This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Governance Report

CORPORATE GOVERNANCE RIKEN TECHNOS CORPORATION

Last Update: June, 22, 2026

RIKEN TECHNOS CORPORATION
Kazuaki Tokiwa, Representative Director, President & CEO
Contact: +81-3-5297-1632
Securities code: 4220
https://www.rikentechnos.co.jp/e/

The corporate governance of RIKEN TECHNOS CORPORATION (the "Company") is described below.

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

1. Basic Views

The Group shall establish a management organization system and structure, and implement necessary measures in order to achieve sustainable growth and improve corporate value over the medium to long term through the implementation of the "RIKEN TECHNOS WAY," its corporate philosophy. By positioning the strengthening of corporate governance as one of the most important management issues, the Group shall strive to strengthen the Group's competitiveness and ensure management transparency and fairness by establishing an effective governance system for the entire Group.

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

The Company complies with all principles in Japan's Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code

Updated

[Principle 1-4 Strategic-Holding Shares]

< Policy on Reduction of Strategic-Holding Shares >

With regard to strategic-holding shares, the Company shall ensure that the Board of Directors annually review specifically the rationality of holding each company's stocks including the cost of equity and the benefits of holding, and immediately reduce the ratio of strategic-holding shares to reach less than 10% of consolidated net assets. The cash generated by the reduction will be used primarily for growth investment and also for shareholder returns, and in this way we will accelerate medium to long term growth in the future.

In fiscal 2025, in addition to examining the appropriateness of holding individual stocks, including those held by consolidated subsidiaries, we conducted comprehensive examinations, including capital policies, and sold all or some of 6 of the 27 issues (stocks) held by the Company, bringing the balance of strategically held shares to approximately 11.3% of consolidated net assets. All proceeds from the sale were used to fund the acquisition of treasury stock so as to enhance shareholder returns.

. < Results of Strategic-Holding Shares Sales >

	FY2023	FY2024	FY2025
Number of issues sold	24 issues	15 issues	6 issues
Total proceeds from sales	2,577,949 thousand yen	1,830,136 thousand yen	914,719 thousand yen

< Standards for the Exercise of Voting Rights Related to Strategic-Holding Shares >

With regard to the exercise of voting rights for strategic-holding shares, the Company shall exercise voting rights by respecting the management policies and business strategies of the issuing company, and comprehensively taking into consideration whether or not there are any management concerns or the contents of the proposals contribute to the development of the issuing company's appropriate corporate governance system, whether or not such exercise contributes to the improvement of the medium- to long-term corporate value and

the sustainable growth of the Company and the issuing company, etc. In exercising voting rights, the Company shall also refer to the standards for exercising voting rights of the proxy-advisory firm.

[Principle 1-7 Transactions Between Related Parties]
In the event of transactions between the Company and the related parties, the Company implements appropriate procedures according to the contents and nature of such transactions, such as approval by the Board of Directors in accordance with the Companies Act and the Regulations on the Board of Directors. In addition, the Company discloses the results thereof in the Annual Securities Report, etc. in a timely manner in accordance with relevant laws and regulations.
Furthermore, the Company implements annual surveys on related-party transactions and monitors and supervises the Directors, etc. of the Company and companies of the Group.

[Principle 2-4 Ensuring Diversity Within the Company, Including Promoting the Activities of Women]
[Supplementary Principle 2-4-1]
< Views on Ensuring Diversity >
The Company will strive to ensure the diversity of our core human resources, as a measure to achieve the strategies outlined in the three-year Medium-term Business Plan: Strategy (1) Global One Company; Strategy (2) Staying ahead of customers' expectations; and Strategy (3) Taking on the challenge toward new businesses and products.
(The Group)
The Group, which operates globally, will strive to ensure the diversity of core human resources across the entire Group, fully considering the characteristics of each country and region, in order to grow together as a truly global company. In particular, viewing management personnel as core human resources, we will promote widespread awareness of the importance of diversity and set targets for the ratio of global human resources and female managers.
(i) Percentage of global human resources in managerial positions
We will appoint personnel with global experience to managerial positions in order for the entire Group to expand its businesses as a global company.
(ii) Percentage of women in managerial positions
We will actively recruit and train talented and motivated women throughout the Group and promote them to managerial positions, considering the characteristics and conditions of each country and region.

< Voluntary and Measurable Goals Related to Ensuring Diversity and the Status Thereof >

(The entire Group)	Current status (March 31, 2026)	Goal	Time of achievement
(i) Percentage of global human resources in managerial positions	21%	24%	March 31, 2028
(ii) Percentage of women in managerial positions	19%	20%	March 31, 2028

(Parent company)

The Company recruits and promotes a diverse range of human resources, regardless of gender, nationality, or whether they are new graduates or mid-career hires. In order to accelerate the global development of our businesses and respond quickly to the rapidly changing market environment in the future, we will actively recruit and promote human resources with differing experience, skills, and careers, establish a system for developing human resources that will enable these human resources to play an active role, and promote the development of a suitable environment. In particular, taking employees in managerial positions as our core human resources, the Company will work to spread a broad awareness of ensuring diversity, and set targets for the ratios of employees in managerial positions who are women, foreign nationals, and mid-career hires.

(i) Promotion of women to managerial positions
The Company will strengthen mid-career recruitment in departments where women are particularly expected to play an active role (such as administrative and sales departments) and promote these employees to managerial positions. In addition, in departments where a high level of expertise is required (such as research and development departments), the Company utilizes a specialist system (professional system) for managerial positions.

(ii) Promotion of foreign nationals to managerial positions
Focusing on the ASEAN region (priority region), where the Company is expanding global operations, we will strengthen the recruitment of students studying overseas and local hires, and will develop them as candidates for managerial posts. We will also strengthen the mid-career recruitment of managers able to play an active role globally. In the future, the Company will promote these employees to senior managerial positions, such as the heads of sites of consolidated subsidiaries overseas.

(iii) Promotion of mid-career hires to managerial positions
In order to respond to the increasingly diverse social environment and revitalize our organization in the future, we will strengthen mid-career recruitment beyond existing levels and thus take in new ideas and

technical expertise from outside the Company.

< Voluntary and Measurable Goals Related to Ensuring Diversity and the Status Thereof >

(Parent company)	Current status (March 31, 2026)	Goal	Time of achievement
(i) Promotion of women to managerial positions	4.5%	7.0%	March 31, 2028
(ii) Promotion of foreign nationals to managerial positions	0.8%	3.0%	March 31, 2028
(iii) Promotion of mid-career hires to managerial positions	32.3%	40.0%	March 31, 2028

< Human Resource Development Policy and Internal Environment Development Policy to Ensure Diversity and the Status Thereof >

(i) Human Resource Development Policy

Based on the idea that employees and the Company have a relationship of mutual growth, and "the employees' growth means the company's growth," our policy for human resource development aims for a state in which 1) each employee implements the "RIKEN TECHNOS WAY" and grows into human resources that the Company expects them to be; and 2) the Company achieves growth simultaneously by uniting the abilities possessed by each individual and exerting it as an organizational capability. We will support further development of the Company by providing places for optimal work and environments where each and every employee can demonstrate the abilities required by the Company. We will actively develop human resources who can win amid global competition, support the growth and success of employees, bring together enhanced individual abilities through dialogue, and demonstrate collective strengths of the team.

Based on these policies and ideas, we will respect the diversity of each and every employee and work to develop core human resources by giving them the opportunity to experience a career path in which they can fully leverage their abilities.

Furthermore, in addition to education based on on-the-job training that also enhances basic skills in a manner suited to the unique characteristics of each position, the Company will also create opportunities for growth by enhancing career development training and other human resource development training. Furthermore, in addition to education based on on-the-job training that also enhances basic skills in a manner suited to the unique characteristics of each position, the Company will create opportunities for growth through the promotion of DE&I as well as career development training and other forms of human resource development training.

(Specific measures)

- Support for career development in which supervisors provide guidance to subordinates concerning growth and a diverse range of career paths
- Enhancement of onboarding training (language, manners, career, etc.) to ensure the active role of foreign nationals
- Launch and implementation of Diversity and Inclusion Promotion Project

(ii) Internal Environment Development Policy

To become a globally competitive company, the policy for internal environment development of the Company is to establish systems and foster a culture so that employees with diverse individualities can play active roles at work. The Group will realize a diverse way of working and create schemes and environment where diverse human resources feel comfortable in exerting their individualities and work to their fullest potential freely and energetically.

(Specific measures)

- Utilization of a specialist system (professional system) for employees in positions that require a high level of expertise
- Launch and implementation of Diversity and Inclusion Promotion Project
- Education to change mindsets aimed at recognizing each other's diversity (e.g., being permissive of subordinates' workstyles)
- Strengthening of systems and initiatives that emphasize work-life balance (strengthening of initiatives such as the working-hour interval system and no-overtime days, etc.)

[Principle 2-6 Fulfilling the Role as Asset Owner of Corporate Pension]

In order to enable the corporate pension fund to fulfill its function as asset owner, the Company appoints and allocates appropriately qualified personnel, such as those with experience in accounting and finance divisions, etc. The corporate pension fund has established the asset management committee, which consults on important matters relating to the investment of pension assets, such as the formulation and revision of the basic policy and the basic portfolio, and periodically monitors the investment status, etc., and reports the results to the Management Committee.

Comprehensive evaluations are also implemented for the investment trustee by adding qualitative assessment to quantitative assessment.

[Principle 3-1 Enhancement of Information Disclosure]

(i) Company objectives (management philosophy, etc.), management strategies, and business plans

The Company has established the "RIKEN TECHNOS WAY" as its management philosophy and an overview is published on the Company's website.

https://www.rikentechnos.co.jp/e/company/philosophy/

In addition, as part of the management strategy and business plan, the Company has formulated a three-year Medium-term Business Plan (April 2025 to March 2028), which is published on the Company's website.

https://www.rikentechnos.co.jp/e/company/management_policy/

(ii) Basic views and policies on corporate governance

This information is as stated in "I. 1. Basic Views" of this report.

(iii) Policies and procedures for determining compensation for Directors and Executive Officers

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is set at an appropriate level of compensation in accordance with the positions and responsibilities of Directors, based on a compensation plan that motivates Directors to improve business performance in each fiscal year and improve corporate value over the medium- to long- term, while also enabling them to share value with shareholders.

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as short-term performance-linked compensation (cash and stock benefits) and stock-based benefits paid as medium- to long-term performance-linked compensation. Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits. However, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) who do not engage in business execution consists solely of supervisory compensation.

Compensation for Executive Officers consists of executive compensation, which consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits).

Compensation for Directors who are Audit & Supervisory Committee Members consists of supervisory compensation, which consists of a fixed amount of basic compensation (cash) that is not linked to performance and a fixed amount of stock benefits.

When determining the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Board of Directors consults in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports. In addition, the compensation for Directors who are Audit & Supervisory Committee Members is determined by deliberation among Directors who are Audit & Supervisory Committee Members within the limit amount determined by resolution of the General Meeting of Shareholders.

Furthermore, policies for determining the content of compensation, etc., for individual Directors are described in "II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" of this report.

(iv) Policies and procedures for the nomination of candidates for Directors and selection and dismissal of Executive Officers

When nominating candidates for Directors and selecting Executive Officers, the Company takes into consideration the knowledge, experience, and abilities of each individual, and takes care to ensure it maintains a well-balanced and diverse mix of human resources as a whole.

Specifically, regardless of gender, age, or nationality, on the assumption that the candidate is outstanding in character and has a high sense of ethics and legal compliance, the Company comprehensively reviews and makes a decision concerning whether the candidate is well versed in various management issues with superior management senses, whether inside or outside the Company, and is excellent in terms of initiative, leadership, activity, and planning, and other factors.

In addition, when nominating a candidate for Director for reelection or reselecting Executive Officers, the Company comprehensively reviews and makes a decision concerning matters such as the possibility of the candidate contributing to frank, active, and constructive discussions even after reappointment, taking into consideration continuously meeting the above appointment standards as well as the statements made at the meetings of the Board of Directors and the Management Committee during the term of office and the status of attendance at such meetings, and other factors.

In addition to the above standards, when nominating candidates for Directors who are Audit & Supervisory Committee Members, the Company makes decisions such that one (1) or more persons with considerable knowledge of finance and accounting are elected.

When nominating candidates for Directors and selecting Executive Officers, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports.

In addition, in the event that a Director or Executive Officer falls under any of the reasons for dismissal set forth by the Company, such as significantly poor performance in the course of business, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports. With regard to the dismissal of the President, the Board of Directors may hesitate to propose the dismissal of the President, which may hinder prompt decision-making. Therefore, if certain reasons are met, the Nomination Committee may recommend and propose the dismissal of the President to the Board of Directors.

(v) Explanation of individual selections, dismissals, and nominations when nominating Director candidates
Reasons for the nomination of each candidate for Director are provided in the Reference Documents for the General Meeting of Shareholders. Furthermore, in the event of dismissal, the Company will disclose related information in the Reference Documents for the General Meeting of Shareholders or via other appropriate methods.

[Supplementary Principle 3-1-3]
The Company has formulated the "RIKEN TECHNOS GROUP Sustainability Policy" as a basic policy on initiatives related to sustainability, and the Sustainability Committee are taking the lead in promoting related measures. Furthermore, the Sustainability Committee consists of all Executive Officers and is chaired by the President & CEO, with Outside Directors also participating as observers.
Furthermore, the "RIKEN TECHNOS GROUP Sustainability Policy" is published on the Company's website.
https://www.rikentechnos.co.jp/e/csr/sustainability/policy

The Company recognizes that addressing sustainability issues is an important management effort for its medium- to long-term business continuity. Based on this recognition, we are working to expand sales of environment-friendly materials, responding to climate change issues, and promoting SDGs initiatives.
In addition, the Company has established specific strategies for investments in human capital and intellectual property, etc., in the three-year Medium-Term Business Plan, and we are strengthening our efforts in this area.
The details of the three-year Medium-Term Business Plan are published on the Company's website.
https://www.rikentechnos.co.jp/e/company/management_policy/

Details of the Company's sustainability initiatives are provided in the section entitled "Approaches and Initiatives on Sustainability" at the end of this report. The latest status of initiatives is published on the Company's website.
https://www.rikentechnos.co.jp/e/csr/

In addition, we disclose information related to the impact of climate change risks and earnings opportunities on the Company's business activities, earnings, etc., on the Company's website based on the TCFD framework.
https://www.rikentechnos.co.jp/e/csr/environment/climate/

[Principle 4-1 Roles and Responsibilities of the Board of Directors (1)]
[Supplementary Principle 4-1-1]
The Company has adopted an Executive Officer System and promotes the considerable transfer of authority to execute operations. By positioning the Management Committee as the main decision-making body for business execution, the Company has taken steps to establish a flexible and strategic management system that can respond appropriately and promptly to rapid changes in the business environment. The Board of Directors strengthens the monitoring and supervision of the management by focusing on the deliberation of particularly important matters in the execution of business and the deliberation of matters of management supervision such as the basic policy of management and governance, in addition to the matters stipulated by laws and regulations and the Articles of Incorporation.
The Board of Directors, in addition to the "Regulations on the Board of Directors" and the "Regulations on the Management Committee," clearly defines the authority to make decisions according to the scale and nature of the business in internal regulations such as the "Regulations on the Collective Decision-Making" and the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries," and has established a system to enable efficient business execution.

[Principle 4-8 Effective Utilization of Independent Outside Directors]
The Company has elected one (1) Independent Outside Director out of the five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members) and three (3) Independent Outside Directors out of the four (4) Directors who are Audit & Supervisory Committee Members, and currently has four (4) Independent Outside Directors out of the nine (9) Directors. In order to maintain the transparency and soundness of management in the future, our policy is to elect Independent Outside Directors for at least one-third of Directors.
In addition, the Company facilitates the exchange of information and the sharing of awareness among Outside Directors by holding a Board of Outside Directors meeting composed exclusively of Outside Directors at least once every six (6) months. Furthermore, the primary Independent Outside Director has been selected by mutual voting between Independent Outside Directors, and serves as the Chairperson of the Board of Outside Directors.

[Principle 4-9 Independence Standards and Qualifications of Independent Outside Directors]
When electing Outside Directors, the Company elects persons who satisfy the "Independence Standards for Outside Directors" set forth by the Company, and who are capable of actively providing advice on management, supervising all aspects of management, supervising conflicts of interest, and fulfilling the role of reflecting the opinions of stakeholders at meetings of the Board of Directors.
In addition, when electing Outside Directors, the Company's policy is for the Nomination Committee to deliberate and determine their independence, and review the independence standards as necessary.
Furthermore, the "Independence Standards for Outside Directors" set forth by the Company are published on the Company's website as part of the "RIKEN TECHNOS GROUP Corporate Governance Policy."
https://www.rikentechnos.co.jp/e/csr/governance/corporate-governance/

[Principle 4-10 Utilization of Voluntary Systems]
[Supplementary Principle 4-10-1]
The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. In order to ensure the independence of these committees, Independent Outside Directors make up a majority of their members. In addition, their Chairpersons are selected by mutual voting between members, from among Independent Outside Directors.
< Authority and Role of the Nomination Committee >
- Based on consultations of the Board of Directors, the Nomination Committee ensures the appropriateness of personnel decisions made by the Board of Directors and enhances the transparency of such decisions by reporting on matters related to the election and dismissal of Directors, Executive Officers, and consultants and advisors, matters related to the formulation and revision of the Independence Standards for Outside Directors, matters related to the formulation and operation of succession plans for the Chief Executive Officer, etc., matters related to the creation and renewal of skill matrices for the Board of Directors, and other matters.
- The Nomination Committee deliberates and decides on the contents of recommendations for the Board of Directors in connection with the contents of the consultation of the Board of Directors.
- The Nomination Committee recommends and proposes the dismissal of the President to the Board of Directors in cases that fall under specific reasons.

< Authority and Role of the Compensation Committee >
- Based on consultations of the Board of Directors, the Compensation Committee ensures the appropriateness of compensation decisions of the Board of Directors and enhances the transparency of such decisions by reporting on matters related to the contents of proposals concerning compensation, etc. for Directors to be submitted to the General Meeting of Shareholders (including stock compensation), the compensation system (including stock compensation plan) for Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, and consultants and advisors, matters related to the contents of individual compensation, etc. (including stock compensation), and other matters.
- The Compensation Committee deliberates and decides on the contents of recommendations for the Board of Directors in connection with the contents of the consultation of the Board of Directors.

[Principle 4-11 Prerequisites for Ensuring the Effectiveness of the Board of Directors]
[Supplementary Principle 4-11-1]
The Company's Board of Directors consists of internal Directors who are broadly familiar with the Company's business operations and who have diverse expertise and experience. For Outside Directors, the Company elects independent persons who have a high level of insight and abundant experience in management, thereby ensuring that objective supervision and advice on all aspects of management can be obtained.
At present, the Board of Directors of the Company consists of nine (9) members (including four (4) Independent Outside Directors), including five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members) (including one (1) Independent Outside Director) and four (4) Directors who are Audit & Supervisory Committee Members (including four (3) Independent Outside Directors). The Company will continue to strive to maintain an appropriate size and composition for the Board of Directors, taking into account the balance of knowledge, experience, and abilities of the Board of Directors as a whole, ensuring of diversity, the revitalization of deliberations, and other factors, in the context of the Group's global business operations.
The Company has prepared a skill matrix that lists each Director's knowledge, experience, abilities, etc., and it is provided on the final page of this report.

[Supplementary Principle 4-11-2]
The status of important concurrent positions held by each Director is disclosed in the Business Report, Reference Documents for the General Meeting of Shareholders, and Annual Securities Report.

[Supplementary Principle 4-11-3]
(i) Methods of analysis and evaluation
In March 2026, a questionnaire (anonymous form) was administered to all Directors (9) regarding the evaluation of the effectiveness of the Board of Directors for fiscal 2025. Based on the responses to the

questionnaire survey, the effectiveness was analyzed and evaluated, and future issues and initiatives were discussed at the regular Board of Directors meeting held in April of the same year.

Based on the discussion mentioned above, the effectiveness evaluation of the Board of Directors for fiscal 2025 was finalized at the regular Board of Directors meeting held in May of the same year.

[Key points of evaluation for fiscal 2025]

① Advancement of internal control and company-wide risk management, ② relationships with shareholders and investors, and ③ investment in human capital (including the diversity of core human resources) and intellectual property and ④ business portfolio strategies

Furthermore, in addition to the above key points of evaluation, the Company's policy is to check the following items every year on an ongoing basis: ① results and issues of initiatives based on the results of the previous fiscal year's evaluation of effectiveness; ② composition (Outside Directors), state of operation, and agenda of the Board of Directors; and ③ "self-evaluation" of the items required of individual Directors.

(ii) Summary of results of analysis and evaluation of effectiveness

The Company analyzed and evaluated that the Board of Directors of the Company as a whole is functioning properly and that its effectiveness is sufficiently ensured. In particular, we confirmed that effectiveness has been ensured in the following areas.

・At the Board of Directors meeting, sufficient materials were provided in terms of both quality and quantity, and the proceedings were conducted appropriately.

・With regard to measures to enhance corporate value (including responses to the TOPIX review, business portfolio strategies, B/S reforms, and shareholder return measures) and other important management issues, there were sufficient discussions at the Management Committee, where Outside Directors were in attendance, and at off-site meetings such as social gatherings of Directors and Executive Officers.

・The Company implemented various initiatives, including increasing the incentive contribution to the Employee Stockholding Association, introducing a share-based compensation system for employees (J-ESOP), holding roundtable discussions in which officers and employees engaged in direct dialogue, and placing advertisements at railway stations. Efforts to enhance employee engagement steadily progressed, as reflected in the results of the employee awareness survey.

(iii) Results and issues related to efforts based on the results of the evaluation of effectiveness in the previous fiscal year

Based on the results of the evaluation of effectiveness in the previous fiscal year, the following measures were taken.

・Advancement of internal control and company-wide risk management

A regular information-sharing system was established with consolidated subsidiaries, and risk events and issues were shared in a timely manner, with countermeasures implemented accordingly. In addition, the status of issue improvements and further improvement measures were promptly reviewed and discussed, resulting in progress in enhancing group control and company-wide risk management.

・relationships with shareholders and investors

At SR interviews, IR interviews, Financial and Management Results Briefings, and other events, we disclosed information with a focus on capital efficiency, including ROIC/WACC and B/S management, and also implemented new initiatives such as the publication of sponsored research. In addition, various external announcements were made in a timely and appropriate manner, with content that could be read as a "growth strategy story."

・Investment in human capital and intellectual property

The increase in the incentive contribution to the Employee Stock Ownership Association and the introduction of a share-based compensation system for employees (J-ESOP) contributed to enhancing employees' awareness of the Company's share price and their sense of participation in management. In addition, we newly established a Human Capital Development Department and also improved its organizational structure to expand investment in human capital.

・Business portfolio strategies

Discussions on factory expansion plans and the improvement and future direction of unprofitable divisions were advanced, and discussions on the review of the business portfolio were deepened.

(iv) Issues to further improve effectiveness and details of future actions

It was confirmed that, overall, the effectiveness of the Board of Directors of the Company is ensured sufficiently. However, the following points will continue to be discussed to further improve its effectiveness.

・As for the relationships with shareholders and investors, we will strengthen initiatives for individual investors and overseas investors. In addition, we will continue to reflect opinions obtained through dialogue in our internal structure in a timely and appropriate manner and utilize them to enhance corporate value.

・For investment in human capital, we will strive to enhance employees' sense of participation in management and engagement, while focusing on the development of global human resources. For investment in intellectual property, we will advance discussions on company-wide intellectual property strategies and measures.

・For business portfolio strategies, we will deepen ROIC-oriented management and advance discussions on the expansion of corporate scale and the direction of growth strategy from a long-term perspective.

[Principle 4-14 Training for Directors]
[Supplementary Principle 4-14-2]
The Company's policy is to implement timely training tailored to each individual's skills so that Directors can sufficiently fulfill their expected roles, and provide them with adequate opportunities to understand the legal systems surrounding the Company, their amendments, and the Company's business, finance, organization, etc.
The Company implements new officer training for newly appointed internal Directors, and provides Outside Directors with sufficient opportunities to receive the explanation of business activities of the Company, inspect each business office, etc. In addition, outside lecturers hold seminars for all Directors on important themes such as governance and compliance on an annual basis, in principle.
Furthermore, Directors who are Audit & Supervisory Committee Members are members of the Japan Audit & Supervisory Board Members Association and participate in seminars and training sessions sponsored by the association to acquire and update the necessary knowledge required as Audit & Supervisory Committee Members.

[Principle 5-1 Policy on Constructive Dialogue with Shareholders]
The policy on establishing systems and initiatives to promote constructive dialogue with shareholders is as follows:
- The Executive Officer in charge of corporate planning shall supervise overall dialogue with shareholders, and take a variety of initiatives, including Financial and Management Results Briefings and individual interviews for institutional investors so that constructive dialogue can be realized.
- The Company's basic approach to dialogue with shareholders is for senior management, including the President and related Executive Officers, and Directors, including Outside Directors, to attend dialogue with shareholders (briefings, interviews, etc.) and engage in direct dialogue with shareholders, to the extent reasonable in accordance with the objective and content of the dialogue and the wishes of shareholders, etc.
  In addition, the Company will establish a system to enable it to accurately address the wishes of shareholders and the main matters of interest in interviews, through the appointment of a primary Independent Outside Director.
- Related divisions within the Company (corporate planning, accounting, finance, general affairs & legal, etc.) that assist in the dialogue shall work in cooperation with each other, such as jointly preparing various disclosure materials, etc. and providing opportunities to share information and knowledge for Financial and Management Results Briefings every six (6) months.
- In addition to ascertaining the shareholder structure on the register of shareholders, the Company shall identify beneficial shareholders through shareholder identification surveys as necessary and utilize such information for necessary measures such as IR activities.
- As a means of dialogue other than individual interviews, Financial and Management Results Briefings for institutional investors shall be held every six (6) months, and the progress of the Medium-Term Business Plan and other matters shall be fully explained, and related materials shall be disclosed.
- The opinions and concerns of shareholders identified through dialogue shall be reported to the Board of Directors, the Management Committee, etc., as appropriate, and information shall be shared and utilized by related divisions.
- The "Regulation on Insider Trading Prevention" shall be established to prohibit the transmission of material information that has not been disclosed, and internal education on information management shall be periodically implemented.

[Dialogue with Shareholders]
Based on "Principle 5-1. Policy on Constructive Dialogue with Shareholders," the Company promotes dialogue with shareholders as follows.
(i) General Meeting of Shareholders
The Company fully recognizes that the General Meeting of Shareholders is the highest decision-making body of the Company and also a place for constructive dialogue with shareholders, and thus strives to improve the environment from the perspective of shareholders with voting rights.
<Results for Fiscal 2025>
・Disclosure of Sustainability Information in the Business Reports
・Full disclosure of the notice of convocation in English
(ii) Dialogue with individual investors
We are working to enhance information disclosure on both financial and non-financial matters and to provide easy-to-understand explanations.
<Results for Fiscal 2025>
・Issuance of shareholder newsletter (only available in Japanese): Twice
・Revamping the corporate website
(iii) Dialogue with institutional investors
Senior management, including the President and relevant Executive Officers, holds Financial and Management

Results Briefings for institutional investors, and conducts IR interviews and SR interviews with institutional investors and major shareholders in Japan.
In fiscal 2025, we held dialogue on the main themes: the Company's management policies and strategies, and initiatives related to sustainability and corporate governance.
<Results for Fiscal 2025>
・Financial and Management Results Briefings held live online and at a venue: Twice
・Individual IR meetings (including conference calls): 54 times
・SR interviews with major shareholders (April 2026): 11 times
・Publication of the Integrated Report
・Disclosure of sustainability information in the CG Reports and the Annual Securities Reports
・Simultaneous disclosure in English of the following materials: Consolidated Financial Results; Timely Disclosure; Financial and Management Results Briefings; and Business Plan Briefing
(iv) Status of feedback of opinions and concerns identified during the dialogue
Opinions obtained through dialogue with shareholders and investors are reported as appropriate at the Management Committee and the Board of Directors meetings, and such information is shared among the relevant departments and incorporated appropriately and effectively into corporate activities. We will continue to actively engage in dialogue with shareholders and investors while focusing on the above initiatives to further enhance our corporate value.
<Major Results from Dialogue in Fiscal 2025>
・Business portfolio reform
In response to requests for clarification of business portfolio reform, we implemented the Mie Factory expansion plan and made capital investments in the food wrapping materials business.
・Capital Policies and Financial Strategies
In response to requests for balance sheet reform to create value, we used cash generated through balance sheet reform, in addition to operating cash flow, for growth and strategic investments and shareholder returns, and transferred a portion of the fixed assets of the Gunma Factory.
・Direction of human resource strategy aligned with management strategy
In response to requests for securing, developing, and allocating the human resources necessary for strategy execution, we made active investments in human resource acquisition and development.
・Dividend policy
In response to requests for reviewing the dividend policy, we introduced DOE (dividend on equity ratio) as the minimum dividend threshold in addition to the consolidated dividend payout ratio.
・Outside Directors
In response to requests for ensuring diversity among Outside Directors, we appointed one additional female Outside Director, increasing the number of female Outside Directors.

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 22,2026

Explanation of Actions Updated

The Company will strive to further enhance corporate value (stock price, PBR, etc.) by working to improve capital efficiency and reduce the cost of capital, while focusing on the two pillars of increasing our "Earning Power", and "Perpetuity and Sustainability" as stated in its Three-year Medium-term Business Plan (April 2025 to March 2028) as well as addressing Financial Strategy and Stakeholder Communication. Specifically, while utilizing ROIC and WACC by business segment, we will increase profitability by focusing on the allocation of management resources to segments with strengths and competitive advantages. In addition, we will achieve steady improvement in earnings by restructuring business and production facilities. We will also continue to make steady progress in environmental initiatives, including decarbonization, and in enhancing our governance and risk management, with the aim of reducing our cost of capital.

In regard to shareholder returns, we will adopt the higher of a consolidated dividend payout ratio of 35% or more

and a DOE (dividend on equity ratio) of 3.5% or more. In addition, while considering future business investment and capital enhancement, our basic policy is to provide stable and sustainable dividends. The Company will acquire treasury stock flexibly at an appropriate time to improve capital efficiency and shareholder profits, comprehensively taking into consideration the status of free cash flow and other factors.

While maintaining financial soundness, we will allocate management resources appropriately to shareholder returns and investment for growth from the perspective of enhancing corporate value. Details of our initiatives are disclosed on the Company's website.

https://www.rikentechnos.co.jp/e/ir/library/business_plan/

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%

Status of Major Shareholders

Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,949,000	10.25
Custody Bank of Japan, Ltd. (Trust Account)	1,908,200	3.95
Mizuho Bank, Ltd.	1,860,917	3.85
Resona Bank, Limited	1,860,565	3.85
Shin-Etsu Chemical Co., Ltd.	1,700,523	3.52
Meiji Yasuda Life Insurance Company	1,604,075	3.32
Marubeni Corporation	1,513,122	3.13
Mitsubishi Corporation	1,459,605	3.02
MITSUI & CO., LTD.	1,344,640	2.78
Sumitomo Mitsui Banking Corporation	1,284,630	2.66

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-
Name of Parent Company, if applicable	Not applicable

Supplementary Explanation

-

3. Corporate Attributes

Listed Stock Exchange and Market Segment	TSE Prime
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) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

-

5. Other Special Circumstances which May have Material Impact on Corporate Governance

-

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	12 / No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Takeshi Hagiwara	From another company								△			
Shigeru Ehara	From another company								△			
Aogi Suemura	Certified public accountant											○
Sachie Kinugawa	From another company								△			

*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 of the Company or a subsidiary
b. Person who executes business or a non-executive Director of a parent company
c. Person who executes business of a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
e. Major client of the Company or a person who executes business for such client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit and Supervisory Board Member compensation from the Company
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of 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 self only)
i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
k. Other

Outside Directors' Relationship with the Company (2) Updated

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Takeshi		○	(Career summary)	(Reasons for appointment

Hagiwara			April 1982 Joined Mitsubishi Corporation August 1991 Houston Branch, Mitsubishi Corporation (Americas) January 1996 Chlor-Alkali Dept., Mitsubishi Corporation January 2005 Unit Manager, Chlor-Alkali Unit, Commodity Chemicals Div. March 2010 General Manager, Chemicals Group CEO Office April 2012 Division COO, Functional Chemicals Div. April 2013 Senior Vice President, Division COO, Functional Chemicals Div. April 2015 Senior Vice President, Division COO, Commodity Chemicals Div. A April 2016 Executive Vice President, Group CEO, Chemicals Group April 2019 Executive Vice President, Group CEO, Petroleum & Chemicals Group (Retired in March 2021) March 2021 President, SPDC Ltd. (Retired in March 2025) As described above, Mr. Tsuyoshi Hagiwara was Executive Officer of Mitsubishi Corporation, which has transactions with the Company. The Company and Mitsubishi Corporation maintain a fair and reasonable transactional relationship in general, and the amount of transactions between them is insignificant.	and reasons for designation as an Independent Director) Mr. Tsuyoshi Hagiwara has many years of experience in the chemicals field at a major general trading company, as well as experience working overseas. In addition, he has extensive experience and broad insight gained through his involvement in corporate management as a corporate executive. The Company elected him as an Outside Director because we believe that he will contribute to the appropriate decision-making of the Board of Directors and the supervision of management from an independent standpoint by leveraging his knowledge and experience. Mr. Hagiwara has a background at Mitsubishi Corporation, a corporation with which the Company has transactions, but he retired in March 2021, and he is therefore not in a position to be influenced by its intentions. Furthermore, Mr. Hagiwara has no conflict of interest with general shareholders.
Shigeru Ehara	○	○	(Career summary) April 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. April 2011 Executive Officer, General Manager, Commercial Risk Solutions Department, Sompo Japan Insurance Inc.	(Reasons for appointment and reasons for designation as an Independent Director) Mr. Shigeru Ehara has deep insight into management derived from his involvement in companies in various types of businesses and industries through his experience working in casualty insurance companies and working as a corporate executive. He also has

			April 2013 Director, Managing Executive Officer, Sompo Japan Insurance Inc. Managing Executive Officer, NIPPONKOA Insurance Company, Limited Executive Officer, NKSJ Holdings, Inc. June 2013 Director, Executive Officer, NKSJ Holdings, Inc. September 2014 Director, Managing Executive Officer, Sompo Japan Nipponkoa Insurance Inc. Director, Managing Executive Officer, Sompo Japan Nipponkoa Holdings, Inc. April 2016 Director, Senior Managing Executive Officer, Sompo Japan Nipponkoa Insurance Inc. Director, Senior Managing Executive Officer, Sompo Japan Nipponkoa Holdings, Inc. November 2016 Representative Director, Senior Managing Executive Officer, Sompo Holdings, Inc. April 2017 CEO, Overseas Insurance and Reinsurance Business, Representative Director, Senior Managing Executive Officer April 2018 Deputy President and Senior Executive Officer, Sompo Japan Nipponkoa Insurance Inc. (Retired in June 2018) Director, Deputy President and Senior Executive Officer, Sompo Holdings, Inc. (Retired in June 2018) June 2018 Executive Director,	considerable knowledge in global corporate management through his extensive overseas work experience. He has provided wide-ranging and objective audits and advice to the management as an Outside Director serving as Audit & Supervisory Committee Member since June 2022. The Company elected him as an Outside Director serving as Audit & Supervisory Committee Member because we believe that he will continue to contribute to the auditing and supervision of the Group's management. Mr. Ehara has a background at Sompo Japan Nipponkoa Insurance Inc. (current Sompo Japan Insurance Inc.), with which the Company has transactions, but he retired in June 2018, and he is therefore not in a position to be influenced by its intentions. Furthermore, Mr. Ehara has no conflict of interest with general shareholders.

			General Insurance Rating Organization of Japan (Retired in June 2022) June 2022 Outside Director serving as Audit & Supervisory Committee Member, RIKEN TECHNOS CORPORATION (to present) Notes: 1. The Yasuda Fire & Marine Insurance Co., Ltd., Sompo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, and Sompo Japan Nipponkoa Insurance Inc. are currently named as Sompo Japan Insurance Inc. 2. NKSJ Holdings, Inc. and Sompo Japan Nipponkoa Holdings Inc. are currently named as Sompo Holdings, Inc. As described above, Mr. Shigeru Ehara was an Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (current Sompo Japan Insurance Inc.), which has transactions with the Company. The Company has entered into a casualty insurance policy with Sompo Japan Insurance Inc., but the transaction amount is insignificant.	
Aogi Suemura	○	○	(Career summary) October 1992 Joined Asahi Shinwa & Co. (current KPMG AZSA LLC) April 1996 Registered as certified public accountant August 1999 Joined GOLDCREST Co., Ltd. January 2002 Joined Sumitomo Shoji Financial Management Co., Ltd. November 2004 Joined Deloitte Touche	(Reasons for appointment and reasons for designation as an Independent Director) Ms. Aogi Suemura has engaged in operations such as supporting development of statutory audit/internal control systems for listed companies as a partner of a major audit corporation, and experienced mainly in consolidated financial reporting operations and M&A accounting at major companies as well. She also has extensive knowledge and experience in corporate accounting and management

			Tohmatsu (current Deloitte Touche Tohmatsu LLC) June 2008 Partner January 2022 Representative, Aogi Suemura Certified Public Accountant Firm (to present) June 2022 Outside Director serving as Audit & Supervisory Committee Member, RIKEN TECHNOS CORPORATION (to present) March 2023 Outside Audit & Supervisory Board Member, Nippon Denko Co., Ltd. March 2024 Outside Director (Audit & Supervisory Committee Member) (to present) June 2024 Outside Director (Audit & Supervisory Committee Member), Nomura Real Estate Holdings, Inc. (Retired in December 2025)	as a certified public accountant. She has provided wide-ranging and objective audits and advice to the management as an Outside Director serving as Audit & Supervisory Committee Member since June 2022. The Company elected her as an Outside Director serving as Audit & Supervisory Committee Member because we believe that she will continue to contribute to the auditing and supervision of the Group's management. Although she has not been involved in corporate management in any way other than being an outside director, based on the above reasons, the Company has judged that she can appropriately perform her duties as an Outside Director serving as Audit & Supervisory Committee Member. Furthermore, Ms. Suemura has no conflict of interest with general shareholders.
Sachie Kinugawa	○	○	(Career summary) April 1988 Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.) August 2004 General Manager, Market Sales Department No. 4, Mizuho Securities Co., Ltd. June 2008 General Manager, Diversity Promotion Office, Human Resources Department April 2010 General Manager, Wealth Management Department April 2013 General Manager of Seijo Branch April 2015 General Manager of Nagoya-Ekimae Branch	(Reasons for appointment and reasons for designation as an Independent Director) Ms. Sachie Kinugawa has held senior positions at major financial institutions and securities firms, and has extensive experience and broad knowledge as a corporate manager. The Company nominated her as a candidate for Outside Director serving as Audit & Supervisory Committee Member because we believe that she will contribute to strengthening the effectiveness of the decision-making and supervisory functions of the Board of Directors, providing advice and recommendations on the management and diversity of the Group, and supervising business execution from a standpoint independent of management. Furthermore, Ms. Kinugawa has no conflict of interest

			April 2017 Executive Officer; General Manager of Nagoya Branch April 2019 Executive Officer, in charge of Retail & Business Banking April 2021 Representative Director and President, Mizuho Business Partner Co., Ltd. (retired in March 2025) June 2023 Outside Director, The Bank of Nagoya, Ltd. (to present) June 2025 Outside Director serving as Audit & Supervisory Committee Member, RIKEN TECHNOS CORPORATION (to present) June 2025 Outside Audit & Supervisory Board Member of Nissan Chemical Corporation(to present) June 2025 Outside Director of Takachiho Koheki Co., Ltd. (to present) As described above, Ms. Sachie Kinugawa was an Executive Officer of Mizuho Securities Co., Ltd, which has transactions with the Company. The Company and Mizuho Securities Co., Ltd generally have a fair and reasonable business relationship and the amount of transactions is negligible.	with general shareholders.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson Updated

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee in performing its duties, and several dedicated employees are appointed to the Audit Department. To ensure the independence of these employees, all rights to command and order them are delegated exclusively to the Audit & Supervisory Committee, and these employees are not commanded or ordered by departments conducting business operations or any of the Directors (excluding Directors serving as Audit & Supervisory Committee Members). In addition, any decision on a personnel transfer, personnel evaluation, or disciplinary measures, etc. for these employees is made subsequent to the approval from the Audit & Supervisory Committee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit & Supervisory Committee takes steps to ensure close cooperation with the Accounting Auditors, including receiving regular explanations of audit plans and reports on audit results from the Accounting Auditors, and obtaining information on the status of audits as appropriate during the fiscal year. In addition, the Audit Department, which is the internal audit department, reports directly to the Audit & Supervisory Committee. As such, the Company has established a system that enables it to conduct systematic and effective audits using internal control systems, through clear orders and instructions from the Audit & Supervisory Committee to the Audit Department and reporting systems, as well as joint audits in Japan and overseas as necessary. The Audit Department has built an effective dual reporting line, which reports the status of internal audits to the Audit & Supervisory Committee as well as the Management Committee and the Board of Directors and makes monthly regular reports to the Representative Director, President & CEO.
The Audit & Supervisory Committee, Accounting Auditors, and Audit Department hold meetings to exchange views every six (6) months, and a system is therefore in place for the multifaceted exchange of information related to various management issues.

Voluntary Established Committee(s)

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 Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	6	0	2	4	0	0	Outside Director

Supplementary Explanation Updated

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. Both committees seek to substantiate discussions by including multiple Inside Directors as members in consideration of their skills, etc. At the same time, a majority of members of the committees are Independent Outside Directors to ensure transparency and objectivity in the

process and content of nominations and remuneration. In addition, their Chairpersons are selected by mutual voting between members, from among Independent Outside Directors.
When nominating candidates for Directors and selecting Executive Officers, and when making decisions concerning the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Board of Directors consults in advance with the Nomination Committee concerning the nomination of Director candidates and the selection of Executive Officers and the Compensation Committee concerning the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, and makes decisions with respect for the results of these committees' reports.
In fiscal 2025, the Nomination Committee held four (4) meetings chaired by Outside Director (Audit & Supervisory Committee Member) Shigeru Ehara, and it deliberated on matters such as the selection of candidates for Directors and Executive Officers, as well as succession plans. The Compensation Committee held three (3) meetings chaired by Outside Director (Audit & Supervisory Committee Member) Shigeharu Nakamura, and it deliberated on matters such as the individual compensation (basic compensation, performance-linked bonuses, and stock benefits) for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers.
The attendance of each Committee member at both Committees' meetings is provided in "Attendance of Individual Directors" at the end of this report.

Matters Concerning Independent Directors

Number of Independent Directors	4

Other Matters Concerning Independent Directors

The Company designates all outside officers who meet the qualifications for independent officers as independent officers.

Independence Standards for Outside Directors of the Company are described below.

The Company deems that Outside Directors of the Company are independent if they are judged not to fall under any of the following:

1. A person who has been an Executive (*1) of the Company or subsidiaries of the Company (hereinafter referred to as "Each Group Company") at present or in the most recent ten (10) years;

2. A person who falls under the following items at present or in the most recent three (3) business years:

(1) A person with a relationship with major business partners of Each Group Company (*2) or an Executive thereof;

(2) A major borrower (*3) of Each Group Company or an Executive thereof;

(3) A major shareholder of the Company (*4) (if such major shareholder is a juridical person, a person who is an Executive of the juridical person);

(4) A consultant, accounting specialist, legal specialist, etc. who has received a large amount of money or other property (*5) from Each Group Company in addition to compensation for officers (if a person who has received such property is an organization such as a juridical person or association, the person belonging to such organization);

(5) A person who belongs to an auditing firm that is the Accounting Auditor of Each Group Company;

(6) An Executive of a party under mutual appointment as Outside Officer; or

(7) A person receiving a large amount of donations or grants (*6) from Each Group Company or an Executive thereof.

3. A spouse or relative within the second degree of kinship of a person who falls under any of the items of 1 or 2 above; or

4. A person whose total term of office as an Outside Director of the Company exceeds ten (10) years.

(Notes)

*1 An Executive includes a Director, Corporate Officer, Executive Officer, manager, or other employees who execute the business of a juridical person or other organizations.

*2 Relationship with major business partners is defined as the case in which the total amount of transactions with Each Group Company accounts for two percent (2%) or more of consolidated sales (average for the most recent (3) business years) in either of the Company or business partners (including their parent company and significant subsidiaries) in the most recent (3) business years.

*3 A major borrower is defined as the case where the total amount of borrowings by Each Group Company accounts for two percent (2%) or more of the total consolidated assets (average for the most recent (3) business years) as of the last day of the most recent (3) business years.

*4 A major shareholder means a person who holds ten percent (10%) or more of the total voting rights directly or indirectly.

*5 A large amount of money or other property means ten million (10,000,000) yen or more per year.

*6 Large amount of donations or grants means ten million (10,000,000) yen or more per year.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items Updated

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation.
Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as short-term performance-linked compensation (cash and stock benefits), and stock-based benefits paid as medium- to long-term performance-linked compensation. Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits. However, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) who do not engage in business execution consists solely of supervisory compensation.
Policies for determining the content of compensation, etc., for individual Directors are described in "II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" of this report.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

-

Director Remuneration

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

Supplementary Explanation for Applicable Items Updated

1. Compensation, etc. for Fiscal 2025 (97th Fiscal Year)
Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors): 4
Total: 203,975 thousand yen (basic compensation: 120.471 thousand yen, bonuses (cash): 63,044 thousand yen, bonuses (stock benefits): 10,425 thousand yen, fixed stock benefits: 10,033 thousand yen)
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors): 1

Total: 17,733 thousand yen (basic compensation: 16,800 thousand yen, bonuses (cash): – yen, bonuses (stock benefits): – yen, fixed stock benefits: 933 thousand yen)

Outside Directors (Audit & Supervisory Committee Members): 4

Total: 37,911 thousand yen (basic compensation: 36,000 thousand yen, bonuses (cash): – yen, bonuses (stock benefits): – yen, fixed stock benefits: 1,911 thousand yen)

Notes:

1) The maximum amount of compensation for Directors (excluding Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 250 million yen per year (including compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers). The number of Directors (excluding Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4).
Furthermore, the corresponding amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) for fiscal 2025 (the 97th fiscal year) was 183,516 thousand yen (basic compensation: 120,471 thousand yen, bonuses (cash): 63,044 thousand yen).

2) The maximum amount of compensation for Directors (Audit & Supervisory Committee Members) was resolved at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 60 million yen per year. The number of Directors (Audit & Supervisory Committee Members) at the conclusion of this Ordinary General Meeting of Shareholders was four (4). Furthermore, the corresponding amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) for fiscal 2025 (the 97th fiscal year) was 52,800 thousand yen (basic compensation for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors): 16,800 thousand yen, basic compensation for Outside Directors: 36,000 thousand yen).

3) Separately to the amounts of remuneration in the items 1) and 2) above, at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, a resolution was adopted to introduce a stock-based compensation plan "Board Benefit Trust (BBT)," and at the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021, a resolution was adopted to make partial revisions to this plan. Under this stock-based compensation plan, for each period of three (3) fiscal years starting from the fiscal year ended March 31, 2017, the Company will establish a trust with the contribution of cash of up to 210 million yen (including 150 million yen for Directors (excluding Audit & Supervisory Committee Members), 18 million yen for Directors (Audit & Supervisory Committee Members), and 42 million yen for Executive Officers who do not serve concurrently as Directors) as funds necessary for the acquisition of shares corresponding to the three (3) fiscal years. The number of Directors (excluding Audit & Supervisory Committee Members) was five (5) and the number of Directors (Audit & Supervisory Committee Members) was four (4) at the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 18, 2021.

4) The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes 113,100 thousand yen in compensation for duties performed as Executive Officers by Directors serving concurrently as Executive Officers.

5) The total amount of compensation, etc., for Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 20,458 thousand yen for the Board Benefit Trust (BBT) and 63,044 thousand yen in provisions for officers' bonuses, recorded in fiscal 2025 (the 97th fiscal year).

6) The total amount of compensation, etc., for Directors (Audit & Supervisory Committee Members) (excluding Outside Directors) includes provisions of 933 thousand yen for the Board Benefit Trust (BBT), recorded in fiscal 2025 (the 97th fiscal year).

7) The total amount of compensation, etc., for Outside Directors (Audit & Supervisory Committee Members) includes provisions of 1,911 thousand yen for the Board Benefit Trust (BBT), recorded in fiscal 2025 (the 97th fiscal year).

2. Amount of Compensation, etc., Paid for Fiscal 2025 (97th Fiscal Year) Other than the Above Item 1.

The Company paid a total of 89,823 thousand yen (66,727 thousand yen in cash and 23,096 thousand yen in stock benefits) to 4 Directors (excluding the Audit & Supervisory Committee Members) as bonuses (cash and stock benefits) for fiscal 2025 (the 97th fiscal year).

This amount includes provisions of 47,286 thousand yen for officers' bonuses and 14,994 thousand yen in provisions for the Board Benefit Trust (BBT) recorded in the relevant fiscal year.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof Updated	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

< Policy for Determining Individual Compensation, etc., for Directors >

1. Basic Policy
   Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is set at an appropriate level of compensation in accordance with the positions and responsibilities of Directors, based on a compensation plan that motivates Directors to improve business performance in each fiscal year and improve corporate value over the medium to long term, while also enabling them to share value with shareholders. To ensure objectivity and transparency when determining these levels, respect is shown to the opinions of the Compensation Committee, where more than half of the members are Independent Outside Directors.
   Specifically, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses short-term as performance-linked compensation (cash and stock benefits), and stock-based benefits paid as medium- to long-term performance-linked compensation. Supervisory compensation consists of a fixed amount of basic compensation (cash) and a fixed amount of stock benefits. However, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) who do not engage in business execution consists solely of supervisory compensation.

2. Policy for Determining the Amount of Individual Compensation, etc., for Basic Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)
   Of executive compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined for the current fiscal year based on the basic compensation standards in accordance with position and rank (evaluation), and adjusted for the Company's performance (consolidated) in the case of those who serve concurrently as Executive Officers with special titles of Managing Executive Officer or higher, and adjusted for their responsibilities in the current fiscal year, the expected level of performance in the departments under their supervision, and their expected level of contribution to the company-wide strategy in the case of other Directors (excluding Directors serving as Audit & Supervisory Committee Members).
   In addition, of supervisory compensation, basic compensation consists of fixed compensation paid monthly as cash, after the amount of individual compensation is determined in accordance with whether the Director has the authority of representation and whether the Director engages in business execution.

3. Policy for Determining the Calculation Method for the Content, Amount, and Number of Performance-Linked Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)
   Performance-linked compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) consists of a bonus as short-term performance-linked compensation (cash and stock benefits) and stock benefits paid as medium- to long-term performance-linked compensation.
   Bonuses (cash and stock benefits) paid as short-term performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) is calculated by adjusting the amount of basic bonuses, which is set based on basic compensation (cash) as a component of individual executive compensation, for the level of achievement of the following short-term performance-linked indicators for the relevant fiscal year, and a certain percentage of the bonuses is paid as stock benefits according to the position of the Director. Furthermore, bonuses are paid in July of each year.
   Short-term performance-linked indicators consist of company performance indicators and individual performance indicators. However, performance-linked indicators for Directors who serve concurrently as Executive Officers with special titles of Managing Executive Officer or higher consist only of company performance indicators.
   Company performance indicators are calculated using consolidated operating profit, consolidated ordinary profit, and ROE, to motivate the improvement of business performance for the relevant fiscal year. Individual performance indicators are calculated using the performance of departments under supervision and contribution to the company-wide strategies in order to reflect the execution of duties by individuals and their contribution to the realization of management strategies in their compensation.
   The amount of the stock benefit as medium- to long-term performance-linked compensation is calculated taking into account the level of achievement rate of the following medium- to long-term performance-linked indicators for the relevant fiscal year in addition to the fixed amount for each individual. Stock benefits are paid in July of each year.
   The medium- to long-term performance-linked indicators consist of Medium-term Business Plan target-linked indicators, materiality-linked indicators, human resource diversity-linked indicators, and individual contribution indicators in order to motivate the enhancement of corporate and shareholder value over the medium- to long-term. However, performance-linked indicators for Directors who serve concurrently as Executive Officers with special titles of Managing Executive Officer or higher consist only of Medium-term Business Plan target-linked indicators, materiality-linked indicators, and human resource diversity-linked indicators. Medium-term Business Plan target-linked indicators are calculated using consolidated operating profit, ROE, ROIC, and EBITDA. Materiality-linked indicators are calculated using multiple material issue KPIs. Human resource diversity-linked indicators are calculated using diversity-linked indicators for management positions in the Group as a whole and the diversity-linked indicators for core human resources

in the Company on a non-consolidated basis.
Individual contributions indicators are calculated based on a comprehensive assessment of the level of contribution to achieving the targets in the Medium-term Business Plan, material issues, and human resource diversity.

4. Policy for Determining the Calculation Method for the Content, Amount, and Number of Non-cash Compensation (Including Policies Related to Determining the Timing or Terms of Compensation, etc.)
Stock benefits (performance-linked compensation as a component of executive compensation and supervisory compensation), which are a form of non-cash compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), consist of a Board Benefit Trust (BBT). Points corresponding to the amount of compensation are granted in July of each year, and a number of stock benefits corresponding to the number of points is paid upon retirement.
Of executive compensation, stock benefits paid as performance-linked compensation are determined as described in the above item 3. In addition, of supervisory compensation, stock benefits paid are a fixed amount, determined on an individual basis.

5. Policy for Determining the Ratio of the Amount of Cash Compensation, the Amount of Performance-Linked Compensation, etc., and the Amount of Non-cash Compensation, etc. to the Amount of Individual Compensation, etc., for Directors
With regard to compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members), for each individual, the ratio of the amount of cash compensation excluding performance-linked compensation (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation), the amount of bonuses paid as performance-linked compensation (cash and stock benefits), the amount of stock benefits paid as medium- to long-term performance-linked compensation and the fixed amount of stock benefits, is approximately 50:30:10:10, assuming that the level of achievement for performance-linked compensation is 100%.
In addition, for each individual, the ratio of the amount of cash compensation excluding performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) (basic compensation as a component of executive compensation and basic compensation as a component of supervisory compensation) and bonuses paid as performance-linked compensation (cash and stock benefits) is approximately 7:3, assuming that the level of achievement for performance-linked compensation is 100%.
In addition, for each individual, the ratio of the amount of cash compensation (basic compensation as a component of executive compensation and the cash portion of the bonus as short-term performance-linked compensation, as well as the basic compensation as a component of supervisory compensation) and the amount of stock-based compensation (stock benefits paid as the performance-linked compensation component of executive compensation and fixed stock benefits paid as supervisory compensation) is approximately 75:25, assuming that the level of achievement for performance-linked compensation is 100%.
However, for Directors (excluding Directors who are Audit & Supervisory Committee Members) who do not engage in business execution, the ratio of the amount of cash compensation to the amount of fixed stock benefits for each individual shall be approximately 90:10.
Furthermore, the individual ratios of the amounts of compensation are revised as appropriate by the Board of Directors after consulting with the Compensation Committee, based on any changes in compensation levels, etc.
6. Policy for Reducing and Repaying the Amount of Compensation (malus and clawback provision)
With regard to compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members), if there is a material error in the financial statements or a material accounting irregularity, or if Directors (excluding Directors serving as Audit & Supervisory Committee Members) violate laws, regulations, or the Articles of Incorporation, etc., the Company shall be able to demand a reduction of the amount of compensation or the repayment of compensation paid.
The specific amount of the reduction or repayment demanded shall be determined by the Board of Directors after consulting with the Compensation Committee, with respect for the results of such reports.

7. Matters Related to the Determination of Individual Compensation, etc., for Directors
The details of the compensation system and individual compensation, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members), are determined by the Board of Directors after consulting in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, with respect for the results of such reports.

Support System for Outside Directors

1. The Company has ensured a support system for Outside Directors is in place, as follows.
   1) In principle, the Company distributes materials prior to meetings of the Board of Directors and provides explanations in advance as appropriate.
   2) The Company takes steps to ensure that information is shared by having Outside Directors attend important meetings such as the Management Committee and distributing minutes, etc., as appropriate.
   3) The Audit & Supervisory Committee, Accounting Auditors, and Audit Department hold joint meetings to

exchange opinions every six (6) months, and a system is therefore in place for the multifaceted exchange of information related to various management issues.

4) One or more Full-time Audit & Supervisory Committee Members are appointed to promptly gather information within the Company and work closely with Outside Directors to share information.
5) The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee, and several dedicated employees are appointed to the Audit Department.

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

To strengthen the supervisory function of the Board of Directors, the Company has adopted the format of a company with an audit and supervisory committee.

1. Execution of Business Operations
   The Company has adopted an Executive Officer System, thereby separating management decision-making and supervisory functions from business execution functions, and also promoting the considerable transfer of authority to execute operations. In this way, the Company has taken steps to establish a flexible and strategic management system. Accordingly, the Management Committee, which consists of Executive Officers, is positioned as the main decision-making body for the execution of business operations.
   Meetings of the Management Committee are held ahead of Board of Directors meetings each month to deliberate beforehand issues being put forth to the Board of Directors as well as to deliberate and decide on the execution of important tasks for which authority has been delegated by the Board of Directors, thereby ensuring prompt decision-making. In addition, the Company has established the Executive Officers Committee for the purpose of communicating matters to be resolved, deliberated, and reported at meetings of the Board of Directors, as well as communicating and sharing information between Executive Officers. This committee meets within a certain period of time after the Board of Directors meeting every month.
2. Audits and Supervision
   1) The primary role of the Board of Directors of the Company is to review and deliberate matters of management supervision, such as basic management policies and governance. By electing Independent Outside Directors for at least one-third of positions on the Board of Directors, the Company strengthens supervisory functions and enhances the effectiveness of supervision. In fiscal 2025 (the 97th fiscal year), the Board of Directors met 17 times, and it deliberated on matters such as governance and other management oversight matters, as well as the enhancement of information dissemination to and engagement with shareholders and investors, the expansion of investment in human capital and improvement of employee engagement, the enhancement of group governance and risk management, the appropriateness of holdings of strategic-holding shares, and the reintroduction of the Employee Stock Ownership Plan (ESOP).
      In addition, the Company held a meeting of the Board of Directors at the R&D Center, held technology presentations, and visited the site.
      The attendance of each Director is provided in “Attendance of Individual Directors” at the end of this report.
   2) The Audit & Supervisory Committee consists of four (4) members, including three (3) Outside Directors, and the Company has appointed a Full-time Audit & Supervisory Committee Member to promptly gather information within the Company and work closely with Outside Directors to share information. In addition, the Company has also established the Audit Department as a department reporting directly to the Audit & Supervisory Committee. As such, the Company has established a system that enables it to conduct systematic and effective audits using internal control systems, through clearly establishing systems for orders and instructions from the Audit & Supervisory Committee to the Audit Department, and reporting systems.
      Audit & Supervisory Committee Members attend meetings of the Board of Directors and other important meetings such as the Management Committee, and strictly monitor the execution of duties by Directors by inspecting important approval documents and other methods.
      The attendance of each Audit & Supervisory Committee Member at the Audit & Supervisory Committee meetings is provided in “Attendance of Individual Directors” at the end of this report.
      In addition, the Audit & Supervisory Committee takes steps to ensure close cooperation with the Accounting Auditors, including receiving explanations of audit plans, information about the status of audits, and reports on audit results from the Accounting Auditors, and holding joint meetings to exchange opinions between the Audit & Supervisory Committee, the Accounting Auditors, and the Audit Department every six (6) months.
   3) The Accounting Auditors of the Company are Ernst & Young ShinNihon LLC, and the names of the certified public accountants who performed these services in fiscal 2025 (the 97th fiscal year) and the composition of assistants related to audit services are as follows. The Company and Ernst & Young ShinNihon LLC have entered into an audit agreement pursuant to the provisions of the Companies Act

and the Financial Instruments and Exchange Act.

Names of certified public accountants who performed services

Hideyuki Inoue, Designated Limited Liability Partner and Executive Partner (years of continuous audits: 5)

Kazunori Yoshida, Designated Limited Liability Partner and Executive Partner (years of continuous audits: 3)

Composition of assistants related to audit services

Certified public accountants: 5, others: 17

3. Nomination and Compensation Decisions

1) When nominating candidates for Directors and selecting Executive Officers, the Board of Directors consults in advance with the Nomination Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports.

In fiscal 2025, the Nomination Committee held four (4) meetings chaired by Outside Director (Audit & Supervisory Committee Member) Shigeru Ehara, and it deliberated the executive officer system and deliberated on matters such as the selection of candidates for Directors and Executive Officers, as well as succession plans.

2) The maximum amounts of total compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members are determined by resolution of the General Meeting of Shareholders.

When determining the compensation of each Director (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officer, the Board of Directors consults in advance with the Compensation Committee, a majority of which is composed of Independent Outside Directors, and makes decisions with respect for the results of such reports.

In fiscal 2025, the Compensation Committee held three (3) meetings chaired by Outside Director (Audit & Supervisory Committee Member) Shigeharu Nakamura, and it deliberated on matters such as the review of the compensation system and individual compensation (basic compensation, performance-linked bonuses, and stock benefits) for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers.

The compensation of each Director who is an Audit & Supervisory Committee Member is determined by deliberation among Audit & Supervisory Committee Members within the limit amount determined by resolution of the General Meeting of Shareholders.

Furthermore, policies for determining the content of compensation, etc. for individual Directors are described in "II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" of this report.

3) The attendance of each Committee member is provided in "Attendance of Individual Directors" at the end of this report.

3. Reasons for Adoption of Current Corporate Governance System

To strengthen the supervisory function of the Board of Directors, improve management transparency and fairness, and create a flexible and strategic management system, the Company has adopted the format of a company with an audit and supervisory committee. The details are as follows.

1. Strengthening the Supervisory Function of the Board of Directors
   The decision-making and supervisory function of management is separated from the business execution functions to clarify where authority and responsibility lie, while the audit and supervisory functions of management are also strengthened by means of Directors who are Audit & Supervisory Committee Members holding voting rights at the Board of Directors meetings.
2. Improving Management Transparency and Fairness
   The Company has elected three (3) persons who have assured independence and externality as Outside Directors who are Audit & Supervisory Committee Members, and strives to improve transparency and fairness in decision-making by implementing audits and supervision, and advice from an independent third-party perspective on management.
3. Establishing a Flexible and Strategic Management System
   The Company has adopted an Executive Officer System and promotes the considerable transfer of authority to execute operations. By positioning the Management Committee as the main decision-making body for business execution, the Company has taken steps to establish a flexible and strategic management system that can respond appropriately and promptly to rapid changes in the business environment.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

Updated

Supplementary Explanation

Early Posting of Notice of the General Shareholders Meeting	The convocation notice for the Ordinary General Meeting of Shareholders held in June 2026 was sent two (2) days earlier than the statutory deadline. Furthermore, the notice of convocation is posted on the Company's website and the electronic voting platform six (6) days prior to the date of dispatch of the notice of convocation.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Ordinary General Meeting of Shareholders held in June 2026 was held five (6) business days earlier than the day when most General Meetings of Shareholders are concentrated.
Electronic Exercise of Voting Rights	Shareholders can 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	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The notice of convocation is translated into English and posted on the Company's website and the electronic voting platform.
Other	The General Meeting of Shareholders is a corporate organ for decision-making by shareholders, and the Company endeavors to ensure that legal and reasonable deliberations take place.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director
Formulation and Publication of Disclosure Policies	1. Basic Policy The Company discloses information in accordance with the Financial Instruments and Exchange Act, the Companies Act, the "Rules on Timely Disclosure of Corporate Information, etc., for Issuers of Listed Securities" established by the Tokyo Stock Exchange, etc. (the "Timely Disclosure Rules"). In addition, the Company's basic policy is to also disclose information that does not fall under the Timely Disclosure Rules in a proactive and fair manner using appropriate methods, as much as possible, if it is deemed useful to stakeholders. 2. Method of Information Disclosure Information that falls under the Timely Disclosure Rules is disclosed using the Tokyo Stock Exchange's Timely Disclosure Network (TDnet) in accordance with the Rules, and the same information is subsequently posted on the Company's website as soon as possible. In addition, the Company also takes care to communicate information that does not fall under the Timely Disclosure Rules to stakeholders in an accurate and fair manner using appropriate methods, as soon as possible, taking into consideration the intent of timely disclosure. 3. Quiet Period The Company sets a "quiet period" from the day after the last day of each quarter until each earnings release date. During this period, it refrains from commenting on or answering questions related to earnings, in order to prevent leaks of information that may affect the share price during the period when earnings releases are being prepared.	

	However, the Company will disclose information as appropriate if there is any expectation that business performance will differ significantly from previously announced forecasts during the quiet period. 4. Forward-Looking Statements Please note that forward-looking information disclosed by the Company in relation to forecasts of business performance, plans, strategies, etc., is based on certain assumptions that the Company believes are reasonable at the time of disclosure, and actual performance may differ significantly from these forecasts owing to various changes in the environment and other external factors.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial and Management Results Briefing for analysts and institutional investors are held twice a year (at the time of full-year earnings and interim earnings), in order to deepen understanding of the Company's business performance, plans, etc.	Held
Online Disclosure of IR Information	The Company discloses its "Blue Challenge Report (Integrated Report)" and materials of "Financial and Management Results Briefing" and "Medium-Term Business Plan Briefing" for analysts and institutional investors on its website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Executive Officer in charge of corporate planning supervises a variety of initiatives, including Financial and Management Results Briefings and individual interviews for institutional investors so that constructive dialogue can take place. Related divisions within the Company that assist in the dialogue (corporate planning, accounting, finance, general affairs & legal, etc.) work in cooperation with each other, such as jointly preparing various disclosure materials, etc. and providing opportunities to share information and knowledge for Financial and Management Results Briefings every six (6) months.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established these in the "RIKEN TECHNOS GROUP Code of Conduct" and the "RIKEN TECHNOS GROUP Corporate Governance Policy," and it publishes these on its website.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	In order to strive to establish the Company as an enterprise that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders through environmentally-conscious corporate activities, the Company has established basic management policies related to the environment, and the entire company has acquired ISO 14001 certification and is working together to implement environmental activities. The Company considers and acts with stakeholders to achieve a sustainable society, and discloses its efforts and results in the "Blue Challenge Report (Integrated Report)."
Other	<Establishment of Human Rights Policy> The Group has established the "RIKEN TECHNOS GROUP Human Rights Policy" as a guideline for efforts to respect human rights in order to realize a sustainable society through the implementation of the management philosophy "RIKEN TECHNOS WAY" and the "RIKEN TECHNOS GROUP Code of Conduct".

IV. Matters Concerning the Internal Control System

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

The Company and its subsidiaries (hereinafter, referred to as the "RIKEN TECHNOS GROUP") have declared that they will implement and comply with the "RIKEN TECHNOS WAY" and the "RIKEN TECHNOS GROUP Code of Conduct" (hereinafter, referred to as the "Code of Conduct") as they conduct their corporate activities. The RIKEN TECHNOS GROUP believes that the Internal Control System, a system established to ensure appropriate and efficient business operations, is a necessary and essential measure for the more reliable fulfillment of the abovementioned business practices.

The RIKEN TECHNOS GROUP hereby develops the following as its Internal Control System in accordance with the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act of Japan.

1. Systems to ensure that Directors' and employees' duties are performed in compliance with laws and regulations and the Articles of Incorporation
   1) All of the Directors, including the Representative Directors, make it thoroughly known to all of the executive and employees that they are to put top priority on observing the "Code of Conduct" and ensuring that they perform their duties in compliance with laws and regulations and the Articles of Incorporation.
   2) The activities of the Risk & Compliance Committee are reported to the Board of Directors in a relevant and timely manner.
      The General Affairs & Legal Department provides compliance training for all executives and employees.
   3) In order to ensure that all executives and employees may directly report any suspicious activities contrary to laws and regulations, the Articles of Incorporation, the "Code of Conduct," various guidelines, or other standards with which group companies, Directors, and employees are to comply (hereinafter referred to as "Laws and Regulations"), the RIKEN TECHNOS GROUP has established contact points for anonymous reporting in the Audit Department and in a consultative law firm.
   4) The RIKEN TECHNOS GROUP shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society.
      In addition, the RIKEN TECHNOS GROUP shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations.

2. System for the preservation and management of information in relation to the performance of Directors' duties
   Information in relation to the performance of Directors' duties is controlled and managed in accordance with the "Rule for Information Management" and is preserved in documents and electronic media.
   The preserved information is made available for viewing in accordance with the "Rule for Information Management."

3. Rules and systems for managing the risk of loss
   Each department manages individual risk factors in relation to each department. The RIKEN TECHNOS GROUP has established a Risk & Compliance Committee for company-wide, cross-cutting management of risk factors, and the President of the Company serves as the chairperson of the Committee.

4. Systems to ensure that the Directors' duties are performed efficiently
   1) The Board of Directors formulates a Medium-Term Business Plan and the annual Business Plans.
   2) The Board of Directors grasps the progress of the Business Plan by inspecting monthly record data on business performance with the help of information technology, and discusses and implements measures necessary for the achievement of the Business Plan.
   3) The Management Committee meeting is held monthly in order to operate its business rapidly through active delegation of authority. The progress of business achievement is checked by the Compound Division, the Film Division, and the Procurement Division under Monozukuri Headquarters, through their Monozukuri Headquarters Compound Division Meetings, Film Division Meetings, and Procurement Division Meetings held on a quarterly basis, respectively; and by other divisions through meetings held monthly at each division. Appropriate countermeasures are taken if considered necessary.

5. Systems to ensure the appropriateness of the business operations of the RIKEN TECHNOS GROUP
   1) The Corporate Planning Division, as the division with jurisdiction over overall business management of the Company's consolidated subsidiaries, is responsible for overseeing that each consolidated subsidiary of the Company is instructed to establish its own Internal Control System and ensuring that each consolidated subsidiary share information of the same quality and quantity in the same manner as the Company.
      The Corporate Planning Division and each division manage the progress of their respective business operations, and manage and supervise the Company's consolidated subsidiaries with a view to ensuring that all reporting to the Company and approval procedures at the Company shall be conducted appropriately, in accordance with the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries." The Corporate Planning Division and the other divisions manage the risk of

loss through such administration and supervision.
The Corporate Planning Division also arranges an operational report meeting attended by the President, Executive Officers in charge, and the Senior General Manager of the Administrative Division, at least twice a year for domestic consolidated subsidiaries and at least once a year for overseas consolidated subsidiaries.
On receipt of the monthly reports (including financial data) from each consolidated subsidiary of the Company, the Corporate Planning Division compiles them and then distributes the reports to the Directors, Executive Officers and relevant departments.

2) The General Affairs & Legal Department has the executives and employees of RIKEN TECHNOS GROUP thoroughly understand and observe the "RIKEN TECHNOS GROUP Compliance Manual," and thereby strives to develop a compliance system for the RIKEN TECHNOS GROUP and settle issues facing the RIKEN TECHNOS GROUP.
3) The Audit Department regularly conducts operational audits at the RIKEN TECHNOS GROUP, and thereby confirms that all operational activities comply with Laws and Regulations and checks and evaluates whether all operational activities are efficiently operated in accordance with various managerial rules and whether the various managerial rules are functioning appropriately towards the achievement of the managerial targets.

6. Provisions on Directors and employees who assist the Audit & Supervisory Committee in performing its duties, on the independence of such Directors and employees from other Directors (excluding Directors serving as Audit & Supervisory Committee Members), and on measures to ensure the effectiveness of instructions of the Audit & Supervisory Committee to such Directors and employees
The Audit Department is set up as an organization under the direct control of the Audit & Supervisory Committee to assist the Audit & Supervisory Committee in performing its duties, and several dedicated employees are appointed to the Audit Department.
To ensure the independence of these employees, all rights to command and order them shall be delegated exclusively to the Audit & Supervisory Committee, and these employees shall not be commanded or ordered by departments conducting business operations or any of the Directors (excluding Directors serving as Audit & Supervisory Committee Members). In addition, any decision on a personnel transfer, personnel evaluation, or disciplinary measures, etc. for these employees shall be made subsequent to the approval from the Audit & Supervisory Committee.
The Company appoints no Director to assist the Audit & Supervisory Committee in performing its duties.

7. System for reporting to the Company's Audit & Supervisory Committee by Directors (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees of the Company, or by Directors, Corporate Auditors, and employees of the Company's subsidiaries, or by persons who have received reports from such Directors, Corporate Auditors, and employees, and system for other forms of reporting to the Audit & Supervisory Committee
   1) The Audit & Supervisory Committee Members attend important meetings, such as the Board of Directors Meeting and Management Committee.
   2) Directors of the Company (excluding Directors serving as Audit & Supervisory Committee Members), Executive Officers and employees inform the Audit & Supervisory Committee of legal matters, as well as the matters that may have significant impact on the RIKEN TECHNOS GROUP (including the relevant matters in cases where it is considered that the acts of Directors, Executive Officers, or employees could infringe Laws and Regulations or cause serious damage).
   3) The Audit Department reports the progress of internal auditing to the Audit & Supervisory Committee, in principle, every month.
   4) If the Directors, Corporate Auditors, and employees of a consolidated subsidiary of the Company consider that the actions of a consolidated subsidiary or a Director or employee of a consolidated subsidiary may infringe Laws and Regulations or cause serious damage, they shall report such matter in accordance with the "Regulations on the Management of RIKEN TECHNOS GROUP Consolidated Subsidiaries" and immediately report such matter to the Company's Audit & Supervisory Committee.
   5) A person who reported to the Audit & Supervisory Committee shall not be treated disadvantageously in personnel affairs or in any other way, as a consequence of such reporting.

8. Provisions concerning procedures for the advance payment or redemption of expenses arising from the performance of duties of the Audit & Supervisory Committee Members, and other policies for the handling of expenses or liabilities arising from the performance of duties of the Audit & Supervisory Committee Members
Audit & Supervisory Committee Members may request the Company to make advance payments, redeem expenses, or settle repayments of assumed liabilities, etc. arising from the execution of their duties, and the Company shall promptly respond to such requests.

9. Other systems to ensure that the audits by Audit & Supervisory Committee are executed effectively
   1) The Company strengthens cooperation between the Audit & Supervisory Committee and the Audit Department established under the direct control of the Audit & Supervisory Committee and conducts

effective and organizational audits by conducting joint audits in Japan and overseas if considered necessary.

2) The Representative Directors and Audit & Supervisory Committee Members exchange opinions at the Board of Directors Meeting held monthly and promptly communicate opinions and information necessary to conduct effective audits.
3) Audit & Supervisory Committee, Accounting Auditors, and the Audit Department hold a joint meeting semi-annually for the purpose of exchanging opinions.

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

In the "RIKEN TECHNOS GROUP Basic Policy on Internal Control System," the Company clearly states that the Company and its subsidiaries "shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society" and "shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations."
In addition, the Company is a member of the "Tokyo Metropolitan Police Department Special Violence Countermeasures Federation, Public Incorporated Association," and regularly exchanges information with local police and member companies. Furthermore, the Company also make known our stance of eliminating anti-social powers in the compliance training conducted regularly for our employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

Not applicable.

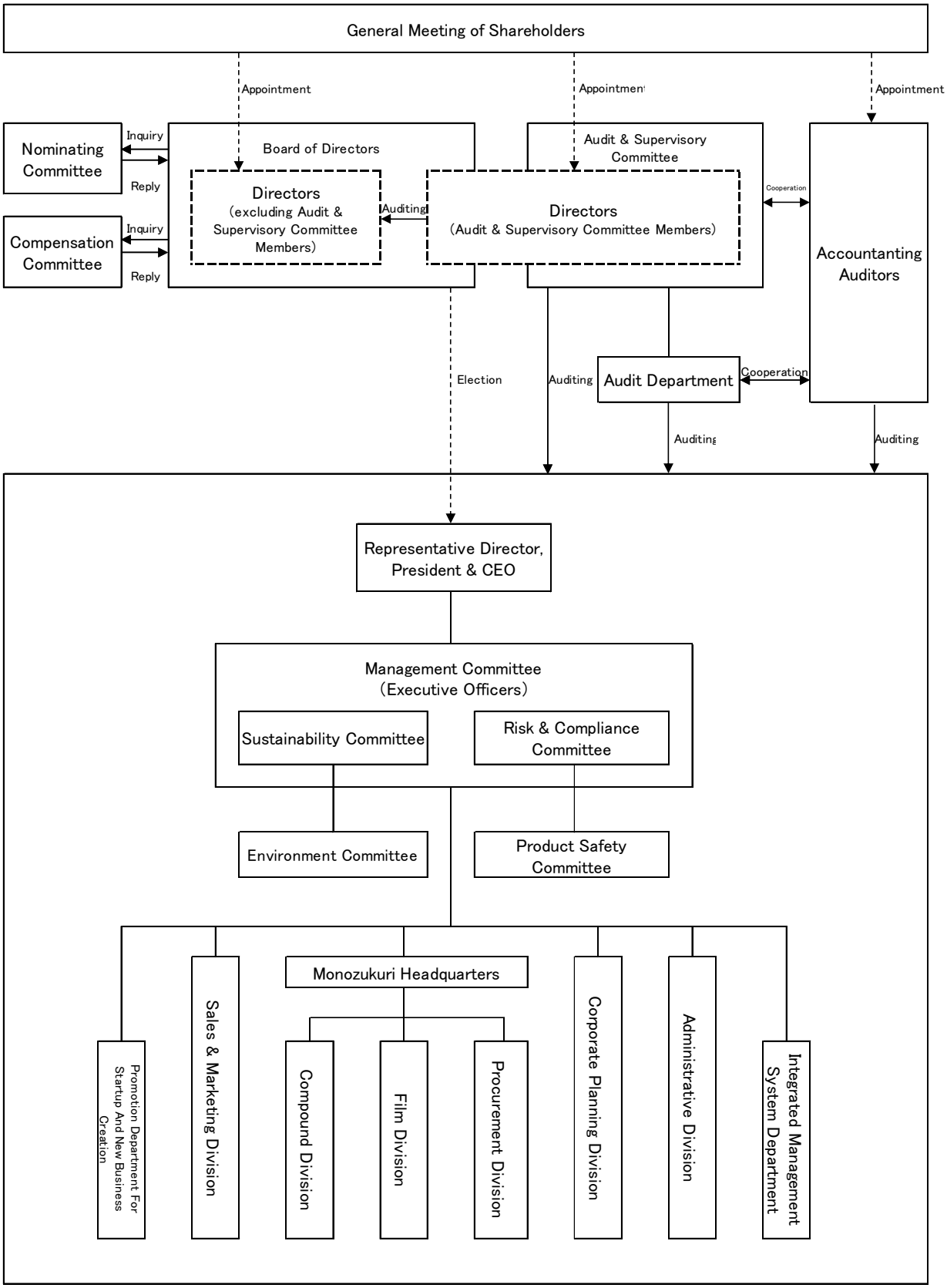
2. Other Matters Concerning the Corporate Governance System

The Company's corporate governance and timely disclosure systems are described at the end of this report.

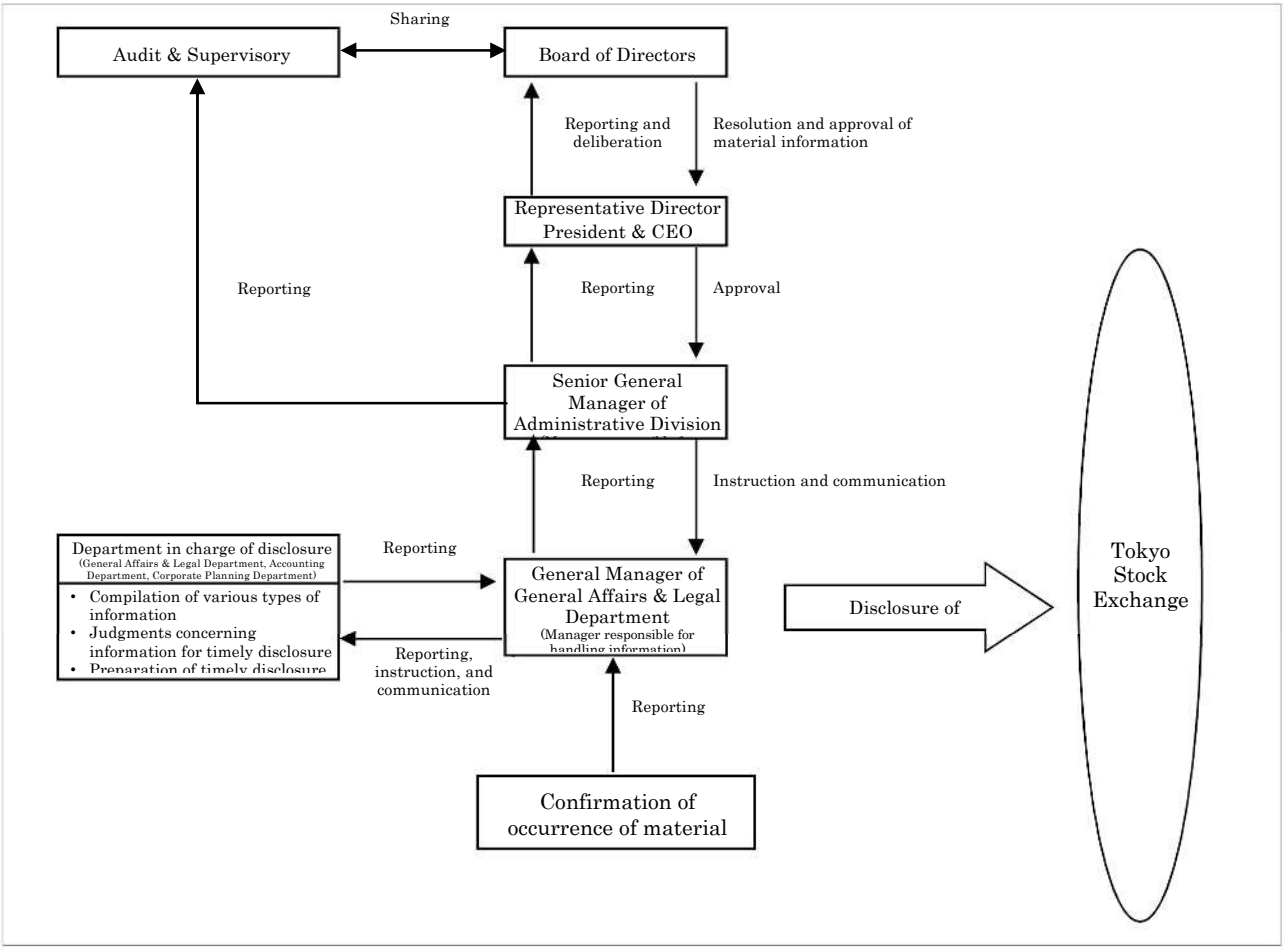
END

Corporate Governance System Chart

The status of the Company's internal corporate governance system is as follows.



Timely Disclosure System Chart



◎ Status of the Company's Internal System for the Timely Disclosure of Corporate Information < Explanation >

1. Handling of various types of corporate information

① Material information occurring in each department is immediately reported to the General Manager of the General Affairs & Legal Department.

② The department in charge of disclosure confirms the information for timely disclosure by comparing all material information reported by the General Manager of the General Affairs & Legal Department against the "Timely Disclosure Rules." In addition, information for timely disclosure is also confirmed in the same way in relation to matters approved by the Board of Directors, etc.

③ After confirming the information for timely disclosure, the department in charge of disclosure prepares a timely disclosure report, etc., after obtaining approval from the Senior General Manager of the Administrative Division (the manager responsible for information disclosure). Timely disclosure reports, etc., are reported to the Representative Director, President & CEO and the timely disclosure is promptly performed after approval. Timely disclosure reports are also reported to the Audit Committee when deemed necessary by the General Manager of Administration Division. However, if it takes time for the Representative Director to approve the report, the timely disclosure may be made with the approval of the Senior General Manager of Administrative Division.

④ Timely disclosure reports, etc. are also immediately reported to the Audit & Supervisory Committee when deemed necessary by the Senior General Manager of Administrative Division.

2. Other

・ The Company's internal system for the timely disclosure of corporate information and the appropriateness of its operation are verified as necessary and appropriate by third parties such as attorneys and the Accounting Auditors.

[Skill Matrix of the Board of Directors (Japan's Corporate Governance Code Supplementary Principle 4-11-1)]

In order to appropriately supervise the promotion of the three strategies set forth in the "One Vision, New Stage 2027" a management policy under our three-year Medium-term Business Plan, as well as the measures supporting those strategies, we have identified the skills expected of the Board of Directors as follows and formulated a skills matrix.

<Relationship between management strategies and skill items>

<table>
<tr><td rowspan="2">Three-year Medium-term Business Plan</td><td colspan="3">Growth/Earning Power</td><td rowspan="2">Perpetuity/Sustainability</td><td rowspan="2">Financial Strategy</td></tr>
<tr><td>Strategy 1
Global One Company</td><td>Strategy 2
Stay Ahead of Customers' Expectations</td><td>Strategy 3
Take on the Challenge Toward New Businesses and Products</td></tr>
<tr><td rowspan="3">Skill Items</td><td>Corporate management/
Management strategy</td><td>Sales/
Marketing</td><td rowspan="2">R&D/
Manufacturing</td><td>ESG/
Sustainability</td><td rowspan="3">Finance/
Accounting</td></tr>
<tr><td>Global experience</td><td>DX/IT</td><td rowspan="2">Legal/
Risk management</td></tr>
<tr><td colspan="3">Personnel/Labor/
Human resource development</td></tr>
</table>

<Definition of Skills>

	Skill Items	Definition
1	Corporate management/ Management strategy	Experience as a director, executive officer, etc., at other companies (at a consolidated subsidiary, experience as a president) Work experience at a corporate planning division, etc.
2	Sales/Marketing	Experience as a sales rep in the chemical industry, work experience in marketing division, etc.
3	Global experience	Overseas work experience, work experience in international division, etc.
4	R&D/Manufacturing	Work experience in R&D/manufacturing, or similar divisions
5	Finance/Accounting	Work experience in accounting/finance divisions, or financial institutions, etc. Knowledge of finance/accounting
6	Legal/Risk management	Work experience in legal/risk management, or similar divisions Knowledge of legal/risk management
7	Personnel/Labor/ Human resource development	Work experience in personnel/labor/human resources development, or similar divisions Knowledge of personnel/labor/human resources development
8	ESG/Sustainability	Work experience in ESG-related divisions Knowledge of ESG/sustainability
9	DX/IT	Work experience in promoting operational innovation utilizing DX/IT（including initiatives to promote digital transformation in manufacturing, research and development, and other functions） Knowledge of DX/IT

<Skill possession status>

Name	Position	Skills								
		Corporate management/Management strategy	Sales/ Marketing	Global experience	R&D/ Manufacturing	Finance/ Accounting	Legal/Risk management	Personnel/ Labor/ Human resource development	ESG/ Sustainability	DX/IT
Kazuaki Tokiwa	Representative Director, President & CEO	○	○	○	○				○	
		・Experience as a president of a U.S. subsidiary ・Experience as a Sales, Corporate Planning, and Quality Assurance team member								
Junji Irie	Representative Director, Executive Vice President	○				○	○	○	○	○
		・Experience as an executive officer at a bank ・Experience as a senior general manager of the Company's administrative (personnel/accounting/legal/system)/corporate planning divisions								
Gakuyuki Kajiyama	Director, Senior Managing Executive Officer	○	○	○	○				○	
		・Experience as a president of a U.S. subsidiary ・Experience as a senior general manager of corporate planning division ・Experience as a member of the sales and R&D divisions								
Tomozo Ogawa	Director, Managing Executive Officer	○		○	○				○	○
		・Experience as a senior general manager in a manufacturing division ・Experience as a manager of a U.S. subsidiary ・Experience as working in corporate planning/R&D divisions								
Takeshi Hagiwara	Outside Director (Independent)	○	○	○				○		
		・Experience as an Executive Officer in a trading company ・Experience as an overseas employee ・Experience as a professional in the chemical industry at a trading company								
Minoru Oba	Director Full-time Audit & Supervisory Committee Member	○	○	○			○			
		・Experience as President of a U.S. subsidiary ・Experience as a professional in the chemical industry at a trading company ・Experience as an audit professional at a trading company								
Shigeru Ehara	Outside Director Audit & Supervisory Committee Member (Independent)	○		○		○	○	○		
		・Experience as a vice president/executive officer at a non-life insurance company ・Experience as an overseas employee								
Aogi Suemura	Outside Director Audit & Supervisory Committee Member (Independent)					○	○	○		
		・Experience as a partner at an auditing firm ・Certified Public Accountant qualification								
Sachie Kinugawa	Outside Director, Audit & Supervisory Committee Member (Independent)	○				○		○	○	
		・Experience as an executive officer of a securities company ・Experience as a president of a human resource services company								

[Attendance of Individual Directors]

Title	Name	Board of Directors	Nomination Committee	Compensation Committee	Audit & Supervisory Committee
Representative Director President & CEO	Kazuaki Tokiwa	17/17 (100%)	4/4 (100%)	3/3 (100%)	—
Representative Director, Executive Vice President	Junji Irie	17/17 (100%)	4/4 (100%)	3/3 (100%)	—
Director, Senior Managing Executive Officer	Gakuyuki Kajiyama	17/17 (100%)	—	—	—
Director, Managing Executive Officer	Tomozo Ogawa (Note)	14/14 (100%)			
Director (Full-time Audit & Supervisory Committee Member)	Takashi Shimada	17/17 (100%)	—	—	14/14 (100%)
Director (Audit & Supervisory Committee Member)	Shigeharu Nakamura	17/17 (100%)	4/4 (100%)	3/3 (100%)	14/14 (100%)
Director (Audit & Supervisory Committee Member)	Shigeru Ehara	17/17 (100%)	4/4 (100%)	3/3 (100%)	14/14 (100%)
Director (Audit & Supervisory Committee Member)	Aogi Suemura	17/17 (100%)	4/4 (100%)	3/3 (100%)	14/14 (100%)
Director (Audit & Supervisory Committee Member)	Sachie Kinugawa (Note)	14/14 (100%)	2/2 (100%)	2/2 (100%)	11/11 (100%)

(Note) Attendance since assuming office on June 20,2025.

(Note) Attendance of Director Mr. Takeshi Hagiwara and Director (Audit and Supervisory Committee Member) Mr. Minoru Oba is not listed because they were newly elected at the 97th Ordinary General Meeting of Shareholders held on June 19, 2026.

[Approaches and Initiatives on Sustainability]

The RIKEN TECHNOS Group (hereinafter, the "Group") recognizes that addressing sustainability issues is an important management effort for its medium- to long-term business continuity. Based on this recognition, we are implementing various measures to contribute to the creation of a sustainable society and enhance our corporate value.

(1) Governance

In light of dramatic changes in the environment surrounding the Group, we have established the Sustainability Committee as a function linking the frontlines and management in order to further incorporate the expectations of stakeholders into our corporate activities. Chaired by the President & CEO, the Sustainability Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. Led by senior management, we have established an organizational structure that enables expedited management decision-making and implementation of measures.

The Sustainability Committee deliberates on various important issues related to sustainability and reports their deliberations and findings to the Management Committee. In addition, deliberations on climate-related issues by the Management Committee are regularly reported to the Board of Directors.

In fiscal 2025, the Sustainability Committee met seven (6) times, and the Board of Directors made deliberations four (4) times.

We have also established the Risk & Compliance Committee as a function to centrally manage risks within the Group including sustainability. The Risk & Compliance Committee is chaired by the President & CEO and consists of all Executive Officers who are members of the Management Committee, with Outside Directors participating as observers.

The Sustainability Committee and its subordinate organization, the Environment Committee, deliberate on various material issues (materialities) including climate change, and report their deliberations and findings to the Management Committee.

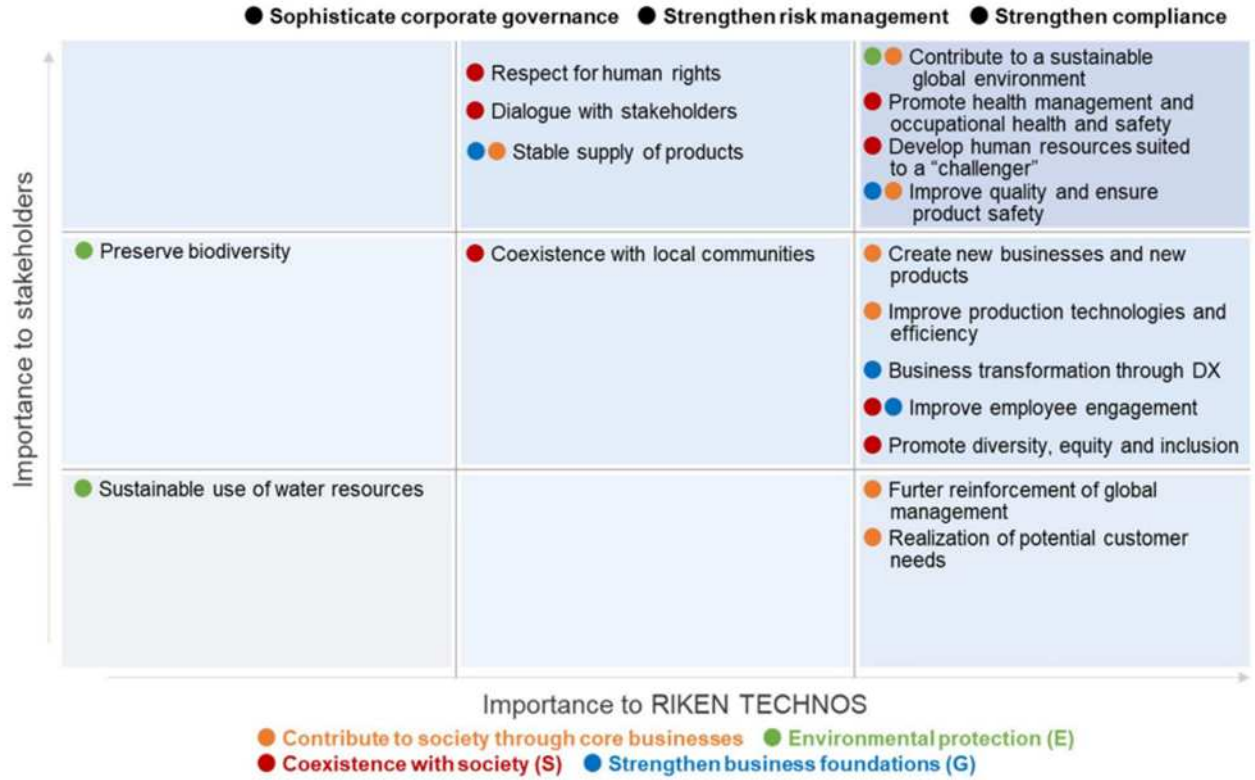
For material issues (materialities) that the Group regards as particularly important among the identified material issues (materialities), the Sustainability Committee defines key performance indicators (KPIs), and the Board of Directors resolves them. Initiatives for achieving the KPIs were implemented, and the progress of these initiatives was reported to the Board of Directors on a quarterly basis. By managing this progress, the Group is repeating the PDCA cycle and working to realize its long-term vision.

(Sustainability promotion structure chart)

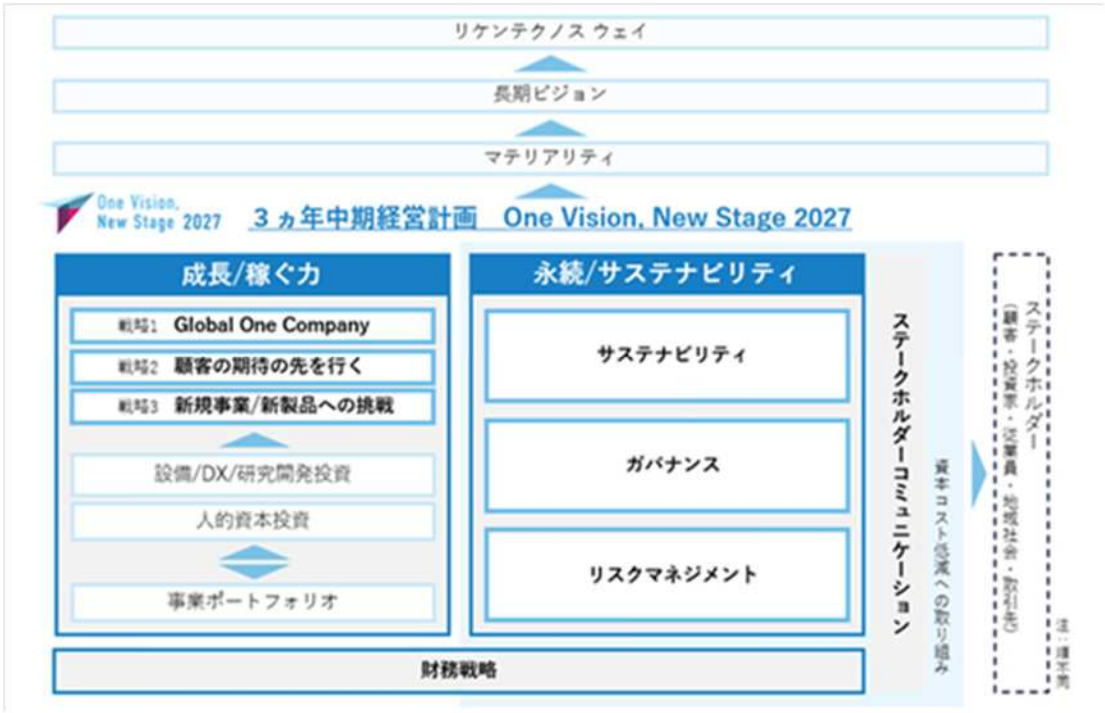


(2) Strategy

Based on the medium- to long-term environmental and social issues surrounding the Group and requests from stakeholders, the Group has identified material issues (materialities) to be addressed in order to achieve its long-term vision. In addition, the Sustainability Committee manages the progress of the identified materialities.



The Group has formulated the Three-year Medium-term Business Plan, "One Vision, New Stage 2027" to realize its long-term vision and positions sustainability as a major pillar alongside earning power. The Group is engaged in initiatives related to environmental issues, including decarbonization, as well as the enhancement of governance and risk management. The Group recognizes that these initiatives are sustainability-related issues that affect the Company's medium- to long-term continuity and contribute to reducing the cost of shareholders' equity, and therefore promotes these initiatives.



[Response to climate change (Contribute to a sustainable global environment)]

The Group has performed scenario analyses for the years 2030 and 2050 in the context of climate change based on two world views: a 1.5℃ and 4℃ rise in global temperatures by 2100. In our analysis, we refer to the scenarios disclosed by the government bodies and research institutes listed in the table below:

World View	Scenarios used in the analysis
1.5℃	World Energy Outlook (WEO), IEA, 2023 Net Zero Emissions by 2050（NZE） Shared Socio-economic Pathway (SSP1-1.9), IPCC, 2021
4℃	Stated Policy Scenario (STEPS), IEA, 2020 Representative Concentration Pathways (RCP6.0, 8.5), IPCC, 2014

The Sustainability Committee deliberates on how social responses to climate-related issues and problems could affect the Group and its entire supply chain, and identifies climate-related risks and opportunities.

<Risks>

■The scenario analysis revealed that the Group's performance may be affected by the introduction of policy measures to combat climate change, such as a carbon tax, or by delays in the development of or other action concerning environmentally friendly products.

Risk type		Risk overview	Financial impact		Countermeasures
			1.5℃	4℃	
Transition risk	Policies and regulations	Increased carbon taxes raise the cost of procuring key raw materials and energy.	Medium	Small	• Execute medium-term business plan (“Sustainability”). • Adopt use of electricity derived from renewable energy sources. • Switch from heavy oil to natural gas. • Monitor GHG emission intensities of raw materials, and switch to low-carbon raw materials. • Improve energy efficiency of production facilities.
Transition risk	Policies and regulations	The introduction of a carbon tax results in the substitution of conventional raw materials for low-carbon raw materials, which generates or increases costs associated with the development and procurement costs of substitute raw materials.	Large	—	• Execute medium-term business plan (“Take on the Challenge toward New Businesses and Products” and “Sustainability”). • Consolidate raw materials (substitute raw materials with high procurement risk). • Switch raw materials used to low-carbon raw materials. • Make multiple-source purchasing.
Transition risk	Technology	Delay in developing environmentally friendly products; our customers replace our products with low-carbon products from competitors, reducing demand for and sales of our products and services.	Medium	—	• Execute medium-term business plan (“Take on the Challenge toward New Businesses and Products” and “Sustainability”). • Increase allocation of management resources to development of environmentally friendly products. *1
Transition risk	Markets	Prices of petrochemical feedstocks soar, raising the cost of procuring raw materials.	Small	Large	• Execute medium-term business plan (“Take on the Challenge toward New Businesses and Products” and “Sustainability”). • Develop and sell RIKEBIO® series. • Proactively adopt and accelerate the transition to biomass feedstocks and promote their use.
Transition risk	Markets	Delay in responding to our customers’ reduced needs for petroleum-derived raw materials and rising needs for non-petroleum-derived raw materials, shifting demand away from our products/services and decreasing our sales.	Medium	—	• Execute medium-term business plan (“Stay Ahead of Customers’ Expectations”). • Develop products that meet the needs of customers for higher functionality (volume reduction/miniaturization). • Develop and sell RIKEBIO® series.

Transition risk	Reputation	Delayed action on the environment causes a drop in our stock price due to a decline in investors' assessment of our environmental performance.	Medium	—	• Execute medium-term business plan (“Sustainability”). • Have each committee conduct monitoring to prevent delays in environmental action and damage to our reputation. • Proactively disclose information about our environmentally friendly products[*1] and environmental action to stakeholders.
Physical risk	Acute	The Company and its supply chain are struck by a disaster; until operations are restored, sales decrease due to the suspension or reduction of business activities, while costs associated with restoration and amelioration rise.	Medium	Medium	• Execute medium-term business plan (“Global One Company”). • Pursue global manufacturing and order management. • Strengthen BCP structure to encompass global sites and improve alternative production and supply structures.
Physical risk	Chronic	The cost of countermeasures for our buildings located near oceans and rivers will increase due to the increased occurrence of flooding caused by overflowing rivers and rising sea levels attributable to extreme fluctuations in rainfall and weather pattern.	Small	Medium	• Execute medium-term business plan (“Sustainability”).Perform proper assessments of disaster risk and take proactive countermeasures.

[*1] Circular economy compatible products, including RIKEBIO®. RIKEBIO® = Products made from biomass feedstocks

<Opportunities>

■The scenario analysis revealed the Group’s performance may be affected by the development of products that contribute to energy conservation and the provision of low-carbon type products and materials with added functions.

Opportunity type	Opportunity overview	Financial impact		Measures
		1.5℃	4℃	
Energy sources	Development of products that contribute to energy conservation in the market and the uptake of renewable energy generation technologies and equipment increase sales of our related products.	Small	—	• Execute medium-term business plan (“Stay Ahead of Customers’ Expectations” and “Sustainability”). • Expand sales of climate change-responsive products[*2] tailored to customer needs.
Products and services	Demand for and sales of our products increase due to the development and sale of materials with additional functions and products with fewer petroleum-derived components (low-carbon type products) in response to increased demand for low-carbon type products.	Medium	—	• Execute medium-term business plan (“Stay Ahead of Customers’ Expectations” and “Sustainability”). • Promote recycling of our products. • Develop environmentally friendly products. [*1] • Develop and sell RIKEBIO® series products.
Reputation	Proactive efforts to address climate change earn the trust of stakeholders and enhance our enterprise value.	Medium	—	• Execute medium-term business plan “Sustainability”). • Enhance disclosure regarding our action on the environment.
Resilience	The global expansion of our business sites improves our resilience by providing a stable supply of products to our customers even in an environment of increasing natural disasters, forestalling sales declines and building customer trust, leading in turn to higher sales.	Small	Small	• Execute medium-term business plan (“Global One Company” and “Sustainability”). • Leverage our global sites to further strengthen our raw materials procurement capabilities and BCM structure.

[*1] Circular economy compatible products, including RIKEBIO®. RIKEBIO® = Products made from biomass feedstocks

[*2] Products for which the functions of the materials contribute to energy conservation

[Policies and strategies for human resource development and internal environment development ("Nurture appropriate human resources for a challenger")]

We consider it to be the most important to secure and nurture personnel who are required to execute the three strategies under the Group's three-year Medium-term Business Plan, and are implementing various initiatives.

Strategies in the Medium-term Business Plan	Human resources needed for strategy implementation
Global One Company	Human resources who can perform overseas or undertake management with a global perspective
Stay **A**head of Customers' Expectations	Human resources with analytical skills and strategic perspectives that stay ahead of customers' expectation
Take on the Challenge toward New Businesses and Products	Human resources with diverse viewpoints who give birth to new businesses and products

• Human Resource Development Policy

Employees and the Company have a relationship of mutual growth, and "the employee's growth means the company's growth."

Our policy for human resource development aims for a state in which 1) each employee implements the "RIKEN TECHNOS WAY" and grows into human resource that the Company expects them to be; and 2) the Company achieves growth simultaneously by uniting abilities possessed by each individual and exerting it as an organizational capability.

The Company will support the growth and success of employees by providing places for optimal work and environments where each and every employee can demonstrate the abilities required by the Company, and actively developing (investing in) human resources who can win amid global competition. By bringing together the enhanced abilities of individual employees through dialogue and demonstrating the collective strength of the team, we will further develop the Company.

If the Company lacks any knowledge, insight, ability, or career that cannot be supplemented by training alone, we will complement it with mid-career hires and other means for revitalization and growth of the Company.

Under the belief that it is always fundamental for each and every employee to voluntarily practice the management philosophy "RIKEN TECHNOS WAY," the Company is responsible for creating an environment for that purpose.

• Internal Environment Development Policy

To become a globally competitive company, the policy for internal environment development of the Company is to establish systems and foster a culture so that employees with diverse individualities can play active roles at work.

The Company will realize diverse ways of working by creating schemes and an environment where diverse human resources feel comfortable in maintaining their individuality and work to their fullest potential freely and energetically.

(3) Risk management

For risk management, our basic policy is to practice "RIKEN TECHNOS WAY," comply with the Code of Conduct, ensure the soundness of management, ensure stable business continuity, prioritize human life, instill the spirit of compliance, and eliminate or mitigate factors that hinder stakeholder interests.

The Risk & Compliance Committee identified and evaluated risks for the entire Group, and has worked to respond to risks mainly including challenges that have been identified as those requiring a priority response.

Each department manages individual risk factors in relation to each department. The Risk & Compliance Committee centrally and integrally manages risks surrounding the Group including consolidated subsidiaries. In addition, in April 2024, the Risk & Compliance Committee also began human rights due diligence (i.e., identifying human rights risks and implementing measures to address them).

[Response to climate change (Contribute to a sustainable global environment)]

With regard to climate change-related risks, the Sustainability Committee and the Risk & Compliance Committee play central roles in formulating policies and developing countermeasures to avoid, mitigate, and control risks, which are then approved by the Board

of Directors for Group-wide risk management. They also monitor the status of the implementation and effectiveness of the countermeasures.

(4) Indicators and targets

The Group has planned specific measures for the materiality items and KPIs described in "(2) Strategy" and monitored the progress. The Company has implemented specific measures for indicators set as KPIs and managed data for related indicators; however, some of these indicators are difficult to describe for the consolidated group because not all companies in the consolidated group have implemented such measures. The targets and results related to these indicators for fiscal 2025 are as follows.

Materiality topic	Evaluation criteria (KPIs)	FY2025 results	Mid-to long-term targets	
			FY2027	FY2030
Contribute to a sustainable global environment	・Achieving CO_2 emissions reduction targets for 2030 (non-consolidated)	37,563 tons	29,792 tons	24,139 tons (46.2% decrease compared to FY2019)
	・Carbon neutral by 2050 (Group)	—	-	-
	・Ratio of total waste to total production (non-consolidated)	3.42%	3.2% or less	3.0% or less
Promote health management and occupational health and safety	・Occupational injuries requiring time off work (domestic)	6	0	0
	・Achieve recognition under KENKO Investment for Health program	Declared basic health management policy and established internal promotion system	Achieve recognition	Maintain recognition
Develop human resources suited to a “challenger”	・Training costs per employee (non-consolidated)	141,000 yen	160,000 yen	200,000 yen
	・Percentage of positive responses to applicable questions in employee awareness survey (non-consolidated)	64.0%	70%	75%
Improve quality and ensuring product safety	・Serious quality incidents requiring recalls (non-consolidated)	0	0	0
	・Serious violations of legal and regulatory compliance regarding use of chemical substances (non-consolidated)	0	0	0
Create new businesses and new products	・Number of patent applications (non-consolidated)	22	75 (cumulative) (FY2025–2027)	210 (cumulative) (FY2022–2030)
	・Ratio of new product sales (non-consolidated and overseas manufacturing subsidiaries)	14.6%	23%	25%
Improve production technologies and efficiency	・Production capacity (non-consolidated)	vs. FY2021 +9%	+11% (vs FY2021)	+15% (vs FY2021)
Transform business through DX	・Development of MI human resources* (non-consolidated) *Human resources that can provide guidance on MI	13 employees	15 employees	20 employees
	・Participation in DX training (non-consolidated)	100%	100%	100%
Improve production technologies and efficiency	・Engagement score (ratio of positive responses) (non-consolidated)	60%	60%	70%
Promote diversity, equity and inclusion (DE&I)	・Ratio of global human resources* in management positions (Group) * Human resources with at least one year of experience working outside country of birth	21%	24%	26%
	・Ratio of women in management positions (Group)	19%	20%	22%
Respect for human rights	・Penetration of respect for human rights (non-consolidated)	Survey	Improvement	Improvement

		implemented Positive responses 47.6%	(vs FY2025)	(vs FY2027)
	・Implementation of human rights due diligence for suppliers and 100% improvement rate (non-consolidated)	100%	100%	100%
Dialogue with stakeholders	・Meetings with investors and existing shareholders (non-consolidated)	174	190	220
	・Assessment response rate* regarding customer satisfaction survey results (non-consolidated) * Ratio of customers for which improvements have been completed, out of the customers for which response is assessed to be necessary	100%	100%	100%
Stable supply products	・Understanding of core product supply risks and determination/ implementation of policies (non-consolidated)	Understood core product supply risks and formulated policies	Understanding of core product supply risks and determination/implementation of policies	Strengthening of risk controls for core products

[Response to climate change (Contribute to a sustainable global environment)]

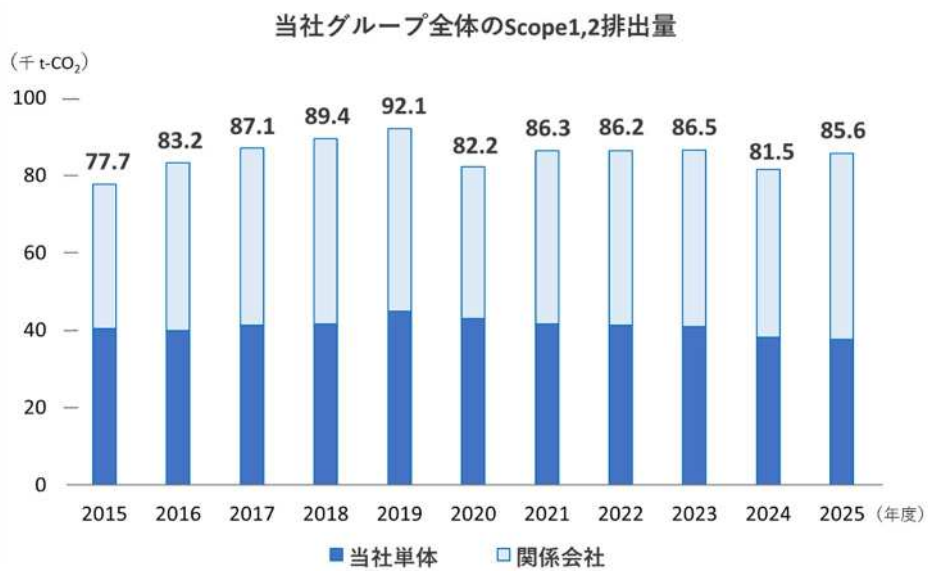
Greenhouse gas emissions may pose a risk for the Group's overall financial condition, but by developing products acceptable to a decarbonized society, this situation can also lead to business opportunities. In addition to setting medium- to long-term emissions reduction targets for the Group as a whole, we are planning specific initiatives to cut CO_2 emissions and have determined indicators to manage the progress of these initiatives.

RIKEN TECHNOS GROUP's CO_2 emissions in fiscal 2024 (Scope 1, 2 and 3)

Scope 1 and 2 emissions: 37,563 tons from the Company (non-consolidated), 85,585 tons from the Group (the Company, non-consolidated + affiliates)

Scope 3 emissions: 1,217,768 tons from the Group*

*Category 4 and Category 9 are calculated based on the activities of the Company (non-consolidated)



RIKEN TECHNOS GROUP's medium- to long-term CO_2 emission reduction targets

The Company's Non-consolidated targets for 2030 (Scope 1 and 2)

24,139 tons (46.2% decrease from FY2019) *(FY2019 baseline: 44,868 tons)

We are seeking to achieve carbon neutrality for the entire Group by 2050.

