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Corporate Governance Report

CORPORATE GOVERNANCE

Sekisui Jushi Corporation

Last Update: July 1, 2025

Sekisui Jushi Corporation

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The corporate governance of [Sekisui Jushi Corporation] (the “Company”) is described below.

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

1. Basic Views

The Company recognizes that efficient management is indispensable to respond to the drastically changing business environment and that establishing corporate governance is important to improve management transparency and speed up decision-making. Based on the principles of the corporate governance code, we will strive to further improve the efficiency of the system.

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

The Company implements all principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

【Principle 1.4 Cross-Shareholdings】

<Policy on Reducing Cross-Shareholdings>

To ensure sustainable growth into the future, the Company recognizes that cooperative relationships with various companies are indispensable in many areas, including production, development, and sales. To this end, we will pursue a policy of holding shares in business partners only when the Company deems it beneficial and essential for creating new business fields and establishing and strengthening business relationships. The rationale for holding these assets is closely evaluated and reviewed regularly, considering the purposes for which they are held, the benefits and risks associated with holding these assets, and the cost of capital.

<Exercise of Voting Rights>

We exercise voting rights based on whether the proposal contributes to the purpose of the partnership, enhances our medium- to long-term shareholder value, and improves the issuing company's corporate value.

【Principle 1.7 Related Party Transactions】

If a transaction falls under competitive transactions involving directors, transactions between directors and the

Company, or any conflict-of-interest transactions, we require prior approval from the Board of Directors in accordance with our board regulations. Significant transactions with major shareholders or other related parties also require approval from the Board of Directors. Important transactions with related parties are disclosed in our securities reports.

【Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women】

We are committed to ensuring diversity in appointing women, non-Japanese, and mid-career hires to managerial positions. We strive to foster a corporate culture where people with diverse values can respect one another and take on the challenge of creating new value.

To promote women's active participation, we aim to have at least 15% of our regular hires for career-track positions be women. We are actively hiring and also enhancing support systems such as internal transfers from clerical to career-track roles and assistance with balancing life events.

Regarding mid-career hiring, we follow a policy of talent hybridization and continue to hire a set number of experienced personnel each year. As of the end of FY 2024, mid-career hires accounted for 27.2% of our executive, managerial, and specialist workforce, and we aim to increase this ratio.

While strengthening the development of global talent, we are also promoting localization at our overseas subsidiaries by appointing many non-Japanese, including women, to managerial positions. We will continue to actively advance this effort.

Looking ahead, we will continue working to create an organizational culture where diverse employees can thrive, promoting the participation of women, non-Japanese, and mid-career hires, while also improving job satisfaction and strengthening our talent development systems.

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】

We are enrolled in the Sekisui Pension Fund. The pension fund is structured to fulfill its expected asset management roles by assigning personnel with relevant expertise to the executive board and secretariat.

The fund's decision-making body, the council of delegates, is composed of an equal number of members selected by the employer and by mutual vote of fund participants, enabling appropriate management of conflicts of interest between the Company and beneficiaries.

【Principle 3.1 Full Disclosure】

1. Company objectives (e.g., business principles), business strategies and business plans;

(1) Corporate Philosophy

The Sekisui Jushi Group is committed to becoming a corporate group that contributes to the safety, security, and environment of society by creating valuable products and services based on composite technologies.

(2) Business Strategy and Business Plan

The Sekisui Jushi Group (the "Group") is strengthening its management foundation based on ESG (Environmental, Social, and Governance) principles to help realize a sustainable society, and is promoting business activities with the aim of achieving the Group's sustainable growth by enhancing corporate value from a medium- to long-term perspective.

To that end, we are leveraging the full capabilities of the Group and addressing social challenges through our business by embracing the concept of Creating Shared Value (CSV). We continuously propose new products and

services in response to the growing global awareness of environmental issues, and we strive to meet ever-evolving social needs through advanced innovation and new value creation. Our goal is to deliver safety and peace of mind to people's lives and help restore a vibrant society.

We have formulated the Sekisui Jushi Group Vision 2030, which is available on our website.

https://ssl4.eir-parts.net/doc/4212/ir_material_for_fiscal_ym/136769/00.pdf

2. Basic views and guidelines on corporate governance based on each of the principles of the Code;

(1) Basic Views on Corporate Governance

As outlined in the “Basic Views” section of this report.

(2) Basic Policy on Corporate Governance

1. Securing the Rights and Equal Treatment of Shareholders

We will take appropriate actions to ensure shareholders' rights are effectively secured, and work to establish an environment where shareholders can exercise those rights appropriately.

We also recognize the need to ensure the substantive equality of shareholders. For minority and foreign shareholders, we make every effort to ensure the effective protection of their rights, create an environment for exercising those rights, and maintain substantive equality.

2. Appropriate Cooperation with Stakeholders Other Than Shareholders

We recognize that sustainable growth and the creation of medium- to long-term corporate value require collaboration with a wide range of stakeholders, including employees, customers, business partners, creditors, and local communities. Based on this recognition, we have established a Corporate Philosophy that reflects our social responsibilities. The Board of Directors has formulated the Sekisui Jushi Group Corporate Code of Conduct based on the Corporate Philosophy. This code sets forth guidelines for appropriate cooperation with stakeholders, respect for their interests, and sound business ethics. These guidelines are thoroughly shared with all officers and employees across the Group.

3. Ensuring Appropriate Information Disclosure and Transparency

We regard “engaging in communication not only with shareholders but also with society at large, and actively and fairly disclosing corporate information” as a key social responsibility.

Based on this recognition, we disclose information in a timely manner, including non-financial information, whenever we determine it to be highly important for shareholders and other stakeholders, even if it is not legally required for us to do so.

The Board of Directors recognizes that disclosed information serves as the foundation for communication with stakeholders, and takes great care to ensure that the information is accurate, easy to understand, and highly useful for users.

4. Responsibilities of the Board

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

(1) Setting the broad direction of corporate strategy;

(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and

(3) Carrying out effective oversight of directors and the management (including so-called shikkoyakuin) from an

independent and objective standpoint.

Our Audit and Supervisory Board Members and the Audit and Supervisory Board, which are responsible for part of these roles, appropriately fulfill their roles and responsibilities from an independent and objective standpoint.

5. Dialogue with Shareholders

We recognize that in order to achieve sustainable growth and enhance medium- to long-term corporate value, it is important to engage in constructive dialogue with shareholders, absorb their opinions and requests in a balanced manner, and reflect them in management.

To this end, we strive to maintain an environment where regular dialogue with shareholders is possible, work to gain understanding of our business strategies and plans, and make every effort to meet the expectations of shareholders and other stakeholders.

3. Policy and Procedures for Determining Remuneration of Executive Officers and Directors by the Board of Directors

(1) Board policies and procedures in determining the remuneration of the senior management and directors;

To ensure accurate and swift execution of policies decided by the Board of Directors, we have adopted an executive officer system. Remuneration for executive officers consists of fixed remuneration, performance-based bonuses, and restricted stock compensation.

(2) Policy and Procedures for Determining Remuneration of Directors

As described in the “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” section under “Director Remuneration” in this report.

4. Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates

(1) Policy and Procedures for Appointing and Dismissing Executive Officers

For executive officers, we appoint and dismiss personnel based on their suitability, including knowledge, experience, ability, and character, while also considering their contributions to performance and corporate value. The Representative Director (CEO) prepares a draft proposal based on recommendations from relevant executives, which is discussed in the Management Meeting and reviewed by the Nomination and Remuneration Committee before being resolved by the Board of Directors.

(2) Policy and Procedures for Nominating Director Candidates

As described in “Supplementary Principle 4.11.1” under “Disclosure Based on each Principle of the Corporate Governance Code” in this report.

(3) Policy and Procedures for Nominating kansayaku candidates

For audit and supervisory board members, our policy is to appoint at least one individual with appropriate expertise in finance and accounting to ensure audit effectiveness. The Representative Director (CEO) prepares a draft, obtains consent from the Audit and Supervisory Board (including outside audit and supervisory board members), and the Board of Directors subsequently decides on a candidate.

5. Explanations with respect to the individual appointments/dismissals and nominations based on 4. The backgrounds and individual reasons for the appointment or dismissal of director and audit and supervisory board member candidates are provided in the reference materials for the General Meeting of Shareholders. <https://www.sekisuijushi.co.jp/ir/stock/meeting/>

【Supplementary Principles 3.1.3. Full Disclosure】

We have established a basic policy on sustainability and promote our core sustainability initiatives through the Sekisui Jushi Group Sustainability Promotion Committee. We also strive to appropriately disclose our sustainability initiatives when disclosing management strategies, and in our Medium-term Management Plan, we present specific goals and initiatives related to sustainability.

We collect and analyze data on how climate change-related risks and opportunities affect our business operations and revenues, using the Task Force on Climate-related Financial Disclosures (TCFD) framework. For more details, please refer to our website.

Japanese: <https://www.sekisuijushi.co.jp/sustainability/>

English: <https://www.sekisuijushi.co.jp/en/sustainability/>

<Reference>

Sekisui Jushi Group Sustainability Policy

Sekisui Jushi Group's corporate philosophy stipulates: The aim of the Sekisui Jushi Group is to contribute to a safer, more secure and healthier environment for society by creating valued products and services, through the application of composite technology. Guided by this philosophy, the Company aims to further enhance our corporate value based on sound and transparent management and business activities in harmony with society and the environment, thereby ensuring the trust of all stakeholders, identifying key issues that will lead to the sustainable development of society and the Group, and resolving social issues, including the achievement of the SDGs.

【Supplementary Principles 4.1.1 Roles and Responsibilities of the Board (1)】

The Board of Directors is positioned as the decision-making body for important management matters stipulated in board regulations, such as business policies, business plans, and major capital investments, in addition to matters specified by laws and the Articles of Incorporation. It also functions as a supervisory body for business execution.

To clarify the accountability system and speed up decision-making, authority for business execution matters not specified in Board of Directors regulations is delegated to the Management Meeting, Representative Director, directors in charge of operations, or executive officers.

【Principle 4.9 Independence Standards and Qualification for Independent Directors】

Independence Criteria

We define the following criteria for determining the independence of independent outside directors and outside audit and supervisory board members.

A person is considered independent from our Company and the Group if they meet the requirements set out in Article 2, Paragraph 15 or 16 of the Companies Act and do not fall under any of the following conditions. Even if a candidate does not meet these independent criteria, they may still be appointed as an outside officer based on their experience, academic background, and expertise.

1. A major shareholder of the Company*¹ or an executive*³ of an associated company*²
2. A major business partner*⁴ of the Company or an executive of such business partner
3. A consultant, accounting professional, or legal professional who receives compensation or assets worth ¥10 million or more annually on average over the past three fiscal years from the Company or its subsidiaries, excluding officer remuneration (if the recipient is a corporation or organization, this applies to individuals involved in business execution within that entity).
4. A director or executive with decision-making authority of an organization that has received donations of ¥10 million or more annually on average over the past three fiscal years from the Company or its subsidiaries.
5. A person who fell under any of the categories in 1 through 4 during the past three years.
6. A person whose spouse or relative within the second degree falls under any of categories 1 through 4 (limited to key individuals*⁵).

(Notes)

*1 Major shareholder of the Company: A person who directly or indirectly holds 10% or more of the total voting rights of the Company.

*2 Associated company: Refers to the parent company, subsidiaries, and affiliated companies of the Company, as well as any company that is an affiliated company of another entity in which the Company holds interest. (As defined in Article 8, Paragraph 8 of the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements”)

*3 Executive: Refers to executive directors, executive officers, managing officers, general managers, or other employees engaged in business execution.

*4 Major business partner: An entity that, in any of the past three fiscal years, has had transactions with the Company accounting for 2% or more of its consolidated annual net sales, or a financial institution or other major creditor on which the Company depends for financing to a degree that makes alternatives impractical.

*5 Key individual: In the case of a company, this refers to directors (excluding outside directors), audit and supervisory board members (excluding outside audit and supervisory board members), accounting advisors, executive officers, operating officers, and employees in management positions equivalent to department head or above. In the case of an audit firm, this refers to certified public accountants belonging to the firm, and in the case of a law firm, attorneys affiliated with the firm.

【Supplementary Principle 4.10.1. Use of Optional Approach】

To strengthen corporate governance and further enhance objectivity in management, we have established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, with a majority of its members being independent outside directors.

The current composition of the Nomination and Remuneration Committee consists of one internal director and four independent outside directors. Committee members are appointed by the Board of Directors, and the chairperson is selected by resolution of the committee. Additionally, one independent outside audit and supervisory board member attends the committee meetings as an observer.

Our Nomination and Remuneration Committee functions as both the Nomination Committee and the Remuneration Committee.

【Supplementary Principles 4.11.1. Preconditions for Board and Kansayaku Board Effectiveness】

The Company believes that to facilitate prompt decision-making regarding management, it is appropriate for the Board of Directors to be composed of a small number of members. In appointing directors, we identified the skills required to constitute the Board of Directors in light of the Group's corporate philosophy and management strategy, under the belief that the balance of knowledge, experience, and abilities of the Board of Directors as a whole and the diversity of its values, will contribute to the sustainable enhancement of the Company's corporate value.

For details on the skills that the Board of Directors should possess in light of our Corporate Philosophy and strategy, as well as the knowledge, experience, and abilities expected of each director summarized in a skills matrix, please refer to the Notice of the Ordinary General Meeting of Shareholders.

<https://www.sekisuijushi.co.jp/ir/stock/meeting/>

【Supplementary Principles 4.11.2. Preconditions for Board and Kansayaku Board Effectiveness】

We disclose the status of significant concurrent positions held by directors and audit and supervisory board members every year in disclosure materials such as the business report and reference documents for the Notice of Convocation of the General Meeting of Shareholders.

<https://www.sekisuijushi.co.jp/ir/stock/meeting/>

We consider the scope of concurrent positions to be reasonable in light of the time and effort required for directors and audit and supervisory board members to properly fulfill their roles and responsibilities.

【Supplementary Principles 4.11.3. Preconditions for Board and Kansayaku Board Effectiveness】

In principle, our Board of Directors meets at least once a month. Directors and audit and supervisory board members, including outside officers with specialized knowledge and extensive experience, actively exchange opinions before deliberating and making decisions from a multifaceted perspective. In addition, we regularly report the progress and outcomes of resolutions, which allows the Board to monitor the execution of operations. We also set a reasonable number of agenda items and conduct preliminary discussions and issue clarification in the Management Meeting for matters to be submitted to the Board of Directors, thereby enhancing the quality of deliberations. Furthermore, we conduct surveys of all directors and audit and supervisory board members and use the results to improve the operation of the Board of Directors. Based on these efforts, we believe that the effectiveness of our Board of Directors is adequately ensured.

【Supplementary Principles 4.14.2 Director and Kansayaku Training】

<Basic Policy on Training for Directors and Audit and Supervisory Board Members>

1. Basic Approach

We establish frameworks to ensure that directors and audit and supervisory board members can effectively fulfill their respective roles and responsibilities.

2. The department supporting director and audit and supervisory board member training is the Corporate Planning Department, which also serves as the Board of Directors Secretariat.
3. When directors or audit and supervisory board members are newly appointed, they participate in external seminars for new executives. Even after their appointment, they are encouraged to attend relevant external seminars as needed.
4. When outside directors or outside audit and supervisory board members are newly appointed, we provide explanations of our business activities for their understanding and arrange site visits to plants and other facilities as appropriate.

5. The Board of Directors periodically reviews the effectiveness of training.
6. The Company bears the cost of training required for directors and audit and supervisory board members to effectively fulfill their roles and responsibilities.

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

<Basic Policy on Constructive Dialogue with Shareholders>

1. Basic Approach

The Company engages in constructive dialogue with shareholders to promote sustainable growth and enhance medium- to long-term corporate value. We strive to incorporate the insights and information gained through these dialogues into our corporate management.

2. Officer Responsible for Shareholder Dialogue (IR): The officer in charge of corporate administration (including Executive Officers)

3. Internal Coordination

Under the leadership of the IR Officer, related departments such as the Corporate Planning Department and Public Relations Department hold regular internal IR meetings and work to improve IR activities.

These departments also collaborate with relevant departments to prepare timely disclosure materials and earnings briefing materials.

4. Means of Dialogue

We hold earnings briefings twice a year for analysts and institutional investors. We also conduct individual meetings as needed.

5. Feedback to Executive Management and the Board of Directors

Important opinions and insights gathered during earnings briefings and individual meetings are reported via the officer overseeing corporate administration (including executive officers) to the Management Meeting or Board of Directors, and shared across the organization to inform corporate management.

6. Measures for Managing Insider Information

Insider information is managed under the Regulations on Insider Trading and Internal Information Management, which establish strict controls to prevent leaks and ensure timely and appropriate disclosure procedures.

<Status of Dialogue with Shareholders>

To support sustainable growth and enhance medium- to long-term corporate value, we engage in constructive dialogue with shareholders, led by the President and Representative Director, CEO, the Director in charge of Finance and IR, and the IR department. Questions and opinions received during these dialogues are appropriately fed back to the Board of Directors and executive management. During such dialogues, relevant departments confirm in advance what information can be disclosed, thereby ensuring strict management of insider information. Details on the status of shareholder dialogue for FY 2024 are available on our website.

<https://www.sekisuijushi.co.jp/ir/library/dialogue/>

[Initiatives for Management with an Awareness of Capital Costs and Stock Price]

We aim to promptly achieve the ROE target of 8% set in the Sekisui Jushi Group Vision 2030, while keeping in view a future target of 10% ROE, which exceeds our cost of equity capital. We are committed to improving profitability and

optimizing our capital structure.

Presentation of Financial Results for FYE March 2025

Japanese: https://ssl4.eir-parts.net/doc/4212/ir_material_for_fiscal_ym/178778/00.pdf

English: https://ssl4.eir-parts.net/doc/4212/ir_material_for_fiscal_ym/181122/00.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,502,200	14.51
Custody Bank of Japan, Ltd. (trust account)	1,706,700	5.50
Sekisui Chemical Co., Ltd.	1,533,791	4.94
NIPPON ACTIVE VALUE FUND PLC	1,500,000	4.83
Sekisui House, Ltd.	991,516	3.19
The Dai-ichi Life Insurance Company, Limited	865,367	2.79
Sekisui Kasei Co., Ltd.	816,410	2.63
STATE STREET BANK AND TRUST COMPANY 505001	798,939	2.57
Jueikai Shareholding Association	733,200	2.36
MUFG Bank, Ltd.	560,800	1.81

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

Name of Parent Company, if applicable

Not Available

Supplementary Explanation

- As of March 31, 2025.
- The shareholding ratio is calculated excluding treasury shares (777,239 shares).
- According to the substantial shareholding report made available for public inspection on November 6, 2023, Morant Wright Management Limited held 1,943 thousand shares (representing 5.83% of outstanding shares) as of October 31, 2023. However, as the Company is unable to confirm the actual number of shares held as of the end of the fiscal year under review, the entity is not included in the list of major shareholders above.
- According to the amendment report made available for public inspection on March 22, 2024, Nomura Asset Management Co., Ltd. held 1,955 thousand shares (representing 5.87% of outstanding shares) as of March 15, 2024. However, as the Company is unable to confirm the actual number of shares held as of the end of the fiscal year under review, the entity is not included in the list of major shareholders above.
- According to the amendment report made available for public inspection on January 10, 2025, FMR LLC held 1,558 thousand shares (representing 4.90% of outstanding shares) as of December 31, 2024. However, as the Company is unable to confirm the actual number of shares held as of the end of the fiscal year under review, the entity is not included in the list of major shareholders above.

3. Corporate Attributes

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

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

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

- Relationship with Equity-Method Affiliates

The Company holds 23.84% of the voting rights of NIHON KOGYO CO., LTD., an equity-method affiliate.

We have entered into a basic business alliance agreement with NIHON KOGYO CO., LTD. with the aim of strengthening, expanding, and developing our respective business foundations through active business collaboration and personnel exchanges. However, both companies operate independently with respect to business activities and management policies.

One of our directors serves concurrently as an Outside Director of NIHON KOGYO CO., LTD., and one of our audit and supervisory board members serves concurrently as an Outside Audit and Supervisory Board Member of NIHON KOGYO CO., LTD.

We engage in transactions for certain products with NIHON KOGYO CO., LTD., but our business dependence on these transactions is minimal. Transaction terms, including pricing, are determined through mutual consultation based on market prices, costs, and other factors, and are aligned with those offered to general business partners.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with Kansayaku Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	Nine
Election of Outside Directors	Elected
Number of Outside Directors	Four
Number of Independent Directors	Four

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshitaka Miyata	From another company											
Hiroshi Takano	From another company											
Satoko Ito	Other											
Keiko Akaho	Other											

*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Toshitaka Miyata	Yes	Chairman, Tokyo Metropolitan Road Council Chairman, Highway Industry Development Organization	<ul style="list-style-type: none"> - Toshitaka Miyata held important posts over many years at the Ministry of Land, Infrastructure, Transport and Tourism. He has broad knowledge of the development of social infrastructure and transport policy, and he has experience as President and Representative Director of Metropolitan Expressway Company Limited. He offers valuable advice concerning the Company's management based on his extensive management experience. - He has no special interest in the Company, and we have determined that there is no risk of conflict of interest with general shareholders.
Hiroshi Takano	Yes	—	<ul style="list-style-type: none"> - Hiroshi Takano has served as Senior Managing Director of Toyota Tsusho Corporation as well as President and CEO of Toyotsu Logistics Service Co. Ltd. He offers valuable advice concerning the Company's management based on his extensive management experience. - He has no special interest in the Company, and we have determined that there is no risk of conflict of interest with general shareholders.
Satoko Ito	Yes	Outside Audit and Supervisory Board Member, MITANI SANGYO CO., LTD. Outside Director, Juroku Financial Group, Inc. Outside Director, IDOM Inc.	<ul style="list-style-type: none"> - Satoko Ito has worked as a newscaster on news programs, held seminars and lectures for managers, and teaches at a university. In addition, she has deep knowledge in the fields of environment and energy and has served as a committee member of related governmental agencies and organizations. She offers valuable advice concerning the Company's management based on her extensive experience and knowledge. - She has no special interest in the Company, and we have determined that there is no risk of conflict of interest with general shareholders.
Keiko Akaho	Yes	Economic journalist	<ul style="list-style-type: none"> - Keiko Akaho has held key positions at The Nikkan Kogyo Shimbun, Ltd. and has broad insights into the mass media industry, as well as an objective viewpoint cultivated as an economic journalist. She offers valuable advice concerning the Company's management based on her extensive experience and knowledge.

			<p>,</p> <p>- She has no special interest in the Company, and we have determined that there is no risk of conflict of interest with general shareholders.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	5	0	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

To strengthen corporate governance and further enhance objectivity in management, we have established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, with a majority of its members being independent outside directors.

The current composition of the Nomination and Remuneration Committee consists of one internal director (Hiroshi Baba) and four independent outside directors (Toshitaka Miyata, Hiroshi Takano, Satoko Ito, and Keiko Akaho). Committee members are appointed by the Board of Directors, and the chairperson is selected by resolution of the committee. Additionally, one outside audit and supervisory board member attends the committee meetings as an observer.

Our Nomination and Remuneration Committee functions as both the Nomination Committee and the Remuneration Committee.

Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit
Number of Audit and Supervisory Board Members	Four

We have established a Corporate Audit Department as our internal audit division. The Department consists of three members who conduct on-site audits of our departments and subsidiaries, focusing on accounting audits and internal control systems. Audit results are reported to the Representative Director and audit and supervisory board members.

With respect to audits by audit and supervisory board members, all members attend Board of Directors meetings, and two full-time members attend Management Meetings and Board of Executive Officers meetings, where they provide opinions as necessary to ensure the legality of the decisions made. They also conduct timely and appropriate audits, led by the full-time members. At regularly held Audit and Supervisory Board meetings, audit results are reported and opinions are exchanged.

In addition to receiving explanations on periodic accounting audits conducted by the accounting auditor and exchanging information, full-time audit and supervisory board members accompany the auditor on site audits to various business locations, working in cooperation to strengthen and enhance audit functions.

Information from these audits is shared through the Board of Directors and other forums.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	Two
Number of Independent Audit and Supervisory Board Members	Two

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Akira Tsujiuchi	CPA											
Kenzaburo Yazawa	Lawyer											

*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Akira Tsujiuchi	Yes	Head of Tsujiuchi Accounting Office Outside Director, Gakujo Co., Ltd. Outside Audit and Supervisory Board Member, GS Yuasa Corporation	<ul style="list-style-type: none"> - Akira Tsujiuchi has worked for Deloitte Touche Tohmatsu LLC for many years, and draws on his extensive experience in auditing various companies and his advanced knowledge of finance and accounting to audit our business operations. - He has no special interest in the Company, and we have designated him as an independent officer as we have determined that there is no risk of conflict of interest with general shareholders.
Kenzaburo Yazawa	Yes	Of Counsel, Umeda Law Office	<ul style="list-style-type: none"> - Kenzaburo Yazawa has had a wide-ranging legal career as a prosecutor and attorney at law, and draws on his extensive experience and knowledge to audit our business operations. - He has no special interest in the Company, and we have designated him as an independent officer as we have determined that there is no risk of conflict of interest with general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	Six
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All of our outside officers who meet the qualifications for independent officers are designated as such.

Our standards for determining independent officers are described in “Principle 4.9 Independence Standards and Qualification for Independent Directors” under “Disclosure Based on each Principle of the Corporate Governance Code” in this report.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

To incentivize directors, including outside directors, to contribute to the sustainable growth of corporate value and to further align interests with shareholders, we have introduced a restricted stock compensation plan (approved at the 90th Ordinary General Meeting of Shareholders held on June 25, 2024).

Persons Eligible for Stock Options

None

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Executive remuneration for FY 2024 is as follows.

- For six directors excluding outside directors, total remuneration amounts to ¥164 million, consisting of ¥81 million in basic remuneration, ¥63 million in bonuses, and ¥20 million in restricted stock compensation. Total compensation does not include salaries paid to directors who also serve as employees for their employee roles.
- For three audit and supervisory board members excluding outside audit and supervisory board members, total remuneration is ¥23 million in basic remuneration.
- For eight outside officers, total remuneration amounts to ¥66 million, consisting of ¥63 million in basic remuneration and ¥2 million in restricted stock compensation.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(Basic policy)

The Company's remuneration system for Directors is linked to shareholder returns to serve as an incentive to sustainably enhance corporate value, and the remuneration of each Director is determined appropriately based on their position, responsibilities, and other relevant factors. The remuneration for Directors responsible for business execution consists of basic remuneration, bonuses, and restricted stock compensation, while the remuneration for Outside Directors consists of basic remuneration and restricted stock compensation, all of which is paid within the range of the total amount of remuneration approved at the General Meeting of Shareholders.

(Policy for determining the details of individual basic remuneration (monetary remuneration))

The basic remuneration for Directors shall be determined within the remuneration limit approved at the General Meeting of Shareholders, based on monthly remuneration per their position and responsibilities, and shall be revisited as necessary in consideration of business

performance, the level of other companies, social conditions, and other factors.

(Policy for determining the details and calculation method of the amount/number of shares of performance-linked remuneration)

Performance-linked remuneration consists of short-term performance-linked remuneration and medium-term performance-linked remuneration. For short-term performance-linked remuneration, a bonus is paid as monetary remuneration at a certain time each year. Among the Directors responsible for business execution, in order to maximize the incentive for improving corporate value through achievement of performance targets for each fiscal year, the amount to be paid is decided with overall consideration for operating profit and other important performance indicators of the Company and the Group, as well as other factors such as the conditions of the departments which each Director is responsible for. Medium-term performance-linked remuneration is paid as share awards at a certain time each year. The number of shares is decided according to factors including medium-term growth in corporate value and shareholder value for the Directors responsible for business execution, and ordinary shares of the Company are provided with restrictions on their transfer during the term of office.

(Policy for Determining the Nature, Amount, or Number of Non-Monetary Remuneration)

To enhance medium- to long-term performance and corporate value while strengthening value sharing with shareholders, we grant restricted shares of common stock to directors (including outside directors) annually during their tenure, with the number of shares determined based on their position and responsibilities.

(Policy on Determining the Allocation of Director Remuneration by Type on an Individual Basis)

For directors responsible for business execution, the allocation of remuneration by type is structured so that the higher the position, the stronger the linkage to performance, in consideration of their responsibility for enhancing corporate value.

(Matters Regarding the Determination of Individual Director Remuneration)

The amount of basic remuneration for each director, as well as individual allocations of bonuses and restricted stock compensation for directors responsible for business execution, are deliberated by the Nomination and Remuneration Committee and determined by the Board of Directors based on the committee's recommendation.

[Reference: Details of Shareholders' Meeting Resolutions on Executive Remuneration]

The monetary remuneration limits for directors and audit and supervisory board members were resolved at the 73rd Ordinary General Meeting of Shareholders held on June 28, 2007, the 82nd held on June 29, 2016, and the 90th held on June 25, 2024, as follows: up to ¥400 million annually for directors (of which up to ¥50 million is allocated to outside directors), and up to ¥60 million annually for audit and supervisory board members. Separately from the above monetary remuneration, it was resolved at the 85th Ordinary General Meeting of Shareholders held on June 27, 2019, and the 90th held on June 25, 2024, that the amount of restricted stock compensation granted to directors, including outside directors, shall be up to ¥50 million annually (with up to ¥8 million for outside directors), and the number of shares shall be capped at 12,000 shares annually (of which up to 2,000 shares may be allocated to outside directors).

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

At our Company, the President and CEO provides regular updates on the status of business execution to the outside directors. As for outside audit and supervisory board members, the full-time audit and supervisory board members explain the matters discussed at Management Meetings.

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

An overview of our corporate governance framework is provided below.

(Board of Directors • Directors)

The Board of Directors consists of a small number of members and, in principle, meets once a month to facilitate prompt decision-making regarding management. The Company has appointed three outside directors to strengthen the supervisory function and decision-making of the Board of Directors. (The current Board of Directors consists of 8 people (6 men, 2 women).)

Regarding the Board of Directors activities, we held a total of 14 Board of Directors meetings in FY 2024. The attendance record of each director is provided below.

Hiroshi Baba: 14/14 meetings (100%)

Toshitaka Miyata: 14/14 meetings (100%)

Hiroshi Takano: 14/14 meetings (100%)

Satoko Ito: 13/14 meetings (93%)

Keiko Akaho*: 11/11 meetings (100%)

Tomoyuki Kikuchi: 14/14 meetings (100%)

Nagaaki Miyoshi: 14/14 meetings (100%)

Shuichiro Takabayashi*: 11/11 meetings (100%)

Yutaka Shibamura*: 14/14 meetings (100%)

Katsuyoshi Sasaki*: 3/3 meetings (100%)

*At the Ordinary General Meeting of Shareholders held on June 25, 2024, Director Katsuyoshi Sasaki retired upon completion of his term, and Outside Director Keiko Akaho and Director Shuichiro Takabayashi were newly appointed and assumed office. In addition, Director Yutaka Shibamura resigned and stepped down as of March 31, 2025.

Specific matters reviewed by the Board of Directors included, in accordance with Board of Directors regulations, not only statutory matters but also approval of quarterly financial results, overviews of each business headquarters, the acquisition of controlling interest in RIKEN KOGYO Inc. (conversion to subsidiary status), and deliberation on medium- to long-term business plans including the Medium-term Management Plan. The Board also reviewed reports and exchanged views on sustainability oversight and conducted an evaluation of the Board of Directors' effectiveness.

(Nomination and Remuneration Committee)

In order to strengthen corporate governance of the Company and further improve the objectivity of management, we have established the Nomination and Remuneration Committee as an advisory body to the Board of Directors.

Regarding the activities of the Nomination and Remuneration Committee, we held a total of seven meetings in FY 2024, with all committee members attending 100% of the meetings.

(Note) Outside Director Keiko Akaho has attended all six committee meetings held since her appointment on June 25, 2024.

The Nomination and Remuneration Committee reviewed key matters such as the selection of director candidates, director remuneration, redesign of the director remuneration system, and personnel matters concerning executive officers.

(Audit and Supervisory Board • Audit and Supervisory Board Members)

The Audit and Supervisory Board consists of four audit and supervisory board members, two of whom are outside audit and supervisory board members. The Audit and Supervisory Board meets regularly to report and exchange opinions on audit results and other relevant matters.

During the fiscal year under review, the Audit and Supervisory Board held 16 meetings. The attendance of each audit and supervisory

board member is provided below.

Akihito Tada: 16/16 meetings (100%)

Katsuyoshi Sasaki*: 12/12 meetings (100%)

Hiroyuki Taketomo: 16/16 meetings (100%)

Akira Tsujiuchi: 16/16 meetings (100%)

Kenzaburo Yazawa*: 12/12 meetings (100%)

Yoshimasa Inaba*: 4/4 meetings (100%)

Tsuchikazu Oonaka*: 4/4 meetings (100%)

*At the Ordinary General Meeting of Shareholders held on June 25, 2024, Full-Time Audit and Supervisory Board Member Yoshimasa Inaba and Outside Audit and Supervisory Board Member Tsuchikazu Oonaka retired upon completion of their terms. They were succeeded by newly appointed Full-Time Audit and Supervisory Board Member Katsuyoshi Sasaki and Outside Auditor Kenzaburo Yazawa.

[Other Business Execution Frameworks]

To ensure accurate and swift execution of policies decided by the Board of Directors, we have adopted an executive officer system and established the Management Meeting, Policy Committee, Board of Executive Officers, and Presidents' Meeting of Subsidiaries and Affiliates to enhance our business execution functions.

(Management Meeting)

In principle, the meeting is held once a month and is composed of full-time directors and executive officers appointed by the chairman and attended by the fulltime audit and supervisory board members. The meeting discusses and makes decisions on key management matters and the company's business execution policies and deliberates in advance on matters to be discussed at the Board of Directors meetings

(Policy Committee)

In principle, the committee is held once a month and consists of full-time directors and executive officers appointed by the chairman. The committee reviews important matters of management policy and strategy.

(Board of Executive Officers)

In principle, the Board of Executive Officers meeting is held six times a year and comprises executive officers. The meeting discusses important matters related to business execution, disseminates decisions made by the Board of Directors and the Management Meeting, reports on the status of execution by executive officers, shares relevant information, and discusses other issues among directors and executive officers.

(Presidents' Meeting of Subsidiaries and Affiliates)

In principle, the meeting is held twice a year and consists of the Company's full-time directors, full-time audit and supervisory board members, and presidents of main Group companies. The meeting deliberates on the business execution of group companies to ensure management decisions are made appropriately.

(Accounting Auditor)

We have entered into an audit agreement with Grant Thornton Taiyo LLC as our accounting auditor. The certified public accountants who conducted the audit were Iwao Arai and Noriaki Yamauchi, each with three consecutive years of audit experience. The audit was supported by a team of seven certified public accountants and 11 other assistants.

[Overview of Limited Liability Agreements]

Pursuant to Article 427, Paragraph 1 of the Companies Act, we have entered into agreements with outside directors and outside audit and supervisory board members to limit their liability for damages under Article 423, Paragraph 1. The overview is as follows.

Under this agreement, if outside directors or outside audit and supervisory board members cause damage to the Company due to neglect of their duties, they are liable only up to the total amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the act was in good faith and not due to gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company recognizes that an audit structure by audit and supervisory board members, including Outside audit and supervisory board members, and supervision by the Board of Directors, including Outside Directors, are effective as management monitoring functions and has therefore adopted a corporate structure with a Audit and Supervisory Board in place

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	<p>We send the Notice of Convocation approximately three weeks before the General Meeting of Shareholders.</p> <p>The Notice of Convocation is also posted on our website before the mailing date.</p> <p>For the 91st Ordinary General Meeting of Shareholders, the Notice of Convocation was posted on our website by May 28, 2025, and mailed on June 5, 2025.</p>
Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights electronically through the platform operated by Mitsubishi UFJ Trust and Banking Corporation, our shareholder registry administrator.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the 88th Ordinary General Meeting of Shareholders held on June 24, 2022, we have adopted the electronic voting platform by ICJ, Inc. for institutional investors.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	We prepared an English-language summary of the Notice of Convocation and published it on our website on June 5, 2025.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	<p>We hold company briefings for analysts and institutional investors twice a year in Tokyo. These presentations are generally conducted by the Representative Director.</p> <p>Videos and transcripts of these briefings are made available on our website.</p>	Held
Online Disclosure of IR Information	We have established a dedicated IR portal on our website to provide information for shareholders and investors. The main information posted includes news releases, financial	

	summaries, securities reports, financial highlights, earnings presentation materials, notices of convocation (including English versions), and integrated reports (including English versions).
Establishment of Department and/or Placement of a Manager in Charge of IR	Our Legal & Public Relations Department is responsible for IR activities.
Other	<ul style="list-style-type: none"> - At our Tokyo and Osaka Head Offices, the officer overseeing corporate administration (including executive officers) provides individual explanations on financial results and annual plans to analysts and institutional investors as needed. - We offer an IR email distribution service for shareholders and investors.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Sekisui Jushi Group Corporate Code of Conduct outlines our policies on relationships with customers, employees, shareholders, local communities, and government authorities.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Sekisui Jushi Group recognizes that environmental conservation and corporate social responsibility (CSR) are long-term commitments for any company. Our Corporate Philosophy is “to contribute to a safer, more secure and healthier environment for society by creating valued products and services,” and to this end, we have pursued the commercialization of unique, technology-driven products. This philosophy is the foundation of our CSR activities. To realize this philosophy, we have established the Sekisui Jushi Group Corporate Code of Conduct as a concrete action guideline. We aim to raise CSR awareness among all executives and employees and strive for transparent business practices.</p> <p>[Key Initiatives]</p> <p>◆ Environment (E)</p> <ol style="list-style-type: none"> 1. Enhancing products contributing to sustainability <ul style="list-style-type: none"> - Expanding sales and reinforcing development of not only conventional environmentally friendly products but also socially beneficial products 2. Minimizing the environmental impact of business activities <ul style="list-style-type: none"> - Initiatives for CO₂ reduction, waste reduction, 3Rs (reduce, reuse, recycle), and decarbonization 3. Promoting environmental contribution initiatives <ul style="list-style-type: none"> - Participation in the 30by30 Alliance for Biodiversity - Biodiversity conservation initiatives (e.g., Biodiversity Biwako Network, dragonfly protection)

	<p>- Activities at each Group site (e.g., forest conservation)</p> <p>◆ Social (S)</p> <p>1. Contributing to safety and security in society through our business</p> <ul style="list-style-type: none"> - Development and proposals of products that contribute to traffic safety, barrier-free infrastructure, disaster prevention and mitigation, national resilience, and forest preservation <p>2. Social contribution activities in collaboration with organizations and local communities</p> <ul style="list-style-type: none"> - Continuing to support and participate in Japan Conference for 2030 Global Biodiversity Framework - Support for the Kotsuiji Ikueikai (a society providing scholarships to children orphaned etc. by traffic accidents) - Activities at each Group site (e.g., workplace experience programs, cleanup activities, event sponsorships) <p>3. Promoting active roles for diverse employees and workstyle reform through digital tools</p> <ul style="list-style-type: none"> - Promoting diversity and inclusion, well-being management, developing a supportive work environment, and establishing talent development policies <p>For more details on our specific initiatives, please refer to our website. https://www.sekisuijushi.co.jp/sustainability/</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Sekisui Jushi Group Corporate Code of Conduct states to: “Disclose corporate information actively and fairly to earn the trust of stakeholders and enhance corporate value.”
Other	<p>Under the General Employer Action Plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life, we aim to maintain a ratio of 15% or more women new graduate hires for career-track positions and to keep the average monthly overtime hours per employee in such roles below 17 hours.</p> <p>We believe that creating a workplace culture where women can thrive is crucial for sustainable corporate development, and we are actively engaged in the following initiatives.</p> <ul style="list-style-type: none"> - Promoting women’s participation (e.g., proactive promotion to management, career path transition systems) - Supporting work-life balance for child and elder care (e.g., childcare and nursing care leave systems, reduced working hours for childcare)

IV. Matters Concerning the Internal Control System

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

The systems we have in place for risk management, compliance promotion, and ensuring the appropriateness of Group business operations are outlined below.

(1) Systems to Ensure Directors, Executive Officers, and Employees Perform Their Duties in Compliance with Laws and the Articles of Incorporation

The Company ensures the legality of decision-making by having the Board of Directors determine important management matters in accordance with the laws and Articles of Incorporation and supervise directors' performance of duties, and by having all audit and supervisory board members attend Board of Directors meetings and full-time audit and supervisory board members attend Management Meetings. In addition, to strengthen corporate governance and further enhance management objectivity, we have established a Nomination and Remuneration Committee, the majority of which comprises outside directors, as an advisory body to the Board of Directors.

The Sekisui Jushi Group Corporate Code of Conduct is designed to raise compliance awareness among Group officers and employees and promote organizational crisis management and business continuity capabilities. We clearly state and thoroughly disseminate our policy of having no relations whatsoever with antisocial forces and responding firmly to any unjust demands.

Furthermore, the internal whistleblowing system, Sekisui Jushi Compliance Support Network, allows Group officers and employees to report compliance issues directly to internal or external contacts. This facilitates early detection and prompt correction of misconduct. Additionally, the Compliance Committee works to strengthen and promote compliance throughout the Group.

(2) Systems for the Retention and Management of Information Related to the Execution of Duties by Directors and Executive Officers

Important documents such as minutes of Board of Directors meetings are stored and managed responsibly by the department in charge in accordance with laws and internal regulations. These documents, including approval documents and other important records, are made available for regular review by audit and supervisory board members, in addition to cases where such review is specifically requested.

(3) Systems and Regulations for Managing Risk of Loss

Based on policies determined by the Management Meeting, we manage risks across the Group by establishing committees or departments responsible for quality, safety, the environment, compliance, and information security. Other risks are addressed by each responsible department or Group company through risk identification and countermeasures.

We have also developed a Crisis Management Manual, which is thoroughly disseminated to all Group officers and employees to prevent risk occurrence. In the event of a serious risk, an emergency response headquarters is established to ensure swift and appropriate action.

(4) Systems to Ensure the Efficient Execution of Duties by Directors and Executive Officers

The Company maintains a compact Board of Directors and holds meetings at least once a month in principle to facilitate swift decision-making. We also operate an executive officer system to enable accurate and prompt execution of business operations. To ensure the efficiency of the Board of Directors, a Management Meeting composed primarily of internal directors is held, attended by full-time audit and supervisory board members, for thorough preliminary discussions. Furthermore, to promote Group-wide initiatives for realizing a sustainable society, we have established the Sekisui Jushi Group Sustainability Promotion Committee, which reports its activities to the Board of Directors.

(5) Systems to Ensure Proper Business Operations Across the Sekisui Jushi Group

We share the basic values set forth in our Corporate Philosophy and Code of Conduct throughout the Group, and while respecting the autonomy of our subsidiaries, we are appropriately involved in and consult on their important decision-making to ensure sound and efficient Group-wide management.

We also receive timely reports from subsidiaries on important matters related to business execution, regularly convene the Presidents' Meeting of Subsidiaries and Affiliates to ensure proper execution of duties, and ensure legal compliance through audits conducted by our Corporate Audit Department and audits by audit and supervisory board members and the accounting auditor.

Compliance for the Group is overseen and promoted by the Compliance Committee, and compliance officers are appointed at key offices and subsidiaries to maintain and strengthen corporate governance.

(6) Matters Related to Personnel Assigned to Assist Audit and Supervisory Board Members Upon Request

If an audit and supervisory board member requests support for the smooth execution of their duties, the directors will consult with the audit and supervisory board member and assign such personnel. The personnel in question will be granted the authority necessary to carry out support tasks under the direction of the audit and supervisory board member.

Appointment, reassignment, and other personnel decisions concerning the assigned staff require the consent of the audit and supervisory board member.

(7) Systems for Reporting to Audit and Supervisory Board Members by Directors, Executive Officers, Employees, and Those Who Have Received Reports from Directors or Employees of Subsidiaries

Directors of the Company and presidents of subsidiaries are required to report any facts that may cause significant damage to the Company, or facts that may materially affect management, to the full-time audit and supervisory board members through the channels specified in the Crisis Management Manual. We strive to establish and maintain this reporting system.

In order to grasp the process of important decision-making and the status of business execution, all audit and supervisory board members attend Board of Directors meetings, while full-time audit and supervisory board members attend Management Meetings. During audits or reviews of important documents such as approval forms, they may also request explanations from relevant staff when necessary. Additionally, we maintain communication and exchange information with directors and audit and supervisory board members of subsidiaries through onsite visits, and receive business reports from subsidiaries as necessary.

The Corporate Audit Department, which is the internal audit division, conducts accounting and operational audits for the Company and its subsidiaries, and reports the audit results each time to the Representative Director and Audit and Supervisory Board Members. In addition, the internal whistleblowing system Sekisui Jushi Compliance Support Network is available to officers and employees of subsidiaries as well. Reports are made to the Representative Director and full-time audit and supervisory board members, with due consideration for the confidentiality of the whistleblower's personal information.

Officers and employees who report to the audit and supervisory board members must not be subjected to disadvantageous treatment on the grounds of having made such reports.

(8) Policy on Handling Expenses Incurred in the Execution of Duties by Audit and Supervisory Board Members

When audit and supervisory board members request advance payment or reimbursement of expenses incurred in executing their duties, the Company shall bear those expenses unless it is proven that the expenses were not necessary for the execution of said duties.

(9) Other Systems to Ensure Effective Audits by Audit and Supervisory Board Members

Audit and Supervisory Board Members exchange information with the accounting auditor based on explanations of regular audits. Full-time audit and supervisory board members also attend on-site audits conducted by the accounting auditor, ensuring coordination and cooperation to enhance the quality of audits.

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

The Sekisui Jushi Group Corporate Code of Conduct explicitly states that we have no ties with antisocial forces or groups that threaten public order and safety. This policy is thoroughly communicated. In addition, specific response procedures for dealing with unjust demands from such groups are defined in the Sekisui Jushi Group Crisis Management Manual and made available on the Company intranet, so that

all officers and employees can access them at any time. We also regularly exchange information with relevant authorities such as local police departments and the Osaka Prefecture Corporate Defense Council. In the event of an actual unjust demand, the Legal & Public Relations Department, having received a report from the relevant site, will take the lead in coordinating a prompt and organized response with external parties such as legal counsel and the police.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

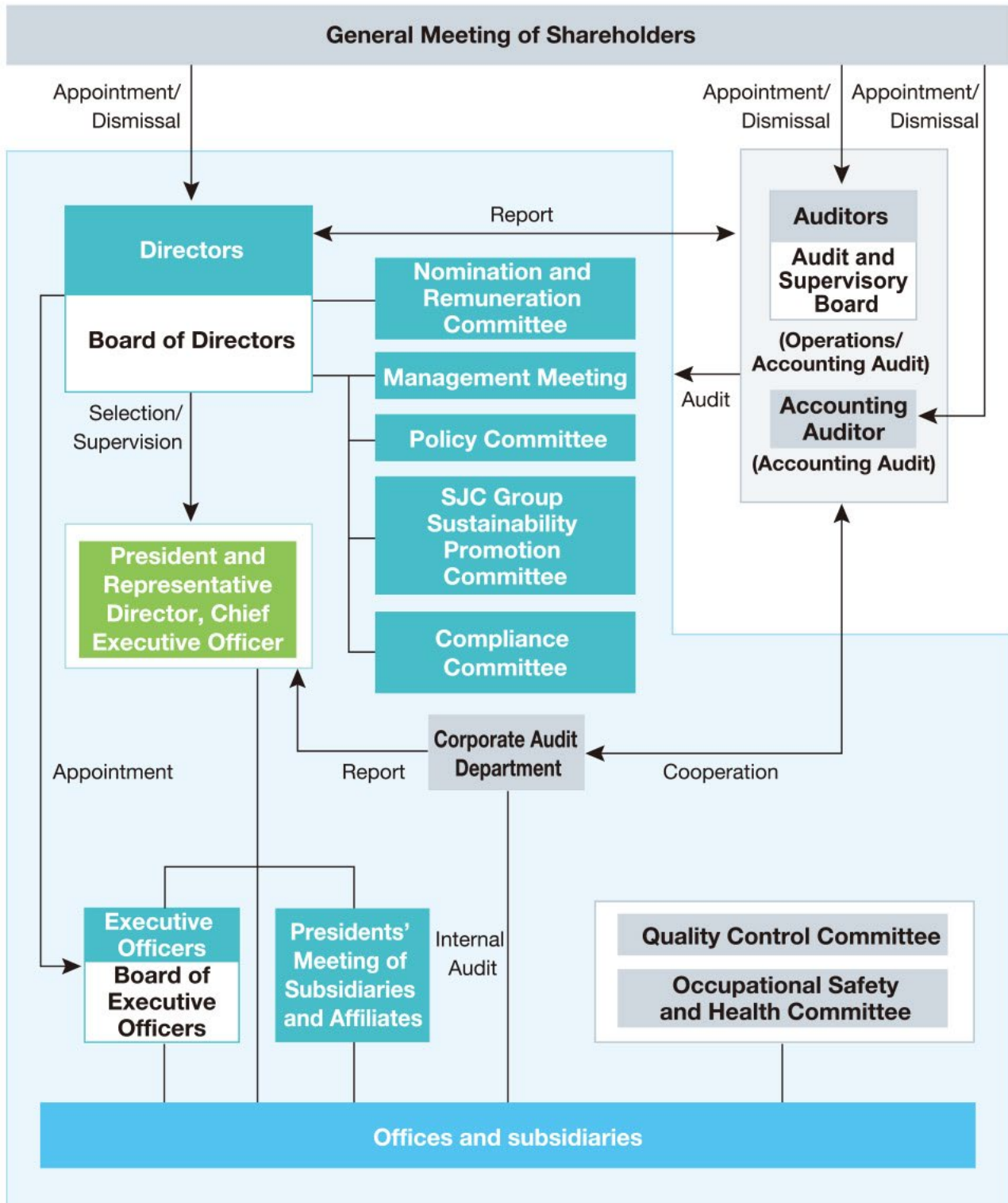
[Overview of Timely Disclosure System]

To ensure fair, impartial and timely disclosure of necessary information, the Company discloses important corporate information deemed subject to timely disclosure in accordance with the Tokyo Stock Exchange's Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (the "Timely Disclosure Rules") and relevant laws and regulations.

With regard to "Information on Decisions" and "Financial Information" as stipulated in the Timely Disclosure Rules, prior deliberation is conducted at the Management Meeting, followed by resolution at the Board of Directors, upon which timely disclosure is carried out as appropriate. As for "Information on Occurrences," timely disclosure is made without delay following the occurrence, based on the judgment of the Representative Director or the director in charge.

[Corporate Governance Structure Chart]

Corporate governance structure chart



END