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# FUSO CHEMICAL CO., LTD.

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https://fusokk.co.jp

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

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

### 1. Basic Stance

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

Furthermore, in accordance with Japan's Corporate Governance Code revised in June 2021, the Company endeavors to timely disclose information and promote communication with its stakeholders including shareholders by carrying out proactive investor relations activity focused on realizing management conscious of cost of capital and stock price, to increase management transparency.

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

**Supplementary Principle 1.2.4**

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

2018 Enabled electronic exercise of voting rights at the General Meeting of Shareholders
2021 Made the Electronic Voting Platform for the General Meeting of Shareholders available for institutional investors
2023 Began providing an English convocation Notice of the General Meeting of Shareholders as well as disclosure documents such as explanatory materials for financial results announcements in Japanese and English
2024 Received questions from shareholders on agenda items for the General Meeting of Shareholders in advance and answered them at the meeting and on our company's website
2025/2026 Released the Annual Securities Report ahead of the General Meeting of Shareholders

**Principle 1.4: Cross-Shareholdings**

1. The Company acquires and holds shares for the purpose of cross-shareholdings if it is deemed to contribute to higher corporate value from a medium- to long-term perspective, taking into consideration the grounds therefor, such as maintaining and strengthening business relationships and the necessity for business operation. In addition, the Company will continue the transactions with cross-shareholdings upon careful examination of the underlying economic rationale, and will not engage in transactions with cross-shareholdings which may harm the interests of the Company or the common interests of its shareholders.
2. The Board of Directors annually assesses whether or not to hold each individual cross-shareholding, specifically examining the economic rationale for each transaction such as whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital, and discloses the purpose. The Company strives to reduce less important cross-shareholding and sells such shares while monitoring stock market trends. The Company held 25 listed stocks as of the end of March 2021 and six as of the end of March 2025, but as of the end of March 2026, the Company has reduced its holdings of listed shares to a single issue held in a significant business partner with economic rationale. When exercising voting rights of cross-held shares, the Company observes specific standards.
3. If a company holding shares in the Company for the purpose of cross-shareholding indicates its intention to sell those shares, the Company will not imply a possible reduction of business transactions or otherwise hinder the sale of the cross-held shares.
4. The Company exercises voting rights of cross-held shares in accordance with the following standards to ensure that they are exercised appropriately:

(1) Examine the details of proposals and decide whether they contribute to increasing the corporate value of the Company as a shareholder;
(2) Vote against proposals for election of directors or other officers in the case of a company on which investment returns have continuously been extremely low and whose performance have continuously been poor with no indication of improving, or in the case of directors or other officers who have committed an anti-social act or law violation; and
(3) Vote against proposals that are damaging to the corporate value of the Company as a shareholder, whether they are company proposals or shareholder proposals.

**Principle 1.7: Related Party Transactions**

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

**Supplementary Principle 2.4.1**

The Company believes that diverse perspectives and values are important for the sustainable growth of corporate value.

The Company discloses on its website (Sustainability page) its initiatives on empowering women, as well as policy, measurable voluntary targets, and schedule on talent development including deployment, development, training, and appointment of human resources. Our policy on promoting (appointing, recruiting) core (talented) personnel is based primarily on diversity of employees and business execution capabilities developed through re-skilling and on-the-job training.

Every year, we strive to ensure a larger number of female managers than that of the previous year. Currently, two out of 12 Directors are female directors. The Company primarily promotes local foreign nationals to the core positions in the overseas subsidiaries. Many mid-career hires have already been promoted to core positions through the acquisition of divisions of other companies. The Company will continue to actively hire and promote mid-career personnel in accordance with its business performance expansion.
For details, please refer to "Promote Diverse Work Styles" on our website with the following URL. https://fusokk.co.jp/sustainabilitys/social_02

**Principle 2.6: Roles of Corporate Pension Funds as Asset Owners**

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

**Principle 3.1: Full Disclosure**

(1) Company objectives (e.g., corporate philosophy), management strategy, and management plans
Under the company motto of "Limitless Progress and Creation," the Company aims to become a company that is widely trusted by society, by increasing its "economic value" such as sales and profit as well as "social value" of fulfilling its responsibility as a member of society, while striking a balance between the two.

Results of the Medium-Term Management Plan "FUSO VISION 2025" (covering fiscal 2021to fiscal 2025)
In May 2021, the Company formulated its Medium-Term Management Plan "FUSO VISION 2025." The numerical targets to be achieved by fiscal 2025 were revised upward in May 2023 to reflect the strong business performance. However, an unexpected slowdown in demand in the semiconductor industry occurred later that year. As a result, despite achieving a V-shaped recovery in the following fiscal year, the Company was unable to fully offset the impact and failed to achieve the targets. Although net sales fell somewhat short of the target, operating profit was largely in line with the target.

| (Billion yen) | Target (Plan Before Revision) | Results for the Final Fiscal Year | Achievement Rate (vs. Plan Before Revision) |
|---|---|---|---|
| Net sales | 85.0 (58.0) | 76.9 | 90.5% (132.6%) |
| Operating profit | 19.0 (14.0) | 18.8 | 99.2% (134.6%) |
| EBITDA | 30.0 (20.0) | 29.7 | 99.3% (148.9%) |

Formulation of new Medium-Term Management Plan "Next Growth 2030" (covering fiscal 2026 to fiscal 2030)
The Company formulated its new Medium-Term Management Plan, "Next Growth 2030" (hereinafter "Medium-Term Management Plan") for the sustainable growth and medium- to long-term enhancement of corporate value.
The "FUSO VISION 2025" was positioned as a foundation for further growth, and under the new Medium-Term Management Plan, the Company aims to achieve significant growth by building on the results achieved under the previous plan. The Company aims to enhance corporate value by achieving significant growth while meeting the expectations of its stakeholders.

| (Billion yen) | Fiscal 2025 Results | Fiscal 2030 Target |
|---|---|---|
| Net sales | 76.9 | 120.0 |
| Operating profit | 18.8 | 36.0 |
| EBITDA | 29.7 | 56.7 |
| ROIC | 11.1% | 13% or more |

For details, please refer to "Medium-Term Management Plan 'Next Growth 2030'" on the Company's website with the following URL.
https://fusokk.co.jp/sustainabilitys/to_achieve_sustainability04-2030

Action to implement management that is conscious of cost of capital and stock price (Also announced in English)
In response to the request from the Tokyo Stock Exchange to promote the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company has resolved its future policy at the Board of Directors meeting held on May 10, 2024, and has made an announcement. To achieve the Action to Implement Management that is Conscious of Cost of Capital and Stock Price, the Company will aim to secure an over 10% ROE on an ongoing basis. The Company also aims to achieve an ROIC of 13% or more in the final fiscal year of the Medium-Term Management Plan.

Strategies for each business unit
[Life Science Business]
Beginning in fiscal 2026, the Company will partially revise its organizational structure to accelerate decision-making in business strategy and overseas operations and to improve operational efficiency throughout the process from procurement to shipment. In addition, to strengthen collaboration with domestic and overseas customers and research institutions and create new value, the Company expanded its Tokyo R&D in February 2026, adding enhanced laboratory and analytical facilities as well as a test kitchen.
On the sales front, in addition to existing businesses, the Company will pursue the development of new applications, including feed and agricultural uses. In the overseas malic acid business, the Company will continue to strengthen sales to new customers to increase sales volume and operate the business with the aim of maximizing profits across the overall business As a comprehensive manufacturer of fruit acids, the Company will continue to leverage to the fullest extent its established sales channels, manufacturing and development expertise, and global network, and strive to further expand sales and profits by promptly addressing market needs.

[Electronic Materials Business]
The semiconductor market grew significantly, driven by demand for AI and data centers. In addition, alongside continued advances in miniaturization and higher layer counts, performance improvements have also progressed in back-end processes including the adoption of advanced packaging technologies, leading to the expansion of CMP (Chemical Mechanical Planarization) applications.
The Company is actively making capital investments to address increase in demand and newly created demand. In October 2024, new facilities were installed in the Kyoto Plant and additional facilities (Phase II) at Kashima Plant were installed in August 2025. The existing facilities at Kashima Plant (Phase I) are

already operating at a high utilization rate. Furthermore, as the semiconductor market is expected to continue growing, the Company decided in March 2026 to undertake additional capacity expansion at the Kyoto Plant. Construction is scheduled for completion in February 2029, and the expansion is expected to increase current production capacity by 20%. In addition to increasing production capacity through these facility expansions, the Company will expand its lineup of high-concentration, high-efficiency products, thereby enhancing supply capacity through both facility expansion and product enhancement. The Company describes the overview of its management strategy and management plans under the heading of "tasks to be addressed" in convocation notices and the initiatives under the Medium-Term Management Plan on the Company's website.
https://fusokk.co.jp/sustainabilitys/to_achieve_sustainability04-2030

(2) Basic stance and guidelines on corporate governance based on each of the principles of the Japan's Corporate Governance Code
As for the basic policy on corporate governance, the Company describes the overview of it in corporate governance reports and individual measures in the Corporate Governance Guidelines. The Corporate Governance Guidelines are disclosed on the Company's website.
https://fusokk.co.jp/sustainabilitys/governance_01

(3) The Board of Directors' policies and procedures in determining the remuneration of its senior management and Directors
Remuneration, etc. for Directors (including Audit and Supervisory Committee Members) are determined by resolution of the Board of Directors that includes Independent External Directors in consideration of the Company's business performance, economic conditions, and other factors, within the limits on total amounts resolved by the General Meeting of Shareholders, after discussions at the HR and Remuneration Committee. Details are provided in "Disclosure of policy on determining amounts or calculation methods of remuneration," and details of incentives are provided in "Incentive Policies for Directors" below.

(4) The Board of Directors' policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for Directors and Audit and Supervisory Committee Members
The Company's policy on appointing Director candidates is to nominate the candidates based on their views to commit themselves to compliance with laws, regulations, and corporate ethics, while taking into consideration the balance of knowledge and experience in the Board of Directors as a whole.
In addition, the Company nominates candidates for Directors who are Audit and Supervisory Committee Members taking into consideration the balance of the Board of Directors as a whole in terms of expertise and knowledge on finance, accounting, and laws and regulations, as well as the Company's business and corporate management.
The Representative Directors and the Division Manager of the Administration Division（The Division Manager of the Administration Division is also a Director; however, in this report, they will be referred to as the Head of the Administration Division.） review appointments and dismissals of Directors, and the Board of Directors consults with the HR and Remuneration Committee, a committee primarily composed of Independent External Directors, explaining the reasons for nomination or dismissal and the background therefor and other relevant matters to the Committee. The HR and Remuneration Committee reports the matters to the Board of Directors after deliberating on the matters objectively from an independent standpoint. The Board of Directors deliberates on the matters reported by the Committee and adopts a resolution on the appointment and dismissal.

(5) Explanations with respect to the individual appointments/dismissals of senior management and nominations of candidates for Directors and Audit and Supervisory Committee Members based on (4)
For the appointment/dismissal of Director candidates, the Company discloses the profile, reasons for election/dismissal of each candidate in the "reference documents for the General Meeting of Shareholders" attached to the convocation notice of the meeting.

Supplementary Principle 3.1.2
The Company is working on information disclosure/provision in English to the extent that is reasonable and is translating information for quarterly disclosure and other necessary information into English.

Supplementary Principle 3.1.3
From December 2022, the Company publishes a Sustainability Report on its website and other media every fiscal year, and discloses its sustainability initiatives and information based on the TCFD framework.
For details, please refer to the following URL in the Company's website for the "Sustainability Report 2024
https://fusokk.co.jp/sustainability

**Supplementary Principle 4.1.1**
The Company establishes the Board of Directors Regulations and the Standards for Submission to Board of Directors, which set forth matters to be deliberated by the Board of Directors in accordance with laws and regulations. In addition, the Board of Directors Regulations provide that if only basic matters or important matters are decided by the Board of Directors, the details thereof will be decided by the Representative Directors. Based on these, the Company clarifies the scope of delegation to the management by establishing the Rules on Delegation of Authority.

Supplementary Principle 4.2.2
The Company established and published the Sustainability Fundamental Policy. At the same time, the Company established the Sustainability Committee under the control and supervision of the Board of Directors and chaired by the director in charge of the Corporate Planning Department. The Committee is responsible for formulating policies and targets for sustainability initiatives, as well as deliberating on progress management and measures. Under the Medium-Term Management Plan, the Company will implement various initiatives across four pillars: "market value," "sustainability," "human capital value," and "trust in FUSO."
< Sustainability Fundamental Policy>
The Company as a front-runner of the global niche top company continue to play an active role in various aspects of people's quality of life. The Company has been proud of providing indispensable products to the society by both Life Science (fruit acids and their derivative) and Electronic Materials (Ultra High Purity Colloidal Silica and silica-related products) businesses. For a sustainable future, the Company has strong desire to continuously contribute to the society with insatiable aspirations under the Company's motto "Limitless Progress and Creation". The Company believes that such actions to the sustainable society lead to continuous improvement of its corporate value.

**Supplementary Principle 4.8 Effective Use of Independent External Directors**
As of the end of the 69th Annual General Meeting of Shareholders in 2026, five of the 12 Directors of the Company are Independent External Directors.
All independent external directors attended all 13 board meetings held in fiscal year 2025, where appropriate advice on risk-taking and growth was provided

from independent and objective standpoints, as well as effective discussions and proposals were made on matters including investment projects such as large-scale capital investments, capital investment plans, compliance, and the Medium-Term Management Plan.

**Supplementary Principle 4.8.3**

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

**Principle 4.9: Independence Standards and Qualification for Independent External Directors**

The Company's criteria for independence are the satisfaction of the independence criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange, being in effect unlikely to have conflicts of interest with general shareholders, and being able to contribute, from an objective standpoint, to the strengthening of the Company's governance, sustainable growth, and enhancement of corporate value over the medium to long term. In accordance with these independence criteria, the Company has five Independent External Directors appointed as Independent Directors.

**Supplementary Principle 4.10.1**

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

**Supplementary Principle 4.11.1**

Preconditions for the appointment of Directors of the Company are that they have high standards of morality in addition to compliance with laws and understand and have a sense of fulfilling Director duties. Given that the Company operates the Life Science business and the Electronic Materials & Functional Chemicals business, the basic policy for the Board of Directors is to be composed of internal Directors who have expertise in these business operations and External Directors who have professional knowledge and the like on corporate management, finance, and legal affairs. In addition, to realize active discussions and speedy decision-making, the Articles of Incorporation provides that the Company has ten or less Directors (excluding Directors who are Audit and Supervisory Committee Members) and seven or less Directors who are Audit and Supervisory Committee Members. The Board of Directors of the Company is comprised of 12 Directors including two women. In addition, candidates are recommended by Representative Directors and the Division Manager of the Administration Division after review in light of the conditions described above, and then appointed upon approval by the Board of Directors at a meeting, where all External Directors including Independent External Directors are present, based on a report from the HR and Remuneration Committee. In addition, the reason for appointment and skills and other qualifications of Director candidates are disclosed in convocation notices of the General Meeting of Shareholders. The skills matrix of Directors is included in this report.

**Supplementary Principle 4.11.2**

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

**Supplementary Principle 4.11.3**

With the objective of enhancing the functions and effectiveness of the Board of Directors, the Company carries out the self-evaluation of all members of the Board of Directors with the analysis and details of the evaluation reported to the Board of Directors. In addition, the results of the evaluation are disclosed on the Company's website. The results of the 2024 evaluation of the Board of Directors show that the Board is appropriately functioning and the effectiveness of the Board is ensured. Based on these evaluation results, the Company will work to further increase the effectiveness of the Board of Directors as a whole by continuing the annual evaluation of the Board.

**Supplementary Principle 4.14.2**

The Company trains Directors on legal knowledge, compliance, governance, internal controls, finance and accounting, the industry to which the Company belongs, and factories of the Company/factories with the objective of their acquisition of required knowledge as Directors. The Company mainly use external training programs and seminars for this training, and the expenses incurred for the external training and others are borne by the Company. Factory tours and training on industry knowledge are carried out internally.

**Principle 5.1: Policy for Constructive Dialogue with Shareholders**

The Company is fully aware that providing shareholders and investors with timely and appropriate company information is fundamental to a healthy securities market. To this end, the Company works diligently to ensure that the company information is disclosed properly in a timely, accurate and fair manner from the viewpoint of the shareholders and investors. Information to be disclosed and provided is disclosed after its accuracy and appropriateness have been confirmed by the Board of Directors. In addition, when disclosing information, the Company exercises caution not to disclose insider information.

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

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

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

In response to the request from the Tokyo Stock Exchange to promote the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company has analyzed the current situation at the Board of Directors meeting held on May 10, 2024, and published its future policy in its website.

We disclosed updates on May 12, 2025, and June 30, 2026.For details, please refer to the following URL in the Company's website.

https://fusokk.co.jp/ir/ir_cat/press-release

https://fusokk.co.jp/sustainabilitys/to_achieve_sustainability04-2030

**Principle 5.2: Formulation and Announcement of Management Strategies and Plans**

As described in Principle 3.1: Full Disclosure, the Company formulates and announces a medium-term management plan. The Company places importance on operating income before depreciation in terms of profitability, and announces as well return on equity and other objective indicators in its annual securities reports as important indicators. For details, please refer to the following URL in the Company's website.

https://fusokk.co.jp/ir/ir_cat/press-release
https://fusokk.co.jp/sustainabilitys/to_achieve_sustainability04-2030

## Action to Implement Management that is Conscious of Cost of Capital and Stock Price

| | |
|---|---|
| Description | Disclosure of initiative (Updates) |
| English disclosure | Yes |
| Date of update Updated | June 30, 2026 |

Explanation Updated

To promote the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” the Company has disclosed its initiatives on May 10, 2024 and disclosed the updates to the initiatives on May 12, 2025 and June 30, 2026.. The Company will 1) improve profitability, 2) decrease β value by properly providing financial/non-financial information to the market, and 3) properly identify investment opportunities for sustainable growth and execute financing activities with conscious awareness of cost of capital. The Company will aim to secure an over 10% ROE on an ongoing basis through the above three activities.

**Analysis of current situation**

The Company’s ROE for the fiscal year ended March 31, 2024 amounted to 9.1% due to the sluggish growth in the entire semiconductor industry. However, it has recovered to 11.7% in the fiscal year ended March 31, 2025. ROE amounted to 12.9% and ROIC to 11.1% for the fiscal year ended March 31, 2026, and is exceeding the cost of capital . Although economic uncertainty is increasing due to factors such as the mutual tariffs involving the United States and the situation in the Middle East, the Company remains committed to consistently maintaining the ROE at 10% or higher.
The Company also aims to achieve an ROIC of 13% or more in the final fiscal year of the Medium-Term Management Plan.

**Approach toward realization**

Anticipating a slowdown in domestic market growth, the Company is promoting the expansion of overseas sales as part of its growth strategy to maximize revenue. In fiscal 2024, the Production Division was established through organizational restructuring to enhance profitability in the production domain. The Life Science: Business Unit and the Electronic Materials Business Unit are also working on price revisions by introducing high value-added products and strengthening their sales capabilities.
The Company repurchased 260,000 shares in 2021. In September 2024, the Company announced its adoption of the progressive dividend policy in relation to the appropriation of surplus, aiming to provide stable returns to the shareholders over the long term. Accordingly, the Company increased the dividend for the fiscal year ended March 31, 2025, conducted a three-for-one stock split with a record date of March 31, 2026, and is implementing proactive shareholder return measures.

For details, please refer to “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)” on our website from the following link:
https://fusokk.co.jp/ir/ir_cat/press-release

## 2. Capital Structure

| | |
|---|---|
| Foreign shareholding ratio | 20% or more, but less than 30% |

### Major Shareholders Updated

| Name/company name | Number of shares owned | Percentage (%) |
|---|---|---|
| Juseido Co., Ltd | 5,596,265 | 15.87 |
| Teikoku Seiyaku Co., Ltd. | 3,328,000 | 9.44 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 3,242,400 | 9.19 |
| Kunpusha KK | 2,621,665 | 7.43 |
| Custody Bank of Japan, Ltd. (Trust account) | 2,299,500 | 6.52 |
| Osaka Small and Medium Business Investment & Consultation Co., Ltd | 1,490,625 | 4.23 |
| Teisan Co., Ltd. | 1,375,000 | 3.90 |
| The Bank of New York Mellon 140042 | 1,008,992 | 2.86 |
| Akazawa Memorial Foundation | 1,000,000 | 2.84 |
| US BANK NATIONAL ASSOCIATION JP ACCTS TS | 708,800 | 2.01 |

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

Supplementary explanation Updated

(Note) The number of shares presented in 2. Capital Structure, Major Shareholders, is based on the number of shares as of March 31, 2026, prior to the three-for-one stock split implemented on April 1, 2026.

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## 3. Corporate Attributes

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

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

-

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

-

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

## 1. Organizational Composition and Operation

| | |
|---|---|
| Organizational form | Company with Audit and Supervisory Committee |

### Directors

| | |
|---|---|
| Maximum number of Directors under the Articles of Incorporation | 17 |
| Term of office of Directors under the Articles of Incorporation | 1 year |
| Chairperson of the Board of Directors | President |
| Number of Directors Updated | 12 |
| Appointment of External Directors | Appointed |
| Number of External Directors Updated | 5 |
| Number of External Directors designated as independent directors Updated | 5 |

Relationship with the Company (1) Updated

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

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

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

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

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

Relationship with the Company (2) Updated

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

| | | | | |
|---|---|---|---|---|
| | | | | It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders. |
| Fumiaki Hirata | ○ | ○ | ——— | Mr. Hirata has a wealth of management experience and extensive expertise in the chemicals industry, with professional knowledge in businesses operated by the Company. He is expected to carry out audits and provide advice as an Audit and Supervisory Committee Member, leveraging his professional knowledge, in relation to making decisions on important management matters and exercising oversight over business execution; therefore, he is appointed as a candidate for External Director who is Audit and Supervisory Committee Member.<br><br><Reasons for designation as independent director><br>It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders. |
| Sayaka Eguro | ○ | ○ | ——— | Ms. Eguro has expertise as an attorney-at-law and professional knowledge on international business management. Accordingly, with an expectation that she will oversee and offer advice drawn on her knowledge for decision-making of important management matters and supervision of execution of duties, etc. from a neutral and objective perspective as an Audit and Supervisory Committee Member, the Company has nominated her as a candidate for External Board Director who is an Audit and Supervisory Committee Member.<br><br><Reasons for designation as independent director><br>It is judged that she satisfies the independence criteria of the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders. |
| Kei Takeuchi | ○ | ○ | At Osaka Gas Co., Ltd., Mr. Takeuchi has served as Executive Officer from April 2016, Director, Senior Executive Officer from June 2019, and Senior Executive Officer between June 2020 to March 2023. Currently, he serves as Advisor of Osaka Gas Co., Ltd., and Director and Chair of Osaka Gas Liquid Co., Ltd., a subsidiary of Osaka Gas Co., Ltd. However, he is not an executive stipulated in Article 2, paragraph (3), item (vi) of the Ordinance for Enforcement of the Companies Act in both of these companies.<br>There is a transactional relationship between Osaka Gas Co., Ltd. (“Osaka Gas”) and the Company. However, the annual transaction volume between Osaka Gas and the Group is less than 2% of the annual consolidated net sales of Osaka Gas, and the Company does not fall under the major counterparty of Osaka Gas. Similarly, the annual transaction volume between Osaka Gas and the Group is less than 2% of the annual consolidated net sales of the Group, and Osaka Gas does not fall under the major counterparty of the Company. | Mr. Takeuchi has abundant experience in business operations and knowledge of chemicals from having served as a General Manager responsible for energy-related business at Osaka Gas Co., Ltd. as well as President and CEO of Osaka Gas Chemicals Co., Ltd. Accordingly, with the expectation that he will provide advice on management and supervise business execution as a Board Director, Audit and Supervisory Committee Member, the Company has nominated him as a candidate for External Board Director.<br><br><Reasons for designation as independent director><br>It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange, does not have conflicts of interest with the Company, and is unlikely to have conflicts of interest with general shareholders. |
| Toshihide Tominaga | ○ | ○ | ——— | Mr. Tominaga has devoted his efforts to the practice of global management and structural reform, and subsequently played an important role as an Audit & Supervisory Board Member at the Panasonic Group. His extensive knowledge and experience in business operations are grounded in an emphasis on manufacturing sites. The Company judges that he is capable of |

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|---|---|---|---|---|
| | | | | appropriately fulfilling duties as a Board Director who is an Audit and Supervisory Committee Member, and therefore has nominated him as candidate for External Board Director.<br><br><Reasons for designation as independent director><br>It is judged that he satisfies the independence criteria of the Tokyo Stock Exchange as well as the independence criteria established by the Company. |

## Audit and Supervisory Committee

### Committee's Composition and Chairperson's Attributes Updated

| | All Committee members | Full-time members | Internal Directors | External Directors | Chairperson |
|---|---|---|---|---|---|
| Audit and Supervisory Committee | 4 | 1 | 0 | 4 | External Directors |

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

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

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

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

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

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

## Voluntary Committees

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

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

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

### Supplementary explanation

The Company's HR and Remuneration Committee is a voluntarily established committee that assumes the function of both the nomination committee and the

remuneration committee. When examining matters relating to appointments/dismissals of senior management or design of the remuneration system/remuneration amounts, the Company has appropriate involvement and advice of the HR and Remuneration Committee, which consists of both internal and external directors.

## Independent Directors

| Number of Independent Directors | Updated | 5 |
|---|---|---|

Other Matters related to Independent Directors

### -Incentives

| Incentive Policies for Directors | Performance-linked remuneration / other |
|---|---|

Supplementary Explanation Updated

・Performance-linked bonuses and calculation methods thereof

For the calculation method of performance-linked bonuses of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter "Directors" in this item), the Company receives a document stating to the effect that the Audit and Supervisory Committee has found the method to be fair. Performance-linked bonuses, which are tied to short-term profits, are calculated and paid after close of the Annual General Meeting of Shareholders, based on a guideline of approximately 17% of total remuneration. The Board of Directors determines the calculation method for Directors' performance-linked bonuses (excluding those for External Directors), based on a report from the HR and Remuneration Committee.

With the aim of providing incentives for enhancing mid- to long-term corporate value as envisioned in the Medium-Term Management Plan, "Next Growth 2030," a portion of Directors' bonuses is structured as Medium-Term Management Plan-linked bonuses. Such bonuses are set at 8% of total remuneration as a benchmark and are paid within a range of plus or minus 30% of the standard amount for each position based on the degree of achievement of targets related to "market value," "human capital value," "trust in FUSO," and "sustainability." The evaluation items consist of those assessed based on the achievement of single-year targets, as well as those evaluated over a multi-year period for improvement and progress. The specific evaluation items and their respective weightings for each Director are left to the discretion of Mr. Shinichi Sugita, Representative Director & President.

It is decided that the amount of other bonuses of Directors is left to the discretion of Mr. Shinichi Sugita, Representative Director & President, in comprehensive consideration of business performance for the current fiscal year, the level of contribution of each Director, and other factors, after discussions by the Board of Directors based on a report from the HR and Remuneration Committee.

・Indicators and calculation methods of performance-linked bonuses

The base amount is calculated by adding depreciation to consolidated profit before income taxes before recording director bonuses, and multiplying the amount obtained by 0.0153819%. Performance-linked bonuses are calculated by multiplying the base amount by a factor of each Director (fractions of less than 10,000 yen is rounded down). However, a cap is set on the base amount. Performance-linked bonuses will not be paid if the amount obtained by adding depreciation to consolidated profit before income taxes before recording director bonuses is less than 29.7 billion yen.

・Reasons for selecting indicators pertaining to performance-linked bonuses

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

・Details of non-monetary remuneration

The Company pays restricted stock-based compensation to Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors) from fiscal 2023 based on the resolution at the 66th Annual General Meeting of Shareholders held on June 23, 2023. The purpose of the compensation is to provide incentives for the sustainable enhancement of the Company's corporate value and to further align interests with shareholders. The shares are subject to transfer restrictions until retirement, on the condition that the eligible Directors continuously hold office from the date of the General Meeting of Shareholders immediately prior to the grant date until the date of the following year's General Meeting of Shareholders. The quantity of shares granted and the conditions for acquisition, including clawback provisions in cases of regulatory or internal rule violations, are determined by the Board of Directors, based on the report of the HR and Remuneration Committee.

The number of shares granted to the Company's Directors (excluding Directors who are Audit and Supervisory Committee members and External Directors) as compensation for the execution of their duties in the previous fiscal year was 8,595 shares to seven Directors.

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

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

| Recipients of stock options | |
|---|---|

Supplementary explanation

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## Remuneration for Directors

| Disclosure of individual Directors' | Not disclosed |
|---|---|

| remuneration | |
|---|---|

Supplementary explanation

Individual Directors' remuneration is not disclosed.

| Policy on determining amounts or calculation methods of remuneration | Updated | Established |
|---|---|---|

Disclosure of policy on determining amounts or calculation methods of remuneration

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

Directors (excluding Audit and Supervisory Committee Members): 397 million yen to 8 Directors
Directors (Audit and Supervisory Committee Members): 33 million yen to 3 Directors

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

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

The Company, at the Board of Directors' meeting held in May 2025, resolved to adopt policy on the details of remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members (hereinafter "Directors" in this item.)) Furthermore, the Company has the HR and Remuneration Committee chaired by an Independent External Director. The Committee is consulted and issues a report on remuneration of Directors. With respect to the remuneration, etc. of individual Directors pertaining to the current fiscal year, the Board of Directors confirms the method of determining the details of remuneration, and checks for whether the details of remuneration, etc. are consistent with the determination policy resolved by the Board of Directors and whether the report by the HR and Remuneration Committee is respected. As a result, the Board of Directors has determined that the details are in accordance with the determination policy.

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

・Maximum amount of remuneration

The annual maximum amount of remuneration for Directors of the Company was decided to be 700 million yen for ten or less Directors (including the annual amount of 100 million yen for External Directors) by resolution of the 61st Annual General Meeting of Shareholders held on June 22, 2018. By resolution at the 66th Annual General Meeting of Shareholders held on June 23, 2023, the total amount of remuneration in restricted stock-based compensation, etc. to be granted to Directors (excluding External Directors), or the maximum amount of monetary remuneration claims to be paid for the granting of restricted shares is 60 million yen per year, separate from the above remuneration, and the maximum number of shares is 18,000 shares per year (The number of shares presented reflects the three-for-one stock split implemented on April 1, 2026).

・Breakdown of remuneration

The remuneration of Directors excluding External Directors consists of base remuneration paid monthly (regular salary paid in the same amount), Director bonuses, and restricted stock-based compensation. The basic ratio of the three types of remuneration is 50% (fixed remuneration), 40% (bonuses) and 10% (restricted stock-based compensation).

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

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

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

・Performance-linked bonuses and others

Out of the bonuses paid to Directors, performance-linked bonuses are tied to short-term profits, and are calculated and paid after close of the Annual General Meeting of Shareholders, based on a guideline of 17% of total remuneration. The method of calculating the performance-linked bonuses paid to Directors excluding the External Directors is determined by the Board of Directors in accordance with the report from the HR and Remuneration Committee, and the Audit and Supervisory Committee has determined that the contents are appropriate. In addition, with the aim of providing incentives for enhancing mid- to long-term corporate value as envisioned in the Medium-Term Management Plan, "Next Growth 2030," a portion of Directors' bonuses is structured as Medium-Term Management Plan-linked bonuses. Such bonuses are set at 8% of total remuneration as a benchmark and are paid within a range of plus or minus 30% of the standard amount for each position based on the degree of achievement of targets related to "market value," "human capital value," "trust in FUSO," and "sustainability." The evaluation items consist of those assessed based on the achievement of single-year targets, as well as those evaluated over a multi-year period for improvement and progress. The specific evaluation items and their respective weightings for each Director are left to the discretion of Mr. Shinichi Sugita, Representative Director & President.

### Support System for External Directors Updated

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

In fiscal 2025, information is provided on topics such as the medium-term management plan, legal amendments, information on the semiconductor industry, ROE, and various seminars.

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

The amendment of the Articles of Incorporation for the shift to a company with audit and supervisory committee was resolved by the 61st Annual General

Meeting of Shareholders held on June 22, 2018. Accordingly, the Company has transitioned from a company with company auditors to a company with audit and supervisory committee on the same date. This transition is aimed at increasing the effectiveness of the oversight function over the execution of duties by Directors and further enhance the corporate governance system of the Company and its subsidiaries (the "Group"), with the Audit and Supervisory Committee becoming the organization that audits and oversees the execution of duties by Directors. In addition, the Company expects to achieve faster management decision-making and higher flexibility in business execution by allowing delegation of important business execution, partly or wholly, to Directors by resolution of the Board of Directors going forward.

1. Organs

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

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

In addition, the Board of Managing Directors, comprised of seven full-time Directors (excluding Directors who are Audit and Supervisory Committee Members) and one full-time Director who is an Audit and Supervisory Committee Member, meets once a month. Furthermore, meetings attended by the Board of Managing Directors' members together with senior executive employees—including Executive Officers and presidents of Group companies—are held four times a year: the Corporate Value Enhancement Committee, which reviews the progress of the Medium-Term Management Plan, is convened in April and October, and the Management Meeting, which discusses management issues, is convened in July and January.

The Board of Managing Directors, the Corporate Value Enhancement Committee and the Management Committee exercise oversight of the Group as a whole by receiving reports on the status of business execution in the Group, deliberating carefully from various aspects, and speedily making decisions.

The Audit and Supervisory Committee is comprised of four Directors who are Audit and Supervisory Committee Members (including four External Directors) and meets monthly in principle and on an as-needed basis. The Audit and Supervisory Committee audits not only the legality but also the appropriateness of Directors' execution of duties. For the Board of Directors meeting held in fiscal 2025, all Directors including External Directors attended all meetings. All Audit and Supervisory Committee Members attended all Audit and Supervisory Committee meetings.

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

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

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

3. Overview of limited liability agreements

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

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

## 3. Reasons for Adoption of the Current Corporate Governance System

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

# *III* Implementation of Measures for Shareholders and Other Stakeholders

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

| | Supplementary explanation |
|---|---|
| Early sending of notice of General Meeting of Shareholders | From the 66th Annual General Meeting of Shareholders, based on the enforcement of the revision of the Companies Act in September 2022, the notice has been provided electronically from the day three weeks before the date of the General Meeting of Shareholders. The notices are sent in accordance with the amended Act at least two weeks prior to the date of the Annual General Meeting of Shareholders after the date of electronical notice. For shareholders who wish to receive the materials of the General Meeting of Shareholders in writing, the Company will provide the materials in writing. |
| Scheduling Annual General Meetings of Shareholders avoiding the peak day | The Company strives to avoid the peak day in the last week of June and holds the meeting in the week before the peak day. |
| Allowing exercise of voting rights by electromagnetic means | Since the 2018 General Meeting of Shareholders, the Company allows exercise of voting rights by electromagnetic means. |
| Participation in electronic voting platform and other efforts to improve the environment for institutional investors to exercise their rights | Since the 2018 General Meeting of Shareholders, the Company has been conducting electronic voting. Voting using the Electronic Voting Platform has been available since the 2021 Annual General Meeting of Shareholders. |
| Providing convocation notice of General Meeting of Shareholders (summary) in English | The Company has been providing convocation notice of general meeting of shareholders (summary) in English since the 2022 General Meeting of Shareholders and has continued to do so every year. |
| Others | The article was revised at the 2022 General Meeting of Shareholders to allow the electronic provision system.<br>Since the 2024 General Meeting of Shareholders, the Company receives questions from shareholders on agenda items for the General Meeting of Shareholders in advance.<br>Since the 2025 General Meeting of Shareholders, the Company has launched a service that enables individual shareholders to seamlessly view corporate information, execute voting rights, and display dividend information from their smartphones, to accommodate the growing presence and importance of individual investors.<br>In fiscal 2025 and 2026, the Company released the Annual Securities Report ahead of the General Meeting of Shareholders. |

## 2. IR Activities Updated

| | Supplementary explanation | Explanation by the Representative himself/herself |
|---|---|---|
| Regular results briefings for analysts and institutional investors | Twice a year (mid-term, year-end) | Yes |
| Posting of IR materials on website | Press releases (as-needed), flash reports (four times a year), annual securities report, quarterly reports (four times a year), business reports (twice a year), results briefing materials (twice a year)<br><br>Note: please refer to the Company's website for the status of dialogues with shareholders and investors from the link below:<br>https://fusokk.co.jp/ir/dialogue | |
| Establishment of department in charge of IR | The Corporate Communication Office was established in the Administration Division on July 1, 2020. | |
| Other | The Company strives to provide easy-to-understand explanations at General Meetings of Shareholders using slides.<br><br>[Engagement with institutional investors in fiscal 2025]<br>Visits to 17 institutional investors (Handled by the President, Director in charge of the Administration Division, Department Manager of the Corporate Communication Office)<br>155 individual meeting conducted in person or via online meetings (Handled by the Corporate Communication Office)<br>Hosted a site tour of the Kashima Plant electronic materials for institutional investors<br><br>Note: For details regarding the Company's dialogue with shareholders and investors, please visit the following website.<br>https://fusokk.co.jp/eng/dialogue | |

| | |
|---|---|
| | [Feedback to management]<br>The content of dialogues conducted through IR activities is fed back to the Board of Directors and management through mails, reports, and other means. |

### 3. Measures to Ensure Due Respect for Stakeholders

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

## *IV.* Matters Related to the Internal Control System

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

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

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

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

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

(1) Establish the Code of Conduct of FUSO CHEMICAL Group for taking action in compliance with laws, regulations, social norms, and the like, and promulgate them to Directors and employees of the Company and Group companies and raise awareness.
(2) Establish the Basic Policy on Internal Control, develop and enhance systems to ensure the reliability of financial reporting of the Company and Group companies, and appropriately implement, evaluate, and correct internal controls. From fiscal 2024, the scope of company-wide internal controls was revised, adding a Thai subsidiary to the evaluation scope. The company-wide internal control policy was reviewed, designating one Chinese subsidiary as a material entity.
(3) The Company establishes the Compliance Committee chaired by the Representative Director & Chairman, which oversees the initiatives relating to the compliance systems of the Company and Group companies.
(4) The internal audit division of the Company regularly audits the appropriateness and propriety of business operations of internal divisions and Group companies. In addition, the Audit and Supervisory Committee of the Company independently audits the state of execution of duties by Directors and the state of business operations by each division through internal control systems.
(5) The Company has set rules on whistleblowing and set up an internal and external points of contact for whistleblowing to detect early or prevent any law violation or other compliance-related issues in the Company and the Group.

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

3. Rules and other systems for managing risk of loss
(1) Establish rules on risk management and secure management systems that respond to risks for business operations and management strategies of the Company and Group companies. In November 2023, the Company received the Resilience Certification from the Association for Resilience Japan and continues to maintain it.
(2) Strive for early resolution of crises and prevention of damages from spreading by clarifying the system, communication, and decision-making methods in the event of a crisis with establishment of a continuity of business plan to prepare for large-scale disasters and other crisis events.
(3) Publish the Basic Information Security Policy and work to ensure information security and establish a swift recovery framework in the event of an incident. In September 2024, the Administration Division domain, which oversees company-wide systems, has obtained ISMS certification in accordance with JIS Q 27001:2023.

4. System to ensure efficient execution of duties by Directors
(1) The Company, at regular meetings, and ad-hoc meetings held on an as-needed basis, of the Board of Directors, deliberates and resolves on important matters concerning management, and oversees the execution of duties by Directors.
(2) The authority delegated to each position relating to business execution and procedures for executing the authority are clarified in the Board of Directors Regulations, the Rules on Delegation of Authority, the Rules on Division of Duties, and the Internal Approval Rules.

(3) The Company holds a meeting of full-time Directors, persons in charge of divisions, and representatives of Group companies in March every year, and establishes an annual management policy and an annual management plan.
(4) Internal divisions and Group companies regularly report the progress of the management plan, the status of business execution, and other relevant matters to the Board of Directors.

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

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

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

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

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

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

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

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

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

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

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

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

4. Implementation of Training
The Company attends training sessions and other events held by the Osaka Corporate Defense Countermeasures Federation and the Corporate Defense

Countermeasures Association in the jurisdiction of Higashi Police Station in a timely manner, thereby striving to collect information on anti-social forces.

# V. Other

## 1. Adoption of Anti-Takeover Measures

| Adoption of Anti-Takeover Measures | None |
|---|---|

Supplementary explanation

-

## 2. Other Matters Concerning Corporate Governance System

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

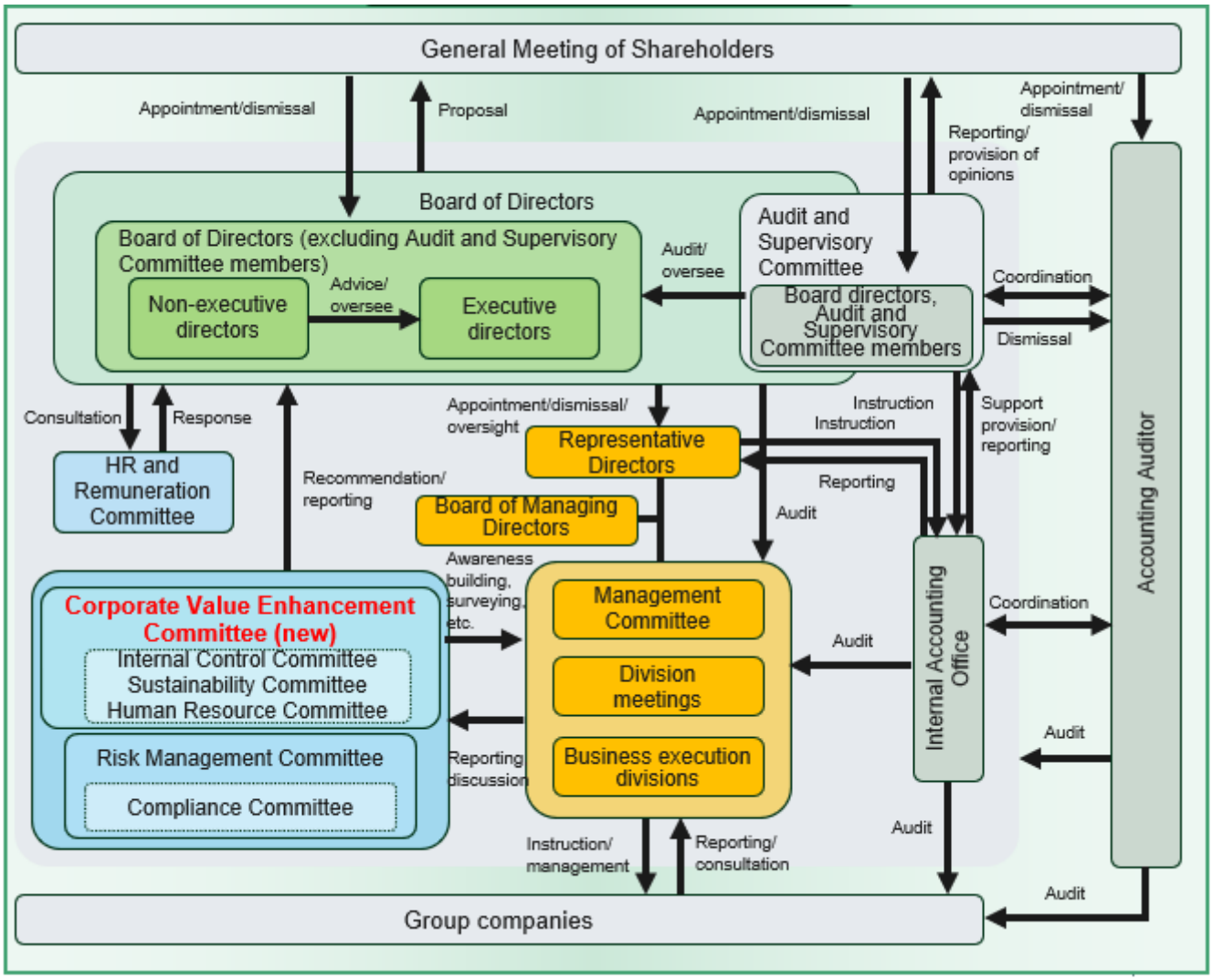
(1) Policy
"2-8: Shareholder and investor relations" of the Code of Conduct of FUSO CHEMICAL Group states: "We strive to disclose corporate information in a timely and appropriate manner so that we will be fully trusted by our stakeholders."
Based on this principle, each responsible division endeavors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

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

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

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

<Governance Structure>

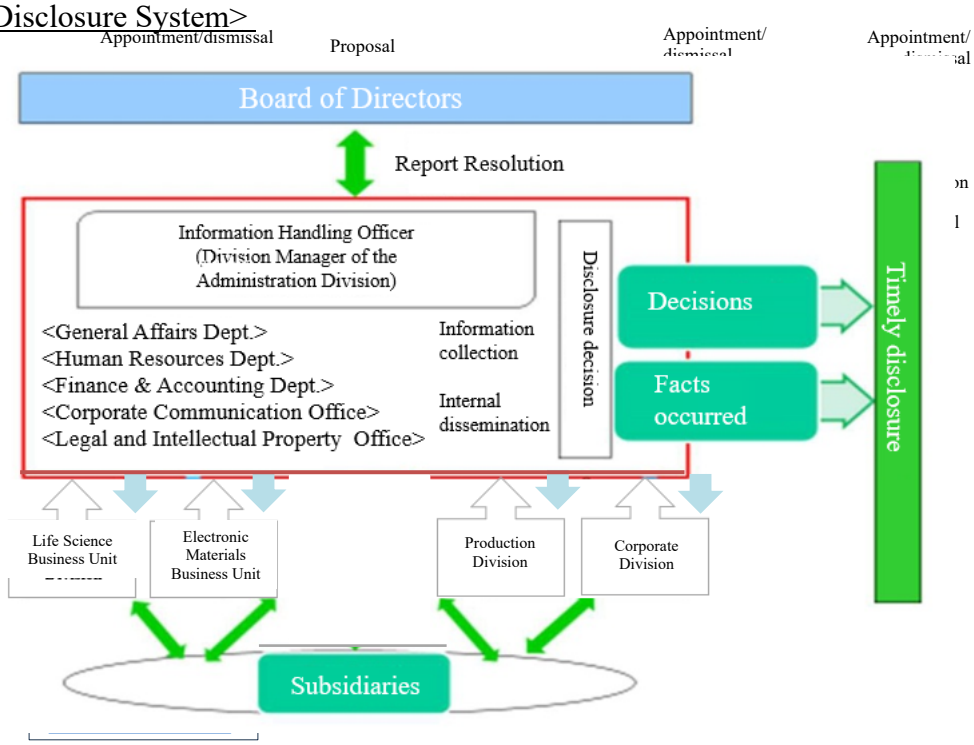


## <Skill Matrix of Directors>

| Name | Position | External | Independent | Committee | | Major skills, experience, etc. | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Audit, etc. | HR and remuneration | Corporate management | Sustainability, ESG | Technology, research, manufacturing | Sales, marketing | Global business | Finance, accounting | HR, labor | Legal, risk management | IT |
| Misako Fujioka | Representative Director & Chairman | | | | ○ | ● | ● | | | | | ● | ● | |
| Shinichi Sugita | Representative Director & President | | | | ○ | ● | | ● | ● | | ● | ● | | |
| Haruo Masauji | Senior Managing Director | | | | | ● | | ● | ● | ● | | | | |
| Atsushi Fujioka | Managing Director | | | | | ● | ● | | | ● | | | | ● |
| Motoki Sugimoto | Director | | | | | | | ● | ● | ● | | | | |
| Hakaru Hyakushima | Director | ○ | ○ | | | ● | | | | | ● | | ● | |
| Hiroyuki Ito | Director | | | | | ● | ● | | | | ● | ● | ● | ● |
| Norikazu Miyamoto | Director | | | | | | ● | ● | ● | | | | | |
| Fumiaki Hirata | Board Director, Audit and Supervisory Committee Member | ○ | ○ | ◎ | ◎ | ● | | ● | ● | | | | | |
| Sayaka Eguro | Board Director, Audit and Supervisory Committee Member | ○ | ○ | ○ | ○ | | ● | | | ● | | ● | ● | |
| Kei Takeuchi | Board Director, Audit and Supervisory Committee Member | ○ | ○ | ○ | ○ | ● | | ● | ● | ● | | | | |
| Toshihide Tominaga | Board Director, Audit and Supervisory Committee Member | ○ | ○ | ○ | | ● | | ● | | ● | ● | | | |

Note:◎ on Committee indicates the chairperson of the committee.

<Timely Disclosure System>



<Dialogue Framework>

