

Last update: June 30, 2025

**NIPPON SHOKUBAI CO., LTD.**

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Securities code: 4114

<https://www.shokubai.co.jp/en/>

The corporate governance of NIPPON SHOKUBAI CO., LTD (the “Company”) is described below.

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

### 1. Basic Views

Under the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we aim to increase our corporate value and achieve sustainable growth.

We recognize that effective corporate governance is essential to achieving these goals. To this end, we are committed to strengthening and enhancing our governance framework. This includes: ensuring the rights and equality of our shareholders and maintaining an open dialogue; collaborating with various stakeholders as appropriate; disclosing information appropriately and ensuring transparency; ensuring that the Board of Directors and the management team appropriately fulfill their roles and execute their duties; appropriately supervising the execution of these duties; and enhancing and strengthening our internal control systems.

### Reasons for Non-Compliance with the Principles of the Corporate Governance Code **Updated**

#### Supplementary Principle 2.4.1 Ensuring Diversity in the Appointment of Core Human Resources

##### Our approach to ensuring diversity

At the Company, we evaluate and appoint individuals based on their abilities, regardless of gender, nationality, age, or other attributes. For this reason, except for the targets specified below, we have not established numerical targets for the appointment of individuals to management positions based on personal attributes.

##### Voluntary and measurable targets

As part of our Plan of Action for General Employers under the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we have set a target of raising the percentage of women in core positions (management positions) to 8% or higher by fiscal 2027. To achieve this target, we are implementing various initiatives, including supporting women’s career development and cultivating female leaders.

##### Policies for human resource development and workplace environment improvement, as well as their current status

We have established a diversity and inclusion policy and are working to create a workplace environment and culture where every employee’s unique diversity is respected and acknowledged, enabling them to thrive and grow together.

Please refer to our corporate website for more information on specific initiatives.

<https://www.shokubai.co.jp/en/sustainability/society/diversity/>

#### Supplementary Principle 4.1.3 Succession Planning for the Chief Executive Officer and Other Top Executives

We conduct succession planning for the President & CEO, Representative Director, etc. by comprehensively assessing candidates against the qualifications required for these positions, in light of our mission, values, safety philosophy, and management strategy. The assessment also takes into account the candidates’ expertise, experience, track record, qualifications, competencies, and personality. Candidates are appropriately selected through thorough deliberation by the President & CEO, Representative Director, etc., and with reference to the opinions and evaluations of other officers. In addition, we provide selected candidates with meaningful hands-on experience to help them gain the knowledge and insights necessary for managing the Company as its President & CEO, Representative Director, etc.

#### Principle 4.11 Prerequisite for Ensuring Effectiveness of the Board of Directors and the Audit & Supervisory Board

The Company’s Board of Directors is composed of Directors of the Board with diverse expertise, professional backgrounds, and international perspectives, ensuring a well-balanced combination of knowledge, experience, and capabilities across the Board. The Board consists of eight members, including two female Directors of the Board, thereby achieving both gender diversity and an appropriate size. We will continue to consider diversity in terms of age, including whether it is necessary. Audit & Supervisory Board Members are elected from among individuals with appropriate experience and competencies, including those with sufficient knowledge of finance, accounting, and legal affairs. In addition, the Company assesses and analyzes the effectiveness

of the entire Board of Directors by gathering opinions on the Board of Directors from individual Directors of the Board, among other methods, and uses the results to enhance the functionality of the Board of Directors.

## Disclosure Based on Each Principle of the Corporate Governance Code Updated

### Principle 1.4 Cross-Shareholdings

#### (1) Policy on cross-shareholdings

Under Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology,” we are committed to further advancing the contributions we have made to industry and society. To this end, Nippon Shokubai, as a chemical manufacturer, believes that long-term and stable relationships of trust with business partners are essential in areas such as development, production, and sales, from the perspective of continuously enhancing corporate value. Based on this belief, we hold shares of certain business partners for the purpose of cross-shareholding when deemed necessary.

The Board of Directors, including three independent Outside Directors of the Board, annually reviews each individual listed stock held by the Company in light of the above-mentioned purpose, taking into account capital costs and other relevant factors. Based on a comprehensive evaluation, the Board assesses the significance of each holding and proceeds to sell shares that are deemed to have lost their significance. In fiscal 2024, the Company sold all of its holdings in three stock issues. As a result, the number of stock issues held for cross-shareholding decreased to 30 as of March 31, 2025, down from 70 as of March 31, 2015, the fiscal year-end prior to the introduction of the Corporate Governance Code.

We plan to further reduce the number of cross-shareholdings from fiscal 2025 onward, with a policy of reducing such holdings by approximately 20 billion yen over the four years from fiscal 2024 through fiscal 2027.

#### (2) Approach to the exercise of voting rights

We recognize the exercise of voting rights as an important means of influencing the management of investee companies and contributing to the enhancement of their corporate value. Accordingly, rather than making decisions based on formulaic or short-term criteria, we respect the management policies and strategies of investee companies and make appropriate decisions on each proposal from the perspective of whether it will contribute to the sustainable growth and medium- to long-term enhancement of corporate value for both the investee company and the Company. Specifically, for proposals concerning organizational restructuring such as mergers and business transfers, proposals that may impair shareholder value, and cases where the dividend payout ratio is judged to be consistently low without sufficient explanation, we make careful decisions after thoroughly gathering information through dialogue with the investee companies and other means. When exercising voting rights for listed shares, decisions are made by the Executive Officer in charge of Administration, HR, Finance, and Accounting. For major business partners, voting decisions are made by the Corporate Managing Committee or the Board of Directors, which includes three independent Outside Directors of the Board.

### Principle 1.7 Transactions with Related Parties

When the Company enters into transactions with its officers, in order to prevent any harm to the interests of the Company or its shareholders as a whole, such transactions are subject to prior approval by the Board of Directors, including three independent Outside Directors of the Board, following thorough deliberation in accordance with applicable laws, regulations, and the Board of Directors Rules. Furthermore, any officer who has executed such a transaction must report it to the Board of Directors without delay. In addition, when the Company enters into any non-routine transactions with major shareholders, such transactions are subject to prior approval by the Board of Directors.

### Principle 2.6 Exercising Asset Owner Functions for Corporate Pension Plans

As the Company maintains a defined benefit corporate pension plan, it endeavors to fulfill the functions expected of an asset owner in managing its pension reserves for the pension plan. To this end, the Company follows the Guidelines on the Roles and Responsibilities of Those Who Engage in Asset Management Tasks for Defined Benefit Corporate Pensions (hereinafter, the “Guidelines”). The Company’s specific initiatives are as follows.

- The Company has established a Corporate Pension Management Committee, chaired by the Executive Officer in charge of Administration, HR, Finance, and Accounting, and composed of members including the Director of General Affairs & HR Division and the Director of Finance & Accounting Division. This Committee also serves the function of the Asset Management Committee as specified in the Guidelines.
- The basic policy for asset management and the strategic asset allocation ratio are reviewed and determined by the Corporate Pension Management Committee. In managing assets, the Company adopts an investment policy that emphasizes downside risk control and avoids taking excessive risk.
- The Corporate Pension Management Committee regularly monitors the performance of pension assets and, when necessary, reviews the established strategic asset allocation ratio.
- In selecting and evaluating asset management institutions, the Company conducts a comprehensive assessment, taking into account not only quantitative factors such as investment performance, but also qualitative factors such as investment policies, investment management processes, compliance, and efforts to comply with the Stewardship Code.

### Principle 3.1 Enhancement of Information Disclosure

- (i) The Company’s objectives (including its management philosophy), management strategies, and management plans are

disclosed on the Company's website.

For our mission, values, code of conduct, and safety philosophy, visit <https://www.shokubai.co.jp/en/company/mission/>  
For NIPPON SHOKUBAI Group Medium-Term Management Plan "Mid-Term Management Plan 2027," visit [https://www.shokubai.co.jp/en/docs/ir/vision/mid-term\\_managementplan.pdf](https://www.shokubai.co.jp/en/docs/ir/vision/mid-term_managementplan.pdf)

- (ii) The Company's basic views on the Corporate Governance Code are described in "1. Basic Views" above.
- (iii) The policies and procedures for determining the remuneration, etc. of management executives and Directors of the Board are disclosed in the Company's Annual Securities Report and Convocation Notice of the General Meeting of Shareholders. For details, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "Remuneration for Directors of the Board" in this Report.
- (iv) The Board of Directors, which includes three independent Outside Directors of the Board, decides on the election and dismissal of management executives, as well as the nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, based on a comprehensive assessment of their expertise, experience, track record, qualifications, capabilities, personality, and other relevant factors. In addition, to ensure transparency and fairness in the election and dismissal of the President & CEO, Representative Director, etc. as well as the nomination of candidates for Directors of the Board and Audit & Supervisory Board Members, the Company has established a voluntary Nomination and Remuneration Committee composed mainly of independent Outside Directors of the Board to provide advice on such matters.
- (v) In the Convocation Notice of the General Meeting of Shareholders, we provide the reasons for the nomination of not only Outside Directors of the Board and Outside Audit & Supervisory Board Members, as required under the Companies Act, but also Inside Directors of the Board and Inside Audit & Supervisory Board Members.

### **Supplementary Principle 3.1.3 Sustainability Initiatives, Etc.**

The Company discloses the Group's sustainability initiatives, as well as its investments in human capital and intellectual property, through various channels, including the Company's website, TechnoAmenity Report (Integrated Report), ESG Data, and Sustainability Report.

Company website: <https://www.shokubai.co.jp/en/>

TechnoAmenity Report: <https://www.shokubai.co.jp/en/sustainability/data/library/>

ESG Data: <https://www.shokubai.co.jp/en/sustainability/data/esgdata/>

Sustainability Report: <https://www.shokubai.co.jp/en/sustainability/data/library/>

The Company recognizes that responding to climate change is a company-wide issue of particular urgency and importance. In March 2021, the Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD), and in November of the same year, announced a greenhouse gas (GHG) emissions reduction roadmap toward achieving carbon neutrality by 2050. The roadmap includes a target of reducing GHG emissions in Japan by 30% compared to 2014 levels by 2030. Furthermore, the Company has also set a target to reduce GHG emissions by 30% by fiscal 2030, including those of overseas Group companies, beginning in fiscal 2025. In March 2024, the Company published the third edition of the NIPPON SHOKUBAI TCFD Report, disclosing the impacts of climate change on the Company, its medium- to long-term targets for achieving carbon neutrality, and related initiatives. The report presents disclosures in line with the TCFD framework, which comprises "Governance," "Strategy," "Risk Management," and "Metrics and Targets." We will continue to assess the financial impacts of climate changes, conduct scenario analysis, and review our strategies in response to changes in the external environment.

TCFD Report: <https://www.shokubai.co.jp/en/sustainability/data/library/>

### **Supplementary Principle 4.1.1 Scope of Delegation to the Management**

The Board of Directors, which is responsible for making decisions on important management matters and supervising business execution, determines basic management policies, such as the medium- to long-term management plan, other important management matters, and significant business executions that are required by laws, regulations, and the Articles of Incorporation to be resolved by the Board of Directors. The criteria for such decisions are clearly defined in the Board of Directors Rules. Decision-making and execution of important matters other than those to be resolved by the Board of Directors are delegated to the Corporate Managing Committee, Executive Officers, and other relevant parties. To ensure the appropriate supervision of delegated matters, the Board of Directors is reported on important decisions related to the matters delegated to the Corporate Managing Committee, Executive Officers, and other relevant parties, as well as the status of their execution.

### **Principle 4.9 Independence Criteria and Qualifications for Independent Outside Directors of the Board**

The Company has established criteria of independence for Outside Directors of the Board and Outside Audit & Supervisory Board Members (including candidates; collectively, "Outside Officers"), and Outside Officers are judged to be sufficiently independent if they do not fall under any of the following categories.

1. An individual formerly employed by the Company or any of its consolidated subsidiaries (hereinafter, the "Group") (Note 1)
2. A major shareholder of the Company (Note 2) or a business executive thereof
3. A business executive of any of the following corporations or other entities
  - (1) A major business partner of the Group (Note 3)
  - (2) A major lender of the Group (Note 4)
  - (3) A corporation or other entity in which the Group holds 10% or more of the voting rights
4. A certified public accountant belonging to the Auditing Firm that is the Group's Accounting Auditor

5. A consultant, accountant, tax counselor, attorney, judicial scrivener, patent attorney, or other professional who has received a large amount (Note 5) of money or other assets from the Group
6. An individual who has received a large amount of donations or grants from the Group (Note 6)
7. A business executive of another company with which the Company has an interlocking officer relationship (Note 7)
8. An individual whose spouse or relative within two degrees of kinship falls under any of criteria 1 through 7 (however, this applies only to significant persons (Note 8))
9. An individual who has fallen under any of criteria 2 through 8 in the past five years
10. Any other individual who can be reasonably judged to have a constant and substantial conflict of interest with the Company

(Note 1) Defined as a current executive Director of the Board, executive, executive officer, or other equivalent personnel or employee (collectively, “business executives” in these criteria) or a business executive who has belonged to the Group at least once in the past.

(Note 2) “Major shareholder” is defined as a shareholder who holds 10% or more of voting shares in their own name or a third party’s name, based on average over the three most recent fiscal year-ends.

(Note 3) “Major business partner” is defined as an entity which purchases the Group’s products and whose transactions with the Group exceed 2% of the Company’s consolidated net sales on average over the three most recent fiscal years, or a supplier of products to the Group whose transactions with the Group exceed 2% of their consolidated net sales on average over the three most recent fiscal years.

(Note 4) “Major lender” is defined as a financial institution or other entity from which the Group receives loans, where the average outstanding loan balance at the end of the three most recent fiscal years exceeds 2% of the Company’s consolidated total assets or 2% of that financial institution or other entity’s consolidated total assets.

(Note 5) The term “large amount” refers to the following:

(i) In the event that the professional provides services to the Group as an individual, when the compensation received from the Group (excluding officer remuneration) exceeds 10 million yen per year on average over the three most recent fiscal years.

(ii) In the event that the professional provides services to the Group as a member of a legal entity, association, or other organization, when the average compensation received by such organization from the Group over the three most recent fiscal years exceeds 2% of its annual total income.

(Note 6) Defined as an individual who has received donations or grants from the Group where the average total amount over the three most recent fiscal years exceeds 10 million yen per year. For recipients that are legal entities, associations, or other organizations, a large amount refers to cases where the average amount received from the Group over the three most recent fiscal years exceeds 2% of its annual total income.

(Note 7) Defined as a relationship where a business executive of the Group serves as an Outside Officer of another company and where a business executive of said other company serves as an Outside Officer of the Company.

(Note 8) “Significant persons” is defined as a Director of the Board, executive, executive officer, or business executive of the rank of General Manager or above.

#### **Supplementary Principle 4.10.1 Disclosure Regarding Nomination Committee and Remuneration Committee**

The Company has appointed three independent Outside Directors of the Board, which does not constitute a majority of the Board of Directors. However, the Company has established a Nomination and Remuneration Committee as an advisory body to the Board of Directors.

The Committee shall consist of at least three Directors of the Board, and its current members are Mr. Kazuhiro Noda (President & CEO, Representative Director), Mr. Tetsuo Setoguchi (Independent Outside Director of the Board), and Ms. Miyuki Sakurai (Independent Outside Director of the Board). A majority of the Committee members are Independent Outside Directors.

The Committee advises the Board of Directors on the election and dismissal of the President & CEO, Representative Director, etc., nomination proposals of candidates for Director of the Board and Audit & Supervisory Board Member positions, and the remuneration of Directors of the Board.

An overview of the Committee’s composition, authority, roles, and other relevant matters is available on the Company’s website and in the TechnoAmenity Report (Integrated Report).

#### **Supplementary Principle 4.11.1 Balance, Diversity, and Size of the Board of Directors**

The Company’s approach to the balance of knowledge, experience, and abilities, as well as the diversity and size of the Board of Directors as a whole is as follows.

- (1) In light of the need for efficient operation of the Board of Directors, the number of Directors of the Board shall be limited to no more than ten.
- (2) In order to maintain the continuity of the Board of Directors, consideration will be given to avoiding a situation where all or nearly all candidates for Directors of the Board are newly appointed.
- (3) The Company appoints multiple independent Outside Directors of the Board from among corporate managers, academics, attorneys, and other professionals as they are expected to provide useful opinions and recommendations that contribute to the Company’s management, diverse perspectives, and oversight from an independent standpoint.

Please refer to Principle 3.1 (iv) for the Company’s policies and procedures regarding the election of Directors of the Board.

The skill matrix, which provides an overview of the knowledge, experience, and abilities of the Company’s Directors of the Board (including the rationale for the selection of each skill), is disclosed in the Convocation Notice of the General Meeting

of Shareholders.

#### **Supplementary Principle 4.11.2 Concurrent Positions of Directors of the Board and Audit & Supervisory Board Members**

The Company's Directors of the Board and Audit & Supervisory Board Members, including Outside Directors of the Board and Outside Audit & Supervisory Board Members, endeavor to limit the number of concurrent positions they hold as officers at other listed companies to a reasonable level. As a result, attendance rates at the Company's Board of Directors and Audit & Supervisory Board meetings are high, enabling them to devote sufficient time and effort to the Company's business. Details of significant concurrent positions are disclosed in the Convocation Notice of the General Meeting of Shareholders.

#### **Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors and Disclosure of Results**

The Company conducts an annual evaluation of the effectiveness of the Board of Directors.

For fiscal 2024, the Company commissioned a third-party organization to conduct an annual questionnaire survey of all Directors of the Board and Audit & Supervisory Board Members. The survey mainly covered the following areas: (1) the role and functions of the Board of Directors, (2) its size and composition, (3) its operation, (4) internal control and audit frameworks, (5) relationships with Outside Directors of the Board, (6) relationships with shareholders and investors, and (7) the Nomination and Remuneration Committee. Based on the advice of the third-party organization, a follow-up survey was also conducted to further explore and clarify the initial responses. This unique additional questionnaire process helped improve the accuracy of the responses and deepen the analysis. Taking these results into account, the Board of Directors conducted a comprehensive review of its effectiveness.

As a result, we confirmed that the Board of Directors is functioning appropriately in each area, including its composition, operation, deliberation and reporting, oversight of business execution, and the framework supporting these functions, and that the overall effectiveness of the Board of Directors is ensured. In particular, it was confirmed that the improvement measures identified in the effectiveness evaluation of the previous fiscal year were appropriately implemented. These measures included practicing and enhancing discussions on themes to be discussed by the Board of Directors and the direction the Board of Directors should aim for. It was also confirmed that the agenda was reviewed and refined accordingly, among other efforts. In addition, significant improvements in governance were observed, including revisions to meeting procedures to facilitate active discussions among both internal and outside members, enhancement of information provided to the Nomination and Remuneration Committee Members, and expanded investor-focused disclosures related to capital policy and other matters.

Meanwhile, based on the identification of additional measures to further strengthen corporate governance with a view to enhancing the effectiveness of the Board of Directors, we are committed to steadily advancing the "stronger corporate governance" to foster sustainable growth and enhance medium- to long-term corporate value, as set forth in our medium-term management plan. Specifically, to reinforce management oversight, the Board of Directors will ensure opportunities to monitor and discuss the progress of the medium- to long-term management plan. In addition, the Company will analyze the factors behind any gaps between the plan's targets and actual progress, and use the findings to implement appropriate measures.

#### **Supplementary Principle 4.14.2 Training Policy for Directors of the Board and Audit & Supervisory Board Members**

The Company provides its Directors of the Board and Audit & Supervisory Board Members with opportunities to participate in a range of internal and external training programs not only upon assuming their positions but also throughout their terms of office, and offers financial support for such participation. In addition, the Company provides Outside Directors of the Board and Outside Audit & Supervisory Board Members with sufficient explanations regarding its business operations, organizational structure, financial status, internal rules, and other relevant matters upon their appointment, and strives to ensure that they can fulfill their expected roles and responsibilities.

#### **Principle 5.1 Policy on Constructive Dialogue with Shareholders**

The Company's basic policy for investor relations (IR) activities is to disclose information in a timely and fair manner and to present accurate information in an easy-to-understand way. We respond to requests for dialogue (meetings) from shareholders and investors to the extent reasonable, in ways that contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value.

As a general rule, meetings for dialogue with shareholders and investors are conducted by the Company's officer in charge of IR and/or other relevant officers, or the head of the division in charge of IR, taking into account the preferences of the shareholders and investors as well as the main topics of interest for the meeting.

- (1) The Company's officer in charge of IR supervises all dialogue with shareholders and investors to ensure that constructive dialogue is achieved, including the matters described in (2) to (5) below.
- (2) In conducting such dialogue, the Company promotes organic collaboration with relevant divisions. These divisions assist in dialogue by, for example, providing necessary information and participating in discussions regarding explanations to be provided to shareholders and investors.
- (3) As a means of dialogue in addition to individual meetings, the Company holds financial results briefings for institutional investors following the full-year and second-quarter financial results announcements. Materials used during the briefings, as well as videos of them are promptly posted on the Company's website. The Company also works to enhance its website content and hosts briefings specifically for individual investors.
- (4) Shareholder and investor opinions and concerns, along with reports on investor meetings submitted to the officer in charge of IR in the course of regular operations, are appropriately and effectively fed back to management executives

and Directors of the Board through Corporate Managing Committee and Board of Directors.

- (5) The Company ensures strict management of information during dialogue to avoid providing insider information to specific shareholders or investors.

#### Status of Dialogue with Shareholders, Etc.

To foster sustainable growth and enhance medium- to long-term corporate value, the Company engages in constructive dialogue each year with major domestic institutional shareholders, including both active and passive investment institutions. These dialogues primarily focus on key themes such as the Company's management strategies and plans, capital cost and financial strategies, corporate governance, and ESG-related matters, including sustainability and diversity & inclusion.

The Company's responses to these dialogues are primarily handled by the head of the general affairs division, the head of the division in charge of IR, and the sustainability promotion division. The content of the dialogues, along with the opinions and concerns expressed by institutional shareholders, is appropriately fed back to the management team and the Board of Directors on an annual basis.

In addition to the regular dialogues with shareholders described above, the Company also engages in ad-hoc dialogues with domestic and overseas institutional shareholders upon request.

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

Content of Disclosure <b>Updated</b>	Disclosure of initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update <b>Updated</b>	June 17, 2025

#### Explanation of Actions

With the aim of achieving a price-to-book ratio (PBR) of 1.0x or higher for the Company's stock, we are steadily implementing initiatives under our Long-Term Vision and Medium-Term Management Plan, including the achievement of our return on equity (ROE) targets (7.0% or higher in fiscal 2027 and 9.0% or higher in fiscal 2030). In addition, we are working to transition to an optimized level of financial leverage, improve the liquidity of the Company's stock, and enhance dialogue with shareholders and investors. For more information, please refer to the Company's website.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updates on Progress): <https://www.shokubai.co.jp/en/wordpress/wp-content/uploads/2025/06/20250617.pdf>

## 2. Capital Structure

Foreign Shareholding Ratio <b>Updated</b>	20% or more but less than 30%
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#### Status of Major Shareholders **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,953,500	11.83
ENEOS Holdings, Inc.	8,516,428	5.61
Custody Bank of Japan, Ltd. (Trust Account)	5,778,100	3.80
Resona Bank, Limited	5,493,756	3.62
Sumitomo Chemical Company, Limited	5,455,600	3.59
Sanyo Chemical Industries, Ltd.	5,070,400	3.34
Mizuho Bank, Ltd.	3,795,488	2.50
artience Co., Ltd.	3,618,188	2.38
STATE STREET BANK AND TRUST COMPANY 505001	3,469,547	2.28
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	3,131,300	2.06

Existence of Controlling Shareholder (excluding Parent Companies)	—
Existence of Parent Company	None

- The status of major shareholders above is as of March 31, 2025.
- The 4,307,872 treasury stock held by the Company as of the end of March 2025 are excluded from the figures presented in the table above.
- The percentage of shares owned is calculated after deducting the number of treasury stock.
- Although a large shareholding report made available for public inspection as of December 21, 2023 states that Resona Bank, Limited and its joint holder Resona Asset Management Co., Ltd. owned the shares listed below as of December 15, 2023, the Company is unable to confirm the actual number of shares owned as of March 31, 2025. Therefore, they are not included in the list of major shareholders above.

The content of the large shareholding report is as follows.

Name or Company Name/ Number of Shares Held (in thousands) / Percentage of Shares Held (%)  
 Resona Bank, Limited / 1,418 / 3.64  
 Resona Asset Management Co., Ltd. / 563 / 1.44  
 Total / 1,981 / 5.08

- Although an amendment report for a large shareholding report made available for public inspection as of March 28, 2025 states that Silchester International Investors LLP owned the shares listed below as of March 27, 2025, the Company is unable to confirm the actual number of shares owned as of March 31, 2025. Therefore, the company is not included in the list of major shareholders above.

The content of the amendment report for the large shareholding report is as follows.

Name or Company Name/ Number of Shares Held (in thousands) / Percentage of Shares Held (%)  
 Silchester International Investors LLP / 7,230,200 / 4.63

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit & Supervisory Board
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#### Directors of the Board

Number of Directors of the Board Stipulated in Articles of Incorporation	10
Term of Office for Directors of the Board Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors of the Board	8
Election of Outside Directors of the Board	Elected
Number of Outside Directors of the Board	3
Number of Outside Directors of the Board Designated as Independent Directors	3

#### Outside Directors of the Board' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuo Setoguchi	From another company								△			
Miyuki Sakurai	Lawyer											
Akiko Ikeda	From another company											

\* Categories for "Relationship with the Company"

"○" indicates that the Director of the Board presently falls or has recently fallen under the category; "△" indicates that the Director of the Board fell under the category in the past; "●" indicates that a close relative of the Director of the Board presently falls or has recently fallen under the category; and "▲" indicates that a close relative of the Director of the Board fell under the category in the past.

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for or a non-executive Director of the Board of the Company's parent company
- c. Person who executes business for a fellow subsidiary of the Company
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to officer remuneration
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for said corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above; applies only to the person in question)
- i. Person who executes business for another company with which the Company has an interlocking officer relationship (applies only to the person in question)
- j. Person who executes business for an entity receiving donations from the Company (applies only to the person in question)
- k. Other

Outside Directors of the Board' Relationship with the Company (2) **Updated**

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Tetsuo Setoguchi	○	<p>The Company has engaged in sales transactions, including the purchase of gas, with Osaka Gas Co., Ltd., where Mr. Tetsuo Setoguchi served as Representative Director and Executive Vice President until March 2018. These purchases are for the essential utilities required for plant operations and the average transaction amount over the most recent three fiscal years is insignificant (less than 0.4%) relative to the company's consolidated net sales.</p> <p>Also, the Company has paid for services received from OGIS-RI Co., Ltd., where Mr. Tetsuo Setoguchi served as Chairman and Director until March 2025. However, the average total transaction amount over the most recent three fiscal years is insignificant (less than 0.1%) relative to the company's consolidated net sales.</p>	<p>Mr. Tetsuo Setoguchi was appointed in the expectation that he would offer valuable opinions and proposals that contribute to the Company's management and provide oversight from an independent standpoint, based on his extensive experience as a corporate manager at a company in the manufacturing industry that is of high public interest.</p> <p>As indicated in the left column, he is independent from the current management team, and is deemed to have no risk of conflicts of interest with general shareholders; therefore, he has been designated as an independent officer.</p>
Miyuki Sakurai	○	—	<p>Ms. Miyuki Sakurai was appointed in the expectation that she would offer valuable opinions and proposals that contribute to the Company's management and provide oversight from an independent standpoint, based on her highly professional expertise and extensive experience as an attorney-at-law, as well as her proven track record as an External Director of another company.</p> <p>She is independent from the current management team, and is deemed to have no risk of conflicts of interest with general shareholders; therefore, she has been designated as an independent officer.</p>
Akiko Ikeda	○	—	<p>Ms. Akiko Ikeda was appointed in the expectation that she would offer valuable opinions and proposals that contribute to the Company's management and provide oversight from an independent standpoint, based on her extensive experience as a corporate manager and in sales, marketing, and human resource areas, as well as her proven track record as an Outside Director at other companies.</p> <p>She is independent from the current management team, and is deemed to have no risk of conflicts of interest with general shareholders; therefore, she has been designated as an independent officer.</p>

Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Remuneration Committee

Established

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

	Committee's Name	Total Members	Full-Time Members	Inside Directors of the Board	Outside Directors of the Board	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Inside Directors of the Board
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Inside Directors of the Board

Supplementary Explanation

To ensure transparency and fairness in the nomination of candidates for Directors of the Board and Audit & Supervisory Board Members as well as in decisions regarding the remuneration and bonuses of Directors of the Board, the Company has established a voluntary Nomination and Remuneration Committee, which is composed primarily of independent Outside Directors of the Board, to provide advice on such matters.

The Committee currently consists of the following three members:

Chairperson: Kazuhiro Noda, President & CEO, Representative Director

Members: Tetsuo Setoguchi (Outside Director of the Board) and Miyuki Sakurai (Outside Director of the Board)

### Audit & Supervisory Board Members\*

\*Referred to as “kansayaku” in the reference translation of the Corporate Governance Code

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit set
Number of Audit & Supervisory Board Members	4

Cooperation Among Audit & Supervisory Board Members, the Accounting Auditor, and the Internal Audit Department

**Updated**

The Audit & Supervisory Board Members and the Accounting Auditor maintain close collaboration by exchanging information and opinions through regular reports, including audit plans, interim audit progress reports, semi-annual review reports, and year-end audit results, as well as through meetings held as necessary.

The Audit & Supervisory Board Members also coordinate closely with the Internal Audit Department by exchanging information and views through regular reporting, including internal audit plans and results, along with monthly updates on internal audit activities.

The Accounting Auditor and the Internal Audit Department cooperate as needed by exchanging information and views on internal control audits related to financial reporting in accordance with the Financial Instruments and Exchange Act.

Through these collaborative efforts, we strive to enhance the effectiveness of our audit functions.

In addition, the Company has established an Auditor Office under the direct control of the Audit & Supervisory Board to assist its members in performing their duties.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2

Number of Independent Audit & Supervisory Board Members

2

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

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsukasa Takahashi	Attorney at law												○	
Kazumasa Murai	Certified public accountant													

\* Categories for "Relationship with the Company"

"○" indicates that the Audit & Supervisory Board Member presently falls or has recently fallen under the category; "△" indicates that the Audit & Supervisory Board Member fell under the category in the past; "●" indicates that a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and "▲" indicates that a close relative of the Audit & Supervisory Board Member fell under the category in the past.

- a. Person who executes business for the Company or its subsidiary
- b. Non-executive Director of the Board or an accounting advisor of the Company or its subsidiary
- c. Person who executes business for or a non-executive Director of the Board of the Company's parent company
- d. Audit & Supervisory Board Members of the Company's parent company
- e. Person who executes business for a fellow subsidiary of the Company
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to officer remuneration
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for said corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above; applies only to the person in question)
- k. Person who executes business for another company with which the Company has an interlocking officer relationship (applies only to the person in question)
- l. Person who executes business for an entity receiving donations from the Company (applies only to the person in question)
- m. Other

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

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Tsukasa Takahashi	○	We have made donations to Kyoto University, where Mr. Tsukasa Takahashi holds a position as a part-time lecturer, to support research activities. However, average total amount over the past three fiscal years was insignificant in size, accounting for less than 0.1% of the university's operating revenue and totaling no more than 10 million yen.	Based on his advanced expertise and extensive experience as an attorney-at-law, as well as his track record as an outside corporate auditor for other companies, we believe Mr. Tsukasa Takahashi will offer valuable opinions to the Board of Directors and conduct audits from an objective standpoint, including with respect to the legality of management's execution of duties.  As indicated in the left column, he is independent from the current management team, and is deemed to have no risk of conflicts of interest with general shareholders; therefore, he has been designated as an independent officer.
Kazumasa Murai	○	—	Based on his advanced expertise and extensive experience as a certified public accountant and tax counselor, as well as his track record as an outside corporate auditor and an outside director (audit & supervisory board member) for other companies, we believe Mr. Kazumasa Murai will offer valuable opinions to the Board of Directors and conduct audits from an objective standpoint, including with respect to the legality of management's execution of duties.  He is independent from the current management team, and is deemed to have no risk of conflicts of interest with general shareholders; therefore, he has been designated as an independent officer.

### Matters Concerning Independent Officers

Number of Independent Officers

5

#### Other Matters Concerning Independent Officers

- All Outside Directors of the Board and Outside Audit & Supervisory Board Members who meet the qualifications for independent officers are designated as independent officers.

### Incentives

Implementation Status of Measures Related to Incentives Granted to Directors of the Board

Introduction of a performance-linked remuneration system

#### Supplementary Explanation for Applicable Items

The remuneration of the Company's Directors of the Board is designed to have Directors of the Board put the Company's mission into practice and provide an incentive to sustainably enhance corporate value as well as to have them share interests with shareholders according to the Company's business results and commensurate with their responsibilities. The remuneration consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked remuneration.

For details on performance-linked remuneration, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "Remuneration for Directors of the Board" in this Report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

## Remuneration for Directors of the Board

Status of Disclosure of Remuneration for Individual Directors of the Board

No individual remuneration is disclosed for any Directors of the Board

Supplementary Explanation for Applicable Items **Updated**

The amount of remuneration paid to officers during fiscal 2024 was as follows.

Remuneration totaling 342 million yen was paid to nine Directors of the Board (including 40 million yen to four Outside Directors of the Board) and 74 million yen was paid to five Audit & Supervisory Board Members (including 20 million yen to three Outside Audit & Supervisory Board Members). The details of officer remuneration for fiscal 2024 are as follows.

	(Millions of yen)		
	Basic Remuneration	Bonuses	Stock Compensation
Directors of the Board (9)	221	105	16
Of which, Outside Directors of the Board (4)	40	–	–
Audit & Supervisory Board Members (5)	74	–	–
Of which, Outside Audit & Supervisory Board Members (3)	20	–	–

Note: Numbers in parentheses indicate the number of individuals.

- Notes:
1. The number of persons and the amount of remuneration stated above include one Outside Director of the Board who retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 20, 2024, and one Outside Audit & Supervisory Board Member who resigned at the same meeting.
  2. The amount of bonuses represents the amount of provision for Directors' bonuses for fiscal 2024.
  3. The amount of stock compensation is the amount posted for fiscal 2024.
  4. At the 110th Ordinary General Meeting of Shareholders held on June 21, 2022, it was resolved that the total amount of remuneration shall be up to 550 million yen per year for Directors of the Board (including up to 75 million yen for Outside Directors of the Board) and up to 100 million yen per year for Audit & Supervisory Board Members.

Policy on Determining Remuneration Amounts and Calculation Methods **Updated**

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy on the determination of individual Directors' remuneration

At the Board of Directors meeting held on May 13, 2025, a resolution was passed regarding the details of individual remuneration for Directors of the Board, following deliberation by the Nomination and Remuneration Committee based on a request from the Board and subsequent reporting to the Board.

Please note that individual remuneration for Directors of the Board for fiscal 2024 was determined in accordance with the policy prior to its revision. For details on the policy for determining individual remuneration before the revision, please refer to the Annual Securities Report for the fiscal year ended March 31, 2025 (the 113th term).

Annual Securities Report for the fiscal year ended March 31, 2025 (the 113th term):

[https://ssl4.eir-parts.net/doc/4114/yuho\\_pdf/S100VYV3/00.pdf](https://ssl4.eir-parts.net/doc/4114/yuho_pdf/S100VYV3/00.pdf) (Available only in Japanese)

1. Basic policy

- To have Directors of the Board put the Company's mission into practice and provide an incentive to sustainably enhance corporate value
- To have Directors of the Board share interests with shareholders according to the Company's business results and commensurate with their responsibilities
- To set at a reasonable level in light of the Company's business results, the level of employee salaries, and that of other companies
- To have the Nomination and Remuneration Committee, consisting mainly of independent Outside Directors of the Board, deliberate on the matter, thereby ensuring transparency and fairness

## 2. Components of the remuneration

The remuneration for Directors of the Board (excluding Outside Directors of the Board) consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked remuneration. Each will be determined in accordance with the policies in (1) through (3) below. The ratio of basic remuneration, bonuses, and stock compensation is generally 55%, 30%, and 15%, but is subject to change according to the Company's business results, stock market conditions, and the degrees of achievement of performance targets by each individual. Outside Directors of the Board receive only basic remuneration as fixed remuneration, in light of the fact that they are independent from business execution.

### (1) Basic remuneration

- The remuneration shall be a monthly cash remuneration based on their position and responsibilities.
- The amount of remuneration for Outside Directors of the Board is determined by comprehensively considering the level of remuneration of the Company's officers and that of other companies.

### (2) Bonuses

- Bonuses shall be monetary compensation to be paid at a certain time after the Ordinary General Meeting of Shareholders each year in order to raise awareness of improving business performance in each fiscal year.
- Evaluation indicators shall be the degree of achievement of KPIs (key performance indicators) of "operating profit ratio" and "operating profit," as well as the degree of achievement of individual performance targets. The range of adjustment based on KPI achievement shall be 70% to 110% of the standard amount, and that based on individual performance targets shall be 80% to 120% of the standard amount. The evaluation weight shall be 25% for "operating profit ratio," 25% for "operating profit," and 50% for "the degree of achievement of individual performance targets."
- In the event of a significant profit reduction (deficit, etc.), bonuses for Directors of the Board may be reduced by the resolution of the Board of Directors.

### (3) Stock compensation

- To improve incentives to achieve the goals of the medium-term management plan and to link this with the value of the Company's stock, the Company's shares with transfer restrictions will be delivered to Directors of the Board after the end of each fiscal year.
- Utilizing the share benefit trust (Restricted Stock) mechanism, in accordance with the share delivery rules, points which are linked to their positions in the Company and the achievement level of the medium-term management plan will be granted to Directors of the Board.
- The above points are calculated based on standard points for each Director and a predetermined formula according to the achievement level of KPIs set forth in the medium-term management plan.
- KPIs used for calculation consist of "ROE (ratio of profit to equity attributable to owners of parent)," "profit," and "ROIC (return on invested capital)" with evaluation weights of 40% for "ROE," 40% for "profit," and 20% for "ROIC." The range of adjustment based on the degree of achievement shall be from 30% to 100% of the standard amount.

## 3. Process for determining remuneration

- The Nomination and Remuneration Committee, a voluntary advisory organization consisting of a majority of independent Outside Directors of the Board, has been established. The Committee deliberates on policies, systems, and issues related to the determination of remuneration for Directors of the Board, as well as the appropriateness of the level of remuneration, and reports back to the Board of Directors.
- Based on the Committee's report, the Board of Directors determines the policy for the details of remuneration, etc. for each individual Director of the Board, as well as the actual details of remuneration, etc. within the framework of the amount approved by the General Meeting of Shareholders. The President & CEO, Representative Director is delegated by resolution of the Board of Directors the authority to determine the details of remuneration, excluding stock compensation, for individual Directors of the Board, and accordingly makes decisions in light of the contents of the Committee's report.

## **Support System for Outside Directors of the Board (and/or Outside Audit & Supervisory Board Members)**

The Company provides Outside Officers with prior explanations regarding proposals and other matters to be submitted to the Board of Directors.

If a Director of the Board is unable to attend a meeting of the Board of Directors, we ensure that they are informed of the matters discussed at the meeting through the distribution of relevant materials or other appropriate means.

In addition, the Company has established an Auditor Office under the direct control of the Audit & Supervisory Board to assist its members in performing their duties.

## Status of Persons Who Have Retired as President & CEO, Representative Director, Etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) After Retiring as President & CEO, Representative Director, Etc.

Name	Job title/ position	Responsibilities	Terms and conditions of employment (Full/part time, with/without remuneration, etc.)	Date when former role as President/ CEO ended	Term
Yujiro Goto	Advisor	Advisory role for Group company management, participation in external organizations, and related activities	Part-time, with remuneration	June 21, 2022	One year (renewable)

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) After Retiring as President & CEO, Representative Director, Etc.

1

### Other Related Matters

- The Advisor is not involved in the execution of business operations or decision-making at the Company, but provides opinions upon request from the management team.
- The appointment of the Advisor is determined by the Board of Directors.

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

### (1) Overview of the current system

#### (i) Business execution, auditing, and supervisory functions

The Company carries out business execution, auditing, and supervision through a governance structure composed of the following bodies.

#### a. Board of Directors

As of June 19, 2025, the Board of Directors comprises eight Directors of the Board, including three Outside Directors of the Board. The Board of Directors reports, deliberates, and resolves important matters related to business operations, and supervises the business operations of each Director of the Board. In general, meetings are convened monthly under the chairpersonship of a Director of the Board selected from members by a resolution of the Board of Directors. Four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, also attend to give advice and state their opinions when necessary. In fiscal 2024, 15 Board of Directors meetings were held, with an average attendance rate of 97% among Directors of the Board and Audit & Supervisory Board Members.

In addition, the Company introduced an Executive Officer system to separate the functions of management decision-making and executive supervision, which are assigned to the Board of Directors, from the function of business execution, which is assigned to Executive Officers. This system aims to improve management efficiency and clarify responsibilities. As of June 19, 2025, the Company has 19 Executive Officers (including five who concurrently serve as Directors of the Board).

#### b. Corporate Managing Committee

The Corporate Managing Committee, comprising the President and Executive Officers, deliberates on items related to the implementation of basic management policies and other important issues. Among proposals discussed by the Committee, important issues are forwarded to the Board of Directors for consideration. In principle, the Committee meets once a month to enhance operational efficiency and address important matters related to business execution.

#### c. Audit & Supervisory Board

As of June 19, 2025, the Audit & Supervisory Board comprises four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. It usually convenes monthly, submits reports and engages in discussions, deliberations, and resolutions on important matters related to audits. Audit & Supervisory Board Members attend important meetings, including those of the Board of Directors and the Corporate Managing Committee, to understand the process of important decision-making and the status of business execution. They also conduct audit activities such as receiving reports from the Accounting Auditor, Directors of the Board, and other relevant parties.

#### d. Risk Management Committee

An advisory body to the Board of Directors, this is an organization consisting of the President, who is the chairperson, and members appointed by the President. Based on consultation from the Board of Directors, it advises the Board of Directors on matters related to identification, response policies, response measures, and the person responsible for management of serious Group-wide risks.

e. Sustainability Promotion Committee

The Sustainability Promotion Committee is a body whose members are appointed by the President, who also serves as its chairperson. The Committee promotes sustainability activities based on our belief that promoting sustainability means implementing the Nippon Shokubai Group Mission “TechnoAmenity: Providing prosperity and comfort to people and society, with our unique technology.” We consider promotion of sustainability activities as a core theme of our corporate management. The Committee is responsible for deciding policies and strategies therefor, providing instructions to relevant departments, and evaluating the results of the activities.

f. Internal Audit Department

The Internal Audit Department (comprising six members) conducts audits on the effectiveness and efficiency of each operational process, compliance and other matters from a standpoint independent from other executive sections, and thereby verifies the appropriateness of internal control of the Company and its group. The Internal Audit Department strives to improve the effectiveness of internal audits by working in close cooperation with Audit & Supervisory Board Members and the Accounting Auditor through mutual exchange of information and opinions. Members of the Internal Audit Department regularly meet with Outside Directors of the Board and Outside Audit & Supervisory Board Members to exchange views.

In addition, the results of internal audits are regularly reported to the President, the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board.

g. Accounting Auditor

Nippon Shokubai is audited by Ernst & Young ShinNihon LLC.

The certified public accountants who conducted the Company’s accounting audit were as follows.

Takashi Umehara  
Kohei Koyama

(ii) Nomination and remuneration of Directors of the Board and Audit & Supervisory Board Members

Directors of the Board and Audit & Supervisory Board Members are elected at the Company’s General Meeting of Shareholders. Remuneration is determined within the upper limit approved at the General Meeting of Shareholders.

We have voluntarily established a Nomination and Remuneration Committee as an advisory body to the Board of Directors. The Committee consists of three or more Directors of the Board, the majority of whom are Outside Directors of the Board. It advises on the election/dismissal of the President & CEO, Representative Director, etc., as well as draft nominations of candidates for Directors of the Board and Audit & Supervisory Board Member positions, and on remuneration and bonuses for Directors of the Board.

(2) Roles and functions of Outside Directors of the Board at the Company

Outside Directors of the Board contribute to the Company’s management by offering useful opinions and suggestions based on their extensive experience as corporate executives and expertise. They also perform oversight from a position independent of the management team.

(3) Overview of the liability limitation contracts

The Company has signed liability limitation contracts with Outside Directors of the Board and Outside Audit & Supervisory Board Members concerning liability as prescribed in Article 423, Paragraph 1 of the Companies Act of Japan. The contracts limit liability to the total of the monetary amounts in all items of Article 425, Paragraph 1 of the said Act so long as Outside Directors of the Board and Outside Audit & Supervisory Board Members perform their duties in good conscience and without any gross negligence.

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

The Company recognizes that its current corporate governance structure corresponds to the category of “Joint monitoring by independent outside directors, the board of statutory auditors and the officers in charge of internal audit and internal control” under the framework of “The structure of board of directors” as presented in the Report by the Study Group, Sectional Committee on Financial System, Financial System Council on the Internationalization of Japanese Financial and Capital Markets, published on June 17, 2009. Accordingly, we believe that this structure enables effective and efficient functioning of business execution, auditing, and supervision.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company usually sends the convocation notice approximately three weeks prior to the Ordinary General Meeting of Shareholders. For the fiscal 2024 meeting, the notice was sent 21 days before the meeting date (June 19), on May 29. In addition, prior to mailing, the electronic provision measures were implemented via the Tokyo Stock Exchange's TDnet and the Company's website (on May 22).
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company usually schedules the General Meeting of Shareholders more than a week before the peak days.
Electronic Exercise of Voting Rights	The Company introduced the exercise of voting rights via the Internet starting from the 92nd Ordinary General Meeting of Shareholders held on June 24, 2004. In addition, from the 93rd Ordinary General Meeting of Shareholders held on June 22, 2005, the use of mobile phones and other devices was also enabled for exercising voting rights online.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the electronic voting platform operated by ICJ, Inc. since 2016.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares an English version of the convocation notice, which is made available on the Tokyo Stock Exchange's TDnet and on the Company's website.
Other	<ol style="list-style-type: none"> <li>To help shareholders gain a better understanding of the Company, visual materials are used in the business overview and in explanations of agenda items at the General Meeting of Shareholders.</li> <li>The full text of the convocation notice is posted on the Company's website.</li> <li>The Company strives to make the convocation notice easier to understand by using graphs and diagrams.</li> </ol>

#### 2. Status of IR-Related Activities Updated

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Regular Investor Briefings Held for Individual Investors	The Company provides investor briefings to individual investors on an irregular basis.	Yes
Regular Investor Briefings Held for Analysts and Institutional Investors	The Company holds IR briefings whenever full-year and semi-annual financial results are disclosed.	Yes
Regular Investor Briefings Held for Overseas Investors	The Company provides investor briefings to overseas investors on an irregular basis.	No
Online Disclosure of IR Information	<p>The Company posts IR information on its website, including timely disclosure materials, annual securities reports, quarterly reports, notices of convocation and resolutions of general meetings of shareholders, shareholder newsletters, financial results briefing materials, and TechnoAmenity Report (Integrated Report).</p> <p>English versions are also available for financial results summaries (including quarterly summaries), notices of convocation of general meetings of shareholders, financial results briefing materials, and TechnoAmenity Report (Integrated Report).</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company established the Corporate Communications Department to ensure appropriate and timely disclosure of information.	
Other	The Company sends shareholder newsletters to its shareholders every December, providing updates on its business activities and performance.	

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's basic policies emphasize ensuring management transparency, promoting investor relations activities, and respecting the interests of local communities and other stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, Etc.	Guided by its safety philosophy, "Safety takes priority over production," the Company achieved ISO 14001 certification for all manufacturing sites in 2001. It also proactively promotes Responsible Care (RC) initiatives focused on environmental protection, process safety and disaster prevention, occupational health and safety, chemical safety, quality, and communication with society. The Company is also engaged in social contribution activities, including forest conservation and reforestation efforts, "Nippon Shokubai Forest Conservation Activities", as well as the preservation and promotion of "Nojigiku" ( <i>Chrysanthemum Japonense</i> ), the official flower of Hyogo Prefecture, which was once endangered. In addition, the Company publishes the TechnoAmenity Report (Integrated Report) every year.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company's information disclosure regulations stipulate that information regarding the Company and its group shall be disclosed in a fair, timely, and appropriate manner in order to ensure management transparency, fulfill social responsibilities, and help all stakeholders gain a deeper understanding of the Company.

## IV. Matters Concerning the Internal Control System

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

#### (1) Basic policy on internal control systems

We regard internal control systems as a fundamental component of corporate governance. Ensuring operational efficiency to enhance corporate value, securing the reliability of financial reporting that reflects the actual state of operations, and promoting compliance with relevant laws and regulations to prevent misconduct—these are key objectives for which we view the development and enhancement of internal control systems as one of our highest management priorities.

#### (2) Status of internal control system development

In accordance with the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has adopted the following basic policy with respect to the development of internal control systems by resolution of the Board of Directors. Based on this policy, we have established the organizational framework illustrated in the chart attached to this Report.

#### **Basic policy with respect to the development of internal control systems**

The Company is guided by the Nippon Shokubai Group Mission "TechnoAmenity: providing prosperity and comfort to people and society, with our unique technology." Based on this mission, we have established the following fundamental policy for the creation of internal control systems. This policy reflects the understanding that the establishment and operation of a system for conducting business operations properly is vital to the continuous preservation and growth of corporate value.

1. Systems to ensure that Directors of the Board and employees perform their duties in compliance with laws, regulations, and the Articles of Incorporation
  - (1) The Code of Conduct serves as a norm to be observed by Directors of the Board, Executive Officers and employees of the Group.
  - (2) Establish a compliance system pursuant to the Compliance Regulation and prevent the violation of laws and regulations.
  - (3) The Executive Officer in charge of Administration, HR, Finance, and Accounting serves as Executive Officer in charge of compliance. Under the officer in charge of compliance, the Legal Department promotes compliance activities.
  - (4) As an internal auditing division, establish the Internal Audit Department, which is to be independent from other executive sections.
  - (5) Establish the Internal Reporting System under which facts with respect to the violation of laws and regulations and other compliance-related matters will be reported internally.
2. Systems for storing and managing information concerning the execution of duties by Directors of the Board
 

Information concerning the execution of duties by Directors of the Board shall be stored and managed, as the minutes of the Board of Directors meetings (*torishimariyakukai gijiroku*), internal memo to obtain approval (*ringisho*), and other documents, pursuant to the Regulations of the Board of Directors (*torishimariyakukai kitei*), the Rules on Administrative Authority (*shokumukengen kitei*), and the Rules for Document Control (*bunsho kanri kisoku*).

3. Rules and systems with respect to the management of the risks of loss
  - (1) Clarify risk management systems, risk recognition and risk management procedures in the Risk Management Regulations (*risuku kanri kitei*), and prevent such risks from occurring.
  - (2) Pursuant to the Risk Management Regulations (*risuku kanri kitei*), the director of each division conducts risk management of each division on an ongoing basis. Executive Officers in charge of each division report to the Board of Directors as necessary on such matters as the contents of material risks associated with their respective divisions and the controlling status of such risks.
  - (3) The Board of Directors shall receive a report from the Risk Management Committee, which is its advisory panel, and shall identify risks which may significantly affect the management of the entire Group, as well as appoint a risk manager and establish a risk management system. In addition, the risk manager shall report to the Board of Directors the controlling status of such risks at his/her discretion.
  - (4) Upon the occurrence of an unexpected event, establish a special division with the President as its Director and take prompt and appropriate measures pursuant to the rules concerning measures for unexpected events.
  
4. Systems to ensure that Directors of the Board execute their duties efficiently
  - (1) In order to deliberate and determine matters with respect to the execution of duties by Directors of the Board, a Board of Directors meeting shall, in principle, be held once a month so that prompt decision-making may be carried out.
  - (2) The Board of Directors shall select Executive Officers. The Board of Directors is responsible for reaching decisions involving management and supervising business operations, and the Executive Officers are responsible for conducting business operations. Separating these functions increases the efficiency of management and clearly defines accountability.
  - (3) The Company shall have Outside Directors of the Board for the purpose of ensuring the suitability of decisions and the oversight of business operations by the Board of Directors.
  - (4) The Company shall have a Corporate Managing Committee meeting consisting of the President and Executive Officers, which shall be held once a month for the purpose of discussing subjects involving fundamental management policies and actions involving important matters.
  
5. Systems to ensure proper business activities by the Group, which consists of the Company and its subsidiaries
  - (1) In order to achieve sound management of the Group companies and overall development of the Group through mutual cooperation of the respective companies, the Company's officers and employees in charge of Group companies (hereinafter "Group Company Administrative Managers"), who are stipulated in the affiliated company's administration codes, request the Group companies to have the Company's prior consent on important matters. The Group Company Administrative Managers shall also obtain approval for the important matters from the Corporate Managing Committee and the Board of Directors of the Company as necessary.
  - (2) The Group companies shall report the overview of business and status of profit and loss to the Group Company Administrative Managers. The Group Company Administrative Managers shall provide advice as needed.
  - (3) In order to properly understand the operational status of the Group companies, the Group Company Administrative Managers shall promptly report managerial and other issues to the Corporate Managing Committee and the Board of Directors.
  - (4) In order to ensure proper business activities by the Group companies, the Internal Audit Department and the Responsible Care Division shall audit each Group company as appropriate.
  - (5) Under the Executive Officer in charge of Administration, HR, Finance, and Accounting, the Legal Department shall promote compliance activities for the entire Group.
  - (6) The Group companies manage their respective risks on an ongoing basis and report to Group Company Administrative Managers on such matters as contents of significant risks and the controlling status of such risks. In addition, the Group Company Administrative Managers or Executive Officer supervising Group Company Administrative Managers shall report to the Board of Directors as necessary on such matters as contents of significant risks associated with the Group companies and the controlling status of such risks.
  
6. Matters concerning employees who are allocated to assist Audit & Supervisory Board Members, matters concerning the independence of these employees from Directors of the Board, and matters concerning ensuring the effectiveness of instructions of the Audit & Supervisory Board Members to the employees who assist Audit & Supervisory Board Members
  - (1) The Auditor Office, which shall be established under the direct control of the Audit & Supervisory Board Members of the Company, and the employees thereof shall assist the Audit & Supervisory Board Members in their duties.
  - (2) The Auditor Office shall be independent from the Board of Directors, and the employees assigned thereto shall, pursuant to the Business Segregation Rules (*gyoumu bunshou*) and instructions of Audit & Supervisory Board Members, perform their duties independently from the Board of Directors, Directors of the Board, and Executive Officers. The personnel affairs of the employees who belong to the Auditor Office shall be determined after obtaining the consent of Audit & Supervisory Board Members.
  
7. Systems for submitting reports from Directors of the Board and employees to Audit & Supervisory Board Members, for making other reports to Audit & Supervisory Board Members and for ensuring effectiveness of audits by Audit & Supervisory Board Members
  - (1) In order to understand important decision-making processes and the status of executing operations executed/to be executed, Audit & Supervisory Board Members shall attend important meetings such as the Corporate Managing Committee meetings and budget meetings, in addition to the Board of Directors meetings.

- (2) Directors of the Board, Executive Officers, and employees shall report to Audit & Supervisory Board Members important information associated with the status of the Company's and its Group companies' internal audits, compliance, risk management, and internal reporting.
- (3) The director of each division shall report the status of executing operations to Audit & Supervisory Board Members in accordance with the audit plan (annual plan) drawn up by the Audit & Supervisory Board Members.
- (4) The Directors of the Board, Audit & Supervisory Board Members, and employees of the Group companies shall promptly report to Audit & Supervisory Board Members when an Audit & Supervisory Board Member requests them to report matters concerning the execution of business, internal audit status, compliance, risk control, and internal reporting.
- (5) A person who has made a report to an Audit & Supervisory Board Member shall not receive any disadvantageous treatment due to the report.
- (6) When an Audit & Supervisory Board Member requests the Company to pay costs incurred in the execution of his/her duties, the Company shall bear those costs except that those costs are found not necessary for the execution of the duties of the Audit & Supervisory Board Member.

8. Basic policy on the elimination of anti-social forces

No relations, including those for business transactions, shall be had with anti-social forces that serve to disturb the order and safety of civil society and threaten wholesome corporate activities, and these anti-social forces shall be firmly dealt with in cooperation with outside specialists such as the police.

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

(1) Basic approach to eliminating anti-social forces

The Company stipulates the following provisions regarding the elimination of anti-social forces in its Code of Conduct, which was established on April 1, 2022.

- We will have absolutely nothing to do with anti-social forces that threaten public order and safety or the stable business of the company, whether it is through business relations, money laundering, and other means of providing profits to those involved in such forces.
- We will take a firm stance in rejecting improper demands from anti-social forces.

(2) Status of initiatives for eliminating anti-social forces

On March 30, 2007, the Company created the Nippon Shokubai Corporate Ethics Guidebook, setting forth behavioral guidelines for eliminating anti-social forces. This guidebook was distributed to our employees to raise awareness. Since April 1, 2022, the Company has promoted awareness activities using the Code of Conduct, which replaced the guidebook and is now used to communicate these policies to employees.

In addition, in April 2017, the Company developed and distributed the manual for responding to unreasonable demands to strengthen its organizational response framework.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation for Applicable Items

### 2. Other Matters Concerning the Corporate Governance System **Updated**

#### (1) Corporate governance system including internal control system

The Company's corporate governance system, including its internal control system, is as illustrated in the chart attached to this Report.

#### (2) Overview of the timely disclosure system

We have established the following system to ensure the appropriate disclosure of corporate information, and we maintain an environment that enables the system to function effectively.

#### (i) Behavioral guidelines for information disclosure

The following behavioral guidelines for fair information disclosure are stipulated in our Code of Conduct, which was established on April 1, 2022.

- We will actively disseminate information and dialogue with stakeholders.
- We disclose timely and accurate information about ourselves in accordance with the applicable legislation, and we ensure transparency in our explanations.
- We take the initiative to actively disclose our financial information as well as such non-financial information as our mission, policies, business performance, environmental programs, and stakeholder relations, the better to deepen understanding about our Group among shareholders, investors, and other stakeholders.

#### (ii) Information disclosure system

##### a. Organization responsible for information disclosure

The Corporate Communications Department acts as the lead department for disclosing corporate information within the Group.

##### b. Information disclosure procedures

Corporate information is disclosed promptly after obtaining approval from the decision-making body responsible for business execution (such as the Board of Directors or Corporate Managing Committee). The person in charge of disclosure (for example, the General Manager of the Corporate Communications Department) determines the specific method and timing of disclosure without delay. Prior to disclosure, all officers and employees of the Company are prohibited from sharing corporate information, except when necessary for the execution of their duties.

Corporate Governance Structure (as of April 1, 2025)

