

Last Updated: March 27, 2026

RESONAC HOLDINGS CORPORATION

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Securities Code: 4004

<https://www.resonac.com>

The corporate governance of Resonac (the “Company”) is described below.

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

1. Basic Views

The Company believes in the importance of continuously enhancing its corporate governance in terms of supporting efforts to create the functions required of an advanced materials partner according to the times; contributing to the sustainable development of global society; and realizing the Group's Purpose of "Change society through the power of chemistry."

In order to continuously enhance our corporate value, the Company shall ensure soundness, effectiveness and transparency of management and swift decision-making. The Company shall also build a system that allows us to demonstrate our corporate value and fully take advantage of our resources, with a focus on objectives such as strengthening our management and technological foundations and improving the capabilities and motivation of our employees.

[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

It is described based on the code revised in June 2021, includes principles for the prime market.

(Supplementary Principle 4-8-2: Election of the lead Independent Outside Director)

The Company has appointed four Outside Directors and three Outside Audit & Supervisory Board Members to increase the effectiveness of oversight from an independent and objective standpoint. At every Board of Directors’ meeting, each Outside Director/Audit & Supervisory Board Member has actively participated in unfettered and constructive discussions about management and other issues. The Company has held informal meetings (in June and September) for all Directors/ Audit & Supervisory Board Members to exchange opinions, so that they are able to fully share information. For these reasons, the Company has not appointed Lead Outside Director among them. However, the Company considers that there has been sufficient cooperation between Outside Directors/ Audit & Supervisory Board Members and the management.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code]

It is described based on the code revised in June 2021, includes principles for the prime market.

(Principle 1-4: Cross-Shareholdings)

The Resonac Group has decided that it shall not cross-hold shares with other companies in principle. With regard to existing cross-shareholdings, the Group shall reduce the amount of them. The Board of Directors shall annually review the appropriateness of each listed cross-shareholding in light of profitability, strategic rationale, and capital efficiency, including a cost-benefit analysis relative to the cost of capital. The Company has completed the sale of the publicly listed stocks by March 2025. Specific information about the Company’s cross-held shares and reduction of them is described in the Company’s Annual Securities Report. URL for the Annual Securities Report (in Japanese only):

<https://www.resonac.com/jp/ir/library.financial.html>

The Company's policy on review on the appropriateness of cross-shareholdings and voting right exercise standard are described in the Company's Corporate Governance Basic Policies.

(Principle 1-7: Transactions among Related Parties)

The Company gains approval from the Board of Directors in accordance with laws and regulations as well as its Rules of Board of Directors for competitive transactions and conflict of interest transactions between the Company and its Directors or Corporate Officers. In addition, the Company reports the results of the said transactions to the Board of Directors.

(Supplementary Principle 2-4-1: Policies and Targets for Ensuring In-House Diversity)

Aiming to realize its Purpose, "Change society through the power of chemistry," and as a Co-creative Chemical Company, the Company has been striving to co-create solutions for social issues together with various stakeholders on the basis of the Company's wide-ranging technology platform.

To promote creation of solutions, it is important for the Company to acquire human resources consisting of talent with diversified skills, experiences, and demographic structure, have an environment that allows each person to display his/her ability, adopt various ideas and turn them into collective knowledge. Therefore, the Company has defined its basic principles in human resource management as DE&I, which is an abbreviation for Diversity (recognizing each personality's worth), Equity (providing each person with fair and equal opportunities and an environment appropriate for each person's personality to do great things), and Inclusion (accepting each person's personality and making it easy for each person to express his/her personality), thereby deepening DE&I as a management issue.

How the Company is deepening DE&I and the Company's target figure for the proportion of women managers are described in the Company's Integrated Report.

URL for the Integrated Report: <https://www.resonac.com/sustainability/report/report.html>

(Principle 2-6: Roles as Asset Owners of Corporate Pension Plan)

To manage funds securely and effectively for its defined benefit pension plan, the Company has organized the Pension Management Committee consisting of experts from each of Human Resources and Finance & Accounting. The Committee deliberates on the formulation and review of basic investment policies for the pension funds and a policy asset mix. In addition, we have established a structure that allows us to cooperate with an investment-consulting firm in deliberating basic investment policies so that we can ensure sustainable and proper pension funds management.

(Principle 3-1: Full Disclosure)

(1) For company goals (Vision, etc.), management strategies and business plans.

Please refer to the Group's vision, management strategies and mid-term business plan on its website.

<https://www.resonac.com/corporate>

(2) Basic views and basic policies on corporate governance

Details of basic views are described in "1.1 Basic Views" in this report. Concerning basic policies, "Corporate Governance Basic Policies" is posted on the Company's website.

<http://www.resonac.com/corporate/governance.html>

(3) The Board of Directors' policies and procedures in determining the compensation of the senior management and Directors

The basic policy and structure regarding the remuneration of the Company's directors are outlined in the "Corporate Governance Basic Policies." In determining remuneration, the Remuneration Advisory Committee, an advisory body to the Board of Directors, shall deliberate matters related to the remuneration based on the Corporate Governance Basic Policies and report the results of its deliberation to the Board of Directors.

Outline of the Board of Directors' policies in determining the compensation for directors and its new director remuneration scheme is as attached at the end of this Report.

(4) Board of Directors policies and procedures in the nomination of candidates for Directors and Audit & Supervisory Board Members

The selection of director candidates will be conducted based on established selection criteria, with deliberations taking place within the Nomination Advisory Committee, which serves as an advisory body to the Board of Directors. The Committee will then submit its recommendations to the Board of Directors.

Candidates for Audit & Supervisory Board Members shall have the knowledge, expertise and capabilities required to fulfill their duties, including those with strong expertise in finance and accounting. In the event that doubts arise regarding Director's compliance with the dismissal criteria, the Nomination Advisory Committee shall conduct an investigation and deliberation. The results of this investigation will be reported to the Board of Directors, which will make the final decision on whether to present the matter as a proposal to General Meeting of Shareholders.

Chairpersons and Composition of the Nomination Advisory Committee and the Remuneration Advisory Committee are described in Principle 4-10-1 of this Report.

(Criteria for selecting candidates for Directors and Audit & Supervisory Board Members)

1. Directors

- Candidates must possess a high level of insight and discernment, a strong ethical standard, and the ability to make fair and impartial judgments and to execute decisions effectively, all of which are necessary to fulfill the responsibilities of Directors in enhancing the company's value in the short, medium, and long term.
- Candidates must have outstanding personal character, a strong commitment to fulfilling the responsibilities of Director, and maintain good physical and mental health.
- Candidates must be able to commit the time and effort necessary to appropriately discharge their roles and responsibilities.
- The appointment of the candidate must contribute to the diversity of expertise, experience, and attributes within the Board of Directors, thereby facilitating efficient and effective corporate governance.

Additionally, for Outside Directors, the following additional selection criteria are established:

- Candidates must be able to oversee the management of this company group and any potential conflicts of interest between the company and its management, while providing appropriate oversight and advice regarding business execution.
- Candidates must meet the independence criteria for Outside Directors as stipulated by the company.
- In principle, the term of office shall not exceed four years. Any extension beyond this period shall require a request from the Nomination Advisory Committee and the consent of the relevant outside director.

2. Audit & Supervisory Board Members

- Candidates must possess the knowledge and experience necessary to conduct audits of the execution of duties by the Company's Directors in a fair and objective manner.
- Candidates must demonstrate high levels of insight and discernment, possess a strong ethical framework, and exhibit fair and impartial judgment.
- Candidates must have outstanding personal character, a strong commitment to fulfilling the responsibilities of Audit & Supervisory Board Member, and maintain good physical and mental health.
- Candidates must be able to commit the time and effort necessary to appropriately discharge their roles and responsibilities.
- At least one Audit & Supervisory Board Member must possess a considerable level of expertise in finance and accounting.

Additionally, for Outside Audit & Supervisory Board Members, the following additional selection criteria will be established:

- Candidates must meet the independence criteria for Outside Audit & Supervisory Board Member as defined by the Company.
- Candidates must be individuals such as executives, scholars, legal and accounting professionals, or former public officials who meet the above requirements and possess extensive experience in their respective fields.

(Dismissal Standards)

- a. In the event of a violation of the duty of care or duty of loyalty by Director or Audit & Supervisory Board Member that results in significant harm to corporate value, or if there is a reasonable concern that such harm may occur.
- b. If the individual has engaged in actions that violate laws, regulations, the Articles of Incorporation, or public order and morals due to malice or gross negligence.

- c. If it is determined that the individual does not possess the qualifications stipulated in the selection criteria.
- d. If it is recognized that the individual is unable to continue performing their duties due to health reasons.

(5) Explanations about respective nominations, elections, or dismissals of Directors and Audit & Supervisory Board Members

The Company gives explanations on its nomination of Directors and Audit & Supervisory Board Members, including reasons for their election in reference documents for the General Meeting of Shareholders. In addition, the Company appropriately discloses reasons for dismissals.

(Supplementary Principle 3-1-3: Grappling with Sustainability)

(1) Sustainability

The Company, under its Purpose “Changing society through the power of chemistry,” has defined the ideal state in its long-term vision. To realize this vision, the Company considers it essential to position sustainability at the core of management. Accordingly, the Company has established an execution framework, identified material issues, set KGIs and KPIs, and is promoting their implementation across its global operations.

Vision

We co-create to realize a more sustainable planet and a society where people can live happier lives, endeavoring to become a “global top-tier functional materials company.”

The CEO oversees the Group’s sustainability policy, with the Chief Sustainability Officer (CSuO) responsible for its promotion. Important matters, including policies and action plans, are deliberated and decided by the Management Committee before being submitted and reported to the Board of Directors for further oversight and discussion. Since 2022, the Company has convened a Sustainability Promotion Committee six times a year, attended by the CEO, other Chief Executive Officers (CXOs), and Business Unit Heads responsible for overseeing each business domain. The committee discusses a wide range of agenda items, including measures to address climate change–related opportunities and risks in our businesses, the review of Resonac Pride products and services, and the status of initiatives related to human rights. Additionally, we have established several projects under this meeting to respond swiftly and collaboratively across the organization to specific challenges. Furthermore, to link the deliberations of these meetings to organizational operations and ensure that sustainability initiatives are embedded within the workforce, we have appointed Sustainability Partners in both the business divisions and CXO organizations. In alignment with this governance framework, the Company incorporates sustainability-related evaluation metrics into the performance-linked components of its executive compensation—specifically Short-Term Incentives (STI) and stock-based compensation—to ensure that executive remuneration reflects progress in sustainability initiatives.

Regarding our environmental initiatives, the Resonac Group has established a new environmental policy in June 2024, which outlines the significant environmental issues we need to address and provide guidelines for actions to resolve these challenges. In relation to climate change, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD*) in 2019 and, in 2024, we expressed our support for the Taskforce on Nature-related Financial Disclosures (TNFD).

To strengthen engagement with stakeholders, including shareholders and investors, regarding our climate change initiatives, we disclose our efforts related to climate and biodiversity in our Securities Reports and Integrated Reports, based on the four areas recommended by TCFD and TNFD: "Governance," "Strategy," "Risk and Impact Management," and "Metrics and Targets."

*The Task Force on Climate-related Financial Disclosures (TCFD) was dissolved in October 2023, and its functions have been transferred to the IFRS Foundation.

For detail, please refer to the Company’s Website, Annual Securities Report (Yukashoken Houkokusho), and the Integrated Report.

<https://www.resonac.com/sustainability>

<https://www.resonac.com/sustainability/management/stance.html>

https://www.resonac.com/jp/ir/library/financial.html?intcid=glnavi_jp_ir_library_f

<https://www.resonac.com/sustainability/report/report.html>

(2) Human Resource Strategy

By embodying Resonac's unique culture of co-creation through the practice of its Purpose and Values, the Company aims to nurture "co-creative talent," thereby driving further business growth. To realize our materiality theme, "Active participation of autonomous and creative talent and embodiment of a co-creation culture," we aim to create an environment where individual skills are matched with the capabilities the Company seeks, allowing employees to experience "happiness" through their professional growth. Furthermore, we have established KGIs and KPIs to track progress toward these goals and will ensure continuous improvement through regular monitoring.

*Co-creative talent: Individuals who autonomously connect with people both inside and outside the organization to creatively transform and resolve challenges through co-creation aimed at solving social issues.

As part of its human resource initiatives aimed at achieving optimal talent management on a global basis, the Company is implementing programs to develop core management talent, conduct talent reviews and succession planning, provide leadership training to foster co-creative talent, and deliver various training programs to ensure psychological safety and eliminate unconscious bias. These initiatives are being rolled out and expanded across the Group on a global scale.

For more details on our strategies and initiatives regarding human capital, please refer to our Website and Integrated Report.

https://www.resonac.com/sustainability/social/hr_ms.html

<https://www.resonac.com/sustainability/social/employee.html>

<https://www.resonac.com/sites/default/files/2025-10/en-pdf-sustainability-report-2025-02-5.pdf>

(3) Intellectual Property Strategy

The Company seeks to construct the most suitable intellectual property (IP) portfolio for each business by taking a comprehensive view of the entire corporate business portfolio and pursuing global patent applications. Furthermore, we have developed and are executing an IP strategy that actively utilizes intellectual property to contribute to management and business operations, thereby enhancing our competitiveness and achieving sustainable growth.

The status of our initiatives can be found on our Website and in our Integrated Report.

<https://www.resonac.com/sites/default/files/2025-10/en-pdf-sustainability-report-2025-02-4.pdf>

<https://www.resonac.com/rd/ip>

(Supplementary Principle 4-1-1: Range of Scope of Delegation)

The Company has defined the scope of delegation of authority to the management by setting rules for matters to be resolved by Board of Directors and matters to be reported to the Board of Directors in the "Rules of Board of Directors."

(Principle 4-9: Independence Standards and Qualification for Independent Outside Directors)

The Board of Directors shall establish independence standards and qualifications for our Independent Outside Directors in accordance with the Independence Standards as defined by laws and regulations and Tokyo Stock Exchange, and nominates the candidates who meet these independence standards and qualifications. For the independence standards, please refer to "Attachment to the Corporate Governance Basic Policies."

(Supplementary Principle 4-10-1: Appropriate Involvement of Independent Outside Directors in the Process to Investigate Nomination of Executives and Remuneration to Them)

The Company has established Advisory Committee for Nomination of Directors and Audit & Supervisory Board Members and Advisory Committee for Remuneration to Directors and Corporate Officers. Each Committee consists of three members or more including Independent Outside Directors. Members of the two committees are selected from Directors. Presently, Advisory Committee for Nomination of Directors consists of six members including four Independent Outside Directors, deliberates nomination and dismissal of Directors, plan for selection and training of candidates to succeed the presidency and other key positions, etc., and reports results of the deliberation to the Board of Directors. Advisory Committee for Remuneration to Directors and Corporate Officers consists of six members including four Independent Outside Directors,

deliberates policy on and amount of remuneration to be paid to each Director and Corporate Officer, etc., and reports result of the deliberation to the Board of Directors. Independent Outside Directors chair both Advisory Committees.

(Supplementary Principle 4-11-1: View on Total balance of knowledge, experience, skills and diversity, size of the Board of Directors)

The Board of Directors is composed of persons with knowledge, experiences and skills required to fulfill duties as Directors; the size of the Board of Directors shall be designed to ensure prompt decision-making and appropriate oversight of business execution. In addition, one-third or more of the Board of Directors shall consist of Independent Outside Directors with extensive experience and broad insight in order to secure the appropriateness of business execution and to increase the effectiveness of oversight. As of March 2026, the Company has two female Directors (22%).

The Company shall disclose its policy on and procedures for nomination of Directors via the Corporate Governance Report, the Company's website, etc. The Board of Directors shall identify the skills necessary to improve its effectiveness, and disclose the status of fulfillment of such skills, as attached at the end of this Report.

(Supplementary Principle 4-11-2: Directors and Audit & Supervisory Board Members also serving as officers at other listed companies)

The Company discloses facts about its Directors and Audit & Supervisory Board Members concurrently serving as Directors or Audit & Supervisory Board Members at other listed companies in its annual business reports.

(Supplementary Principle 4-11-3: Results of evaluation on overall effectiveness of the Board of Directors)

1. Method of Evaluation

The Company evaluates the effectiveness of the Board of Directors every year, aiming to strengthen corporate governance and improve effectiveness of the Board of Directors in and after the next year. To be specific, in December 2025, the Company surveyed respective Directors and Audit & Supervisory Board Members through unidentified questionnaires and free descriptions to evaluate the effectiveness of the Board of Directors in fiscal 2025. Based on the collected self-evaluation results and discussions about the reform of the Board of Directors for exchange of views, all Directors and Audit & Supervisory Board Members discussed the topic at the Board of Directors' meeting held in March 2026, evaluated the effectiveness of the Board of Directors in fiscal 2025, and formulated an execution plan for fiscal 2026. Note that we have outsourced the questionnaire survey and aggregation of the results to an outside institution in order to ensure its objectivity and enhance future effectiveness of the Board of Directors.

2. Evaluation Results

(Actions taken in 2025)

The issues identified in the effectiveness evaluation for the previous fiscal year (fiscal 2024) at the Company, along with the action plan established by the Board of Directors for fiscal 2025 based on those issues, and the achievements we have made in fiscal 2025 in relation to the action plan are as follows:

The issues identified in the effectiveness evaluation for fiscal 2024

- While there are voices expressing appreciation for efforts to optimize the agenda in terms of the appropriateness of proposals, there is also a call for further enhancement of strategic discussions over the medium to long term.
- Feedback on investor opinions and the sharing of information from advisory committees has received mixed evaluations among members. There are calls for improvements in the quantity and quality of information, opportunities for better understanding of the Company, and collaboration with various organizations.
- Although a common understanding has been established regarding the role that the Board of Directors should fulfill, there is a significant disparity in evaluations of the Board's composition between internal and external directors, with calls for discussions on independence and diversity.

Action Plan for fiscal 2025

1. Focus on enhancing the functions of the Board as a monitoring body by optimizing the agenda centered around sustainability, portfolio management, and risk management.
2. Enhance the effectiveness of the Board of Directors through ongoing improvements in communication opportunities and information-sharing mechanisms.
3. Continue discussions regarding the structure and functioning of the Board of Directors, including its composition.

Initiatives taken in fiscal 2025

- 1-1. The Board of Directors sets agendas aligned with its oversight responsibilities, including sustainability, portfolio management, and risk management.
- 1-2. For matters such as business restructuring, the Board ensures timely agenda scheduling by utilizing informal reporting sessions to supplement formal deliberations.
- 1-3. The Board has established three dedicated opportunities for in-depth discussion regarding the Long-Term Vision, which forms the core of the Company's medium- to long-term strategy.
- 2-1. The Board has enhanced its advance briefing process by expanding the scope of prior explanations, promptly sharing discussion content with all members, and ensuring comprehensive supplementary explanations during Board meetings.
- 2-2. Minutes of advisory committee meetings are shared with all Board members, and the practice remains in place for committee chairpersons to report key discussion points during Board meetings.
- 2-3. The Board continues to facilitate regular dialogue between the Accounting Auditor and Outside Directors.
- 2-4. The Board maintains the practice of holding meetings (including lunch meetings) attended exclusively by Outside Officers.
- 2-5. The Board enhances the substance of feedback provided based on the views and opinions of investors.
- 3-1. To further improve the depth of deliberations, the Board continues to utilize "Deliberation Items," a dedicated agenda category introduced in fiscal 2024.
- 3-2. Through these "Deliberation Items," the Board engages in high-level discussions regarding its own composition and institutional design—including the optimal ratio of Outside Directors—to foster a shared strategic vision among all members.

Chart 1: Changes in the characteristics of matters discussed at the Board of Directors' meetings from fiscal 2023 to fiscal 2025

	2023	2024	2025
General Execution Items	8%	6%	8%
Strategic & Priority Issues	63%	60%	62%
Budget/settlement	20%	18%	15%
Board Operations	4%	6%	5%
Planning and Functions	6%	10%	10%

Strategic topics and key challenges account for 60% of the agenda, aligning with the direction toward "strengthening supervisory functions." Major projects such as large-scale M&As that directly impact management strategy are also categorized not as "General Execution Items," but as "Strategic & Priority Issues" to facilitate discussions on sustainable corporate value enhancement.

(Action plan for fiscal 2026)

Action plan for fiscal 2026 based on the effectiveness evaluation of the Board of Directors for fiscal 2024 is as follows.

Challenges identified in the effectiveness evaluation of the Board of Directors for fiscal 2025

- The Board's operations, including the conduct of meetings and the responsiveness of the Secretariat, continue to receive high evaluations and remain highly regarded for their overall effectiveness.
- Regarding the appropriateness of agenda items and the follow-up on discussed matters, many Board members recognize steady progress and improvements. Concurrently, it is acknowledged that there remains room for further enhancement in these areas.

- Regarding the provision of feedback on investor perspectives—which previously saw lower scores and wider variance—both the overall evaluation and the consistency of scores have improved. Nevertheless, the Board recognizes the need for ongoing improvement in the quality and depth of this feedback.
- Further enhancements are sought in information sharing among advisory committees. The Board also identifies a need for stronger collaboration among Outside Officers, the Audit & Supervisory Board, and the Accounting Auditor.

Action plan for the Board of Directors for fiscal 2026

1. The Board will continue to optimize its agenda—with a focus on sustainability, portfolio management, and risk management—to further strengthen its oversight function as a monitoring board. Through these efforts, the Board remains committed to deepening the quality and substance of its deliberations.
2. The Board will further enhance its overall effectiveness by continuously improving various communication channels and information-sharing mechanisms, ensuring a robust framework for informed decision-making.

(Supplementary Principle 4-14-2: Training policy for Directors and Audit & Supervisory Board Members)

In addition to offering training to new Directors and Audit & Supervisory Board Members, the Company shall provide Directors and Audit & Supervisory Board Members with opportunities for internal and external training and bear the necessary expenses so that they may regularly update their knowledge about management strategies, revision of laws and regulations, corporate governance, and other matters.

(Principle 5-1: Policy for Constructive Dialogue with Shareholders)

The Company shall actively hold constructive dialog with investors including shareholders and utilize feedback information to improve its management, thereby realizing sustainable development of the Company and increasing the Company's corporate value in medium- to long-term.

The Company shall hold exchange of views and dialogue with shareholders and investors, aiming to deepen mutual understanding on the Company's corporate governance and sustainability, in addition to the company's business strategy and growth story.

Directors and Corporate Officers including CEO and CFO, Outside Directors and Outside Audit & Supervisory Board Members shall hold dialogue with shareholders and investors within the range of rationality on the basis of shareholder's/investor's request and matters of concern. The IR section will manage this process in cooperation with relevant sections.

The Company's basic policies on information disclosure and dialogue are described in the Corporate Governance Basic Policies.

URL for the Company's Corporate Governance Basic Policies:

https://www.resonac.com/corporate/governance.html?intcid=glnavi_corporate_governance

[Dialogue with shareholders and investors]

Major dialogues held in 2025 (those in parentheses were the Company's major participants to the dialogues)

Financial results briefing for analysts and investors (CFO: 4 times, CEO: 1 time)

Visit to investors outside Japan (CEO: 2 times)

Meetings to explain the Company's sustainability policy to analysts and investors (CEO, CSO/CRO, CHRO, CSuO, Outside Directors, etc.: 1 time)

Small meetings with investors (CFO: 1 time, CEO: 1 time)

Individual meetings with analysts and investors (CEO: 37 times, CFO: 22 times)

ESG engagement with investors (CSuO: 6 times)

SR engagement with investors (CFO, CSuO: 13times)

The state of implementation of dialogues is explained in the Company's Integrated Report, Website, etc.

P35 of the Integrated Report: "CFO and Investors Dialogue"

<https://www.resonac.com/sites/default/files/2025-10/en-pdf-sustainability-report-2025-02-1.pdf>

https://www.resonac.com/sustainability/meeting?intcid=glnavi_sustainability_meeting

Resonac's human resource management, 5 issues to be solved proposed by institutional investors (in Japanese)

<https://www.resonac.com/jp/corporate/resonac-now/20230822-202303.html>

Analyst×CFO×CSO, Basic financial strategy aiming to continue creation of value (in Japanese)

<https://www.resonac.com/jp/corporate/resonac-now/20220413-analyst.html>

(Principle 5-2: Formulation and Disclosure of Management Strategy)

[To realize management conscious of capital costs and stock price] [Updated on March 26, 2026]

The Company identifies "Management with a Strong Awareness of the Cost of Capital and Share Price" as a key strategic priority. While achieving a price-to-book ratio (PBR) of 1.0 in the previous fiscal year marks a significant milestone, we view this achievement as a baseline rather than a final destination. Moving forward, the Company is committed to further enhancing capital efficiency and driving the sustainable growth of our corporate value.

1. Driving Business Portfolio Transformation and Enhancing Capital Efficiency

To improve capital efficiency by concentrating resources on high-profitability areas, the Company is actively transforming its business portfolio. To date, the Company has completed 16 strategic divestments, and will continue to steadily implement measures toward the realization of a partial spin-off of the petrochemical business.

In addition to improving the profitability of each individual business, we aim to consistently achieve a ROIC that exceeds our cost of capital. Over the medium to long term, we aspire to reach a ROIC of 10%—a level recognized as a global benchmark for competitiveness.

2. Capital Policy Balancing Growth and Shareholder Returns

By strengthening management discipline with a focus on capital efficiency, the Company seeks to enhance its capacity to generate free cash flow, the bedrock of corporate value. Regarding shareholder returns, we place significant emphasis on Total Shareholder Return (TSR). We will pursue a capital policy that maintains an optimal balance between investing for long-term growth, returning profits to shareholders, and strengthening our financial position.

Long-Term Vision Presented by the CEO https://www.resonac.com/sites/default/files/2026-02/e_vision2025q4.pdf

https://www.resonac.com/sustainability/report/report.html?intcid=glnavi_sustainability_report_report_02

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (T)	31,428,200	17.33
Custody Bank of Japan, Ltd. (T)	15,952,650	8.79
STATE STREET BANK AND TRUST COMPANY 505001	8,683,350	4.79
STATE STREET BANK AND TRUST COMPANY 505223	5,775,202	3.18
JPMorgan Securities Japan Co., Ltd.	5,717,151	3.15
Fukoku Mutual Life Insurance Company	4,516,800	2.49

BNYM SA/NA FOR BNYM GCM CLIENT ACCTS M ILM FE	3,965,366	2.19
STATE STREET BANK AND TRUST COMPANY 505103	3,591,752	1.98
Goldman Sachs Japan Co., Ltd.	3,068,800	1.69
JP MORGAN CHASE BANK 385781	2,646,670	1.46

Controlling Shareholder (except for Parent)	—
Parent	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Prime
Fiscal Year-End	December
Type of Business	Chemicals
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	100 or more, less than 300

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

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5. Special Circumstances Which May Have 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 Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
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Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Another Director
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors Designated from among Outside Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuo Tsuneishi	From another company								△			
Kenji Yasukawa	From another company								○			
Masaru Onishi	From another company								△			
Izumi Sakakibara	From another company								△			

* Categories for "Relationship with the Company"

“○” 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. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i. Executive of a corporation to which Outside Directors/Audit & Supervisory Members are mutually appointed (the director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
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<p>Tetsuo Tsuneishi</p>	<p>○</p>	<p>Mr. Tsuneishi served as Corporate Director and Chairman of the Board of Tokyo Electron Ltd. and as Corporate Director of Tokyo Electron Device Ltd. until June 2022. The two companies have business relationship with us. However, the business accounts for less than 1% of our total annual sales.</p>	<p>We have appointed him as Outside Director, hoping that he would give us advice on the appropriateness of our business execution based on his wealth of expertise and experience in overseas business and management of a semiconductor production equipment manufacturing company in the course of its growth. He served as Corporate Director and Chairman of the Board of Tokyo Electron Ltd. and as Corporate Director of Tokyo Electron Device Ltd. until June 2022. However, we have appointed him as Independent Director since the two companies do not fall into the category of our main customers and the appointment will not cause any conflict of interests with our ordinary shareholders.</p>
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<p>Kenji Yasukawa</p>	<p>○</p>	<p>Mr. Yasukawa served as Representative Director, President & CEO of Astellas Pharma Inc. until March 2023, and has been serving as Representative Director, Chairman of the Board, Astellas Pharma Inc. since April 2024. Astellas Pharma Inc. has business relationship with us. However, the business accounts for less than 1% of our total annual sales.</p>	<p>We have appointed him as Outside Director because he has experience in a major Japanese pharmaceutical company which has been developing business globally and has recently undergone a corporate merger, and there, he engaged in development work in the U.S. and was as well involved in corporate strategy and sales management. He possesses wide-ranging experience and expertise as an executive in a leading company in which diverse human resources thrive. Based on this background, we have appointed him as an outside director to provide advice from the perspective of ensuring appropriateness in business execution. Mr. Yasukawa served as Representative Director, President & CEO of Astellas Pharma Inc. until March 2023, and has been serving as Representative Director, Chairman of the Board, Astellas Pharma Inc. since April 2024. However, we have appointed him as Independent Director since the two companies do not fall into the category of our main customers and the appointment will not cause any conflict of interests with our ordinary shareholders.</p>
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<p>Masaru Onishi</p>	<p>○</p>	<p>There are no special relationships between the Company and JAL Engineering Co., Ltd., Japan Air Commuter Co., Ltd., or Japan Airlines Co., Ltd., where Mr. Onishi was previously employed.</p>	<p>Mr. Onishi, after gaining experience in the maintenance and planning divisions of a major domestic airline, led the airline company's management reconstruction as an executive, successfully returning it to a growth trajectory. In addition, he possesses extensive experience and insights as Outside Director in various industries, as well as rich knowledge in safety, which is of utmost importance to the Company. Based on this background, we have appointed him as Outside Director to provide advice from the perspective of ensuring appropriateness in business execution.</p> <p>Furthermore, there are no special relationships between the Company and JAL Engineering Co., Ltd., Japan Air Commuter Co., Ltd., or Japan Airlines Co., Ltd., where Mr. Onishi was previously employed.</p> <p>Accordingly, the Company believes that there is no risk of conflicts of interest with general shareholders, and that Mr. Onishi's independence is ensured.</p>
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Izumi Sakakibara	○	<p>The ratio of transactions between the Company and FUJIFILM Corporation, where Ms. Sakakibara concurrently serves as an officer, as well as Toray Industries, Inc. and FUJIFILM Toyama Chemical Co., Ltd., where she previously served, is in each case less than 1% of the respective companies' consolidated net sales. In addition, there are no special relationships between the Company and Otsuka Holdings Co., Ltd. or Otsuka Pharmaceutical Factory, Inc., where Ms. Sakakibara previously served.</p>	<p>Ms. Sakakibara has been appointed as an Outside Director because she brings a strategic perspective gained through her experience in formulating systems related to heart transplantation at the Ministry of Health (currently the Ministry of Health, Labour and Welfare), as well as her broad experience in the life sciences field at major domestic chemical and pharmaceutical companies, including business development, portfolio restructuring, and M&A activities, both in Japan and overseas.</p> <p>FUJIFILM Corporation, where Ms. Sakakibara concurrently serves as an officer, as well as Toray Industries, Inc., Otsuka Holdings Co., Ltd., and FUJIFILM Toyama Chemical Co., Ltd., where she previously served, do not constitute major business partners of the Company. Accordingly, we believe that there is no risk of conflicts of interest with general shareholders, and that her independence is ensured.</p>
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Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
Total Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Kiyoko Toda	From another company																		
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* Categories for "Relationship with the Company"

- "○" when the audit & supervisory board member presently falls or has recently fallen under the category;
- "△" when the audit & supervisory board member fell under the category in the past;
- "●" when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category; and
- "▲" when a close relative of the audit & supervisory board member fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. Non-executive director or executive of the parent of the Company
- d. Audit & supervisory board member of the parent of the Company
- e. Executive of a fellow subsidiary of the Company
- f. Party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the audit & supervisory board member himself/herself only)
- k. Executive of a corporation to which outside Directors/Audit & Supervisory Members are mutually appointed (the audit & supervisory board member himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m. Other

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

Name	Designation as Independent Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Masako Yajima	○	<p>There are transactions between the Company and Nishimura & Asahi, a Foreign Law Joint Enterprise, where Mr. Yajima holds a concurrent position. However, as the proportion of such transactions accounts for less than 1% of the relevant transactions of each party.</p>	<p>We have appointed her as Outside Audit & Supervisory Board Member, hoping that she would give us advice on the appropriateness of our business execution based on her strong expertise and extensive knowledge and insights about corporate legal affairs as an international lawyer. There are transactions between the Company and Nishimura & Asahi, a Foreign Law Joint Enterprise, where Mr. Yajima holds a concurrent position. However, as the proportion of such transactions accounts for less than 1% of the relevant transactions of each party and does not constitute a major business relationship, the Company believes that there is no risk of conflicts of interest with general shareholders, and that Mr. Yajima's independence is ensured.</p>
Yasuyuki Miyasaka	○	<p>President, Yasuyuki Miyasaka CPA Office</p>	<p>We have appointed him as Outside Audit & Supervisory Board Member, hoping that he would give us advice on the appropriateness of our business execution based on his wealth of experience and extensive knowledge and insights garnered through his engagement with auditing in and outside Japan through many years as a certified accountant, and his expert knowledge and rich experience of corporate finance and accounting. Mr. Miyasaka serves as the President of Yasuyuki Miyasaka CPA Office, which has no interest in the Company. Since his appointment will not cause any conflict of interest with our ordinary shareholders, we have appointed him as Independent Outside Audit & Supervisory Board Member.</p>

Kiyoko Toda	○	-	<p>Ms. Toda possesses extensive professional experience and advanced expertise in corporate finance and accounting within manufacturing industries and financial institutions that operate globally. She has experience in the audit division of a major audit firm, as well as having served as the head of the finance and accounting department and the ethics and compliance department at the Japanese subsidiary of a foreign company, contributing to management. Based on this background, we have appointed her as Outside Audit & Supervisory Board Member. Furthermore, there is no special relationship between the Company and American Express International, Inc., where Ms. Toda was previously employed, and there is no risk of conflict of interest with general shareholders; therefore, we have designated her as Independent Outside Audit & Supervisory Board Member.</p>
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Audit

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	7
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Matters relating to Independent Directors/ Audit & Supervisory Board Members

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[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration
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Supplementary Explanation

Outline of short-term performance-linked compensation, and medium-to-long-term performance-linked stock-based compensation for Directors is described at the end of this report.

Recipients of Share Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation

The amount of remuneration paid during fiscal 2025 is as shown below. As remuneration for Directors, 1,222 million yen was paid to eleven Directors, of which 82 million yen was paid to six Outside Directors. As remuneration for Audit & Supervisory Board Members, 127 million yen was paid to five members, of which 50 million yen we paid to three Outside Audit & Supervisory Board Members. For detail of remuneration paid to Directors and Audit & Supervisory Board Members during fiscal 2025, please refer to the Business Report for the 117th Business Year (an annex to Notice of Convocation of the 117th Ordinary General Meeting of Shareholders).

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

(Executive remuneration scheme for fiscal 2025 and beyond)

The remuneration for executive directors is composed of a base salary, short-term performance-based compensation, and medium- to long-term performance-based compensation. The base salary amount is determined based on position and other factors, and the short-term performance-based compensation is determined by considering company performance and individual performance in accordance with the performance evaluation system. Additionally, medium- to long-term performance-based compensation is provided based on the officer stock compensation regulations. The remuneration for the Chairman of the Board (internal director) and Outside Directors is composed of a base salary plus stock compensation without performance conditions. The determination of directors' remuneration is made by the Board of Directors following discussions in the Remuneration Advisory Committee. The remuneration for Audit & Supervisory Board Members consists solely of a base salary, which is determined through discussions within the Audit & Supervisory Board.

Outline of director remuneration scheme for fiscal 2025 and beyond is described at the end of this Report.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

(1) System for Supporting Outside Directors/Auditors

The General Affairs Group, General Affairs Department handles clerical works for Outside Directors, and shall distribute handouts regarding agenda to be discussed at the Board of Directors' meetings. The proposing department shall provide an explanation of the contents of the agenda in advance to Outside Directors and Outside Audit & Supervisory Board Members.

(2) System for Supporting Outside Audit & Supervisory Board Members

We have assigned full-time staff members in the Audit & Supervisory Office who support Audit & Supervisory Board Members in fulfilling their duties. Those full-time staff members shall distribute handouts regarding agenda to be discussed at the Audit & Supervisory Board meetings to Outside Audit & Supervisory Board Members beforehand. They shall also give Outside Audit & Supervisory Board Members an opportunity to obtain information through on-site inspections.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	0
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Other Matters

▪ The Company does not have any advisors or consultants (the advisory system has been abolished upon the conclusion of the General Meeting of Shareholders held in March 2025).

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Status of the oversight and decision-making function:

The Company, as a pure holding company, specializes in Group strategy and listed company functions. While flexibly responding to business challenges, the Company appropriately allocates its management resources in consideration of the entire Group, for business tie-up, M&A, etc.

The Company introduced a corporate officer system to explicitly divide management oversight and business execution functions, giving authority to Chief X Officers (CXOs) and chiefs of Business Headquarters/Units to execute business. In order to strengthen functional independence, objectivity, and accountability of the Board of Directors, the Company has organized the Nomination Advisory Committee and the Remuneration Advisory Committee as advisory bodies for the Board of Directors. Independent Outside Directors represent the majority of both committees.

a) Board of Directors

The Board of Directors meeting is held once per month, in principle. The board consists of nine Directors, including four Outside Directors (including one female member) and five Internal Directors (including one female member). The board is chaired by Mr. Kohei Morikawa, Director and Chairman of the Board. To increase agility of business execution, the Board of Directors delegates part of decisions on important business execution to President and other corporate officers. The Board of Directors mainly focuses on deliberations and decisions concerning basic policies for management, establishment of the internal control system, etc. as well as oversight of execution of duties by Directors and Corporate Officers. We have also established an agile management system to quickly respond to changes in the business environment, and limit the term of office of directors to one year to define management responsibilities of Directors more clearly.

b) Audit & Supervisory Board

The Audit & Supervisory Board meeting is held once a month, in principle. The board consists of five members, comprising three Outside Audit & Supervisory Board Members (including two female members) and two Internal Audit & Supervisory Board Members. The board is chaired by Mr. Toshiharu Kato, Standing Statutory Member. Audit & Supervisory Board Members conduct audits of Directors' execution of duties in accordance with audit policies established by the Audit & Supervisory Board. These audits are performed by attending Board of Directors and other key meetings, reviewing critical approval documents, and investigating the operational and financial status of the head office, major business sites, and Group companies.

c) Nomination Advisory Committee

The Nomination Advisory Committee meeting is held three to four times per year, under normal conditions. The Committee reports to the Board of Directors after deliberating items related to nomination of candidates for Directors. The Committee consists of Hidehito Takahashi (Representative Director and President), Nori Imai (Director), Tetsuo Tsuneishi (Chairperson of the Committee, Outside Director), Kenji Yasukawa (Outside Director), Masaru Onishi (Outside Director), and Izumi Sakakibara

(Outside Director).

d) Remuneration Advisory Committee

The Remuneration Advisory Committee meeting is held three to four times per year, under normal conditions. The Committee reports to the Board of Directors after deliberating items related to remuneration for Directors and Corporate Officers. The Committee consists of Hidehito Takahashi (Representative Director and President), Hideki Somemiya (Director), Tetsuo Tsuneishi (Outside Director) and Kenji Yasukawa (Chairperson of the Committee, Outside Director), Masaru Onishi (Outside Director), and Izumi Sakakibara (Outside Director).

2. Status of the operational execution function:

- (1) The Company ensures appropriate and efficient operations by appointing CXOs in charge of respective functional areas and chiefs of Business Headquarters/Units in charge of respective business areas, clarifying their authority of management and division of duties.
- (2) The Company and its business corporation Resonac have formed the Integrated Management Committee that gives advice to President on important matters and serves as a body preceding the Board of Directors.
- (3) The Company sets the Group's direction in Long-term Vision, Group Management Policy, etc. The Company also sets financial goals in its annual budget, conducting performance management based on the budget.
- (4) The Company has appointed Chief Digital Information Officer (CDIO) to ensure appropriate information management, standardization and streamlining of operations, and enhancement of internal control, thereby establishing and operating an optimum IT system.
- (5) The Company has organized the Risk Management Committee and the Sustainability Promotion Council which are chaired by the President and attended by Corporate Officers, etc. The Company has also organized the Compliance Committee which is attended by area managers. These committees and councils are responsible for investigation, research and deliberation on specific items necessary for appropriate business execution, and, when necessary, their conclusions shall get the approval of the Management Committee.

3. Status of the Audit Function

(1) Audit & Supervisory Board Audits

(i) Organization and Personnel

The Company's Audit & Supervisory Board consists of a total of five Audit & Supervisory Board Members, comprising two full-time members and three outside members, including two female members.

Among the full-time Audit & Supervisory Board Members, Mr. Toshiharu Kato has been engaged in the Company's finance and accounting functions for many years and has served as Chief Financial Officer (CFO), and therefore possesses substantial knowledge and experience in finance and accounting. Mr. Mitsuo Katayose, also a full-time member, served as Chief Technology Officer (CTO) at Hitachi Chemical Company, Ltd. prior to the business integration, and after the integration served as President of the Functional Materials Business Headquarters, and thus has substantial expertise in technology and business operations.

Among the outside Audit & Supervisory Board Members, Ms. Masako Yajima, through her experience as an attorney with extensive international experience, has broad knowledge of international legal requirements and a high level of expertise in corporate legal affairs. Mr. Yasuyuki Miyasaka has been engaged in audit work both in Japan and overseas as a certified public accountant, and possesses advanced expertise and extensive experience in corporate finance and accounting. Ms. Seiko Tohda has extensive experience and deep insight gained from serving in audit divisions of major audit firms as well as as a head of finance, accounting, and ethics and compliance functions at the Japanese subsidiaries of foreign-affiliated companies.

The Company has also established an Audit & Supervisory Board Office and assigns dedicated staff members with appropriate capabilities and experience to assist the Audit & Supervisory Board Members in the execution of their duties. Matters relating to the personnel affairs, performance evaluations, and other treatment of the staff of the Audit & Supervisory Board Office require the consent of the Audit & Supervisory Board Members, thereby enhancing the independence of the staff and ensuring the effectiveness of the Audit & Supervisory Board.

(ii) Activities of Audit & Supervisory Board Members

The full-time Audit & Supervisory Board Members attend meetings of the Board of Directors, the Executive Management Committee, and other important meetings; conduct interviews with directors and other officers; audit the head office and major business sites; and review important approval documents, thereby confirming the appropriateness of business execution. In addition, they strive to secure the effectiveness of audits through the collection of information, including regular exchanges of information with the internal audit department and the accounting auditor.

Furthermore, the Company enhances audits of group companies and works to strengthen its consolidated management framework by cooperating with the Audit & Supervisory Board Members of major affiliated companies.

The outside Audit & Supervisory Board Members, in addition to participating in the Audit & Supervisory Board meetings, attend meetings of the Board of Directors and conduct interviews with directors and other officers, as well as audits of major business sites and subsidiaries. Through these activities, they confirm the appropriateness of business execution and provide recommendations based on their respective areas of expertise.

(iii) Activities of the Audit & Supervisory Board

As a general rule, the Audit & Supervisory Board meets once a month. In fiscal year 2025, the Audit & Supervisory Board met 14 times, with each meeting lasting approximately 2.5 hours.

All five Audit & Supervisory Board Members attended all 14 meetings held during fiscal year 2025.

The Audit & Supervisory Board designates as key audit focus areas the status of compliance with laws, regulations, and internal rules; the establishment and operation of internal control systems; and responses to important management issues. The Board receives reports from each Audit & Supervisory Board Member on the status and results of their audits, receives reports from directors and other officers regarding the execution of their duties, and expresses opinions as necessary.

In addition to holding regular “three-way audit meetings” with the accounting auditor and the internal audit department, the Company also regularly holds tripartite meetings involving the accounting auditor and outside directors, thereby engaging in close and constructive exchanges of views to enhance the effectiveness of the Audit & Supervisory Board.

With respect to Key Audit Matters (KAMs), the Audit & Supervisory Board received explanations from the accounting auditor regarding important matters, including impairment risks related to goodwill and other assets, discussed the contents of such matters, and confirmed the appropriateness and consistency of related disclosures.

The agenda items addressed by the Audit & Supervisory Board in fiscal year 2025 were as follows:

Resolutions (10 items):

Audit policies and plans; appointment of full-time and designated Audit & Supervisory Board Members; reappointment of the accounting auditor; consent to audit fees; consent regarding proposals for the appointment of Audit & Supervisory Board Members; audit reports of the Audit & Supervisory Board, etc.

Deliberations and Discussions (6 items):

Annual audit activity plans; evaluation of the effectiveness of the Audit & Supervisory Board; remuneration of Audit & Supervisory Board Members, etc.

Reports (44 items):

Reports on on-site audit activities; reports on the status of audit activities and review of important documents; summaries of important matters discussed at meetings such as the Executive Management Committee, etc.

(iv) Evaluation of the Effectiveness of the Audit & Supervisory Board

In order to contribute to the sound and sustainable enhancement of corporate value based on the Company’s management philosophy, the Audit & Supervisory Board conducts an evaluation of its effectiveness through self-assessment questionnaires completed by each Audit & Supervisory Board Member.

Based on discussions and verification of the self-assessment results, the Audit & Supervisory Board concluded that it is functioning effectively and that effective audits are being conducted.

In addition, in fiscal year 2025, with the aim of further enhancing the effectiveness of the Audit & Supervisory Board and the quality of audits, the Company conducted an assessment by an external advisory firm, and objectively verified its audit standards through benchmarking against those of other companies.

Based on the analysis results of the external advisory firm and discussions incorporating its insights, the Audit & Supervisory Board also considered initiatives for fiscal year 2026.

(2) Internal Audit:

The Company has established an Internal Audit Department, consisting of 24 professionals, as a dedicated organization responsible for internal audits. In addition, dedicated audit organizations have been established within the regional headquarters in China, North and Central America, and Southeast Asia. Through close cooperation with these regional audit teams, the Company conducts internal audits in each region and strives to enhance audit effectiveness.

Based on the Company's Internal Audit Regulations, annual audit plans are formulated and approved by the President, with a basic audit cycle of once every three years for group companies and once every four years for the business divisions of Resonac, as well as the functional areas of the Company and its operating subsidiaries. Through these audits, the Company evaluates the status of governance, compliance, internal control systems, and the execution of operations across the Group. In addition, in accordance with the Internal Control Regulations for Financial Reporting, the Company evaluates and reports on the effectiveness of internal controls over financial reporting pursuant to the Financial Instruments and Exchange Act.

In fiscal year 2025, the Internal Audit Department conducted 19 audits of group companies and 16 audits covering the business divisions of Resonac, as well as the functional areas of the Company and its operating subsidiaries.

For findings and potential risks identified through individual audits, the Internal Audit Department provides recommendations for improvement, requires the audited organizations to formulate and implement corrective action plans, and conducts follow-up reviews to confirm the effectiveness of such measures.

Through these efforts, the Company works to prevent recurrence and to maintain and enhance its internal control framework. Furthermore, the Internal Audit Department regularly shares its awareness of key issues with internal control-related departments involved in audit and monitoring activities—such as the accounting and finance division, the environmental safety division, and the compliance division—through improvement review meetings. By promoting the early implementation and horizontal deployment of corrective actions and supporting the autonomous initiatives of internal control departments, the Company collaborates to enhance the overall level of internal control across the Group.

While maintaining the independence of each audit function, the Company promotes close cooperation with the independent auditor and the full-time Audit & Supervisory Board Members by sharing risk assessments and exchanging information on annual audit plans, audit results, and the status of evaluations of internal controls over financial reporting through regular reporting meetings. In addition, the Head of the Internal Audit Department and other relevant personnel attend the quarterly reporting sessions from the independent auditor to the full-time Audit & Supervisory Board Members.

The Internal Audit Department promptly reports the results of individual internal audits to the President, the supervising Business Unit Heads and Division Heads, relevant CXOs, and the full-time Audit & Supervisory Board Members, together with corrective action plans addressing identified findings. Furthermore, summaries of the implementation status and results of internal audits are reported quarterly to the President and the CFO. The Company also regularly reports audit results and the outcomes of evaluations of internal controls over financial reporting to the Executive Management Committee, the Board of Directors, and the Audit & Supervisory Board.

(3) Audit by Accounting Auditor: The Company has signed an audit agreement with KPMG AZSA LLC, which conducts accounting audit. Certified Public Accountants who executed the audit are designated limited liability partners and executive members, namely Yoshihide Takehisa, Shingo Iwamiya and Yushi Nakajima. Assistants to the audit service included 34 Certified Public Accountants and 81 other staff members. Accounting Auditor reviews an annual audit schedule jointly with Audit & Supervisory Board Members and report the results of audit. Accounting Auditor exchanges information and opinions as needed to facilitate collaborations with other related parties.

3. Reasons for Adoption of Current Corporate Governance System

The Company is committed to effective corporate management by adopting the Audit & Supervisory Board Member system to improve fairness and transparency of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders Meetings	The notice is sent on March 5, four days earlier than the statutory date on March 11.
Scheduling General Shareholders Meetings Avoiding the Peak Day	The Ordinary General Meeting of Shareholders is held in late March.
Allowing Electronic or Magnetic Exercise of Voting Rights	Voting rights of the Company may be exercised via the internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company has joined the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	We submit a convocation notice in English to the Tokyo Stock Exchange and disclose it at the Company's website.
Other	We consider shareholdings meetings as the opportunities for our shareholders to understand the Company's basic policies, and therefore, we explain the details and status of the mid-term business plans at the meetings. In addition, the convocation notice is posted on the Company's website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Posted on the Company's website.	
Regular Investor Briefings for Analysts and Institutional Investors	We hold periodic briefings about our financial results, the long-term vision etc., which are available in both Japanese and English on the Company's website.	Yes
Regular Investor Briefings for Overseas Investors	The Company discloses financial results etc. in English on the Company's website. We also pay a visit to overseas investors to hold briefings on a regular basis.	Yes
Posting of IR Materials on Website	The Earnings Report (Kessan Tanshin) and explanatory documents for securities analysts are available online in both Japanese and English, with the Annual Securities Report (Yukashoken Houkokusho), the Integrated Report (Resonac Report), and the notice of convocation of the general meeting of shareholders.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the IR Department as an organization responsible for timely disclosure and IR activities.	

Other	We proactively deliver explanations to respective institutional investors. We release news in both Japanese and English at the same time on the Company's website. We also distribute important news abroad under the contract with an international news distribution company.	
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3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations	
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>Resonac aims to conduct its business activities through appropriate collaboration with all stakeholders, including shareholders, and to be a company that is trusted and valued by society. Based on its Purpose, the Company has articulated its Vision, declaring its commitment to co-creating solutions that enable people to live happy lives and to pass on a beautiful planet to future generations, while striving to become a global top-tier functional materials company. It is essential for the Company to have dialogue with stakeholders in order to grasp stakeholders' demand and expectation appropriately and continuously grow and expand together with society. Therefore, the Company strives to enrich opportunities for dialogue. In addition, the Company has set forth this policy in "Our Code of Conduct" (revised in 2022), which was formulated as a behavioral guideline for the Company's employees.</p> <p>For detail, please refer to the Company's Website: [Co-creation with Stakeholders] https://www.resonac.com/sustainability/management/communication.html [Our Code of Conduct] https://www.resonac.com/sites/default/files/2023-01/en-pdf-corporate-policy-coc-CodeofConduct.pdf</p>	
Implementation of Environmental Activities, CSR Activities, etc.	<p>Regarding its 16 sustainability materiality themes—including environmental safety and compliance—the Company has advanced its initiatives by defining specific measures, non-financial KPIs, and targets for 2025. From 2026 onward, the Company is promoting these efforts by establishing new measures and KPIs designed to address the materiality identified under its current Long-Term Vision. Regarding climate change, we aim to "reduce greenhouse gas emissions (Scope 1 + 2) of the Resonac Group (consolidated) by 30% compared to 2013 levels by 2030."</p> <p>By monitoring the progress of non-financial KPIs on a semi-annual basis, we are steadily promoting our efforts toward materiality and making adjustments, as necessary. For more details on our sustainability activities, please refer to the following Website: [Sustainability] https://www.resonac.com/sustainability</p>	
Formulation of Policies for Information Provision to Stakeholders	<p>The Company has stipulated Information Disclosure Basic Policies. We release and disclose, on our website, the information helpful for our shareholders and other stakeholders in understanding the Company, whether or not such information falls under the Timely Disclosure Rules. In addition, "Our Code of Conduct" stipulates that "we timely and appropriately disclose the Group's information to enable stakeholders to properly evaluate potential influence on them," and we have been acting in line with this principle.</p>	

Other	<p>[Development of corporate culture] To encourage the Resonac Group’s employees to come together and increase corporate value, we have positioned cultivation of corporate culture based on our Purpose and Values as the core of our human resource strategy. We are providing various training courses and venues for dialogues inside and outside respective divisions. We are also implementing a system of Global Award “AHA!” as a platform for the practical implementation of Values aimed at realizing the Company’s Purpose, involving all employees globally.</p> <p>URL for the Company’s human resource management: https://www.resonac.com/sustainability/social/hr_ms.html</p> <p>[Respect for diversity] To encourage embodiment of Purpose and Values, we need to secure diversity and share the knowledge. We have been advancing the initiative to diversity, equity and inclusion. Through manager training and other initiatives, we strive to foster an environment of psychological safety where employees—regardless of their position, department, or background—can engage in constructive dialogue. Regarding promotion of women’s energetic activities, the Company has set a target to increase the ratio of female employees in managerial positions to 7% in Japan on a consolidated basis and 13% on a global basis by the end of 2025. As of the end of 2025, the Company has the ratio of female employees in managerial positions of 7.0% in Japan on a consolidated basis and that of 13.3% on a global consolidated basis. As for employment of persons with disabilities, we are promoting our efforts under the slogan of “transforming the only-one individual personality into power.”</p> <p>URL for the Company’s activities concerning diversity, equity and inclusion: https://www.resonac.com/sustainability/social/employee3.html</p> <p>[Promotion of health management] The Company recognizes the health of its employees and organization as one of its key management priorities and positions health management as a foundation supporting sustainable business growth and the enhancement of corporate value. Under this framework, the CEO serves as the chief executive officer responsible for health management, while the CHRO acts as the executive officer in charge of its promotion. A Health Management Promotion Group within the CHRO organization oversees company-wide health management initiatives and health administration.</p> <p>In 2025, the Company revised its Health Management Strategy Map and established the following objectives, together with corresponding target indicators: fostering a healthy corporate culture in which employees can work happily; increasing the number of employees with high health literacy and autonomous health-oriented behaviors; and building highly engaged organizations that support challenge and growth based on mutual trust and respect. The progress of health management initiatives is regularly reported to the Executive Management Committee, and continuous improvement is pursued under management oversight.</p> <p>As an external evaluation of these efforts, the Company has been certified as a 2026 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) “White 500.”</p> <p>URL for the Company’s health management: https://www.resonac.com/sustainability/social/health.html</p>
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IV. Matters Related to Internal Control System

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

The Resonac Group defines and appropriately operates the basic policies to “establish a system to ensure appropriateness of business (internal control system)” as stated below.

1. Framework for storing and managing information related to execution of duties by directors of the Company
 - (1) The Company shall handle, save, and maintain the minutes of the Board of Directors’ meeting and other management meetings, and other information related to execution of duties in accordance with respective in-house rules.
 - (2) Audit & Supervisory Board Members of the Company can access, or can be provided with, the information saved and maintained as mentioned above every time when it is necessary.
2. Policy and Framework for Managing Group Risks
 - (1) The Group establishes comprehensive risk management rules, maintains a Group-wide risk management system, and clearly defines the roles and responsibilities of the organizations in charge of risk management to ensure accountability.
 - (2) To enable management to oversee the Group while accounting for emerging risks and their potential impacts, the Company has established a dedicated organization for Group-wide risk management. This organization is responsible for planning and overseeing the Group’s risk management program, including risk identification, assessment, and the monitoring of its execution.
 - (3) The Company identifies material risks based on their frequency of occurrence and the severity of their potential impact. The Risk Management Committee deliberates on the appropriateness of countermeasures for these material risks and reports its findings to the Management Committee and the Board of Directors.
 - (4) Individual material matters undergo focused deliberation from the perspectives of strategic, operational, and hazard risks at meetings of senior management, including the Management Committee, to ensure robust decision-making and risk mitigation.
3. Framework ensuring the efficiency of execution of duties by directors of the Company
 - (1) The Company’s Board of Directors shall appoint Corporate Officers in order to accelerate the conduct of business and authorize those Corporate Officers, who work under the President and CEO, to make a part of important decisions. The Company’s Board of Directors shall predominantly deliberate and decide basic policies for establishing the internal control system, and supervise the performance of Directors’ and Corporate Officers’ duties.
 - (2) The Company shall appoint chief corporate officers each of whom supervise a designated functional area (CXOs) and General Managers of Business Headquarters/Units each of whom supervises a designated business headquarters/unit, and clearly define their authorities and allocation of duties, thereby enabling them to execute their duties appropriately and efficiently.
 - (3) The Company has Management Committee in order to enable the President to refer important issues to the Committee for deliberation, and makes the Committee function as a conference to have preliminary deliberation for Board of Directors’ Meetings.
 - (4) The Company establishes Long-term Vision and Group Management Policies in order to decide a course of action for the management of the Group. The Company shall include each year’s issues and targets of the entire Group in Annual Budget, based on which we shall manage our business performance.
 - (5) In order to realize appropriate information management, standardize business processes, improve business efficiency, and strengthen internal control, the Company shall appoint Chief Digital and Information Officer (CDIO), thereby establishing optimal IT system and making effective use of it.
 - (6) In order to verify that Directors of Group Companies are fulfilling their duties appropriately and efficiently, the Company establishes rules about internal audit, and the Company’s section in charge of internal audit shall implement internal audit of each organization.

4. Framework ensuring that execution of duties by directors and employees of the Group complies with laws and regulations and the Articles of Incorporation
 - (1) The Company establishes “Our Code of Conduct” that stipulates code of conduct and rules which should be observed by all employees of the Group. The Company also establishes “Global Compliance Standard” and other in-house rules in order to clarify matters that must be complied with by all employees of the Group and ensure compliance with laws and regulations.
 - (2) Based on the Global Compliance Standard, the Company appoints person in charge of compliance at each organization, and establishes an organization dedicated to compliance management of the entire Group.
 - (3) The Group Compliance Committee shall formulate action plans to enhance compliance of the Group and evaluate the results of the implementation of action plans.
 - (4) The Company shall properly streamline and operate the internal control to ensure reliability of financial reports, evaluate effectiveness of the internal control system every year, and improve the internal control system when necessary.
 - (5) The Company establishes Whistleblowing System to accept whistleblowing about compliance, ensure strict confidentiality of the Whistleblowing System, and, in cooperation with lawyers, the Company shall cope with whistle-blown matters appropriately and quickly, while paying close attention to prevention of whistleblowers’ disadvantage.
5. Framework ensuring appropriateness of business operation of the Group companies
 - (1) The Group has established Purpose (the meaning of the Group’s existence) and Values (our important values) as the Group’s corporate philosophy, and has been disseminating them.
 - (2) The Board of Directors of Resonac Holdings Corporation supervises the entire Group. Resonac Holdings Corporation, which functions as a holding company, and Resonac Corporation, which functions as a manufacturing company, shares the same management team, and operates Management Committee and administrative departments of the two companies seamlessly, thereby managing the Group efficiently and effectively.
 - (3) The Company shall formulate “Rules on Group Management” which stipulates principles on management of Group companies. In addition, important matters of Group companies shall be deliberated at the Company’s Management Committee and Board of Directors meetings. Group companies are required to report information about their business conditions including financial conditions to the Company.
 - (4) As a basic policy on Group management, the Company shall manage Group companies on a consolidated basis via Business Headquarters/Units in charge of Group companies, etc. The Company’s administrative division shall also support Group companies’ management in accordance with each administrative department’s functions.
 - (5) The Company stipulates and enforces in-house rules and guidelines about principles on management of the entire Group, and thoroughly makes Group companies share and observe these in-house rules and guidelines.
6. Items regarding the system for employees assisting duties of Audit & Supervisory Board Members of the Company
 - (1) The Company has established Audit & Supervisory Board Members’ Office in order to help Audit & Supervisory Board Members to perform their duties.
 - (2) The Company’s Internal Audit Department shall formulate and execute its audit plan in cooperation with Audit & Supervisory Board Members.
7. Items regarding the system ensuring independence of employees assisting duties of Audit & Supervisory Board Members from the directors, and ensuring effectiveness of instructions given to them
 - (1) The Company shall consult Audit & Supervisory Board Members and obtain their prior consent for reassignment of the staffs of Audit & Supervisory Board Members’ Office and their evaluations. Such staffs shall report exclusively to Audit & Supervisory Board Members.
 - (2) If the Company wants to punish a staff of Audit & Supervisory Board Members’ Office for delinquency, the Company shall consult Audit & Supervisory Board Members and obtain their prior consent.
 - (3) Directors shall not unfairly impose a constraint on the staff of Audit & Supervisory Members’ Office in helping Audit & Supervisory Board Members to perform their duties.

8. System to ensure Audit & Supervisory Board Members of the Company to be informed from Directors, etc. of the Group
 - (1) Audit & Supervisory Board Members can attend important meetings of the Company including Management Committee.
 - (2) If the Company's Director discover any fact that may cause a material damage on the Group, that Director shall immediately report it to Audit & Supervisory Board Members.
 - (3) To enable Audit & Supervisory Board Members to have a full picture of important decision making or business execution by the Directors, the Company shall keep them informed by explaining matters discussed in important meetings such as the Board of Directors' or Management Committee meetings, sharing important documents about execution of duties such as requests for approval, monthly financial documents and internal audit reports, briefings by relevant divisions and departments of the Company.
 - (4) The Company's Internal Audit Department shall report plan, progress and results of internal audit of Group companies including the Company and manufacturing companies to Audit & Supervisory Board Members without delay.
9. A system to protect Directors, etc. who reported to Audit & Supervisory Board Members of the Company from unfair treatment
The Company shall establish in-house rules to prevent persons who reported to Audit & Supervisory Board Members of the Company from being unfairly treated.
10. Items regarding policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members of the Company, and other expenses incurred in the said execution of duties, or handling of debts
Audit & Supervisory Board Members' Office shall deal with administrative procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members of the Company, and other expenses incurred in the said execution of duties, or handling of debts. If Audit & Supervisory Board Members ask for advance payment or other way of expenditure to cover costs etc. arising from execution of their duties, the Company shall immediately shoulder the said costs or debts except cases considered as unnecessary for execution of their duties.
11. Framework ensuring the effectiveness of auditing by Audit & Supervisory Board Members of the Company
 - (1) President and Chief Risk Management Officer (CRO) shall hold periodic meetings with Audit & Supervisory Board Members to exchange views on issues that the Company should address, priority audit issues, improvement of audit environments and other issues.
 - (2) The Internal Audit Department and Accounting Auditor shall cooperate with Audit & Supervisory Board Members by reporting audit results and through periodic meetings, and deal with Audit & Supervisory Board Members' necessary instructions.
 - (3) To increase the effectiveness of audit to be performed by Audit & Supervisory Board Members, the Company shall give proper supports for Audit & Supervisory Board Members to visit and audit sites.
 - (4) If Audit & Supervisory Board Members require to consult with specialists including lawyers and accountants to obtain advice from them, the Company shall guarantee Audit & Supervisory Board Members to have opportunities to obtain such advice.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

We have stipulated, in the "Our Code of Conduct" approved at the Board of Directors meeting that all employees are required to observe rules and regulations and behave under highly ethical standards. The "Guidance of Practice" including specific guidelines of the Code explicitly states that the Company shall not have any relationship with anti-social groups or persons and resolutely decline any unreasonable claims without easy concession. For this purpose, necessary information shall be collected by General Affairs Department controlling the entire company, and general affairs divisions or departments of business sites

and affiliated companies under the control of CRO and the manager responsible for preventing unreasonable concessions. They shall deliver trainings, share and familiarize relevant information and procedures against anti-social groups within the Company. For each of specific cases, we shall take a firm action in cooperation with the police authority and external professional bodies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

The below describes the internal system for timely disclosure of our corporate information.

1. Basic policies on the disclosure of information

The Company shall observe the relevant laws and regulations including Financial Instruments and Exchange Act.

The Company shall

1) conduct disclosure of material facts including corporate decisions and occurrence of material facts which might affect investors' decisions, and information concerning financial results, based on the Timely Disclosure Rules.

2) positively disclose information which does not come under the Timely Disclosure Rules but the company considers useful for shareholders, investors, and other stakeholders in understanding the situation of the Company through news releases, which the Company shall also publicize via its corporate website.

2. Status of Internal system for timely disclosure of Company information

(1) Internal management system for timely disclosure of Company information

With regard to the disclosure of material facts related to account settlement and other important issues under the Timely Disclosure Rules, the Company has been striving to secure appropriate disclosure of material facts with ease of understanding, fairness, timeliness, and accuracy, while the General Manager of IR section, the General Manager of Accounting section, and the General manager of Brand Communication section (the person in charge of handling of information requiring timely disclosure at Tokyo Stock Exchange) play key roles in the disclosure process.

When material decisions concerning account settlement or performance forecasts are made at the Management Committee and Board of Directors meeting, General Manager of IR section executes timely disclosure of those material facts at Tokyo Stock Exchange via TDnet, and General Manager of PR section announces those material facts at press clubs, etc. When decided material facts (material facts decided to be done or not to be done by authorized organizations or persons of the Company) or unintended material facts (material facts that occurred regardless of the intention of the Company) occur, the General Manager of Brand Communication section, after consultation with relevant sections, discloses it at Tokyo Stock Exchange. Disclosure of material facts which come under the Timely Disclosure Rules is conducted at Tokyo Stock Exchange. Specifically, the disclosure is conducted via TDnet, which is operated by Tokyo Stock Exchange, and the Company announces those material facts at press clubs, etc. The Company posts relevant news releases concerning the disclosed information on the Company's Website as soon as possible.

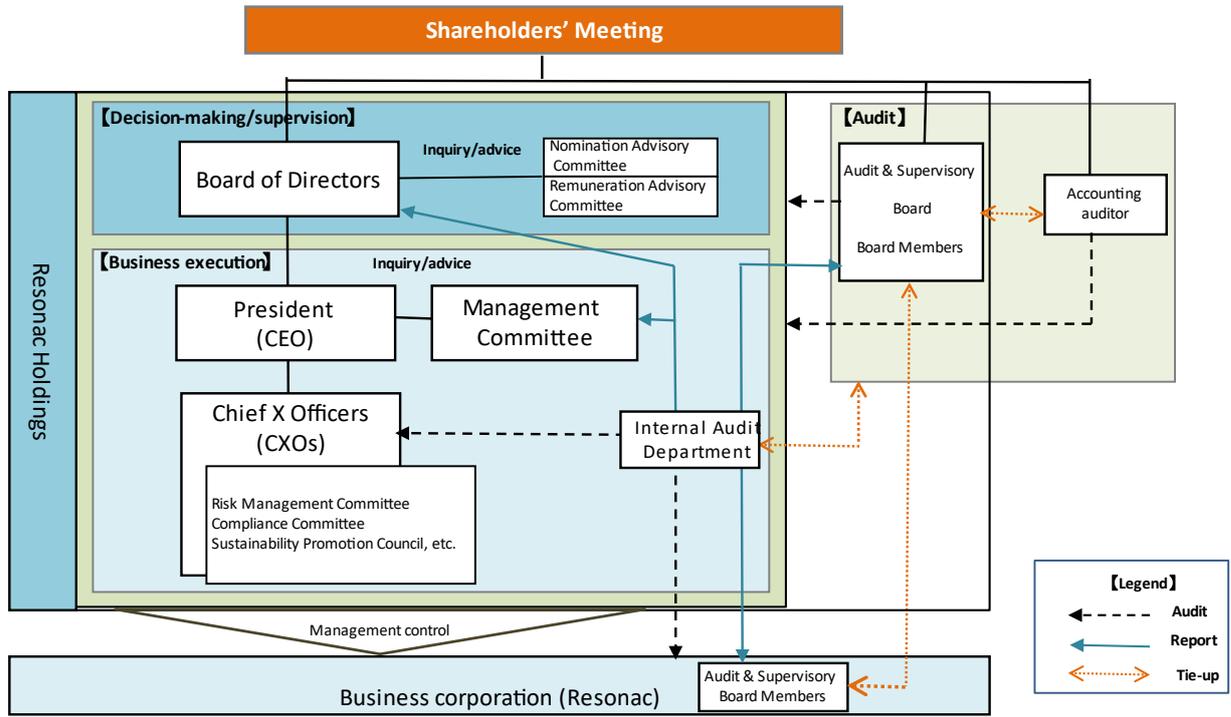
(2) Timely disclosure of information related to account settlement

When material decisions concerning account settlement or performance forecasts are made at the Management Committee and Board of Directors meeting, General Manager of IR section executes timely disclosure of those material facts at TSE via TDnet, and General manager of Brand Communication section announces those material facts at press clubs, etc.

(3) Decided material facts and Unintended material facts

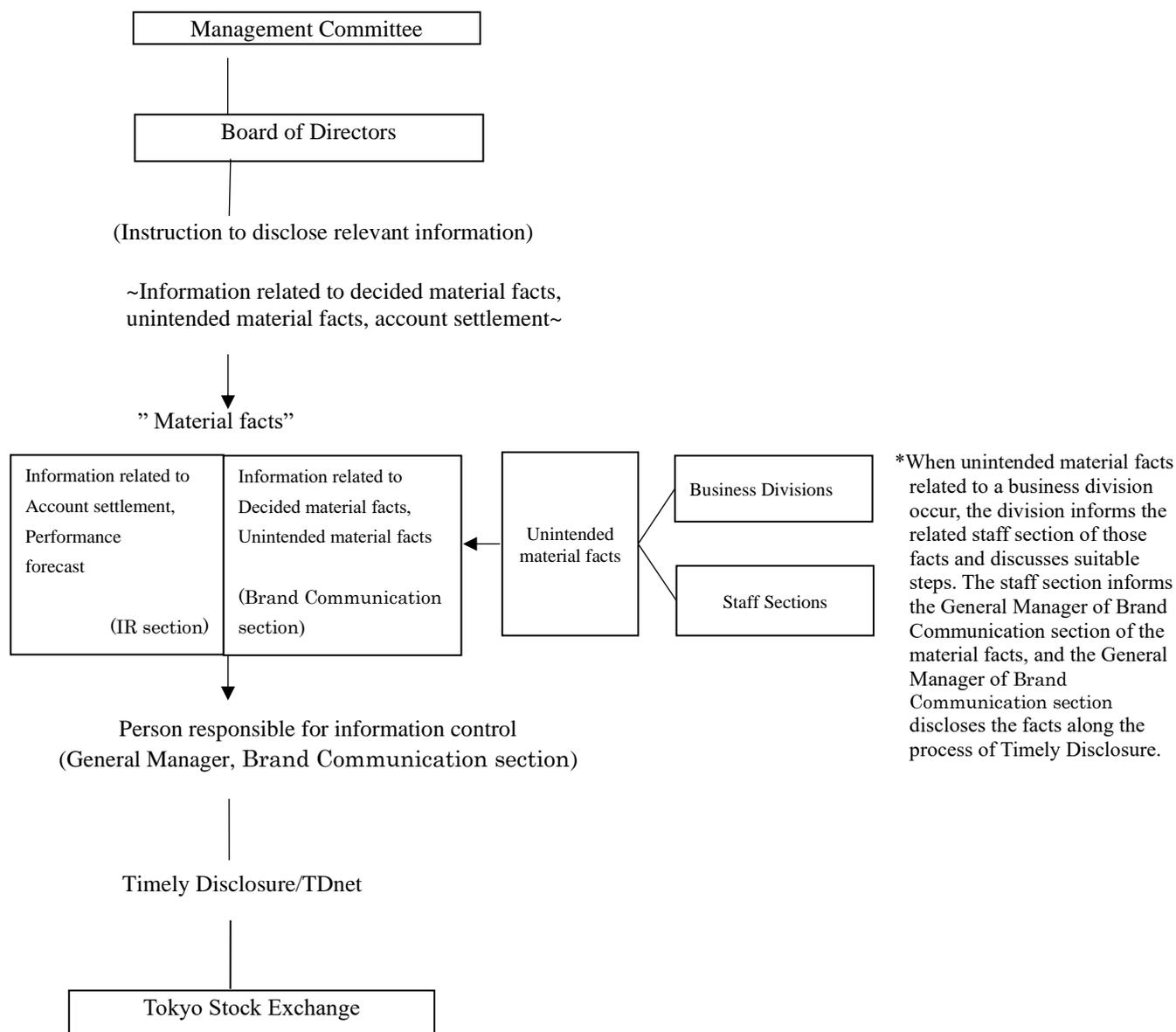
When “decided material facts” or “unintended material facts” occur, the Company strictly enforces in-house information control, and General manager of Brand Communication section consults with relevant staff departments, obtains CEO’s approval for the contents of consultation and disclosure of material facts, discloses those material facts at TSE.

[Reference]
Corporate Governance Structure



[Reference]

Internal Management Structure for Timely Disclosure of Company Information
in Accordance with Timely Disclosure Rules set by TSE



[Reference]
Skill matrix

The Board of Directors (oversight) and the management team (execution) led by CEO, share the common goal of maximizing corporate value. While the Board of Directors, primarily led by Outside Directors, emphasizes its monitoring function, it also fosters deeper discussions through diverse opinions and recommendations that extend beyond monitoring. The Board of Directors identifies portfolio management, sustainability, and risk management as the most important perspectives and areas for oversight and discussion. To ensure effective monitoring, the Board of Directors sets appropriate and specific agenda items.

To facilitate effective discussions on agenda items, the Board of Directors has identified the following items as essential skills required for its members.

Skill	Reason
 Global Business	In order to become a “company that can compete on the world stage,” we must have world-class competitiveness and profitability. Therefore, we have identified “Global Business” as a key skill, requiring an understanding of country- and region-specific customs and cultures overseas, as well as management experience in international markets and global companies.
 Portfolio Management	We are optimizing our business portfolio to become a “world-class functional chemical company.” Therefore, we have identified “Portfolio Management” as a key skill for making strategic management decisions that contribute enhancing corporate value.
 Sustainability	We have established company-wide financial and non-financial KPIs aligned with our material issues for sustainability (materialities) and ideal state, and we have formulated strategies for each business and function to drive our initiatives. Therefore, we have identified “Sustainability” as a key skill for evaluating our business and measures from an ESG perspective in order to contribute to the sustainable development of global society.
 Risk Management	To become a “company that can compete on the world stage,” we believe that identifying, evaluating, and appropriately managing increasingly complex and diverse global risks will enhance the quality of management decision-making and drive corporate value enhancement. Therefore, we have identified “Risk Management” as a key skill for evaluating measures to mitigate losses or impacts from unforeseen events.
 Finance/Accounting/Capital Markets	We aim to maximize corporate value in line with the expectations of investors and capital markets. Therefore, we have identified “Finance/Accounting/Capital Markets” as a key skill, encompassing the ability to quantitatively assess management decisions and expertise in dialogue with investors.
 Innovation	We aim to be a “company that contributes to a sustainable global society,” with a strong focus on enhancing our capability to create innovations and to develop new businesses. Therefore, we have identified “Innovation” as a key skill, requiring expertise and experience in new business promotion, technological development, and business model transformation.
 Personnel Development/Corporate Culture	We aim to develop autonomous, creative, and active human resources and culture, guided by our Purpose, which is to “change society through the power of chemistry.” Therefore, we have identified “Personnel Development/Corporate Culture” as a key skill encompassing understanding the importance of recruiting and developing a diverse, competitive workforce with shared values, as well as fostering a corporate culture, and knowledge and experience in organizational management.
 Legal/Compliance	We position safety and compliance as the foundations of our business operations, and we aim to gain credibility through responsible business operations by appropriately addressing the increasingly complex global legal and regulatory requirements. Therefore, we have identified “Legal/Compliance” as a key skill, requiring deep expertise and experience in legal and compliance areas.

If Proposal No. 3 is approved as originally proposed, the skill matrix of the Company's Board of Directors will be as follows:

	Name	Term of office (years)								
			Global Business	Portfolio Management	Sustainability	Risk Management	Finance/Accounting/Capital Markets	Innovation	Personnel Development/Corporate Culture	Legal/Compliance
Director	Hidehito Takahashi	9	●	●	●		●		●	
	Kohei Morikawa	10	●	●	●			●		
	Hideki Somemiya	4	●	●	●		●		●	
	Tomomitsu Maoka	4	●	●	●	●				●
	Nori Imai	2	●	●	●				●	
	Tetsuo Tsuneishi	3	●				●		●	●
	Kenji Yasukawa	2	●	●	●			●	●	
	Masaru Onishi	1				●			●	●
	Izumi Sakakibara	1	●	●	●			●		
Audit & Supervisory Board Member	Toshiharu Kato	7			●		●			
	Mitsuo Katayose	2		●				●		
	Masako Yajima	6				●				●
	Yasuyuki Miyasaka	4				●	●			
	Kiyoko Toda	2					●			●

[Reference]

Outline of Director Compensation Scheme

The outline of the Company's director compensation scheme in and after 2025 is as follows:

1. Basic policy

- Directors (excluding outside directors)
 - A compensation scheme appropriate for recruiting and maintaining excellent human resources inside and outside Japan since the Company aims to become a world-leading chemical company for advanced functional materials
 - A compensation scheme that will help motivate efforts to achieve financial goals and increase medium-to-long-term enterprise value, thereby contributing to sustainable growth of the Group
 - A transparent, fair and rational process for deciding compensation from the viewpoint of accountability to all stakeholders, including shareholders
- Outside directors
 - A compensation scheme appropriate for the role and responsibility for supervising the Company's management from an independent and objective standpoint, and providing advice on management with an awareness of enhancing medium- to long-term corporate value

2. Composition and levels of compensation

- Remuneration for Executive Directors (excluding Outside Directors) shall consist of a fixed remuneration (base salary) determined by their position, a short-term incentive compensation (STI) that varies based on annual performance, and a long-term incentive compensation (LTI) that fluctuates according to medium- to long-term performance and corporate value. LTI comprises "Performance Share Units (PSU)," which grant the company's common stock based on performance and stock price over a three-year period, and "Performance-based Restricted Stock (RS)," which grants restricted stock based on the sustainability evaluation for each period.
- The compensation levels and the proportion of variable compensation (STI and LTI) relative to annual total compensation will be set at appropriate amounts and percentages, taking into account benchmarks from external specialist surveys comparing the Company to other major manufacturing companies with a focus on global operations. Considering the weight of responsibility regarding performance and stock price, the proportion of variable compensation will be set higher for higher-level positions.
- Notwithstanding the foregoing provisions, the remuneration of the non-representative Chairman of the Board, the Chair of the Board, and other non-executive internal directors shall be determined individually in light of their respective roles and responsibilities. Performance-linked STI and LTI shall not be granted to directors whose primary role is the supervision of management.

[Outside Directors]

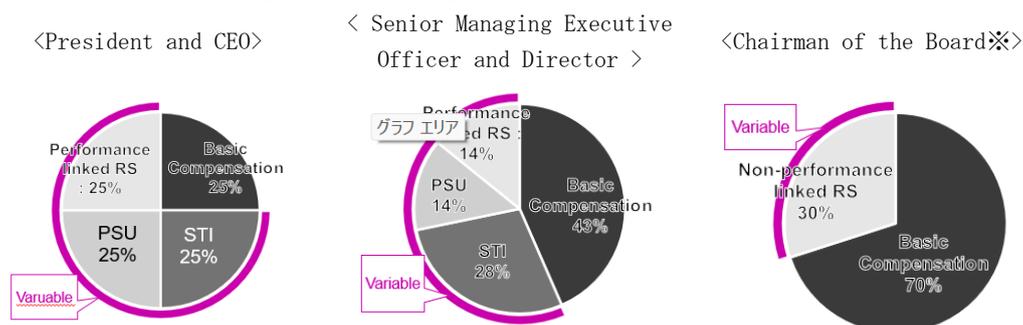
- Remuneration for Outside Directors shall consist of fixed remuneration (base salary) and non-performance-based restricted stock (RS). The transfer restrictions on non-performance-based RS shall be lifted upon retirement from office.
- For the members and Chairperson of the Remuneration Advisory Committee or the Nomination Advisory Committee, allowances shall be added according to their roles.
- The amount of non-performance-based RS will be set at approximately 10% of the base salary (excluding committee and chairperson allowances).
- The compensation levels will be set at appropriate amounts, taking into consideration the time and effort each Outside Director is expected to dedicate to fulfilling their expected roles and functions, as well as peer company levels based on external expert surveys (compared to major companies (all industries) with global operations at their core).

Chart 1 Type of compensation and scope of payment

		Representative Director	Executive Director	Executive Officer	Non-executive Director	Outside Director
Basic Compensation	Base amount by Position	●	●	●	●	●
	Director Allowance	—	●	—	—	—
	Committee Member/Committee Chair Allowance*	—	—	—	—	●
STI	—	●	●	●	—	—
LTI	PSU	●	●	●	—	—
	Performance based RS	●	●	●	—	—
	Non-performance linked RS	—	—	—	●	●

* Refers to members or chairs of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Chart 2 Percentage of compensation components of FY2026 (Standard Amount)



※The compensation for the Chairperson of the Board of Directors, whose primary role is to oversee management (in their capacity as chairperson), will consist of basic compensation and non-performance linked RS. The transfer restrictions on the RS will be lifted upon their resignation.

(Note: Due to rounding to the nearest tenth, the sum of each column may not equal 100%.)

3. Short-Term Incentive (STI)

The annual cash compensation for Short-Term Incentives (STI) is calculated using the formula below. To strengthen the incentive for achieving organizational targets, the base amount—determined by position—is multiplied by i) a company-wide performance coefficient (70% weight) and ii) an individual performance coefficient (30% weight). These coefficients range from 0% to 200%, depending on performance outcomes and other relevant factors.

Individual STI Payment Amount = Base Amount by Position × (i) Company-Wide Performance Coefficient + ii) Individual Performance Coefficient)

i) The company-wide performance coefficient and ii) the individual performance coefficient will be calculated using performance evaluation indicators (KPIs) selected from the financial and strategic indicators that the Company emphasizes for the realization of its long-term vision.

4. Stock compensation

(i) Performance Share Unit (PSU)

The Performance Share Unit (PSU), granted as consideration for the execution of duties in each fiscal year, is designed to enhance medium- to long-term corporate value. As shown in the formula below, the number of shares (or share equivalents) to be granted under the PSU is determined by multiplying the base points determined by position (standard points by position) by a coefficient linked to the Company's Total Shareholder Return (TSR) over a three-year period (TSR coefficient). A certain portion of the calculated number of shares (currently uniformly set at 50%) is paid in cash equivalent to the market value.

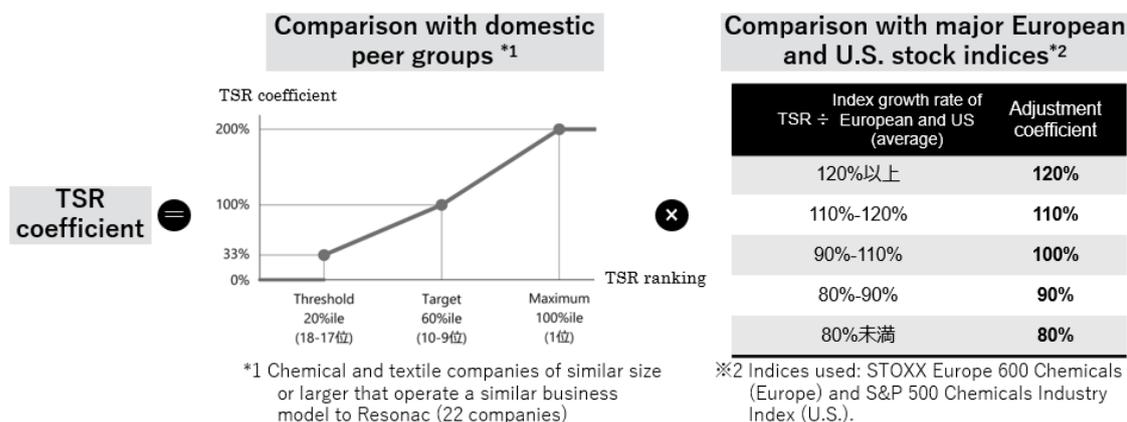
$$\text{Number of shares granted to each individual} = \text{Standard points by position} \times \text{TSR coefficient (0\%–240\%)}$$

The TSR coefficient is determined based on the Company's TSR performance over a three-year period, evaluated through two primary components: (i) the Company's ranking within a domestic peer group—comprising chemical and fiber companies of similar business models and scale—and (ii) a comparison with the growth rates of stock indices for the chemical sectors in Europe and the United States.

Regarding the domestic peer group ranking, the target is set at or above the median, aligned with our long-term vision of "achieving a top-quartile TSR within the chemical industry over the medium to long term."

To ensure objectivity and transparency, the European and U.S. sector indices are selected from representative benchmarks widely recognized by the investment community. Furthermore, starting from the fiscal 2025 plan, we have introduced an adjustment factor based on comparisons with major European and U.S. broad market indices to further refine the alignment with global market standards.

Chart 3: Overview of the TSR Evaluation in the 2026 Plan (Evaluation Period: January 2026 to December 2028)



(ii) Performance-Linked RS

Performance-Linked RS was introduced in fiscal year 2025 to enhance stock price-conscious management and support the realization of Sustainability Vision 2030. Performance-Linked RS is designed to grant a number of restricted stock (RS) each financial year (after the end of each financial year) calculated by multiplying the standard points, which correspond to the standard amount set for each position, by a coefficient (85% to 115%) based on sustainability evaluation for each financial year. The granted RS will be non-transferable until retirement.

A certain percentage of the calculated RS (assumed to be 30% initially) will be retained as points and paid in cash equivalent to the market value at the time of retirement.

(iii) Non-performance-linked RS

Restricted Stock (RS) without performance conditions was introduced in fiscal 2025 for Directors whose primary roles are oversight and advice focused on enhancing medium- to long-term corporate value—specifically the Chair of the Board and Outside Directors. Under this plan, a number of RS shares equivalent to the standard points—determined by position-specific base amounts—are granted annually following the end of each fiscal year. These shares are subject to transfer restrictions until the Director’s retirement.

Note: No cash settlements (i.e., payments equivalent to the market value of the points) will be made under this plan.

Note: No cash settlements (i.e., payments equivalent to point value) will be made.

5. Compensation governance

The Company’s Remuneration Advisory Committee is chaired by an independent outside director, and independent outside directors account for the majority of committee members. The committee will make proposals and reports as necessary to the Board of Directors in view of the latest situation concerning executive compensation and market trends, results of comparison with relevant competitors, and other pieces of advice. To ensure high levels of independence and objectivity, decisions on compensation for respective directors are entrusted to the Remuneration Advisory Committee as from 2022. the Company has appointed Willis Towers Watson, an external consultancy, as advisor.