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Corporate Governance

CORPORATE GOVERNANCE

Taki Chemical Co., Ltd.

Last Update:

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Taki Chemical Co., Ltd.

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<https://www.takichem.co.jp/>

The corporate governance of Taki Chemical Co., Ltd. (the “Company”) is described below.

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

1. Basic Views

Taki Chemical believes that responding to the mandate bestowed by shareholders and other stakeholders is a very foundation of corporate governance. Based on this belief, we have endeavored to strengthen our audit and supervisory system as well as to design and operate our compliance system and internal controls with an emphasis on management transparency and fair business execution, while working to achieve sustainable corporate growth and enhance corporate value.

In light of the purpose of the principles of the Corporate Governance Code, the Company will also strive to ensure the rights and equality of shareholders; appropriate cooperation with non-shareholder stakeholders; appropriate disclosure and transparency; appropriate performance of roles and responsibility of the Board of Directors and other corporate organs; and constructive dialogue with shareholders to the reasonable extent deemed appropriate by the Company.

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

The Company implements all the principles of the Corporate Governance Code.

Disclosure Based on Principles of the Corporate Governance Code Updated

Principle 1.4: Strategic shareholdings

- (i) The Company identifies the enhancement of capital efficiency and strengthening its financial soundness as key management priorities. Our basic policy toward strategic shareholdings is to accelerate their sale and reduction. Each year, the Board of Directors conducts a thorough, rigorous assessment of the appropriateness of holding purpose of each strategic shareholding, in addition to whether the associated benefits and costs to the business justify the capital costs involved from a perspective of maximizing its capital efficiency. Should the results of these assessments indicate that a strategic shareholding is not sufficiently contributing to the Company’s medium- to long-term corporate value, we will proceed in a planned manner with their reduction, including potential sales through constructive dialogue with the issuers to ensure mutual understanding, while refraining from the assumption of continued ownership.
- (ii) As a result of the assessments conducted since fiscal 2021, during the current fiscal year, the Company identified four strategic shareholdings for reduction, having assessed that their rationale for continued holding was weak when considering unrealized gains, shareholder total return based on dividends received, and possible effects on future transactions and business activities. Three of these strategic shareholdings were reduced, which was accompanied by a reduction in three pure investment holdings (of which, one was fully divested).
- (iii) For strategic shareholdings, in order to exercise the Company’s rights as a shareholder as to these holdings, the Company will exercise its voting rights on all agenda items, and, in principle, vote in favor of company proposals. However, we will vote against proposals deemed to undermine the medium- to long-term corporate value of the Company and the investees and not to contribute to their sustainable growth based on a comprehensive review. If it is deemed to require special attention in exercising voting rights due to such circumstances as a long-term slump in business performance, organizational restructuring, or any compliance breaches of the investees, we will engage in dialogue with the investees or take other measures as needed before deciding whether to support or oppose the proposal.

Principle 1.7: Related party transactions

At the Company, competitive transactions and conflict-of-interest transactions between the Company and its Directors and entities substantially controlled by Directors shall be reported to and approved by the Board of Directors in advance to ensure that such transactions will not harm the common interest of the Company and its shareholders.

Supplementary Principle 2.4.1: Views on ensuring diversity in core human resources, such as promotion of women, foreign nationals and mid-career hires to management positions

Views on ensuring diversity

We are seeking to foster a corporate culture that allows every individual to keep growing by respecting diverse values and actively develop human resources, thereby improving productivity and creating a workplace where employees can find their work rewarding and work with peace of mind.

Under the Medium-Term Management Plan 2028, we will drive initiatives for material issues and key issues set forth in the “Suitability Vision 2030.” In particular, we will work to achieve the Group’s sustainable growth and development with responding to climate change including reduction of greenhouse gas emissions and promoting human capital-driven management as one of the major themes.

Voluntary and measurable targets for ensuring diversity and status thereof

- Promotion of women to management positions
The percentage of women in management positions in 2025 was 4.5%.
The Company is proactively promoting women’s advancement and expanding opportunities for women to play active roles. Going forward, we aim to raise the ratio of women in management positions to all managers to 15% by 2030.
- Promotion of mid-career hires to management positions
The percentage of mid-career hires in management positions in 2025 was 12.5%.
The Company is promoting recruitment primarily in the engineering division. Going forward, we will strengthen recruitment aimed at ensuring diversity, including the hiring of future management candidates and specialized talent in DX and other fields, with the aim of increasing the ratio of managers hired mid-career to all managers to 25% by 2030.
- Promotion of foreign nationals to management positions
The Company currently has no foreign employees as it does not have any overseas bases. Nevertheless, we will promote the hiring of foreign nationals and their promotion to management positions along with our global expansion as part of our growth strategy in the future.

Policies for human resources development and internal environmental improvement and implementation status thereof

- Human Resources Development Policy
The Group will respect all human rights and diverse values in the course of its corporate activities. At the same time, based on the belief that the growth of our people drives the growth of our company, we will endeavor to reform ways of working and develop human resources, thereby fostering a vibrant corporate culture driven by the safe and secure, motivating working environment as well as by human resources dauntlessly pursuing their goals.
- Internal Environmental Improvement Policy
 - (1) The Company will strengthen its environmental and social initiatives and promote sustainability and social responsibility within the company to create an environment where employees can work with pride.
 - (2) The Company will actively support employees so that all employees can have equal access to opportunities and reach their full potential and abilities, regardless of background or gender. To empower women in the workplace, the Company will also expand the scope of their work.
 - (3) The Company will offer job rotation and personalized support to help employees develop their own career paths, with a focus on their individuals’ strong points and goals, thereby promoting their sustainable growth at the workplace.
 - (4) The Company will encourage continuous skill development and support employees to acquire the latest knowledge and skills in order to adapt to the rapidly changing business environment.
 - (5) The Company will foster organization-wide cooperation and growth by encouraging smooth communication across departments and hierarchies and by building a peer-to-peer feedback culture.
 - (6) The Company will conduct employee engagement surveys to visualize challenges it faces, and create a working environment that ensures physical and mental well-being and job satisfaction of employees by taking action to address such challenges.
- Implementation status of the above policies
We are making active efforts to improve the working environment and support employees to promote their physical and mental well-being by clarifying specific challenges through employee engagement surveys. In addition, we are working on job rotation, personality assessment, and one-on-one meetings to get the most out of employees’ strengths. By doing so, we have improved productivity and enhanced mutual trust between superiors and subordinates to foster a vibrant organizational culture. Furthermore, we have supported employees’ work-life harmony by encouraging them to take childcare leave, thereby developing a culture of respect for diversity. The Company has also introduced a restricted stock incentive for the Employees’ Stockholding Association to create an environment where employees can share the Company’s development and achievements. At the same time, we have clearly defined employees’ career paths and enhanced the transparency and fairness of our evaluation system through strategic talent development and fine-tuned improvement of personnel system to increase employees’ motivation and cultivate their strong bond with the organization. These efforts have contributed to the enhancement of our diversity and employee engagement, and in the recognition thereof, the Company has certified as a Hyogo Kobe Women’s Empowerment Business (Mimoza Company) and awarded the Kurumin Mark.

Principle 2.6: Roles of corporate pension funds as asset owners

As we do not currently have a corporate pension plan, we do not fall under the category of asset owners.

Principle 3.1: Full disclosure

- (i) The Company’s vision, management strategies, and management plans
The Company has set its management philosophy and strategies in its “Group Philosophy” and “Taki Chemical Group Code

of Conduct,” and they are posted on its corporate website. Meanwhile, target management indicators and performance set forth in a medium-term management plan are disclosed in an Annual Securities Report (available in Japanese only) every five years.

(ii) Basic views and policy on corporate governance

The Company’s basic views and policy on corporate governance are provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information, 1. Basic Views” of this report.

(iii) Policies and procedures on determining compensation for Directors

The policies and procedures on determining compensation for Directors are provided in “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight, 1. Organizational Composition and Operation, [Director Compensation]” of this report.

(iv) Policies and procedures for appointing or dismissing senior management and nominating Director candidates

For senior management and Director candidates, Representative Directors and other officers select the candidates from the perspective of placing the right people in the right position, taking comprehensively into account ability to make appropriate and fast decision-makings, required knowledge and experience, and ability to manage and supervise business execution and manage risks therein, as well as balanced composition that covers all these areas. The Board of Directors then determines the candidates through deliberations based on the report from the Nomination & Compensation Committee.

For Outside Director candidates, Representative Directors and other officers collect information through various means and assess whether or not they have any conflicts of interest with related parties and possess a high degree of independence not influenced by other Directors, while considering the balance of their insights into corporate management, finance and accounting, legal affairs, among other areas, in addition to the policy on the nomination of Inside Directors. Such candidates are determined at a meeting of the Board of Directors attended by Outside Directors after deliberation based on the report from the Nomination & Compensation Committee. Note that candidates for Directors who are Audit & Supervisory Committee Members are determined with the consent of the Audit & Supervisory Committee.

To dismiss senior management, the Company follows the prescribed procedures in accordance with laws, regulations, and other applicable rules, if he/she ceases to meet any of the selection criteria during his/her term of office.

(v) Explanations with respect to individual appointments/dismissals and nominations based on (iv) above

Reasons for the nomination of respective Director candidates are provided in the Reference Documents for the General Meeting of Shareholders. In case of dismissal of a Director, we will disclose the explanation of such dismissal on our corporate website.

Supplementary principle 3.1.3: Sustainability initiatives in the disclosure of management strategy, and enhanced qualitative and quantitative disclosure based on the TCFD recommendations or an equivalent framework

Please refer to the Company’s website and Sustainability Report for information on the Company’s sustainability initiatives, investments in human capital and intellectual property, and enhanced qualitative and quantitative disclosure, based on the TCFD recommendations or an equivalent framework, regarding the impact of climate change-related risks and opportunities on the Company’s business activities, earnings, and other factors.

The Company’s website: <https://www.takichem.co.jp/csr/index.html> (available in Japanese only)

Supplementary principle 4.1.1: Matters to be decided by the Board of Directors and scope of delegation to management

The Company has established the Board of Directors as a decision-making and supervisory body on management, the Executive Council as a business execution system based on the Board’s decision-making, officers in charge of individual business areas, and other meeting bodies to make management decisions and execute business operations. In making decisions on business executions, matters to be approved by the Board of Directors and Executive Council are specified in the Board of Directors Rules and Executive Council Rules, respectively, based on the nature and importance of these matters. In addition, the Common Delegation of Authority Rules and Individual Delegation of Authority Rules clearly define the details of the authority delegated to management and the scope of such delegation.

Principle 4.9: Criteria and qualification for determining independence of Independent Outside Directors

The Company selects candidates for Independent Outside Directors based on whether or not they satisfy the requirements for Outside Directors under the Companies Act and the independent standards of the Tokyo Stock Exchange and possess profound experience and excellent insight.

Starting from the 105th Annual General Meeting of Shareholders, the Independence Criteria of Outside Directors are provided in the convocation notice.

Principle 4.10.1: Independence of the Nomination and Compensation Committee’s composition, and its authority and roles

The Company has established the Nomination & Compensation Committee as an advisory body to the Board of Directors to strengthen the fairness, transparency, and objectivity of procedures for determining the nomination, compensation and related matters of Directors, and to further enhance the Company’s corporate governance.

The Committee shall be composed of at least five members appointed by resolution of the Board of Directors, including Directors and Associate Executive Officers, and the majority of which shall be Independent Outside Directors, and the Chairperson shall be elected by mutual vote among the committee members. This composition ensures the independence of the Committee. It has been decided that, in fiscal 2026, the Nomination & Compensation Committee will comprise a total of seven members, including two Representative Directors, one Director and Managing Executive Officer, and four Independent Outside Directors.

The Committee holds deliberations about six times a year and reports the results of its deliberations to the Board of Directors on matters concerning the appointment and dismissal of senior management; matters concerning the compensation systems and maximum compensation amounts of Directors and Associate Executive Officers; matters concerning succession planning and the

development of successors; and other important management matters deemed necessary by the Board of Directors. In deliberating these matters, the Committee takes into account perspectives on diversity, including gender, and skills.

Supplementary principle 4.11.1: Views on the balance of Board’s knowledge, experience, and skills, and diversity and size

The Company maintains an appropriate number of Directors for effective and efficient discussions in consideration of the diversity of experience, knowledge, skills and other factors of the Board members, taking also into account the size and nature of the Group’s business. As to the internationality of the Board of Directors, we will consider appointing foreign nationals when the overseas business becomes more important and such appointment becomes necessary. In terms of gender diversity, we will endeavor to secure human resources who contribute to the enhancement of our corporate value. For the policies and procedures for appointing Directors, please see “Principle 3.1. (iv).”

Supplementary principle 4.11.2: Status of concurrent positions held at other listed companies by Directors

The Company believes the concurrent positions held by Directors at other listed companies are within a reasonable range. The details are disclosed in a Business Report and Annual Securities Report (available in Japanese only).

Supplementary principle 4.11.3: Evaluation of the Board of Directors’ effectiveness

The results of the evaluation of the Board of Directors’ effectiveness are disclosed on the Company’s website. Please refer to the disclosed information for details.

The Company’s website: https://www.takichem.co.jp/news/index_new.html (available in Japanese only)

Supplementary principle 4.14.2: Policy on the training of Directors and other officers

The Company provides training necessary for Directors, including newly appointed Directors, to appropriately fulfill their roles and responsibilities, utilizing external training institutions and other resources as appropriate. In particular, for Outside Directors, the Company implements measures to deepen their understanding of the Group, including providing information on an overview of the Group’s businesses, financial affairs, organization, and other matters at the time of appointment and on an ongoing basis thereafter. The Company bears all related costs. Outside Directors who are Audit & Supervisory Committee Members attend the monthly Business Execution Reporting Council meetings and also receive regular reports on the status of matters from a full-time Director who is an Audit & Supervisory Committee Member and attends the Executive Council and other important meetings, thereby deepening their understanding of the Group’s business activities.

Principle 5.1: Policy for constructive dialogue with shareholders

To help achieve sustainable growth and enhance medium- to long-term corporate value, the Company engages dialogue with shareholders at their request within the reasonable extent and through reasonable means deemed appropriate by the Company, taking into account the attributes of shareholders seeking dialogue, the objective and importance of dialogue, and other factors.

An officer in charge of Management Planning Department supervises such dialogue as a whole to ensure organic cooperation among departments that assists dialogue as needed by sharing necessary information.

Shareholders’ opinions and other information gained through individual meetings and other forms of dialogue are reported to senior management.

In engaging dialogue with shareholders, insider information is handled appropriately as prescribed in the Insider Trading Prevention Rules based on the Fair Disclosure Rules.

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

Content of Disclosure	Disclosure of initiatives (update)
Availability of English Disclosure	Available
Date of Disclosure Update	February 9, 2026

Explanation of Actions

To achieve sustainable growth and enhance medium- to long-term corporate value, the Company has disclosed a press release titled “Notice regarding action to implement management that is conscious of cost of capital and stock price” dated February 9, 2026, on its corporate website. Please refer to the press release for details.

The Company’s website: https://www.takichem.co.jp/ir/pdf/20260209_9.pdf (English version)

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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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)	621,400	7.45
Mitsubishi UFJ Trust and Banking Corporation	302,000	3.62
The Chugoku Bank, Limited	286,400	3.43
The Hyakujushi Bank, Ltd.	237,600	2.85
Nihon Matai Co., Ltd.	223,200	2.63
Ito-Yokado Co., Ltd.	200,000	2.40
Forest Kikaku, Ltd.	187,600	2.25
Aioi Nissay Dowa Insurance Co., Ltd.	178,564	2.14
Sumitomo Mitsui Banking Corporation	169,800	2.04
Sompo Japan Insurance Inc.	162,848	1.95

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation Updated

- The Company holds 1,119 thousand treasury shares.
- According to the Statement of Large-volume Holdings (Statement of Changes) (Share Certificates, etc. Subject to Special Provisions), which was made available for public inspection by SMBC Nikko Securities Inc. on January 22, 2025, shares of the Company were held by the following companies as of January 15, 2025. However, the above status of major shareholders is provided based on the shareholder register because the Company could not confirm the number of shares effectively held by these companies as of December 31, 2025. The details of the Statement of Large-volume Holdings (Statement of Changes) (Share Certificates, etc. Subject to Special Provisions) are as summarized below:

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Banking Corporation	1-1-2 Marunouchi, Chiyoda-ku, Tokyo	339	3.59
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	17	0.18
Sumitomo Mitsui Card Company, Limited	4-5-15 Imabashi, Chuo-ku, Osaka	10	0.11
Total	—	367	3.88

- According to the Statement of Large-volume Holdings (Statement of Changes) (Share Certificates, etc. Subject to Special Provisions), which was made available for public inspection by Mitsubishi UFJ Financial Group, Inc. on December 1, 2025, shares of the Company were held by the following companies as of November 24, 2025. However, the above status of major shareholders is provided based on the shareholder register because the Company could not confirm the number of shares effectively held by these companies as of December 31, 2025. The details of the Statement of Large-volume Holdings (Statement of Changes) (Share Certificates, etc. Subject to Special Provisions) are as summarized below:

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
MUFG Bank, Ltd.	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	120	1.27
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	421	4.46
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo	27	0.29
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2 Otemachi, Chiyoda-ku, Tokyo	181	1.92
Total	—	751	7.94

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	December
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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 in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors Updated	10
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) Updated
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Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shozo Shigeta	From another company											
Noriko Kitajima	Lawyer											
Kumiko Mizuno	Certified public accountant											
Noboru Kagami	From another company											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- 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 remuneration as a director/company auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shozo Shigeta	○	○	He used to work at Sampo Japan Insurance Inc. (including predecessor companies) and Osaka Hilton Co., Ltd. While the Company has concluded an insurance contract with Sampo Japan Insurance Inc., it has no special interest in Osaka Hilton Co., Ltd.	The Company has appointed Mr. Shozo Shigeta as Outside Director who is an Audit & Supervisory Committee Member so that his profound corporate management experience and excellent insight obtained through career at other companies may be utilized in the provision of advice to and the supervision and audit of the Company's overall management. The Company has also designated him as Independent Director based on its judgment that he is cable of fully fulfilling expected role as independent officer because, considering his career and attributes, he poses no risk of conflict of interest with general shareholders.
Noriko Kitajima	○	○	She concurrently serves as Joint Representative of Phoenix Law Offices, Outside Director who is an Audit and Supervisory Committee Member of Daitron Co., Ltd., Outside Director who is an Audit & Supervisory Committee Member of Daiei Kankyo Co., Ltd., and Outside Director of Rock Field Co., Ltd. However, the Company has no special interest in any of these entities.	The Company has appointed Ms. Noriko Kitajima as Outside Director who is an Audit & Supervisory Committee Member so that her professional experience and excellent insight as a lawyer may be utilized in the provision of advice to and the supervision and audit of the Company's overall management. The Company has also designated her as Independent Director based on its judgment that she is capable of fully fulfilling expected role as independent officer because, considering her career and attributes, she poses no risk of conflict of interest with general shareholders.
Kumiko Mizuno	○	○	She used to work at Sampo Japan Insurance Inc. (including a predecessor company) and concurrently serves as Director of Mizuno Accounting Firm and Outside Director of Toyo Shutter Co., Ltd. While the Company has concluded an insurance contract with Sampo Japan Insurance Inc., it has no special interest in Mizuno Accounting Firm or Toyo Shutter Co., Ltd.	The Company has appointed Ms. Kumiko Mizuno as Outside Director who is an Audit & Supervisory Committee Member so that her professional experience and excellent insight as a certified public accountant may be utilized in the provision of advice to and the supervision and audit of the Company's overall management. The Company has also designated her as Independent Director based on its judgment that she is capable of fully fulfilling expected role as independent officer because, considering her career and attributes, she poses no risk of conflict of interest with general shareholders.
Noboru Kagami	○	○	He used to work at Asahi Group Holdings, Ltd. (including a predecessor company) and concurrently serves as Outside Director of ASAKA RIKEN Co., Ltd. The Company has no special interest in any of these entities.	The Company has appointed Mr. Noboru Kagami as Outside Director who is an Audit & Supervisory Committee Member so that his profound corporate management experience and excellent insight obtained through career at other companies may be utilized in the provision of advice to and the supervision and audit of the Company's overall management. The Company has also designated him as Independent Director based on its judgment that he is cable of fully fulfilling expected role as independent officer because, considering his career and attributes, he poses no risk of conflict of interest with general shareholders.

Audit & Supervisory Committee

Composition of Audit & Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	5	1	1	4	Inside Director

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

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Company has set a policy on internal control system as follows:

- (1) Upon request from the Audit & Supervisory Committee to appoint Directors and/or employees to assist their duties, the Company will assign the internal control department that is independent from other business execution departments to assist the Committee.
- (2) With respect to Directors and/or employees appointed to assist duties of the Audit & Supervisory Committee, the Company thoroughly informs its Directors and/or employees about the need to follow directions and instructions of the Committee.

Cooperation among the Audit & Supervisory Committee, Financial Auditors and Internal Audit Department

The Audit & Supervisory Committee is briefed on audit policies and plans by the Financial Auditor and receives quarterly reviews and Independent Auditor's Report submitted by the Financial Auditor. The Committee is also briefed on internal audit policies and internal audit plans by the Internal Audit Department that is independent from other business execution departments, attends internal audits, and is reported about the results of internal audits.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee

Established

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Compensation Committee	7	3	3	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination & Compensation Committee	7	3	3	4	0	0	Outside Director

Supplementary Explanation Updated

The Nomination & Compensation Committee has been established as an advisory body to the Board of Directors on the nomination and compensation of senior management, Directors, and Associate Executive Officers, and is composed of a total of seven members appointed by the Board of Directors, including two Representative Directors, one Director and Managing Executive Officer, and four Independent Outside Directors. The Committee meets six times a year and is chaired by an Independent Outside Director elected by mutual vote among the committee members. The Committee serves as both a

nomination committee and a compensation committee. Note that the committee members stated above are those appointed for fiscal 2025 and whose terms of office have expired as of the conclusion of the 107th Annual General Meeting of Shareholders held on March 26, 2026. It has been decided that, in fiscal 2026, the Nomination & Compensation Committee will comprise a total of seven members, including two Representative Directors, one Director and Managing Executive Officer, and four Independent Outside Directors.

Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of a performance-linked compensation plan
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Supplementary Explanation for Applicable Items

Executive bonuses

The Company pays bonuses to officers as a short-term incentive. The total amount of bonuses is calculated by multiplying the Company's actual ordinary profit figure for the relevant fiscal year by the coefficient using the formula determined by the Board of Directors based on the report from the Nomination & Compensation Committee. Subsequently, the amount of bonus to each recipient is determined by multiplying a position-based bonus allocation ratio (the higher the position, the higher the ratio) set based on the job size of each position. The total amount of bonuses, combined with fixed compensation, shall not exceed the maximum amount of compensation, etc. for Directors who are not Audit & Supervisory Committee Members resolved at a general meeting of shareholders, and shall be up to ¥50 million. The bonuses will not be paid if the actual figure of consolidated and non-consolidated (the Company's) ordinary profit is less than ¥250 million. The bonuses are paid in March.

Restricted stock compensation

The Company pays restricted stock compensation as a medium- to long-term incentive. The amount to be paid is determined on an individual basis based on a position-based allocation ratio (the higher the position, the higher the ratio) set by the Nomination & Compensation Committee within the maximum amount of compensation and the maximum number of shares resolved at the 102nd Annual General Meeting of Shareholders held on March 30, 2021. The stock compensation is subject to a resolution of the Board of Directors and paid in the following month of the Board meeting held after the conclusion of an annual general meeting of shareholders every year.

Breakdown of total compensation

The ratios of fixed compensation, performance-linked compensation, and restricted stock compensation to total compensation fluctuate depending on factors such as the number of Directors by position, actual ordinary profit, and stock price. In general, however, the breakdown is approximately 80% fixed compensation, 10% performance-linked compensation, and 10% restricted stock compensation.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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Director Compensation

Status of Disclosure of Individual Director's Compensation	No disclosure for any Directors
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Supplementary Explanation for Applicable Items

The information of the total amount of compensation paid to Directors each fiscal year is provided in an Annual Securities Report and Business Report (available in Japanese only). Note that the Company's Annual Securities Reports are made available for public inspection through EDINET and other sites for public inspection.

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The Company's basic policy is as follows. For Directors who are not Audit & Supervisory Committee Members, compensation, bonuses, and other economic benefits received from the Company as consideration for the performance of their duties (hereinafter, "compensation") shall, in principle, be determined by resolution at a general meeting of shareholders. Compensation for Directors who are Audit & Supervisory Committee Members shall, in principle, be determined by resolution at a general meeting of shareholders.

Maximum amount of compensation

The maximum amount of compensation for Directors who are not Audit & Supervisory Committee Members is set at up to ¥220 million per year, including fixed compensation and performance-linked executive bonuses (excluding the salary portion for Directors concurrently serving as employees). The maximum amount of compensation for Directors who are Audit & Supervisory Committee Members is set at up to ¥60 million per year. Separately from these amounts, the 102nd Annual General Meeting of Shareholders held on March 30, 2021 resolved to pay monetary compensation claims of up to ¥21 million per year for granting restricted stock and grant 5,200 shares of the Company to Directors who are not Audit & Supervisory Committee Members. The numbers of Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Board Members based on this resolution are seven and five, respectively.

*Directors who are not Audit & Supervisory Committee Members***Method for determining compensation**

Compensation for Directors who are not Audit & Supervisory Committee Members is determined based on the internal rules on officer compensation and related regulations, within the maximum amount approved by the general meeting of shareholders. The decision-making process involves the Nomination & Compensation Committee, which is composed of a total of seven members, including two Representative Directors, one Director and Managing Executive Officer, and four Independent Outside Directors. The Chairperson is elected by mutual vote among the committee members. The executive bonuses and restricted stock compensation are granted to Directors based on a position-based allocation ratio set by the Nomination & Compensation Committee. At the Board of Directors meeting held on March 26, 2026, Katsuhiko Taki, Representative Director and President, was delegated the authority to determine the amount of compensation for each Director. Because the amount of compensation for each Director is determined through this process, the Board of Directors considers that the process is in line with the Company's policy and is therefore appropriate.

The reason for delegating the aforementioned authority to Katsuhiko Taki, Representative Director and President is because the Board considered he is well-informed about the Group's business environment and financial conditions and capable of determining the amount of compensation for each Director based on a comprehensive assessment. Moreover, we are taking necessary measures to ensure the appropriate exercise of authority. For example, Independent Outside Directors constitute the majority of the Nomination & Compensation Committee to eliminate arbitrary decisions. This policy was resolved by the Board of Directors after deliberations by the Nomination & Compensation Committee.

Structure of each type of compensation**a. Fixed compensation**

Individual compensation is determined as a fixed monthly amount according to position and years of service, based on the internal rules on officer compensation and related regulations. Compensation is revised in consideration of social standards and the balance with employee salaries, determined in March each year, and paid from April.

b. Executive bonuses

The Company pays bonuses to officers as a short-term incentive. The total amount of bonuses is calculated by multiplying the Company's actual ordinary profit figure for the relevant fiscal year by the coefficient using the formula determined by the Board of Directors based on the report from the Nomination & Compensation Committee. Subsequently, the amount of bonus to each recipient is determined by multiplying a position-based bonus allocation ratio (the higher the position, the higher the ratio) set based on the job size of each position. The total amount of bonuses, combined with fixed compensation, shall not exceed the maximum amount of compensation, etc. for Directors who are not Audit & Supervisory Committee Members resolved at a general meeting of shareholders, and shall be up to ¥50 million. The bonuses will not be paid if the actual figure of consolidated and non-consolidated (the Company's) ordinary profit is less than ¥250 million. The bonuses are paid in March.

c. Restricted stock compensation

The Company pays restricted stock compensation as a medium- to long-term incentive. The amount to be paid is determined on an individual basis based on a position-based allocation ratio (the higher the position, the higher the ratio) set by the Nomination & Compensation Committee within the maximum amount of compensation and the maximum number of shares resolved at the 102nd Annual General Meeting of Shareholders held on March 30, 2021. The stock compensation is subject to a resolution of the Board of Directors and paid in the following month of the Board meeting held after the conclusion of an annual general meeting of shareholders every year.

d. Breakdown of total compensation

The ratios of fixed compensation, performance-linked compensation, and restricted stock compensation to total compensation

fluctuate depending on factors such as the number of Directors by position, actual ordinary profit, and stock price. In general, however, the breakdown is approximately 80% fixed compensation, 10% performance-linked compensation, and 10% restricted stock compensation.

Directors who are Audit & Supervisory Committee Members

As the importance is placed on their supervisory and auditing functions served from an independent standpoint from business execution, the compensation for Directors who are Audit & Supervisory Committee Members does not reflect the Company's performance and consists solely of monthly fixed compensation. The executive bonuses and restricted stock compensation are not paid to these Directors. The specific details of compensation paid to each of these Directors are determined through discussions among Audit & Supervisory Committee Members.

Support System for Outside Directors

Outside Directors are briefed and receive relevant documents beforehand according to the importance of agenda items. Upon request for assist from Outside Directors, the Internal Audit Department and General Affairs & Personnel Department will assist their duties.

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

The Company conducts business execution, audits, and supervision with the following governance structure.

1. Business execution, audits, and supervision

1) Board of Directors

The Board of Directors is composed of five Directors (excluding Directors who are Audit & Supervisory Committee Members) and five Directors who are Audit & Supervisory Committee Members (of which four are Independent Outside Directors). The Board of Directors reports, deliberates, and resolves matters stipulated by laws and regulations and the Articles of Incorporation and important matters related to business execution, while supervising the performance of duties by Directors. In principle, the Board meets once a month and the Chairperson is elected by mutual vote among Directors.

2) Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of five Directors who are Audit & Supervisory Committee Members, of which four are Independent Outside Directors. To ensure the effectiveness of its activities, the Company appoints a full-time Audit & Supervisory Committee Member and the Chairperson, both of which are elected by mutual vote among the committee members. The Audit & Supervisory Committee closely cooperates with the Internal Control Committee, Internal Audit Department, and Financial Auditor to conduct audits based on an annual audit plan in accordance with audit policies and division of duties determined by the Audit & Supervisory Committee, while utilizing the Company's internal control systems from an independent standpoint. In principle, the Committee meets once a month and shares information and exchanges opinions on the implementation status and results of audits. The four Independent Outside Directors shall strive to ensure the legality and validity of the Company's management by utilizing their excellent expertise and profound experience in the supervision and audit of the Company.

3) Executive Council

In principle, the Executive Council meets once a week and is chaired by the President. The Council deliberates on matters to be submitted to the Board of Directors for discussion, matters related to basic management strategies and management policies, and important business execution matters of individual departments. The Executive Council is composed of the Chairman, President, Executive Officers, and a Director who is a full-time Audit & Supervisory Committee Member to speed up decision-making and increase work efficiency.

4) Business Execution Reporting Council

In principle, the Business Execution Reporting Council meets twice a month and is chaired by the President. In addition to the attendees to the Executive Council, the Business Execution Reporting Council is attended by Independent Outside Directors, the heads of business execution departments, and presidents of subsidiaries to confirm whether budget management and business execution are carried out efficiently.

5) Nomination & Compensation Committee

The Nomination & Compensation Committee has been established as an advisory body to the Board of Directors on the nomination and compensation of senior management, Directors, and Associate Executive Officers, and will comprise a total of seven members appointed by the Board of Directors, including two Representative Directors and one Director and Managing Executive Officer, and four Independent Outside Directors, in fiscal 2026. The Committee meets about six times a year, and the Chairperson is elected by mutual vote among the committee members.

6) Name and other attributes of the Financial Auditor who performed the financial audit work

Ernst & Young ShinNihon LLC is engaged in audit work in the Company's financial audits under the Companies Act and Financial

Instruments and Exchange Act. The names of certified public accountants who performed the financial audit work in the current fiscal year are as follows:

Names of certified public accountants who performed the audit work
 Yasuhiro Kozaki, Designated and Engagement Partner
 Ryoichi Hayama, Designated and Engagement Partner

Composition of assistants to the audit work
 28 in total, including 12 certified public accountants and 16 other assistants engaged in the audit

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of the Directors who are Audit & Supervisory Committee Members to limit their liability for damage under Article 423, paragraph (1) of the Companies Act. The limit of liability for damage under the agreement is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.

3. Reasons for Adoption of Current Corporate Governance System

The Company considers the effectiveness of its corporate governance has been ensured through the business execution system and the management monitoring system described in “2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” above.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Delivery of Notice of the General Meeting of Shareholders	The Company strives to send a convocation notice as early as possible so that shareholders can fully review its content, such as the Group’s business overview and proposal details beforehand.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company makes efforts to hold its general meetings of shareholders as early as possible by avoiding so-called peak days.
Electronic Exercise of Voting Rights	The Company allows shareholders to exercise their voting rights via the internet and other electromagnetic means.
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 allows institutional investors to exercise their voting rights through an Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company discloses its convocation notice on its corporate website and Tokyo Stock Exchange (TSE) website. The Company’s website: URL: https://www.takichem.co.jp/ir/sokai/index.html TSE website: URL: https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show Please access the TSE website (Listed Company Search), enter “Taki Chemical” in “Issue name (company name)” or “4025” in “Code” and select “Basic information” and then “Documents for public inspection/PR information.”

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Formulation and Publication of Disclosure Policies	The Company's basic policy is to become a transparent and open company by disclosing its corporate information to shareholders, business partners, employees, local communities, and other surrounding stakeholders in a timely and appropriate manner, in accordance with the "Taki Chemical Group Code of Conduct," established to ensure compliance and transform to a healthier corporate culture, and "Disclosure Policy."	
Online Disclosure of IR Information	The Company has established the "Investor Relations" webpage on its corporate website to provide various IR documents (some are available in English). URL https://www.takichem.co.jp/ir/index.html	
Establishment of a department (person in charge) for IR	We have established an IR Office and continuously provide fair, equitable, and timely disclosure necessary for shareholders and institutional investors to make investment decisions to strengthen and promote our IR activities.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have created a card printed with the "Taki Chemical Group Code of Conduct" that provides for the respect for our stakeholders as the fundamental standards of conduct in corporate activities and distributes the cards to all officers and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We have established the "Environmental Policy" and are engaged in environmental preservation activities (preparation of a Sustainability Report). We place the promotion of CSR activities as a core of our management, and under the initiative of the Sustainability Committee, we are working on environmental preservation, safety, quality assurance, and social activities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have established the Disclosure Policy and disclosed the policy on our corporate website. URL: https://www.takichem.co.jp/ir/disclosure/index.html (available in Japanese only)

IV. Matters Concerning the Internal Control System

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

1. Basic views on internal control system

The Company regards an internal control system as a foundation of corporate governance to ensure transparent management and fair business execution.

We endeavor to design and operate effective internal control systems by establishing the following “internal control systems” and revises these systems according to changes in the management environment as appropriate.

2. System to ensure that performance of duties by Directors and employees is in compliance with relevant laws and regulations as well as the Articles of Incorporation

1) The Company has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Committee, and Financial Auditor as corporate organs in accordance with laws and regulations, the Articles of Incorporation, Board of Directors Rules, and Audit & Supervisory Committee Rules.

2) The Board of Directors supervises Directors’ compliance with laws and regulations, the Articles of Incorporation, and resolutions of the General Meeting of Shareholders, and whether Directors are properly designing and operating internal control systems in accordance with the “Basic Policy for Establishment of Internal Control System” resolved by the Board of Directors.

3) In order to verify the appropriateness and effectiveness of business operations performed by employees, the Board of Directors has established an internal control department that is independent from other business execution departments. Meanwhile, for operations, departments, and systems posing a significant risk of loss, the Board takes measures for special management and audits.

4) The Company has established the “Taki Chemical Group Code of Conduct” to ensure thorough compliance awareness and fostering of a healthier corporate culture under the initiative of the Sustainability Committee.

5) The Company has established a committee that supervises compliance to assess and supervise the status of the Company’s compliance and will have the committee take improvement measures if necessary.

6) In the case of violation or suspected violation of compliance, the Company will establish an internal reporting desk to receive whistleblowing in order to ensure early detection and stronger self-corrective function.

7) The Company has clearly stipulated its policy of taking a resolute stance against anti-social forces and severing all relationships with them, and has posted this policy on its website. In addition, the Company endeavors to gather information on an ongoing basis from police and other relevant authorities and has established a system to respond appropriately in the event of an incident through close cooperation with the police and lawyers.

3. System for storing and managing information related to the execution of duties by Directors

The Company appropriately stores and manages information and documents related to the execution of duties by Directors in accordance with applicable laws, regulations, and internal rules.

4. Rules and other systems concerning management of risks of loss

1) The Company has developed a crisis management system by establishing the Crisis Management Committee to identify and assess management risks and formulating material risk preventive measures and crisis countermeasures.

2) Individual risks faced by respective business execution departments and countermeasures thereto are reviewed by relevant specialized committees and responsible departments to manage those risks.

5. System to ensure efficient performance of duties by Directors

1) The Company sets management policies, management targets, and management plans, and manages their progress under the budget management system using IT-based information systems.

2) The Company holds, in principle, a meeting of the Business Execution Reporting Council attended by Directors, the heads of business execution departments, and presidents of subsidiaries twice a month to confirm whether budget management and business execution are carried out efficiently.

3) The Company has established internal rules such as Organizational Rules, Authority Rules, and Administrative Rules to clarify authority and responsibilities related to business execution, thereby carrying out business operations in an appropriate and efficient manner.

6. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

1) System for reporting to the Company on matters concerning performance of duties by directors of subsidiaries

- The Company establishes rules on the operation of the corporate group consisting of the Company and its subsidiaries and strives to share the corporate group’s common management strategies through the Business Execution Reporting Council.

- 2) Rules and other systems concerning management of risks of loss faced by subsidiaries
 - The Company has established the Crisis Management Committee as a body responsible for risk management including those faced by subsidiaries to deliberate on challenges related to the promotion of crisis management and countermeasures thereto.
- 3) System to ensure efficient performance of duties by directors of subsidiaries
 - The Company has formulated a basic policy for subsidiary management to help appropriate and efficient management of subsidiaries.
 - The Company has set standards for reporting lines, authority, decision-making, and other organizations of subsidiaries to have subsidiaries establish systems in compliance with these standards.
- 4) System to ensure that performance of duties by subsidiaries' directors and employees is in compliance with laws and regulations and the articles of incorporation
 - The Company requests its subsidiaries to establish a compliance system equivalent to that of the Company and assesses and supervises the status of their compliance. The Company will have its subsidiaries take improvement measures if necessary.
- 5) Other systems to ensure the appropriateness of operations of subsidiaries
 - The Company's Audit & Supervisory Committee and internal control department keeps close cooperation with corporate auditors and other relevant personnel of subsidiaries to formulate internal audit policies and plans, including those of subsidiaries, and conduct internal audits.
7. Matters concerning Directors and/or employees appointed to assist duties of the Audit & Supervisory Committee and matters concerning the independence of such Directors and/or employees from other Directors (excluding Directors who are Audit & Supervisory Committee Members)

Upon request from the Audit & Supervisory Committee to appoint Directors and/or employees to assist their duties, the Company will assign the internal control department that is independent from other business execution departments to assist the Committee.

8. Matters concerning ensuring the effectiveness of instructions given by Audit & Supervisory Committee Members to Directors and/or employees appointed to assist duties of the Audit & Supervisory Committee

With respect to Directors and/or employees appointed to assist duties of the Audit & Supervisory Committee, the Company thoroughly informs its Directors and/or employees about the need to follow directions and instructions of the Committee.

9. System for Directors (excluding directors who are Audit & Supervisory Committee Members) and employees of the corporate group consisting of the Company and its subsidiaries to report to the Audit & Supervisory Committee
 - 1) Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees of the Company are required to report matters required by laws and regulations as well as matters requested by the Audit & Supervisory Committee to the Committee as appropriate.
 - 2) Directors (excluding Directors who are Audit & Supervisory Committee Members) of the corporate group consisting of the Company and its subsidiaries are required to report plans, implementation status, and results of internal audits conducted by the internal control department to the Audit & Supervisory Committee.
10. System to ensure that persons who made a report to the Audit & Supervisory Committee are not treated disadvantageously due to such reporting

The Company prohibits any disadvantageous treatment of any Director or employee of the corporate group consisting of the Company and its subsidiaries who made a report to the Audit & Supervisory Committee due to such reporting, and ensures all Directors and employees of the corporate group are thoroughly informed of the matter.

11. Matters concerning the policy on the treatment of expenses or liabilities incurred in performance of duties by Audit & Supervisory Committee Members (limited to those related to performance of duties of the Audit & Supervisory Committee), including procedures for prepayment or reimbursement of expenses incurred in performance of their duties

Upon request from Audit & Supervisory Board Members for expenses incurred or to be incurred in ordinary audits, the Company promptly treats such expenses. In the event of incurring emergency audit expenses or additional research expenses for expert services, in addition to ordinary audit expenses, Audit & Supervisory Committee Members are required to notify the relevant officer in advance.

12. Other systems to ensure effective audits by the Audit & Supervisory Committee
 - 1) The Company ensures that audits by the Audit & Supervisory Committee are conducted effectively in accordance with the Audit & Supervisory Committee Rules and Audit Standards for Audit & Supervisory Committee.
 - 2) Representative Directors hold a regular meeting with Audit & Supervisory Committee Members to exchange opinions on challenges to be addressed by the Company, risks surrounding the Company, and the status of development of audit environment for Audit & Supervisory Committee, among other topics.

13. System to ensure the reliability of financial reporting

The Company designs and operates internal control systems and evaluates the effectiveness of these systems to ensure the reliability of financial reporting on an ongoing basis in accordance with the “Basic Policy on Internal Control over Financial Reporting” resolved by the Board of Directors.

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

Our basic views are as provided in 7) of “1. Basic Views on Internal Control System and Status of Development, 2. System to ensure that performance of duties by Directors and employees is in compliance with relevant laws and regulations as well as the Articles of Incorporation” above.

V. Other

1. Adoption of Anti-Takeover Measures

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

Not applicable.

2. Other Matters Concerning the Corporate Governance System

The status of the Company’s internal systems for timely disclosure of corporate information is as follows:

1. Responsible department for timely disclosure

The General Affairs & Personnel Department is responsible for the Company’s timely disclosure.

The General Manager of General Affairs & Personnel Department centralizes the management of corporate information to be disclosed and discloses such information as Information Handling Officer (person responsible for corporate information management).

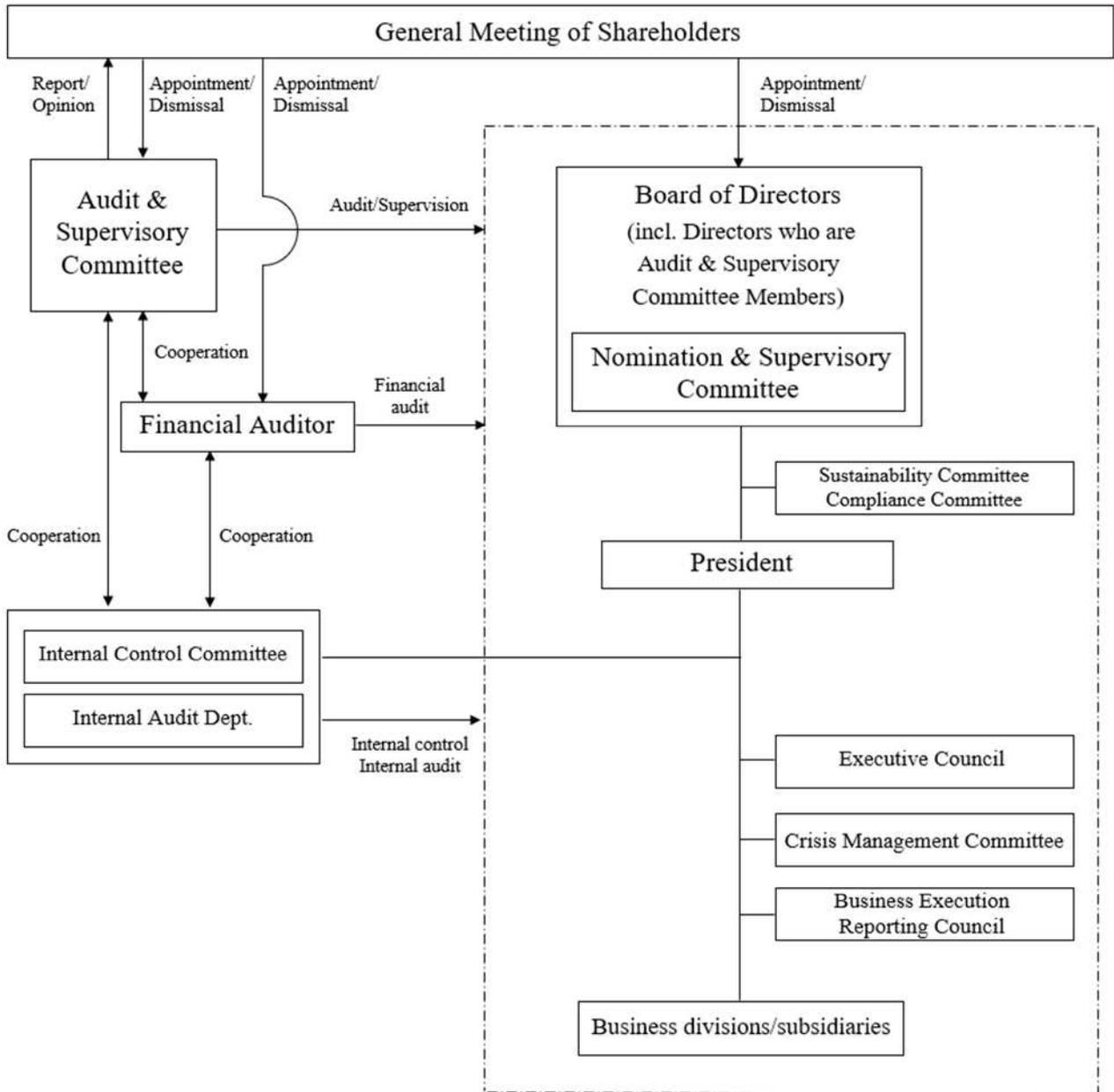
2. Internal procedures for timely disclosure of corporate information

- 1) In the event of any material facts or other events arising at the Company or its subsidiary, the facts are immediately reported from the head of relevant department or subsidiary to the General Manager of General Affairs & Personnel Department.
- 2) In response to such report, the General Manager of General Affairs & Personnel Department decides the necessity of disclosure in accordance with the Tokyo Stock Exchange’s “Securities Listing Regulations,” and strictly manages relevant information until such information is disclosed in accordance with the Company’s “Insider Trading Prevention Rules.”
- 3) If timely disclosure is deemed necessary, the General Manager of the General Affairs & Personnel Department shall, without delay, make timely disclosure after obtaining the approval of the Board of Directors for facts decided and financial results information, or after reporting to the Representative Director, President for facts occurred. Disclosed information shall also be posted on the Company’s website.

END

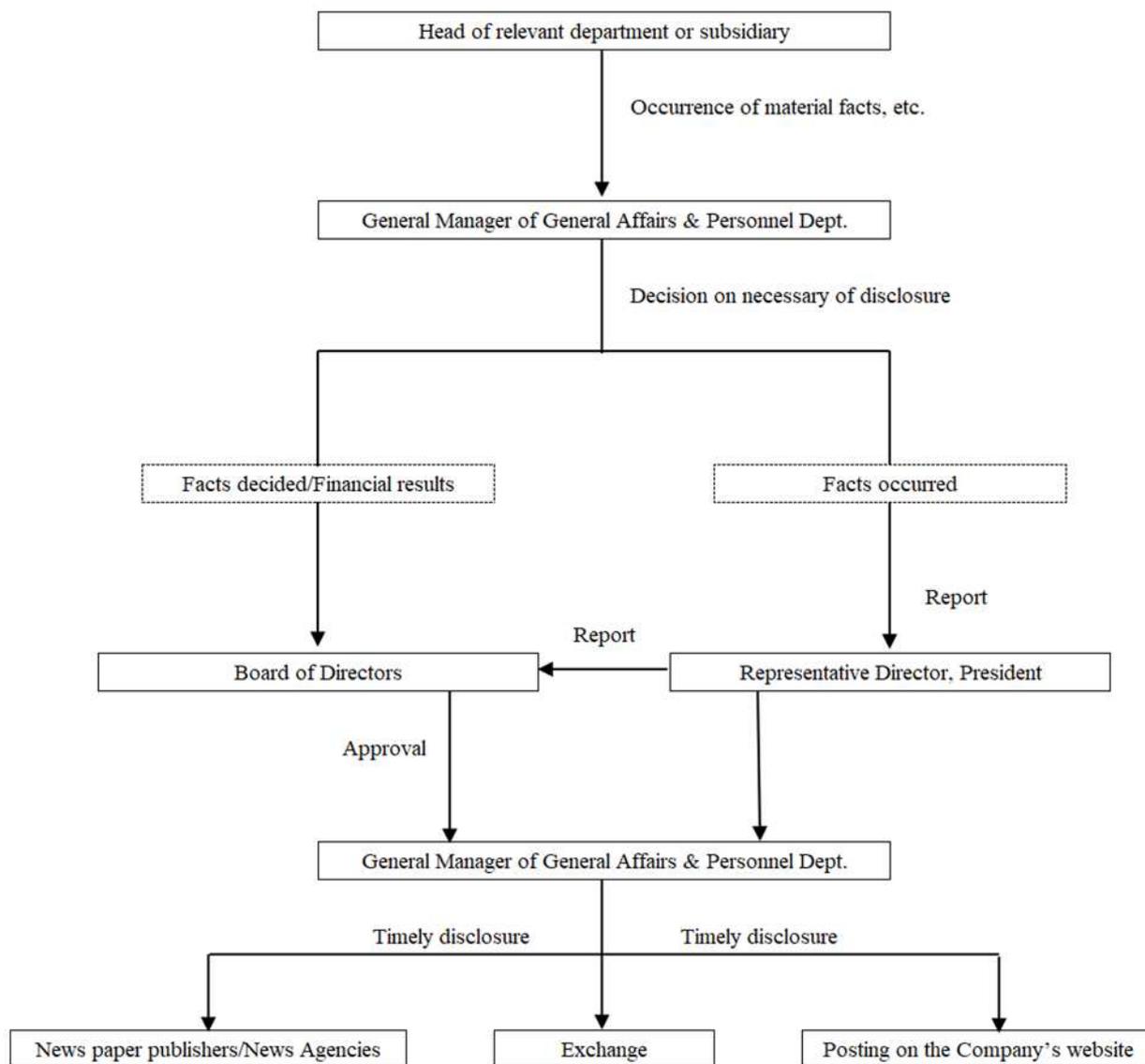
Reference: Schematic Diagram

The Company's Corporate Governance System



Reference: Schematic Diagram

Internal System for Timely Disclosure of the Company's Material Information (Facts Decided, Financial Results Information, and Facts Occurred)



Directors' Expertise and Experience (Skills Matrix)

	Name	Position	Corporate management	Finance/ Accounting/ Finance & economies	Legal affairs/ Risk management	Personnel & labor affairs/ Human resources development	Sales/Marketing	Manufacturing/ Quality	Research & development	IT/ Digital information security	Sustainability/ ESG
Directors	Katsuhiko Taki	Representative Director, President	●	●				●		●	
	Takahisa Masaki	Representative Director, Senior Managing Executive Officer	●		●	●	●				
	Kazunari Izumi	Director, Managing Executive Officer						●	●	●	●
	Hiroyuki Izutsu	Director, Executive Officer		●					●	●	●
	Goro Suzuki	Director, Executive Officer						●	●		●
	Masahiko Shimoyama	Director (Full-Time Audit & Supervisory Committee Member)		●	●						
	Shozo Shigeta	Independent Outside Director (Audit & Supervisory Committee Member)	●	●			●				●
	Noriko Kitajima	Independent Outside Director (Audit & Supervisory Committee Member)			●	●					●
	Kumiko Mizuno	Independent Outside Director (Audit & Supervisory Committee Member)		●	●		●			●	
	Noboru Kagami	Independent Outside Director (Audit & Supervisory Committee Member)	●					●	●		●

* A maximum of four areas where each person possesses expertise and experience have been marked with ●.

* Under corporate management above, for Inside Directors, persons with experience serving as representative director (including at major subsidiaries), and for Outside Directors, persons with experience serving as an inside director at one or more other companies have been marked with ●.