

January 25, 2024

Attention: All concerned parties

Toyo Tanso Co., Ltd.

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(Stock Exchange Code: 5310, Prime Market, Tokyo Stock Exchange)

Notice Regarding Revisions to the Remuneration System for Directors and Other Officers

At its meeting held on January 25, 2024, the Board of Directors of the Company passed a resolution to revise the remuneration system for directors and other officers as follows.

Particulars

1. Purpose of the Revisions to the Remuneration System

The Company's basic policy concerning the determination of remuneration for directors and other officers is that such remuneration should comprise a system that functions adequately as a robust incentive to encourage sustained improvement of corporate value and contributions to the sustainable development of society, reflects shareholder profits, and aligns with the Medium-Term Management Plan.

Currently, the Company is pursuing a growth strategy based on the Medium-Term Management Plan and accelerating its sustainability initiatives under the 2030 Management Vision "Creating products with unprecedented potential" – Becoming a leading company through Earth-friendly products and technologies," aiming to sustainably enhance corporate value and contribute to the sustainable development of society.

By clarifying the incentives linked to these initiatives, the Company hopes to boost motivation, adding a performance indicator to remuneration for directors and other officers for medium-/long-term incentive remuneration and newly establishing ESG indicators to bring about the further expansion of corporate value.

2. Overview of the Revisions to the Remuneration System

Remuneration for executive directors consists of a monthly salary as basic remuneration and short- and medium-/long-term incentive remuneration as a performance-based component. The indicators used to determine performance-based remuneration are chosen with the goal of ensuring that those components of executive directors' remuneration more closely track the company's performance during the fiscal year in question as well as its medium- and long-term performance.

The Company has now added "operating profit" as a performance indicator for medium-/long-term incentive remuneration. With this revision, the performance indicators emphasized under the Medium-Term Management Plan now comprise the "Company's share price growth rate,"* "ROE," "net sales," and "operating profit." The Company has also established the "CDP climate change score" and the "global engagement survey" as new ESG indicators.

* Formula: Company's share price growth rate during the relevant period÷TOPIX growth rate during the relevant period.

The numerator in this formula has been changed from total shareholder return (TSR) as part of these revisions.

3. Reference

Remuneration for executive directors is set at a level that enables the Company to secure and retain outstanding professional personnel in each management field and encourage an appropriate degree of ambition among employees, based on remuneration market levels among other listed companies and other companies of a similar scale in the same industry, as well as the Company's payment ability in terms of factors such revenue and financial condition. The relative proportions of each form of remuneration are set at approximately 60%, 20%, and 20% for 1) basic remuneration, 2) short-term incentive (STI) remuneration paid upon the achievement of performance targets, and 3) medium-/long-term incentive (LTI) remuneration paid upon the achievement of performance targets, respectively. The proportion of variable remuneration is higher among higher-ranked executive directors.

Grade		Composition		
		Basic remuneration	STI	LTI
G0	Chairman/CEO grade	60.0%	20.0%	20.0%
G1	President grade	60.0%	20.0%	20.0%
G2	Director grade	63.0%	18.5%	18.5%
G3	Director grade	64.0%	18.0%	18.0%

The amount of money to be paid as medium-/long-term incentive in the year after the final fiscal year of the Medium-Term Management Plan will vary within a range of approximately 0 to 150 according to the degree to which performance targets are achieved, with 100 representing the amount paid if targets are met. The performance evaluation period will conclude three to five fiscal years in the future. Performance targets for the final fiscal year of the performance evaluation period are set in the first fiscal year of the performance evaluation period.

Please direct inquiries regarding the current situation to:

<p>Toyo Tanso Co., Ltd. Publicity & Investor Relations E-mail: info@toyotanso.co.jp</p>
