outlook. Additionally, uncertainty persists due to fluctuations in prices and financial capital markets.

Under these circumstances, the Group achieved both increased revenue and profit in the Performance Materials and Electronic Materials fields, where the Group holds a competitive advantage, driving performance. In addition, we completed expansion work on production facilities for refrigeration lubricant raw materials, one of our core products.

Accordingly, the Group's net sales for the fiscal year under review was ¥119,758 million (up 3.9% year on year) while operating income was ¥12,195 million (up 22.6% year on year), ordinary income was ¥12,055 million (up 24.0% year on year), and net income attributable to owners of parent was ¥8,360 million (up 22.5% year on year).

(ii) Capex

Total capital investments for the Group in the fiscal year under review were ¥6,603 million, and were mainly focused on expanding production capacities at the Chiba Plant for refrigeration lubricant raw materials, etc.

(iii) Financing

The Group raises funds through loans from financial institutions, issuance of commercial papers and straight bonds.

Note: For the amounts shown in this Business Report, figures less than one unit of display are rounded down.

(2) Trends in operating results and assets

Item		12th Fiscal Year (Year ended December 31, 2021)	13th Fiscal Year (Year ended December 31, 2022)	14th Fiscal Year (Year ended December 31, 2023)	15th Fiscal Year (Current fiscal year) (Year ended December 31, 2024)
Net sales	(Millions of yen)	117,110	114,880	115,217	119,758
Ordinary income	(Millions of yen)	19,809	12,709	9,725	12,055
Net income attributable to owners of parent	(Millions of yen)	13,691	8,073	6,826	8,360
Basic earnings per share	(Yen)	368.95	217.73	184.23	225.81
Total assets	(Millions of yen)	122,069	131,247	124,498	131,462
Net assets	(Millions of yen)	57,505	62,066	66,493	71,919

Notes:

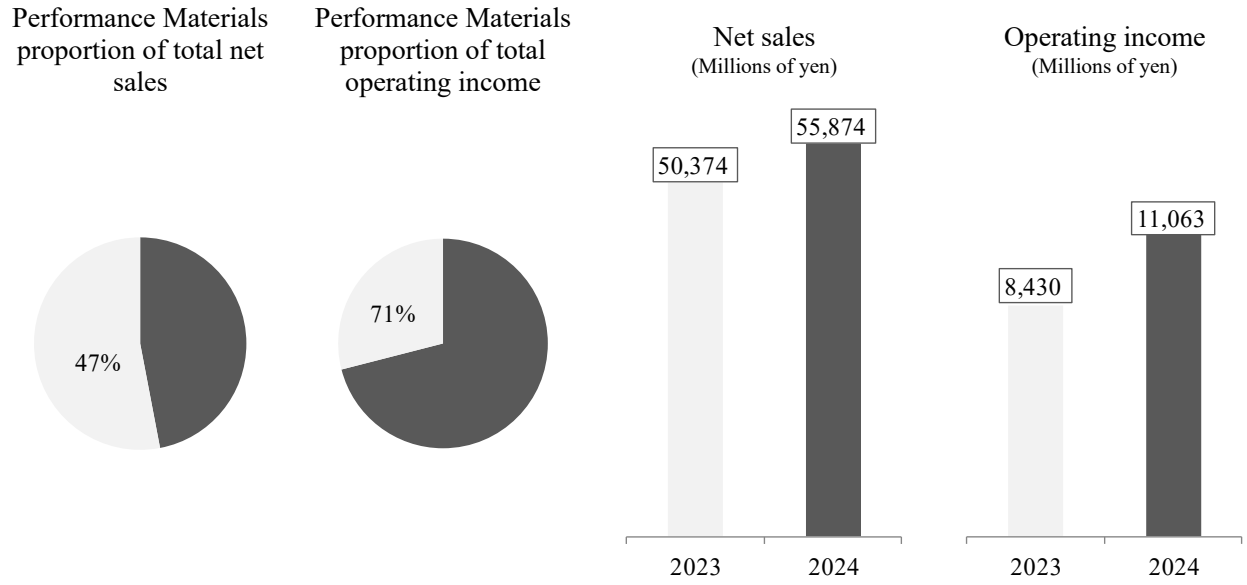
(1) Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period, excluding treasury stock and shares held in trust under the Board Benefit Trust (BBT) program.

(2) The Group has applied "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan, Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended December 31, 2022. Figures for the fiscal year ended December 31, 2022 and thereafter are figures, etc., after the application of the said accounting standard. Our application of this accounting standard, etc. has no effect on any of the figures aside from net sales.

Results by business field

The Group is primarily engaged in the development, manufacture and sale of petrochemical products. As the business of the Group consists of a single segment, the chemical business, segment information is not provided. Furthermore, the overview of business and main products is current as of December 31, 2024.

Performance Materials



Overview of business

Manufacturing and sale of refrigeration lubricant raw materials for the compressors (of air conditioners, refrigerators, etc.), cosmetic ingredients and more.

Main products

Isononanoic acid

2-ethyl hexanoic acid

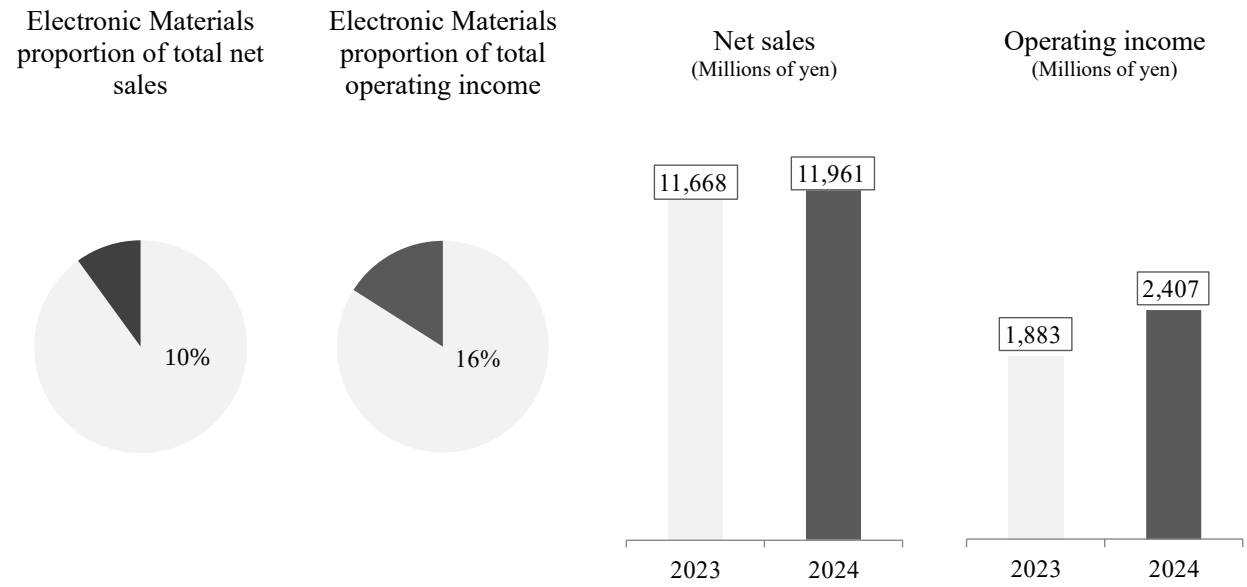
Tridecanol (tridecyl alcohol)

1,3-butylene glycol

Key points of results

The air conditioner market remained strong overall, supported by increasing demand in India and other developing countries. Under these conditions, sales of the Company's refrigeration lubricant raw materials also progressed steadily. We also appropriately passed on fluctuating costs to selling prices. For cosmetics ingredients, we increased sales of high-quality grades, particularly in Japan, while also working to expand our local sales network overseas. As a result, both revenue and income increased with net sales of ¥55,874 million (up 10.9% year on year) and operating income of ¥11,063 million (up 31.2% year on year).

Electronic Materials



Overview of business

Manufacturing and sale of high-purity solvents, resist materials, etc. used in the production processes for semiconductors and liquid crystal displays.

Main products

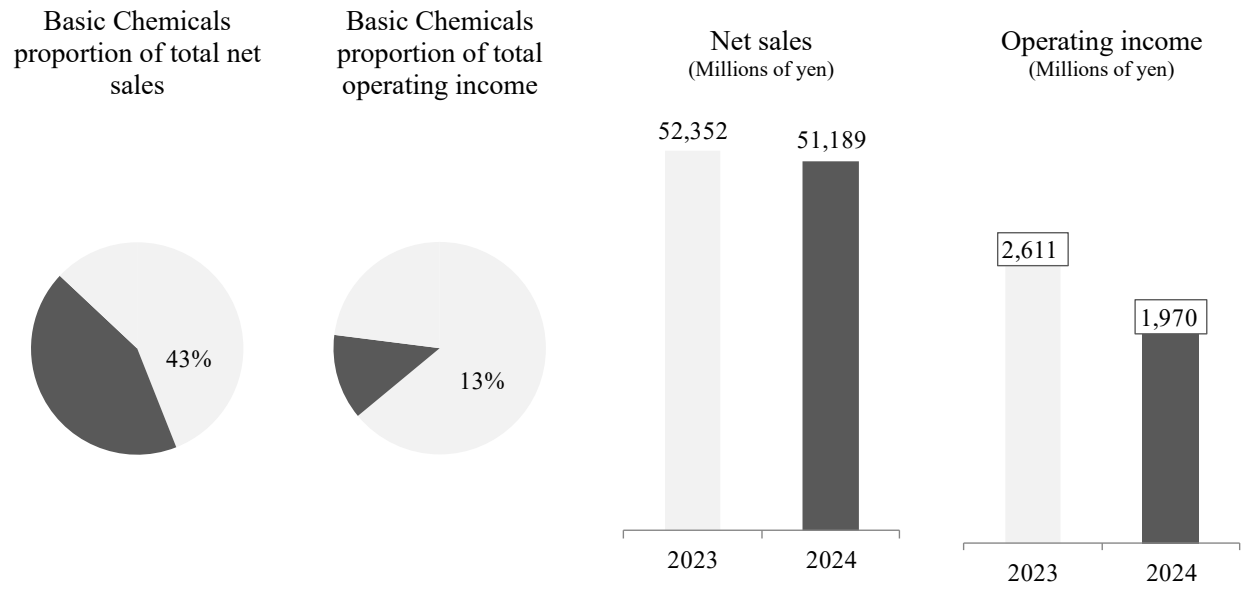
Propylene glycol monomethyl ether-P

Propylene glycol monomethyl ether acetate-P

Key points of results

In the semiconductor market, strong demand in cutting-edge fields such as generative AI drove increased sales of the Company's high-purity solvents. As a result, net sales were ¥11,961 million (up 2.5% year on year) and operating income was ¥2,407 million (up 27.8% year on year).

Basic Chemicals



Overview of business

Manufacturing and sale of solvents, plasticizer raw materials, resin raw materials, and more used in automotive, housing, and other industrial fields.

Main products

Butyl alcohol

2-ethyl hexyl alcohol

Isononyl alcohol

Butyl acetate

Key points of results

In Japan, automobile production and housing starts continued to fall below the previous year's levels. Additionally, the impact of large-scale periodic maintenance contributed to a decline in performance, resulting in net sales of ¥51,189 million (down 2.2% year on year) and operating income of ¥1,970 million (down 24.5% year on year).

Note: In the Other field, net sales were ¥733 million (down 10.8% year on year) and operating income was ¥62 million (down 62.6% year on year).

Notably, when calculating "operating income" in results by business field, administrative expenses, etc., which are common to the entire company, are not included.

(3) Issues to be addressed

The Group contributes to solving social issues and realizing a sustainable society by providing products that benefit the environment and people's lives, while pursuing sustainable management in which the Group itself grows together with society.

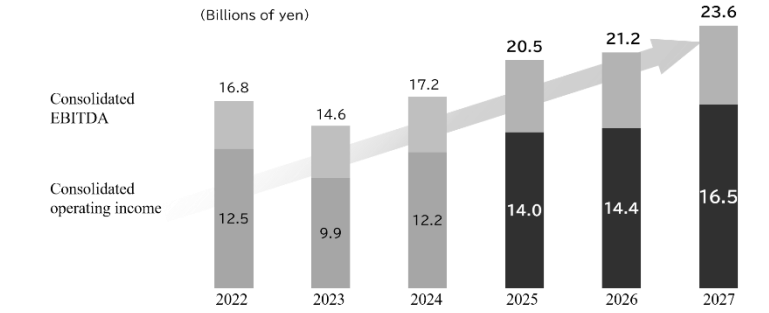
Under the 4th Medium-Term Business Plan (MTBP), which started in FY 2022, the Group fell short of the numerical management targets set in the plan due to the continued severe external environment, including the heightening geopolitical risks from the situations in Ukraine and the Middle East and the slowdown in the economy in China. However, by increasing earnings from high value-added functional chemicals (Performance Materials and Electronic Materials), it was possible to achieve record-high consolidated EBITDA for the cumulative three-year period, exceeding the results of the 3rd MTBP. In addition, the Group steadily implemented measures that will lead to future growth, including the largest-ever investment in the production facilities for refrigeration lubricant raw materials, the construction of a new Quality Control Building equipped with the industry's highest-standard clean room, and investment in startups.

In the 5th MTBP starting from FY 2025, the Group will further enhance its corporate value by implementing the following three Basic Strategies under the Basic Policy of "Toward a New Growth Stage."

In terms of management numerical targets, we seek accumulated consolidated operating income of ¥44.9 billion, accumulated consolidated EBITDA of ¥65.3 billion, and ROE of 15%. In the final year of the plan, FY 2027, the Group aims to achieve consolidated operating income of ¥16.5 billion and consolidated EBITDA of ¥23.6 billion, which would be close to the highest profit level in our history.

<Basic Policy>
Toward a New Growth Stage
<Basic Strategy>
Strategy I: Enhancement of earning power Strategy II: Efforts toward future growth Strategy III: Reinforcing the corporate infrastructure

Numerical Targets for Management



	The 4th MTBP	The 5th MTBP
Accumulated consolidated operating income	34.6 billion yen	**44.9 billion yen**
Accumulated consolidated EBITDA	48.5 billion yen	**65.3 billion yen**
ROE	11-14%	**15%**

Basic Strategy

<Strategy I: Enhancement of earning power>

As we continue to aim to be "A Leading Global Specialty Chemical Company" set forth in VISION 2030, the Group has been reforming its business portfolio by allocating more management resources to the production capacity expansion of functional chemicals (Performance Materials and Electronic Materials), and under the 5th MTBP, we will further accelerate this reform to increase the ratio of functional chemicals to consolidated operating income to over 80%.

In refrigeration lubricant raw materials within the Performance Materials field, the air-conditioning market, their main application, is expected to continue expanding worldwide, with particularly strong growth projected in India and other regions of Asia. As a leading manufacturer of refrigeration lubricant raw materials, the Company will strive to expand earnings by utilizing its world-class production capacity and global distribution bases. In the Electronic Materials field, the semiconductor market is predicted to grow, particularly in advanced applications such as AI, and the quality standards are becoming more stringent. The Company will strengthen its quality control system for high-purity solvents at its Yokkaichi Plant, including the construction of a new Quality Control Building in 2022, to create higher added value products. In addition, the Group company Kurogane Kasei, will capture demand mainly for cutting-edge fields by utilizing its next-generation semiconductor materials facilities, which were expanded in 2024. In the Basic Chemicals field, although there were concerns that the supply-demand balance in the Asian region may further deteriorate, we have a large number of products with a high market share that support Japanese key industries such as automobiles and housing, and we will fulfill our social mission by ensuring both a stable supply and profitability through thorough measures such as streamlining.

<Strategy II: Efforts toward future growth>

The Company will advance from the stage of exploration to creation in the development of new products and new businesses in strategic domains. Regarding glycans, which have gained attention as raw materials for biopharmaceuticals, the Company will work with startups and other external partners to lead early in establishing mass-production technologies, as it aims to become a leading manufacturer of glycans while contributing to the development of biopharmaceuticals using glycans. Furthermore, the Company will accelerate efforts to commercialize alicyclic compounds, which are expected to be used as next-generation optical lens materials, by the end of FY 2027, using its core technology of oxo reaction.

As part of our initiatives to achieve carbon neutrality, we will reduce emissions by utilizing newly introduced CO_2 collection equipment at the Chiba Plant to reuse CO_2 as a raw material, and we aim to achieve the milestone for 2030 of a 30% reduction from FY 2017 levels by the end of the 5th MTBP, ahead of schedule.

<Strategy III: Reinforcing the corporate infrastructure>

In order to develop competitive products worldwide, we will continue our unique activity "Comprehensive Safety Check Initiative 2022" and promote smart security through the use of predictive diagnostic systems, advanced control systems, and other measures to reinforce on-site capabilities at our plants and achieve safe and stable operations. In addition, so that each employee can choose a working style suited to their personal circumstances, we will improve the workplace environment in terms of both intangible and tangible aspects, such as by enhancing various support systems such as those for childcare, nursing care, and medical treatment or hospital visits, and by building and renovating new factory office buildings, so that diverse human resources can actively participate. Through these measures, we will strengthen our corporate infrastructure and drive sustainable management even further.

Financial and Capital Strategy

The Group has implemented shareholder returns while considering a balance between investing in future growth fields and retaining earnings. However, given that our financial soundness has significantly improved, we will strengthen shareholder returns. Specifically, we will raise our dividend payout ratio from the previous guideline of around 30% to a new target of approximately 40%. In addition, from the perspective of maintaining a stable dividend, we will newly set a DOE (dividend on equity) of at least 4%. We will also proceed with agile share buybacks as part of our commitment to managing with an awareness of stock prices and capital costs.

(4) Major parent company and subsidiaries (As of December 31, 2024)

(i) Parent company

There is no relevant information.

(ii) Major subsidiaries

Company name	Capital	The Company's voting rights ratio	Principal business
Kurogane Kasei Co., Ltd.	¥90 million	70.9%	Contracted manufacture of High-performance organic materials for the fields of electronics & information technology
Kurogane Fines Inc.	¥10 million	74.0% (64.0%)	Sale of products including raw materials for health foods and pharmaceuticals, and industrial chemical products
KH Neochem Americas, Inc.	US$870 thousand	100.0%	Import, export and sale of chemicals

Notes:

1. Values in the parentheses under "The Company's voting rights ratio" regarding Kurogane Fines Inc. are the portion of indirect holdings that is included in the values outside the parentheses.
2. In regard to "The Company's voting rights ratio" figures less than one unit of display are rounded to the nearest unit.

(5) Other significant matters concerning current status of the corporate group

There is no relevant information.

2. Current Status of the Company

(1) Shares (As of December 31, 2024)

(i) Total number of shares authorized to be issued 136,200,000 shares

(ii) Total number of issued shares 37,149,400 shares
(including 464 shares of treasury stock)

(iii) Number of shareholders 10,716

(iv) Major shareholders

Name of shareholders	Number of shares held	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,957,500	16.04
Custody Bank of Japan, Ltd. (Trust account)	4,218,400	11.36
Tosoh Corporation	1,852,000	4.99
STATE STREET BANK AND TRUST COMPANY 505001	1,196,523	3.22
NORTHERN TRUST CO.(AVFC) RE USL NON TREATY CLIENTS ACCOUNT	1,115,600	3.00
Mizuho Bank, Ltd.	733,300	1.97
STATE STREET BANK AND TRUST COMPANY 505301	650,700	1.75
JUNIPER	634,000	1.71
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	570,000	1.53
GOVERNMENT OF NORWAY	567,449	1.53

Note: The holding ratio is calculated based on the total number of issued shares, from which shares of treasury stock have been subtracted, and with fractions less than one unit of display rounded to the nearest unit.

(2) Share acquisition rights, etc.

(i) Share acquisition rights held by the Company's Officers at the end of the current fiscal year which were delivered as compensation for their performance of duties

There is no relevant information.

(ii) Share acquisition rights granted to employees, etc. as compensation for their performance of duties during the current fiscal year

There is no relevant information.

(3) Cross-shareholding shares held by the Company

(i) Status of cross-shareholding shares held

The Company holds the shares of companies with which it deems it important to maintain transactions and create synergies over the medium to long term, based on mutual understanding of management policies, the nature of the businesses, and the value of sales and purchasing transactions (hereinafter referred to as the "cross-shareholding shares"). It does this for the purpose of enhancing corporate value. As of December 31, 2024, the total value of cross-shareholdings recorded in assets on the balance sheet was ¥5,907 million, accounting for 9.2% of total net assets, and 8.2% of total consolidated net assets. Of these, approximately 40% consists of shareholdings in unlisted companies. Of this 40%, approximately 90% consists of shares in key raw material manufacturers and joint facility management companies established through joint investments with affiliates for the purpose of ensuring stable supply of key raw materials and improving the efficient business operations of the industrial complex as a whole, as well as shares in startups in which we invested with the aim of creating new business. In that sense, it is precisely as part of a business investment that these shares are held.

For shares in listed companies, the Company views the rationale for each cross-shareholding, including appraisal losses and gains, shareholder returns, the financial condition of the issuing company, the status of transactions with the Company, and whether there have been any infringements of compliance. Decisions on whether to continue holding the shares are based on a comprehensive medium- to long-

term perspective that includes the contribution to the Company's earnings mainly through product sales, comparisons to the cost of capital, access to market information, and R&D initiatives. These are discussed and verified by the Board of Directors every year. In cases where, as a result, the appropriateness of the holding cannot be confirmed, or is not expected be confirmed in the future, the shares will not be held.

Notably, in 2024, we made an investment in one startup company aimed at creating new businesses in accordance with the aforementioned policy. As of December 31, 2024, the number of issues held was 23 (including seven issues of listed companies).

(ii) Exercising voting rights for cross-shareholding shares

When exercising voting rights, before coming to a judgment as to whether or not to support the resolution, the Company takes into account the condition of the issuer's management and finances, and verifies whether there have been any infringements of compliance. These are verified separately by the division in charge of finance, the division in charge of legal affairs, and the division in charge of trading, and when necessary a comprehensive decision will be taken after dialogue with the issuing company.

(4) Directors

(i) Directors (As of December 31, 2024)

Position in the Company	Name	Responsibility in the Company and significant concurrent positions outside the Company
Representative Director President & Chief Executive Officer	Michio Takahashi	CEO
Board Director and Senior Corporate Officer	Tatsuro Niiya	CSO (In charge of Corporate Planning, Human Resources, Procurement, and Affiliated Companies)
Board Director and Senior Corporate Officer	Masaya Hamamoto	CFO (In charge of Corporate Communications and Investor Relations, FP&A, Accounting and Finance, and Corporate Administration, Legal and Compliance)
Outside Director (Independent Director)	Sayoko Miyairi	Partner of Scholar Consult Co., ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.
Outside Director (Independent Director)	Jun Tsuchiya	CEO of Tsuchiya International Consulting Corp.
Outside Director (Independent Director)	Yuji Kikuchi	Partner and attorney at law of Tokyo Hatchobori Law Office
Board Director (Full-time Audit and Supervisory Committee Member)	Isao Takahashi	
Outside Director (Independent Director) (Audit and Supervisory Committee Member)	Kazuhiro Kawai	Outside Corporate Auditor of Kiraboshi Bank, Ltd.
Outside Director (Independent Director) (Audit and Supervisory Committee Member)	Keiko Tamura	Partner attorney at law of Asahi Law Offices Outside Audit & Supervisory Board Member of The Norinchukin Trust & Banking Co., Ltd.

Notes:

1. Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
2. Changes in Directors during the current fiscal year were as follows:
   (i) Messrs. Toshihiro Matsuoka and Yukihiro Isogai retired as Directors upon the conclusion of the 14th Ordinary General Meeting of Shareholders held on March 26, 2024, following the expiration of their terms of office.
   (ii) The Company transitioned to a Company with an Audit and Supervisory Committee on March 26, 2024, based on a resolution passed at the 14th Ordinary General Meeting of Shareholders held on the same date. As a result, Audit & Supervisory Board Members Mr. Tokuo Odo, Mr. Kazuhiro Kawai, and Ms. Keiko Tamura retired following the expiration of their terms of office. Among them, Mr. Kazuhiro Kawai and Ms. Keiko Tamura were elected and assumed office as Directors who are Audit and Supervisory Committee Members. Additionally, Mr. Isao Takahashi was newly elected and assumed office as a Director who is an Audit and Supervisory Committee Member.
3. There are no important transactional or other particular relationships between the Company and the companies at which Outside Directors hold significant concurrent positions.
4. Changes in position and responsibility in the Company and significant concurrent positions outside the Company during the current fiscal year were as follows.

Name	Before changes	After changes	Date of changes
Jun Tsuchiya	CEO of Tsuchiya International Consulting Corp Outside Director of Soken Chemical & Engineering Co., Ltd.	CEO of Tsuchiya International Consulting Corp.	June 26, 2024

5. Mr. Kazuhiro Kawai and Ms. Keiko Tamura possess considerable knowledge of finance and accounting as Directors who are Audit and Supervisory Committee Members of the Company as described below.
   (i) Mr. Kazuhiro Kawai has many years of work experience and experience as an audit & supervisory board member mainly at financial institutions.
   (ii) Ms. Keiko Tamura possesses broad expertise in the financial field and corporate legal affairs as an attorney at law, and experience as an audit & supervisory board member mainly at financial institutions.

6. The Company has designated Mr. Isao Takahashi as a full-time Audit and Supervisory Committee Member in order to strengthen the Audit and Supervisory Committee's audit and supervisory functions, facilitate ongoing information gathering and sharing through attendance at important meetings, and enable robust coordination between the Internal Audit Department and the Audit and Supervisory Committee.
7. Overview of content of liability limitation agreement
   Under Article 427, paragraph (1) of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has entered into agreements with all three Outside Directors who are not Audit and Supervisory Committee Members and all three Directors who are Audit and Supervisory Committee Members to limit their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act.
   The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations.
8. Overview of Directors and Officers liability insurance agreement
   The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person.
   The insureds in this agreement are all Directors, Audit and Supervisory Committee Members and others (including those of subsidiaries) and the Company bears the premiums.
9. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi, Messrs. Jun Tsuchiya, Yuji Kikuchi, Kazuhiro Kawai and Ms. Keiko Tamura have been designated as Independent Directors and Audit and Supervisory Committee Members as provided for by the aforementioned stock exchange.

(Reference) Corporate Officers (As of December 31, 2024)

Position in the Company	Name	Responsibility in the Company
President & Chief Executive Officer	Michio Takahashi	CEO
Executive Corporate Officer	Toshihiro Matsuoka	CTO
Senior Corporate Officer	Tatsuro Niiya	CSO
Senior Corporate Officer	Masaya Hamamoto	CFO
Senior Corporate Officer	Yukihiro Isogai	CMO
Corporate Officer	Toshiaki Ogata	Head of Production Planning and Engineering
Corporate Officer	Akio Nakahashi	General Manager of Chiba Plant
Corporate Officer	Yoshiaki Kondo	Head of Environment, Safety and Quality Assurance
Corporate Officer	Hideki Shimizu	Head of Procurement
Corporate Officer	Akira Kamimura	Head of Accounting, FP&A, Finance and IR
Corporate Officer	Atsushi Tokumitsu	Seconded to Kurogane Kasei Co., Ltd. (President & Chief Executive Officer)
Corporate Officer	Katsunori Sato	Head of Sales & Marketing
Corporate Officer	Hideo Kurokawa	General Manager of Yokkaichi Plant
Corporate Officer	Takatoshi Fujii	Head of Human Resources
Corporate Officer	Toshiaki Fujima	Head of Corporate Planning

(ii) Amount of remuneration, etc. for Directors and Audit and Supervisory Committee Members

(a) Policy on decisions pertaining to remuneration, etc. for Directors and Audit and Supervisory Committee Members

The policy on decisions pertaining to remuneration, etc., for individual Directors is deliberated by the voluntary Nomination and Compensation Advisory Committee (hereinafter referred to as the "Nomination and Compensation Advisory Committee"), which consists of all Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and the Representative Director, the President & Chief Executive Officer. Based on the recommendations from the Nomination and Compensation Advisory Committee, the policy was established from the resolution of the Board of Directors held on February 16, 2024, as outlined below.

[The policy on decisions pertaining to remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members, hereinafter referred to as "Directors" in this section (a))]

Basic policy for Director remuneration

The Company's basic policy for remuneration, etc. is that which achieves the following:

Director remuneration is to serve as sufficient incentive for Directors to improve business performance and increase corporate value over the medium to long term.

Director remuneration is to give rise to competitive strengths that facilitate capacity to gain diverse and outstanding talent.

Director remuneration is to cause Directors to have common interests with shareholders and other stakeholders.

Based on the above basic policy, remuneration, etc. consists of monetary remuneration comprising fixed remuneration and performance-linked remuneration, as well as performance-linked share-based remuneration involving a trust. Remuneration, etc. is to be determined within a remuneration range resolved at the General Meeting of Shareholders, and is set at appropriate levels enlisting third-party surveys on compensation of business managers in Japan (hereinafter referred to as, "Managerial Compensation Surveys").

Regarding remuneration, etc. for individuals, for monetary remuneration, the Board of Directors must seek the advice of the Nomination and Compensation Advisory Committee, receive the committee's report, and then reach a resolution that serves as the basis for delegating the decision to the Representative Director, the President & Chief Executive Officer, who then determines monetary remuneration. In pursuit of reasonable levels of remuneration and transparency in performance evaluations, the Representative Director, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee. Performance-linked share-based remuneration is determined based on the "Rules for Delivery of Shares to Officers" set out by the Board of Directors in advance.

Policy on decisions pertaining to the proportional mix of remuneration, etc. for individuals

When it comes to the proportional mix of remuneration, etc. by component type, overall remuneration is structured such that the higher a Director's position, the higher the performance-linked, upon referring to remuneration, etc. at listed enterprises comparable to the Company cited in Managerial Compensation Surveys.

Specific details are considered by the Nomination and Compensation Advisory Committee and then reported to the Board of Directors. The Board of Directors must respect the information reported by the Nomination and Compensation Advisory Committee when determining the proportional mix of remuneration by component type.

Policy on decisions pertaining to amounts and methods of calculating monetary remuneration for individuals

Monetary remuneration for Directors is set such that the standard amounts for each position generally comprise 70% fixed remuneration and 30% performance-linked remuneration.

Fixed remuneration is paid in standard amounts set according to each Director's position, roles, and other factors.

Performance-linked remuneration is determined as follows.

Performance-linked remuneration for Representative Director, the President & Chief Executive Officer is calculated to reflect only the evaluation of the entire Company's performance to highlight the fact that the President & Chief Executive Officer is responsible for the entire Company's performance.

Performance-linked remuneration for other Directors is calculated to reflect the entire Company's performance and their individual performance to account for their responsibility for both the entire Company's performance and the execution of their duties in their areas of responsibility.

To reflect the entire Company's performance, considering the characteristics of the Company's business and other factors, the Company uses consolidated EBITDA (=operating income + depreciation + amortization of goodwill) as a performance evaluation indicator, and multiplies it by the percentage of progress made toward achieving the yearly budget to calculate two thirds of the standard amount of performance-linked remuneration set for each position, and by the percentage of progress with respect to actual mean values for the past five years to calculate the remaining third. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.

To reflect individuals' performance, predetermined additions and subtractions based on performance evaluation results with respect to results in their areas and departments of responsibility are applied, and amounts are determined after deliberation by the Nomination and Compensation Advisory Committee. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.

The annual amount of monetary remuneration is the sum of fixed remuneration and performance-linked remuneration, and a fixed amount corresponding to 1/12 of the annual amount is paid monthly.

Policy on decisions pertaining to the details of share-based remuneration and methods of calculating amounts and numbers of shares for individuals

The Company also uses consolidated EBITDA as a performance evaluation indicator for performance-linked share-based remuneration, which it calculates as follows using the percentage of progress made toward achieving the budget (Maximum: 120%, Minimum: 80%) on the condition that the Company's consolidated operating income is positive.

In March each year, the Company grants the number of points corresponding to the standard number of points for each position multiplied by the percentage of progress made toward achieving the budget, and remuneration, etc. corresponding to the cumulative number of points is paid upon each Director's retirement. Notably, for tax reasons, the Company provides the number of shares on a "one point per one share" basis for 70% of points accumulated, and pays a monetary amount calculated by multiplying the market value of the shares on the date of retirement for the remaining 30%. The details of this handling are described in the "Rules for Delivery of Shares to Officers."

[Policy on decisions pertaining to remuneration, etc. for Outside Directors (except Directors who are Audit and Supervisory Committee Members)]

Given the fact that the role of Outside Directors is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.

Their remuneration, etc. is determined within a remuneration range resolved at the General Meeting of Shareholders, and set at appropriate levels enlisting Managerial Compensation Surveys.

Regarding remuneration, etc. for individuals, the Board of Directors must seek the advice of the Nomination and Compensation Advisory Committee, and then receive the committee's report and reach a resolution that is the basis for delegating the decision to the Representative Director, the President & Chief Executive Officer, who then determines remuneration, etc. In pursuit of reasonable levels of remuneration and of transparency, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee.

[Policy on decisions pertaining to remuneration, etc. for Directors who are Audit and Supervisory Committee Members]

Given the fact that the role of Directors who are Audit and Supervisory Committee Members is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.

Their remuneration, etc. is determined within a remuneration range resolved at the General Meeting of Shareholders, and set at appropriate levels enlisting Managerial Compensation Surveys. Remuneration, etc. for individuals is determined through discussion among by Directors who are Audit and Supervisory Committee Members.

(b) Total amount of remuneration, etc. for the current fiscal year

	Number of Directors and Audit & Supervisory Board Members	Total amount of remuneration, etc. by type (Millions of yen)			Total amount of remuneration, etc. (Millions of yen)
		Monetary remuneration		Share-based remuneration	
		Fixed remuneration	Performance-linked remuneration	Performance-linked remuneration	
Director (excluding Director who is Audit and Supervisory Committee Member)	8	129	31	25	185
(of which, Outside Director)	(3)	(34)	(–)	(–)	(34)
Director (Audit and Supervisory Committee Member)	3	36	–	–	36
(of which, Outside Director)	(2)	(20)	(–)	(–)	(20)
Audit & Supervisory Board Member	3	9	–	–	9
(of which, Outside Audit & Supervisory Board Member)	(2)	(3)	(–)	(–)	(3)
Total	14	174	31	25	230
(of which, Outside Director and Outside Audit & Supervisory Board Member)	(7)	(58)	(–)	(–)	(58)

Notes:

1. The Company transitioned to a Company with an Audit and Supervisory Committee on March 26, 2024, based on a resolution passed at the 14th Ordinary General Meeting of Shareholders held on the same date. The above figures for the number of officers and the amount of remuneration, etc., include the amounts for two Directors and three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) who retired upon the conclusion of the said General Meeting of Shareholders. Furthermore, for the two individuals who were appointed as Directors who are Audit and Supervisory Committee Members on the same date following their retirement as Audit & Supervisory Board Members, the remuneration and other amounts corresponding to their tenure as Audit & Supervisory Board Members are included under Audit & Supervisory Board Members, while those for their tenure as Directors (Audit and Supervisory Committee Members) are recorded under Directors (Audit and Supervisory Committee Members).
2. Remunerations, etc. for Directors do not include the employee salaries paid to the Directors who concurrently serve as employees.
3. The share-based remuneration was newly determined based on a resolution at the 14th Ordinary General Meeting of Shareholders held on March 26, 2024, following the Company's transition to a Company with an Audit and Supervisory Committee. Accordingly, the maximum amount of monies to be contributed to the trust every three fiscal years and the

maximum number of points (shares) to be granted per fiscal year were resolved. The share-based remuneration amount recorded as expenses during the fiscal year under review is based on this resolution.

a. Matters concerning performance-linked remuneration, etc.

- Performance indicators and reasons for their selection

  The Company strives to enhance its growth potential and efficiency with the aim of sustainably increasing corporate value. To such ends, the Company uses consolidated EBITDA (=operating income + depreciation + amortization of goodwill) as a performance indicator with respect to the Company's performance-linked remuneration for its Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside directors), considering the characteristics of the Company's business and other factors.

- Method for calculating performance-linked remuneration amounts and quantitative values

  As outlined in the abovementioned "a. Policy on decisions pertaining to remuneration, etc. for Directors and Audit and Supervisory Committee Members," the Company has incorporated monetary remuneration and share-based remuneration into its performance-linked remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). The monetary remuneration component of the performance-linked remuneration is calculated using the percentage of progress made toward achieving the yearly budget with respect to consolidated EBITDA combined with the average proportion of progress made over the last five years. When it comes to payment, the total annual amount of performance-linked remuneration and fixed remuneration is paid out monthly on a prorated basis over each of the twelve months.

  For share-based remuneration as performance-linked remuneration, based on a resolution at the 8th Ordinary General Meeting of Shareholders held on March 27, 2018, the Company introduced a Board Benefit Trust ("BBT") as its performance-linked share-based remuneration plan, which it has continued based on a resolution at the 11th Ordinary General Meeting of Shareholders held on March 23, 2021. Additionally, the maximum amount of monies contributed to the trust every three fiscal years and the maximum number of points (number of shares) to be granted per fiscal year were revised based on a resolution at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022. Additionally, based on a resolution at the 14th Ordinary General Meeting of Shareholders held on March 26, 2024, following the Company's transition to a Company with an Audit and Supervisory Committee, the maximum amount of monies to be contributed to the trust every three fiscal years and the maximum number of points (shares) to be granted per fiscal year were newly determined. The purpose of this Plan is to further increase the linkage with corporate performance, and clarify the linkage between remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and the stock value of the Company at the same time, having the Directors share with our shareholders not only the merits of the increase in the stock price, but also the risk of the decrease in the stock price, thereby increasing awareness of the Directors to contribute to the medium- to long-term improvement in the business performance and to the enhancement of corporate value. Under the Plan, upon retirement those eligible receive payment of remuneration, etc. equivalent to points they have accumulated under the Plan. Calculated using the percentage of progress made toward achieving the yearly budget with respect to consolidated EBITDA, points are granted every March on the condition that the Company has generated a positive consolidated operating income. As for payment, the Company provides the Company's shares on a "one point per one share" basis with respect to 70% of points accumulated, and pays a

monetary amount calculated by multiplying the market value of the shares on the date of retirement with respect to 30% of the points accumulated.

Specific details regarding such arrangements are stipulated in the "Rules for Delivery of Shares to Officers" as determined by the Board of Directors.

- Results in relation to the performance indicators

Consolidated EBITDA trends including that of the fiscal year under review are shown below.

	9th Fiscal Year– 13th Fiscal Year average value (Fiscal Year ended December 31, 2018 to Fiscal Year ended December 31, 2022)	14th Fiscal Year (Fiscal Year ended December 31, 2023)	15th Fiscal Year (fiscal year under review) (Fiscal Year ended December 31, 2024)
Consolidated EBITDA (Millions of yen)	15,491	14,599	17,169

b. Share-based remuneration (non-monetary remuneration, etc.)

The performance-linked share-based remuneration plan introduced by the Company has been described under the heading "Method for calculating performance-linked remuneration amounts and quantitative values" above. The total number of the points above to be granted to the Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) as remuneration, etc. for the fiscal year under review is 11,279 points.

c. Matters concerning decisions on the amount of remuneration, etc. for Directors per resolution at the General Meeting of Shareholders

The maximum amount of remuneration, etc. for the Company's Directors was resolved as follows.

Eligible persons	Type of remuneration, etc.	Maximum value and number of points (number of shares)	Resolution at the General Meeting of Shareholders	No. of eligible persons upon conclusion of said meeting
Directors (excluding Directors who are Audit and Supervisory Committee Members)	Monetary remuneration	No more than ¥350 million per year (including no more than ¥50 million per year for Outside Directors; however, this does not include the employee salary portion for Directors who concurrently serve as employees)	14th Ordinary General Meeting of Shareholders held on March 26, 2024	6 (including 3 Outside Directors)
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	Share-based remuneration	• Contribute monies to the trust, up to ¥200 million every three fiscal years • Maximum number of points (number of shares) to be granted per fiscal year: 60,000 points (60,000 shares)	14th Ordinary General Meeting of Shareholders held on March 26, 2024	3
Directors who are Audit and Supervisory Committee Members	Monetary remuneration	No more than ¥70 million per year	14th Ordinary General Meeting of Shareholders held on March 26, 2024	3 (including 2 Outside Directors)

Note: Matters related to resolutions on remuneration, etc. for Directors and Audit & Supervisory Board Members prior to the transition to a Company with an Audit and Supervisory Committee

The monetary remuneration for Directors prior to the transition to a Company with an Audit and Supervisory Committee was resolved at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022, setting a maximum annual amount of ¥350 million (of which the portion for Outside Directors is capped at ¥50 million per year). However, this amount does not include salaries for Directors who concurrently serve as employees. As of the conclusion of the said General Meeting of Shareholders, the number of eligible Directors was eight (including three Outside Directors). Separately from monetary remuneration, for share-based remuneration granted to Directors (excluding Outside Directors), the 12th Ordinary General Meeting of Shareholders held on March 24, 2022 resolved to contribute up to ¥200 million to a trust every three fiscal years, with an annual maximum allocation of 60,000 points (60,000 shares). As of the conclusion of the said General Meeting of Shareholders, the number of eligible Directors was five.

The monetary remuneration for Audit & Supervisory Board Members was set at a maximum annual amount of ¥50 million. As of the conclusion of the said General Meeting of Shareholders, the number of eligible Audit & Supervisory Board Members was three (including two Outside Audit & Supervisory Board Members).

d. Matters concerning third-party delegation

When it comes to the monetary remuneration component of the remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), the task of making specific decisions on an individual basis in that regard is delegated to the Representative Director, the President & Chief Executive Officer. When the Board of Directors delegates the task of making decisions on amounts of individual remuneration, etc. to the Representative Director, the President & Chief Executive Officer, the Board of Directors consults with the Nomination and Compensation Advisory Committee with regard to formulation of a draft thereof, in order to ensure appropriateness of remuneration levels and transparency of performance evaluations, adhering to the resolution of the General Meeting of Shareholders. Then the Representative Director, the President & Chief Executive Officer must make such decisions in accordance with reports made by the Committee.

e. Reasons the Board of Directors has deemed that remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) pertaining to the fiscal year under review aligns with the Decision-making Policy

When it comes to making decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), the Nomination and Compensation Advisory Committee comprehensively examines the draft thereof, including its consistency with the Decision-making Policy, and the Board of Directors respects the report from the Committee and deems the decisions align with the Decision-making Policy.

f. Matters concerning delegation of decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Representative Director, the President & Chief Executive Officer has made decisions on monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) during the current year under review, per resolution on delegating to the Representative Director, the President & Chief Executive Officer (CEO)

Michio Takahashi the task of making specific decisions regarding individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), approved at the Board of Directors meeting held on March 26, 2024.

The reason for delegating such decisions to the Representative Director, the President & Chief Executive Officer is that the Representative Director, the President & Chief Executive Officer is best suited to the task of assessing areas of responsibility and professional duties assumed by each Director (excluding Directors who are Audit and Supervisory Committee Members), while taking an overhead view of business performance across the entire Company. However, when the Board of Directors delegates the task of making decisions on amounts of individual remuneration, etc. to the Representative Director, the President & Chief Executive Officer, the Board of Directors consults with the Nomination and Compensation Advisory Committee with regard to formulation of a draft thereof, in order to ensure appropriateness of remuneration levels and transparency of performance evaluations, adhering to the resolution of the General Meeting of Shareholders. Then the Representative Director, the President & Chief Executive Officer must make such decisions in accordance with reports made by the Committee.

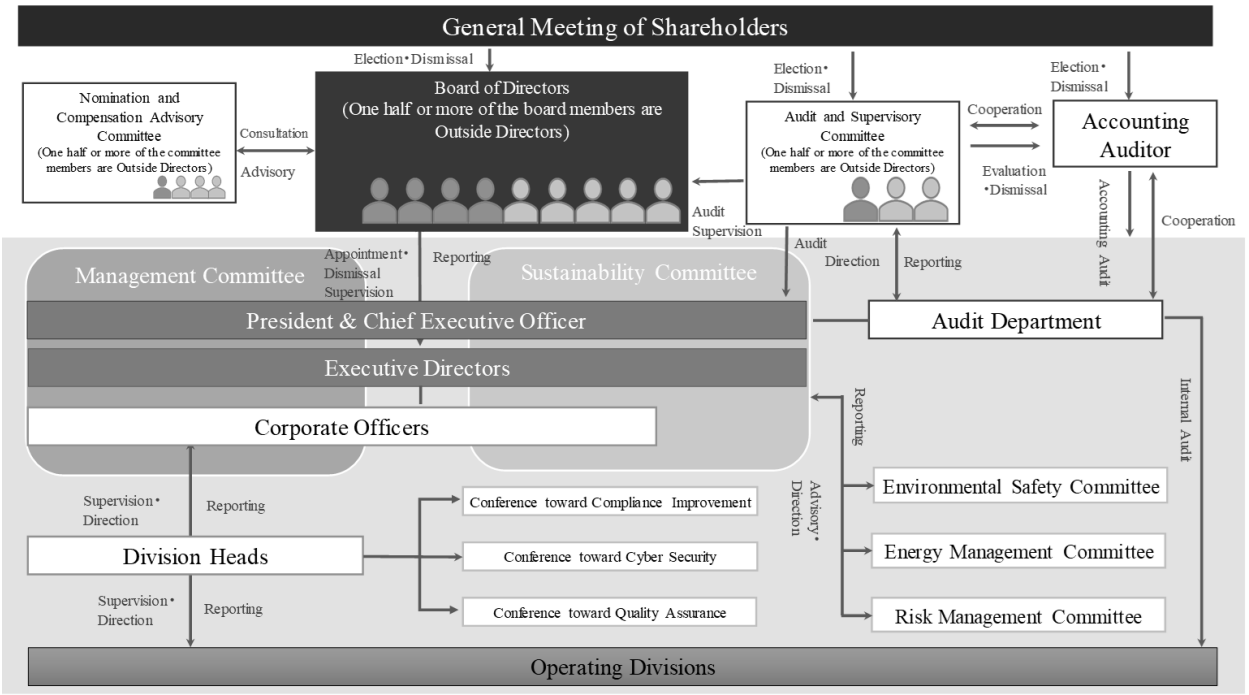
(iii) Matters concerning Outside Directors

Name	Position	Attendance	Status of main statements made
Sayoko Miyairi	Outside Director	Board of Directors meetings: 18 of 18 meetings	She has appropriately fulfilled her role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using her standpoint as an expert in organizational and human resource development to provide opinions and recommendations on human resource development and on improving employee engagement. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all eight of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Committee Members of the Company from an objective and independent viewpoint.
Jun Tsuchiya	Outside Director	Board of Directors meetings: 18 of 18 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using his standpoint as an expert in management and technology to provide opinions and recommendations on the business of the Company as a whole. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Committee Members of the Company from an objective and independent viewpoint.
Yuji Kikuchi	Outside Director	Board of Directors meetings: 18 of 18 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making primarily by using his expert standpoint as an attorney to provide opinions and recommendations on risk management and strengthening corporate governance. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Committee Members of the Company from an objective and independent viewpoint.
Kazuhiro Kawai	Outside Director Audit and Supervisory Committee Member	Board of Directors meetings: 18 of 18 meetings Audit & Supervisory Board meetings: 2 of 2 meetings Audit and Supervisory Committee meetings: 10 of 10 meetings	Based on his extensive experience and achievements in credit review operations and management at financial institutions, he plays an appropriate role in ensuring the correctness and reasonableness of decision-making by providing opinions and recommendations on accounting and internal controls. Additionally, by participating in management from the standpoint of an Audit and Supervisory Committee Member, he contributes to enhancing corporate value through supervision and audits.

Name	Position	Attendance	Status of main statements made
Keiko Tamura	Outside Director Audit and Supervisory Committee Member	Board of Directors meetings: 18 of 18 meetings Audit & Supervisory Board meetings: 2 of 2 meetings Audit and Supervisory Committee meetings: 10 of 10 meetings	She played an appropriate role in ensuring the correctness and reasonableness of decision-making by providing opinions and recommendations on risk management and compliance, drawing on her extensive experience and achievements in the financial sector as an attorney. Additionally, by participating in management from the standpoint of an Audit and Supervisory Committee Member, she contributes to enhancing corporate value through supervision and audits.

Note: The Company transitioned to a Company with an Audit and Supervisory Committee on March 26, 2024, based on a resolution passed at the 14th Ordinary General Meeting of Shareholders held on the same date. Accordingly, Mr. Kazuhiro Kawai and Ms. Keiko Tamura resigned as Audit & Supervisory Board Members following the expiration of their terms of office and were appointed as Directors who are Audit and Supervisory Committee Members on the same date.

(Reference) The Company's governance system (as of December 31, 2024)



- Board of Directors

The Board of Directors exists to promote the sustained growth of the Company and the improvement of its corporate value over the medium and long term, to strive for proper structuring and management of a corporate control system, and to make decisions on matters set out in laws, regulations, and the Company's Articles of Incorporation and other critical management matters as the Company's key executive decision-making body in addition to serving as a supervisory body over the Directors' performance of duties. The Board of Directors comprises nine Directors (including five Outside Directors) and, in principle, holds ordinary Board of Directors meetings on a monthly basis in addition

to extraordinary Board of Directors meetings as needed, forming the Company's system for swift decision-making in management.

- Audit and Supervisory Committee

  The Audit and Supervisory Committee consists of three Directors who are Audit and Supervisory Committee Members, including two Independent Outside Directors filed with the Tokyo Stock Exchange. Among them, one internal director serves as a full-time Audit and Supervisory Committee Member and is appointed as the Chair of the Committee. To discuss and resolve important audit-related matters, the Committee generally holds ordinary Audit and Supervisory Committee meetings once per month and convenes extraordinary meetings as necessary. Directors who are Audit and Supervisory Committee Members attend Board of Directors meetings, Management Committee meetings, and other important meetings, review important documents, and closely collaborate with or provide instructions to the Internal Audit Department to collect necessary information and audit the execution of duties. The Committee conducts effective audits by leveraging the expertise of Independent Outside Directors, who possess extensive practical experience in their respective fields, and the insights of the full-time internal director, who possesses in-depth knowledge of internal affairs. Additionally, the Committee regularly exchanges opinions with the Representative Director and maintains close communication with the Accounting Auditor to enhance information gathering and improve the audit environment.

- Nomination and Compensation Advisory Committee

  With the aim of ensuring the independence, objectivity and transparency of the Board of Directors functions related to nomination and remuneration of Directors and Corporate Officers, the Company has established a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors. The Chair of the Committee is an Outside Director, and Outside Directors constitute a majority of the members.

- Sustainability Committee

  The Company has established a Sustainability Committee to serve as an advisory body to the Board of Directors, deliberating, reporting, and monitoring two types of matters—(1) matters pertaining to sustainability among matters to be resolved by the Board of Directors or the Management Committee and matters requiring the President's approval and (2) other important matters pertaining to sustainability—and including them in business plans and the like. The Sustainability Committee comprises CxOs as members and CSO (Chief Strategic Officer) as the chair. Additionally, the committee chair may request reports from Expert Committees as needed. The Company appoints CxOs (Chief x Officers) from among Corporate Officers to serve as chief executives responsible for specific functions and business areas, ensuring swift and precise business execution.

- Management Committee

  The Company has established a Management Committee to decide on important matters pertaining to the execution of duties delegated to the Company by the Board of Directors, and to hold meetings at which to hold preliminary deliberations on matters for the Board of Directors to discuss. In principle, the Management Committee meets on a monthly basis, and their meetings are attended by the Director who is a full-time Audit and Supervisory Committee Member, among others.

- Expert Committees and Conferences

  The Company has established expert committees, which are chaired by CxOs, function as important bodies for governance that supplement and reinforce company-wide decision-making, and examine and discuss specialized matters and analyze and report on decision-making on such matters; and conferences, which meet regularly to hold necessary discussions about decision-making and execution of duties involving items to be resolved exclusively by department managers based on Rules on Final Approval and organizational regulations in addition to formulating and promoting company-wide policies, providing education and training, and sharing information.