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Corporate Governance Report

CORPORATE GOVERNANCE KANEKA CORPORATION

Last Update: June 26, 2026

KANEKA CORPORATION

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https://www.kaneka.co.jp/en/

The corporate governance of KANEKA Corporation (the "Company") is described below.

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

1. Basic Views

Based on the Management Philosophy (comprising the Corporate Philosophy, Corporate Ideals, and ESG Charter outlined below) set forth in its long-term management vision, "Declaration of Kaneka United," the Company positions achieving sustainable growth and enhancing corporate value over the medium and long terms as its most important management priority. To this end, the Company believes that enhancing corporate governance is vital. With this belief in mind, the Company has established its Basic Policy on Corporate Governance.

Guided by a management policy of strengthening Environment (E), Social (S), and Governance (G) initiatives, the Company is actively working to solve various social issues.

Corporate Philosophy
With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values.
We are also committed to challenging the environmental issues of our planet and contribute to upgrading the quality of life.

Corporate Ideals
Tie to the future
As a research and development company brimming with creative energy and passion, we will create future-oriented businesses that leap beyond current market needs and back them up with new product development, thus protecting the global environment and contributing to the quality of life.
Tie to the world
We are determined to become a truly global enterprise with diverse human resources working together on a global scale. Our presence will be felt in markets around the world, including newly emerging ones.
Tie with value
We are proud of our unity and identity as the Kaneka Group and will take on the challenges of value creation and business innovation through close collaboration.
Tie for innovation
We will never cease to pursue innovation, fusing wisdom from both internal and external sources without getting caught up in organizational compartmentalization and conventional ways of doing things.
Tie with people
We in the Kaneka Group believe that the wellspring of corporate growth resides in human resources and will continue to seek innovation as we cultivate and nurture our valued employees.

ESG Charter (Putting the Corporate Philosophy into Practice)
1. We offer solutions characterized by value to global markets and contribute to the evolution of lifestyles and the environment through innovative chemistry.
(1) We bring innovation to lifestyles and the environment by harnessing the unlimited potential of chemical materials to help communities achieve sustainability. (Earthology Chemical Solution)
(2) By adopting a unified approach to food and medicine that is defined by a focus on chemistry, we provide innovative solutions that empower people to live healthier lives. (Active Human Life Solution)

2. We fulfill our social responsibility by empowering individual employees to put our corporate philosophy into practice through serious, forward-looking effort.
(1) We actively contribute to our communities by cultivating understanding of the cultures and customs of the countries and regions where we do business and by pursuing corporate activities that are deeply rooted in those communities.
(2) We operate our businesses in a fair and impartial manner based on the principles of free competition and legal compliance.
(3) We're committed to communicating with shareholders and other stakeholders and to making information about our operations available in a timely and appropriate manner.
(4) We strive to foster an organizational culture that respects the personalities and uniqueness of all employees so that they can enjoy good health, feel motivated, and make the most of their abilities.
(5) Reflecting a commitment to make safety the top priority in our operations, we work to create safe and healthy workplaces, ensure product safety, and protect and preserve the environment.

* The Basic Policy on Corporate Governance is posted on the Company's website. https://www.kaneka.co.jp/ (in Japanese)

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company complies with each principle of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code Updated

<Principle 1.4 Cross-Shareholdings>
The Company holds the minimum number of strategic shareholdings necessary for maintaining and strengthening business relationships, business alliances,

and capital alliances. Each year the Company periodically reviews its strategic shareholdings after comprehensively assessing the appropriateness of the purpose of the holdings and the economic rationale in terms of the returns and risks associated with such holdings. When the Company determines that a holding is of low necessity, the Company reduces the number of shares that the Company holds. Each year, the Company reports on these initiatives to the Board of Directors and discloses an overview of them. In fiscal 2025, the Company sold 13 listed stocks as a result of the assessment described above.
In addition, the exercise of voting rights pertaining to the shares held by the policy will be carried out after determining the approval or disapproval of each individual proposal after setting the exercise criteria.

<Principle 1.7 Related Party Transactions>
Any transactions involving directors that present a conflict of interest are implemented only with the approval of the Board of Directors in accordance with the Companies Act and the rules of the Company's Board of Directors and the results are reported to the Board of Directors.
In addition, the Company confirms the facts surrounding transactions with all related parties, including directors, on a quarterly basis, and discloses them in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws.

<Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources>
<Human capital>
—Strategy—
The driving force behind the Company's growth is the challenges taken on by each employee. The Company creates an environment where employees can take on challenges, provides opportunities, encourages growth, and realizes transformation. This is the essence of the Company's human resource strategy as a Human Driven Company.
The Company's human resource strategy is built on three pillars: (1) Development of human resources centered on the 1-on-1 Program; (2) Promotion of diversity; and (3) Promotion of Wellness.



(1) Development of human resources centered on the 1-on-1 Program
〇To Deepen 1-on-1 Dialogue
Kaneka's 1-on-1 program was introduced in FY2018 and is designed to encourage self-reflection among members (subordinates) and lead to actions that foster growth. Since the program was first introduced, the Company has consistently held workshops for managers to improve the quality of 1-on-1 dialogue and ensure the program is fully implemented. Starting in FY2023, the Company has also held workshops for members to help them proactively use 1-on-1 meetings as opportunities for personal growth. These initiatives stem from our commitment to helping each individual plan and achieve their career goals, and to growing and expanding together as a company.

〇Training Initiatives to Support Organizational Capacity Development
Investment in human resource development is intended to strengthen the workforce that supports the execution of our business strategy, and the Company plans to increase this investment to 300 million yen in FY2027 (a 1.5-fold increase compared to FY2022). The Company is also reviewing and expanding our selection and application-based, and tiered training programs, using the desired profile of employees and the necessary competencies as our starting point. Training time per person in FY2024 was 18.7 hours and training costs per person were 67,100 yen. The Company continues to provide opportunities for our employees to step away from their day-to-day work and grow, tailored to each individual's career path.

〇Leaders Driving the One Team
The Company provides training opportunities for manager positions at each level. The Leadership Challenge is a mandatory curriculum for managers that originated at our overseas Group companies in 2008 and was introduced in Japan in FY2014. The program is held in a workshop format, with participants learning how to refine their values and exercise leadership. In addition, starting in FY2023, the Company has introduced a new follow-up coaching session. A total of 1,641 people have participated in the program as of FY2025. Hitotsubu-no-Tane Momi Juku, our program to train the next generation of executives, has trained 133 people from the time it started in FY2015 to FY2025. Nearly half of our general managers are graduates of the program. The chairman, president, and executive vice president take part in all sessions, spending a total of 12 days (about 100 hours) over eight months. Kaneka Creative Corner 2.0 is a global leadership training program focused on heads of national staff at overseas Group companies. In FY2025, participants, including Japanese department heads, took part in a total of five days (approximately 40 hours) of sessions. The Company is promoting our global strategy based on advice from members of the Board and discussions with participants.

〇DX Human Resources Development
As part of our human resources strategy based on our management vision, the Company is committed to developing the next generation of human resources. The Company have developed a training curriculum based on the ideal profile of core DX human resources required to drive our DX strategy, in accordance with the IPA's (Information-technology Promotion Agency, Japan) digital skills standards.

(2) Promotion of Diversity
Regardless of age, gender, nationality, or other attributes, when each member's unique personality shines through, this diversity and the resulting diversity of perspectives spark new ideas. Our managers take the lead in promoting diversity in the workplace, working in tandem with Company-wide initiatives to support our global operations.

〇Supporting Women's Advancement to Foster the Will to Take on the Next Stage
The Company provides tailored support at each stage to help every employee clearly envision their potential and next role, and to empower them to take on new challenges. In particular, for female team members, the Company has established opportunities for dialogue with female managers within the Company to help them envision their future roles. After being promoted to assistant manager, employees broaden their horizons through external programs, gain practical experience, and are promoted to manager positions based on their performance. In addition, for newly appointed managers who have assumed leadership roles over diverse teams, the Company provides support to help them develop a deeper understanding of their leadership responsibilities through dialogue with outside directors and executive officer. Currently, multiple women promoted from within the Company are serving as general managers, and the Company plans to increase the proportion of women in manager positions to 12% by the end of FY2030. The Company will continue to develop assistant managers and team members from a long-term perspective.

○Recruiting Human Resources with Diverse Experiences and Expertise
To adapt to business changes and growth, actively recruit individuals from diverse technical backgrounds and career paths, nurturing their development while leveraging their respective experiences and expertise to strengthen our organization. For our new graduate recruitment program, the Company organizes visits to DX implementation sites, workshops for students at vocational schools specializing in information technology, and career education programs for students at technical colleges. In addition, when hiring mid-career professionals, the Company focuses on recruiting talent in fields that will support our current and future business expansion, such as people with certifications like licensed pharmacists, individuals with overseas assignment experience, and engineers.

○Active Involvement of People with Diverse Backgrounds
Of the approximately 11,500 employees in the Kaneka Group, there are about 3,500 foreign nationals who are working around the world. The Company also organizes training programs from our overseas offices to Japan, where participants work to strengthen their professional networks. The FY2024 employment rate for people with disabilities is 2.65% (the legally mandated employment rate is 2.5%). The Company will continue to work on creating a supportive work environment and expanding job opportunities to increase the employment rate.

○Glocal Human Resources Management
The Company has established systems to embed a borderless, global perspective in how the Company conducts business as a common foundation for the actions of all employees in Japan and overseas. Through this, the Company aims to develop people who can create value in an international environment. The Company conducts the global leadership training program Kaneka Creative Corner 2.0 for national staff managers to enable them to apply Kaneka's strong onsite capabilities—developed primarily at our domestic locations—in their local sites. The Company is also implementing Kaneka 1-on-1 sessions at each of our global locations to foster an organizational culture where teams, led by their leaders, work together to achieve ambitious goals.

(3) Promotion of Wellness
The Company is working to create an environment where employees can continue to work in good health and take on new challenges with confidence. By supporting each other's challenges and fostering bonds that enable us to tackle major goals together, the Company is promoting a culture of wellness that fosters the mutual growth of both individuals and the organization.

○Understanding for Childcare and Nursing Care
To promote a better understanding of support for work-life balance, The Company disseminates information about our internal policies and guidebooks to all employees. The Company also provides opportunities for managers, such as lectures that encourage them to reflect on how to achieve organizational goals while supporting the individual careers and personal lives of team members, and to cultivate a mindset that allows them to enjoy their personal lives as well. By engaging with organizational managers, the Company is fostering a virtuous cycle at the workplace level. As one indicator of work-life balance, the percentage of men taking at least two weeks of continuous leave for childcare within one year of the child's birth has been well over our target of 30% and continues to rise each year.

○Maintaining an Environment Where It Is Easy to Work
Maintaining physical and mental health and creating an environment where work can be promoted while workers are refreshed leads to a way of working that increases productivity and to reforms to the work culture. In FY2024, overtime work was 19.5 hours per month (target of 16.5 hours) and the number of days of paid leave taken was 14.6 days per year (target of 16.0 days). The Company aims to achieve the targets by focusing on two key areas: improving the performance of each employee and establishing systems that enable highly productive work.

○Opportunities to Build Unity
The "Run, Run, Run. Kaneka" sports event, which has been held since FY2014, marked its 10th anniversary in FY2025. This major festival brings together Group companies from both Japan and overseas; in FY2025, 3,290 people participated, and 209 teams took part in the Ekiden. Many employees have taken up long-distance running as a result of this Ekiden, which not only strengthens the bonds within the Kaneka Group but also helps establish regular exercise habits and foster a greater awareness of health.

○Taking a Close Look at Oneself with a Focus on Health
Specific health guidance is a program in which healthcare professionals, such as public health nurses, provide support to help individuals improve their lifestyle habits with the aim of preventing and managing metabolic syndrome. In accordance with standards established by the Ministry of Health, Labour and Welfare, health insurance associations are required to disclose the participation rates of all members, including not only employees but also their families. Nationwide participation rates are below 30%, but Kaneka had a rate of 69.9% in FY2024. In addition to providing ongoing support to participants, the Company also organizes events where families can join in, creating opportunities for everyone to engage with their bodies in a relaxed and enjoyable way.

－Indicator Targets－
Action plan for promoting women's inclusion (plan period: April 1, 2026 to March 31, 2031)
Target 1 Increase the proportion of women in manager positions to 12% or more by the end of FY2030 (At the time the target was established: 6.7%)
Target 2 Raise the rate of annual paid leave taken over the year to an average of 80% or more

<Principles 2.6 Roles of Corporate Pension Funds as Asset Owners>
The Company assigns and appoints personnel with specialized knowledge of pension plans to its corporate pension fund and also engages external consultants. While obtaining appropriate advice through forums such as the Asset Management Committee, the Company manages the corporate pension fund.
In addition, the Council of Representatives, which is the decision-making body of the corporate pension fund, is composed of an equal number of representatives selected by the Company and representatives mutually elected by plan members, thereby enabling the pension fund to be operated under a structure that can appropriately manage conflicts of interest between the Company and beneficiaries.

<Principle 3.1 Full Disclosure>
The Company discloses the following information in order to ensure transparency and fairness in decision making and ensure effective corporate governance.
(1) Long-term management vision and management plans
(2) Basic Policy on Corporate Governance
(3) Policies and procedures for determining director remuneration
(4) Policies and procedures for the nomination of director and Audit & Supervisory Board Member candidates
(5) Explanations regarding the individual appointment, dismissal, and nomination of director and Audit & Supervisory Board Member candidates
The Company appropriately discloses (1) on its website, (2) through (4) in the Basic Policy on Corporate Governance, and (5) in the reference documents for the general meeting of shareholders.

<Supplementary Principle 3.1.3 Initiatives on Sustainability>

(Sustainability Initiatives)

Technological innovation and digital transformation (DX) are accelerating a paradigm shift in society. Meanwhile, global efforts to realize a carbon-neutral, decarbonized society are gaining momentum. In response, the Company has structured these sweeping societal trends into three sustainability crises: the global environment and energy crisis, the food crisis, and the health (living well) crisis. These areas have been designated as the Company's key business domains, and the Company will transform its business portfolio accordingly. The Company will work to protect the global environment and advance "Wellness First" health management to support a society that nurtures life.

(Climate Change Initiatives)

Under its Corporate Philosophy of "With people and technology growing together in a creative fusion, the Company will break fresh ground for the future and tie in to explore New Values. The Company is also committed to challenge the environmental issues of our planet and contribute to upgrading the quality of life," the Group provides valuable solutions to address the climate change issue through its products and services on a global scale. At the same time, the Group fulfills its social responsibility by addressing the various effects of climate change that arise in its manufacturing and logistics processes. Against this backdrop, in March 2021, the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

—Governance—

Effective April 1, 2022, the Company reorganized our ESG-related organization and established the Engine of Sustainability Management, led by a General Manager who is an Executive Vice President, to oversee and enhance ESG management. The DX & Carbon Neutral Committee, which is part of the Engine of Sustainability Management, is responsible for leading the manufacturing strategy for carbon neutrality.

The DX & Carbon Neutral Committee collaborates with business units, staff departments, manufacturing sites, research centers, and Group companies. Together they will promote carbon neutrality by accelerating initiatives to integrate digital transformation with carbon neutrality efforts in manufacturing. The activities of the DX & Carbon Neutral Committee are reported to the Engine of Sustainability Management. Future action plans are then reviewed and decided, and these are incorporated into business plans and so forth. Significant matters are reported to the Board of Directors.

—Strategy—

The Company has summarized the most significant climate change risks and opportunities for the Company in the table below. In fiscal 2023, the Company analyzed the expansion of solar power, the increased use of biomass plastics, and the rising demand for effective waste utilization as significant business opportunities. The Company conducted this analysis under both the 1.5°C and 4°C scenarios and shared the findings with relevant business divisions. The Company has integrated the main strategies into our business plan, and will continue to advance these efforts.

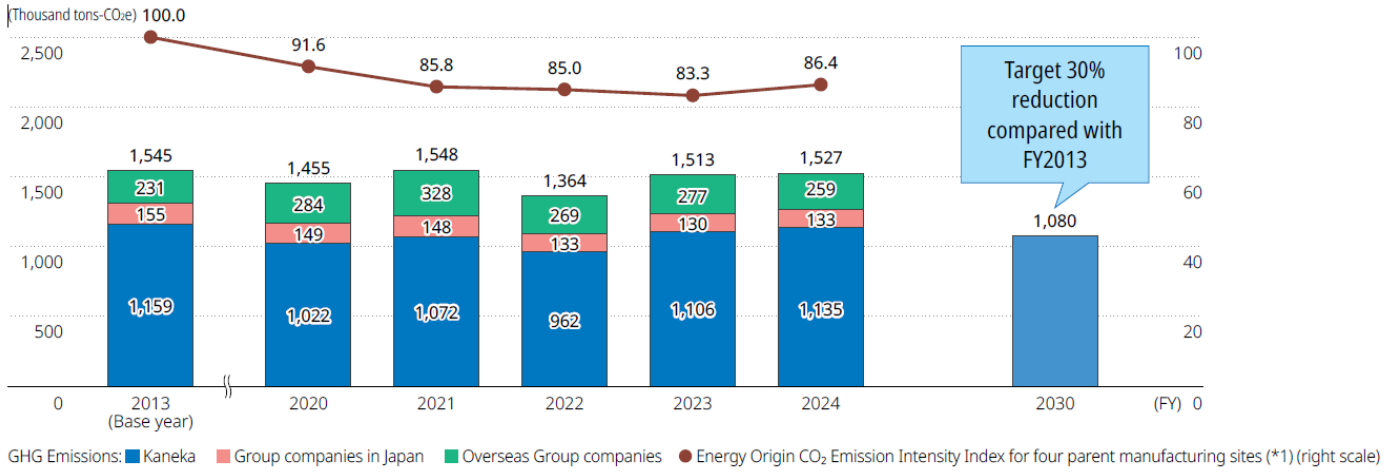
Major Climate Change Risks and Opportunities: Business Impact and Countermeasures

Type	Changes in society	The impact of climate-related risks and opportunities on the organization's business, strategy, and financial plans (●Risks/●Opportunities)	Countermeasures (◎indicates priority areas)
Regulatory/ Legal	Strengthening of GHG emissions regulations	● Depreciation and amortization costs arising from GHG emissions reduction	・Introduction of Internal Carbon Pricing (ICP) system
Regulatory/ Legal	Increased operational costs due to introduction of carbon tax (incl. supply chain)	● Increase in operating costs due to the introduction of carbon tax	◎ Early fuel conversion of private power generator facilities ・Continuous energy saving in existing manufacturing processes ・Process innovation ・Use of renewable energy and low CO_2 emission factor electricity ・Introduction of ICP system
Technological	Acceleration of the circular economy	● Increase in procurement costs due to taxes on the production of petrochemical-derived packaging plastics	◎ Mass production of Kaneka biodegradable polymer Green Planet™ ◎ Promoting research and development to produce the Kaneka biodegradable polymer Green Planet™ from carbon dioxide and hydrogen ・Expanding the use of recycled materials
Market	Increased demand for biomass-based resins and decreased demand for fossil-based plastics	● Growing demand for products that contribute to the realization of a circular society, such as biodegradable plastics and low-carbon and decarbonization-related products	
Technological	Low-carbon trends affecting raw material and energy sources	● Fluctuations in fuel costs due to price changes in crude oil, etc.	◎ Early fuel conversion of private power generator facilities ・Continuous energy saving in existing manufacturing processes ・Use of renewable energy and low CO_2 emission factor electricity
		● Increase in purchase and sales fares due to the introduction of decarbonization technology in transport vehicles and the transfer of credit purchase costs	・Reviewing procurement policies ・Strengthening supply chain management initiatives
Market	Increased demand for renewable energy, energy networks, and energy-saving-related products	● Growing demand for materials for ZEB and ZEH	◎ Enhancement and expansion of products related to solar power generation ・Expansion of self-delivery and microgrids ・Enhancing and expanding insulating material for residential buildings (Kanelite Foam™) ・Developing storage batteries
Acute	Impact of extreme weather events on our manufacturing sites and supply chain	● Events caused by flooding due to heavy rainfall or water shortages. Such events could include production stoppages at our factories, supply chain disruptions, etc., leading to lost sales opportunities and increased building damage	・Assessing water risks at Kaneka Group sites ・Periodically reviewing BCPs
	Increased demand for building materials in preparation for disasters caused by extreme weather events	● Higher sales of building materials products that curb damage caused by weather disasters	・Development of embankment foam (Kanepearl™, Kanelite Foam™)

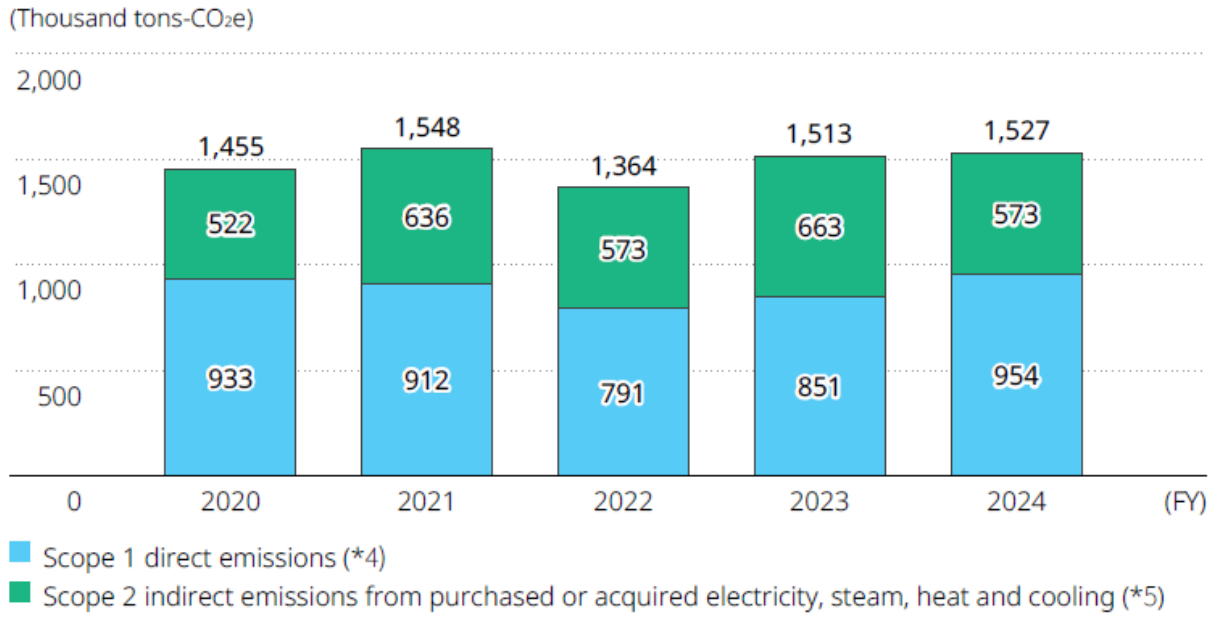
—Risk Management —
The Global CSV (Quality Environment) Center at the Corporate Manufacturing Integrity Center manages the risks related to climate change. The center collaborates with business, production, and research divisions to address climate change risks and formulate prevention strategies. Proposals from the Global CSV (Quality Environment) Center at the Corporate Manufacturing Integrity Center are reviewed by the Engine of Sustainability Management, led by a General Manager who is an Executive Vice President, and the center works closely with all departments to implement solutions.

—Metrics and Targets—
The Group aims to achieve carbon neutrality by 2050. As a milestone, the Company has set a target to reduce GHG emissions by 30% by 2030, compared to fiscal 2013. In fiscal 2023, the Group's total Scope 1 and Scope 2 GHG emissions amounted to 1,527 thousand tons-CO_2e, which is 98.8% of the levels recorded in fiscal 2013. The Company's standalone Scope 3 emissions amounted to 3,114 thousand tons-CO_2.
The following shows fiscal 2024 results against metrics and targets. For data on fiscal 2025 results, please see Data Sheet 2026, which is scheduled to be made available on the Company's website in fiscal 2026.

[GHG Emissions*1 and Energy Origin CO_2 Emission Intensity Index*2]



[Kaneka Group Scope 1 and 2 Emissions]



*1 GHG emissions volume: a value indicating the sum total of energy origin CO_2 emissions, non-energy origin CO_2 emissions, and the CO_2 equivalents of methane and N_2O, and NF_3 emissions, calculated in accordance with the GHG protocol

*2 CO_2 emission intensity index: a value for energy origin CO_2 emission intensity indexed against a value of 100 for fiscal 2013. The value is calculated by dividing energy origin CO_2 emissions by activity volume

*3 Four parent manufacturing sites: Takasago Manufacturing Site, Osaka Manufacturing Site, Shiga Manufacturing Site, and Kashima Manufacturing Site. The Tomatoh (Hokkaido) Manufacturing Site, completed in August 2024, is not included

*4 Non-energy CO_2 emissions and CO_2-equivalent of methane, N_2O, and NF_3 emissions are included

*5 Scope 2 (indirect emissions from purchased or acquired electricity, steam, heat and cooling): Calculated using the market-based method. Emissions calculated using the location-based method were 581 thousand tons-CO_{2e}.

(Investment in Intellectual Capital)
The Company aims to steadily obtain intellectual property rights for its research and development results and to deliver solutions at an early stage. It views intellectual property as one of the key outputs of its R2B activities, and actively works to obtain intellectual property for research and development results, expertise, and other know-how. In addition, employees outside of research roles also recognize the importance of intellectual property and leverage it in their business activities. From a glocal (global and local) perspective, the Intellectual Property Department serves as the central hub, with intellectual property specialists assigned to regional headquarters in the Americas and Asia. In this manner, the Company has established a framework to respond directly to local issues.

(Information Disclosure)
Information will be disclosed appropriately through management plan presentations, the Kaneka Integrated Report, the Company's website and other means.

<Supplementary Principle 4.1.1 Scope of Matters Delegated to Management>
Important matters related to business execution are decided by the Management Committee, the Company's highest decision-making body for business execution, based on the Decision Standards Table. Particularly important matters are submitted to the Board of Directors and resolved in accordance with the rules of the Board of Directors. For other matters, the Board of Directors receives reports and supervises the status of their execution.

<Principle 4.9 Independence Standards and Qualification for Independent Directors>
The Company has defined the Standards for Independence of Outside Directors/Audit & Supervisory Board Members to guarantee the independence of independent outside directors and Audit & Supervisory Board Members in practice. The standards are disclosed in our notice of convocation of general meeting of shareholders, corporate governance report, etc.

<Supplementary Principle 4.10.1 Establishment of Nomination Committee and Remuneration Committee>
The Company has established the Nomination & Compensation Advisory Committee as an advisory committee to the Board of Directors, to ensure the effective functioning of corporate governance measures.
In the committee, when deciding on the selection and dismissal of candidates for the Company's directors and Audit & Supervisory Board Members, as well as the policy and amounts of directors' remuneration, independent outside directors express their opinions from a fair and impartial perspective and report the results to the Board of Directors.
The committee is made up of the Company's internal directors and independent outside directors. To ensure greater impartiality, the committee has a majority of independent outside directors.

<Supplementary Principle 4.11.1 Balance of Knowledge, Experience and Competency and Diversity among the Members of the Board as well as Size of the Board of Directors as a Whole>
At the Company, directors are selected by the Board of Directors, on the basis of character, judgment, expertise and experience as well as ethics, after deliberation by the Nomination & Compensation Advisory Committee, which is comprised of directors and independent outside directors.
The Company is expanding diverse businesses globally. In order for the Board of Directors to make accurate and prompt decisions and supervise these corporate activities, the Company places great importance on appointing directors with different backgrounds such as diverse knowledge, experience, and expertise. Specifically, the Company expects knowledge, experience, and expertise related to business, global, technology, diversity and corporate & governance. The Company also believes that the Board of Directors as a whole has well-balanced knowledge, experience, and expertise, and is composed of an appropriate number of people.
In selecting directors, no restrictions are made in terms of gender, age or nationality.
The skill matrix for each director is disclosed in the proposal for the election of directors included in the Notice of Convocation of the 102nd Annual General Meeting of Shareholders, which was held on June 26, 2026.

<Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors and Audit & Supervisory Board Members as Officers of Other Listed Companies>
When Directors or Audit & Supervisory Board Members concurrently serve as officers of other listed companies, the Company endeavors to ensure that such concurrent roles remain within a reasonable scope that does not interfere with their ability to perform their duties at the Company, after considering the specific responsibilities of the concurrent positions and other relevant factors. The status of these concurrent positions is disclosed annually in the business report and other materials.

<Supplementary Principle 4.11.3 Analysis and Evaluation of Effectiveness of the Board of Directors>
Each year, the Company implements an analysis and evaluation of the effectiveness of the Board of Directors, and discloses a summary of the evaluation results. Specifically, the Chairman of the Board of Directors periodically receives reports from the Independent Outside Directors' Meeting and opinions from the internal directors. Based on these reports, the current status of operations of the Board is evaluated. In the evaluation process in fiscal 2024, the Independent Outside Directors' Meeting held discussions focusing on the operation of the Board of Directors (number of meetings held, frequency, length, contents of information provided beforehand, contents of agendas, deliberations, etc.), role of outside directors, information provision to outside directors and Audit & Supervisory Board Members, and risk management. Based on the discussion results, the Board of Directors conducted a self-evaluation. As a result, it has been confirmed that the Board of Directors functions effectively in making decisions on important matters for the Group such as risk management and supervising business execution through active discussions, including questions and answers, and by obtaining valuable advice from each outside director and Audit & Supervisory Board Member. The Company will continue to enhance the effectiveness of our Board of Directors through effectiveness evaluations.

<Supplementary Principle 4.14.2 Training Policies for Directors and Audit & Supervisory Board Members>
The Company provides directors and Audit & Supervisory Board Members with opportunities for training necessary to fulfill their respective roles and duties, including participation in external seminars. In particular, for outside directors and Audit & Supervisory Board Members, the Company distributes Board of Directors materials in advance, provides explanations and relevant information to enhance the quality of discussions at Board meetings, and facilitates their attendance at important internal meetings other than Board meetings. Plant tours and other relevant site visits are also conducted as appropriate.

<Principle 5.1 Policy for Constructive Dialogue with Shareholders>
The Company believes that constructive dialogue with shareholders is crucial to enhancing corporate value over the medium to long term.
To promote constructive dialogue with shareholders, the Company strives to understand the shareholder structure and conducts various briefings and meetings, including presentations by the representative directors and IR officers, visits to domestic and overseas investors, and plant tours for investors. The results of these activities are reported to senior management and the Board of Directors, as necessary. When engaging in dialogue with shareholders, the Company takes care to prevent the leakage of insider information.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update Updated	June 26, 2026

Explanation for Applicable Items Updated

The Company discloses its action to implement management that is conscious of cost of capital and stock price in its "Plan: The Three Year Initiatives 2026 - Change! Journey of Hope - (Management Plan dated from April 2026 to March 2029 (FY2026-2028))"
For details, please see "Plan: The Three Year Initiatives 2026 - Change! Journey of Hope - (Management Plan dated from April 2026 to March 2029 (FY2026-2028))" on the Company's website at the following URL:
https://www.kaneka.co.jp/en/corporate/managementplan/pdf/enir2606051.pdf
Going forward, the Company will continue working to enhance its return on capital and market valuation.

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,780,200	11.26
Nippon Life Insurance Company（Standing proxy: The Master Trust Bank of Japan, Ltd.）	3,114,119	5.17
Sumitomo Mitsui Banking Corporation	2,937,183	4.88
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	2,825,040	4.69
MUFG Bank, Ltd.	2,193,507	3.64
Mitsui Sumitomo Insurance Company, Limited	2,104,800	3.49
Custody Bank of Japan, Ltd. (Trust Account)	2,043,100	3.39
Kaneka Business Partner Shareholding Association	1,446,700	2.40
STATE STREET BANK AND TRUST COMPANY 505223（Standing proxy: Mizuho Bank, Ltd.）	1,425,105	2.37
Kaneka Employee Shareholding Association	1,317,408	2.19

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	———
Name of Parent Company, if applicable	None

Supplementary Explanation Updated

MUFG Bank, Ltd. and three other companies submitted a Large Shareholding Report dated July 29, 2024, stating that they held the shares, etc. listed below as of July 22, 2024. However, since the Company is unable to confirm the actual number of shares held as of the end of the fiscal year, the information is presented based on the shareholder register as of March 31, 2026.
The details of the Large Shareholding Report submitted by MUFG Bank, Ltd. and three other companies are as follows.

Name or Company Name	Address	Number of Shares Owned (Thousand Shares)	Shares Owned as a Percentage of Total Shares Issued (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	2,308	3.50
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	1,762	2.67
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, Japan	402	0.61
First Sentier Investors RQI Pty Ltd	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo NSW 2000, Australia	163	0.25

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

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

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5. Other Special Circumstances Which Have a Material Impact on Corporate Governance

———

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board

Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	12
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors Among the Outside Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mamoru Mohri	Other											
Jun Yokota	Other											
Yuko Sasakawa	From another company											
Hiromi Miyake	Other											

* Categories for "Relationship with the Company"
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a Person who executes business for the Company or its subsidiary
b Person who executes business for or a non-executive director of the Company's parent company
c Person who executes business for a fellow subsidiary of the Company
d Person/entity for which the Company is a major client or a person who executes business for said person/entity
e Major client of the Company or a person who executes business for said client
f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit & Supervisory Board Member
g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reason for Appointment
Mamoru Mohri	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Mr. Mamoru Mohri and the Company.	Mr. Mamoru Mohri has diverse and abundant experience and achievements in leading-edge science and technology of the world. The Company holds "Moving toward an R&D-type company" as one of its management policies in its long-term management vision, and has made focused investment of its management resources in R2B (Research to Business). Therefore, the Company nominates him as an Outside Member of the Board candidate as he is expected to conduct appropriate oversight and provide objective and strategic advice regarding management in general at meetings of the Board of Directors of the Company, utilizing his advanced insight and global perspective. In addition, the Company has established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Mr. Mamoru Mohri is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Mr. Mohri has been designated as an independent director.
Jun Yokota	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Mr. Jun Yokota and the Company.	Mr. Jun Yokota has experience in, and insight into, international politics and economics, from having served as a diplomat, namely, the Ambassador to Israel and to Belgium, and a government representative in the EPA (Economic Partnership Agreement) negotiations with Europe. Therefore, the Company nominates him as an Outside Member of the Board candidate as he is expected to provide appropriate oversight as well as objective and strategic advice regarding management in general at meetings of the Company's Board of Directors, utilizing his global and diverse insight. In addition, the Company has established the Standards for the Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Mr. Jun Yokota is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Mr. Yokota has been designated as an independent director.
Yuko Sasakawa	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Ms. Yuko Sasakawa and the Company.	Ms. Yuko Sasakawa is a corporate manager with abundant experience and achievements in the development of human resources, including in educational training. The Company nominates her as an Outside Member of the Board candidate as she is expected to provide appropriate oversight as well as objective and strategic advice regarding management in general at meetings of the Company's Board of Directors, based on her professional insights and from the perspective of diversity. In addition, the Company has established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Ms. Yuko Sasakawa is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Ms. Sasakawa has been designated as an independent director.
Hiromi Miyake	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Ms. Hiromi Miyake and the Company.	Ms. Hiromi Miyake has abundant experience and achievements as a successful top athlete and coach both in Japan and abroad. The Company nominates her as an Outside Member of the Board candidate as she is expected to provide appropriate oversight as well as objective and strategic advice regarding management in general at meetings of the Company's Board of Directors, based on her versatile insights into diversity, human resources development and wellness. In addition, the Company has established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Ms. Hiromi Miyake is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Ms. Miyake has been designated as an independent director.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Compensation Advisory Committee	5	0	2	3	0	0	None
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Compensation Advisory Committee	5	0	2	3	0	0	None

Supplementary Explanation Updated

・The Company has established the Nomination & Compensation Advisory Committee as an advisory committee to the Board of Directors, to ensure the effective functioning of corporate governance measures.
・In the Nomination & Compensation Advisory Committee, when deciding on the selection and dismissal of the Company's directors and Audit & Supervisory Board Members, as well as directors' remuneration, independent outside directors express their opinions from a fair and impartial perspective in response to consultations by the representative directors and report the results to the Board of Directors.
・ The Nomination & Compensation Advisory Committee is made up of the Company's internal directors and independent outside directors. To ensure greater impartiality, the committee has a majority of independent outside directors.
・ In fiscal 2024, the Nomination & Compensation Advisory Committee met twice during the year. It discussed the nomination of candidates for directors and a substitute Audit & Supervisory Board Member, as well as compensation to be granted to directors, and reported the results to the Board of Directors.

Audit & Supervisory Board Members

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Departments

☐Cooperation between Audit & Supervisory Board Members and Accounting Auditor
The Audit & Supervisory Board Members receive regular reports from the Accounting Auditor and hold meetings to exchange opinions with the Accounting Auditor.
☐Cooperation between Audit & Supervisory Board Members and Internal Audit Departments
The Audit & Supervisory Board Members request reports, as appropriate, on the status of internal audits from the Internal Control Department, which serves as an internal audit department.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members Among the Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Fujiwara	Lawyer													
Yasuhiro Uozumi	Lawyer													

* Categories for "Relationship with the Company"
(Use "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category; "△" when the Audit & Supervisory Board Member fell under the category in the past; "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past.)

a Person who executes business for the Company or its subsidiary
b A non-executive director or an accounting advisor of the Company or its subsidiaries
c Person who executes business for or a non-executive director of the Company's parent company
d An Audit & Supervisory Board Member of a parent company of the Company
e Person who executes business for a fellow subsidiary of the Company
f Person/entity for which the Company is a major client or a person who executes business for said person/entity
g Major client of the Company or a person who executes business for said client
h Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit & Supervisory Board Member
i Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
j Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the Audit & Supervisory Board Member him/herself only)
k Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the Audit & Supervisory Board Member him/herself only)
l Person who executes business for an entity receiving donations from the Company (applies to the Audit & Supervisory Board Member him/herself only)
m Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Fujiwara	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Mr. Hiroshi Fujiwara and the Company.	Mr. Hiroshi Fujiwara has a high level of knowledge and abundant experience as a legal professional. Considering that valuable advice and opinions have been provided by him as an Outside Audit & Supervisory Board Member of the Company at meetings of the Board of Directors and the Audit & Supervisory Board from the perspective of legal compliance, the Company nominates him for the continuation of such service. In addition, the Company has established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Mr. Hiroshi Fujiwara is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Mr. Fujiwara has been designated as an independent Audit & Supervisory Board Member.
Yasuhiro Uozumi	○	There are no noteworthy personal, capital, transactional, or other relationships or interests between Mr. Yasuhiro Uozumi and the Company.	Mr. Yasuhiro Uozumi has served as the Vice Chairman of the Osaka Bar Association, and has a high level of knowledge and abundant experience as a legal professional. Considering that valuable advice and opinions have been provided by him as an Outside Audit & Supervisory Board Member of the Company at meetings of the Board of Directors and the Audit & Supervisory Board from the perspective of legal compliance, the Company nominates him for the continuation of such service. In addition, the Company has established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members. In light of these standards, the Company has determined that Mr. Yasuhiro Uozumi is independent from the current senior management team and does not pose any risk of conflicts of interest with general shareholders. Accordingly, Mr. Uozumi has been designated as an independent Audit & Supervisory Board Member.

Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

Number of Independent Directors and Independent Audit & Supervisory Board Members	6

Other Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

1. The Company has designated all outside directors and outside Audit & Supervisory Board Members who meet the qualifications for independence as independent directors and independent Audit & Supervisory Board Members.

2. An outline of the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members is provided below.

The independence of Outside Members of the Board or Outside Audit & Supervisory Board Members (collectively the "Outside Members of the Board/Audit & Supervisory Board Members") of the Company refers to such a person being independent from the Company's management without falling under any of the following:

(1) A person executing the business, etc. ("Executing Person") of the Company and its affiliates (hereinafter, "the Group") and their close relatives, etc.;

(2) A party for which the Group is a principal business partner or an Executing Person thereof;

(3) A principal business partner of the Group or an Executing Person thereof;

(4) A major shareholder of the Company (a party that directly or indirectly holds a voting interest of ten (10) % or more) or an Executing Person thereof;

(5) A Member of the Board and other Executing Person of an organization that has received a certain amount or more of donations or subsidies from the Group;

(6) An Executing Person of a company with which the Group has an arrangement for mutual secondment of Members of the Board and Audit & Supervisory Board Members;

(7) A person belonging or who has belonged in the past to an auditing firm conducting a statutory audit of the Company; or

(8) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than Member of the Board/Audit & Supervisory Board Member compensation from the Group (if the party receiving such consideration is a corporation, association or other entity, a person belonging to the said entity or a person who has belonged to the said entity in the past).

(Note 1) An Executing Person refers to those who conduct business operations or conducted business operations in the past, including Members of the Board (excluding Outside Members of the Board), Executive Officers and employees.

(Note 2) Close relatives refer to relatives within the second (2nd) degree of kinship of or relatives living in the same place with those who conduct important business operations, including Members of the Board (excluding Outside Members of the Board), Executive Officers and division managers.

(Note 3) A party for which the Group is a principal business partner refers to a business partner group (which means entities that belong to the consolidated group to which the direct business partner belongs; the same shall apply hereinafter) that supplies products and services to the Group, where the business partner group's trading amount with the Group exceeds two (2) % of the consolidated sales of the business partner group in the most recent fiscal year.

(Note 4) A principal business partner of the Group refers to those who fall under either of the following:
a. A business partner group to whom the Group supplies products and services, where the Group's trading amount with such group exceeds two (2) % of the Group's consolidated sales in the most recent fiscal year.
b. A financial institution group (which means entities that belong to the consolidated group to which the direct lender belongs) from which the Group has borrowed funds, where the total amount of the Group's borrowings from the financial institution group exceeds two (2) % of the Group's consolidated total assets at the end of the most recent fiscal year.

(Note 5) An organization that has received a certain amount or more of donations or subsidies from the Group refers to public interest incorporated foundations, public interest incorporated associations, non-profit organizations, etc. which receive donations or subsidies of over ten (10) million yen per year from the Group.

(Note 6) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than Member of the Board/Audit & Supervisory Board Member compensation from the Group refers to those who received such consideration other than Member of the Board/Audit & Supervisory Board Member compensation of over ten (10) million yen from the Group in the most recent fiscal year or those who belong to an entity which receives such consideration from the Group in amount exceeding two (2) % of the said entity's consolidated sales or gross income.

3. The Company holds the Independent Outside Directors' Meeting, comprising independent outside directors and independent outside Audit & Supervisory Board Members, at least once a year. The meeting discusses matters related to the Company's corporate governance, among other topics.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

The Company's stock options scheme was resolved at the 83rd Annual General Meeting of Shareholders held on June 28, 2007, in accordance with the Companies Act. However, following amendments to the Companies Act, a new resolution was passed at the 97th Annual General Meeting of

Shareholders. An outline of the new resolution is provided below.

(1) Total number of subscription rights to shares (upper limit of the number that may be granted)
Seventy-five (75) subscription rights to shares will be the upper limit of the number of subscription rights to shares that may be allotted to the Company's Directors (excluding Outside Directors) within one (1) year from the date of the Annual General Meeting of Shareholders for each fiscal year.

(2) Class and number of shares to be issued as a result of the exercise of subscription rights to shares
Two hundred (200) shares of the Company's common stock will be issued as a result of the exercise of one (1) subscription right to shares. In the event of the Company's stock split (including allotment of shares without consideration; the same applies hereinafter) or stock consolidation, the number of shares to be issued as a result of the exercise of one (1) subscription right to shares will be adjusted using the following formula. However, this adjustment will be made with respect only to the number of shares to be issued as a result of the exercise of subscription rights to shares that have not been exercised at that point in time, with any fraction less than one (1) share arising from the adjustment being rounded off.
Number of shares = Number of shares x Split/ consolidation
after adjustment before adjustment ratio
In the event of the Company's merger, company split, share exchange or share transfer, or any other unavoidable circumstances, the number of shares to be granted will be adjusted to a reasonable extent.

(3) Method of calculation of the amount to be paid in for subscription rights to shares
The amount to be paid in for each subscription right to shares will be the amount calculated by multiplying: (i) the option price per share calculated using the Black-Scholes model; by (ii) the number of shares granted. However, the obligation of a person allotted subscription rights to shares to pay the amount to be paid in as calculated above will be set off against the person's claim for remuneration from the Company granted to the person on the date of allotment of subscription rights to shares.

(4) Value of assets to be contributed upon exercise of subscription rights to shares
The value of assets to be contributed upon exercise of each subscription right to shares will be the amount calculated by multiplying: (i) the number of shares that will be allotted as a result of the exercise of the subscription right to shares; by (ii) one (1) yen, which is the price per share of the exercise of the right.

(5) Period of exercise of subscription rights to shares (period during which they may be exercised)
Subscription rights to shares may be exercised within a period of twenty-five (25) years commencing from the date following the date of allotment of the subscription rights to shares.

(6) Terms and conditions of exercise of subscription rights to shares
(i) If a person holding subscription rights to shares ceases to be a Director of the Company at any time during the period specified in (5) above, that person may exercise those subscription rights to shares within a period of ten (10) days only, commencing from the date following the date on which the person ceases to be a Director.
(ii) If a person holding subscription rights to shares exercises the subscription rights to shares, the person must exercise all (not part only) of the subscription rights to shares allotted to the person.
(iii) No subscription rights to shares may be pledged or otherwise disposed of in any way.
(iv) A person exercising subscription rights to shares must not have violated any laws or regulations, violated any internal rules, breached the allotment agreement, or committed any other act similar to any of the above.

(7) Restrictions on transfer of subscription rights to shares (transfer restrictions)
Any acquisition by transfer of subscription rights to shares will be subject to approval by a resolution of the Company's Board of Directors.

(8) Matters regarding acquisition of subscription rights to shares (conditions for acquisition)
If the Company's General Meeting of Shareholders approves (or, in the case where no resolution of the General Meeting of Shareholders is required, the Company's Board of Directors passes a resolution to approve) a proposal to approve a merger agreement under which the Company will be the extinct company, or an absorption-type company split agreement or an incorporation-type company split plan under which the Company will be the split company, or a share exchange agreement or a share transfer plan under which the Company will be a wholly-owned subsidiary, then the Company may, on the date separately designated by the Company's Board of Directors, acquire all subscription rights to shares remaining as of the same date, without consideration.

(9) Other details of subscription rights to shares
Particulars of the details described in (1) through (8) above and other details, etc. of subscription rights to shares will be determined at Board of Directors meetings at which the terms and conditions of subscription for subscription rights for shares will be decided upon.

Persons Eligible for Stock Options	Internal Directors

Supplementary Explanation for Applicable Items Updated

The Company grants stock options with the aim of further enhancing the motivation and morale of eligible persons to contribute to increases in the Company's stock price and the enhancement of corporate value, by sharing in the benefits and risks associated with stock price fluctuations.

Since fiscal 2017, the Company has newly granted stock acquisition rights (stock option remuneration) to executive officers as consideration for the performance of their duties.
In fiscal 2025, the Company granted stock acquisition rights (stock option remuneration) to 32 of its executive officers.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items Updated

The amount of remuneration and other compensation for the Company's directors and Audit & Supervisory Board Members for fiscal 2025 is as follows.

Total amount by type of remuneration

Category	Personnel eligible for payment	Total amount paid	Basic remuneration	Performance linked remuneration (bonus)	Non-monetary remuneration (stock option remuneration)
Directors	12	712 million yen	549 million yen	110 million yen	53 million yen
(Of which, outside directors)	(4)	(68 million yen)	(68 million yen)	(—)	(—)
Audit & Supervisory Board Member	4	82 million yen	82 million yen	(—)	(—)
(Of which, outside Audit & Supervisory Board Members)	(2)	(34 million yen)	(34 million yen)	(—)	(—)

Notes:
1. Amounts are rounded down to the nearest unit.
2. The amount for performance-linked remuneration (bonus) of 110 million yen is scheduled to be paid to 8 directors, excluding outside directors.
3. The amount for non-monetary remuneration (stock option remuneration) of 53 million yen is the cost amount recorded in fiscal 2025 for the stock acquisition rights granted to 8 directors, excluding outside directors.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration of our directors is appropriate, fair, and balanced. It aligns to the medium- to long-term interests of shareholders, increasing the motivation of Members of the Board toward maximizing the Company's corporate value. Remuneration for internal directors consists of monthly remuneration as fixed remuneration, bonuses as performance-linked remuneration, and stock option remuneration as non-monetary remuneration. Individual remuneration is determined according to the job responsibilities of each individual. For outside directors, only monthly remuneration is provided as fixed remuneration. The Company has established the Nomination & Compensation Advisory Committee, comprising the representative directors and independent outside directors, for the purpose of allowing the independent outside directors to express their opinions from a fair and impartial perspective in response to consultations by the representative directors when deciding on matters such as directors' remuneration, and report to the Board of Directors.

The remuneration of Audit & Supervisory Board Members consists of fixed remuneration and is determined within the upper limit approved by resolution of the General Meeting of Shareholders. The remuneration of each Audit & Supervisory Board Member is decided through discussions among the Audit & Supervisory Board Members on remuneration amounts based on their respective roles and responsibilities.

Support System for Outside Directors (and/or Outside Audit & Supervisory Board Members)

For outside directors, the secretariat of the Board of Directors seeks to provide full explanations of the background, purpose, and content of proposed agenda items for Board meetings in advance. Outside directors attend Board meetings and make appropriate remarks based on their wealth of knowledge. They also receive monthly business reports from directors and share opinions as appropriate. In addition, they meet regularly with the representative directors and attend meetings of the Nomination & Compensation Advisory Committee and the Independent Outside Directors' Meeting to exchange views.

Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and the Audit & Supervisory Board, where they make appropriate remarks. They also receive monthly reports from the full-time Audit & Supervisory Board Members on auditing operations, exchanging views and discussing critical matters. Furthermore, they meet with the representative directors and attend the Independent Outside Directors' Meeting to exchange opinions.

The Company has established a secretariat for the Audit & Supervisory Board and appointed assistants to support Board Members in their duties.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

Business Execution

Important matters concerning the Group's management are deliberated by the Management Committee, which comprises the president and other members. Following such deliberation, the Board of Directors passes resolutions on the execution of those matters.

The Board of Directors meets regularly at least once a month to discuss and pass resolutions on the execution of important matters stipulated by laws and regulations, the Articles of Incorporation, and the rules of the Board of Directors. The Board of Directors also requires directors to report on the status of their execution of duties and oversees the legality and appropriateness of the execution of those duties. There are at most 13 members on the Board of Directors. Of these, four are appointed as independent outside directors, in principle, to strengthen the Board of Directors' oversight function. Directors serve for a period of one year to clearly define management responsibilities. Moreover, the Company has adopted the executive officer system to rapidly and flexibly address changes in the business environment and to harmonize business execution and the oversight function. Division heads, including executive officers appointed by the Board of Directors, are given extensive authority over daily business execution, while directors assigned to each division oversee business execution. Monthly division head meetings are held in which each division head is required to report on the status of their execution of duties directly to the directors and Audit & Supervisory Board Members. Furthermore, the Executive Officers' Meeting is held monthly to share management policies and issues, with the aim of accelerating execution and achieving management goals speedily. The Engine of Sustainability Management has been established to ensure compliance with laws and regulations, fulfill accountability to stakeholders, and promote activities that contribute to the sustainable development of society.

Auditing and Supervision

The Audit & Supervisory Board comprises four members, two of whom are independent outside members, and performs audits in coordination with the Accounting Auditor and the Internal Control Department. Audit & Supervisory Board Members are given space to periodically exchange views with the representative directors, and monitor the state of business operations when necessary, by attending key meetings of the Board of Directors and those of the Management Committee, which decides on the implementation of important matters, as well as division head meetings.
Furthermore, the Internal Control Department evaluates internal control and conducts internal audits with respect to the operations of each of the Company's divisions and Group companies. The results are reported, as appropriate, to the president (representative director), the responsible directors, the Audit & Supervisory Board Members, and the Audit & Supervisory Board.
The certified public accountants who conducted the Company's accounting audit were Koji Narimoto, Masato Tateishi, and Junichi Morimoto, all of whom belong to KPMG AZSA LLC. The assistants involved in the accounting audit consisted of 21 certified public accountants and 49 other individuals.
With regard to oversight of business execution, the Board of Directors holds regular meetings at least once a month to deliberate and decide on important matters stipulated by laws and regulations, the Articles of Incorporation, and the rules of the Board of Directors, with the proceedings led by the Chairman of the Board of Directors.

Status of Measures to Strengthen the Functions of Audit & Supervisory Board Members

There are four Audit & Supervisory Board Members, two of whom are outside members. Full-time Audit & Supervisory Board Members have been appointed based on many years of experience in the Company's Accounting and Finance divisions and possess a high level of expertise in finance and accounting. A secretariat has been established for the Audit & Supervisory Board, and assistants have been appointed to support the Audit & Supervisory Board Members in the performance of their duties. In addition, one substitute Audit & Supervisory Board Member has been appointed in anticipation of a case in which the number of Audit & Supervisory Board Members might become less than the number provided for in the relevant laws and regulations.

Liability Limitation Contracts

The Company has entered into liability limitation contracts with four outside directors and two outside Audit & Supervisory Board Members to limit their liability with respect to liability for damages set forth in Article 423-1 of the Companies Act. The amount of liability for damages under these contracts will be limited to the minimum liability amount provided for in the relevant laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

・The Company currently has four independent outside directors and two independent outside Audit & Supervisory Board Members. Since both the overseeing of business operations by the Board of Directors and auditing by the Audit & Supervisory Board are functioning well, the Company has chosen to be a Company with Audit & Supervisory Board as its organization design under the Companies Act.
・The Company has adopted the executive officer system to harmonize the oversight function of directors with the business execution function, thereby facilitating decision-making and clearly defining roles. The Board of Directors decides on key management strategies and oversees the business operations of the entire Group, while executive officers handle business operations in their respective areas of responsibility.
・The Company has established the Nomination & Compensation Advisory Committee as an advisory committee to the Board of Directors, to ensure the effective functioning of corporate governance measures.

Roles of Independent Outside Directors

・The primary role of the independent outside directors is to provide effective advice, in light of their expertise, when the Board of Directors decides on management strategies and plans, and to express constructive opinions on the Company's management outcomes and the performance of the senior management team from the perspective of the common interests of shareholders.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	In principle, the Company strives to send out notices at least three weeks prior to the date of the General Meeting of Shareholders. For the 102nd Annual General Meeting of Shareholders held on June 26, 2026, the notices were sent on June 4, 2026.
Electronic Exercise of Voting Rights	Since 2006, it has been possible to exercise voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since 2008, the Company has participated in an electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares an English version (abridged translation) of the notice of convocation of the General Meeting of Shareholders.
Other	For the 102nd Annual General Meeting of Shareholders, as a means of electronically providing materials for the General Meeting of Shareholders, the Company posted and disclosed these materials on its website and the Tokyo Stock Exchange website on May 28, 2026.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds briefings after full year and quarterly earnings presentations, during which the representative directors and IR officers provide explanations.	Held
Online Disclosure of IR Information	The Company posts financial reports, securities reports, interim reports, integrated reports, earnings presentation materials and other related documents on its website. URL: https://www.kaneka.co.jp/en/	
Establishment of Department and/or Placement of a Manager in Charge of IR	IR Officer: Toshio Komori, Member of the Board, Managing Executive Officer IR Administrative Contact: Atsuya Inoguchi, Head of Investor Relations Department	

3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Such rules are stipulated in the ESG Charter.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company has established an ESG Charter and prepared integrated reports and then disclosed them on its website. In addition, the Company has established the Engine of Sustainability Management to help solve various social issues and sustainably enhance corporate value, with a view to overseeing various initiatives such as promoting corporate activities that respect all stakeholders. Within the Engine of Sustainability Management, the Company has established the following as real (task-specific) organizations: the General Affairs (Stakeholder Relations) Department, the Investor Relations Department, the Public Relations Department, the ESG Integrated Report Bureau, the Compliance Committee, the Safety Committee, the DX & Carbon Neutral Committee, the Work Culture Committee, the Diversity Committee, and the ESG Committee.

	(Approaches to human capital to foster diversity) <Human capital> −Strategy— The driving force behind the Company's growth is the challenges taken on by each employee. The Company creates an environment where employees can take on challenges, provides opportunities, encourages growth, and realizes transformation. This is the essence of the Company's human resource strategy as a Human Driven Company. The Company's human resource strategy is built on three pillars: (1) Development of human resources centered on the 1-on-1 Program; (2) Promotion of diversity; and (3) Promotion of Wellness. (1) Development of human resources centered on the 1-on-1 Program 〇To Deepen 1-on-1 Dialogue Kaneka's 1-on-1 program was introduced in FY2018 and is designed to encourage self-reflection among members (subordinates) and lead to actions that foster growth. Since the program was first introduced, the Company has consistently held workshops for managers to improve the quality of 1-on-1 dialogue and ensure the program is fully implemented. Starting in FY2023, the Company has also held workshops for members to help them proactively use 1-on-1 meetings as opportunities for personal growth. These initiatives stem from our commitment to helping each individual plan and achieve their career goals, and to growing and expanding together as a company. 〇Training Initiatives to Support Organizational Capacity Development Investment in human resource development is intended to strengthen the workforce that supports the execution of our business strategy, and the Company plans to increase this investment to 300 million yen in FY2027 (a 1.5-fold increase compared to FY2022). The Company is also reviewing and expanding our selectionand application-based, and tiered training programs, using the desired profile of employees and the necessary competencies as our starting point. Training time per person in FY2024 was 18.7 hours and training costs per person were 67,100 yen. The Company continues to provide opportunities for our employees to step away from their day-to-day work and grow, tailored to each individual's career path. 〇Leaders Driving the One Team The Company provides training opportunities for manager positions at each level. The Leadership Challenge is a mandatory curriculum for managers that originated at our overseas Group companies in 2008 and was introduced in Japan in FY2014. The program is held in a workshop format, with participants learning how to refine their values and exercise leadership. In addition, starting in FY2023, the Company has introduced a new follow-up coaching session. A total of 1,641 people have participated in the program as of FY2025. Hitotsubu-no-Tane Momi Juku, our program to train the next generation of executives, has trained 133 people from the time it started in FY2015 to FY2025. Nearly half of our general managers are graduates of the program. The chairman, president, and executive vice president take part in all sessions, spending a total of 12 days (about 100 hours) over eight months. Kaneka Creative Corner 2.0 is a global leadership training program focused on heads of national staff at overseas Group companies. In FY2025, participants, including Japanese department heads, took part in a total of five days (approximately 40 hours) of sessions. The Company is promoting our global strategy based on advice from members of the Board and discussions with participants. 〇DX Human Resources Development As part of our human resources strategy based on our management vision, the Company is committed to developing the next generation of human resources. The Company has developed a training curriculum based on the ideal profile of core DX human resources required to drive our DX strategy, in accordance with the IPA's (Information-technology Promotion Agency, Japan) digital skills standards. (2) Promotion of Diversity Regardless of age, gender, nationality, or other attributes, when each member's unique personality shines through, this diversity and the resulting diversity of perspectives spark new ideas. Our managers take the lead in promoting diversity in the workplace, working in tandem with Company-wide initiatives to support our global operations. 〇Supporting Women's Advancement to Foster the Will to Take on the Next Stage The Company provides tailored support at each stage to help every employee clearly envision their potential and next role, and to empower them to take on new challenges. In particular, for female team members, the Company has established opportunities for dialogue with female managers within the Company to help them envision their future roles. After being promoted to assistant manager, employees broaden their horizons through external programs, gain practical experience, and are promoted to manager positions based on their performance. In addition, for newly appointed managers who have assumed leadership roles over diverse teams, the Company provides support to help them develop a deeper understanding of their leadership responsibilities through dialogue with outside directors and executive officer. Currently, multiple women promoted from within the Company are serving as general managers, and the Company plans to increase the proportion of women in manager positions to 12% by the end of FY2030. The Company will continue to develop assistant managers and team members from a long-term perspective.
Other	〇Recruiting Human Resources with Diverse Experiences and Expertise To adapt to business changes and growth, the Company actively recruits individuals from diverse technical backgrounds and career paths, nurturing their development while

leveraging their respective experiences and expertise to strengthen our organization. For our new graduate recruitment program, the Company organizes visits to DX implementation sites, workshops for students at vocational schools specializing in information technology, and career education programs for students at technical colleges. In addition, when hiring mid-career professionals, the Company focuses on recruiting talent in fields that will support our current and future business expansion, such as people with certifications like licensed pharmacists, individuals with overseas assignment experience, and engineers.

〇Active Involvement of People with Diverse Backgrounds
Of the approximately 11,500 employees in the Kaneka Group, there are about 3,500 foreign nationals who are working around the world. The Company also organizes training programs from our overseas offices to Japan, where participants work to strengthen their professional networks. The FY2024 employment rate for people with disabilities is 2.65% (the legally mandated employment rate is 2.5%). The Company will continue to work on creating a supportive work environment and expanding job opportunities to increase the employment rate.

〇Glocal Human Resources Management
The Company has established systems to embed a borderless, global perspective in how the Company conducts business as a common foundation for the actions of all employees in Japan and overseas. Through this, the Company aims to develop people who can create value in an international environment. The Company conducts the global leadership training program Kaneka Creative Corner 2.0 for national staff managers to enable them to apply Kaneka's strong onsite capabilities—developed primarily at our domestic locations—in their local sites. The Company is also implementing Kaneka 1-on-1 sessions at each of our global locations to foster an organizational culture where teams, led by their leaders, work together to achieve ambitious goals.

(3) Promotion of Wellness
The Company is working to create an environment where employees can continue to work in good health and take on new challenges with confidence. By supporting each other's challenges and fostering bonds that enable us to tackle major goals together, the Company is promoting a culture of wellness that fosters the mutual growth of both individuals and the organization.

〇Understanding for Childcare and Nursing Care
To promote a better understanding of support for work-life balance, the Company disseminates information about our internal policies and guidebooks to all employees. The Company also provides opportunities for managers, such as lectures that encourage them to reflect on how to achieve organizational goals while supporting the individual careers and personal lives of team members, and to cultivate a mindset that allows them to enjoy their personal lives as well. By engaging with organizational managers, the Company is fostering a virtuous cycle at the workplace level. As one indicator of work-life balance, the percentage of men taking at least two weeks of continuous leave for childcare within one year of the child's birth has been well over our target of 30% and continues to rise each year.

〇Maintaining an Environment Where It Is Easy to Work
Maintaining physical and mental health and creating an environment where work can be promoted while workers are refreshed leads to a way of working that increases productivity and to reforms to the work culture. In FY2024, overtime work was 19.5 hours per month (target of 16.5 hours) and the number of days of paid leave taken was 14.6 days per year (target of 16.0 days). The Company aim to achieve the targets by focusing on two key areas: improving the performance of each employee and establishing systems that enable highly productive work.

〇Opportunities to Build Unity
The "Run, Run, Run. Kaneka" sports event, which has been held since FY2014, marked its 10th anniversary in FY2025. This major festival brings together Group companies from both Japan and overseas; in FY2025, 3,290 people participated, and 209 teams took part in the Ekiden. Many employees have taken up long-distance running as a result of this Ekiden, which not only strengthens the bonds within the Kaneka Group but also helps establish regular exercise habits and foster a greater awareness of health.

〇Taking a Close Look at Oneself with a Focus on Health
Specific health guidance is a program in which healthcare professionals, such as public health nurses, provide support to help individuals improve their lifestyle habits with the aim of preventing and managing metabolic syndrome. In accordance with standards established by the Ministry of Health, Labour and Welfare, health insurance associations are required to disclose the participation rates of all members, including not only employees but also their families. Nationwide participation rates are below 30%, but Kaneka had a rate of 69.9% in FY2024. In addition to providing ongoing support to participants, the Company also organizes events where families can join in, creating opportunities for everyone to engage with their bodies in a relaxed and enjoyable way.

－Indicator Targets－
Action plan for promoting women's inclusion (plan period: April 1, 2026 to March 31, 2031)
Target 1 Increase the proportion of women in manager positions to 12% or more by the end of FY2030 (At the time the target was established: 6.7%)
Target 2 Raise the rate of annual paid leave taken over the year to an average of 80% or more

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Updated

By resolution of the Board of Directors, the Company has established a basic policy concerning the system to ensure the appropriateness of operations (internal control system), as outlined below.
The Company strives to maintain the effectiveness of the internal control system by periodically reviewing this basic policy and revising it as necessary. For the current fiscal year, the policy was approved by resolution of the Board of Directors at a meeting held on March 25, 2026.

(1) System to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws, Regulations, and the Articles of Incorporation
a. The Company strengthens the oversight function of the Board of Directors by appointing, in principle, four independent outside directors.
b. The Nomination & Compensation Advisory Committee is established as an advisory committee of the Board of Directors to ensure that corporate governance measures function effectively.
c. The Independent Outside Directors' Meeting, comprising independent outside directors and independent outside Audit & Supervisory Board Members, is established to discuss topics including matters concerning the Company's corporate governance and to report issues, improvement measures, and so forth to the Chairman of the Board of Directors.
d. The Engine of Sustainability Management is established to help solve various social issues and sustainably enhance corporate value, with a view to overseeing various initiatives such as promoting corporate activities that respect all stakeholders.
e. Regarding corporate ethics and legal compliance, the Compliance Committee under the Engine of Sustainability Management oversees the promotion and auditing of necessary activities, including overseeing Company-wide plans, monitoring progress, confirming the compliance status, and establishing and maintaining appropriate consulting and whistleblowing channels.
f. The Safety Committee and other bodies under the Engine of Sustainability Management oversee the promotion of plans addressing Company-wide issues such as the environment and safety.
g. From a compliance perspective, the Company develops various internal rules and works to ensure their thorough dissemination and strict adherence through training seminars, self-inspections, audits and other measures.
h. The Company severs all relationships with antisocial forces and takes a resolute, Companywide stance to thoroughly deal with any unlawful or unjust demands. An internal department has been established to oversee the routine gathering and management of relevant information, and to coordinate with police, other outside organizations, and related bodies. Through these efforts, the Company works to build and strengthen the in-house structure for eliminating antisocial forces.
i. To ensure the reliability of financial reporting, the Company establishes internal controls over financial reporting and the Internal Control Department carries out the necessary monitoring activities.

(2) Regulations and Other Systems to Manage Risk of Loss
a. The Company's basic risk management policy is for each division to anticipate risks that may arise in the course of conducting operations or in relation to those operations, and take appropriate preventive measures, and, should a risk materialize, respond appropriately while obtaining the support of other related divisions.
b. Regarding preventive measures against potential risks, including those related to ethics and legal compliance, the Compliance Committee oversees the formulation and promotion of Company-wide plans.
c. If a risk materializes or is specifically expected to materialize, the Compliance Committee will work with the relevant divisions to respond appropriately.
d. The Company regularly inspects whether the above three items are being implemented properly, in order to prevent the risk management system from becoming a mere formality and to maintain and enhance its effectiveness.

(3) System to Ensure Efficient Performance of Duties by Directors
a. Through the executive officer system, the Company harmonizes the oversight function of directors with the business execution function, thereby facilitating decision-making and clearly defining roles.
b. Regarding daily business execution, division heads, including executive officers appointed by the Board of Directors, are given extensive authority to ensure agile execution, while directors assigned to each division oversee business execution.
c. The Board of Directors holds a regular meeting once a month to making decisions on important matters, receive reports on the status of business execution by directors, and carry out other such activities.
d. Important matters are executed following a resolution by the Board of Directors, following deliberation by the Management Committee in accordance with internal proposal and decision-making procedures based on the Decision Standards Table.
e. The Executive Officers' Meeting is held monthly to share management policies and issues, with the aim of accelerating execution and achieving management goals speedily.
f. Monthly division head meetings are held to communicate and ensure awareness of management policies, business results, and other matters, while designated division heads are required to report on their business plans and progress.
g. At the Independent Outside Directors' Meeting, discussions are held on the nature and methods of operation of the Board of Directors and other related matters, with the aim of enhancing the effectiveness of the Board of Directors.

(4) System for the Storage and Management of Information Related to the Performance of Duties by Directors
Information related to decision-making and business execution within the Company is stored and managed in accordance with laws, regulations, and internal rules.

(5) System to Ensure Appropriate Operations Within the Corporate Group Consisting of the Company and Its Subsidiaries
a. The organization and business operations of domestic and overseas subsidiaries as well as their risk management are performed in accordance with the "Guidelines for the Organization Building and Operation of Group Companies."
b. The Company's responsible divisions and other related divisions provide necessary support to the Compliance Committee of each subsidiary in developing, communicating, and ensuring adherence to various internal rules, such as the ESG Charter and the Code of Ethical Conduct. Furthermore, the Company's Compliance Committee reviews the overall compliance status, including that of its subsidiaries.
c. The Company appoints Audit & Supervisory Board Members at its domestic subsidiaries, and the Company's relevant divisions provide necessary guidance and support to ensure that the Audit & Supervisory Board Members can conduct effective audits. Meanwhile, the Company ensures the appropriateness of operations within the Group through internal audits and internal control evaluations carried out by the Internal Control Division at both domestic and overseas subsidiaries.
d. The Company regularly holds reporting sessions and similar events for domestic subsidiaries to communicate the Group's management policies and so forth, while requesting each Group company president to report on matters such as their management policies and progress toward targets. In addition, at global plant manager meetings, which includes overseas subsidiaries, the Company strives to improve functional business efficiency through such means as sharing plant safety measures.

(6) System for Directors, Employees, and Other Personnel of the Company and its Subsidiaries to Report to Audit & Supervisory Board Members and Systems for Other Forms of Reporting to the Audit & Supervisory Board Members, and System to Ensure that Persons Do Not Receive Unfavorable Treatment Due to Such Reporting

a. Any person who receives reports from directors, employees, or other personnel of the Company and subsidiaries shall, without delay, report the following matters to the Company's Audit & Supervisory Board Members.

1) Matters that pose the risk of causing a significant loss to the Company and its subsidiaries
2) Status of implementation of internal audits and internal control evaluations
3) Important compliance-related matters
4) Other important matters related to management

b. Important authorization documents shall be circulated among the Audit & Supervisory Board Members

c. The Company shall take care to ensure that persons who made the reports described in item a. above do not receive unfavorable treatment due to such reporting.

(7) Matters Concerning Employees Assigned to Assist Audit & Supervisory Board Members in Performing Their Duties, Matters Concerning the Independence of These Employees from Directors, and Matters Concerning Ensuring the Effectiveness of Instructions to These Employees

a. A secretariat is established for the Audit & Supervisory Board, and assistants are appointed to support the Audit & Supervisory Board Members in the performance of their duties.

b. The appointment, transfer, and evaluation of such assistants are decided with the approval of the Audit & Supervisory Board Members to ensure the independence of such assistants from the directors

c. Assistants to the Audit & Supervisory Board Members follow the directions and orders of the Audit & Supervisory Board Members.

(8) Other Systems to Ensure That Audits Are Conducted Effectively by the Audit & Supervisory Board Members

a. The representative directors and the Audit & Supervisory Board Members regularly hold meetings to exchange opinions.

b. The Audit & Supervisory Board Members receive, as necessary, explanations from directors and other personnel regarding the status of business execution.

c. The Audit & Supervisory Board Members attend meetings of the Board of Directors, division head meetings, Management Committee, and other important meetings.

d. The Audit & Supervisory Board Members promote cooperation with the accounting auditor by regularly receiving reports on matters such as the results of accounting audits from the accounting auditor, and by holding meetings to exchange opinions.

e. The Audit & Supervisory Board Members investigate, as appropriate, the status of business execution and asset management at the Company's places of business, including its head office and plants, as well as its subsidiaries.

f. The Audit & Supervisory Board Members, may, if necessary, consult with a certified public accountant, an attorney or other expert and the cost shall be borne by the Company.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Group has established the Code of Ethical Conduct, which sets forth the basic standards that the Company's directors, Audit & Supervisory Board Members, and employees must follow in the course of their duties. The Code of Ethical Conduct stipulates that the Company shall have absolutely no relationships with antisocial forces, shall respond resolutely to any demands from antisocial forces, and that unlawful or unjust demands must not be met on an individual level as well. In addition, executives and other members of top management shall take the initiative in exercising strict self-discipline to set an example in upholding these standards of behavior, while working to develop internal structures and ensure thorough awareness within the Company.
An internal department has been established to oversee the routine gathering and management of relevant information, and to coordinate with police, other outside organizations, and related bodies. Through these efforts, the Company will continue working to build and strengthen the in-house structure for eliminating antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items Updated

As a publicly listed corporation, the Company recognizes that it is only natural that its shares should be freely traded on the market. Therefore, even if a large-scale acquisition is attempted without the consent of the Company's Board of Directors, the Company would not necessarily oppose such an action, provided the acquisition contributes to enhancing the Company's corporate value and, by extension, the common interests of its shareholders, and the Company believes that such an action should be left to the judgment of the shareholders. However, when a large-scale acquisition of the Company's shares is undertaken, the Company considers it necessary to ensure that adequate information is provided to shareholders. Furthermore, if the Company is subject to a large-scale acquisition that threatens to harm the Company's corporate value and the common interests of its shareholders, such as an acquisition that is intended solely to advance the acquirer's personal gain, the Company believes it must take necessary and proper measures to protect its corporate value and the common interests of its shareholders. Therefore, the Company will request that any party seeking to conduct a large-scale acquisition of the Company's shares provide necessary and sufficient information to enable shareholders to make an appropriate decision regarding the proposed large-scale acquisition. Additionally, the Company will disclose the opinions and other relevant views of its Board of Directors and will take appropriate measures in accordance with the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, such as ensuring that shareholders are given the time and information needed to consider the proposed acquisition.

2. Other Matters Concerning the Corporate Governance System

Outline of the Timely Disclosure System
The status of the Company's internal system for the timely disclosure of its corporate information is as follows.

The Company has established the following system to ensure the appropriate disclosure of corporate information and has developed an environment that allows the system to function properly.
(1) The Investor Relations Department is designated as the division responsible for overseeing the timely disclosure of corporate information.
(2) For each category of information concerning decisions, information concerning facts which occurred, and information concerning financial results, the Company has established the procedures for disclosing corporate information, along with the divisions and organizations responsible for such disclosure. The Compliance Committee audits the status of the implementation of these procedures.

Diagram of Corporate Governance System

