

[Translation: Please note that this is an English translation of the Japanese original Notice of the 14th Ordinary General Meeting of Shareholders of KH Neochem Co., Ltd. prepared for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.]

Securities code: 4189

Date of sending: March 4, 2024

Start date for measures for providing information in electronic format: March 4, 2024

To our shareholders,

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

### **Notice of the 14th Ordinary General Meeting of Shareholders**

We offer our heartfelt condolences to everyone who has suffered from the Noto Peninsula Earthquake that struck in 2024, and hope for the soonest possible recovery from the damage.

We are pleased to announce the 14th Ordinary General Meeting of Shareholders (the “Meeting”) of KH Neochem Co., Ltd. (the “Company”), which will be held as indicated below. In the course of convening the Meeting, we have taken measures for providing information electronically—specifically, publishing the information comprising the Reference Documents for the Meeting, etc. (matters subject to measures for providing information electronically) under “Notice of the 14th Ordinary General Meeting of Shareholders” and “Informational Materials for the 14th Ordinary General Meeting of Shareholders (in Japanese only)” on the following website(s) on the Internet. Thus, we ask that you please visit the website(s) to look over the information.

[The Company’s website]

URL: <https://www.khneochem.co.jp/en/>

(To access the information, please visit the website above and click “Investor Relations.” Then, click “Stock Information” and select “General Meeting of Shareholders.”)

[Website containing the notice of the ordinary general meeting of shareholders]

URL: <https://d.sokai.jp/4189/teiji/> (in Japanese only)

[Tokyo Stock Exchange website (Listed Company Search)]

URL: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show> (in Japanese only)

(To access the information, please visit the website above and enter “KH Neochem” in the “Issue name (company name)” field or the Company’s securities code (“4189”) in the “Code” field, click “Search,” then “Basic information,” and then “Documents for public inspection/PR information,” and then check the “Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting” column under “Documents for public inspection.”)

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing or via the Internet, or by other means. We ask that you check the attached “Instructions for Exercising Voting Rights” on pages 4-5 for guidance on exercising your voting rights.

1. **Date and Time:** Tuesday, March 26, 2024, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

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

3. **Proposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 14th term (from January 1, 2023 to December 31, 2023), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Financial Statements for the 14th term (from January 1, 2023 to December 31, 2023)

**Items to be resolved:**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Partial Amendments to the Articles of Incorporation

**Proposal No. 3:** Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)

**Proposal No. 4:** Election of Three Directors who are Audit and Supervisory Committee Members

**Proposal No. 5:** Election of Two Substitute Directors who are Audit and Supervisory Committee Members

**Proposal No. 6:** Setting of Remuneration Range for Directors (excluding Directors who are Audit and Supervisory Committee Members)

**Proposal No. 7:** Setting of Remuneration Range for Directors who are Audit and Supervisory Committee Members

**Proposal No. 8:** Setting of Performance-Linked Share-Based Remuneration Range for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

<Matters decided upon convocation>

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

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

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

## **Instructions for Exercising Voting Rights**

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

### **[Mailing the Voting Card]**

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

**Votes to be given by: 5:40 p.m. on Monday, March 25, 2024 (JST)**

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

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

**Votes to be given by: 5:40 p.m. on Monday, March 25, 2024 (JST)**

### **<Electronic Voting Platform>**

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

### **[Attending the Meeting]**

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

**Date/Time: Tuesday, March 26, 2024, at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)**

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

### **<Exercising Voting Rights by Proxy>**

You may exercise your voting rights by a proxy who is also a shareholder with voting rights.

Please be aware that a written statement attesting to the right of proxy must be submitted.

### **How to scan QR code, “Smart voting”**

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

1. Scan the QR code printed on the right side of Voting Card.  
\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

“Smart voting” can only be used once to exercise your voting rights.

In the event that you wish to modify the details of your vote after exercising your voting rights, please access the Voting Website (for PC) below from a PC or any other means, enter the voting rights exercise code printed on the Voting Card together with your password, log in, and exercise your voting rights once again.

\* If the QR code is read a second time, you will be transferred to the Voting Website (for PC).

### **How to enter the “voting rights exercise code” and “password”**

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

1. Please access the Voting Website (for PC) and click “次へすすむ (Next).”
2. Enter the voting rights exercise code printed on Voting Card and click “次へ (Next).”
3. Enter the password printed on Voting Card, set the new password that you actually use, and click “登録 (Register).”
4. Then indicate your approval or disapproval for each of the proposals by following the instructions on the screen.

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

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

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

- (1) Please be aware that, in order to prevent illegal online access by third parties who are non-shareholders (spoofing) and unauthorized changing of voting details, you will be asked to change your password when you log in to the voting website for the first time.
- (2) If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.
- (3) If you exercise your voting rights in duplicate both via the Internet or by other means and in writing, your voting via the Internet or by other means shall prevail.
- (4) If you exercise your voting rights multiple times via the Internet or by other means, only your last voting instructions will be valid.
- (5) Your password (including the password after you have changed it) shall be effective only for the Meeting.
- (6) Voting rights exercised via the Internet or by other means are accepted until 5:40 p.m. on Monday, March 25, 2024 (JST); however, we kindly ask that you vote as early as possible.
- (7) We conducted operation checks of the voting website using common Internet access devices. However, you may not be able to use the website on some devices.
- (8) Please note that shareholders bear any costs incurred when accessing the voting website.

**English Summary of the PROXY STATEMENT of KH Neochem**

KH Neochem provides the official version of “Notice of the 14th Ordinary General Meeting of Shareholders” in Japanese, and this “English Summary of the PROXY STATEMENT of KH Neochem” is provided for reference purposes only.

## Reference Documents for the Meeting

### Proposal No. 1: Appropriation of Surplus

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

Based on the above policy, the Company proposes to pay ¥45.00 per share as the year-end dividend for the 14th term (fiscal year under review), in comprehensive consideration of factors such as the consolidated financial results and financial condition for the fiscal year under review. As a result, the annual dividend including the interim dividend (¥45.00 per share) will be ¥90.00 per share.

#### Year-end dividends

1	Type of dividend property	Cash
2	Allotment of dividend property and aggregate amount thereof	Dividends per common share of the Company: ¥45 Total dividends: ¥1,671,703,020
3	Effective date of dividends of surplus	March 27, 2024



**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1 Reasons for the Amendments

The Company has decided to transition from a Company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee for the purpose of strengthening the supervisory functions of its Board of Directors. Accordingly, the Company proposes amendments including the establishment of provisions regarding the Audit and Supervisory Committee Members and the Audit and Supervisory Committee that is necessary for the transition to a Company with an Audit and Supervisory Committee, and the deletion of provisions regarding Audit & Supervisory Board Members and the Audit & Supervisory Board. In addition, the Company proposes to establish new provisions for requesting the additional purchase of shares less than one unit for the purpose of improving convenience for shareholders who hold shares less than one unit. The Company also proposes to update the numbering of articles and make other requisite amendments associated with these additions and deletions of provisions.

Accordingly, the Company proposes to amend its Articles of Incorporation as follows.

The proposed amendments made to the Articles of Incorporation in this proposal will go into effect upon the closing of the Meeting.

2 Details of the Amendments

The details of the proposed amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>Article 4. <i>(Governing Bodies)</i>                      The Company shall have the following governing bodies in addition to the general meeting of shareholders and Directors:                      (1) Board of Directors;  <del>(2) Audit and Supervisory Board Members;</del>  <del>(3) Audit and Supervisory Board; and</del>                      (4) Accounting Auditors.                      (Text omitted)</p>	<p>Article 4. <i>(Governing Bodies)</i>                      The Company shall have the following governing bodies in addition to the general meeting of shareholders and Directors:                      (1) Board of Directors;  <del>(Deleted)</del>  <del>(2) Audit and Supervisory Committee; and</del>                      (3) Accounting Auditors.                      (Text omitted)</p>
<p>Article 9. <i>(Rights Concerning Shares Less than One (1) Unit)</i>                      A shareholder of the Company may not exercise any rights concerning shares less than one (1) unit held by such shareholder, except for the following rights:                      (1) The rights provided for in each of the items of Article 189, Paragraph 2 of the Companies Act;                      (2) The right to make a demand pursuant to the provision of Article 166, Paragraph 1 of the Companies Act; <u>and</u>                      (3) The right to receive allotment of shares for subscription and allotment of share options for subscription, in proportion to the number of shares held by such shareholder.                      (Newly established)</p>	<p>Article 9. <i>(Rights Concerning Shares Less than One (1) Unit)</i>                      A shareholder of the Company may not exercise any rights concerning shares less than one (1) unit held by such shareholder, except for the following rights:                      (1) The rights provided for in each of the items of Article 189, Paragraph 2 of the Companies Act;                      (2) The right to make a demand pursuant to the provision of Article 166, Paragraph 1 of the Companies Act;                      (3) The right to receive allotment of shares for subscription and allotment of share options for subscription, in proportion to the number of shares held by such shareholder; <u>and</u>                      (4) <u>The right to make a demand under the immediately following article.</u></p>

Current Articles of Incorporation	Proposed amendments
<p><u>Article 10. (Decision on Entitlement to Allotment of Shares)</u>  <u>In cases where the Company grants entitlement to the allotment of shares and/or share options to shareholders in carrying out solicitation of subscribers for the Company's shares (including shares that arise out of the disposition of treasury shares) or share options to be issued thereby, the Board of Directors shall, by its resolution: (i) decide on the subscription requirements; (ii) decide that the Company will grant entitlement to the allotment of such shares or share options to shareholders; and (iii) decide the due date for applying for subscription of such shares or share options.</u>  <u>(Newly established)</u></p> <p>(Text omitted)</p>	<p>(Deleted)</p> <p><u>Article 10. (Additional Purchase of Shares Less than One (1) Unit)</u>  <u>A shareholder of the Company may demand that the Company sell shares that are less than one (1) unit to the shareholder to the extent that the shares of less than one (1) unit held by the shareholder constitute one (1) unit share, as stipulated in the Share Handling Regulations; provided, however, that this shall not apply when the Company does not hold the number of treasury shares that the Company is required to sell to the shareholder.</u>  (Text omitted)</p>
<p>Article 12. (Share Handling Regulations)  The handling of the Company's shares and the fees therefor shall be governed by applicable laws and regulations or these Articles of Incorporation, as well as the Share Handling Regulations prescribed by the Board of Directors.  (Change in Japanese only; English unchanged)  (Text omitted)  CHAPTER IV.  DIRECTORS AND BOARD OF DIRECTORS  (Change in Japanese only; English unchanged)</p>	<p>Article 12. (Share Handling Regulations)  The handling of the Company's shares and the fees therefor shall be governed by applicable laws and regulations or these Articles of Incorporation, as well as the Share Handling Regulations prescribed by the Board of Directors.  (Change in Japanese only; English unchanged)  (Text omitted)  CHAPTER IV.  DIRECTORS AND BOARD OF DIRECTORS  (Change in Japanese only; English unchanged)</p>
<p>Article 19. (Number of Directors)  The Company shall have no more than ten (10) Directors.    <u>(Newly established)</u></p>	<p>Article 19. (Number of Directors)  <u>1. The Company shall have no more than ten (10) Directors, excluding those who are Audit and Supervisory Committee Members.</u>  <u>2. The Company shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.</u></p>
<p>Article 20. (Method of Election of Directors)  1. Directors shall be elected <u>by resolution of</u> a general meeting of shareholders,  2. A resolution for the election of Director(s) shall be adopted by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third (1/3) or more of the votes of the shareholders who are entitled to exercise their voting rights are present.  3. A resolution for the election of Director(s) shall not be adopted by cumulative votes.</p>	<p>Article 20. (Method of Election of Directors)  1. Directors shall be elected <u>through a resolution at</u> a general meeting of shareholders, <u>that distinguishes between those who are Audit and Supervisory Committee Members and those who are not.</u>  2. A resolution for the election of Director(s) shall be adopted by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third (1/3) or more of the votes of the shareholders who are entitled to exercise their voting rights are present.  3. A resolution for the election of Director(s) shall not be adopted by cumulative votes.</p>

Current Articles of Incorporation	Proposed amendments
<p>Article 21. <i>(Term of Office)</i></p> <p>1. The term of office of a Director shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year ending within one (1) year after his/her election.</p> <p>2. <u>The term of office of a Director elected as a substitute for another Director or to increase the number of Directors shall continue until the expiry of the term of office of his/her predecessor or the other Directors then in office.</u></p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p>	<p>Article 21. <i>(Term of Office)</i></p> <p>1. The term of office of a Director <u>(excluding a Director who is an Audit and Supervisory Committee Member)</u> shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year ending within one (1) year after his/her election.</p> <p style="text-align: center;"><u>(Deleted)</u></p> <p>2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year ending within two (2) years after his/her election.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy left by a Director who is an Audit and Supervisory Committee Member and retires before the expiration of his/her term of office shall continue until the expiration of the term of office of the retiring Director who is an Audit and Supervisory Committee Member.</u></p> <p>4. <u>The qualification of a Director who is elected as a substitute Audit and Supervisory Committee Member shall be effective until the beginning of the ordinary general meeting of shareholders for the last business year ending within two (2) years after the general meeting of shareholders at which such election is made.</u></p>
<p>Article 22. <i>(Representative Directors and Directors with Titles)</i></p> <p>1. The Board of Directors shall appoint one (1) or more Representative Directors by its resolution.</p> <p>2. A Representative Director shall represent the Company and execute the business of the Company.</p> <p>3. The Board of Directors shall appoint one (1) Board Director, President &amp; Chief Executive Officer and may appoint, as necessary, one (1) Board Director and chairman as well as several Board Director <u>and</u> Executive Vice President, <u>Board Director and</u> Executive Corporate Officer <u>and Board Director and</u> Senior Corporate Officer by its resolution.</p>	<p>Article 22. <i>(Representative Directors and Directors with Titles)</i></p> <p>1. The Board of Directors shall appoint one (1) or more Representative Directors by its resolution <u>from among Directors (excluding Directors who are Audit and Supervisory Members).</u></p> <p>2. A Representative Director shall represent the Company and execute the business of the Company.</p> <p>3. The Board of Directors shall appoint, <u>from among Directors (excluding Directors who are Audit and Supervisory Members),</u> one (1) Board Director, President &amp; Chief Executive Officer and may appoint, as necessary, one (1) Board Director and chairman as well as several Board Directors, Executive Vice Presidents, Executive Corporate Officers, <u>and</u> Senior Corporate Officers by its resolution.</p>
<p>Article 23. <i>(Notice of Convocation of Board of Directors)</i></p> <p>1. A notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Audit and Supervisory Board Member</u> at least three (3) days prior to the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p>	<p>Article 23. <i>(Notice of Convocation of Board of Directors)</i></p> <p>1. A notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three (3) days prior to the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p>

Current Articles of Incorporation	Proposed amendments
<p>2. If the consent of all Directors <u>and Audit and Supervisory Board Members</u> is obtained, a meeting of the Board of Directors may be held without following the procedures for convening <u>the</u> meeting.</p> <p>Article 24. <i>(Omission of Resolution of Board of Directors)</i> The Company shall deem that the matters to be resolved by the Board of Directors are adopted by a resolution of the Board of Directors when all the Directors have given their consent thereto in writing or through electromagnetic records; <u>provided, however, that this shall not apply if any Audit and Supervisory Board Member raises an objection thereto.</u></p> <p style="text-align: center;">(Newly established)</p> <p>Article 25. <i>(Regulations of Board of Directors)</i> Matters relating to the Board of Directors shall be governed by applicable laws and regulations and these Articles of Incorporation as well as the Regulations of the Board of Directors prescribed by the Board of Directors.</p> <p>Article 26. <i>(Remuneration)</i> Directors' remuneration, bonuses and other financial benefits received from the Company as <u>a</u> consideration for the execution of duties (<u>collectively, "Remuneration"</u>) shall be determined by a resolution of the general meeting of shareholders.</p> <p>Article 27. <i>(Exemption of Directors' Liabilities)</i></p> <ol style="list-style-type: none"> <li>1. Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from their liabilities <u>for their acts provided for in</u> Article 423, Paragraph 1 of the Companies Act, to the extent permitted by applicable laws and regulations.</li> <li>2. Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Directors (except for those who are Executive Directors, etc.), which shall limit their liabilities <u>for their acts provided for in</u> Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability under such agreement shall be the amount prescribed by applicable laws and regulations.</li> </ol>	<p>2. If the consent of all Directors is obtained, a meeting of the Board of Directors may be held without following the procedures for convening <u>a</u> meeting.</p> <p>Article 24. <i>(Omission of Resolution of Board of Directors)</i> The Company shall deem that the matters to be resolved by the Board of Directors are adopted by a resolution of the Board of Directors when all the Directors (<u>limited to those who are eligible to participate in the voting on such matters</u>) have given their consent thereto in writing or through electromagnetic records.</p> <p>Article 25. <i>(Delegation of Important Business Execution Decisions)</i> <u>The Company may, pursuant to Article 399-13, Paragraph 6 of the Companies Act, by a resolution of the Board of Directors, delegate all or part of the decisions on the execution of important business affairs (excluding the matters listed in the items of Paragraph 5 of the same Article) to the Directors.</u></p> <p>Article 26. <i>(Regulations of Board of Directors)</i> Matters relating to the Board of Directors shall be governed by applicable laws and regulations and these Articles of Incorporation as well as the Regulations of the Board of Directors prescribed by the Board of Directors.</p> <p>Article 27. <i>(Remuneration)</i> Directors' remuneration, bonuses, <u>and</u> other financial benefits received from the Company as consideration for the execution of duties shall be determined <u>by a resolution of the general meeting of shareholders, that distinguishes between Directors who are Audit and Supervisory Committee Members and those who are not.</u></p> <p>Article 28. <i>(Exemption of Directors' Liabilities)</i></p> <ol style="list-style-type: none"> <li>1. Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from their liabilities <u>of damages under</u> Article 423, Paragraph 1 of the Companies Act, to the extent permitted by applicable laws and regulations.</li> <li>2. Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Directors (except for those who are Executive Directors, etc.), which shall limit their liabilities <u>of damages under</u> Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability <u>of damages</u> under such agreement shall be the amount prescribed by applicable laws and regulations.</li> </ol>

Current Articles of Incorporation	Proposed amendments
<u>CHAPTER V.</u>	<u>(Deleted)</u>
<u>AUDIT AND SUPERVISORY BOARD MEMBERS AND</u>	
<u>AUDIT AND SUPERVISORY BOARD</u>	
<u>Article 28. (Number of Audit and Supervisory Board Members)</u>	<u>(Deleted)</u>
<u>The Company shall have three (3) or more Audit and Supervisory Board Members.</u>	
<u>Article 29. (Method of Election of Audit and Supervisory Board Members)</u>	<u>(Deleted)</u>
1. <u>Audit and Supervisory Board Members shall be elected by resolution of a general meeting of shareholders.</u>	
2. <u>A resolution for the election of Audit and Supervisory Board Member(s) shall be adopted by a majority of the votes of the shareholders present at the meeting where shareholders holding one-third (1/3) or more of the votes of the shareholders who are entitled to exercise their voting rights are present.</u>	
3. <u>Pursuant to the provision of Article 329, Paragraph 3 of the Companies Act, the Company may elect substitute Audit and Supervisory Board Members at general meetings of shareholders by way of precaution against cases where there is a vacancy which results in a shortfall in the number of Audit and Supervisory Board Members prescribed in applicable laws and regulations.</u>	
4. <u>A resolution pertaining to the election of substitute Audit and Supervisory Board Members as provided for in the preceding paragraph shall be effective until the commencement of the ordinary general meeting of shareholders for the last business year which ends within four (4) years after such resolution.</u>	
5. <u>The provision of Paragraph 2 of this Article 29 shall be applied <i>mutatis mutandis</i> to the method of electing substitute Audit and Supervisory Board Members.</u>	
<u>Article 30. (Term of Office of Audit and Supervisory Board Members)</u>	<u>(Deleted)</u>
1. <u>The term of office of an Audit and Supervisory Board Member shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within four (4) years after his/her election.</u>	
2. <u>The term of office of an Audit and Supervisory Board Member elected as a substitute for an Audit and Supervisory Board Member who has resigned prior to the expiry of his/her term of office shall continue until the expiry of the term of office of the Audit and Supervisory Board Member who resigned from office.</u>	
<u>Article 31. (Remuneration)</u>	<u>(Deleted)</u>
<u>The Remuneration of the Audit and Supervisory Board Members shall be determined by a resolution of the general meeting of shareholders.</u>	

Current Articles of Incorporation	Proposed amendments
<p><u>Article 32. (Notice of Convocation of Audit and Supervisory Board Meetings)</u>  <u>Notice of convocation of a meeting of the Audit and Supervisory Board shall be sent to each Audit and Supervisory Board Member at least three (3) days prior to the meeting; provided, however, that such period may be shortened if there is an urgent necessity.</u></p>	<p><u>(Deleted)</u></p>
<p><u>Article 33. (Full-Time Audit and Supervisory Board Members)</u>  <u>The Audit and Supervisory Board shall appoint one (1) or more Full-Time Audit and Supervisory Board Members by its resolution.</u></p>	<p><u>(Deleted)</u></p>
<p><u>Article 34. (Regulations of Audit and Supervisory Board)</u>  <u>Matters relating to the Audit and Supervisory Board shall be governed by applicable laws and regulations or these Articles of Incorporation as well as the Regulations of the Audit and Supervisory Board prescribed by the Audit and Supervisory Board.</u></p>	<p><u>(Deleted)</u></p>
<p><u>Article 35. (Exemption of Audit and Supervisory Board Members' Liabilities)</u>  1. <u>Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Audit and Supervisory Board Members (including former Audit and Supervisory Board Members) from their liabilities for their acts provided for in Article 423, Paragraph 1 of the Companies Act, to the extent permitted by applicable laws and regulations.</u>  2. <u>Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit and Supervisory Board Members, which shall limit their liabilities for their acts provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of the liability under such agreement shall be the amount prescribed by applicable laws and regulations.</u></p>	<p><u>(Deleted)</u></p>
<p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p>	<p style="text-align: center;"><u>CHAPTER V.</u>  <u>AUDIT AND SUPERVISORY COMMITTEE</u>  <u>Article 29. (Notice of Convocation of Audit and Supervisory Committee)</u>  1. <u>Notice of convocation of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u>  2. <u>If the consent of all Audit and Supervisory Committee Members is obtained, a meeting of the Audit and Supervisory Committee may be held without following the procedures for convening a meeting.</u></p>



**Proposal No. 3: Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)**

At the conclusion of the Meeting, the terms of office of all eight current Directors will expire. Additionally, if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting.

Accordingly, the Company proposes the election of six Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Board of Directors passed a resolution to submit this proposal after deliberation by the Company’s voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors).

The effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect.

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

No.	Name	Gender	Position and responsibility in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors meetings (fiscal year under review)
1	<b>Michio Takahashi</b> Reelection	Male	Representative Director President & Chief Executive Officer	100% (16 of 16 meetings)
2	<b>Tatsuro Niiya</b> Reelection	Male	Board Director and Senior Corporate Officer (In charge of Corporate strategy, Procurement, Marketing, Sales, and Logistics)	100% (16 of 16 meetings)
3	<b>Masaya Hamamoto</b> Reelection	Male	Board Director and Senior Corporate Officer & Chief Financial Officer (In charge of Accounting and Finance, Investor Relations, Public Relations, General Affairs, Legal and Compliance, Internal Audit, Risk Management, and Promotion of ESG)	100% (16 of 16 meetings)
4	<b>Sayoko Miyairi</b> Reelection Outside Director Independent Director	Female	Outside Director (Independent Director) Partner of Scholar Consult Co., Ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.	100% (16 of 16 meetings)
5	<b>Jun Tsuchiya</b> Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) CEO of Tsuchiya International Consulting Corp Outside Director of Soken Chemical & Engineering Co., Ltd.	100% (16 of 16 meetings)
6	<b>Yuji Kikuchi</b> Reelection Outside Director Independent Director	Male	Outside Director (Independent Director) Partner and attorney at law of Tokyo Hatchobori Law Office	100% (16 of 16 meetings)

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



No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
1	<p>Reelection</p> <p><b>Michio Takahashi</b> (February 15, 1965)</p>	<p>Apr. 1987      Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p>Jul. 2011      Head of Basic Chemicals Division of Kyowa Hakko Chemical Co., Ltd. (now the Company)</p> <p>Mar. 2013      Director and Corporate Officer of the Company</p> <p>Mar. 2016      Managing Director and Corporate Officer of the Company</p> <p>Mar. 2017      Director, Executive Vice President and Corporate Officer of the Company</p> <p>Mar. 2019      Representative Director, President and Chief Corporate Officer of the Company</p> <p>Mar. 2020      Representative Director, President &amp; Chief Executive Officer of the Company (to present)</p> <hr/> <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Michio Takahashi exercises strong leadership as President in order to realize VISION 2030 and has contributed to the further advancement of the Group through various measures. Additionally, the Company deems that Mr. Takahashi is a skilled individual that is appropriate for the sustained improvement of the Company's corporate value because he has extensive experience, achievements, and insight related to management of the Group. Accordingly, the Company proposes the election of Mr. Michio Takahashi as a Director.</p>	<p>25,185 shares (18,285 shares)</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>
2	<p>Reelection</p> <p><b>Tatsuro Niiya</b> (June 1, 1964)</p>	<p>Apr. 1988      Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p>Jul. 2013      General Manager of Chemical Sales &amp; Marketing Division, Business Headquarters Office of the Company</p> <p>Jan. 2016      Corporate Officer of the Company</p> <p>Mar. 2017      Director and Corporate Officer of the Company</p> <p>Mar. 2019      Managing Director and Corporate Officer of the Company</p> <p>Mar. 2020      Board Director and Senior Corporate Officer of the Company (to present)</p> <p>[Current responsibility]</p> <p>In charge of Corporate strategy, Procurement, Marketing, Sales, and Logistics</p> <hr/> <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Tatsuro Niiya is a Board Director and Senior Corporate Officer, who is in charge of Corporate strategy, Procurement, Marketing, Sales, and Logistics, and he appropriately fulfills such responsibilities as contributing to the expansion of earnings and strengthening of business foundation. The Company deems that Mr. Niiya is an individual with the appropriate skills for the sustained improvement of the Company's corporate value because he has extensive experience, achievements, and insight related to the company business. Accordingly, the Company proposes the election of Mr. Tatsuro Niiya as a Director.</p>	<p>11,363 shares (7,263 shares)</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
3	<p style="text-align: center;">Reelection</p> <p><b>Masaya Hamamoto</b> (June 20, 1960)</p>	<p>Apr. 1985      Joined The Industrial Bank of Japan, Limited. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2011      General Manager of Osaka Corporate Banking Division No. 1 of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2014      Executive Officer and General Manager of Corporate Banking Division No. 5 of Mizuho Bank, Ltd. (retired in March 2015)</p> <p>Apr. 2015      Executive Officer of IBJ Leasing Company, Limited. (now Mizuho Leasing Company, Limited)</p> <p>Jun. 2015      Director, Executive Officer and General Manager of Corporate Planning Department of IBJ Leasing Company, Limited.</p> <p>Apr. 2016      Managing Director, Managing Executive Officer and General Manager of Corporate Planning Department of IBJ Leasing Company, Limited. (retired in May 2019)</p> <p>Jun. 2019      Joined the Company</p> <p>Sep. 2019      Senior Corporate Officer of the Company</p> <p>Mar. 2020      Board Director and Senior Corporate Officer &amp; Chief Financial Officer of the Company (to present)</p> <p>[Current responsibility]</p> <p>In charge of Accounting and Finance, Investor Relations, Public Relations, General Affairs, Legal and Compliance, Internal Audit, Risk Management, and Promotion of ESG</p> <hr/> <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Masaya Hamamoto is a Board Director and Senior Corporate Officer, who is in charge of Accounting and Finance, Investor Relations, Legal and Compliance, Internal Audit and Risk Management, and he appropriately fulfills such responsibilities as improving management efficiency and enhancing transparency, and strengthening risk management, and promoting ESG. The Company deems that Mr. Hamamoto has served in important roles in the financial industry, and has extensive experience, achievements and insight regarding the finance and accounting field, and as a manager, and is a skilled individual who is appropriate for the sustained improvement of the Company's corporate value. Accordingly, the Company proposes the election of Mr. Masaya Hamamoto as a Director.</p>	<p style="text-align: center;">16,818 shares (5,718 shares)</p> <hr/> <p style="text-align: center;">Attendance at Board of Directors meetings during the fiscal year</p> <p style="text-align: center;">100% (16 of 16 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
4	<p>Reelection Outside Director Independent Director</p> <p><b>Sayoko Miyairi</b> (November 12, 1956)</p>	<p>Apr. 1979      Joined Hitachi, Ltd.</p> <p>Jul. 1982      Joined Bank of America, N.A., Asia Headquarters</p> <p>Mar. 1986      Joined Pasona Inc. and seconded and then transferred to Edu Consult Co., Ltd. (now Scholar Consult Co., Ltd.)</p> <p>Apr. 2000      Partner of Scholar Consult Co., Ltd. (to present)</p> <p>Apr. 2000      Assistant Professor of Nihonbashi Gakkan University (now Kaichi International University)</p> <p>Jan. 2005      Director of Scholar Consult Co., Ltd.</p> <p>Apr. 2008      Professor of Nihonbashi Gakkan University (now Kaichi International University)</p> <p>Mar. 2019      Outside Director of the Company (to present)</p> <p>Aug. 2020      Outside Director of Toyo Engineering Corporation (to present)</p> <p>Apr. 2022      Professor Emeritus and Visiting Professor at Kaichi International University (to present)</p> <p>Jun. 2022      Outside Director of NIHON SEIKAN K.K. (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner of Scholar Consult Co., Ltd.</p> <p>Outside Director of Toyo Engineering Corporation</p> <p>Outside Director of NIHON SEIKAN K.K.</p> <hr/> <p>[Reason for nomination as candidate for Outside Director and overview of expected role]</p> <p>Ms. Sayoko Miyairi appropriately fulfills such roles as providing opinions and recommendations on human resource training and improving employee engagement, particularly from her expert perspective in organization and human resource development, in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint.</p> <p>The Company deems that Ms. Miyairi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Ms. Sayoko Miyairi as an Outside Director.</p>	<p>4,100 shares</p> <p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
5	<p>Reelection Outside Director Independent Director</p> <p><b>Jun Tsuchiya</b> (October 23, 1952)</p>	<p>Apr. 1981      Joined Argonne National Laboratory, U.S.A.</p> <p>May 1983      Joined Lawrence Berkeley National Laboratory, U.S.A.</p> <p>Feb. 1984      Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)</p> <p>Jan. 1999      Seconded as President to Verbatim Corporation, U.S.A. subsidiary of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) as a secondment</p> <p>Apr. 2001      General Manager of Corporate Planning Office of Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation) (retired in January 2002)</p> <p>Feb. 2002      Director of Rohm &amp; Haas Japan K.K. (now Dow Chemical Japan Limited) (retired in December 2006)</p> <p>Jan. 2007      Representative Director and President of Heraeus K.K. (retired in September 2018)</p> <p>Oct. 2018      CEO of Tsuchiya International Consulting Corp (to present)</p> <p>Jun. 2019      Outside Director of Soken Chemical &amp; Engineering Co., Ltd. (to present)</p> <p>Mar. 2020      Outside Director of the Company (to present)</p> <p>[Significant concurrent positions outside the Company] CEO of Tsuchiya International Consulting Corp Outside Director of Soken Chemical &amp; Engineering Co., Ltd.</p>	800 shares
		<p>[Reason for nomination as candidate for Outside Director and overview of expected role]</p> <p>Mr. Jun Tsuchiya appropriately fulfills such roles as providing opinions and recommendations concerning the Company's business, particularly in the areas of management and technology in order to ensure that decision making is suitable and appropriate. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint.</p> <p>The Company deems that Mr. Tsuchiya is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Jun Tsuchiya as an Outside Director.</p>	Attendance at Board of Directors meetings during the fiscal year  100% (16 of 16 meetings)

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
6	<p>Reelection Outside Director Independent Director</p> <p><b>Yuji Kikuchi</b> (February 15, 1964)</p>	<p>Apr. 1992 Registered as an attorney at law Entered Sakano, Seo &amp; Hashimoto Law Office (now Tokyo Hatchobori Law Office)</p> <p>Apr. 2002 Partner of Tokyo Hatchobori Law Office</p> <p>Mar. 2003 Joined the Securities and Exchange Surveillance Commission (Coordination and Inspection Division, Executive Bureau)</p> <p>Mar. 2005 Returned to Partner of Tokyo Hatchobori Law Office (to present)</p> <p>Jun. 2010 Outside Corporate Auditor of Inui Warehouse Co., Ltd. (now Inui Global Logistics Co., Ltd.) (retired in September 2014)</p> <p>Jun. 2014 Retired from Outside Corporate Auditor of NEC Networks &amp; System Integration Corporation (retired in June 2022)</p> <p>Mar. 2020 Outside Director of the Company (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner and attorney at law of Tokyo Hatchobori Law Office</p> <hr/> <p>[Reason for nomination as candidate for Outside Director and overview of expected role]</p> <p>Mr. Yuji Kikuchi appropriately fulfills such roles as providing opinions and recommendations concerning risk management and strengthening corporate governance, particularly from his professional perspective as an attorney in order to ensure that decision making is suitable and appropriate. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings held during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration, etc. for officers of the Company from an objective and neutral viewpoint.</p> <p>Although he has never in the past been involved in a company's management by means other than serving as an outside corporate auditor, the Company deems that Mr. Kikuchi is a skilled individual who can contribute to the sustained improvement of the Company's corporate value through provision of advice to management from an objective standpoint and appropriate supervision of the execution of duties. Accordingly, the Company proposes the election of Mr. Yuji Kikuchi as an Outside Director.</p>	<p>500 shares</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year</p> <p>100% (16 of 16 meetings)</p>

Notes:

1. The number of the Company's shares owned by the respective candidates for Director (excluding candidates for Outside Director) as stated includes the number of shares to be granted subsequent to retirement as officers, pursuant to the performance-linked share-based remuneration plan as stated in parentheses (number of shares equivalent to the points already granted under the performance-linked share-based remuneration plan).
2. Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
3. There is no special interest between any of the candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) and the Company.
4. At the conclusion of the Meeting, Ms. Sayoko Miyairi's term of office as Outside Director will have been five years. At the conclusion of the Meeting, term of office of Messrs. Jun Tsuchiya and Yuji Kikuchi as Outside Directors will have been four years.

5. The Company has entered into liability limitation agreements with Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations. If they are elected, the Company plans to renew the aforementioned agreement with each of them.
6. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If respective candidates are reappointed, they will be included as insured persons in the agreement. The Company plans to renew the aforementioned agreement during the term of office of Directors reappointed under this proposal.
7. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi and Messrs. Jun Tsuchiya and Yuji Kikuchi have been designated as Independent Directors as provided for by the aforementioned stock exchange. If they are elected, the Company plans to again submit notification concerning their designation as Independent Directors.

**Proposal No. 4: Election of Three Directors who are Audit and Supervisory Committee Members**

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting.

Accordingly, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members. The Board of Directors passed a resolution to submit this proposal after deliberation by the Company’s voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). In addition, the Audit & Supervisory Board has given consent for this proposal.

The effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name	Gender	Position and responsibility in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors/ Audit & Supervisory Board meetings (fiscal year under review)
1	<b>Isao Takahashi</b> New election	Male	Senior Corporate Officer and Head of Corporate Administration, Public Relations, Legal and Compliance	–
2	<b>Kazuhiro Kawai</b> New election Outside Director Independent Director	Male	Outside Audit & Supervisory Board Member (Independent Audit & Supervisory Board Member) Outside Corporate Auditor of Kiraboshi Bank, Ltd.	100% (16 of 16 meetings) 100% (12 of 12 meetings)
3	<b>Keiko Tamura</b> New election Outside Director Independent Director	Female	Outside Audit & Supervisory Board Member (Independent Audit & Supervisory Board Member) Partner attorney at law of Asahi Law Offices Outside Audit & Supervisory Board Member of The Norinchukin Trust & Banking Co., Ltd.	100% (16 of 16 meetings) 100% (12 of 12 meetings)

The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Kazuhiro Kawai and Ms. Keiko Tamura have been designated as Independent Directors as provided for by the aforementioned stock exchange. If this proposal is approved and adopted, the Company will notify the aforementioned stock exchange of the designation of them as Independent Directors in the same way as indicated above.

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
1	<p style="text-align: center;">New election</p> <p style="text-align: center;"><b>Isao Takahashi</b> (August 30, 1964)</p>	<p>Apr. 1988      Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)</p> <p>Oct. 2012      General Manager of Corporate Planning Department of Astellas Business Service Company Limited</p> <p>Oct. 2014      General Manager of Operations Department of Astellas Business Service Company Limited</p> <p>Oct. 2017      Joined the Company</p> <p>Jan. 2019      General Manager of General Affairs Division of the Company</p> <p>Jan. 2020      Corporate Officer, Officer in charge of Corporate Functions (HR, Legal, General Affairs, IT, and Compliance) and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company</p> <p>Apr. 2021      Corporate Officer and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company</p> <p>Apr. 2023      Senior Corporate Officer and Head of Corporate Administration, Public Relations, Legal and Compliance of the Company (to present)</p> <p>[Current responsibility]</p> <p>Head of Corporate Administration, Public Relations, Legal and Compliance</p> <hr style="border-top: 1px dashed black;"/> <p>[Reason for nomination as candidate for Director who is an Audit and Supervisory Committee Member]</p> <p>Mr. Isao Takahashi has amassed wide-ranging business experience through his work in administrative departments in the pharmaceutical industry and at the Company, and he possesses abundant insight regarding HR, general affairs, corporate shares, etc. In addition, the Company deems that Mr. Takahashi is a skilled individual that, based on his ample achievements as a Senior Corporate Officer of the Company with particular expertise in governance and compliance, can carry out supervision and auditing of the Company's management and contribute to the sustained improvement of the Company's corporate value through offering advice on overall management. Accordingly, the Company proposes the election of Mr. Isao Takahashi as a Director who is an Audit and Supervisory Committee Member.</p>	<p style="text-align: center;">3,474 shares (2,474 shares)</p> <p>Attendance at Board of Directors meetings during the fiscal year —</p> <p>Attendance at Audit &amp; Supervisory Board meetings during the fiscal year —</p>



No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
2	<p style="text-align: center;">New election Outside Director Independent Director</p> <p style="text-align: center;"><b>Kazuhiro Kawai</b> (May 16, 1959)</p>	<p>Apr. 1983      Joined The Industrial Bank of Japan, Limited. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2009      General Manager of Credit Review Division of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2012      Executive Officer, General Manager of Corporate Credit Division of Mizuho Corporate Bank, Ltd. (retired in April 2014)</p> <p>May 2014      Managing Executive Officer of Nippon Steel Kowa Real Estate Co., Ltd.</p> <p>Jun. 2014      Managing Director of Nippon Steel Kowa Real Estate Co., Ltd.</p> <p>Apr. 2018      Director of Nippon Steel Kowa Real Estate Co., Ltd. (retired in June 2018)</p> <p>May 2018      Outside Corporate Auditor of Kiraboshi Bank, Ltd. (to present)</p> <p>May 2019      Part-time Audit &amp; Supervisory Board Member of Japan Management Systems, Inc. (retired in June 2021)</p> <p>Mar. 2020      Outside Audit &amp; Supervisory Board Member of the Company (to present)</p> <p>[Significant concurrent positions outside the Company] Outside Corporate Auditor of Kiraboshi Bank, Ltd.</p> <hr/> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role] Mr. Kazuhiro Kawai possesses abundant experience regarding examination practices and management at financial institutions and ample insight regarding accounting and internal controls. The Company deems that Mr. Kawai is a skilled individual that, leveraging his experience serving as an Audit &amp; Supervisory Board Member of the Company from March 2020, and his abundant experience as a corporate manager, can contribute to the sustained improvement of the Company's corporate value through carrying out supervision and auditing of the Company's management. Accordingly, the Company proposes the election of Mr. Kazuhiro Kawai as an Outside Director who is an Audit and Supervisory Committee Member.</p>	<p style="text-align: center;">1,100 shares</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year 100% (16 of 16 meetings)</p> <p>Attendance at Audit &amp; Supervisory Board meetings during the fiscal year 100% (12 of 12 meetings)</p>

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned (Of which, the number of shares to be granted under the share-based remuneration plan)
3	<p>New election Outside Director Independent Director</p> <p><b>Keiko Tamura</b> (August 11, 1963)</p>	<p>Apr. 1992 Registered as an attorney at law Joined Tokyo Yaesu Law Offices (now Asahi Law Offices)</p> <p>Apr. 1998 Partner of Asahi Law Offices (to present)</p> <p>Jun. 2014 Outside Audit &amp; Supervisory Board Member of The Norinchukin Trust &amp; Banking Co., Ltd. (to present)</p> <p>Jun. 2016 Outside Director (Audit and Supervisory Committee Member) of ODELIC CO., LTD. (retired in June 2022)</p> <p>Mar. 2020 Outside Audit &amp; Supervisory Board Member of the Company (to present)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Partner attorney at law of Asahi Law Offices</p> <p>Outside Audit &amp; Supervisory Board Member of The Norinchukin Trust &amp; Banking Co., Ltd.</p> <hr/> <p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]</p> <p>Ms. Keiko Tamura possesses broad expertise in the financial field and corporate legal affairs as an attorney at law. Although she has not been directly involved in a company's management by means other than serving as an outside director or audit &amp; supervisory board member, the Company deems that Ms. Tamura is a skilled individual that, leveraging her experience serving as an Audit &amp; Supervisory Board Member of the Company from March 2020, and her extensive experience she possesses as an attorney at law, can contribute to the sustained improvement of the Company's corporate value through carrying out supervision and auditing of the Company's management. Accordingly, the Company proposes the election of Ms. Keiko Tamura as an Outside Director who is an Audit and Supervisory Committee Member.</p>	<p>0 shares</p> <hr/> <p>Attendance at Board of Directors meetings during the fiscal year 100% (16 of 16 meetings)</p> <p>Attendance at Audit &amp; Supervisory Board meetings during the fiscal year 100% (12 of 12 meetings)</p>

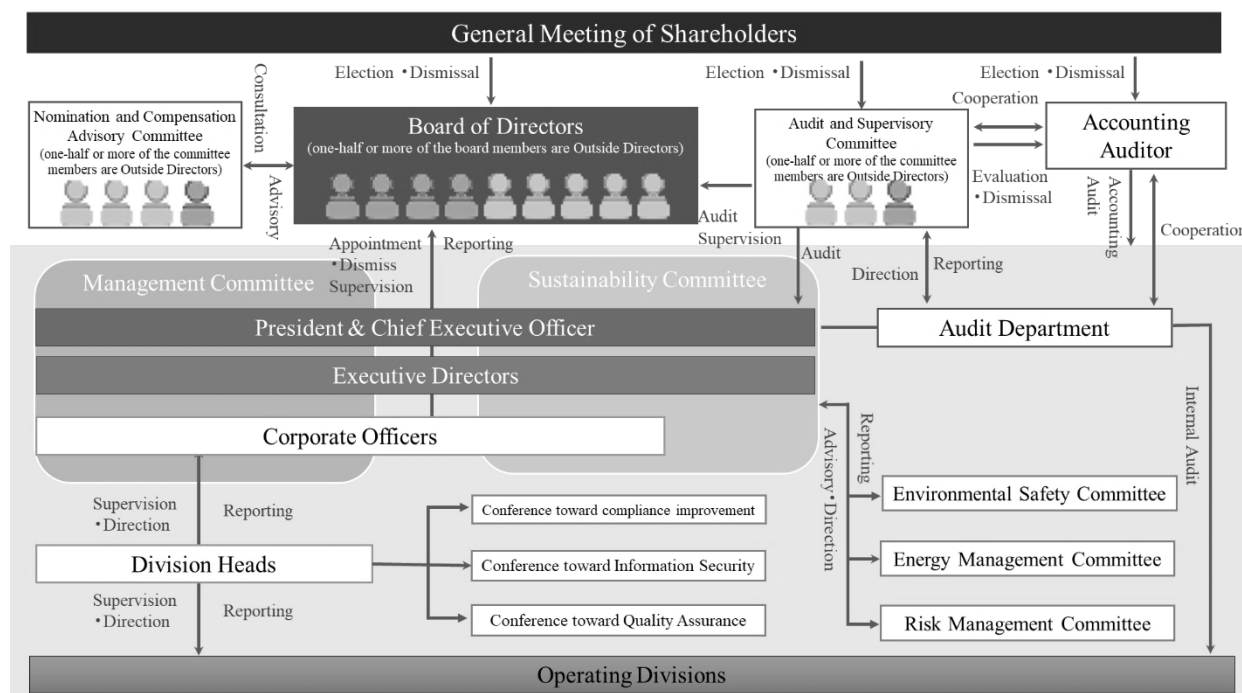
Notes:

1. The number of the Company's shares owned by Mr. Isao Takahashi as stated includes the number of shares to be granted subsequent to retirement as an officer, pursuant to the performance-linked share-based remuneration plan as stated in parentheses (number of shares equivalent to the points already granted under the performance-linked share-based remuneration plan).
2. There is no special interest between any of the candidates for Directors who are Audit and Supervisory Committee Members and the Company.
3. At the conclusion of the Meeting, Mr. Kazuhiro Kawai and Ms. Keiko Tamura's terms of office as Outside Audit & Supervisory Board Members will have been four years.
4. The Company has entered into liability limitation agreements with Mr. Kazuhiro Kawai and Ms. Keiko Tamura in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreements shall be the amount stipulated by laws and regulations. If Messrs. Isao Takahashi and Kazuhiro Kawai and Ms. Keiko Tamura are elected, the Company will enter into the same agreement with each of them.
5. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If the candidates are elected, they will be included as insured persons under said insurance agreement. The Company plans to renew the aforementioned agreement during the term of office of Directors who are Audit and Supervisory Committee Members elected under this proposal.

6. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Kazuhiro Kawai and Ms. Keiko Tamura have been designated as Independent Directors as provided for by the aforementioned stock exchange. If they are elected, the Company plans to again submit notification concerning their designation as Independent Directors.

## <Reference>

The Company's corporate governance system after its transition to a Company with an Audit and Supervisory Committee is as follows.



### (Policy on nominating candidates for Director)

The Company nominates candidates for Director from the perspective of putting the right person in the right place, and of finding an individual who is competent and can contribute to precise and rapid decision-making based on the skills, etc. required of a Director. After also taking into account diversity issues such as gender, the voluntary Nomination and Compensation Advisory Committee responds to inquiries from the Board of Directors by conducting a comprehensive consideration, and the Board of Directors decides the nomination.

The Company has selected seven items as the skills required of a Director of the Company, and that it expects will contribute to management: Corporate management; Industry insight; Manufacturing, R&D and innovation; Finance and accounting; Sales and marketing; Governance, compliance, and risk management; HR development and diversity. The Company has created a skill matrix, and care is taken to ensure that each item is covered by the Board of Directors as a whole, and that the composition of the Board maintains a balance in its diversity of experience and specialization.

In addition, when selecting candidates for independent Outside Director, in addition to meeting the Tokyo Stock Exchange's criteria for independence, the Company includes candidates who have management experience at other companies.

The Nomination and Compensation Advisory Committee met eight times during FY 2023 and underwent the same procedure above for the proposal pertaining to the election of Directors at the Meeting.

Furthermore, the Company has created skill matrices not only for Directors, but also for Corporate Officers, and is working to develop and promote the next generation of human resources.

In addition to Directors in the event that Proposal No. 3 "Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)" and Proposal No. 4 "Election of Three Directors who are Audit and Supervisory Committee

Members” are approved as originally submitted at the Meeting, a skill matrix for the Corporate Officers, who are scheduled to assume office after the Meeting has concluded, is as shown in the table below.

Skill matrices for Directors and Corporate Officers (as of March 26, 2024)

	Name	Gender	Corporate management	Industry insight	Manufacturing /R&D /innovation	Finance /accounting	Sales /marketing	Governance /compliance /risk management	Human resource development /diversity
Directors	Michio Takahashi	Male	●	●		●	●	●	
	Tatsuro Niiya	Male	●	●			●		
	Masaya Hamamoto	Male	●			●		●	
	Sayoko Miyairi	Female	●						●
	Jun Tsuchiya	Male	●	●	●		●		
	Yuji Kikuchi	Male						●	
Audit and Supervisory Committee Members	Isao Takahashi	Male						●	●
	Kazuhiro Kawai	Male	●			●		●	
	Keiko Tamura	Female						●	
Corporate Officers	Toshihiro Matsuoka	Male	●	●	●				
	Yukihiro Isogai	Male	●	●	●		●		●
	Toshiaki Ogata	Male	●	●	●				
	Akio Nakahashi	Male		●	●				
	Yoshiaki Kondo	Male		●	●				
	Hideki Shimizu	Male		●			●		
	Akira Kamimura	Male				●			
	Atsushi Tokumitsu	Male	●	●			●		
	Katsunori Sato	Male		●			●		
	Hideo Kurokawa	Male		●	●				
	Takatoshi Fujii	Male							●
	Toshiaki Fujima	Male		●			●		

**Proposal No. 5: Election of Two Substitute Directors who are Audit and Supervisory Committee Members**

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting.

Accordingly, to prepare for cases in which the Company lacks the legally mandated number of Directors who are Audit and Supervisory Committee Members, the Company proposes the election of two substitute Directors who are Audit and Supervisory Committee Members. The Board of Directors passed a resolution to submit this proposal after deliberation by the Company’s voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). In addition, the Audit & Supervisory Board has given consent for this proposal.

The effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect.

The candidates for substitute Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<b>Junko Imura</b> (May 7, 1960)	<p>Apr. 1983      Joined National Space Development Agency (now Japan Aerospace Exploration Agency)</p> <p>Oct. 1990      Joined Asahi Shinwa &amp; Co. (now KPMG AZSA LLC)</p> <p>May 1993      Joined Showa Ota &amp; Co. (now Ernst &amp; Young ShinNihon LLC)</p> <p>Aug. 1994      Registered as a Certified Public Accountant</p> <p>May 2005      Partner of Ernst &amp; Young ShinNihon (now Ernst &amp; Young ShinNihon LLC)</p> <p>Jun. 2011      Senior Partner of Ernst &amp; Young ShinNihon LLC (now Ernst &amp; Young ShinNihon LLC) (retired in June 2018)</p> <p>Sep. 2015      Visiting Professor of Tama Graduate School of Business (to present)</p> <p>Jul. 2018      Established Imura Certified Public Accountant Office (to present)</p> <p>Jun. 2019      Outside Audit &amp; Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. (retired in June 2023)</p> <p>Dec. 2019      Outside Audit &amp; Supervisory Board Member of T. HASEGAWA CO., LTD. (retired in December 2023)</p> <p>Jun. 2020      Outside Director (Audit and Supervisory Committee Member) of Mitsubishi UFJ Trust and Banking Corporation (to present)</p> <p>Jun. 2023      External Member of the Board of Tokyo Metro Co., Ltd. (to present)</p> <hr/> <p>[Significant concurrent positions outside the Company]</p> <p>Visiting Professor of Tama Graduate School of Business</p> <p>Certified public accountant of Imura Certified Public Accountant Office</p> <p>Outside Director (Audit and Supervisory Committee Member) of Mitsubishi UFJ Trust and Banking Corporation</p> <p>External Member of the Board of Tokyo Metro Co., Ltd.</p> <hr/> <p>[Reason for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and overview of expected role]</p> <p>Ms. Junko Imura possesses many years of business experience as a certified public accountant and expert knowledge of accounting, and her extensive accomplishments include having served as outside corporate officer at numerous companies. Although she has not been directly involved in a company's management by means other than serving as an outside corporate officer, the Company deems her capable to audit and supervise its overall management from a fair and objective standpoint and offer advice on management, thereby contributing to enhancing its corporate value, for which reasons it proposes the election of Ms. Junko Imura as a substitute Outside Director who is an Audit and Supervisory Committee Member.</p>	0 shares

No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<b>Masao Mori</b> (April 27, 1957)	<p>Apr. 1981      Joined The Industrial Bank of Japan, Limited. (now Mizuho Bank, Ltd.)</p> <p>Apr. 2007      Head of Audit &amp; Supervisory Board Member Office of Mizuho Financial Group, Inc. (retired in December 2011)</p> <p>Jan. 2011      General Manager of Corporate Administration Division, Administrative Headquarters of Kyowa Hakko Chemical Co., Ltd. (now the Company) (secondment) (transferred in January 2012)</p> <p>Mar. 2012      Director and General Manager of Planning Administrative Division of the Company</p> <p>Mar. 2014      Managing Director and Corporate Officer, and General Manager of Business Headquarters Office and General Manager of Operating Promotion Division of the Company</p> <p>Jan. 2015      Managing Director and Corporate Officer and General Manager of Administrative Office of the Company (retired in June 2015)</p> <p>Jul. 2015      Joined Kurogane Kasei Co., Ltd.</p> <p>Mar. 2016      Managing Director of Kurogane Kasei Co., Ltd. (retired in March 2022)</p> <p>Apr. 2022      Representative Director of Mori Estate Y.K. (to present)</p> <p>[Reason for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member]</p> <p>Mr. Masao Mori has long years of business experience in financial institutions as well as extensive knowledge of accounting and auditing. He has also held positions as a person responsible for the business, planning, and administrative divisions of the Company and its group companies, and has sufficient experience as a manager. Accordingly, the Company deems him capable to supervise and audit its overall management and offer advice on management, thereby contributing to enhancing its corporate value, for which reasons it proposes the election of Mr. Masao Mori as a substitute Director who is an Audit and Supervisory Committee Member.</p>	1,000 shares

Notes:

1. There is no special interest between Ms. Junko Imura or Mr. Masao Mori and the Company.
2. As for the priority of the substitute Directors who are Audit and Supervisory Committee Members assuming office, Mr. Masao Mori will be the first priority and Ms. Junko Imura will be the second priority. However, if the Company has an insufficient number of Outside Directors who are Audit and Supervisory Committee Members, Ms. Junko Imura will be the candidate to assume office.
3. If this proposal is approved and adopted and the candidates assume office as Directors who are Audit and Supervisory Committee Members, the Company will enter into a liability limitation agreement with each of them in accordance with Article 427, paragraph (1) of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the said agreements shall be the amount stipulated by laws and regulations.
4. The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person. If this proposal is approved and adopted and the candidates assume office as Directors who are Audit and Supervisory Committee Members, they will be included as insured persons under said insurance agreement. The Company plans to renew the aforementioned



agreement during the period that their appointment as substitute Directors who are Audit and Supervisory Committee Members under this proposal is valid.

5. The appointments of Ms. Junko Imura and Mr. Masao Mori shall be conditional upon the number of Directors who are Audit and Supervisory Committee Members falling below the minimum stipulated by laws and regulations, and their terms of office shall be the remaining terms of office of the retired Directors who are Audit and Supervisory Committee Members. The validity of their appointments as substitute Director who is an Audit and Supervisory Committee Member shall, in accordance with the Company's Articles of Incorporation, expire at the commencement of the Ordinary General Meeting of Shareholders for the last business year which ends within two (2) years from the time of their election.
6. If this proposal is approved and adopted and Ms. Junko Imura assumes office as a Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification concerning her designation as an Independent Director as provided for by Tokyo Stock Exchange, Inc.

**Proposal No. 6: Setting of Remuneration Range for Directors (excluding Directors who are Audit and Supervisory Committee Members)**

The Company obtained approval to set the remuneration amount for monetary remuneration for Directors at no more than ¥350 million per year (including the amount of Outside Director's portion, which is no more than ¥50 million per year, but excluding employee's salary portion for Directors who concurrently serve as employees) concerning the revision of the amount of remuneration, etc. paid to Directors at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022, which remains in effect; however, if Proposal No. 2 "Partial Amendments to the Articles of Incorporation" is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting.

Accordingly, the Company again proposes approval to set the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to no more than ¥350 million per year (of which the Outside Directors' portion is no more than ¥50 million per year) commensurate with their responsibilities and in light of the economic situation and other circumstances. The Company intends to exclude the employee's salary portion for Directors who concurrently serve as employees from the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members).

As for the Company's policy on decisions pertaining to remuneration, etc. for individual Directors after its transition to a Company with an Audit and Supervisory Committee, the Company plans to abide by what is written on page 39 of this notice under <Reference>. The amount of monetary remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) is made up of a fixed remuneration and a performance-linked remuneration (Outside Directors receive a fixed remuneration only). Given this policy, the Company considers this proposal to be both necessary and reasonable. Additionally, this proposal underwent deliberation by the Company's voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). Therefore, the Company considers this proposal to be appropriate.

Although there are currently eight Directors (including three Outside Directors), if Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 3 "Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)" are approved and adopted as originally submitted, there will be six Directors (excluding Directors who are Audit and Supervisory Committee Members, including three Outside Directors).

The effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 "Partial Amendments to the Articles of Incorporation" taking effect.

**Proposal No. 7: Setting of Remuneration Range for Directors who are Audit and Supervisory Committee Members**

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting.

Accordingly, the Company proposes approval to set the amount of remuneration for Directors who are Audit and Supervisory Committee Members to no more than ¥70 million per year commensurate with their responsibilities and in light of the economic situation and other circumstances.

As for the Company’s policy on decisions pertaining to remuneration, etc. for individual Directors after its transition to a Company with an Audit and Supervisory Committee, the Company plans to abide by what is written on page 39 of this notice under <Reference> and the remuneration of Directors who are Audit and Supervisory Committee Members comprises only fixed monetary remuneration in light of their roles and in pursuit of their independence. Given this policy, the Company considers this proposal to be both necessary and reasonable. Additionally, this proposal underwent deliberation by the Company’s voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). Therefore, the Company considers this proposal to be appropriate.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Three Directors who are Audit and Supervisory Committee Members” are approved and adopted as originally submitted, there will be three Directors who are Audit and Supervisory Committee Members (including two Outside Directors).

The effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect.

**Proposal No. 8: Setting of Performance-Linked Share-Based Remuneration Range for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)**

1. Reasons for the Proposal

The Company introduced a performance-linked share-based remuneration plan (hereinafter referred to as the “Plan”) for Directors (excluding Outside Directors) at the 8th Ordinary General Meeting of Shareholders held on March 27, 2018, which has continued based on a resolution at the 11th Ordinary General Meeting of Shareholders held on March 23, 2021. Additionally, revisions to the maximum amount of monies contributed to the trust every three fiscal years and the maximum number of points (number of shares) to be granted per fiscal year were approved by a resolution at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022, and remain in effect.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, with this proposal, the Company again proposes approval to set the remuneration, etc. of Directors (here and hereinafter in this proposal (unless otherwise specified), excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) based on the Plan, separately from the maximum amount of remuneration in Proposal No. 6 “Setting of Remuneration Range for Directors (excluding Directors who are Audit and Supervisory Committee Members)”.

As for the Company’s policy on decisions pertaining to remuneration, etc. for individual Directors after its transition to a Company with an Audit and Supervisory Committee, the Company plans to abide by what is written on page 39 of this notice under <Reference>. Given this policy, the Company considers this proposal to be both necessary and reasonable. Additionally, this proposal underwent deliberation by the Company’s voluntary Nomination and Compensation Advisory Committee (the majority of whose members are Outside Directors). Therefore, the Company considers this proposal to be appropriate.

The number of Directors subject to the Plan is currently five. If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Six Directors (excluding Directors who are Audit and Supervisory Committee Members)” are approved and adopted as originally submitted, three Directors will be eligible for the Plan.

Additionally, the effect of the resolution for this proposal is contingent on the changes to the Articles of Incorporation in Proposal No. 2 “Partial Amendments to the Articles of Incorporation” taking effect.

2. Amount of Remuneration and Specific Details of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company’s shares are acquired through a trust using funds contributed by the Company (hereinafter the trust established based on the Plan is referred to as the “Trust”). Through the Trust, Directors\* are provided with the Company’s shares and the money equivalent to the market value of the Company’s shares (hereinafter referred to as the “Company’s Shares, etc.”) upon their retirement, in principle. The specific details of the Plan are as follows. Notably, there have been no substantial changes to the outline of the Plan approved at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022.

\* Refers to Directors (excluding Outside Directors) before this proposal is approved.

(1) Eligible persons	Directors* <sup>1</sup>
(2) Target period	The three fiscal years from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026, and respective periods of three fiscal years starting subsequent to such period of three fiscal years having elapsed.
(3) Upper limit of the trust	¥200 million per target period * <sup>2</sup> ,* <sup>3</sup> ,* <sup>4</sup> Reference: Using the closing share price on December 29, 2023 (¥2,269 per share), the number of shares that can be acquired with the ¥200 million is 88,144. This is equivalent to roughly 0.2% of all issued shares (after deducting treasury stock) as of December 31, 2023.
(4) Maximum number of the Company's Shares, etc. to be provided	The maximum number of the Company's Shares, etc. to be provided per fiscal year is 60,000, which is roughly 0.2% of all issued shares (as of December 31, 2023, after deducting treasury stock). Specifically, the number of points determined according to eligible Directors' positions, degree of achievements in performance, etc. in accordance with the "Rules for Delivery of Shares to Officers" is granted to the said Directors, and upon (6) "Provision of the Company's Shares, etc.," each of the points they were provided is converted to one of the Company's common shares, and the shares are provided to the Directors after they retire. * <sup>4</sup> ,* <sup>5</sup>
(5) Method of acquisition of the Company's shares	The Company's shares shall be acquired through the stock market or by underwriting the disposition of the Company's treasury stock, using as the funds contributed in the manner set out in (3) above. * <sup>6</sup>
(6) Provision of the Company's Shares, etc.	When Directors retire (here "retire" means retirement from all positions as Director, including Director who is an Audit and Supervisory Committee Member, and Corporate Officer) and meet the requirements for the beneficiary stipulated in the "Rules for Delivery of Shares to Officers," the said Directors receive the number of the Company's shares as determined in (4) above from the Trust after their retirement by taking the prescribed procedures to define the beneficiary. * <sup>7</sup> ,* <sup>8</sup>
(7) Exercise of voting rights (pertaining to shares held by the Trust account)	In order to ensure neutrality in the management of the Company, voting rights shall not be uniformly exercised.
(8) Treatment of dividends	Dividends will be received by the Trust, and mainly used for the acquisition of the Company shares and fees payable to the trustee of the Trust.
(9) Other	Other details about the Plan (including items (1) through (8) above) are stipulated in the "Rules for Delivery of Shares to Officers."

\*1 The Plan also covers corporate officers who do not concurrently serve as Directors (hereinafter simply referred to as "Corporate Officers") in addition to Directors.

\*2 Regarding the Plan, the Company has established the Trust, naming Directors who meet the beneficiary requirements as its beneficiaries and contributing a maximum total of ¥200 million to serve as funds for acquiring shares that are to be granted to the Directors of the Company (excluding Outside Directors) in each target period. Now, if the Company transitions to a Company with an Audit and Supervisory Committee due to the changes to the Articles of Incorporation in Proposal No. 2 "Partial Amendments to the Articles of Incorporation" taking effect, the Company will see to it that the Trust continues to be a trust with those who meet the beneficiary requirements as its beneficiaries.

\*3 When making additional contributions in the future, if the Company's shares (excluding the Company's shares equivalent to the number of points that have been granted to Directors, and have not yet been delivered to them) and money remain in

the trust assets at the end of the target period immediately preceding the target period for which such additional contribution is to be made (hereinafter such remaining shares and money are collectively referred to as the “Remaining Shares, etc.”), the total sum of the amount of the Remaining Shares, etc. (for the Company’s shares, the book value at the end of the immediately preceding target period) and the additional contribution shall be no more than ¥200 million. The Company will make timely and appropriate disclosure upon having made decisions regarding additional contributions.

- \*4 The Company considers Corporate Officers eligible for the Plan as well as Directors. Accordingly, in a practical sense, the contribution amount and shares for the Corporate Officers’ portion shall be added in (3) and (4) above, respectively.
- \*5 If a share split, allotment of shares without contribution, or consolidation of shares, etc. is carried out regarding the Company’s shares subsequent to approval of this proposal, then adjustment shall be made with respect to the maximum number of points and the number of points granted, or otherwise with respect to conversion ratios, in a reasonable manner in proportion to the relevant ratio, etc. for the share split, allotment of shares without contribution, or consolidation of shares, etc.
- \*6 When the Company decides to make additional contributions and the Trust acquires the Company’s shares, the Company will make timely and appropriate disclosure of the details thereof.
- \*7 If the requirements stipulated separately in the “Rules for Delivery of Shares to Officers” are fulfilled, the said Directors receive, in respect of a certain portion of the granted points, an amount of cash equivalent to the market price of the Company’s shares on the date of retirement in lieu of the provision of Company’s shares. The Trust may sell the Company’s shares in order to make the monetary provisions.
- \*8 Even if a Director has been granted points, such Director may not be able to obtain the right to receive such benefit in cases such as retiring due to certain illegal conduct while in office or inappropriate conduct that causes damage to the Company while in office.

<Reference: Policy on decisions pertaining to remuneration, etc. for individual Directors>

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally submitted, the Company will transition to a Company with an Audit and Supervisory Committee at the conclusion of the Meeting. The Company plans to abide by the following policy on decisions pertaining to remuneration, etc. for individual Directors after transitioning to a Company with an Audit and Supervisory Committee.

1. Policy on decisions pertaining to remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors, hereinafter referred to as “Directors”)

□ Basic policy for Director remuneration

- The Company’s basic policy for remuneration, etc. is that which achieves the following.
  - Director remuneration is to serve as sufficient incentive for Directors to improve business performance and increase corporate value over the medium to long term.
  - Director remuneration is to give rise to competitive strengths that facilitate capacity to gain diverse and outstanding talent.
  - Director remuneration is to cause Directors to have common interests with shareholders and other stakeholders.
- Based on the above basic policy, remuneration, etc. consists of monetary remuneration comprising fixed remuneration and performance-linked remuneration, as well as performance-linked share-based remuneration involving a trust.
- Remuneration, etc. is to be determined within a remuneration range resolved at the General Meeting of Shareholders, and is set at appropriate levels enlisting third-party surveys on compensation of business managers in Japan (hereinafter referred to as, “Managerial Compensation Surveys”).
- Regarding remuneration, etc. for individuals, for monetary remuneration, the Board of Directors must seek the advice of the voluntary Nomination and Compensation Advisory Committee, which comprises all Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and the Representative Director, the President & Chief Executive Officer (hereinafter referred to as simply the “Nomination and Compensation Advisory Committee”), and then receive the committee’s report and reach a resolution that is the basis for delegating the decision to Representative Director, the President & Chief Executive Officer, who then determines monetary remuneration. In pursuit of reasonable levels of remuneration and transparency in performance evaluations, the Representative Director, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee. Performance-linked share-based remuneration is determined based on the “Rules for Delivery of Shares to Officers” set out by the Board of Directors in advance.

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

- When it comes to the proportional mix of remuneration, etc. by component type, overall remuneration is structured such that the higher a Director’s position, the higher the performance-linked, upon referring to remuneration, etc. at listed enterprises comparable to the Company cited in Managerial Compensation Surveys.
- Specific details are considered by the Nomination and Compensation Advisory Committee and then reported to the Board of Directors. The Board of Directors must respect the information reported by the Nomination and Compensation Advisory Committee when determining the proportional mix of remuneration by component type.

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

- Monetary remuneration for Directors is set such that the standard amounts for each position generally comprise 70% fixed remuneration and 30% performance-linked remuneration.
- Fixed remuneration is paid in standard amounts set according to each Director’s position, roles, and other factors.
- Performance-linked remuneration is determined as follows.
  - Performance-linked remuneration for Representative Director, the President & Chief Executive Officer is calculated to reflect only the evaluation of the entire Company’s performance to highlight the fact that the President & Chief Executive Officer is responsible for the entire Company’s performance.

- Performance-linked remuneration for other Directors is calculated to reflect the entire Company's performance and their individual performance to account for their responsibility for both the entire Company's performance and the execution of their duties in their areas of responsibility.
  - To reflect the entire Company's performance, considering the characteristics of the Company's business and other factors, the Company uses consolidated EBITDA (=operating income + depreciation + amortization of goodwill) as a performance evaluation indicator, and multiplies it by the percentage of progress made toward achieving the yearly budget to calculate two thirds of the standard amount of performance-linked remuneration set for each position, and by the percentage of progress with respect to actual mean values for the past five years to calculate the remaining third. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.
  - To reflect individuals' performance, predetermined additions and subtractions based on performance evaluation results with respect to results in their areas and departments of responsibility are applied, and amounts are determined after deliberation by the Nomination and Compensation Advisory Committee. Notably, the results of performance evaluations are reflected in remuneration for the following fiscal year.
- The annual amount of monetary remuneration is the sum of fixed remuneration and performance-linked remuneration, and a fixed amount corresponding to 1/12 of the annual amount is paid monthly.
- Policy on decisions pertaining to the details of share-based remuneration and methods of calculating amounts and numbers of shares for individuals
- The Company also uses consolidated EBITDA as a performance evaluation indicator for performance-linked share-based remuneration, which it calculates as follows using the percentage of progress made toward achieving the budget (Maximum: 120%, Minimum: 80%) on the condition that the Company's consolidated operating income is positive.
 

In March each year, the Company grants the number of points corresponding to the standard number of points for each position multiplied by the percentage of progress made toward achieving the budget, and remuneration, etc. corresponding to the cumulative number of points is paid upon each Director's retirement. Notably, for tax reasons, the Company provides the number of shares on a "one point per one share" basis for 70% of points accumulated, and pays a monetary amount calculated by multiplying the market value of the shares on the date of retirement for the remaining 30%. The details of this handling are described in the "Rules for Delivery of Shares to Officers."
2. Policy on decisions pertaining to remuneration, etc. for Outside Directors (except Directors who are Audit and Supervisory Committee Members)
- Given the fact that the role of Outside Directors is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.
  - Their remuneration, etc. is determined within a remuneration range resolved at the General Meeting of Shareholders, and set at appropriate levels enlisting Managerial Compensation Surveys.
  - Regarding remuneration, etc. for individuals, the Board of Directors must seek the advice of the Nomination and Compensation Advisory Committee, and then receive the committee's report and reach a resolution that is the basis for delegating the decision to the Representative Director, the President & Chief Executive Officer, who then determines remuneration, etc. In pursuit of reasonable levels of remuneration and of transparency, the President & Chief Executive Officer must make decisions in line with the details discussed by the Nomination and Compensation Advisory Committee.
3. Policy on decisions pertaining to remuneration, etc. for Directors who are Audit and Supervisory Committee Members
- Given the fact that the role of Directors who are Audit and Supervisory Committee Members is to supervise the Company's management from an objective, independent standpoint, they are only provided with monetary remuneration in the form of monthly fixed remuneration.



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

## **Business Report**

(January 1, 2023 to December 31, 2023)

### **1. Current Status of the Corporate Group**

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

##### **(i) Business progress and results**

In the fiscal year under review, the Japanese economy continued to normalize and recover moderately as COVID-19 was downgraded to a Class 5 infectious disease. However, the future remains unclear because of various factors, including a rise in the prices of raw materials and energy, and the effect of monetary tightening policies in many countries aimed at countering inflation.

Under these circumstances, the Group increased the volume of sales and net sales by actively expanding sales primarily in the Performance Materials field. Furthermore, we have noted the significant rise and remaining high level of all kinds of costs, and have also been steadily passing on these increased costs into the sales price of products. However, profits have fallen due to a drop-off in the inventory benefits, obstacles in the procurement of some raw materials, and a decline in the international market condition.

Accordingly, the Group's net sales for the fiscal year under review was ¥115,217 million (up 0.3% year on year) while operating income was ¥9,946 million (down 20.1% year on year), ordinary income was ¥9,725 million (down 23.5% year on year), and net income attributable to owners of parent was ¥6,826 million (down 15.4% year on year).

##### **(ii) Capex**

Total capital investments for the Group in the fiscal year under review were ¥4,928 million, and were mainly focused on expanding production capacities at the Chiba Plant for refrigeration lubricant raw materials, etc.

##### **(iii) Financing**

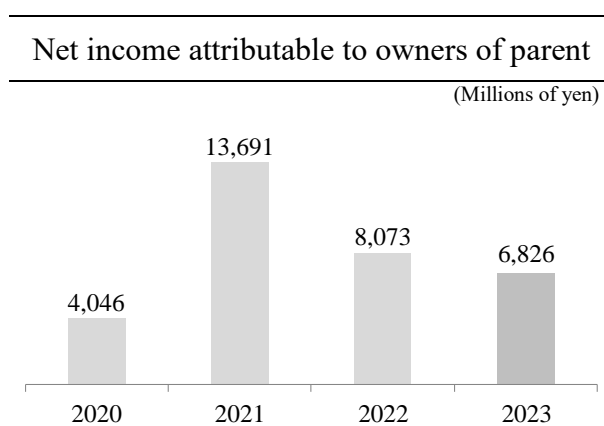
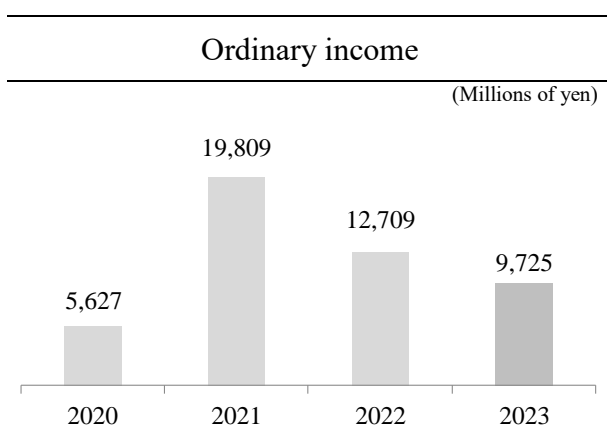
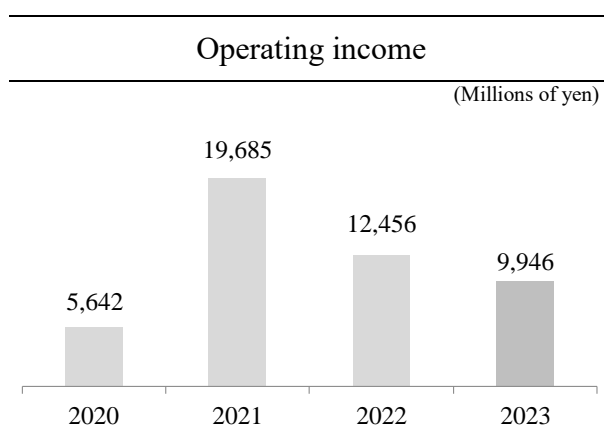
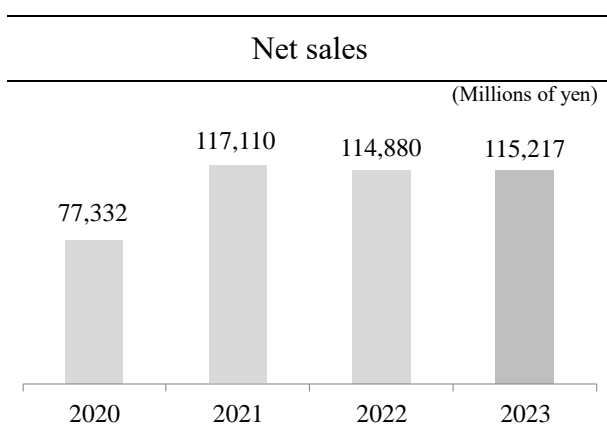
The Group raises funds through loans from financial institutions, issuance of commercial papers and straight bonds.

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

## (2) Trends in operating results and assets

Item	11th Fiscal Year (Year ended December 31, 2020)	12th Fiscal Year (Year ended December 31, 2021)	13th Fiscal Year (Year ended December 31, 2022)	14th Fiscal Year (Current fiscal year) (Year ended December 31, 2023)
Net sales (Millions of yen)	77,332	117,110	114,880	115,217
Ordinary income (Millions of yen)	5,627	19,809	12,709	9,725
Net income attributable to owners of parent (Millions of yen)	4,046	13,691	8,073	6,826
Basic earnings per share (Yen)	109.12	368.95	217.73	184.23
Total assets (Millions of yen)	95,508	122,069	131,247	124,498
Net assets (Millions of yen)	45,884	57,505	62,066	66,493



Note: The Group has applied “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan, Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended December 31, 2022. Figures for the fiscal year ended December 31, 2022 and thereafter are figures, etc., after the application of the said accounting standard.

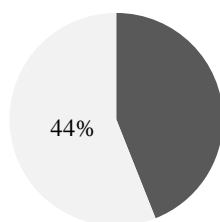
Our application of this accounting standard, etc. has no effect on any of the figures aside from net sales.

## Results by business field

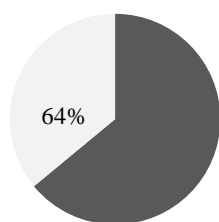
The Group is primarily engaged in the development, manufacture and sale of petrochemical products. As the business of the Group consists of a single segment, the chemical business, segment information is not provided. Furthermore, the overview of business and main products is current as of December 31, 2023.

## Performance Materials

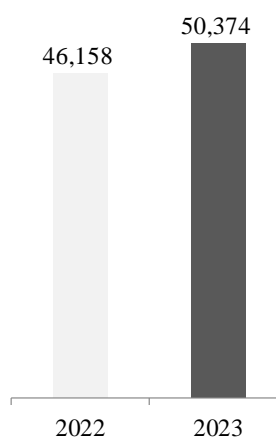
Performance Materials  
proportion of total net  
sales



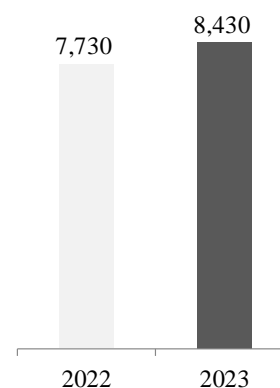
Performance Materials  
proportion of total  
operating income



Net sales  
(Millions of yen)



Operating income  
(Millions of yen)



## Overview of business

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

## Main products

Isononanoic acid

2-ethyl hexanoic acid

Tridecanol (tridecyl alcohol)

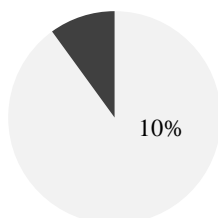
1,3-butylene glycol

## Key points of results

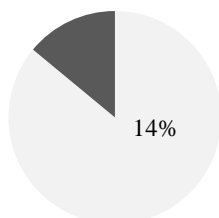
For refrigeration lubricant raw materials, growth in the air conditioner market slowed down due to factors such as the effect of a slump in the real estate markets in China and the U.S. However, we implemented various measures such as raising the prices of products and expanding sales. Demand for cosmetics ingredients in Japan and overseas did not reach a full-scale recovery. As a result, both revenue and income increased with net sales of ¥50,374 million (up 9.1% year on year) and operating income of ¥8,430 million (up 9.1% year on year).

## Electronic Materials

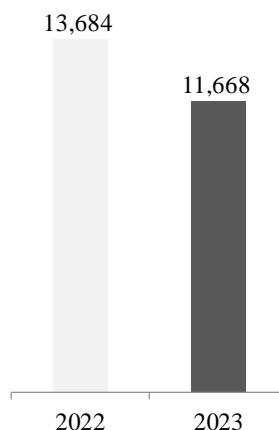
Electronic Materials  
proportion of total net  
sales



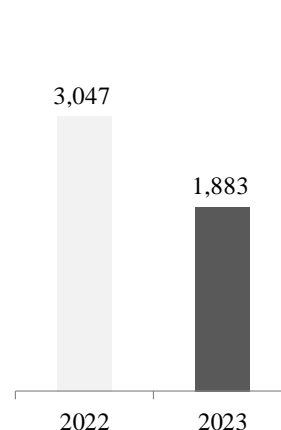
Electronic Materials  
proportion of total  
operating income



Net sales  
(Millions of yen)



Operating income  
(Millions of yen)



### Overview of business

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

### Main products

Propylene glycol monomethyl ether-P

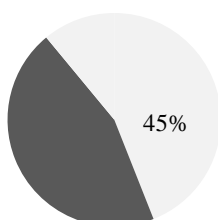
Propylene glycol monomethyl ether acetate-P

### Key points of results

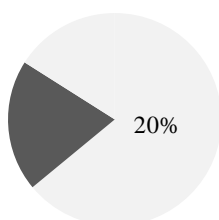
In the markets for semiconductors and FPDs, demand in finished product such as smartphones, computers and data centers remained weak throughout the year. As a result, net sales were ¥11,668 million (down 14.7% year on year) and operating income of ¥1,883 million (down 38.2% year on year).

## Basic Chemicals

Basic Chemicals  
proportion of total net  
sales



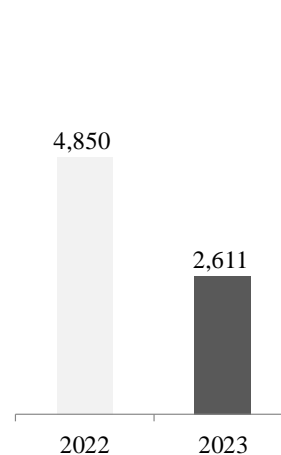
Basic Chemicals  
proportion of total  
operating income



Net sales  
(Millions of yen)



Operating income  
(Millions of yen)



### Overview of business

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

### Main products

Butyl alcohol

2-ethyl hexyl alcohol

Isononyl alcohol

Butyl acetate

### Key points of results

As for domestic demand, although there was a substantial recovery in automobile production, housing starts were weak, resulting in a moderate recovery. Furthermore, although we have been passing on rising costs into the price of products, due to factors such as an drop-off in the inventory benefits and the influx of imports products into Japan market, net sales were ¥52,352 million (down 3.5% year on year) and operating income of ¥2,611 million (down 46.2% year on year).

Note: In the Other field, net sales were ¥822 million (up 6.6% year on year) and operating income was of ¥167 million (up 193.0% year on year).

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

### (3) Issues to be addressed

As we continue to aim to be “A Leading Global Specialty Chemical Company” set forth in VISION 2030, the Group has defined “Driving Sustainable Management” in the 4th Medium-Term Business Plan, with FY 2022 as the starting year, and is moving ahead with various measures. However, the external environment has substantially changed from when the Medium-Term Business Plan was envisioned. There is increasing uncertainty in the global economy due to various factors, including the heightening geopolitical risks of the situations in Ukraine and the Middle East, and many other countries’ monetary tightening measures accompanying inflation.

Notably, the business environment surrounding the Group has become increasingly severe, with skyrocketing prices leading to a remarkable rise in major costs including raw materials and fuel, logistics, construction and maintenance. In addition, declining demand due to various factors such as a slowdown in the Chinese economy and a slump in the semiconductor market.

Under these circumstances, we will focus on measures to realize a recovery in our business results, while steadily moving forward with initiatives to achieve medium-to-long term growth.

#### <Initiatives for FY 2024>

In order to lessen the production troubles associated with the pressing issue of aging equipment, we will continue with preventative maintenance and raise to an even higher level the maintenance and repairs of plant equipment. Furthermore, we will prevent troubles from occurring by detecting equipment malfunctions in the initial stage and implementing a predictive diagnosis system. We will also carry out safety education for employees and take other measures that will lead to safe and stable operations. As for responding to an increase in costs associated with skyrocketing prices and other factors, we will aim to reduce costs by optimizing production efficiency and making other efforts, and pass on the rising costs into product prices at the appropriate time. With these efforts, we will improve profits. We will also newly establish a CxO (Chief Officer) to supervise each business execution line, and further clarify the authority and responsibilities in execution of operations, so as to realize the prompt and proper execution of work duties.

As for initiatives aimed at medium-to-long term growth, in our core product of refrigeration lubricant raw materials, we will complete work this summer as planned to strengthen the Chiba Plant’s capacity, and with a smooth launch, we will actively meet expanding demand. Additionally, this autumn we will complete work in progress to reinforce the Group company Kurogane Kasei’s facilities for next-generation semiconductor materials, and aim to expand sales primarily in cutting-edge fields that are expected to grow.

We will also move forward with the development of new products in existing businesses and in collaborations with startups and other companies, with the aim of creating new businesses. Furthermore, we will continue to review our business portfolio, and accelerate the investment of management resources into growth fields.

As for initiatives aimed at achieving carbon neutrality, we are proceeding with preparations to complete by the beginning of 2025 the construction of CO<sub>2</sub> collection equipment, for which we finalized capital investment in 2023. We will use this equipment to collect the CO<sub>2</sub> generated in the Company’s manufacturing processes. This will make it possible to reuse the collected CO<sub>2</sub> as a raw material for our core technology of oxo reaction.

We will continue to strengthen our business base in order to realize these measures. Specifically, we will invest even more management resources into human capital, such as enhancing policies for training next-generation leaders and for helping employees independently shape their career. Additionally, we will use big data in predictive diagnosis systems and advanced plant control systems, improve productivity with the implementation of systems to improve operations, implement systems to manage intellectual property, and move forward with other efforts aimed at digital transformation.

For corporate governance, we will transition to a company with an Audit and Supervisory Committee, with the aim of further strengthening the supervisory functions of the Board of Directors. We will also carry out comprehensive management with an awareness of stock prices and capital costs, raise the risk management level and increase awareness of compliance, and make other efforts to maximize our corporate value.

We will move forward with the initiatives outlined above, while also connecting them to the 5th Medium-Term Business Plan that will start from FY 2025.

We ask all our shareholders for your continued support going forward.

<p>&lt;Reference&gt;  VISION 2030 is posted on the Company's website.  URL: <a href="https://www.khneochem.co.jp/company/business-plan/vision/">https://www.khneochem.co.jp/company/business-plan/vision/</a> (in Japanese)  The 4th Medium-Term Business Plan is posted on the Company's website.  URL: <a href="https://ssl4.eir-parts.net/doc/4189/ir_material_for_fiscal_ym/112443/00.pdf">https://ssl4.eir-parts.net/doc/4189/ir_material_for_fiscal_ym/112443/00.pdf</a> (in Japanese)</p>
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**(4) Major parent company and subsidiaries**

(i) Parent company

There is no relevant information.

(ii) Major subsidiaries

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

Notes:

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

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

There is no relevant information.



## 2. Current Status of the Company

### (1) Shares (As of December 31, 2023)

- (i) Total number of shares authorized to be issued 136,200,000 shares
- (ii) Total number of issued shares 37,149,400 shares  
(including 444 shares of treasury stock)
- (iii) Number of shareholders 7,456
- (iv) Major shareholders

Name of shareholders	Number of shares held	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,453,500	14.68
Custody Bank of Japan, Ltd. (Trust account)	3,442,300	9.27
Tosoh Corporation	1,852,000	4.99
NORTHERN TRUST CO.(AVFC) RE USL NON-TREATY CLIENTS ACCOUNT	1,571,110	4.23
NORTHERN TRUST CO.(AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	1,092,200	2.94
TAIYO FUND, L.P.	1,056,100	2.84
SSBTC CLIENT OMNIBUS ACCOUNT	956,502	2.57
STATE STREET BANK AND TRUST COMPANY 505227	928,400	2.50
TAIYO HANEI FUND, L.P.	838,700	2.26
GOVERNMENT OF NORWAY	733,503	1.97

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

### (2) Share acquisition rights, etc.

- (i) Share acquisition rights held by the Company's Officers at the end of the current fiscal year which were delivered as compensation for their performance of duties  
There is no relevant information.
- (ii) Share acquisition rights granted to employees, etc. as compensation for their performance of duties during the current fiscal year  
There is no relevant information.

### (3) Cross-shareholding shares held by the Company

- (i) Status of cross-shareholding shares held

The Company holds the shares of companies with which it deems it important to maintain transactions and create synergies over the medium to long term, based on mutual understanding of management policies, the nature of the businesses, and the value of sales and purchasing transactions (hereinafter referred to as the "cross-shareholding shares"). It does this for the purpose of enhancing corporate value. As of December 31, 2023, the total value of cross-shareholdings recorded in assets on the balance sheet was ¥5,589 million, accounting for 9.4% of total net assets, and 8.4% of total consolidated net assets. Of these, approximately 40% consists of shareholdings in unlisted companies. Of this 40%, approximately 90% consists of shares in key raw material manufacturers and joint facility management companies established through joint investments with affiliates for the purpose of ensuring stable supply of key raw materials and improving the efficient business operations of the industrial complex as a whole, as well as shares in startups in which we invested with the aim of creating new business. In that sense, it is precisely as part of a business investment that these shares are held.

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

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

Notably, in 2023, we sold off three issues of both listed and unlisted companies in accordance with the aforementioned policy. As of December 31, 2023, the number of issues held was 22 (including seven issues of listed companies).

(ii) Exercising voting rights for cross-shareholding shares

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

#### (4) Directors and Audit & Supervisory Board Members

##### (i) Directors and Audit & Supervisory Board Members (As of December 31, 2023)

Position in the Company	Name	Responsibility in the Company and significant concurrent positions outside the Company
Representative Director President & Chief Executive Officer	Michio Takahashi	
Board Director and Senior Corporate Officer	Toshihiro Matsuoka	In charge of Production Planning and Engineering, Intellectual Property, Plants and Environment, Safety, and Quality Assurance
Board Director and Senior Corporate Officer	Tatsuro Niiya	In charge of Corporate strategy, Procurement, Marketing, Sales, and Logistics
Board Director and Senior Corporate Officer	Masaya Hamamoto	In charge of Accounting and Finance, Investor Relations, Public Relations, General Affairs, Legal and Compliance, Internal Audit, Risk Management, and Promotion of ESG
Board Director and Senior Corporate Officer	Yukihiro Isogai	In charge of HR, IT Strategy, R&D, and Information Security
Outside Director (Independent Director)	Sayoko Miyairi	Partner of Scholar Consult Co., Ltd. Outside Director of Toyo Engineering Corporation Outside Director of NIHON SEIKAN K.K.
Outside Director (Independent Director)	Jun Tsuchiya	CEO of Tsuchiya International Consulting Corp Outside Director of Soken Chemical & Engineering Co., Ltd.
Outside Director (Independent Director)	Yuji Kikuchi	Partner and attorney at law of Tokyo Hatchobori Law Office
Full-time Audit & Supervisory Board Member	Tokuo Odo	
Outside Audit & Supervisory Board Member (Independent Audit & Supervisory Board Member)	Kazuhiro Kawai	Outside Corporate Auditor of Kiraboshi Bank, Ltd.
Outside Audit & Supervisory Board Member (Independent Audit & Supervisory Board Member)	Keiko Tamura	Partner attorney at law of Asahi Law Offices Outside Audit & Supervisory Board Member of The Norinchukin Trust & Banking Co., Ltd.

##### Notes:

- Ms. Sayoko Miyairi's name as recorded in her family register is Sayoko Ibaraki.
- There are no important transactional or other particular relationships between the Company and the companies at which Outside Directors and Outside Audit & Supervisory Board Members hold significant concurrent positions.
- Changes in position and responsibility in the Company and significant concurrent positions outside the Company during the current fiscal year were as follows.

Name	Before changes	After changes	Date of changes
Toshihiro Matsuoka	In charge of Procurement, Production Planning and Engineering, Plants and Environment, Safety, and Quality Assurance	In charge of Production Planning and Engineering, Intellectual Property, Plants and Environment, Safety, and Quality Assurance	April 1, 2023
Tatsuro Niiya	In charge of Corporate strategy, Marketing, Sales, and Logistics	In charge of Corporate strategy, Procurement, Marketing, Sales, and Logistics	April 1, 2023
Yukihiro Isogai	In charge of HR, IT Strategy, R&D, Intellectual Property, and Information Security	In charge of HR, IT Strategy, R&D, and Information Security	April 1, 2023

4. Messrs. Tokuo Odo, Kazuhiro Kawai, and Ms. Keiko Tamura possess considerable knowledge of finance and accounting as Audit & Supervisory Board Members of the Company as described below.
  - (i) Mr. Tokuo Odo had been serving in the Accounting Division of the Company for many years, and has experience of accounting and financial operations.
  - (ii) Mr. Kazuhiro Kawai has many years of work experience and experience as an audit & supervisory board member mainly at financial institutions.
  - (iii) Ms. Keiko Tamura possesses broad expertise in the financial field and corporate legal affairs as an attorney at law, and experience as an audit & supervisory board member mainly at financial institutions.
5. Overview of content of liability limitation agreement  
 Under Article 427, paragraph (1) of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has entered into agreements with three Outside Directors and three Audit & Supervisory Board Members to limit their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act.  
 The maximum amount of liability for damages under the said agreement shall be the amount stipulated by laws and regulations.
6. Overview of Directors and Officers liability insurance agreement  
 The Company has concluded a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, paragraph (1) of the Companies Act, and the agreement covers legally required compensation for damages and lawsuit costs borne by the insured person.  
 The insureds in this agreement are all Directors, Audit & Supervisory Board Members and others (including those of subsidiaries) and the Company bears the premiums.
7. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Sayoko Miyairi, Messrs. Jun Tsuchiya, Yuji Kikuchi, Kazuhiro Kawai and Ms. Keiko Tamura have been designated as Independent Directors and Audit & Supervisory Board Members as provided for by the aforementioned stock exchange.

(Reference) Corporate Officers (As of December 31, 2023)

Position in the Company	Name	Responsibility in the Company
Senior Corporate Officer	Toshiaki Ogata	Head of Production Planning and Engineering
Senior Corporate Officer	Isao Takahashi	Head of Corporate Administration, Public Relations, Legal and Compliance
Corporate Officer	Akio Nakahashi	General Manager of Chiba Plant
Corporate Officer	Yoshiaki Kondo	Head of Environment, Safety and Quality Assurance
Corporate Officer	Hideki Shimizu	Head of Procurement
Corporate Officer	Akira Kamimura	Head of Accounting, FP&A, Finance and IR
Corporate Officer	Atsushi Tokumitsu	Seconded to Kurogane Kasei Co., Ltd. (President & Chief Executive Officer)
Corporate Officer	Katsunori Sato	Head of Sales & Marketing
Corporate Officer	Hideo Kurokawa	General Manager of Yokkaichi Plant
Corporate Officer	Takatoshi Fujii	Head of Human Resources

## (ii) Amount of remuneration, etc. for Directors and Audit &amp; Supervisory Board Members

## Total amount of remuneration, etc. for the current fiscal year

	Number of Directors and Audit & Supervisory Board Members	Total amount of remuneration, etc. by type (Millions of yen)			Total amount of remuneration, etc. (Millions of yen)
		Monetary remuneration		Share-based remuneration	
		Fixed remuneration	Performance-linked remuneration	Performance-linked remuneration	
Director (of which, Outside Director)	8 (3)	144 (25)	50 (-)	24 (-)	219 (25)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	3 (2)	36 (14)	- (-)	- (-)	36 (14)
Total (of which, Outside Director and Outside Audit & Supervisory Board Member)	11 (5)	180 (39)	50 (-)	24 (-)	255 (39)

## Notes:

- Remunerations, etc. for Directors do not include the employee salaries paid to the Directors who concurrently serve as employees.
- The share-based remuneration was introduced based on a resolution at the 8th Ordinary General Meeting of Shareholders held on March 27, 2018, and has continued based on a resolution at the 11th Ordinary General Meeting of Shareholders held on March 23, 2021. Additionally, the share-based remuneration shows the amount recorded as expenses during the fiscal year under review in accordance with the Board Benefit Trust (BBT) performance-linked share-based remuneration plan, which was revised by resolution at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022 (the maximum amount of monies contributed to the trust every three fiscal years and the maximum number of points (number of shares) to be granted per fiscal year were revised).

## a. Matters concerning performance-linked remuneration, etc.

- Performance indicators and reasons for their selection

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

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

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

For share-based remuneration as performance-linked remuneration, based on a resolution at the 8th Ordinary General Meeting of Shareholders held on March 27, 2018, the Company introduced a Board Benefit Trust ("BBT") as its performance-linked share-based remuneration plan, which it has continued based on a resolution at the 11th

Ordinary General Meeting of Shareholders held on March 23, 2021. Additionally, the maximum amount of monies contributed to the trust every three fiscal years and the maximum number of points (number of shares) to be granted per fiscal year were revised based on a resolution at the 12th Ordinary General Meeting of Shareholders held on March 24, 2022. The purpose of this Plan is to further increase the linkage with corporate performance, and clarify the linkage between remuneration for Directors and the stock value of the Company at the same time, having the Directors share with our shareholders not only the merits of the increase in the stock price, but also the risk of the decrease in the stock price, thereby increasing awareness of the Directors to contribute to the medium- to long-term improvement in the business performance and to the enhancement of corporate value. Under the Plan, upon retirement those eligible receive payment of remuneration, etc. equivalent to points they have accumulated under the Plan. Calculated using the percentage of progress made toward achieving the yearly budget with respect to consolidated EBITDA, points are granted every March on the condition that the Company has generated a positive consolidated operating income. As for payment, the Company provides the Company's shares on a "one point per one share" basis with respect to 70% of points accumulated, and pays a monetary amount calculated by multiplying the market value of the shares on the date of retirement with respect to 30% of the points accumulated. Specific details regarding such arrangements are stipulated in the "Rules for Delivery of Shares to Officers" as determined by the Board of Directors.

- Results in relation to the performance indicators

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

	8th Fiscal Year– 12th Fiscal Year average value (Fiscal Year ended December 31, 2017 to Fiscal Year ended December 31, 2021)	13th Fiscal Year (Fiscal Year ended December 31, 2022)	14th Fiscal Year (fiscal year under review) (Fiscal Year ended December 31, 2023)
Consolidated EBITDA (Millions of yen)	15,117	16,750	14,599

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

The performance-linked share-based remuneration plan introduced by the Company has been described under the heading "Method for calculating performance-linked remuneration amounts and quantitative values" above. The total number of the points above to be granted to the Directors (excluding Outside Directors) as remuneration, etc. for the fiscal year under review is 10,475 points.

c. Matters concerning decisions on the amount of remuneration, etc. for Directors and Audit & Supervisory Board Members per resolution at the General Meeting of Shareholders

The maximum amount of remuneration, etc. for the Company's Directors and Audit & Supervisory Board Members was resolved as follows.

Eligible persons	Type of remuneration, etc.	Maximum value and number of points (number of shares)	Resolution at the General Meeting of Shareholders	No. of eligible persons upon conclusion of said meeting
Directors (including Outside Directors)	Monetary remuneration	No more than ¥350 million per year (including no more than ¥50 million per year for Outside Directors; however, this does not include the employee salary portion for Directors who concurrently serve as employees)	12th Ordinary General Meeting of Shareholders held on March 24, 2022	8 (including 3 Outside Directors)
Directors (excluding Outside Directors)	Share-based remuneration	<ul style="list-style-type: none"> <li>Contribute monies to the trust, up to ¥200 million every three fiscal years</li> <li>Maximum number of points (number of shares) to be granted per fiscal year: 60,000 points (60,000 shares)</li> </ul>	12th Ordinary General Meeting of Shareholders held on March 24, 2022	5
Audit & Supervisory Board Members	Monetary remuneration	No more than ¥50 million per year	Extraordinary General Meeting of Shareholders on March 31, 2011	3

d. Policy on decisions pertaining to remuneration, etc. for individual Directors

- Method of determining policy for decisions

The Company's Board of Directors is to consult with the Company's voluntary Nomination and Compensation Advisory Committee, which has consisted of all Outside Directors and the Representative Director, the President & Chief Executive Officer since fiscal year 2019, requesting the Committee to review remuneration, etc. of the Company's Directors. Accordingly, The Board of Directors adopted a resolution on policy regarding making decisions on remuneration, etc. for individual Directors (hereinafter referred to as the "Decision-making Policy") at its meeting held on January 27, 2021, in view of the reports received from the Nomination and Compensation Advisory Committee.

- Overview of the Decision-making Policy

Basic policies on remuneration of the Directors (excluding Outside Directors) are as follows.

- Director remuneration is to serve as sufficient incentive for Directors to improve business performance and increase corporate value over the medium to long term.
- Director remuneration is to give rise to competitive strengths that facilitate capacity to gain diverse and outstanding talent.
- Director remuneration is to cause Directors to have common interests with shareholders and other stakeholders.

Director remuneration (excluding Outside Directors) specifically consists of monetary remuneration in the form of fixed remuneration and performance-linked remuneration, as well as performance-linked share-based remuneration involving a trust. Decisions on remuneration, etc. are to be made within a remuneration range resolved at the General Meeting of Shareholders, and remuneration, etc. is to be set at appropriate levels enlisting third-party surveys on compensation of business managers in Japan (hereinafter referred to as, “Managerial Compensation Surveys”).

The fixed remuneration component of monetary remuneration consists of an annual amount in alignment with a Director’s roles, position and other factors, and is paid out monthly on a prorated basis over each of the twelve months of the year. Moreover, policy regarding the monetary performance-linked remuneration and performance-linked share-based remuneration are described under the headings “a. Matters concerning performance-linked remuneration, etc.” and “b. Share-based remuneration (non-monetary remuneration, etc.)” above.

Remuneration of the Outside Directors is limited to the fixed remuneration component of monetary remuneration which is set according to a Director’s roles and other factors, in view of such Directors’ roles and independence, and is paid out monthly on a prorated basis over each of the twelve months of the year.

e. Ratio of remunerations, etc. for Directors by type

When it comes to the proportional mix of remuneration, etc. for Directors (excluding Outside Directors) by component type, overall remuneration is structured such that the higher a Director’s position, the higher the performance-linked and share-based remuneration weightings, upon referring to remuneration, etc. at listed enterprises comparable to the Company cited in Managerial Compensation Surveys.

The Company’s voluntary Nomination and Compensation Advisory Committee reports specific details in this regard to the Board of Directors upon having conducted a review. The Board of Directors then determines the proportional mix of remuneration types while accordingly respecting details that have been reported by the Nomination and Compensation Advisory Committee.

f. Matters concerning third-party delegation

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

g. Reasons the Board of Directors has deemed that remuneration, etc. for individual Directors pertaining to the fiscal year under review aligns with the Decision-making Policy

When it comes to making decisions on remuneration, etc. for individual Directors, the Nomination and Compensation Advisory Committee comprehensively examines the draft thereof, including its consistency with the Decision-making



Policy, and the Board of Directors respects the report from the Committee and deems the decisions align with the Decision-making Policy.

**h. Matters concerning delegation of decisions on remuneration, etc. for individual Directors**

The Representative Director, the President & Chief Executive Officer has made decisions on monetary remuneration for Directors during the current year under review, per resolution on delegating to the Representative Director, the President & Chief Executive Officer Michio Takahashi the task of making specific decisions regarding individual remuneration, etc. for Directors, approved at the Board of Directors meeting held on March 24, 2023.

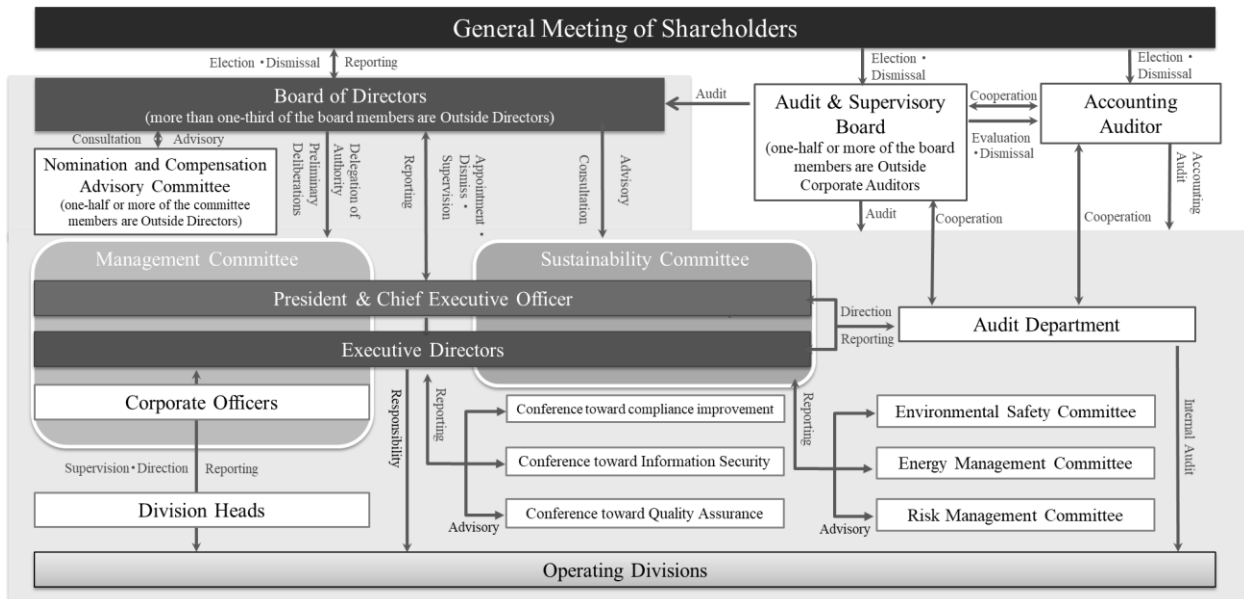
The reason for delegating such decisions to the Representative Director, the President & Chief Executive Officer is that the Representative Director, the President & Chief Executive Officer is best suited to the task of assessing areas of responsibility and professional duties assumed by each Director,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

## (iii) Matters concerning Outside Directors and Outside Audit &amp; Supervisory Board Members

Name	Position	Attendance	Status of main statements made
Sayoko Miyairi	Outside Director	Board of Directors meetings: 16 of 16 meetings	She has appropriately fulfilled her role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using her standpoint as an expert in organizational and human resource development to provide opinions and recommendations on human resource development and on improving employee engagement. In addition, as a member of the Nomination and Compensation Advisory Committee, she attended all eight of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Board Members of the Company from an objective and independent viewpoint.
Jun Tsuchiya	Outside Director	Board of Directors meetings: 16 of 16 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making, primarily by using his standpoint as an expert in management and technology to provide opinions and recommendations on the business of the Company as a whole. In addition, as a member of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings during the fiscal year under review, supervising the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Board Members of the Company from an objective and independent viewpoint.
Yuji Kikuchi	Outside Director	Board of Directors meetings: 16 of 16 meetings	He has appropriately fulfilled his role as an Outside Director of the Company in ensuring the correctness and reasonableness of decision-making primarily by using his expert standpoint as an attorney to provide opinions and recommendations on risk management and strengthening corporate governance. In addition, as the chairperson of the Nomination and Compensation Advisory Committee, he attended all eight of its meetings during the fiscal year under review, leading the supervision of the process for the selection of candidates and the determination of remuneration for Directors and Audit & Supervisory Board Members of the Company from an objective and independent viewpoint.
Kazuhiro Kawai	Outside Audit & Supervisory Board Member	Board of Directors meetings: 16 of 16 meetings Audit & Supervisory Board meetings: 12 of 12 meetings	At meetings of the Board of Directors he has made statements aimed at ensuring the correctness and reasonableness of decision-making, by using his standpoint as an expert in financial accounting. Also, at meetings of the Audit & Supervisory Board, he has made timely and necessary statements, particularly in relation to internal audits.

Name	Position	Attendance	Status of main statements made
Keiko Tamura	Outside Audit & Supervisory Board Member	Board of Directors meetings: 16 of 16 meetings Audit & Supervisory Board meetings: 12 of 12 meetings	At meetings of the Board of Directors she has made statements aimed at ensuring the correctness and reasonableness of decision-making, by using her expert standpoint as an attorney. Also, at meetings of the Audit & Supervisory Board, she has made timely and necessary statements, particularly in relation to the corporate governance system.

(Reference) The Company's governance system (as of December 31, 2023)



- Board of Directors

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

- Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members attend Board of Directors meetings, Management Committee meetings, and other important meetings and voice their opinions as needed in addition to auditing the Directors' performance of duties through such activities as reviewing important approval documents. Audit & Supervisory Board Members also exchange information and opinions, hold discussions, and engage in other efforts on a regular basis in pursuit of mutual collaboration with the Auditing Division

and the Accounting Auditor. The Audit & Supervisory Board comprises three Audit & Supervisory Board members (including two Outside Audit & Supervisory Board Members) and, in principle, holds ordinary Audit & Supervisory Board meetings on a monthly basis in addition to extraordinary Audit & Supervisory Board meetings as needed, all in pursuit of mutual collaboration in formulating auditing plans, examining the status and results of audits, and the like.

- **Nomination and Compensation Advisory Committee**

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

- **Sustainability Committee**

The Company has established a Sustainability Committee to serve as an advisory body to the Board of Directors, deliberating, reporting, and monitoring two types of matters—(1) matters pertaining to sustainability among matters to be resolved by the Board of Directors or the Management Committee and matters requiring the President’s approval and (2) other important matters pertaining to sustainability—and including them in business plans and the like. The Sustainability Committee comprises Board Directors as members and the Board Director in charge of corporate planning as the chair. Additionally, the committee chair may request reports from the Environmental Safety Committee, the Energy Management Committee, and the Risk Management Committee to the Sustainability Committee as needed.

- **Management Committee**

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

- **Expert Committees and Conferences**

The Company has established expert committees, which are chaired by Board Directors in charge of the particular areas of specialty, function as important bodies for governance that supplement and reinforce company-wide decision-making, and examine and discuss specialized matters and analyze and report on decision-making on such matters; and conferences, which meet regularly to hold necessary discussions about decision-making and execution of duties involving items to be resolved exclusively by department managers based on Rules on Final Approval and organizational regulations

in addition to formulating and promoting company-wide policies, providing education and training, and sharing information.