Corporate Governance Report

Last Update: June 20 ,2025

Denka Company Limited

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Securities Code: 4061

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The corporate governance of Denka Company Limited (the "Company") is described below.

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

1. Basic Views

In order to fulfill the expectations and trust of its many stakeholders, including shareholders, customers, local society, and employees, based on the Denka's Vision (a vision of the future) comprising the Core Value that is the Company's DNA to serve as the foundation to support the tiers above, Purpose that serves as the North Star to guide the Company, and the Mission that the Company aspires to accomplish by 2030, the Company strives to strengthen its business foundation by improving its earnings power and expanding the scope of operations, while also working to improve corporate value by making every effort to continue being a company that can win the trust and sympathy of society.

The Company considers corporate governance as the foundation for the above, and so we have striven to strengthen governance, in order to fulfill the responsibilities we owe to all our stakeholders, and ensure the transparency and soundness of our management.

Specifically, it has introduced an Executive Officer System to speed up its decision-making, and by delegating powers and roles in the execution of business to the Executive Officers, clearly separates the execution of business by Executive Officers and the overseeing and supervision of such execution by the Directors.

Furthermore, it has endeavored to strengthen corporate governance by abolishing special titles for Directors (Senior Managing Director, Managing Director etc.) in principle, thus establishing a system where all Directors can engage in the monitoring and supervision of business execution from an equal standing.

With regard to its outside officers system, the Company appoints Outside Directors who are sufficiently independent and have extensive knowledge in their respective areas. In addition to carrying out supervision of management from an external perspective, they have established places for regular exchanges of opinions with top management. This enables them to provide sufficient advice through exchanges outside the Board of Directors meetings and enables the Company to monitor its management from an external perspective.

In terms of the design of its corporate governance system, the Company has chosen to transition to a Company with Audit Committee. This step is aimed at further strengthening the supervisory function of the Board of Directors, through measures such as placing the Board of Directors' decision rights with Directors who are Audit Committee Members.

The Company has also established the Nomination & Remuneration Advisory Committee composed of a majority of Outside Directors and chaired by an Outside Director, as an advisory body to the Board of Directors. This has been done to promote transparent and objective management decisions, as the Board of Directors receives diverse opinions and advice from Outside Directors on important management issues such as those concerning governance, including nominations and remuneration.

These changes will enable the Company to bolster its management structure possessing both proactiveness and prevention.

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

The Company complies with all principles of the Corporate Governance Code.

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

Information described below is based on the Corporate Governance Code as revised on June 11, 2021.

[Principle 1.4 Strategic Shareholdings]

○ Policy concerning strategic shareholdings

The Company holds no strategic shareholdings from the perspective of enhancing capital efficiency, in principle. However, the Company may hold such shares in cases where it judges that such shareholding will lead to the establishment of stable business relationships, help maintain and strengthen business alliances in line with growth strategies, and contribute to the enhancement of corporate value over the medium- to long-term.

○ Examination on strategic shareholdings at the Board of Directors

The Company comprehensively reviews the shares at the Board of Directors meeting in compliance with the above policies from a variety of perspectives, including the financial condition of the issuer of said shares, the value of transactions with the Company and its economic rationality and a comparison with the Company's capital cost. The purpose of holding said shares are stated in the securities report. The Company will continue to review them annually.

As a result of the review of the purpose for such shareholdings, including from the perspective of enhancing capital efficiency, and further progress with reductions, the number of issues of strategic shareholdings as of March 31, 2025 decreased by 9 from the end of the previous fiscal year to 45, and the ratio to consolidated net assets decreased by 0.79 percentage points to 6.42% from the end of the previous fiscal year.

○ Standards for exercise of voting rights as to strategic shareholdings

Regarding the exercising of voting rights in relation to shares held as strategic shareholdings, in principle, the Company respects the business policies and strategies of the issuing company. After consideration of the issuing company's management situation by the department in charge of the management of those shares, the Company carefully examines proposals individually from the perspective of whether they will ultimately contribute to increased shareholder value before making its decision for or against the proposals. In the following cases in particular, the Company will enter into dialog with the issuing company as necessary and make a careful decision as to whether or not it will vote for the proposals:

(1) in the event that a marked deterioration in the business performance continues for a set period of time;
(2) in the event of a serious scandal;
(3) in the event of any other proposal that could cause damage to shareholder value.

[Principle 1.7 Related Party Transactions]

The Company requires, in the Board of Directors Regulations, that the prior consent of the Board of Directors must be obtained for any competing transactions and dealing with the company by Directors and the results must be reported afterwards. In the case of continuing transactions, the results of competing transactions and dealing with the company in the previous fiscal year are reported to the Board of Directors once a year, and prior approval for the current fiscal year is sought. Also, related party transactions are determined in the same way as general transaction terms, and are disclosed in the notes to financial statements and securities reports in accordance with laws and regulations.

[Supplementary Principle 2.4.1 Policies for ensuring diversity in the appointment of core human resources]

The Company positions "Human Resources Value Creation" as one of the growth strategies in the management plan "Mission 2030," and will realize human resource investment and system reforms, aiming to become a company where each and every employee can gain experience self-realization and personal growth.

Specifically, under the policies of "Strengthening of HR development systems," "Promotion of Diversity, Equity & Inclusion" and "Health and Productivity Management and Work Style Reform," the Company is cultivating future executive manager candidates, building company-wide, integrated education framework, and fostering a self-directed learning culture, while fostering workplace environments, systems, and culture that will empower individuals with diverse ways of thinking to demonstrate their capabilities, and promoting system reforms to create workplaces that employees will "want to come to work again tomorrow."

With regard to "Promotion of Diversity, Equity & Inclusion," the Company sets a target of 50% for the ratio of women, foreign nationals, and mid-career hires in managerial positions by 2030.

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

The Company has adopted a defined benefit corporate pension plan, and management of the reserve for the corporate pension fund is based on the regulations.

Specifically, the Company determines the asset composition ratio in order to achieve the necessary management objectives in accordance with the basic policy for management, and also decides the most appropriate management trustee institution.

The department in charge of managing the corporate pension fund appropriately monitors the management trustee institution with regard to management performance, conflicts of interest and exercise of voting rights.

[Principle 3.1 Full Disclosure]

(i) Company objectives (e.g. business principles), business strategies and management plans (Corporate

Philosophy)

The Company formulated in November 2022 its New Vision and a management plan “Mission 2030,” which covers the 8-year period from fiscal 2023 to fiscal 2030.

The Company will enhance human resources and management value, and focus on creating value in businesses that incorporate the three elements of Specialty, Megatrends, and Sustainability. The Company will also implement strategies focused on both financial and non-financial areas in order to realize “Mission 2030.”

1. Vision

1-1. Background to Formulation of the New Vision

When formulating “Mission 2030,” the Company started by analyzing various future metrics in order to clarify its raison d’etre from a long-term perspective.

It based its assumptions on four worlds of the future: “Sustainability,” which relates to global warming, the problem of marine plastic pollution, air and water pollution, and soil contamination; “Evolving Technology,” typical examples of which are DX, AI and gene recombination; “Global Population Growth,” which will lead to pandemics and food and water shortage ; and “Confusion in Social Order,” which will bring economic inequality and geopolitical risks.

Based on these four worlds of the future, the Company identified megatrends that will lead to business opportunities in the following three domains: “ICT & Energy,” where there is expected to be an increase in demand for renewable energy, a revolution in mobility, and expanded demand for semiconductors; “Healthcare,” where there are likely to be increasingly sophisticated medical needs and innovative medical technologies; and “Sustainable Living,” which will see increased demand for food & water resources and infrastructure.

Based on these four future worlds and three megatrends, the Company created the new vision based on the candid views of its younger employees, who will form the core of the Company moving forward, while also adding the thoughts of the executives.

Based on Denka’s “Core Value,” which is the Company’s DNA, and by combining its “Purpose” - Denka’s guiding principle - with its “Mission” - the duties it aims to fulfill by 2030 - the Company has set out a new Vision (view of the future) that will allow all employees to make the Vision directly relevant to them as individuals.

2. Management Plan “Mission 2030”

In order to achieve the Mission set out under its Vision, the Company will promote the creation of three types of value in Mission 2030 - business, human resources and management - and connect these to the enhancement of corporate value.

2-1. Business Value Creation

In Business Value Creation, we will place emphasis on the three focus areas derived from the envisaged future worlds and megatrends, namely, ICT & Energy, Healthcare, and Sustainable Living. And by 2030, the Company will ensure that all three focus areas, ICT & Energy, Healthcare, and Sustainable Living, will be fully made up of “three-star businesses” that incorporate the three elements of specialty, megatrends, and sustainability, while promoting the transformation of business portfolio, considering also selling or exiting a business that is difficult to convert to a “three-star business.”

In order to achieve this, the Company aims to invest 360.0 billion yen in strategic investments and 180.0 billion yen on R&D expenditure over the 8-year period with the goal of realizing more than 100.0 billion yen in operating income by 2030. In parallel with this, the Company will pursue sustainability by making a total of 85.0 billion yen in environmental investments over the 8-year period with the aim of contributing to the Earth and further increasing the Company’s social value.

2-2. Human Resources Value Creation

Denka will invest in human resources and undertake system reforms with the aim of being a company that enables each individual employee to achieve self-actualization and feel their own growth.

2-3. Management Value Creation

From the perspective of ESG management, the Company will work to strengthen the management foundations on which its corporate survival is premised.

3. Financial Strategy

Improvement of ROE and ROIC

The Company will improve ROE (Return on Equity) and ROIC (Return on Invested Capital) and increase corporate value.

	Fiscal 2018-2022 average		Fiscal 2030 target
ROE	8.4%	→	15% or higher
ROIC	7%	→	10% or higher

Measures

・Improvement of profitability and efficiency with creation of three types of value

・Selection and concentration of businesses through evaluation of ROIC
・Pursuit of optimal capital structure (use of financial leveraging)

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code
Please refer to 1.1 “Basic Views” in this report.
(iii) Board policies and procedures in determining the remuneration of the senior management and Directors
1. Directors
Remuneration for Directors (excluding Directors who are Audit Committee) shall be in accordance with each Director’s roles and responsibilities, and shall be determined by the Board of Directors after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations, in order to enhance objectivity and transparency.
The structure of Directors’ remuneration (excluding Directors who are Audit Committee) shall, in addition to a fixed monthly amount of basic remuneration, consist of performance-linked cash remuneration, designed to increase motivation to improve the financial results for each fiscal year, and stock remuneration, designed to increase motivation to contribute to improving medium- and long-term performance and enhancing corporate value. These function as sound incentives to maintain growth. However, in view of the duties performed by Outside Directors and non-executive Directors, remuneration for these Directors shall consist solely of basic remuneration.
Performance-linked remuneration consists of Company-wide performance-linked remuneration and individual performance-linked remuneration. However, the Chairman and President receive only Company-wide performance-linked remuneration, excluding the Chairman without representative rights (non-executive Director).
The amount of Company-wide performance-linked remuneration paid is determined with reference to consolidated operating income for each fiscal year. If consolidated operating income is below a certain level, or a massive amount of extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment shall be made, or the payment amount is reduced.
The amount of individual performance-linked remuneration is determined by the President, who has been delegated this authority, after individual evaluation for each Director of the achievement and others of financial and non-financial targets in accordance with the internal regulations determined by the Board of Directors. In order to ensure that the President exercises this authority appropriately, the Board of Directors shall establish in advance the amount of remuneration linked to individual evaluations in the internal regulations and shall receive reports on the details of such remuneration.
Remuneration for Directors who are Audit Committee Members consists only of a fixed monthly amount, determined within the total amount resolved by the General Meeting of Shareholders.

2. Executive Officers
Remuneration for Executive Officers shall be in accordance with each Executive Officer’s roles and responsibilities, and shall be determined by the Board of Directors after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations, in order to enhance objectivity and transparency.
The structure of Executive Officers’ remuneration shall, in addition to a fixed monthly amount of basic remuneration, consist of performance-linked cash remuneration, designed to increase motivation to improve the Company-wide and individual performance for each fiscal year, and stock remuneration, designed to increase motivation to contribute to improving medium- and long-term performance and enhancing corporate value. These function as sound incentives to maintain growth.
Performance-linked remuneration consists of Company-wide performance-linked remuneration and individual performance-linked remuneration. However, the President receive only Company-wide performance-linked remuneration.
The amount of Company-wide performance-linked remuneration paid is determined with reference to the consolidated operating income for each fiscal year. If consolidated operating income is below a certain level, or a massive amount of extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment shall be made, or the payment amount is reduced.
The amount of individual performance-linked remuneration is determined by the President, who has been delegated this authority, after individual evaluation for each Director of the achievement and others of financial and non-financial targets in accordance with the internal regulations determined by the Board of Directors. In order to ensure that the President exercises this authority appropriately, the Board of Directors shall establish in advance the amount of remuneration linked to individual evaluations in the internal regulations and shall receive reports on the details of such remuneration.

(iv) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of candidates for Directors
The Company, in nominating candidates for Directors, selects personnel who have abundant experience and

great insight in their respective fields and also are expected to contribute to enhancing the Company's corporate value. Those candidates are proposed by the President who is the Representative Director, and deliberated and decided by the Board of Directors after having received reports and suggestions from the Nomination & Remuneration Advisory Committee.
In appointing Executive Officers, candidates are proposed by the President who is the Representative Director and the Board of Directors then deliberates on the candidates and decides in accordance with the appointment criteria set out in the Executive Officers Regulations (1. Abundant business experience and familiarity with the business of the Company; 2. Excellent management sense; 3. Superior guidance, leadership, vitality and planning abilities; 4. Personality and insight suited to an Executive Officer; and 5. Good physical and mental health) and dismissal of Executive Officers will be deliberated and determined by the Board of Directors, with a draft prepared by the Representative Director in accordance with each of the dismissal criteria set out in the Executive Officers Regulations (1. when there is an act that damages the Company's credibility and honor; 2. when the Company's trade secrets or technical secrets have been leaked; 3. when the Company has been damaged as the result of willful intent or gross negligence; 4. when the President's instructions are not followed for no logical reason; 5. when there is a sharp slump in business results; and 6. when there is any other adverse act equivalent to the preceding 1. to 5.), after having received reports and suggestions from the Nomination & Remuneration Advisory Committee.

[Supplementary Principle 3.1.3 Initiatives on sustainability]
The Company discloses its initiatives on sustainability in materials it distributes to announce a plan, the Integrated Report and other documents.
In addition to investments in human capital and intellectual properties, we also disclose the impact of climate change-related risks and earning opportunities on our business activities and profits based on the TCFD framework. The information is available in the Company's Integrated Report and ESG information website.
The Company has established the Denka Group ESG Basic Policy as its basic policy for sustainability, details of which are shown in Attachment 1.

[Supplementary Principle 4.1.1 Scope of Delegation to Management]
After review of the role of the Board of Directors, the Company clearly positioned the role of Board of Directors as a body with decision-making function and supervisory function for management. The execution of business has been delegated to the respective Executive Officers, except for important business executions. Matters to be resolved by the Board of Directors, including basic policies regarding corporate management and other important matters relating to business execution, are clearly set forth in the Board of Directors Regulations. In accordance with the Regulations, the Board of Directors oversees and supervises the execution of business. In addition, the Board of Directors resolves on the assignment of duties and authority of the Executive Officers responsible for business execution. As well as delegating business execution to Executive Officers within that scope, the Board of Directors receives reports on the status of their execution of business.
The Company has also established the Management Committee composed of Directors (including Directors who are Audit Committee Members) and some Executive Officers, with the aim of engaging in deliberation and discussion on important management issues. With the Executive Officer responsible for each item participating in discussions on that item, the Company is pursuing more efficient discussions and swifter decision-making on important management matters.

[Principle 4.8 Effective Use of Independent Outside Directors]
The Company considers that it is necessary to appoint Independent Outside Directors to comprise at least one-third of the Board of Directors, in light of the factors such as the progressive globalization and computerization of the management environment. Based on this policy, currently four (44.4%) of the Company's 9 Directors are Outside Directors (including Outside Directors who are Audit Committee Members).
All four Outside Directors have been designated as independent directors pursuant to the rules of the Tokyo Stock Exchange and registered with the Exchange.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]
For independent Outside Directors, the Board of Directors of the Company selects candidates for appointment as independent officers based on judgment focused on substantiality, such as whether they can be expected to contribute to increasing the Company's corporate value. Details are specified as follows and are based on the externality requirements prescribed in the Companies Act and the independence standards

set by the Tokyo Stock Exchange.

○Independence standards for Outside Directors

The independence standards for the Company's Outside Directors are that they must be persons who do not fall under any of items (1) to (5) below.

(1) An operating officer(*1) of a main customer(*2), main supplier(*3) or main lender(*4) that is a main business partner of the Company.

(2) A consultant, accountant, lawyer or the like who has received money or other property from the Company exceeding a yearly amount of 10 million yen, other than officer's remuneration, in the most recent fiscal year.

(3) In the event that the party receiving the property referred to in item (2) above is an organization, a person belonging to an organization in which the amount paid by the Company to that organization in the most recent fiscal year comprised 2% or more of that organization's net sales or gross revenue.

(4) A person who fell under items (1) to (3) above within the period of the past year.

(5) A person who is the spouse or a relative within the second degree of kinship of a person listed below (excluding immaterial persons):

1. A person falling under items (1) to (4) above;
2. A person who is currently, or was within the period of the past year, an operating officer at the Company or a subsidiary of the Company;

*1 Operating officer: an Executive Director, Operating Executive, Executive Officer, or other employee or the like.

*2 Main customer: a customer that paid to the Company an amount that comprised 2% or more of the Company's net sales in the most recent fiscal year.

*3 Main supplier: a supplier to which the Company paid an amount that comprised 2% or more of that supplier's net sales in the most recent fiscal year.

*4 Main lender: a lender that, at the end of the most recent fiscal year, was essential to the Company's financing and is relied upon by the Company to the extent that there is no substitute.

[Supplementary Principle 4.10.1 Nomination Committee and Remuneration Committee]

The Company has established the Nomination & Remuneration Advisory Committee as a voluntary nomination/remuneration committee. For the composition of the Committee and our policy regarding its independence, as well as its mandates and roles, etc., please refer to "Supplementary Explanation" for II. 1. [Voluntary Establishment of Nomination/Remuneration Committee] in this report.

[Supplementary Principle 4.11.1 View on Diversity and Size of the Board of Directors]

The Company's Board of Directors is currently composed of 9 Directors, including five Directors from within the Company (of whom one is Audit Committee Member) and four Outside Directors (of whom three are Audit Committee Members). However, in terms of the transparency and soundness of management, the Company considers it appropriate to increase the number of Directors to 15 (including six Directors who are Audit Committee Members). The Company believes it is important for the Board of Directors as a whole to have an appropriate size and to be diverse in terms of gender, international background, work experience, and other factors by electing persons with a variety of knowledge, experience, and abilities in a well-balanced manner. This will be achieved by appointing Directors who possess sufficient specialized knowledge and practical experience in each of the Company's business and support divisions from within the Company, as well as Outside Directors who possess specialization required for improvement in corporate value of the Company and broad knowledge based on a wealth of business experience and management experience at other companies.

The members of the Company's Board of Directors have been selected based on the idea stated above. Their skills matrix is as shown in Attachment 2.

Going forward, in selecting Director candidates, the Company will give full consideration to the balance between knowledge, experience and skills, as well as diversity, and the selection will also be based on whether or not each candidate is expected to contribute to enhancing corporate value, before submitting the related proposal to an Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.2 Status of Concurrent Position of Officers held at Other Listed Companies by Directors]

The status of concurrent positions of officers held at other listed companies by the Company's Directors are stated in the Reference Documents and Business Reports for General Meeting of Shareholders every year.

[Supplementary Principle 4.11.3 Analyzation and Evaluation of the Effectiveness of the Board of Directors]
(1) Method of Evaluation
Following last year, the Company analyzed and evaluated the effectiveness of the Board of Directors by having individual Directors and Audit Board Members to complete the “Self Evaluation Questionnaire,” which covers items related to the effectiveness of the Board of Directors, such as scale, composition, operation, and 20 items, and discussing the results at Board of Directors meetings.

(2) Summary of Evaluation Results and Future Efforts
The Company confirmed the appropriateness of the frequency, duration, and composition (in terms of achieving the right balance of expertise, experience, ability and diversity) of the Board of Directors. It also confirmed that the Board of Directors, composed of a 44% proportion of Independent Outside Directors, engage in appropriate monitoring and supervision of management.
Last year, the Board of Directors identified the need to strengthen monitoring and follow-up on management issues, including the long-term business strategies and large-scale investment projects. Progress has been made in following up on certain large-scale investment projects. However, in light of significant fluctuations in the business environment, the Board of Directors agreed to conduct more detailed and productive discussions on the Company’s long-term business strategies and on a more selective approach to investment projects as part of the planned revision of the management plan “Mission 2030”.
During its effectiveness evaluation, the Board of Directors noted that significant progress in tightening the selection of agenda items and optimizing the reporting process had enabled it to focus on priority issues.
In addition, the Board of Directors confirmed that it had taken appropriate actions and properly conducted reporting to ensure reliable monitoring of the establishment and operation of the quality assurance and safety and security management systems, as well as the progress of recurrence-prevention measures. However, some members suggested that these recurrence-prevention initiatives should be sustained on an ongoing basis and considered from the perspective of consolidated management. The Board of Directors also agreed that it is necessary to strengthen the monitoring of, and deliberation on, human resource development and organizational culture transformation.
Furthermore, it confirmed that enhancing the operations of the Nomination & Remuneration Advisory Committee is essential for facilitating discussions on clarifying the Board of Directors’ required skill set and developing executive manager candidates toward achieving the management plan “Mission 2030”.
Looking ahead, in light of these constructive opinions, we will take steps to further improve the effectiveness of the Board of Directors, aiming to improve medium-to-long-term corporate value, and respond to the expectations and trust of our shareholders and numerous other stakeholders.

[Supplementary Principle 4.14.2 Training policy for Directors]
The Company conducts tours of its offices and plants and training sessions about the Company’s business, particularly for newly-appointed Outside Directors, to enable them to gain information about the Company. Also, all newly appointed Directors, including outside officers, are encouraged to participate in external seminars to learn necessary legal and other knowledge for the purpose of increasing their understanding of the roles and responsibilities required of them. In addition to providing and arranging these opportunities and assisting with the costs, the Company has a policy to provide training in the same way to incumbent officers as necessary in order to continually update their knowledge.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]
In order to promote constructive dialogue with shareholders and investors, the Company has formulated management plans aimed at sustainable growth and increased corporate value over the medium- to long-term
and works to gain the understanding of shareholders and investors by setting up various opportunities and endeavoring to provide explanations.
(i) The Corporate Communications Department, the Corporate Planning Department and the Administrative Department are the points of contact for dialogue with shareholders and investors, and actions are taken under the supervision of the Executive Officer in charge. The Company’s basic stance is to have Directors, including Outside Directors, and Executive Officers engage in dialogue with shareholders and investors to the extent reasonable, in light of the requests of shareholders and investors, themes for the dialogue, and other factors.
(ii) Related departments actively cooperate in information sharing and other measures in order to provide timely and appropriate disclosure of information.
(iii) Results briefings for share analysts and institutional investors, as well as business briefings and tours of the Company’s plants are held as appropriate to promote fuller understanding of its business structures, management plans and results by shareholders and investors. Also, yearly corporate briefings are held for individual investors.
(iv) Opinions and matters of concern communicated during dialogue with shareholders and investors are

reported as appropriate to the Executive Officers in charge and, if necessary, to the Board of Directors.
(v) The Company has established Regulations on Insider Information Management and Prevention of Insider
Trading as measures for the management of insider information, and conducts appropriate information management based on these regulations.

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

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure Updated	Available
Date of Disclosure Update Updated	June 20, 2025

Explanation of Actions Updated

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]
In Our management plan, "Mission 2030", we set ROE and ROIC (return on invested capital) as KPIs to further promote cost-conscious management and enhance corporate value. Our aim is to increase ROE to 15% or higher and ROIC to 10% or higher by fiscal 2030. In addition to enhancing profitability and capital efficiency and transforming our portfolio by applying ROIC as indicator to evaluate business performance, we aim to pursue an optimal capital structure and improve ROE by utilizing financial leverage under financial discipline that is conscious of ratings.
For details, please refer to Financial Strategy of Denka Report 2024
(https://www.denka.co.jp/eng/ir/report/)

[Status of Dialogue with Shareholders]
As for the status of dialogue with shareholders, please refer to Dialogue with Stakeholders of Denka Report 2024
(https://www.denka.co.jp/eng/ir/report/)

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,446,500	17.90
Custody Bank of Japan, Ltd. (Trust Account)	9,770,700	11.33
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account (Account re-entrusted by Custody Bank of Japan, Ltd.)	3,215,800	3.73
STATE STREET BANK AND TRUST COMPANY 505001	2,899,614	3.36
TAIJU LIFE INSURANCE COMPANY LIMITED	2,381,600	2.76
Denka Employee Stockholding Association	1,539,627	1.78
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,445,500	1.68
Custody Bank of Japan, Ltd. (Trust Account 4)	1,110,800	1.29
Mitsui Sumitomo Insurance Company, Limited	1,106,600	1.28
MITSUI & CO., LTD.	1,087,400	1.26

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation Updated

1. 2,285,123shares of treasure stock have been excluded from the above list of major shareholders.
2. Although a Change Report regarding Large-Volume Holdings which include two joint holder companies was filed with the Director-General of the Kanto Finance Bureau on February 20, 2025 (the date on which reporting obligations accrue: February 14, 2025) by Sumitomo Mitsui Trust Asset Management Co., Ltd., as the actual holding status as of the end of the current fiscal year has not been confirmed, such holdings are not included in the above Status of Major Shareholders.

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of 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	From 10 to less than 50

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

—

5. Other Special Circumstances which may have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organization Form	Company with Audit Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (except when concurrently serving President)
Number of Directors	9

Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Rumiko Nakata	From another company											
Toshio Kinoshita	CPA											
Akio Yamamoto	From another company					△						
Miyuki Matoba	Lawyer											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Membership of Audit Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Rumiko Nakata		○	Not applicable	Ms. Rumiko Nakata, having consistently held positions in charge of human resources departments for many years, has abundant management experience in human capital strategies, such as human resources system reform and promotion of diversity and inclusion. In addition, she has a deep knowledge of human capital management, including having served as a member of a study group on human capital organized by the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare. In order to receive recommendations and supervision of the Company's management based on her deep insight, her election as

				Outside Director designated her an independent officer is requested. The Company deems that her independence as an independent officer is not questionable because 1) none of the categories above (a through k) applies to her; 2) the Company considers that there is no risk that conflict of interest will arise with other general shareholders.
Toshio Kinoshita	○	○	Not applicable	Mr. Toshio Kinoshita has experience and rich accounting knowledge gained as a certified public accountant who practiced in Japan and the U.S. for many years and is well versed in international accounting. The Company has appointed Mr. Kinoshita as an Outside Director who is an Audit Committee Member, and designated him an independent officer, in the expectation that he will utilize his knowledge in supervision and audit of the Company's management. The Company deems that his independence as an independent officer is not questionable because 1) none of the categories above (a through k) applies to him; 2) the Company considers that there is no risk that conflict of interest will arise with other general shareholders.
Akio Yamamoto	○	○	Mr. Akio Yamamoto served as an operating officer (President and Chief Executive Officer) at Mitsui & Co. Plastics Ltd. until June, 2014, which is one of our main business partners. The Company engages in product sales transactions with the said company, and the transaction amount accounts for 6.5% of the Company's total sales.	Mr. Akio Yamamoto has abundant experience and great insight as a manager in Japan and overseas through his involvement in corporate management for many years. His career includes serving as a Managing Officer at MITSUI & CO., LTD., and the President and Chief Executive Officer at Mitsui & Co. Plastic Ltd. He also has abundant international experience, including serving as a vice president at global enterprises. The Company has elected him as an Outside Director who is an Audit Committee Member, and designated him an independent officer, in the expectation that he will utilize his knowledge in supervision and audit of the Company's management. Although the category "e" above applies to him, the Company deems that his independence as an independent officer is not questionable because 1) more than ten years have passed since he ceased to be an executive of that company; 2) although the Company's sales to the said company account for 6.5% of the Company's total sales, substantial transactions between the Company and the said company are payments of commission by the Company to the

				said company for services offered by its trading company function and the amount of commission paid is modest (less than 2% of the said company's net sales); 3) he satisfies the Company's "Standards of Independence for Outside Directors" 4)currently no material interest exists between the said company and Mr. Akio Yamamoto, and thus, the Company considers that the said company has no special impact on the Company's decision-making by the Board of Directors etc.; and 5) the Company considers that there is no risk that conflict of interest will arise with other general shareholders.
Miyuki Matoba	○	○	Not applicable	Ms. Miyuki Matoba has abundant legal knowledge acquired over many years as a lawyer. The Company has appointed Ms. Matoba be elected as an Outside Director who is an Audit Committee Member, and designated her an independent officer, in the expectation that she will utilize her knowledge in supervision and audit of the company's management. The Company deems that her independence as an independent officer is not questionable because 1) none of the categories above (a through k) applies to her; 2) the Company considers that there is no risk that conflict of interest will arise with other general shareholders.

[Audit Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Audit Committee Updated	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors Updated

The Company establishes the Audit Committee Department as an agency to assist the Audit Committee in performing its duties, and assigns at least one employee to the Office full-time, after prior consultation with the Audit Committee. As of the report's submission date, three full-time staff members are assigned to the Audit Committee Department.
The Audit Committee Department functions as secretariat for the Audit Committee, and receives orders directly from the Audit Committee.
Evaluations of employees assigned to the Audit Committee Department, and decisions on other related personnel matters, are carried out after prior consultation with the Audit Committee.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee strives to enhance the effectiveness and efficiency of the audit function by receiving regular briefings and reports from the Accounting Auditor on the details of the accounting audit, as well as exchanging information and opinions with the Accounting Auditor as necessary. It also strives to enhance the effectiveness and efficiency of the audit function by auditing the operational execution of the Internal Control Department, as well as exchanging information and opinions with the Internal Control Department as necessary.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Advisory Committee	Nomination & Remuneration Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation Updated

The Company has established the Nomination & Remuneration Advisory Committee composed of a majority of Outside Directors and chaired by an Outside Director, as an advisory body to the Board of Directors. This has been done to promote transparent and objective management decisions, as the Board of Directors receives diverse opinions and advice from Outside Directors on important management issues such as those concerning governance, including nominations (including succession plans) of Directors and Executive Officers and remuneration. In fiscal 2024, Committee received inquiries from the Board of Directors regarding the executive and governance structure, the formulation of a skills matrix, the establishment of a CFO, succession planning, and remuneration for officers, and made recommendations and proposals regarding the results of these inquiries after deliberations at the Committee.

[Independent Directors]

Number of Independent Directors	4

Matters relating to Independent Directors

The Company has appointed all outside officers who are eligible for independent directors (four Outside Directors) as independent directors.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

The Company has adopted a performance-linked remuneration program to provide incentives to Directors(Excluding Directors who are Audit Committee Members). Please refer to Ⅱ.1 [Director Remuneration].

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation Updated

Remuneration for Directors of the Company is disclosed in the Business Report.

Category	Number of persons	Amount of remuneration, etc. (Millions of yen)	Breakdown					
			Cash remuneration				Stock remuneration	
			Basic remuneration		Performance-linked remuneration			
			Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors (excluding Directors who are Audit Committee Members) (of which Outside Directors)	6 (2)	203 (12)	6 (2)	181 (12)	- (-)	- (-)	3 (-)	21 (-)
Directors (Audit Committee Members) (of which Outside Directors)	4 (3)	77 (38)	4 (3)	77 (38)	- (-)	- (-)	- (-)	- (-)
Total (of which Outside Directors)	10 (5)	280 (51)	10 (5)	258 (51)	- (-)	- (-)	3 (-)	21 (-)

Notes:
1. The maximum amount of cash compensation remuneration for Directors (excluding Directors who are Audit Committee Members) is ¥490 million per year (of which the maximum amount of remuneration for Outside Directors is ¥40 million, excluding the portions of their salaries as employees) as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors (excluding Directors who are Audit Committee Members), including 1 Outside Director, as of the conclusion of the 162nd Ordinary General Meeting of Shareholders.
2. The maximum amount of remuneration for Directors who are Audit Committee Members is ¥166 million per year as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 4 Directors who are Audit Committee Members as of the conclusion of the 162nd Ordinary General Meeting of Shareholders.
3. Regarding the amount of stock remuneration for Directors (excluding Directors who are Audit Committee Members or Outside Directors), the maximum amount of cash to be contributed by the Company is ¥40 million per year, and the maximum number of points to

be awarded to Directors is 110,000 points per year, as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors (excluding Directors who are Audit Committee Members or Outside Directors) as of the conclusion of the 162nd Ordinary General Meeting of Shareholders.

4. There were 9 Directors as of March 31, 2025. The above table shows the different number because it includes 1 Directors who retired at the conclusion of the 165th Ordinary General Meeting of Shareholders held on June 20, 2024.
5. The total amount of stock remuneration is the amount of expenses recorded for the fiscal year under review for the stock remuneration plan that allots shares of the Company (a stock remuneration plan wherein a trust established by the Company makes acquisitions using funds contributed by the Company, and shares of the Company and cash equivalent to the disposal conversion amount of the Company's shares are allotted to Directors (excluding Directors who are Audit Committee Members and Outside Directors) through said trust).
6. The amount of Company-wide performance-linked component of the performance-linked remuneration paid is determined with reference to the consolidated operating income for each fiscal year. If consolidated operating income is below a certain level, or massive amount of extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment is made, or the payment amount is reduced. The reason why consolidated operating income has been selected as an index is because it is a key indicator in the Company's management plan.
   The individual performance-linked remuneration for the fiscal year under review was evaluated individually in accordance with internal regulations by Mr. Toshio Imai, who was the Representative Director, President at the end of the fiscal year and who was delegated this authority. He has assumed the position of Chairman and Representative Director since April 1, 2025. The reason why the authority was delegated is that the Representative Director, President, who oversees the overall execution of the Company's operations, was deemed the most suitable person to evaluate the achievement of each Director's financial and non-financial targets. The Board of Directors received reports on the content and confirmed that it is in line with the determination policy. However, based on the performance of the Company, both company-wide performance-linked remuneration and individual performance-linked remuneration were withheld for the fiscal year under review.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Board of Directors (excluding Directors who are Audit Committee) of the Company has decided on the following policy for determining remuneration and other payments to individual Directors (hereinafter referred to as the "Decision Policy"), after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee.
Remuneration for Directors who are Audit Committee Members consists only of a fixed monthly amount, determined within the total amount resolved by the General Meeting of Shareholders.

1.Basic Policy
Remuneration for individual Directors (excluding Directors who are Audit Committee Members; the same applies hereinafter) shall be in accordance with each Director's roles and responsibilities, and shall be determined by the Board of Directors after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations, in order to enhance objectivity and transparency.
The structure of Directors' remuneration shall, in addition to a fixed monthly amount of basic remuneration, consist of performance-linked cash remuneration, designed to increase motivation to improve the Company-wide and individual performance for each fiscal year, and stock remuneration, designed to increase motivation to contribute to improving medium- and long-term performance and enhancing corporate value. These function as sound incentives to maintain growth. However, in view of the duties performed by Outside Directors and non-executive Directors, remuneration for these Directors shall consist solely of basic remuneration.

2.Policy on the determination of remuneration and other payments to individual Directors
i) Policy on the determination of the amount and calculation method of basic cash remuneration
Basic remuneration shall be determined in accordance with each Director's roles and responsibilities, taking

into consideration factors such as the level of employee pay. It shall be paid in a fixed amount every month.
ii) Policy on the determination of the performance indicators, amount and calculation method of performance-linked cash remuneration
Performance-linked remuneration shall consist of Company-wide performance-linked remuneration and individual performance-linked remuneration. However, the Chairman and President receive only Company-wide performance-linked remuneration, excluding the Chairman without representative rights (non-executive Director).
The total amount of Company-wide performance-linked remuneration shall be determined with reference to consolidated operating income, a key indicator under the Company's management plan. It shall then be allotted in accordance with each Director's roles and responsibilities, and paid promptly after the financial results are finalized. However, if consolidated operating income is below a certain level, or a massive extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment shall be made, or the payment amount shall be reduced.
Individual performance-linked remuneration shall be linked to each Director's individual evaluation of the achievement and others of financial and non-financial targets, and shall be paid promptly after the financial results are finalized in accordance with internal regulations determined by the Company in advance.
iii) Policy on the determination of the details, amount and calculation method of stock remuneration
The stock remuneration scheme shall utilize a trust structure. Points shall be granted to Directors each month in accordance with rank, based on stock delivery regulation established by the Company, and shares of the Company's stock shall be delivered to Directors through the trust on retirement, based on the number of points they have accumulated. The maximum amount of money to be contributed by the Company to the trust for the purpose of delivering the Company's shares to Directors shall be ¥40 million per year.
iv) Policy on the determination of the proportions of the total amount of remuneration paid as basic remuneration, performance-linked remuneration, and stock remuneration
No policy is established specifically to determine the proportion of Directors' remuneration to be paid as basic remuneration, performance-linked remuneration, and stock remuneration. However, if the operating income target under the management plan is achieved, then the proportions will be approximately 60%, 30% and 10% respectively.
v) Method used to determine remuneration and other payments to individual Directors
The individual performance-linked component of the remuneration for Directors shall be determined by the President, who has been delegated this authority, after individual evaluation in accordance with the internal regulations determined by the Board of Directors.
In order to ensure that the President exercises this authority appropriately, the Board of Directors shall establish in advance the amount of remuneration linked to individual evaluations in the internal regulations and shall receive reports on the details of such remuneration.

[Supporting System for Outside Directors] Updated

The Company has established the Audit Committee Department as an agency to assist Outside Directors who are Audit Committee members in performing their duties, and assigns at least one employee to the Office full-time, after prior consultation with the Audit Committee. As of the report's submission date, three full-time staff members are assigned to the Audit Committee Department.
And then, to allow sufficient time for examination so that vigorous debate can take place on the day of the meeting, materials for Board of Directors meetings are distributed in advance. This includes ensuring that materials relating to agenda items to be resolved are distributed to Directors including Outside Directors.
In addition, the Company explains to Outside Officers in advance.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.) Updated

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Toshio Hiruma	Honorary Advisor	・Advice in response to requests from the current management team	Part time without compensation	March 31, 2008	Unspecified

		・External activities, including maintaining relationships with customers and other business partners and conducting activities at industry associations.			
Yoshitaka Shinsuke	Senior Corporate Advisor	・Advice in response to requests from the current management team ・External activities, including maintaining relationships with customers and other business partners and conducting activities at industry associations.	Part time with compensation	March 31, 2021	specified
Manabu Yamamoto	Senior Corporate Advisor	・Advice in response to requests from the current management team ・External activities, including maintaining relationships with customers and other business partners and conducting activities at industry associations.	Part time with compensation	March 31, 2025	specified

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.) Updated	3

Others

・Advisors and Counselors are not involved in any management decision-making.
・Regulations relating to Advisors and Counselors are decided by the Nomination & Remuneration Advisory Committee comprising mainly Outside Officers.
・The Company decided to abolish the office of Counselor as of April 1, 2021 after advisoring by the Nomination & Remuneration Advisory Committee held at February 2021.

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

The Company's current system of governance structure that involves the execution of business and methods of auditing and supervision is formed in a system where the Board of Directors, Audit Committee and organizations conducting internal auditing and internal control, such as the Internal Control Office and the Legal Department, collaborate. The roles of each function in supervision, business execution and auditing in the system are as follows.

1. Supervising function (Directors, Outside Directors, and the Board of Directors)
As of the date this report was submitted, nine Directors (including four Outside Directors) are appointed.
To strengthen corporate governance, executive roles for Directors (such as senior managing directors or managing directors) have been abolished in principle, focusing on carrying out the overseeing and supervising of the execution of business from an equal position.
All four Outside Directors are appointed as independent directors, and elected with expectation of further enhancing the supervising function at the Board of Directors through their opinions regarding overall

management that is based on their expertise and external viewpoint.
In addition, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into liability limitation agreements with four Outside Directors that limit liability of damages in the event that he/she failed to perform his/her duties to the higher of the amount that is set forth in advance over 5 million yen or the amount specified by laws and regulations.
The Board of Directors meetings are held once a month, making important decisions related to business execution, and supervising the business execution of Directors and Executive Officers, in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations.
The Company has established the Nomination & Remuneration Advisory Committee composed of a majority of Outside Directors and chaired by an outside director, as an advisory body to the Board of Directors. This has been done to promote transparent and objective management decisions, as the Board of Directors receives diverse opinions and advice from Outside Directors on important management issues such as those concerning governance, including nominations and remuneration.

2. Business execution function (Executive Officer System, committees, deliberative councils, and others)
To strengthen corporate governance, the powers and roles in the execution of business which were formerly held by Directors were transferred to Executive Officers. With a purpose of a distinct separation of business execution from the overseeing and supervising function of such execution, the Company has adopted the Executive Officer System.
As of the date this report was submitted, nineteen Executive Officers (including three Executive Officers concurrently serving as Directors) were elected, reporting the status of the business execution at the Board of Directors meetings and being overseen and supervised by Directors.
The Company has also established the Management Committee composed of Directors (including Directors who are Audit Committee Members) and some Executive Officers, with the aim of engaging in deliberation and discussion on important management issues. With the Executive Officer responsible for each item participating in discussions on that item, the Company is pursuing more efficient discussions and swifter decision-making on important management matters.
Concerning individual important matters, such as budget formulation and capital investment, the Company set up deliberative councils or special committees by function, where professional and efficient discussion is held.

3. Auditing function (Audit Committee, Internal Control Department, and Accounting Audits)
As of the filing day of this report, the Company has appointed four Directors who are Audit Committee Members (of whom three are Outside Directors) to compose the Audit Committee.
The Audit Committee audits the execution of duties by Directors from an independent position, including the completeness and implementation of internal control systems, through investigations into the status of the execution of duties such as attending important Company and other meetings, receiving reports from Directors, and inspecting important documents.
The three Outside Directors who are Audit Committee Members are all designated as independent officers, and have been appointed in the expectation that in their roles they will utilize their professional insight and external perspectives in the Company's audit structure.
The Audit Committee meetings are held once each month to audit the business execution of Directors (excluding Directors who are Audit Committee Members). In addition, divisional report meetings are held as required to audit the status of business execution.
The Company establishes the Audit Committee Department as an agency to assist the Audit Committee in performing its duties, and assigns at least one employee to the Office full-time, after prior consultation with the Audit Committee. As of the report's submission date, three full-time staff members are assigned to the Audit Committee Department.
For fiscal 2024, the Audit Committee assessed its own effectiveness by reviewing internal audit activities. The purpose of the Audit Committee's fiscal 2024 effectiveness evaluation was to identify issues for incorporation into the fiscal 2025 audit plan, thereby enhancing audit quality.
For its fiscal 2024 effectiveness evaluation, the Audit Committee assessed 20 evaluation items across five key perspectives including Committee structure (size and composition); Committee operations (meeting frequency and duration, member independence, and staff functions); audit activities (frequency and depth of legal, substantive, and group-wide internal-control audits); and cooperation among internal control departments, accounting auditors, and similar bodies. These items were defined with reference to effectiveness-evaluation methodologies employed by peer companies.
Consequently, the majority of evaluation items received high scores, leading the Audit Committee to conclude that it functioned effectively overall in fiscal 2024.
The Audit Committee acknowledged the need to enhance the coordination of Audit & Supervisory Board Members across its subsidiaries and affiliates. Since fiscal 2023, it has held meetings of the "Denka Group Audit & Supervisory Board Members Liaison Committee". These meetings allow Audit & Supervisory Board

Members to share company-specific audit issues and updates on audit topics and to exchange views on how to address them to fulfill their mandates, thereby strengthening cooperation. An evaluation of the Committee's effectiveness found that more proactive, Committee-led initiatives are needed to overcome obstacles—such as limited auditing expertise and time constraints—and to improve each Audit & Supervisory Board Member's effectiveness, thereby enhancing corporate governance. To further enhance audit effectiveness throughout the Group, the Audit Committee will maintain close collaboration with the Audit & Supervisory Board Members and the internal control departments of all Group companies. With regard to internal audits, the Company has established the Internal Control Department with sixteen staff members as a dedicated department that conducts comprehensive internal auditing. As to accounting audits, the Company has appointed Ernst & Young ShinNihon LLC as its Accounting Auditor, and has been audited by the accounting corporation for 46 years. (The length of continuous audit may be longer, due to extreme difficulty in investigations). In addition, assistants engaging in the accounting audits for the Company comprise six certified public accountants and twenty one other staff. Designated Limited Liability Partner: Certified Public Accountant Takao Maruyama Designated Limited Liability Partner: Certified Public Accountant Honda Shigeyuki Designated Limited Liability Partner: Certified Public Accountant Yasuyuki Kitamura

3. Reasons for Adoption of Current Corporate Governance System

The Company's current system of governance structure that involves the methods of execution of business and auditing and supervision is described in 2. above. In this system, the roles of each function in supervision, business execution, and auditing are defined in each item of 2. above. The Company believes that such system is optimal for said roles to be fulfilled, and suitable to secure the confidence of shareholders, investors, etc.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out the notice by around three weeks before the date of the Ordinary General Meeting of Shareholders.
Scheduling AGMs Avoiding the Peak Day	The Company pays attention to hold Ordinary General Meetings of Shareholders early and therefore the date of the meeting falls on the date other than the peak day.
Allowing Electronic Exercise of Voting Rights	Starting with the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2007, the Company has adopted a method of exercising voting rights via the internet, etc. using computers.
Participation in Electronic Voting Platform	Starting with the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2007, the Company has adopted the Electronic Voting Platform for institutional investors (TSE Platform) operated by ICJ, Inc.
Providing Convocation Notice in English	Starting with the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2014, the Company has prepared and provided the notice of convocation in English (full text, including website disclosure items).
Other	As the electronic provision measures, the Company posts materials for General Meeting of Shareholders at the website of the Tokyo Stock Exchange (Listed Company Information Service) and the Company website, in addition to posting them on Arrow Force, a website operated by ICJ, Inc. for institutional investors.

2. IR Activities

	Supplementary Explanations	Explanation by the Company's Representative
Regular Investor Briefings for Analysts and Institutional Investors	Regular briefings are held every quarter. The briefing results are distributed later on the Company's website.	Yes
Posting of IR Materials on Website	IR materials posted on the website are as follows.	

	Notices of convocation, reports (former shareholder newsletters), securities reports, summaries of consolidated financial statements ("*kessan tanshin*"), summaries of consolidated financial results, quarterly reports, and reference materials for results briefings.
Establishment of Department and/or Manager in Charge of IR	The Company has established the Corporate Communications Department.

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Denka Group Corporate Ethics Policy provides the policy to pay due respect to the stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	In order to engage more actively in CSR activities, the Company has established the Corporate Planning Department and issues a Denka Report (Integrated Report) once a year, which is posted on the Company's website.

IV. Matters Related to the Internal Control System

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

1.Systems to ensure that Directors' and employees' execution of duties complies with laws and regulations and the Articles of Incorporation
The Board of Directors of the Company performs important decision-making concerning business execution in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations and oversees Directors' and Executive Officers' execution of duties.
Executive Directors and Executive Officers execute their duties under supervision by the President and oversee employees' execution of duties at divisions for which they are responsible.
The Audit Committee audits the execution of duties by Directors from an independent position, including the completeness and implementation of internal control systems, through investigations such as attending important Company and other meetings, receiving reports from Directors, and inspecting important documents.
The Company establishes the Denka Group Corporate Ethics Policy as a set of action guidelines for all the officers and employees of the Company and its subsidiaries concerning compliance, and corporate rules and regulations are established to ensure compliance with specific laws and regulations and the Articles of Incorporation. In accordance with the provisions of the Denka Group Corporate Ethics Policy, the Company maintains a resolute attitude against antisocial forces and does not provide any payoff. Based on this policy, the Company establishes an internal system.
Regarding internal audits, the Company establishes the Internal Control Department as a dedicated department that conducts comprehensive internal auditing. In addition, regarding specialized or specific fields, business units and various committees provide education on compliance with rules and regulations and audit compliance statuses according to functions and report to the responsible officers, as necessary.
The Internal Control Department also performs assessment of statuses of design and operation of internal controls for the purpose of preparing a "report of internal control over financial reporting" specified by the Financial Instruments and Exchange Act and reports the result to the responsible officer. The Company establishes the Compliance Hotline System to supplement internal audits by the departments described above to swiftly identify and address any violations.

2.Systems for storage and management of information related to Directors' execution of duties
The Company records information related to Directors' execution of duties in accordance with the Board of Directors Regulations, job descriptions, and other internal rules and regulations, and stores and manages such information based on the document retention regulations.

3.Rules and other systems for management of risk of loss
The Company formulates the Risk Management Guidelines to provide policies for responding to incidents that may greatly affect corporate activities.
Regarding such items as the environment, health and safety, and quality control, cross-organizational committees are established to comprehensively manage risks. Regarding items unique to departments, the relevant departments are responsible for managing associated risks.

4.Systems to ensure that Directors' execution of duties is efficient
The Company adopts the executive officer system to optimize the management decision-making function of the Board of Directors and to strengthen each function of business execution and oversight by separating them.
The Company establishes the Management Committee composed of Directors (excluding Directors who are Audit Committee), but distinct from the Board of Directors which is a decision-making body, to enhance the efficiency and speed of debate on important management matters, by including the participation of the Executive Officer responsible for each item in discussions on that item.
For such important matters as budget formulation and capital investment, the Company sets up deliberative councils or special committees by function.
The job descriptions specify basic duties and decision-making authority of Directors, Executive Officers, and employees to enhance efficiency of execution of duties.

5.Systems to ensure the appropriateness of operations of the Group
Regarding management of subsidiaries, the Company specifies organizations responsible for each subsidiary. These supervisory organizations take responsibility for supervising. In addition, they provide guidance, administration, and oversight in accordance with the situation of each subsidiary.
Regarding ordinary operations of subsidiaries, the Company respects the autonomy and independence of each affiliated company. Regarding compliance with laws and regulations and social norms, the Company applies the Denka Group Corporate Ethics Policy and other relevant rules and regulations to affiliated companies and provides education and oversight.

(1) Systems for reporting of matters relating to execution of duties by subsidiaries' directors etc. to the parent company
The Company dispatches directors, etc. to subsidiaries from the organization that is responsible for the subsidiaries and information about important matters for the subsidiaries is exchanged and discussed at meetings of the Company's Board of Directors, etc.
Regarding execution of duties, taking into account the degree of impact on the Group as a whole, subsidiaries report matters of greater importance to the parent company that is the Company, via their supervisory organizations, in accordance with the Job Descriptions for Management of Affiliated Companies.
(2) Subsidiaries' rules and other systems for management of risk of loss
The Company responds to incidents that may greatly affect subsidiaries' corporate activities in accordance with the Risk Management Guidelines.
Regarding such items as the environment, health and safety, and quality control at a subsidiary, directors, etc. dispatched to the subsidiary from the supervisory organization responsible for the subsidiary provide advice and guidance through discussion with specific organizations responsible for each such item.
(3) Systems to ensure that execution of duties by subsidiaries' directors, etc. is efficient
The Company dispatches directors, etc. to subsidiaries from the supervisory organizations responsible for the subsidiaries to facilitate information sharing between the Company and subsidiaries and to execute business systematically and efficiently by the Group as a whole.
Depending on the degree of importance of subsidiaries, the Company has subsidiaries introduce the shared accounting system and provides resources of administrative organizations to enhance efficiency of execution of duties of subsidiaries.
(4) Systems to ensure that execution of duties by subsidiaries' directors, etc. and employees complies with laws and regulations and the Articles of Incorporation
The Company establishes the Denka Group Corporate Ethics Policy applicable to the Group, including to subsidiaries, and encourages all the officers and employees of subsidiaries to ensure compliance with laws and regulations.
At the same time, the Company manages subsidiaries in accordance with the Job Descriptions for Management of Affiliated Companies.
The Company's Internal Control Department is principally responsible for internal audits of subsidiaries and conducts internal auditing, in a timely manner, receiving support of the Company's Legal Department, as necessary.
The Company establishes a whistleblower system for early detection and correction of non-compliant conduct at subsidiaries.

6. Systems related to, items related to securing the effectiveness of instructions given to, and items related to independence of employee from the Company's Directors (excluding Directors who are Audit Committee Members) if the Audit Committee should request the assignment of this employee to assist in its duties,
The Company establishes the Audit Committee Department as an agency to assist the Audit Committee in performing its duties, and assigns at least one employee to the Office full-time, after prior consultation with the Audit Committee.
The Audit Committee Department functions as secretariat for the Audit Committee, and receives orders directly from the Audit Committee.
Evaluations of employees assigned to the Audit Committee Department, and decisions on other related personnel matters, are carried out after prior consultation with the Audit Committee.

7. Systems for reporting to the Audit Committee by Directors (excluding Directors who are Audit Committee Members of the company) and employees etc. of the Company and its subsidiaries, other systems for reporting to the Audit Committee, and systems to ensure that those who report to the Audit committee do not receive unfavorable treatment because of their report
Directors (excluding Directors who are Audit Committee Members), Executive Officers and employees of the Company and its subsidiaries report on the work for which they are responsible, by division or subsidiary, regularly or whenever necessary in accordance with directions or requests from the Audit Committee. In addition, when a situation arises that causes, or may cause, significant damage to the Company Group, they must report it immediately to Audit Committee, either directly or indirectly through the line of command or whistleblower system.
The Internal Control Department regularly reports to the Audit Committee on the results of internal audits of the Company and its subsidiaries.
The Company establishes a whistleblower system, a system for officers and employees at the Company and its subsidiaries to report non-compliant conduct. The Audit Committee Department is designated as one of the points of contact for reports under the whistleblower system. If non-compliant conduct is reported to the Audit Committee Department or other point of contact, the details are then reported to the Audit Committee.
The Denka Group Corporate Ethics Policy stipulates that those who report non-compliant conduct through the whistleblower system or other means shall not receive unfavorable treatment because of their report.

8. Systems for ensuring the effective operation of audits by the Audit Committee, and policies regarding the processing of costs etc. associated with execution of duties by Audit Committee Members In order to prevent any impediment to the execution of duties by Audit Committee Members, Directors shall not only secure the necessary budget for expenses, but also ensure prompt payment of expenses and debts related to claims made under Article 399-2, Item 4 of the Companies Act, except where it has been recognized that such expenses and debts are not necessary for the execution of duties by the relevant Audit Committee Members. Company divisions engaged in internal audits, such as the Internal Control Department, shall coordinate with audits by the Audit Committee, and cooperate to enhance their mutual operational efficiency.

2. Basic Views on Eliminating Anti-Social Forces Updated

The Denka Group Corporate Ethics Policy states that all officers and employees of the Company and its Group companies comply with laws and regulations in Japan and overseas, as well as internal regulations and that they do not act against social rules and ethics. With regard to antisocial forces, it also stipulates that they take a resolute attitude against such forces and do not provide any payoff. This is the Company's basic approach to eliminate antisocial forces.
Based on this basic approach, the Company has developed an internal structure aiming at elimination of antisocial forces by appointing the Administrative Department as a responsible department for dealing with such forces. The Company also conducts information exchange and consultations with external experts including the police and lawyers concerning information related to antisocial forces as well as holds internal seminars for all officers and employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

The following matters were decided at a meeting of the Board of Directors of the Company

Under the new Vision and management plan "Mission 2030" (eight years from fiscal 2023), the Company will enhance human resources and management value, and focus on creating value in businesses that incorporate the three elements of Specialty, Megatrends, and Sustainability. The Company will also set specific financial and non-financial targets for fiscal 2030 and focus on achieving them in order to enhance the corporate value and the common interests of shareholders from a medium- to long-term perspective. The Company has not established so-called takeover defense countermeasures, but certain large scale purchases that may damage corporate value and large scale purchases where sufficient information or time may not be provided to shareholders in order to consider whether it should accept or reject such a purchase attempt, within the scope permitted by laws and regulations, regulations of financial instruments exchanges etc., appropriate interactions are taken in order to prevent damage to the Company's corporate value and the common interests of its shareholders.

2. Other Matters Concerning to Corporate Governance System

The Company's internal corporate structure of Corporate Governance System including Outline of Internal Control System is shown in Attachment 3.

[Outline of Timely Disclosure System]
In order to maintain timely and appropriate disclosure of corporate information to investors, the Company has established a system as follows based on the Financial Instruments and Exchange Act and Regulations on Insider Information Management and Prevention of Insider Trading, which are the Company's internal regulations.
1. Decisions by the Company and Financial Results Information
Gathering information on decisions by the Company and management of internal information are handled by the respective General Managers of Administrative Department, Accounting Department, Finance

Department and Corporate Communications Department. Determination on the materiality and on whether or not the information is required to be timely disclosed is made among Corporate Planning Department, Legal Department, Corporate Communications Department, and the division in charge of the matter, centered on Administrative Department Accounting Department and Finance Department. The results are reported to the Director and President, and the person responsible for information handling discloses the decisions without delay after approval of the Board of Directors.
With regard to financial results information, they are reported to the Director and President from the Accounting Department, Finance Department, and the person responsible for information handling discloses the relevant information without delay after approval of the Board of Directors.
2. Facts which occurred for the Company
Concerning facts which occurred for the Company, related information is gathered promptly after the occurrence from the division in charge where the facts occurred, to Departments centered on Administrative Department, Accounting Department, Finance Department and Corporate Communications Department. If necessary, same as the aforementioned decisions by the Company, the information is discussed among Corporate Planning Department, Legal Department, Corporate Communications Department, and the division in charge. The results are reported to the Director and President, and the person responsible for information handling discloses the facts without delay.
The Company’s internal corporate structure of Timely Disclosure System is shown in Attachment 4.

(Attachment 1)

Denka Group ESG Basic Policy August 27, 2018: Established as Denka Group CSR Basic Policy November 8, 2021: Updated into Denka Group ESG Basic Policy April 1, 2023: Revised on Denka Group ESG Basic Policy		
The Denka Group recognizes the issues related with sustainability, meaning the quality of being able to continue over a medium- to long-term period, to be important management matters affecting its corporate viability. The Denka Group will take a proactive and spontaneous approach to tackling the sustainability-related issues which range from consideration for global environmental problems such as climate change, respect for human rights, consideration for employee health and working environment, appropriate treatment of workers, maintenance of fair and appropriate transactions with business partners and to crisis management at times of natural disaster and other emergencies. Moreover, in terms of increasing medium- to long-term corporate value, for the realization of a sustainable society and the solution of challenges shared by all humanity, the Denka Group will work in tandem with our business partners and supply chain to tackle the Sustainable Development Goals (SDGs) advocated by the United Nations and will strive to be a company capable of contributing to society by offering our innovation and solution as a chemical manufacturer. Under the Denka Group Vision, consisting of Denka's Core Value, Purpose, and Mission, which forms the basis of all our employees' activities and represents the future of Denka, we have set out the Denka Group ESG Basic Policy governing our handling of Environmental, Social and Governance (ESG) issues in the course of the Group's business activities, and will strive to adhere to each of the underlying principles of this policy and increase corporate value by developing an effective corporate governance system underpinned by strong moral compass. Note: The letters "E," "S" and "G" in the left column of the following table refer to Environmental, Social and Governance issues, respectively.		
E	**Pushing on with climate change countermeasures**	We will run to the goal of curbing greenhouse gas (GHG) emissions from operations 50% by the end of fiscal 2030 compared with the fiscal 2013 level and achieving net zero, or carbon neutrality, by the end of fiscal 2050, to this end facilitating the use of clean energy, reviewing our business portfolio and pushing ahead with the development and introduction of innovative technologies, including Carbon dioxide Capture, Utilization and Storage (CCUS).
E	**Reduction of environmental burden and the preservation of biodiversity**	We will work to reduce environmental impact of our business activities, including the air, water, and soil, with the aim of preserving and protecting biodiversity.
E/S	**Sustainable economic growth and the resolution of social issues**	Through the pursuit of innovation, we will deliver products, services and solutions capable of supporting sustainable economic growth and helping resolve issues society is now

		confronting. We will also take a spontaneous approach to the development of eco-friendly products and technologies as well as the creation of a circular economy to help reduce environmental burden arising from the entire value chain.
S	**Respect for human rights**	We will respect the human rights of all people who come into contact with our business operations, including elimination of forced labor, effective abolition of child labor, elimination of discrimination in employment and at workplaces and recognition of employees' freedom of association and collective bargaining rights. Moreover, we will help raise awareness of human rights in the workplace and take action to fulfill our corporate social responsibilities.
S/G	**Diversity & inclusion, human resource development and work style reforms**	Based on an appreciation of diversity among all those working for the Denka Group, we will strive to ensure fair treatment for them and help them realize their full potential in a way that respects unique personalities of each. At the same time, we will promote human resource development aimed at enhancing employees' individual capabilities while passing down our unique technologies to future generations. Striving to assist each employee in their diverse practices of optimal work styles, we will also push ahead with work style reforms to help them harmonize and maintain a balance between their private lives and duties.
S	**Prioritization of safety and the creation of an easy-to-work environment**	We will tackle occupational safety, employee health, facility security and disaster prevention as one of the top priorities in all aspects of our business activities. In this way, we will create a workplace free of accidents, disasters and harassment and ensure that each employee can stay healthy while working comfortably.
S	**Betterment of regional communities and relationships of trust**	As a good corporate citizen, we will proactively play our part in the betterment of regional communities and contribute to their development. Furthermore, we will strive to foster relationships of trust with these communities.
S	**Relationships of trust with customers**	Regarding our products, services and solutions, we will strive to achieve superior quality and safety standards to ensure the satisfaction of customers around the world while providing sufficient information. We will also remain sincere in customer relations, thereby maintaining relationships of trust with customers.
G	**Fair business conduct**	In compliance with laws and regulations enforced by each country in relation to our business operations, we will engage in fair and free competition and appropriate dealings while

		giving consideration to the preservation of the global environment. Simultaneously, we will practice responsible procurement, keeping our supply chains free of child labor, forced labor and other forms of human rights violation. Moreover, we will maintain sound relationships with political bodies and administrative agencies
G	**Information disclosure and stakeholder dialogue**	We will disclose our financial and non-financial information in a proactive, effective and fair manner to ensure the trustworthiness of such information. We will also maintain constructive dialogue with a wide range of stakeholders in our pursuit of improvement in corporate value.
G	**Risk Management**	In addition to staying apprised of risks that may affect our corporate activities, we will practice strategic risk management via, for example, the strengthening of our capabilities to counter important risks, while implementing thoroughgoing and organized crisis management measures to secure resilience against natural disasters, terrorism, cyberattacks and other events that pose serious threats to our operations.
G	**Protection and management of tangible and intangible corporate assets**	As we recognize that the Denka Group's tangible assets and intangible assets, the latter of which include proprietary information and intellectual property, constitute a source of its competitiveness, we will strive to properly protect and utilize these assets while respecting intellectual property held rightly by third parties.
G	**Role of top management and the thorough practice of this policy**	With top management striving to ensure that this policy is understood by all Denka Group members, we will develop effective corporate governance systems for the Denka Group as part of our efforts to improve corporate value. Should an incident involving the violation of this policy emerge and result in the loss of public trust, top management will take the lead in addressing the problem, for example, by investigating its root causes and implementing measures aimed at preventing its recurrence.

(Attachment 2)

(1) Skills matrix of the Board of Directors of the Company

			Attribute				Skills											
												Sustainability/ESG						
			Independent Outside	Age	Number of years in office	Gender	Corporate Management /Corporate Planning	Human Resources Value Creation	Global Business	Financial Strategy / Accounting	Legal/ Compliance	E (Environment)	S (Society)	G (Governance)	Business Value Creation and Marketing	Research/ Intellectual property	Technology /Manufacturing	DX
Chairman and Representative Director	Toshio Imai			66	6	M	○	○	○			○		○	○			
Representative Director	Ikuo Ishida	President and Chief Executive Officer		63	2	M	○	○	○		○			○	○			
Director	Rimiru Hayashida	Senior Managing Executive Officer		63	-	M	○			○				○				
Director	Masanobu Kosaka	Managing Executive Officer		62	-	M			○			○	○			○	○	○
Director	Rumiko Nakata		○	69	1	F		○					○					
Director	Mizuhiro Uchida	Full-time Audit Committee Member		63	2	M				○	○		○	○				○
Director	Toshio Kinoshita	Audit Committee Member	○	76	10	M			○	○				○				
Director	Akio Yamamoto	Audit Committee Member	○	73	10	M	○	○	○						○			
Director	Miyuki Matoba	Audit Committee Member	○	51	4	F					○		○	○		○		

* The matrix above shows the skills that the Board of Directors expects from them among knowledge and experience they possess.

* Age and years of service are shown as of June 20, 2025.

* Gender is represented as F (Female) and M (Male).

(Reference)

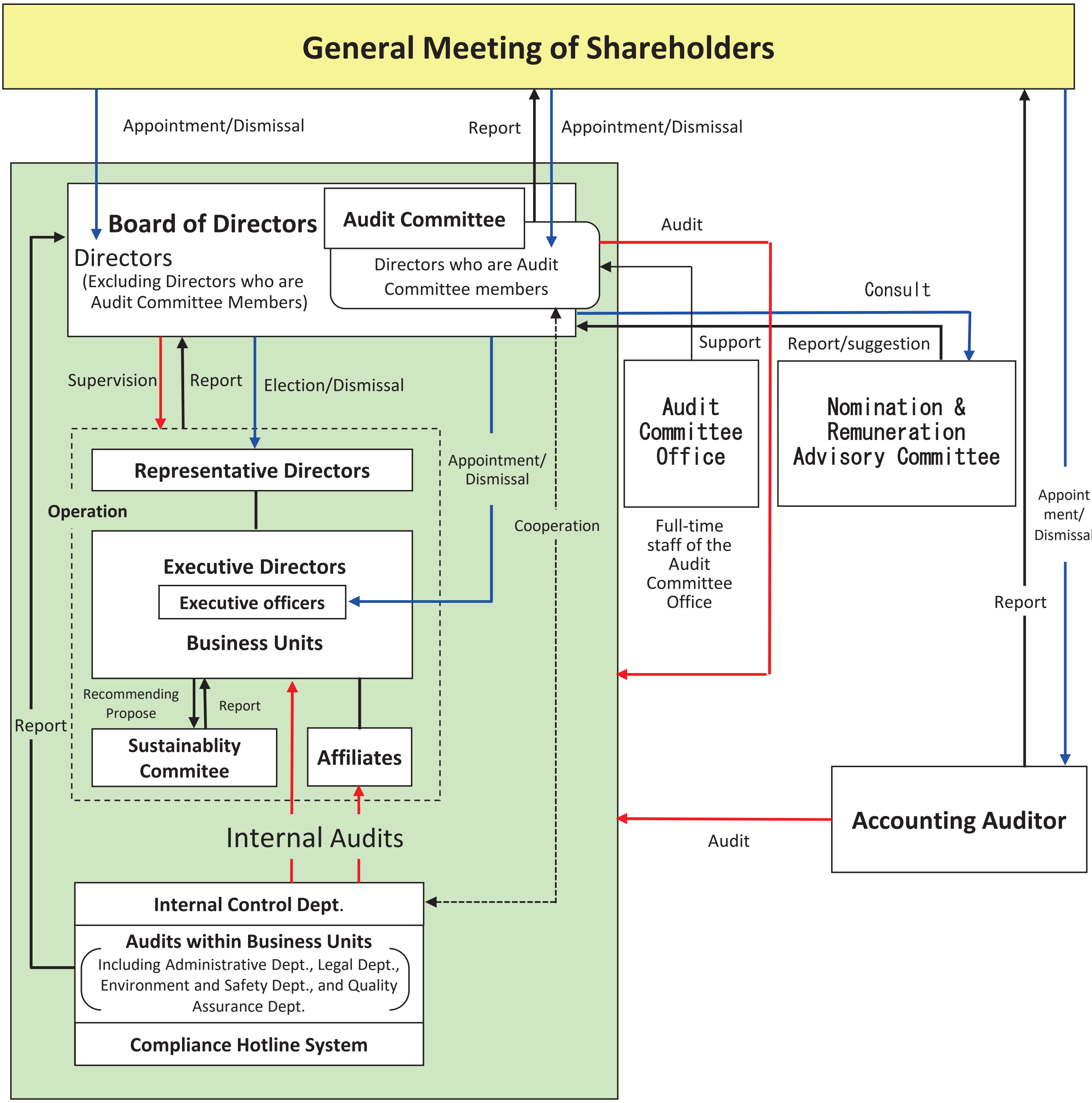
Skill matrix of the Excutive Officers who are not Directors

Managing Executive Officer	Yukio Sasagawa			64		M						○	○			○	○	○
Managing Executive Officer	Kei Hara			59		M	○	○	○		○		○		○			

The skills considered necessary for the Company's Board of Directors to make important decisions and supervise management under Denka's vision formulated in 2022 to reach the goals of the Company's eight-year management plan through fiscal 2030, and to promote ESG management through the priority management materiality issues are as follows.

Skills		Reasons for the selection of skills
Corporate Management and Corporate Planning		Directors are needed who have extensive management experience and achievements to establish and review management plans aimed at realizing the Denka's Vision and supervise the execution of duties to achieve these plans.
Human Resources Value Creation		Directors are needed who have extensive knowledge and experience related to human resources value creation in order to realize human resource investment and system reforms, aiming to become a company where each and every employee can gain experience self-realization and personal growth.
Global Business		Directors are needed who have extensive experience in global business to fulfill our Purpose to "making the world a better place as specialists in chemistry" with an awareness of global megatrends.
Financial Strategy/Accounting		Directors are needed who have extensive knowledge and experience in the financial strategy and the accounting field not only to ensure the accurate disclosure of financial information, but also to drive selection and concentration of businesses, pursue optimal capital structure and improve profitability and efficiency.
Legal/Compliance		Directors are needed who have robust knowledge and experience in the legal and compliance fields to ensure fair and trustworthy corporate activities appropriately responding to increasingly complex legal systems and regulations in Japan and abroad.
Sustainability and ESG	E (Environment)	Directors with extensive knowledge and experience in E (Environment) are needed to fulfill corporate social responsibility working on the precondition for continuation of business, "Achievement of carbon neutrality," "Sustainable cities and fulfilling daily lives," and "Environmental conservation and minimization of environmental footprint."
	S(Society)	Directors with solid knowledge and experience in S (Society) are needed to fulfill corporate social responsibility through the provision of safe and high-quality products, respect for human rights, and participation in the effort to build a better community.
	G(Governance)	Directors with solid knowledge and experience in G (Governance) are needed to fulfill corporate social responsibility building a more advanced and effective corporate governance system that ensures transparency and fairness based on high ethical standards.
Business Value Creation and Marketing		Directors are needed who have market insight based on a broad perspective, as well as extensive business experience to ensure that all the three focus areas, ICT & Energy, Healthcare, and Sustainable Living, will be fully made up of "three-star businesses" that incorporate the three elements of specialty, megatrends, and sustainability, while promoting the transformation of business portfolio, considering also selling or exiting a business that is difficult to convert to a "three-star business.
R&D/Intellectual Property		Directors are needed who have a track record of promotion of innovation, as well as deep knowledge in science and technology and a wealth of experience in proprietary technologies and intellectual property, in order to create business value in the three focus areas of ICT & Energy, Healthcare, and Sustainable Living.
Technology/Manufacturing		Directors are needed who are deeply familiar with technology, and who have extensive practical experience and robust insight into manufacturing in order to create management values through process innovation to improve productivity, ensure trustworthiness in manufacturing, and establish a safe work environment.
DX		Directors are needed with a profound knowledge and extensive experience related to digital technologies and data utilization, as well as the ability to understand and analyze the nature of the Group's business, and use this insight to transform it, in order to promote transformation of business model and organization through process innovation.

(Attachment 3) Internal corporate structure of Corporate Governance System including Outline of Internal Control System



(Attachment 4) Internal corporate structure of Timely Disclosure System