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<https://www.nissanchem.co.jp/eng/>

The status of the corporate governance of Nissan Chemical Corporation (the “Company”) is described below.

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

1. Basic Views

We, the Company, have redefined our corporate philosophy, “We offer the value sought by society and contribute to the protection of the global environment and the continued existence and development of humanity.” Under that philosophy, we are working through concerted efforts to build trust and credibility with all stakeholders, achieve sustainable growth, and increase corporate value over the medium to long term.

As part of those efforts, with the understanding of corporate governance as “the system for sound and efficient management to achieve the sustainable and medium to long-term profit for our stakeholders,” we strive to accelerate management decision-making and clarify management and business execution responsibilities. Also, the Company maintains the Board of Directors and the Audit & Supervisory Board, whose members include highly independent Outside Officers or Outside Directors and Audit & Supervisory Board Members. At their directions, we are advancing the enhancement of our management monitoring function, compliance, risk management, and internal control system.

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

The Company has implemented all principles of Japan’s Corporate Governance Code.

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

[Principle 1.3 Basic Strategy for Capital Policy]

Under the six-year medium-term business plan “Vista 2027” launched in the fiscal year 2022, to achieve sustainable growth and increase corporate value over the medium to long term, the Company invests aggressively, focusing on research and development, which are the driving force to attain those goals. In addition, we regard ROE as a topmost management priority and strive to increase shareholder value over the medium to long term.

In terms of the profits returned to shareholders, the Company sets the below targets in the medium-term business plan “Vista 2027.”

| | (Target) | | (Results for the fiscal year 2023) |
|-------------------------|--------------|---|------------------------------------|
| ◆ Dividend payout ratio | Maintain 55% | ⇒ | 60.1% |
| ◆ Total payout ratio | Maintain 75% | ⇒ | 86.2% |

[Principle 1.4 Strategic Shareholdings]

The Company has established the following principles on strategic shareholdings.

(1) Policy on strategic shareholdings

The Board of Directors discusses the Company's strategic shareholdings every year, comprehensively examining several aspects. Specifically, the board considers the necessity of maintaining or enhancing transactional or other relations with each investee company, whether the benefit of holding the shares is commensurate with the capital cost, and whether such holdings contribute to increasing the Company's corporate value over the medium to long term. If no rationality for holding the shares can be confirmed, the shares will be sold, considering the impact on the market and other circumstances.

(2) Policy on the exercise of voting rights

The Company exercises its voting rights with full respect for management policies, strategies, and other aspects of the investee company. For each proposal, we decide on our stance, comprehensively considering various factors, such as whether the proposal complies with the Company's holding principles and contributes to increasing the investee company's corporate value over the medium to long term and its shareholder returns.

[Principle 1.7 Related Party Transactions]

When intending to conduct a transaction with officers or related parties, the Company investigates details of the transaction to deal with it appropriately, following proper procedures under laws and regulations, its internal rules, and other guidelines not to impair its interests or the common interests of its shareholders. Important transactions, including competitive transactions and conflict-of-interest transactions by Directors, are subject to prior approval of and after-action reports to the Board of Directors. Since the Company has no major shareholder with 10% or more voting rights, no procedures for transactions with such shareholders have been established.

[Principle 2.1 Business Principles as the Foundation of Corporate Value Creation over the Medium to Long Term]

The Company's mission statement (our values) and corporate philosophy (*raison d'être*/purpose) are as follows:

Mission Statement (Our Values)

"Contribute to society with our excellent technologies and products."

"Promote prosperity and welfare through concerted efforts to constantly develop new areas."

"Respect people who exhibit a sense of responsibility, originality, and motivation."

Corporate Philosophy (*Raison d'être*/Purpose):

"We offer the value sought by society and contribute to the protection of the global environment and the continued existence and development of humanity."

[Principle 2.2 Code of Conduct]

The Company's course of action is as follows:

- (1) Conduct sensible business activities as a member of the international community in compliance with laws and regulations.
- (2) Enhance corporate value by providing safe and useful products and services.
- (3) Strive proactively to eliminate accidents and disasters and protect the global environment.
- (4) Disclose information appropriately with a focus on dialogue with stakeholders.
- (5) Improve health and create a cheerful and pleasant place to work by respecting the individuality and personality of employees.
- (6) Conduct itself as a good corporate citizen and a respected member of society.

[Supplementary Principle 2.3.1 Sustainability Issues, Including Social and Environmental Matters]

Under the "Course of Action," the Company has established the Sustainability Promotion Committee, the Climate Change Committee, the Risk Management & Compliance Committee, the Environment & Safety Committee, and the Quality Assurance Committee. Each committee reviews the summary of each fiscal year's activities and prepares its activity plan for the following fiscal year based on the Company's medium to long-term business plans. And those committees engage in activities according to their activity plans determined by

the Board of Directors' resolution. By steadily implementing this PDCA (plan-do-check-act) cycle in coordination among those committees, we strive to promote and strengthen sustainability activities.

Taking into consideration social issues and changes, such as SDGs (Sustainable Development Goals) and ESG (Environment, Society, and Governance,) the Company has concluded that “strengthening corporate governance, risk management, and compliance” is the most important priority to tackle. Specifically, we have identified 20 factors of material issues (“Materiality”) broadly grouped under the categories; “providing people with a new value that will help to enrich their lifestyles,” “strengthening the Company’s business foundation,” and “continuously strengthening responsible care activities.” Leveraging our strengths in management capital, such as personnel, R&D capabilities, and financial foundation, the Company is also expanding its activities in the four business domains; “Information & Communication,” “Life Sciences,” “Environment & Energy,” and “Materials & Services” based on its seven core technologies, such as fine organic synthesis. Also, by promoting initiatives for Materiality, we have presented a value-creation process to grow sustainably along with society.

Moreover, the Company has identified 15 categories of “the Group major risks,” considering the environment surrounding its businesses. We have also drawn up a three-year plan for risk countermeasures starting in the fiscal year 2022 and are steadily implementing PDCA management practices relating to risks. In addition, for the risks and opportunities associated with climate change, the Company has assessed the impact on its businesses using scenario analysis, under which we are working on determining key strategic measures to take.

Details of the Company’s sustainability management are posted on the Company website: (https://www.nissanchem.co.jp/eng/csr_info/)

[Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women]

From the standpoint that the active participation of diverse personnel is critical for enhancing corporate value, the Company released the “Diversity Statement” and the “Diversity Vision” to propel its initiatives toward realizing diversity. Specifically, we have declared that “we will become a vibrant company with a sense of fulfillment of job and life by building a corporate culture that respects and accepts diverse opinions and ideas generated from various types of diversity and creating the opportunities to demonstrate individual talents.” The “Diversity Statement” and the “Diversity Vision” are posted on the Company website:

(https://www.nissanchem.co.jp/eng/csr_info/communication/employee/respect.html)

Regarding the recruitment of women, to increase the ratio of females in the regular positions, we are working on maintaining a 30% or more ratio of the same recruited among new graduates and expanding the scope of their job categories in each division/department of the Company. Among others, we target to lift the percentage of females among R&D professional staff to 18% or more by the fiscal year 2027, expecting that diverse opinions and ideas will trigger innovation in the research area.

To promote female staff to managerial positions, the Company aims to double the number of female managers from the fiscal year 2021 to the end of the fiscal year 2025. In addition, we are enhancing our efforts to recruit and promote non-Japanese staff and mid-careers to managerial positions.

Further, to establish a pleasant workplace where diverse personnel can proactively work, from the fiscal year 2019, the Company has undertaken new personnel development programs based on the “Ideal Human Resources Portfolio,” the guidelines for fostering human resources. We have also introduced various programs to maintain a good work-life balance for each employee. For example, we are striving to raise the percentage of employees taking annual leaves (to exceed the currently achieved percentage of over 70%) and encourage male employees to take child-care leaves.

[Principle 2.5 Whistleblowing]

The Company has established a whistleblowing system to enable employees and other personnel to report identifying themselves or anonymously to the Risk Management & Compliance Office, outside attorneys, or the Outside Audit & Supervisory Board Members. Audit & Supervisory Board Members are informed of such a report whenever that system receives it. The Chief Risk Management Officer (CRO) appointed by the Board of Directors supervises the whistleblowing system. The Board of Directors regularly receives reports on the operation of the whistleblowing system from the Risk Management & Compliance Office and monitors its proper operation.

We shall not subject whistleblowers to disadvantageous treatment on the grounds of the reporting itself. However, if the whistleblower breaches compliance per se, that person will not be exempted from responsibility in exchange for making a report. Still, the CRO may provide leniency or exemption to the whistleblower if that person helps in the early discovery, investigation, and settlement of the problem and when the CRO especially accepts that person's cooperative attitude.

The Company promotes a thorough understanding to that effect within the Company.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

To ensure that the Company's corporate pension fund stably pays pensions to its beneficiaries into the future, we have set a ratio for strategic asset composition from a medium to long-term perspective after obtaining opinions from outside specialists. The Company also formulated basic principles for stable and efficient fund operation and presented them to institutions entrusted with fund management while constantly monitoring the fund performance from time to time. Further, we have built a structure led by an Asset Management Committee comprising appropriately qualified members, including the Directors in charge, the Heads and Managers of the Finance & Accounting Department, and the Personnel Department. The committee grasps and checks the sound fund management status, whether the conflicts of interest are properly managed, and related points from the perspective of protecting beneficiaries.

[Principle 3.1 Information Disclosure]

i) The Company's business strategies and business plans

Toward realizing the long-term business plan "Atelier 2050," the Company has defined its ideal status in 2027 in the medium-term business plan "Vista 2027" as follows: 1) "While existing businesses are robustly driving the business performance, we consistently acquire new core technologists for expanding and enhancing our business domains," 2) "We are advancing our organization-wide efforts on sustainability and offering related information internally and externally," and 3) "As the digital foundation is being established, we are conducting our business activity based on the latest information on clients and markets. Further, we have set forth the basic strategies for achieving the ideal status above, 1) "deeply exploit business domains and increase marketing power," 2) "promote sustainable management," 3) "strengthen the processes for value creation and joint creation," and 4) expand the market shares and profitability of existing businesses. In line with those strategies, we are taking steps to attain the following numerical targets and Key Performance Indicators.

Numerical targets for the fiscal year 2027 (the final year of Stage II)

- ◆ Net Sales: 285 billion yen
- ◆ Operating income: 67 billion yen

Key Performance Indicators (Financial indicators) from the fiscal years 2022 to 2027

- ◆ Operating margin: 20% or more (Results for the fiscal year 2023: 21.3%)
- ◆ ROE (return on equity): 18% or more (Results for the fiscal year 2023: 17.1%)
- ◆ Return of profits to shareholders
 - Maintain a dividend payout ratio of 55% (Results for the fiscal year 2023: 60.1%)
 - Maintain total payout ratio at 75% (Results for the fiscal year 2023: 86.2%)

In addition to the conventional financial indicators, we have set non-financial indicators, including the expansion of the "Nissan Chemical Sustainable Agenda" listing product/service lines that contribute to society; the reduction target for greenhouse gas (GHG) emissions to achieve by the end of the fiscal year 2027, ahead of the original target set in the fiscal year 2030.

Key Performance Indicators (Non-financial indicators) for the fiscal year 2027 (the final year of Stage II)

- ◆ Nissan Chemical Sustainable Agenda
 - Percentage of sales of products/services contributing to solving social issues in total sales: Maintain 55% or more
- ◆ Reduction of GHG emissions: 30% or more over the fiscal year 2018

- ◆ Percentage of employees who gave positive answers to the questionnaire on skill development in a “Staff Attitude Survey”: 65% or more
- ◆ Percentage of females among laboratory staff in regular positions: 18% or more

By firmly advancing sustainable management, we further enhance the collective corporate strength in business operation, R&D, manufacturing, the underlying solid business foundations, and all our business activities.

Details of the long-term business plan “Atelier 2050” and the medium-term business plan “Vista 2027” are provided on the Company website:

(https://www.nissanchem.co.jp/eng/ir_info/nissanchem/plan.html)

ii) Basic views and guidelines on corporate governance

<Basic views on corporate governance>

As described in “I-1 Basic Views” in this Report.

<Basic guidelines on corporate governance>

The Company’s basic guidelines on corporate governance are as follows:

(1) Securing the rights and equal treatment of shareholders

To substantially secure shareholders’ rights and equal treatment, the Company serves them lawfully and appropriately under laws and regulations and creates and maintains the necessary environments.

(2) Appropriate cooperation with stakeholders other than shareholders

To realize the Group’s sustainable growth and increase in corporate value over the medium to long term, the Company endeavors to cooperate appropriately with stakeholders.

(3) Ensuring appropriate information disclosure and transparency

Regarding its financial and non-financial information (such as management strategies and challenges and matters related to risk, governance, and social and environmental issues), the Company works to disclose and provide highly useful information appropriately under laws and regulations or as appropriate and necessary.

(4) Responsibilities of the Board of Directors

Given its fiduciary responsibility and accountability to shareholders for promoting the Group’s sustainable growth, increasing its corporate value over the medium to long term, and enhancing, among others, earnings power and capital efficiency, the Board of Directors appropriately fulfills its roles and responsibilities, including those described below.

- The Board of Directors formulates the strategies for achieving the Group’s sustainable growth and increasing its corporate value over the medium to long term and propels their implementation.
- The Board of Directors appropriately establishes an environment, including the internal control system and the risk management system, to support the management in taking risks.
- By clarifying two functions of swift management decision-making and oversight and execution, the Board of Directors seeks to strengthen both functions.
- More than one person from Outside Directors and Outside Audit & Supervisory Board Members, respectively, are appointed to monitor and oversee management from an outside perspective and provide additional third-party knowledge to upgrade management transparency, soundness, and objectivity.

(5) Dialogue with shareholders

The Company undertakes concerted efforts to build trust and credibility with all stakeholders, achieve sustainable growth, and increase its corporate value over the medium to long term. As part of those initiatives, we value dialogue with stakeholders, including shareholders, and disclose information appropriately.

iii) Board of Directors’ policies and procedures in determining the remuneration of senior management and Directors

Please refer to “II. 1. Organizational Composition and Operation, [Director Remuneration], Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” in this Report.

iv) Board of Directors’ principles and procedures in the nomination of Director and Audit & Supervisory Board Member candidates and appointment or dismissal of senior management

(Policies on the nomination of Director and Audit & Supervisory Board Member candidates and appointment or dismissal of senior management)

When nominating Director candidates, the Board of Directors takes into consideration the balance and diversity of the overall board in terms of knowledge, experience, skills, and other factors to ensure appropriate and expeditious decision-making and oversight of the execution of business activities in diverse fields, such as chemicals, performance materials, agricultural chemicals, and healthcare. In addition, the Board of Directors nominates candidates who are healthy, physically and mentally, trusted, and respected for their excellent character, a high level of insight, and a sense of ethics.

For the Internal Director candidates, besides the above principles on the nomination of Director candidates, the Board of Directors nominates candidates with specialized capabilities and knowledge in their business areas, corporate planning, personnel, finance and accounting, research and development, production technologies, and environmental safety and quality assurance, among others.

For the Outside Director candidates, besides the above principles on the nomination of Director candidates, the Board of Directors nominates candidates who proactively offer opinions on the Company’s growth strategy, the enhancement of governance, and other areas from the perspective of diverse stakeholders and society, also bring up an issue and provide advice. The term of office of an Outside Director is up to a total of six fiscal years of six terms. However, under special circumstances, it does not preclude an Outside Director from serving for up to a total of eight fiscal years of eight terms. If an Outside Director wishes to concurrently serve as a director or audit & supervisory committee member for another listed company, they will be allowed to take concurrently up to a total of five positions, including the Company, in principle.

As to Audit & Supervisory Board Members, the Board of Directors nominates candidates with broad-ranging experience and insight focused on specialized areas, including finance, accounting, and legal affairs, and the capability of auditing business execution and offering opinions and advice to management from a fair and neutral standpoint. Nominations of Audit & Supervisory Board Member candidates are approved by the Audit & Supervisory Board in advance. The term of office of an Audit & Supervisory Board Member is up to a total of eight fiscal years of two terms. However, under special circumstances, it does not preclude an Audit & Supervisory Committee Member from serving for up to a total of 12 fiscal years of three terms. If an Audit & Supervisory Committee Member wishes to concurrently serve as a director or audit & supervisory committee member for another listed company, they will be allowed to take concurrently up to a total of five positions, including the Company, in principle.

For senior management (Representative Directors and Directors with titles), the Board of Directors selects persons emphasizing their experience and ability to demonstrate strong leadership and expeditious, appropriate execution of the Company’s management strategy and management plans.

If any senior management falls under the criteria for dismissal listed below, that person will be subject to consideration for dismissal.

- If that person is deemed to have failed to perform their function sufficiently, given an evaluation of the Company’s performance and other factors.
- If that person commits misconduct or material breach of laws and regulations or the Articles of Incorporation in executing their duties.
- Besides, on the occurrence of any event in which it is deemed difficult to perform their duties appropriately.

(Procedures in the nomination of Director and Audit & Supervisory Board Member candidates and appointment or dismissal of senior management)

1. Procedures in the nomination of Director and Audit & Supervisory Board Member candidates and appointment of senior management

- (1) In order to ensure the appropriateness and transparency of policies and procedures in the appointment of officers, as well as to have Outside Directors proactively perform their roles in, advise on, and oversee the above appropriateness and transparency, the Company established the “Nomination and Remuneration Advisory Committee,” as an optional advisory body to the Board of Directors. The committee comprises three or more members appointed by resolution of the Board of Directors, of which a majority are independent Outside Directors.
- (2) According to “policies on the nomination of Director and Audit & Supervisory Board Member candidates and appointment or dismissal of senior management,” the Representative Director chooses the right persons as candidates for Director and Audit & Supervisory Board Member and senior management and drafts a proposal.
- (3) The Nomination and Remuneration Advisory Committee deliberates on the proposal drafted by the Representative Director, determines its opinion, and gives its advice (*toshin*) to the Board of Directors.
- (4) The Board of Directors deliberates the proposal based on advice from the Nomination and Remuneration Advisory Committee to determine candidates for Director and Audit & Supervisory Board Member and appoint senior management. (Directors and Audit & Supervisory Board Members are selected by resolution of the General Meeting of Shareholders.)

2. Procedures for the dismissal of senior management

- (1) The Nomination and Remuneration Advisory Committee evaluates senior management in light of the Company’s business performance and other factors at least once a year.
- (2) If the above evaluation reveals that any senior management falls under the dismissal criteria, the Nomination and Remuneration Advisory Committee will deliberate the appropriateness of dismissing that person and give its advice (*toshin*) to the Board of Directors.
- (3) The Board of Directors has deliberation based on the advice from the Nomination and Remuneration Advisory Committee and determines whether it is appropriate to dismiss that senior management.

(Procedures for making decisions on the dismissal of Directors and Audit & Supervisory Board Members are to accord with the provisions of the Companies Act.)

v) Explanation of individual appointment or dismissal and nominations when the Board of Directors appoints or dismisses senior management and nominates Director candidates and Audit & Supervisory Board Member candidates following iv) above

Nominations of Director candidates and Audit & Supervisory Board Member candidates are disclosed in the reference materials attached to the convocation notice for the Ordinary General Meeting of Shareholders. Please refer to:

The Notice of the Convocation of the 154th Ordinary General Meeting of Shareholders

(https://www.nissanchem.co.jp/eng/news_release/release/en2024_05_29.pdf)

The information on the appointment or dismissal of senior management is disclosed as appropriate on the Company website.

[Supplementary Principle 3.1.3 Disclosure on sustainability and related matters]

1. Initiatives on sustainability

To attain sustainable growth along with society, the Company is promoting its initiatives on material issues (Materiality), which it identifies based on recognizing social issues and changes, such as SDGs and ESG. Those initiatives are described in “Supplementary Principle 2.3.1 Sustainability Issues, Including Social and Environmental Matters” in this Report.

2. Initiatives to disclose information based on TCFD or an equivalent framework

For the impact of climate change-related risks and earnings opportunities on our business activities and profits and related aspects, in 2020, the Company developed two scenarios according to the recommendation

from the Task Force on Climate-related Financial Disclosures (TCFD). In the 2-degree C scenario, the transition to a decarbonized society would be realized (the transition risks would be evident), and the 4-degree C scenario indicates that climate change would progress (the physical risks would be evident). Based on those scenarios, we identified business risks and opportunities, examined their importance, and sorted out their impacts on the Company and our strategies. However, at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) held in 2021, it was agreed to pursue efforts to limit the rise in average temperature to 1.5 degrees C; accordingly, we revised our scenario analysis in July 2023.

Analyzing the 1.5-degree C scenario and quantifying its financial impacts, we selected material risks, such as increased operational costs with introducing carbon pricing and declining sales due to our insufficient response to the market need for low-carbon products. To deal with the adoption of carbon pricing and the drop in demand for products with high life-cycle CO₂ emissions, we will continue to advance the switch of raw materials and the adoption of renewable energy at our plants. We will also push forward low-carbon investments to reduce GHG emissions through the best use of internal carbon pricing. For the market change associated with the rise in demand for environmental consideration, we expect a rise in the market needs for agrochemicals with minor environmental impacts and biological agrochemicals and low-carbon products like secondary battery materials. Specifically, for biological agrochemicals, in April 2022, we established a biological group in the Agricultural Chemicals Research Department of the Biological Research Laboratories to work on research and development for commercializing those products. Moreover, in the environmental energy area, we will accelerate the development of secondary battery materials, energy harvesting materials, and CCS/CCUS materials to generate actual demand for them.

For the risk of water damage recognized in the 4-degree C scenario, we selected the possible flood damage that may occur at our key production and distribution bases as one of the material risks. To reduce that risk, we will continue multiple approaches, such as reexamining the existing BCPs and creating new ones for our plants and leading products as needed, rising the foundation of the plant buildings, placing plant equipment, and other key items on the higher floor, and securing products' inventory and multi-sourcing of major materials. As to the market change associated with rising temperatures and abnormal climate, we expect a rise in demand for agriculture chemicals and sterilizers for drinking water in anticipation of water scarcity and the spread of infectious diseases. Prospecting the growth of those markets, the Company further aims to expand business opportunities and strive to strengthen resilience in business activities by constructing the [optimal] business portfolio that is less affected by climate change to minimize the risks and maximize the opportunities.

The actions to take based on those analysis results were deliberated by the Sustainability Promotion Committee and are now under the Board of Directors' supervision. The Company has also set its long-term target to down more than 30% of greenhouse gas emissions by the fiscal year 2027 compared to the fiscal year 2018.

The Company is enhancing its efforts to disclose information according to the framework of TCFD, such as the analysis results of 1.5- and 4-degree C climate scenarios. The status of information disclosure in line with the TCFD Recommendations is posted on the Company website:

(https://www.nissanchem.co.jp/eng/csr_info/management/tcfd.html)

3. Investments in human capital

The Company places “the creation of the new growth engine by investing management resources intensively into research and development” as one of the keys to the Group's advancement. In this regard, the Company's R&D professional staff account for about 40% of employees in regular positions (for the Company alone), representing its stance to focus on research and development.

Also, recognizing that the retention and training of personnel are essential for enhancing sustainable corporate value, the Company provides various training programs. They include self-start training for new employees to study how to “create and propose a unique and original plan and put it into practice” for two or three years after their joining, training before promotion to manager or an equivalent position to “develop the future-creating leadership,” and overseas language study program to respond to the globalization of businesses. Besides, to grasp employees' enthusiasm and attitude toward their work, the Company assesses the degrees of their engagement in their respective jobs by conducting a questionnaire survey every year and releases its numeral results.

Details of the information regarding human capital of the Company are disclosed on page 23 of our Integrated Report 2023 (https://www.nissanchem.co.jp/eng/ir_info/library/annual_report.html), pages 19 through 21 of our

Securities Report for the 154th fiscal year (https://www.nissanchem.co.jp/ir_info/library/securities.html), and (1) through (4) below on our website.

(1) Personnel Retention and Training

(https://www.nissanchem.co.jp/eng/csr_info/communication/employee/system.html)

(2) Promotion of Diversity

(https://www.nissanchem.co.jp/eng/csr_info/communication/employee/respect.html)

(3) Maintenance and Improvement of Employees' Health

(https://www.nissanchem.co.jp/eng/csr_info/communication/employee/workplace.html)

(4) Creation of a Comfortable Workplace

(https://www.nissanchem.co.jp/eng/csr_info/communication/employee/dialogue.html)

4. Investments in intellectual properties

The Company has a wealth of experience and proven records of investing in and utilizing intellectual properties. Under the Company Philosophy, “We offer the value sought by society and contribute to the protection of the global environment and the continued existence and development of humanity,” we have consistently valued intellectual properties and intensively invested our management resources in research and development, the resources for growth. For instance, the ratio of sales turnover to R&D expenses has stayed at around 8%, ranking at the top level among many chemical manufacturers. The research and development outcomes are represented in the operating income margin, which has stayed at 10% or over for twenty-one consecutive years by prioritizing the high-value business.

The Company's proactive investments in and utilization of intellectual properties are exemplified by a high percentage of our global applications for patents and other intellectual properties. In concrete terms, the percentage of our global patent applications provided by the Japanese Patent Office (JPO) was 72% for the year 2021. That number substantially exceeded 40%, the average ratio by all applicants, respectively, in Japan, wherein the percentage of global patent applications indicates how many national applications led to foreign applications. In addition, the Intellectual Property Department takes the lead in securing intellectual property rights and supporting our businesses' superiority, for example, by holding about 6,600 registered patents in and out of Japan. Also, to leverage our intellectual properties, we are exercising those rights through IP litigations in overseas countries.

Further, to share common internal and external issues relating to intellectual properties, the Intellectual Property Department holds an intellectual property meeting at the head office (each of its business and administrative divisions/departments) and each R&D center and factory. The portfolio of intellectual properties in each business field is discussed in keeping with the research and business strategies.

Details of the information related to the Company's intellectual properties are disclosed on page 28 of our Integrated Report 2023 (https://www.nissanchem.co.jp/eng/ir_info/library/annual_report.html).

[Supplementary Principle 4.1.1 Summary of the Scope of Delegation by the Board of Directors to the Management]

Introducing a system of executive officers in the Company is to clarify the management decision-making and oversight function and the executive function to strengthen both roles and enhance its capacity to develop and realize the management strategies. With that aim, the Board of Directors makes decisions on material matters related to management. Considering the Company's business scale and other factors, the Board of Directors Rules set specific criteria, such as certain transaction amounts, for the matters to be deliberated by the board and define the scope of the board's decisions. Following the Company's internal rules and to the extent permitted by laws and regulations and the Articles of Incorporation, the Board of Directors delegates matters that do not require its decision under the Board of Directors Rules to the Management Meeting or other bodies, depending on their importance.

[Supplementary Principle 4.2.2 Basic principles of initiatives relating to sustainability]

Under the Course of Action, the Company is tackling global social issues related to the environment and other circumstances related to its business activities and management strategies more strategically. Specifically, we regularly hold meetings of the Sustainability Promotion Committee twice a year, consisting of executive officers in charge of each business division/department, coordinated by the Sustainability Promotion and IR Department as the secretariat. At those meetings, committee members deliberate various matters, including sustainability-related policies, identification of Materiality, the medium to long-term plans and an ongoing plan for the current year, the review of activities, improvements based on the review, and other issues to be examined. The outcomes of those deliberations are submitted to the Board of Directors after obtaining the Management Meeting's approval.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company's independence standards for Outside Officers are as follows:

The Company's independent Outside Officers (Directors and Audit & Supervisory Board Members) and independent Outside Officer candidates shall fulfill the requirements for Outside Officers under the Companies Act and the following independence standards.

- (1) Not being an executive (a person who executes business) of the Company or its subsidiaries, nor have been the same during the past ten years (however, if the person had been a non-executive director or audit & supervisory board member of the Company or its subsidiaries at some point during the past ten years, additional ten years prior to their assumption of that role should be counted.)
- (2) Not being one of the Company's major shareholders with 10% or more of voting rights or an executive thereof
- (3) Not being an executive of a corporation of which the Company is a major shareholder (a shareholder with 10% or more of voting rights)
- (4) Not being a major client or supplier (a client or supplier from whom the value of average payments for transactions to the Company or its subsidiaries over the past three fiscal years exceeds 2% of the average annual consolidated net sales of the Company over the past three fiscal years) of the Company or its subsidiaries or an executive thereof
- (5) Not being a party whose major client or supplier is the Company or its subsidiaries (a party to whom the value of average payments for transactions by the Company or its subsidiaries over the past three fiscal years exceeds 2% of the average annual consolidated net sales of that party over the past three fiscal years), or an executive thereof
- (6) Not being an executive of a major financial institution with which the Company has borrowings (a financial institution from whom the average amount of the Company's consolidated fiscal-year-end balance of borrowings over the past three fiscal years exceeds 2% of the Company's average annual consolidated fiscal-year-end total assets over the past three fiscal years) nor having been an executive thereof for the past three years
- (7) Not being an attorney, certified public accountant, certified public tax accountant, another consultant, researcher, or educator who receives from the Company a large amount of monetary consideration or other property (an average annual amount over the past three fiscal years of over ¥10 million for individuals or, in the event the recipient is a corporation or other organization that said individual is affiliated with or retained by, of an amount in excess of 2% of that organization's average annual total revenues over the past three fiscal years) other than Director and Audit & Supervisory Board Member remunerations
- (8) Not being a close relative (spouse, person within the second degree of kinship, or relative living together) of an executive (limited to key personnel) of the Company or its subsidiaries
- (9) Besides the above items (1) through (8), being such a person as the Board of Directors rationally determines that their independence as an independent Outside Officer is unquestionable, and there is no risk of a conflict of interest with the general shareholders of the Company.

[Supplementary Principle 4.10.1 Disclosure on the Nomination Committee and the Remuneration Committee]

The Company's views on the independence of the Nomination and Remuneration Advisory Committee, their mandates and roles, and other functions are described in Supplementary Explanation for the "Committees Voluntarily Established, Composition of Committee Members, and Attributes of Committee Chair" under "II-1, Organizational Composition and Operation (Directors)" in this Report.

[Supplementary Principle 4.11.1 View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board as a Whole, and Diversity and Appropriate Board Size]

The Company aims to strengthen both functions of swift management decision-making and oversight and execution by clarifying their roles to enhance its capacity to develop and realize management strategies. For that objective, we need to ensure substantial deliberation by the Board of Directors. In addition, we consider the board to be formed by members selected from various viewpoints to make appropriate and expeditious decision-making and oversee the execution of business activities in diverse fields (including chemicals, performance materials, agricultural chemicals, and healthcare). Those points include the balance of knowledge, experience, skills, and other capacity and diversity, including gender, internationality, and practical experience in the totality of the board. To ensure a well-balanced and diverse board composition, in light of the Company Philosophy and Management Strategy, we have identified the following expertise and experience required for its directors (skills requirements). “Corporate management,” “research and development/technologies,” “finance and accounting,” “legal/risk management/internal control,” “personnel affairs/personnel strategies,” and “global experience.” The Company makes the board consist of appropriate persons as its directors who have met the above-skills requirements appropriately, and who are healthy, physically and mentally and trusted and respected for their excellent characters, a high level of insight, and a sense of ethics. Based on the Management Strategy and relevant policies, we will review the above skills requirements as necessary.

The Company has set the number of Directors at no more than twelve, including more than one Outside Director, and the board is currently composed of ten Directors (including four independent Outside Directors consisting of two males and two females). As it comprises diverse members with abundant knowledge, experience, and skills in international business development, we determine the board functions well and is sufficiently effective.

For the skills matrix for the board, which lists the expertise and experience expected of the Company’s directors, see “2. Other Matters Concerning Corporate Governance System” under “V. Other” in this Report. The same information is posted on the Company website:(<https://www.nissanchem.co.jp/eng/profile/corporate.html>)

[Supplementary Principle 4.11.2 Status of Concurrent Appointments of Directors or Audit & Supervisory Board Members at Other Listed Companies]

The status of concurrent appointments of the Company’s Directors and Audit & Supervisory Board Members at other listed companies is as follows:

- Director, Mr. KATAOKA
Outside Director of NANO MRNA Co., Ltd.
- Director, Ms. NAKAGAWA
Outside Director of NITTO KOGYO CORPORATION, Outside Audit & Supervisory Board Member of FANCL CORPORATION, and Outside Audit & Supervisory Board Member of ASKUL Corporation
- Audit & Supervisory Board Member, Mr. KATAYAMA
Supervisory Director of HEIWA REAL ESTATE REIT, Inc., Outside Director of Nippon Denkai, Ltd., Outside Audit & Supervisory Board Member of Livesense Inc., Outside Audit & Supervisory Board Member of AIDA ENGINEERING, LTD., Outside Director of create restaurants holdings inc.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Board of Directors’ Effectiveness as a Whole]

(1) Viewpoints and methods of analysis and evaluation

The Company analyzes and evaluates every year whether the Board of Directors has fulfilled its key roles and responsibilities (“Effectiveness Evaluation”). (Those roles and responsibilities are described in “(4) Responsibilities of the Board of Directors” of “Basic views and guidelines on corporate governance <Basic views on corporate governance>” under “[Principle 3.1 Information Disclosure]” of this Report.)

The Company has performed the Effectiveness Evaluation annually since the fiscal year 2015. We employ the self-assessment process by which the Board of Directors performs its self-evaluation. More specifically, all the Directors and Audit and Supervisory Committee Members are required to answer the questionnaires combining a five-point scale and free answers. Through the questionnaire survey, we intend to grasp the current situation and identify issues from two aspects of quantitative and qualitative assessments. Also, to ensure anonymity, we

entrust an external organization to gather the responses and aggregate the information to enhance the self-evaluation.

In addition, the Company conducts a third-party evaluation every three years using an external organization that has no relationships of interest with us to ensure the neutrality and objectivity of the evaluation process. The latest third-party evaluation was conducted in the fiscal year 2023.

For the Effective Evaluation for the fiscal year 2023, the Company performed the third-party evaluation. Based on the questionnaire responses and individual interviews with Directors and Audit & Supervisory Board Members, we had an internal opinion exchange meeting in March 2024. The attendees were independent Officers (consisting of three Outside Directors and three Outside Audit & Supervisory Board Members), the Chairman & CEO, and the President & COO. They discussed, analyzed, and evaluated the issues to address and the measures to be taken. The outcomes of their analysis and the selection of the priority issues to address were further deliberated and confirmed at the Board of Directors held in May 2024.

(2) The Outline of the results of the Effectiveness Evaluation for the fiscal year 2023

With the object of performing its key roles and responsibilities, the results of the Effectiveness Evaluation for the fiscal year 2023 concluded that generally, the Company's Board of Directors was operating appropriately in its totality, and the improvements have been overall made to solve issues (*) identified in the Effectiveness Evaluation for the fiscal year 2022. Thus, the effectiveness of the overall Board of Directors was positively assessed and confirmed as being sufficiently ensured.

*Issues identified in the Effectiveness Evaluation for the fiscal year 2022

- i) To provide a forum for "free discussion" at the Board of Directors to deepen the debate on the roles and responsibilities to be fulfilled by it.
- ii) To consider at the Nomination and Remuneration Advisory Committee the measures to fully share the status of its deliberations with the Board of Directors.

(3) Actions to take

Through the discussions at the opinion exchange meeting above, we acknowledged the following points as actions to take; thus, we agreed to strive to realize them to elevate the effectiveness of the Board of Directors.

- i) We should deepen our discussions on, among other things, the material issues of each business segment, our business portfolio in the mid-to-long term, and the allocation of management resources.
- ii) We should discuss the future composition of the Board of Directors and what the Board of Directors should be about.
- iii) We should create an enabling environment for all the Directors and Audit & Supervisory Board Members to exchange opinions and discuss the agenda more frankly or openly by explaining the agenda or propositions more sufficiently and improving necessary equipment for the conference. Further, internal Directors should strive to join the discussions from the company-wide perspectives to promote such an environment.

Based on the latest evaluation result, the Company will deepen discussions by the Board of Directors and advance actions to enhance its effectiveness. Moreover, by regularly measuring improvements through the Effectiveness Evaluation and aiming for a further upgrade of the effectiveness of the Board of Directors, we will be committed to the Company's sustainable development and enhancing corporate value.

The outline of the results of the Effectiveness Evaluation for the fiscal year 2023 is posted on the Company website: (https://www.nissanchem.co.jp/eng/news_release/release/en2024_06_06.pdf)

[Supplementary Principle 4.13.3 Information gathering and support system]

To help the Board of Directors and the Audit & Supervisory Board fulfill their functions, the Company's Internal Audit Department submits the summary for the latest year and its internal audit activity plan for the following year (including internal audits for subsidiaries) to the board periodically. (The department submits to the board a year-end audit report, an interim report regularly, and a special report once any material issue is discovered.) Also, the department reports on its internal audit activity progress and the audit findings to the Chairman & CEO, the President & COO every two months, and the Director in charge monthly. In addition, it

exchanges information every two months with the Audit & Supervisory Committee Members and, when necessary, with Outside Directors. Through those activities, the Internal Audit Department strives to ensure coordination with Directors and Audit & Supervisory Committee Members.

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]

To help its Directors and Audit & Supervisory Board Members fulfill their roles and responsibilities appropriately upon their appointment, the Company provides Directors with training delivered by outside specialists concerning their legal obligations and responsibilities required to comply with as officers and related matters. Additionally, following their appointment, we offer another training necessary for Directors and Audit & Supervisory Board Members to fulfill their roles and responsibilities appropriately and constantly provide and encourage them to take opportunities for training and seminars. In the fiscal year 2023, we offered them two training sessions implemented by outside specialists (on the themes “Design of corporate organ” and “Governance.”).

Furthermore, upon the appointment of Outside Officers, we provide them with a briefing on our businesses and organizations to deepen their understanding of the Group’s management strategies, business details, operations status, and related aspects. After their appointment, while offering necessary information about our business issues and other matters, we offer them opportunities to visit our plants, laboratories, subsidiaries, and other facilities and participate in our internal meetings and sessions.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

We are working through concerted efforts to build trust and credibility with all stakeholders, achieve sustainable growth, and increase corporate value over the medium to long term. As part of those initiatives, the Company values dialogue with stakeholders, including shareholders, and discloses information appropriately.

Other principles for creating systems and initiatives to promote constructive dialogue with shareholders are described below.

- (1) Appointment of a member of management or a Director who is responsible for overseeing general dialogue and ensuring that constructive dialogue with shareholders takes place

The Company has a CFO & Director in charge of the Finance & Accounting Department and a department in charge of IR (Sustainability Promotion & IR Department) in order to supervise overall dialogue and realize constructive dialogue with shareholders and institutional investors.

- (2) Measures to ensure positive cooperation between internal departments such as IR, corporate planning, general affairs, corporate finance, accounting, and legal affairs with the aim of supporting dialogue

The Company has a department in charge of IR (Sustainability Promotion & IR Department), a department in charge of Shareholder Relations (“SR”) (Corporate Planning Department), and a department in charge of Public Relations (Corporate Planning Department). Those departments cooperate in providing timely disclosure and other information appropriately to promote constructive dialogue with shareholders and institutional investors and continue to offer information necessary for investment decisions in a timely, fair, and equitable manner.

- (3) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities)

Domestically, the President & COO conducts briefings on business plans, and the CFO & Director in charge of the Finance & Accounting Department provides the same on quarterly financial results (including telephone and video conferences) and business status. In addition, every year, the CFO & Director in charge of the Finance & Accounting Department participates in conferences sponsored by securities companies and held in the United States, Europe, Asia, and other regions and seeks to have direct dialogue with overseas institutional investors.

As to the briefings on financial results above, the materials (in the Japanese and English versions), audio and video (only the Japanese version), and their scripts, including Q&A sessions (in the Japanese and English versions), are posted on the Company website and other media to provide them to shareholders.

Further, in March 2023, the CEO & Director in charge of the Sustainability Promotion and IR Department held a briefing on ESG activities, which materials are posted on the Company website (https://www.nissanchem.co.jp/eng/news_release/release/en2023_03_31.pdf).

- (4) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the Board of Directors

The Board of Directors and other committees/meetings receive regular reports on opinions, concerns, and other feedback from shareholders and institutional investors picked up during dialogue with them. Such information is utilized for subsequent IR and SR policies and dialogue with shareholders and institutional investors. Regarding the implementation status of dialogue with our Shareholders during the fiscal year 2023, we had 254 sessions with domestic institutional investors and securities companies and 160 sessions with foreign institutional investors and securities companies, respectively. The main themes discussed at those sessions were the medium-term business plan “Vista 2027,” the performance of each business segment, and ESG-related matters, and we provided them with explanations on those subjects and exchanged opinions with them.

- (5) Measures to control insider information when engaging in dialogue

When engaging in dialogue, the Company takes appropriate measures under its internal rules (such as the Insider Trading Management Rules) not to communicate insider information.

- (6) Identification of shareholder ownership structure

By regularly surveying the status of shareholdings by substantial shareholders, the Company works to identify its shareholder ownership structure and use it for constructive dialogue with shareholders and institutional investors.

[Principle 5-2. Establishing and Disclosing Business Strategies and Business Plans]

The Company is taking the following approaches to realize management conscious of capital cost and stock price.

[Actions for realizing capital cost and stock price-conscious management] [English disclosure available]

The Company undertakes to maintain a high level of ROE as the most important management indicator. Specifically, in the medium-term business plan “Vista 2027,” we have set the target of ROE at 18% or more and are working on enhancing capital efficiency. Also, with the targets of maintaining a dividend payout ratio of 55% and a total payout ratio of 75%, we are striving to increase shareholders’ returns proactively. For the details of the medium-term business plan “Vista 2027,” please refer to the Company website

(https://www.nissanchem.co.jp/eng/ir_info/library/business_plan.html)

In the fiscal year 2023, the Company’s actual ROE was 17.1%, the dividend payout ratio was 60.1%, and the total payout ratio was 86.2%. Only the target of ROE was not attained due to a temporary fall in profits associated with the downturn in the semiconductor market. The transition of financial indicators, including ROE, and the financial prospect for the next fiscal year are described in the explanation materials for the briefings on results for the fiscal year ending in March 2024

(https://www.nissanchem.co.jp/eng/ir_info/library/pdf/AM/am2024_03.pdf)

As to the capital cost, we calculate WACC (Weighted Average Cost of Capital) and the cost of shareholder’s equity and report them to the Board of Directors to deepen internal discussions on those aspects.

Further, for the performance-linked stock compensation plan that the Company has introduced, we employ the following performance evaluation indexes: income attributable to owners of our parent company, EBITDA, ROE, and the comparison of rates of year-on-year volatility for the Company’s stock price and TOPIX. In particular, we encourage each Director to pay attention to the enhancement of capital efficiency in ROE and a rise in the Company’s stock price when comparing the rates of year-on-year volatility for the stock price and TOPIX. For the policy on determining remunerations, please refer to the “II-1. Organizational Composition and Operation [Directors Remuneration] Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods Thereof” below in this Report.

[Supplementary Principle 5.2.1 Compiling and announcement of business strategy and plan]

When the Company released the long-term business plan “Atelier 2050” and the medium-term business plan “Vista 2027” at the briefing on financial results, we explained the basic principles of the business portfolio determined by the Board of Directors. At future briefings on financial results and other occasions, we will explain those plans’ progress and the reviewing process. The long-term business plan “Atelier 2050” and the medium-term business plan “Vista 2027” are posted on the Company website: (https://www.nissanchem.co.jp/eng/ir_info/library/business_plan.html)

2. Capital Structure

| | |
|-------------------------------------|-------------|
| Foreign Shareholding Ratio[Updated] | 30% or more |
|-------------------------------------|-------------|

[Status of Major Shareholders] [Updated]

| Name/Company Name | Number of Shares Owned (Shares) | Shareholding Ratio (%) |
|--|---------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 32,860,100 | 23.68 |
| Custody Bank of Japan, Ltd. (Trust Account) | 14,293,900 | 10.30 |
| Custody Bank of Japan, Ltd. as trustee for the Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust | 5,767,800 | 4.16 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 4,069,162 | 2.93 |
| Nissan Chemical Corporation Customer Shareholders Association | 3,765,000 | 2.71 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 2,447,711 | 1.76 |
| HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES | 2,127,290 | 1.53 |
| Meiji Yasuda Life Insurance Company | 1,861,000 | 1.34 |
| JP MORGAN CHASE BANK 385781 | 1,804,038 | 1.30 |
| Sompo Japan Insurance Inc. | 1,547,000 | 1.11 |

| | |
|---|------|
| Controlling Shareholder (except for Parent Company) | - |
| Parent Company | None |

Supplementary Explanation

- (1) Other than the above, the Company owns 42 thousand treasury shares.
- (2) In the Statement of Large-Volume Holdings (Statement of Changes) provided for public viewing on March 22, 2021, it is reported that Mizuho Bank, Ltd. and its joint holders hold 10,878 thousand shares (the holders’ holding ratio of shares and other securities is 7.50%) as of March 15, 2021. However, since the Company is unable to confirm the actual number of shares held by each company as of March 31, 2024, they are not included in the status of major shareholders above.
- (3) In the Statement of Large-Volume Holdings (Statement of Changes) provided for public viewing on March 3, 2023, it is reported that BlackRock Japan Co., Ltd. and its joint holders hold 8,703 thousand shares (the holders’ holding ratio of shares and other securities 6.16%) as of February 28, 2023. However, since the Company is unable to confirm the actual number of shares held by each company as of March 31, 2024, they are not included in the status of major shareholders above.

- (4) In the Statement of Large-Volume Holdings (Statement of Changes) provided for public viewing on February 21, 2024, it is reported that Sumitomo Mitsui Trust Bank, Limited and its joint holders hold 10,886 thousand shares (the holders' holding ratio of shares and other securities 7.79%) as of February 15, 2024. However, since the Company is unable to confirm the actual number of shares held by each company as of March 31, 2024, they are not included in the status of major shareholders above.
- (5) In the Statement of Large-Volume Holdings (Statement of Changes) provided for public viewing on March 21, 2024, it is reported that Nomura Securities Co., Ltd. and its joint holders hold 15,395 thousand shares (the holders' holding ratio of shares and other securities 11.09%) as of March 13, 2024. However, since the Company is unable to confirm the actual number of shares held by each company as of March 31, 2024, they are not included in the status of major shareholders above.
- (6) In the Statement of Large-Volume Holdings (Statement of Changes) provided for public viewing on April 1, 2024, it is reported that Mitsubishi UFJ Financial Group, Inc. and its joint holders hold 6,969 thousand shares (the holders' holding ratio of shares and other securities 5.02%) as of March 25, 2024. However, since the Company is unable to confirm the actual number of shares held by each company as of March 31, 2024, they are not included in the status of major shareholders above.

3. Corporate Attributes

| | |
|--|--|
| Listed Stock Market and Market Section | Tokyo Stock Exchange Prime Market |
| Fiscal Year-End | March |
| Type of Business | Chemicals |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (consolidated) for the Previous Fiscal Year | From ¥100 billion to less than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year[Updated] | From 10 to less than 50 |

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

—

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

-II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

| | |
|-------------------|--|
| Organization Form | Company with Audit & Supervisory Board |
|-------------------|--|

[Directors]

| | |
|--|----------------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 12 |
| Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board of Directors | Chairman & CEO |
| Number of Directors | 10 |
| Appointment of Outside Directors | Appointed |
| Number of Outside Directors | 4 |
| Number of Independent Officers Designated from among Outside Directors | 4 |

Outside Directors' Relationships with the Company (1)

| Name | Attribute | Relationships with the Company* | | | | | | | | | | |
|-------------------|----------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| OBAYASHI Hidehito | From another company | | | | | | | | △ | | | |
| KATAOKA Kazunori | Scholar | | | | | | | | △ | | | |
| NAKAGAWA Miyuki | Attorney-at-law | | | | | | | | | | | |
| TAKEOKA Yuko | Scholar | | | | | | | | | | | |

* Categories for "Relationships 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;

"▲" when a close relative of the Director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d., e., or f.) (the Director themselves only)
- Executive of a company, between which and the Company Outside Officers are mutually appointed (the Director themselves only)

- j. Executive of a company or other organization that receives a donation from the Company (the Director themselves only)
- k. Others

Outside Directors' Relationships with the Company (2)

| Name | Designation as Independent Officer | Supplementary Explanation of the Relationship | Reasons for Appointment |
|-------------------|------------------------------------|--|---|
| OBAYASHI Hidehito | ○ | Mr. OBAYASHI Hidehito, an independent Outside Director, is Chairman Emeritus of Hitachi High-Tech Corporation. The Company has transactions with Hitachi High-Tech Corporation that include the purchase of research equipment. However, in light of the scale and nature of the transactions (an annual average of less than 0.1% of the corporation's total revenues for the past three fiscal years), the Company judges there to be no risk of affecting the decisions of shareholders and investors. | The Company determines that Mr. OBAYASHI's abundant experience and extensive insight as an experienced manager of a corporate group that pursues diverse business globally make him suitable as an Outside Director. Furthermore, the Company judges that Mr. OBAYASHI has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |
| KATAOKA Kazunori | ○ | Mr. KATAOKA Kazunori, an independent Outside Director, serves as Deputy Chairman of the Kawasaki Institute of Industrial Promotion, Director General of the Innovation Center of NanoMedicine of the said institute, and Professor Emeritus at The University of Tokyo. The Company has transactions with The University of Tokyo, such as contracted testing. However, given the scale and nature of this involvement (an annual average of less than 0.1% of the university's ordinary revenue for the past three fiscal years), the Company judges no risk of affecting the decisions of shareholders and investors. No transactional relationship exists between the Kawasaki Institute of Industrial Promotion and the Company. | The Company determines that Mr. KATAOKA's expertise as a Doctor of Engineering, abundant experience, and wide-ranging knowledge make him suitable as an Outside Director. Furthermore, the Company judges that Mr. KATAOKA has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |

| Name | Designation as Independent Officer | Supplementary Explanation of the Relationship | Reasons for Appointment |
|-----------------|------------------------------------|---|--|
| NAKAGAWA Miyuki | ○ | Ms. NAKAGAWA Miyuki, an independent Outside Director, is an attorney-at-law at Kousui Law Office and a Professor at Chuo Law School. No transactional relationship exists between this firm and the Company, nor the university and the Company. | The Company determines that Ms. NAKAGAWA's abundant experience and specialist knowledge as a prosecutor and her experience to date in contributing to corporate management as an outside director make her suitable as an Outside Director. Furthermore, the Company judges that Ms. NAKAGAWA has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |
| TAKEOKA Yuko | ○ | Ms. TAKEOKA Yuko, an independent Outside Director, is a Professor at Sophia University and the Director of the University's Center for Research Promotion & Support. No transactional relationship exists between the Center and the Company, nor the university and the Company. | The Company determines that Ms. TAKEOKA's expertise as a Doctor of Engineering, abundant experience, and wide-ranging knowledge make her suitable as an Outside Director. Furthermore, the Company judges that Ms. TAKEOKA has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |

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

Committees Voluntarily Established, Composition of Committee Members, and Attributes of Committee Chair

| | Name of committee | Number of committee members | Number of full-time committee members | Number of Internal Directors | Number of Outside Directors | Number of external experts | Number of others | Committee chair |
|--|--|-----------------------------|---------------------------------------|------------------------------|-----------------------------|----------------------------|------------------|-------------------|
| Voluntarily established committee equivalent to a nomination committee | Nomination and Remuneration Advisory Committee | 6 | 0 | 2 | 4 | 0 | 0 | Internal Director |
| Voluntarily established committee equivalent to a remuneration committee | Nomination and Remuneration Advisory Committee | 6 | 0 | 2 | 4 | 0 | 0 | Internal Director |

Supplementary Explanation [Updated]

On April 1, 2019, the Company established its Nomination and Remuneration Advisory Committee, which acts as an advisory body under the Board of Directors to strengthen the Board of Directors' independence, objectivity, and accountability for the nomination, remuneration, and related matters for the Directors, and further enhancing corporate governance. The Nomination and Remuneration Advisory Committee has both functions of a nomination committee and a remuneration committee.

The Nomination and Remuneration Advisory Committee comprises three or more members appointed by resolution of the Board of Directors, of which a majority are independent Outside Directors. The Chairman & CEO is selected as the committee chair by resolution of the committee from among its members. The Corporate Planning Department works as the secretariat of the Nomination and Remuneration Advisory Committee. As of June 26, 2024, the committee chair and members of the Nomination and Remuneration Advisory Committee are as follows:

- Committee chair: KINOSHITA Kojiro (Chairman & CEO) (served since April 1, 2019)
- Committee member: OBAYASHI Hidehito (independent Outside Director) (served since June 26, 2019)
- Committee member: KATAOKA Kazunori (independent Outside Director) (served since June 25, 2020)
- Committee member: NAKAGAWA Miyuki (independent Outside Director) (served since June 25, 2021)
- Committee member: TAKEOKA Yuko (independent Outside Director) (served since June 28, 2023)
- Committee member: YAGI Shinsuke (President & COO) (served since April 1, 2021)

In response to the consultation by the Board of Directors, the Nomination and Remuneration Advisory Committee deliberates on matters that include the nomination of Director and Audit & Supervisory Board Member candidates, the appointment of senior management, the senior management succession planning, and the remuneration of Directors. The committee then submits the outcome of such deliberations as its advice (*toshin*) to the Board of Directors. The committee met on eight occasions between June 2023 and May 2024, and the committee chair and all the members attended each session, except for Ms. TAKEOKA Yuko, who was absent once.

[Audit & Supervisory Board Members]

| | |
|---|-------------|
| Establishment of Audit & Supervisory Board | Established |
| Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation | 5 |
| Number of Audit & Supervisory Board Members | 4 |

Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and Internal Audit Department

- The Company's Audit & Supervisory Board Members, Accounting Auditor, Internal Audit Department, Outside Directors, audit & supervisory board members of subsidiaries, and related parties exchange their opinions regularly or as required and work in cooperation.
- If deemed necessary by Audit & Supervisory Board Members and Outside Directors, they may obtain advice from outside specialists at the Company's expense.
- An assistant to Audit & Supervisory Board Members and the Corporate Planning Department or another department acts as liaison to communicate and coordinate internally or with subsidiaries or related parties to provide company information appropriately at the instructions of Audit & Supervisory Board Members and Outside Directors.

| | |
|--|-----------|
| Appointment of Outside Audit & Supervisory Board Members | Appointed |
|--|-----------|

| | |
|--|---|
| Number of Outside Audit & Supervisory Board Members | 3 |
| Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members | 3 |

Outside Audit & Supervisory Board Members' Relationships with the Company (1) [Updated]

| Name | Attribute | Relationships with the Company* | | | | | | | | | | | | |
|-------------------|-----------------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| TAKEMOTO Shuichi | From another company | | | | | | | △ | | | | | | |
| KATAYAMA Noriyuki | Attorney-at-law | | | | | | | | | | | | | |
| TAKAHAMA Shigeru | Certified public accountant | | | | | | | | | | | | | |

* Categories for "Relationships with the Company."

* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board Members fell under the category in the past

* "●" when a close relative of the Audit & Supervisory Board Members presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board Members fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary company 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, accountant, 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 legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member themselves only)
- k. Executive of a company, between which and the Company Outside Officers are mutually appointed (the Audit & Supervisory Board Member themselves only)
- l. Executive of a company or other organization that receives a donation from the Company (the Audit & Supervisory Board Members themselves only)
- m. Others

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

| Name | Designation as Independent Officer | Supplementary Explanation of the Relationship | Reasons for Appointment |
|-------------------|------------------------------------|--|---|
| TAKEMOTO Shuichi | ○ | Mr. TAKEMOTO Shuichi, an independent Outside Audit & Supervisory Board Member, is from Mizuho Financial Group, a lender to the Company. Mizuho Bank, Ltd. falls under a major financial institution in light of the independence standards published by the Company. However, because Mr. TAKEMOTO is not currently an executive of Mizuho Financial Group, nor has he been in that position over the last three years, the Company judges there to be no risk of affecting the decisions of shareholders and investors. | The Company determines that Mr. TAKEMOTO's extensive experience at financial institutions and considerable knowledge of finance and accounting make him suitable as an Outside Audit & Supervisory Board Member. Furthermore, the Company judges that Mr. TAKEMOTO has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |
| KATAYAMA Noriyuki | ○ | Mr. KATAYAMA Noriyuki, an independent Outside Audit & Supervisory Board Member, is a partner attorney at City-Yuwa Partners. No transactional relationship exists between this firm and the Company. | The Company determines that Mr. KATAYAMA's abundant experience and specialist knowledge as an attorney-at-law make him suitable as an Outside Audit & Supervisory Board Member. Furthermore, the Company judges that Mr. KATAYAMA has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |
| TAKAHAMA Shigeru | ○ | Mr. TAKAHAMA Shigeru, an independent Outside Audit & Supervisory Board Member, is a Partner at PricewaterhouseCoopers Japan LLC. No transactional relationship exists between this auditing firm and the Company. | The Company determines that Mr. TAKAHAMA's abundant experience and specialist knowledge as a certified public accountant make him suitable as an Outside Audit & Supervisory Board Member. Furthermore, the Company judges that Mr. TAKAHAMA has no special-interest relationships with management, and there is no risk of conflict of interest with general shareholders. |

[Independent Officers]

| | |
|--------------------------------|---|
| Number of Independent Officers | 7 |
|--------------------------------|---|

[Incentives]

| | |
|---|--------------------------------------|
| Implementation of Measures to Provide Incentives to Directors | Performance-linked compensation plan |
|---|--------------------------------------|

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|---------------------------|
| Supplementary Explanation |
|---------------------------|

The Company has adopted performance-linked stock compensation for Directors (excluding Outside Directors) to increase their motivation for contributing to improving earnings over the medium to long term and enhancing corporate value by clarifying the link between the Company's performance and its stock price and sharing between Directors and shareholders the risk of a decline in the stock price, as well as the benefits of its increase.

The Nomination and Remuneration Advisory Committee, established as an advisory body under the Board of Directors, enlists the involvement and advice of independent Outside Directors on the amounts and the method for determination of Directors' remuneration. The Nomination and Remuneration Advisory Committee comprises three or more members appointed by resolution of the Board of Directors, of which a majority are independent Outside Directors. The Chairman & CEO is selected as the committee chair by resolution of the committee from among its members.

Under the Company's performance-linked stock compensation plan, the Company grants its officers points based on its net income attributable to owners of parent (average rate of change over the last three years), EBITDA (average rate of change over the last three years), ROE (actual results for the current fiscal year), and comparison of rates of year-on-year volatility in the Company's stock price and TOPIX. Each fiscal year, we determine whether the points are to be granted to officers and the number of points to be granted, if any, and ultimately pay its officers remuneration and other rewards equivalent to such points accumulated upon their retirement.

The benchmarks for the performance-linked stock compensation are selected for the following reasons.

- (1) Net income attributable to owners of parent (average rate of change over the last three years):
It is a benchmark to be noted as the Company's bottom-line profit in the medium and long term.
- (2) EBITDA (average rate of change over the last three years):
Since the Company focuses on capital expenditure and R&D investment geared to achieving future growth, it is deemed appropriate to evaluate business performance using EBITDA, which incorporates depreciation and amortization of goodwill into operating income.
- (3) ROE (actual results for the current fiscal year):
Since the Company regards ROE as the most important management indicator, it is deemed appropriate to use ROE as a performance benchmark for this plan.
- (4) Comparison of rates of year-on-year volatility in the Company's stock price and TOPIX (rate of the volatility of the Company's stock price - the rate of TOPIX volatility):
As it is recognized that stock prices are formed as a reflection of market expectations from a medium-to long-term perspective, any person engaging in company management needs to pay attention to the above benchmark.

For details on the method for determining amounts of performance-linked stock compensation, please refer to "II. 1. Organizational Composition and Operation, [Director Remuneration], Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods Thereof" in this Report.

| | |
|-----------------------------|--|
| Recipients of Stock Options | |
|-----------------------------|--|

[Director Remuneration]

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| Disclosure of Individual Directors' Remuneration | Partial disclosure of individual Directors' remunerations |
|--|---|

Supplementary Explanation [Updated]

The total amount of remuneration paid to Directors in the fiscal year 2023:

¥471 million for eleven Directors

(Note) The above remuneration includes ¥18 million of expenses recorded in the fiscal year 2023 for stock compensation paid to six Directors, excluding Outside Directors.

(Note) The above number of Directors includes one Director who retired at the close of the 153rd Ordinary General Meeting of Shareholders held on June 28, 2023; the above remuneration includes the amount paid to that retired Director.

(Note) Representative Directors' respective remunerations are disclosed as follows:

KINOSHITA Kojiro (Chairman and CEO) ¥96 million (consisting of ¥66 million for base remuneration, ¥26 million for performance-related remuneration, and ¥4 million for performance-linked stock compensation)

YAGI Shinsuke (President and COO) ¥96 million (consisting of ¥66 million for base remuneration, ¥26 million for performance-related remuneration, and ¥4 million for performance-linked stock compensation)

| | |
|--|-------------|
| Policy for Determining Remuneration Amounts or Calculation Methods Thereof | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods Thereof

1. Basic policy

We maintain, as our fundamental principle, the remuneration structure for Directors that encourages them to contribute to increasing operating performance continuously over the medium to long term and enhancing the overall value of the Group to meet our shareholders' expectations under the Company's management policies. Given that structure, in principle, we set the appropriate level of remuneration, taking into account the management environment, operating performance, consistency with payments and benefits for our employees, and other factors.

Specifically, the Directors' remuneration package shall consist of monetary remuneration (base remuneration and performance-related remuneration) and performance-linked stock compensation. However, the Outside Directors' remuneration package shall consist of only the base remuneration as a monetary payment. In light of their roles and independence from the Company, their remuneration package does not contain performance-related remuneration as monetary payment nor performance-linked stock compensation.

By clarifying the link between the performance and its stock price and sharing between Directors and shareholders the risk of a decline in the stock price, as well as the benefits of its increase, the performance-linked stock compensation for Directors (excluding Outside Directors) aims to increase their motivation for contributing to improving the Company's operating performance over the medium to long term.

2. Policy on determining the respective amounts of monetary remuneration (base remuneration and performance-related remuneration) for individual Directors (including rules on determining the time or the conditions of payment)

The base monetary remuneration for Directors shall be a fixed pay. The annual amount of the fixed payment shall be determined depending on their titles and duties and holistically considering the level of other companies' directors' payments, the Company's operational performance, and our employees' salaries level. For the performance-related remuneration, we establish the base amount for each title and determine the annual amount according to the fluctuation of performance indicators.

Those indicators consist of

- (1) the profit indicators for the previous fiscal year (the net income attributable to owners of the parent, EBITDA, and the like) and
- (2) ESG indicators (the third-party assessment result, the reduction of GHG emissions, and the like.)

The Company pays the above monetary remunerations to Directors not to exceed the limits of the total amount of Directors' remunerations determined by resolution at a general meeting of shareholders, respectively, every month in twelve installments.

3. Policy on determining details of performance-linked stock compensation, the breakdown of performance indicators, and the methodology to calculate the amount or the number of evaluation points for performance measurement (including rules on determining the time or the conditions for giving the stock compensation)

As for the performance-linked stock compensation for Directors, we employ the following calculation method. 1) Every fiscal year, the Company shall compute a specific number of evaluation points for each Director by multiplying (i) the title point depending on the job title assumed by the Director during the term of execution of duties by (ii) the performance evaluation index (showing the degree of achievement of the performance targets) consisting of income attributable to owners of our parent (the average rate of change over the last three years,) EBITDA (average rate of change over the last three years,) ROE (actual results for the current fiscal year,) and the comparison of rates of year-on-year volatility in the Company's stock price and TOPIX. 2) The Company grants each Director the evaluation points calculated as above not to exceed the limit of the number determined by resolution at a general meeting of shareholders. 3) The above evaluation points shall be accumulated until the retirement of each Director. At the same time, the Company shall contribute a specific amount of cash to the Board Benefit Trust not to exceed the limit determined by resolution at a general meeting of shareholders. Upon the retirement of a Director, the Company will vest the Director a specific number of the Company's stock equivalent to the number of their accumulated evaluation points. Upon retirement due to the expiration of the term of office, the Director will receive the Company's stock equivalent to approximately 75% of the accumulated evaluation points and the remaining approximately 25% in cash (which sum is computed at the Company's stock price at the time of retirement).

When formulating the Company's medium-term business plan, the performance indicators and their targets, or the basis of granting evaluation points, shall be reset. The Company determines those indicators and targets by the Board of Directors' resolution based on advice (*toshin*) from the Nomination and Remuneration Advisory Committee.

4. Policy on determining the proportion of monetary remuneration and performance-linked stock compensation to the total remunerations for individual Directors

For the proportion of each of the Directors' remuneration types (except for Outside Directors), the Nomination and Remuneration Advisory Committee shall deliberate based on the remuneration levels of other corporations of similar business size as the Company or that belong to related business types and categories as a benchmark. The Board of Directors will respect the Nomination and Remuneration Advisory Committee's advice (*toshin*) to determine details of remunerations for individual Directors within the respective limits of each remuneration type suggested in the advice.

When formulating the Company's medium-term business plan, the rough proportion of the respective remuneration types shall be reset and determined by the Board of Directors' resolution based on advice (*toshin*) from the Nomination and Remuneration Advisory Committee. Currently, the following proportion is effective as fixed when formulating the medium-term business plans starting in the fiscal year 2022.

The proportion of the base remuneration (monetary remuneration), the performance-related remuneration (monetary remuneration), and the performance-linked stock compensation to the total remunerations shall be 65:28:7 (where the achievement of the performance indicators' targets is 100%).

5. Matters regarding the decision on details of remunerations for individual Directors

The amount of the monetary remuneration (consisting of base remuneration and performance-related one) for individual Directors shall be determined by the Board of Directors' resolution. The Board of Directors shall submit the original draft on those respective amounts prepared by the Representative Director to the Nomination and Remuneration Advisory Committee and seek and receive advice (*toshin*). The Board of Directors must respect that advice given to make its decision.

6. Other matters regarding the process to determine details of remunerations for individual Directors

The Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. We ask for deliberation by and advice (*toshin*) from the Nomination and Remuneration Advisory Committee on the decision of establishing, amending, or abolishing any policy regarding the Directors' remunerations; the determination of their monetary remuneration to ensure the appropriate remuneration level and the objective and transparent decision-making process. The Nomination and Remuneration Advisory Committee shall consist of three committee members or more to be appointed by resolution of the Board of Directors, and independent Outside Directors shall form its simple majority.

For the composition and percentage of the Director's remuneration, please refer to the chart shown in "V. Others 2. Other Matters Concerning Corporate Governance System" below in this Report.

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

1. Supporting system for Outside Directors (four Outside Directors)
 - Outside Directors attend the Board of Directors and other meetings and offer appropriate advice on management policies, its improvement, and other areas. They work closely with the Audit & Supervisory Board Members and related persons to oversee the management and fulfill other roles.
 - The Corporate Planning Department and related departments provide Outside Audit & Supervisory Board Members with prior explanations on the content of proposals to be deliberated at the Board of Directors and other important matters. The Corporate Planning Department serves as a liaison for Outside Audit & Supervisory Board Members.
2. Supporting system for Outside Audit & Supervisory Board Members (three Outside Audit & Supervisory Board Members)
 - The three Outside Audit & Supervisory Board Members attend the Board of Directors and other meetings, offer appropriate advice on the management policies, improvements, and other aspects, and conduct management audits.
 - If requested by Audit & Supervisory Board Members, the Company assigns an employee as assistant to Audit & Supervisory Board Members to facilitate the efficient and smooth execution of their duties. That assistant aids audits, gathers and communicates information, and performs related tasks.
 - One of the three Outside Audit & Supervisory Board Members is a full-time Audit & Supervisory Board Member who alternates with the Internal Audit & Supervisory Board Member (full-time) in attending Management Meeting, Sustainability Promotion Committee, Risk Management & Compliance Committee, and other meetings. That full-time Outside Audit & Supervisory Board Member also receives reports on material management matters, including the discussion at the Management Meeting and other information in the same manner as an Internal Audit & Supervisory Board Member.
 - The Corporate Planning Department and relative departments provide Outside Audit & Supervisory Board Members with prior explanations on the content of proposals to be deliberated at the Board of Directors and related matters. The Corporate Planning Department serves as a liaison for Outside Audit & Supervisory Board Members.

[Status of individuals who have retired from the office of Representative Director and President or similar office]

| Name and other information regarding Former Representative Director and President or the like as Corporate Consultant (<i>Sodanyaku</i>), Corporate Advisor, or other position | | | | | |
|--|----------------|-----------------------|--|---|----------------|
| Name | Position/Title | Description of duties | Working form/conditions (Full-time/part-time, paid/unpaid, etc.) | Date of retirement as President or the like | Term of office |
| | | | | | |
| | | | | | |

| | |
|---|----------|
| Total number of former Representative Directors and Presidents or the like acting as Corporate Consultants (<i>Sodanyaku</i>), Corporate Advisors, or other positions | 0 person |
|---|----------|

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|--|
| Other matters |
| There are no individuals who had once served as Representative Director and President or the like and are currently serving in another position, such as a Corporate Consultant (<i>Sodanyaku</i>) or a Corporate Advisor. |
| Under the Articles of Incorporation, the Company may appoint one or more Corporate Consultants (<i>Sodanyaku</i>) by the Board of Directors' resolution. |

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

(1) Overview of the current corporate governance system

1. Business execution and oversight

By clarifying two functions of swift management decision-making and oversight and execution, the Company seeks to strengthen both functions and enhance its capacity to develop and realize its management strategies. Also, by setting the term of offices for Directors and Executive Officers at one year, we clarify management and business execution responsibilities.

2. Board of Directors

The Company's Board of Directors comprises ten members (including four Outside Directors). In principle, the board meets monthly to resolve material matters related to management and oversee the execution of duties by Directors and Executive Officers. Material matters in the company management are decided through careful deliberation by the Board of Directors or the Management Meeting. In this manner, we work on reducing or eliminating business risks. In the fiscal year 2023, the board met on 12 occasions from June 2023 to May 2024. All Directors attended each meeting, except for Director, Ms. NAKAGAWA Miyuki, who was absent from the meeting of the Board of Directors once.

In addition, to enhance the oversight function of the Board of Directors, we report to the Board of Directors the matters determined by the Management Meeting and the outcomes of business executions based on decisions of the board and other meetings. We further strive to ensure and improve effectiveness in the pursuance of roles and responsibilities of the Board of Directors by conducting the Effectiveness Evaluation on the overall board every fiscal year.

3. Audit & Supervisory Board

The Company's Audit & Supervisory Board comprises four members (including three Outside Audit & Supervisory Board Members). The Audit & Supervisory Board Members, based on the audit plan set by the Audit & Supervisory Board (Board of Audit & Supervisory Board Members), audit the execution of duties by Directors primarily by attending the Board of Directors and other important meetings and regularly visiting each division/department of the headquarters and each research laboratory/plant and exchanging opinions. Mr. TAKEMOTO Shuichi, a full-time Outside Audit & Supervisory Board Member, has long experience at financial institutions and considerable finance and accounting knowledge. Mr. TAKAHAMA Shigeru, an Outside Audit & Supervisory Board Member, has long experience as a certified public accountant and considerable finance and accounting knowledge.

4. Nomination and Remuneration Advisory Committee

On April 1, 2019, the Company established its Nomination and Remuneration Advisory Committee as an advisory body under the Board of Directors to strengthen the board's independence, objectivity, and accountability regarding the nomination, remuneration, and related matters for Directors and further enhance corporate governance. For details on the activities of the Nomination and Remuneration Advisory Committee, please refer to "II. 1. Organizational Composition and Operation, [Directors], Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Remuneration Committee" in this Report.

5. Accounting Audit

The Company has appointed the Yaesu Audit Company as its Accounting Auditor since the fiscal year 1975 (ongoing audit involvement for 49 years), and we receive audits appropriately throughout the fiscal year, not only the fiscal year-end audit.

In the fiscal year 2023, the audit for the Company was executed by three certified public accountants: Messrs. MITSUI Tomoichi, WATANABE Takashi, and AI Junichi. The assistants for the audit work were ten certified public accountants, three associate members of The Japanese Institute of Certified Public Accountants, and five others.

6. Internal Audit

The Company has established an Internal Audit Department to pursue the achievement of the Group's management objectives effectively. With the object of ensuring the proper duties under the internal control system, the Internal Audit Department conducts internal audits for the Group. The department submits its internal audit activity plan and reports the outcomes to the Chairman & CEO, the President & COO, the Directors in charge, and the Board of Directors. It also shares information with the Company's Accounting Auditor and the Audit & Supervisory Board Members to cooperate with them.

7. Risk Management System and Compliance Promotion Structure

The Company has established the Risk Management & Compliance Committee, which is responsible for increasing the effectiveness of risk management activities and improving and promoting compliance. The committee is chaired by the Chief Risk Management Officer (CRO), appointed by the Board of Directors. The committee members comprise risk & compliance managers of each division/department, research laboratory/plant, and consolidated domestic subsidiary, all designated by the CRO.

Material matters, countermeasure plans, and other matters related to risk management and compliance promotion are discussed by the committee before being decided by the Board of Directors' resolution. As for the 15 categories of "the Group Major Risks" identified in the fiscal year 2021, we have drawn up a three-year plan for risk countermeasures with the fiscal year 2022 as its starting year and have been steadily implementing PDCA management practices.

(2) Status of initiatives for strengthening the function of Audit & Supervisory Board Members

For information on the strengthening of the function of Audit & Supervisory Board Members, please refer to the sections "Cooperation among Audit & Supervisory Board Members, Accounting Auditor, and Internal Audit Department," "Appointment of Outside Audit & Supervisory Board Members," and "Supporting System for Outside Directors and/or Audit & Supervisory Board Members" above.

(3) Overview of limited liability agreements

The Company entered into liability limitation agreements (as stipulated in paragraph 1, Article 427 of the Companies Act) with Directors, Messrs. OBAYASHI Hidehito, and KATAOKA Kazunori, and Meses. NAKAGAWA Miyuki and TAKEOKA Yuko, and Audit & Supervisory Board Member, Messrs. KATAYAMA Noriyuki and TAKAHAMA Shigeru, respectively. That agreement limits their liabilities under paragraph 1, Article 423 of the Companies Act to the minimum liability amount provided by laws and regulations as far as they perform their duties in good faith without gross negligence.

(4) Overview of officers' liability insurance contracts

The Company entered into a contract of Directors and Officers Liability Insurance as stipulated in Article 430-3 (i) of the Companies Act with an insurance company. The insurance compensates damages under the law, legal costs, and other expenses incurred by the insured, including the Company's Directors and Audit & Supervisory Board Members.

3. Reasons for Adoption of Current Corporate Governance System

As a company with an Audit & Supervisory Board, we have adopted the current system to enhance management efficiency and soundness.

Audit work by Outside Audit & Supervisory Board Members (three, including one full-time member) ensures the satisfactory functioning of the objective and neutral monitoring of the company management.

The Company also appoints four Outside Directors who monitor and oversee management from an outside perspective and provide additional third-party knowledge to realize more transparency, soundness, and objectivity in the management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights [Updated]

| | Supplementary Explanations |
|---|--|
| Early Notification of General Meeting of Shareholders | <ul style="list-style-type: none"> To provide shareholders with ample time to consider the proposals, the Company has accelerated its sending of convocation notices and posted the convocation notice on its website (https://www.nissanchem.co.jp/eng/ir_info/library/general_meeting.html) on May 29, 2024, 28 days prior to the date of the 154th Ordinary General Shareholders Meeting (June 26, 2024). |
| Scheduling General Meeting of Shareholders Avoiding the Peak Day | <p>To promote constructive dialogue with shareholders, the Company avoids holding its General Meeting of Shareholders on the first peak day for general meetings of shareholders.</p> <p>The 154th Ordinary General Meeting of Shareholders was held on June 26, 2024.</p> |
| Allowing Electronic or Magnetic Exercise of Voting Rights | <p>The Company provides shareholders an environment to exercise their voting rights over the Internet. This method of exercising voting rights and other information is provided in the convocation notice.</p> |
| Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors | <ul style="list-style-type: none"> The Company participates in the Electronic Voting Rights Exercise Platform for institutional investors operated by ICJ Inc. The convocation notice is posted on the Company website (https://www.nissanchem.co.jp/eng/ir_info/library/general_meeting.html). |
| Providing Convocation Notice in English (Partly Translated) | <ul style="list-style-type: none"> An English-language convocation notice (summary) is posted on the Company website (https://www.nissanchem.co.jp/eng/ir_info/library/general_meeting.html) |
| Other | <ul style="list-style-type: none"> For the convenience of shareholders, the Company posts a notice of resolutions, special report (voting results), and related materials on its website (https://www.nissanchem.co.jp/eng/ir_info/library/general_meeting.html). At the General Meeting of Shareholders, business reports and explanations of proposals are provided using video and audio to deepen shareholders' understanding. |

2. IR Activities

| | Supplementary Explanations | Explanations by the Representative in person |
|---|--|--|
| Preparation and Publication of Disclosure Policy | The content of the Company's disclosure policy is posted on the Company website (https://www.nissanchem.co.jp/ir_info/disclosure.html). | |
| Investor Briefings for Individual Investors | The Company held an investor briefing for individual investors, given by the CFO & Director in charge of the Finance & Accounting Department. The materials used in the briefing and the video are released on the Company website (https://www.nissanchem.co.jp/eng/ir_info/index.html). | None |
| Regular Investor Briefings for Analysts and Institutional Investors | As to the briefings on the business plans given by the President & COO, and the same (including telephone and video conferences) on each quarterly financial result given by the CFO & Director in charge of the Finance & Accounting Department, their materials, audio files, and their scripts, including Q&A sessions, are posted on the Company website (https://www.nissanchem.co.jp/eng/ir_info/index.html). In addition, in March 2023, the CFO & Director in charge of the Sustainability Promotion and IR Department held a briefing on ESG activities. The materials are posted on the Company website (https://www.nissanchem.co.jp/eng/news_release/release/en2023_03_31.pdf) | Yes |
| Regular Investor Briefings for Overseas Investors | Every year, the CFO & Director in charge of the Finance & Accounting Department participates in conferences sponsored by securities companies in the United States, Europe, Asia, and other regions to provide explanations and exchange opinions directly with overseas investors. As to the briefings (including telephone and video conferences) on business plans, each quarterly financial result, the materials (in the Japanese and English versions), audio and videos (only the Japanese version), and their scripts, including Q&A sessions (in the Japanese and English versions), are posted on the Company website (https://www.nissanchem.co.jp/eng/ir_info/index.html). | None |

| | Supplementary Explanations |
|--|--|
| Posting of IR Materials on Website | <p>The following materials are posted on the Company website (https://www.nissanchem.co.jp/eng/ir_info/index.html).</p> <ul style="list-style-type: none"> *Account settlement information (Summary of financial results, supplemental materials, securities report, etc.) *Timely disclosure materials other than account settlement information *Status of corporate governance (including the corporate governance report) *Notice of the convocation of the General Meeting of Shareholders, a notice of resolutions, presentation materials of the General Meeting of Shareholders, extraordinary reports *Shareholder newsletter (business report) *Business Plans * Integrated Report *Shareholders' return (dividend policy), etc. |
| Establishment of Department and/or Manager in Charge of IR | <ul style="list-style-type: none"> • To engage in constructive dialogue with shareholders and institutional investors, the Company has appointed a CFO and Director in charge of the Finance & Accounting Department and established a department in charge of IR (Sustainability Promotion & IR Department). • The Company has a department in charge of IR (Sustainability Promotion & IR Department), a department in charge of SR (Corporate Planning Department), and a department in charge of Public Relations (Corporate Planning Department) to cooperate and endeavor to provide timely disclosure and other information appropriately for promoting constructive dialogue with shareholders and institutional investors, and providing information necessary for investment decisions in a timely, fair, and equitable manner continuingly. |
| Other | <ul style="list-style-type: none"> • Opinions and concerns from shareholders and institutional investors gathered during dialogue with shareholders, and institutional investors are regularly reported to the Board of Directors, etc. • When having a dialogue with shareholders and institutional investors, the Company takes appropriate measures under its internal rules (such as the Insider Trading Management Rules). • The Company regularly conducts a shareholder identification survey to grasp its shareholder ownership structure and analyze the outcome of their exercising voting rights. The Company utilizes such information in subsequent dialogues with shareholders and institutional investors. |

3. Measures to Ensure Due Respect for Stakeholders [Updated]

| | Supplementary Explanations |
|---|--|
| Internal Rules, etc. Stipulated for Respecting the Position of Stakeholders | <p>Defining the stakeholders as “customers, shareholders/investors, employees, communities/society, and business partners,” the Company sets the Course of Action below to respond to the expectations of all stakeholders and strengthen their confidence in us.</p> <ol style="list-style-type: none"> 1. Conduct sensible business activities as a member of the international community in compliance with laws and regulations. 2. Enhance corporate value by providing safe and useful products and services. 3. Strive proactively to eliminate accidents and disasters and protect the global environment. 4. Disclose information appropriately with a focus on dialogue with stakeholders. 5. Improve health and create a cheerful and pleasant place to work by respecting the individuality and personality of employees. 6. Conduct itself as a good corporate citizen and a respected member of society. |

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| <p>Implementation of Environmental Activities, Sustainability Activities, etc.</p> | <p>As its fundamental policy for business activities, the Company declares its Corporate Philosophy, “We offer the value sought by society and contribute to the protection of the global environment and the continued existence and development of humanity.” We believe that putting this philosophy into practice can be a sustainability activity. The Sustainability Promotion Committee, the Climate Change Committee, the Risk Management & Compliance Committee, the Environment & Safety Committee, and the Quality Assurance Committee cooperate to promote and enhance sustainability activities.</p> <p><Sustainability activities></p> <p>Setting out the “Responsible Care Basic Policies,” the Company strives to secure and continuously improve the environment, health, and safety (EHS) performance throughout the process, from developing chemical substances to disposal. In addition, under the established “Nissan Chemical Biodiversity Action Guidelines,” we are strengthening our environmental activities. In the fiscal year 2020, the Company publicly declared support for the TCFD (Task Force on Climate-related Financial Disclosure). It sets its target to “down more than 30% of greenhouse gas emissions by the fiscal year 2027 compared to the fiscal year 2018” in the medium-term business plan “Vista 2027” starting in the fiscal year 2022.</p> <p>Also, since the fiscal year 2018, the Company has supported ten principles in the four fields of human rights, labor, the environment, and anti-corruption, which are advocated by the United Nations Global Compact (UNGC). To clarify its stance, we formulated the “Human Rights Policy,” including labor, and the “Anti-Corruption Policy” in the fiscal year 2019. Further, as a part of the corporate human rights due diligence process, we listed the Group risks associated with its key business fields and identified priority risks related to human rights to address. As the people’s consciousness of human rights has become diversified and complicated recently, in January 2023, we revised the “Human Rights Policy” based on outside experts’ opinions to clarify further the Company’s initiatives on respecting human rights.</p> <p>Moreover, the Company sets the “Policy on Social Contribution” to proactively participate in society and contribute to its sound and sustainable development.</p> <p>The details of the Company’s environmental and sustainability activities are described in the Integrated Report and other company reports, also posted on the Company website: (https://www.nissanchem.co.jp/eng/csr_info/index.html)</p> |
| <p>Formulation of Policies on Information Provision to Stakeholders</p> | <p>The Company places value on the dialogue with stakeholders and discloses information appropriately according to its Course of Action and Disclosure Policy.</p> |

| | |
|-------|---|
| Other | <p>The Company has established the “Basic Health Policy” to maintain and advance the health of its employees based on the belief that their health is a “foundation that supports sound corporate growth.” The “Basic Health Policy” is posted on the Company website. (https://www.nissanchem.co.jp/eng/csr_info/communication/employee/workplace.html).</p> <p>In recognition of our efforts to promote employees’ health, the Company has been certified as a “Certified Health and Productivity Management Organization (the White 500)” for eight consecutive years since 2017.</p> <p>To keep the work-life balance for employees, we are taking various measures, such as reducing overtime work, encouraging employees to take annual leave, and introducing the annual paid leave by the hour and shorter working hours exceeding the statutory requirements. In addition, we are taking measures to prevent harassment in the workplace, for example, offering training sessions to all its management personnel.</p> |
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IV. Matters Related to the Internal Control System

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

(1) Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by directors and employees of the Company and its subsidiaries

- The Company expedites management decision-making and clarifies management responsibility and business execution responsibility under the “Board of Directors Rules” and other relevant company rules (rules regarding company operations). At the same time, the Company strengthens its management monitoring function, risk management system, compliance system, and internal control system under the Board of Directors and Audit & Supervisory Board, including highly independent Outside Officers.

- Under the “Course of Action,” the Company established the Sustainability Promotion Committee, the Climate Change Committee, the Risk Management & Compliance Committee, the Environment & Safety Committee, and the Quality Assurance Committee. Those committees cooperate to make the necessary operational and other improvements to ensure the existence and sound development of the Company and to secure the maximum trust possible from stakeholders.

- We formulated the “Compliance Rules” for the Company and our subsidiaries. Under the rules, we ensure that all the Group’s officers and employees comply with relevant laws, regulations, and company rules regarding their business activities and conform to social norms in conducting business activities.

- The Chief Risk Management Officer (CRO) appointed by the Board of Directors supervises the general compliance of the Company and our subsidiaries.

- We established a whistle-blowing system [for the Company and our subsidiaries] to encourage all the Group’s officers and employees to comply with laws and regulations at any time.

- We shall not have any involvement with anti-social forces. If the Company or any subsidiary receives an inappropriate request, we will work closely with specialized external institutions and cope with it resolutely.

- The Internal Audit Department audits the status of the establishment and operation of internal controls, one of which objectives is ensuring compliance, from a fair and independent standpoint based on the “Internal Audit Rules.”

(2) Systems for storing and managing information related to the execution of duties by Directors

- The Company stores and manages documents and other information related to the execution of duties by Directors under its internal rules, such as the “Information Management Rules.”

- The Director in charge of the Corporate Planning Department is appointed as the Chief Information Officer (CIO), who supervises information management and overall protection of personal information, specified personal information, and other information.

(3) Rules and other systems related to managing the risk of losses to the Company and its subsidiaries

- We formulated the “Risk Management Rules” for the Company and our subsidiaries. Under the rules, we strive to prevent the materialization of risks that could impede the achievement of business objectives and minimize the impact of those that materialize.

- The Chief Risk Management Officer (CRO) appointed by the Board of Directors supervises the general risk management of the Company and its subsidiaries.

- We established the “Nissan Chemical Group Crisis and Emergency Response Guidelines.” In a crisis or emergency, we will tackle that situation to prevent the spread of damage and impacts and seek to resume our business activities as soon as practicable or continue business operations under the CRO’s direction.

- Our “Business Continuity Plan (BCP) Formulation Guidelines” set out the basic points for formulating a BCP.

- We formulated the “Responsible Care Rules” for the Company and our subsidiaries. Under the rules, we aim to ensure and improve environmental preservation, security, disaster prevention, occupational safety and health, chemical and product safety, and logistic safety in all business activities.

(4) Systems for ensuring the efficient execution of duties by directors of the Company and its subsidiaries

- The Company has introduced a system of executive officers to clarify the management decision-making and oversight function and the execution function, through which it works to strengthen both functions and enhance its capacity to develop and realize management strategies.
- Important management-related matters are decided by the Board of Directors and Management Meeting under the “Board of Directors Rules,” “Management Meeting Rules,” and other internal rules.
- Executive Officers execute their duties based on decisions by the Board of Directors and the Management Meeting.
- The Board of Directors oversees the execution of duties by the Directors and Executive Officers, including the state of progress of matters or activities determined by its resolution. By appointing Outside Directors, the Company strengthens the oversight function of the Board of Directors.
- The “Affiliated Company Management Rules” stipulate general management principles for subsidiaries to enhance management soundness as a corporate group.

(5) Systems for ensuring the appropriate operations of the corporate group comprising the Company and its subsidiaries

- Based on the “Affiliated Company Management Rules” and other internal rules, subsidiaries report to the Company on their execution of business. While respecting subsidiaries’ management independence, the Company provides advice and instructions as necessary to contribute to their sound performance of business activities.
- The Company’s Directors or employees may serve concurrently as directors or corporate auditors of subsidiaries to oversee and audit subsidiaries.
- The Company requires its subsidiaries to comply with the Company’s internal control system, and the Internal Audit Department performs audits of the subsidiaries.

(6) Items related to the employees and items related to the independence of the employees from Directors in the event that Audit & Supervisory Board Members request that employees be provided to assist them in their duties

- At the request of the Audit & Supervisory Board Member, the Company assigns an employee who assists with their duties. When assisting the Audit & Supervisory Board Members in their duties, that employee shall not receive instructions or directions from Directors or superiors. Also, to ensure their independence from Directors and superiors, determining the appointment or reassignment of the employee as assistant to Audit & Supervisory Board Members requires prior approval from the Audit & Supervisory Board.

(7) Systems for reporting to Audit & Supervisory Board Members by directors and employees of the Company and its subsidiaries and other systems for reporting to Audit & Supervisory Board Members

- The Audit & Supervisory Board Members may attend meetings of the Board of Directors, Sustainability Promotion Committee, Risk Management & Compliance Committee, and other important meetings.
- Directors and employees of the Company and its subsidiaries report to the Audit & Supervisory Board Members on material matters from the outcomes of business execution based on decisions made by the Board of Directors, the Management Meeting, and other meetings. If they find a fact that violates material laws or regulations or is likely to cause substantial harm to the Company, they shall promptly report matters regarding that fact to the Audit & Supervisory Board Members.

(8) Other systems for ensuring effective audits by Audit & Supervisory Board Members

To ensure effective audits by the Audit & Supervisory Board Members, the Audit & Supervisory Board Members regularly exchange opinions with the Accounting Auditor, Directors, Internal Audit Department, the audit & supervisory board members of subsidiaries, and other parties. When Audit & Supervisory Board Members request the Company to make any advance or reimbursement payment or to deal with expenses or liabilities required to perform their duties, the Company will be responsible for such payment and expenses.

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

In the “Course of Action,” the Company outlines compliance with laws and regulations and respect for social norms. Also, in the “Compliance Manual” compiled for maintaining, enhancing, and promoting compliance (the content of which is already communicated to the directors and employees of the Company and its subsidiaries,) we declare our firm stance against anti-social forces and determination not to have any contact with them.

To shut off any involvement in anti-social forces in day-to-day business operations, the Company has a general affairs department in charge of addressing them in cooperation with specialized outside institutions. The department plays a central role in the Company’s efforts to gather and manage related information to establish and improve the structure on this issue.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not adopted |
|------------------------------------|-------------|

Supplementary Explanation

The Company has not adopted anti-takeover measures. In the case of an attempt to make a large-scale purchase of the Company's shares, we will strive to secure the necessary information and time for shareholders to consider while disclosing the opinions of the Company's Board of Directors and taking appropriate measures under related laws and regulations. From now on, the Company will make efforts to secure and increase its corporate value and the common benefit of shareholders.

2. Other Matters Concerning Corporate Governance System

The Company's "Course of Action" declares it will prioritize dialogue with shareholders and disclose corporate information appropriately. The responsible person for handling information, the Head of the Corporate Planning Department, takes charge of the timely disclosure of material facts and other corporate information specified by the Tokyo Stock Exchange and handles the information requiring a timely disclosure as below, under its internal rules (such as the Insider Trading Management Rules).

- Corporate decisions and account settlement information

Corporate decisions ("*kettei-jijitsu*") and account settlement information are approved by the Board of Directors or the Management Meeting. The Corporate Planning Department serves as the secretariat for both bodies; thus, its Head is in a position to grasp such information accurately at an early stage. After approval of corporate decisions and account settlement information, the Head of the Corporate Planning Department will disclose the corporation information without delay.

- Matters that occurred and information on subsidiaries

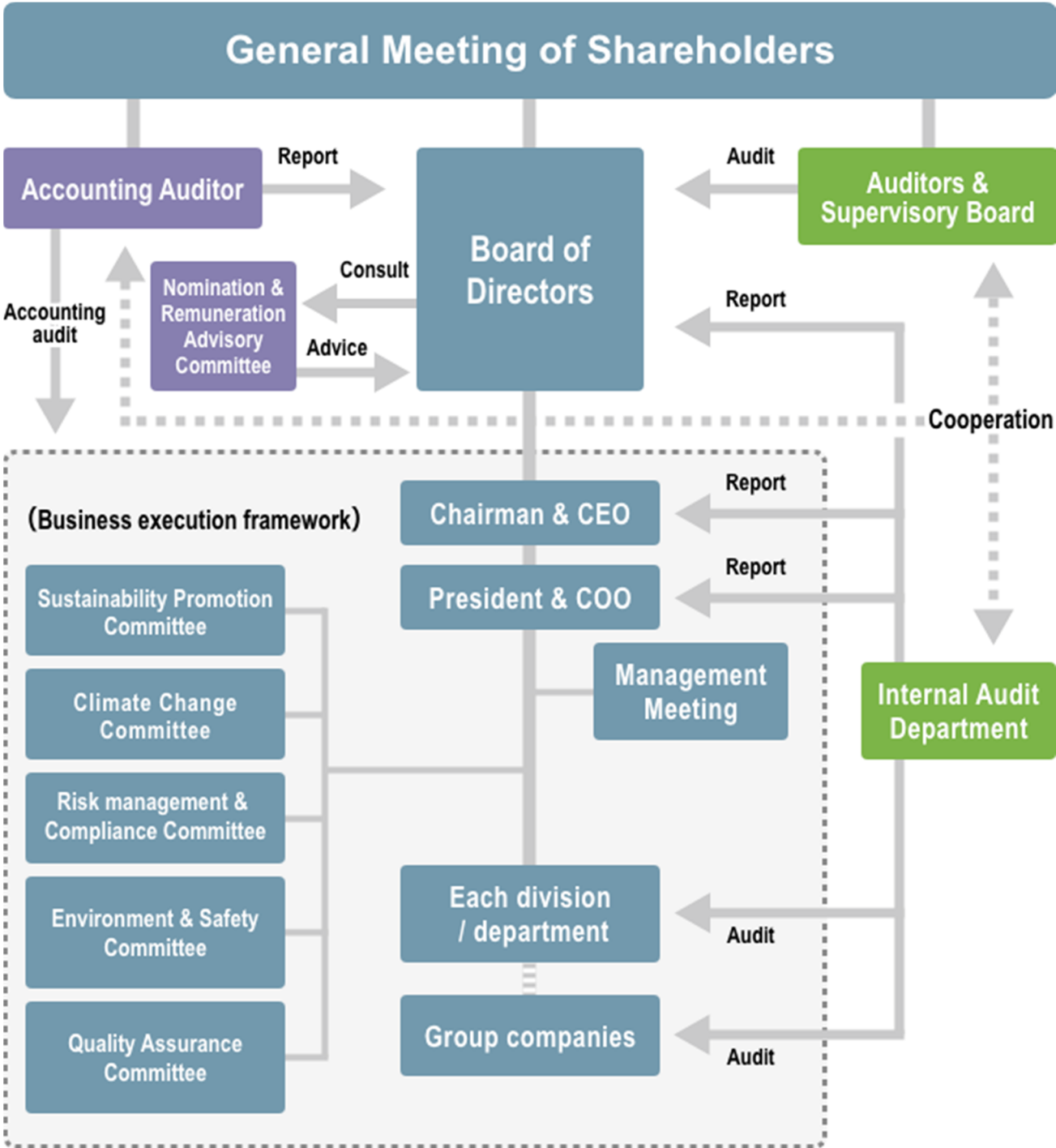
Matters that occurred ("*hassei-jijitsu*") related to the Company, corporate decisions, matters that occurred, and account settlement information related to subsidiaries are reported promptly to the Head of the Corporate Planning Department from the heads of the Company's relevant divisions/departments and subsidiaries.

If the Head of the Corporate Planning Department determines that the gathered corporate information is required to be disclosed under the Tokyo Stock Exchange's timely disclosure regulations and other guidelines, the Head will disclose it without delay while reporting the same to the President & COO and related officers.

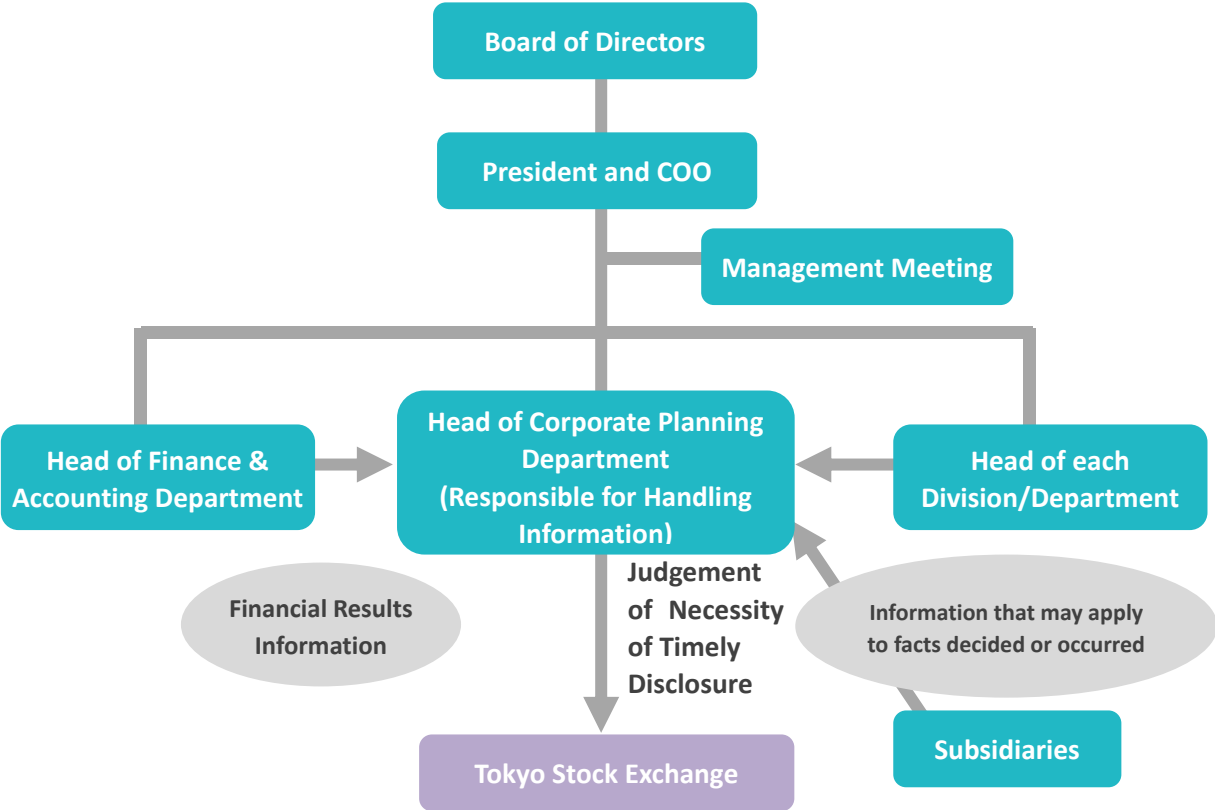
The Company's disclosure policy is posted on the Company website

(https://www.nissanchem.co.jp/eng/ir_info/disclosure.html).

Relationships between the Company’s corporate organizations and internal control, etc.



The Company's systems related to the timely disclosure of corporate information

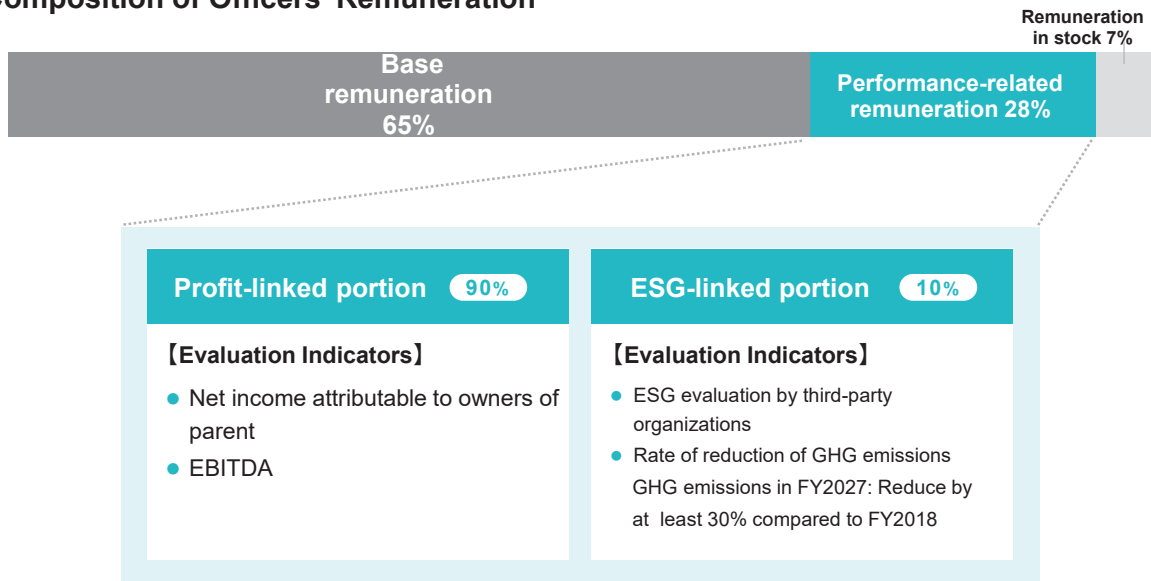


Skills Matrix for the Company's Board of Directors

| Director | | The expertise and experience required for the Company's directors | | | | | |
|---|-------------------|---|-----------------------|----------------------|---|---|-------------------|
| | | Corporate Management | R&D/ Technologies (※) | Finance & Accounting | Legal/Risk Management/ Internal Control | Personnel Affairs/ Personnel Strategies | Global Experience |
| Representative Director, Chairman | KINOSHITA Kojiro | ● | | ● | ● | ● | |
| Representative Director, President | YAGI Shinsuke | ● | ● | | ● | ● | |
| Director, Senior Executive Vice President | HONDA Takashi | ● | ● | | ● | | ● |
| Director, Senior Managing Executive Officer | ISHIKAWA Motoaki | ● | ● | | ● | | ● |
| Director, Senior Managing Executive Officer | DAIMON Hideki | ● | | ● | ● | | ● |
| Director, Managing Executive Officer | MATSUOKA Takeshi | ● | | ● | ● | ● | ● |
| Outside Director | OBAYASHI Hidehito | ● | ● | | | | ● |
| Outside Director | KATAOKA Kazunori | ● | ● | | | | ● |
| Outside Director | NAKAGAWA Miyuki | | | | ● | | |
| Outside Director | TAKEOKA Yuko | | ● | | | | |

- "R&D/Technologies" include the expertise and practical experience in the fields of IT, DX (Digital Transformation,) environmental safety, and quality assurance.

Composition of Officers' Remuneration



* The ratio of the portions of the composition varies according to the Company's performance