

Last Update: June 18, 2025

NAGASE & CO., LTD.

Hiroyuki Ueshima, Representative Director and President

Contact: Corporate Management Dept.

Corporate Administration Div.

Securities Code:8012

<https://www.nagase.co.jp/english/>

The corporate governance of NAGASE & CO., LTD (the “Company”) is described below.

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

1. Basic Views

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

Under this philosophy, we pursue the NAGASE Vision as a promise to our stakeholders that we will realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand through daily activities, and strives to improve our medium- and long-term corporate value.

We continue to strengthen corporate governance, as the Company believes that speed in decision-making and action and ensuring transparency are essential for executing the initiatives described above.

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

We comply with all principles set forth in the Corporate Governance Code.

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

Updated

Principle 1.4

<Cross-Shareholding Policy and Objectives>

To improve the group's corporate value in a sustainable manner, the Company may hold shares for strategic purposes when deemed necessary, taking into account the maintenance and strengthening of business relationships and business strategies.

The rationality of our cross-shareholdings is reviewed by the department in charge. This department examines whether the earnings from related transactions and dividends received, as well as the prospects for business expansion and synergies. The department also considers whether the stable supply of services essential to the group's corporate activities can be expected in the future. The board of directors reviews the results of this examination on an annual basis. In cases where shareholdings are deemed other than rational, the Company will proceed with the sale of such shares in stages, taking into consideration various circumstances, to reduce the size of the holding.

<Exercising of Voting rights>

We exercise voting rights appropriately, carefully reviewing the resolution in question and determining approval or disapproval in a comprehensive manner according to whether the measure contributes to the increased share price of the issuing company and whether the measure contributes to our own improved corporate value as a shareholder.

Principle 1.7

Before engaging in transactions with directors or major shareholders, the Company determines whether said transaction requires a resolution of the board of directors according to the Company's Board of Director Regulations or Regulations Governing Approvals. The company has also established the Conflict of Interest Management Committee, which consists of three individuals (chaired by the outside director), determines in advance with objectivity and transparency that the transaction does not apply to conflict of interest in the Group's business operations, reporting to and advising the board of directors.

Supplementary Principle 2.4(1)

Under the ACE 2.0 medium-term management plan, the Company aims for growth through quality driven by Profit Structure Reform and Corporate Culture Reform. We pursue three strategies to this end: (1) Cultivate innovative global talent capable of advancing change; (2) Promote safe, comfortable, and inspirational work styles and workplaces that encourage employees to take on challenges; and (3) Build a corporate culture that embraces diverse personalities and raise employee engagement. As a result of these efforts, we strive for the sustainable growth and development of our employees and the Company. Diversity is an indispensable part of the success of this strategy. Our policy is to hire and promote more women, non-Japanese, and mid-career hires to the executive officer system, which forms the core of human resources within the NAGASE Group. During fiscal 2025, we promoted two individuals from within these categories. We will continue to take global measures at each stage of the recruitment, retention, and promotion process, with particular emphasis on the advancement of women in our organization, which we regard as a high-priority issue.

We have set a target to increase the ratio of women in managerial positions to 10% or more by fiscal 2028 (as of the end of March 2025, the ratio stands at 6.2%), in line with the strategies outlined above. To achieve this goal, we are implementing a range of initiatives designed to promote diversity and inclusion within our organization. See the following website for more on diversity-related initiatives at NAGASE. (<https://www.nagase.co.jp/english/sustainability/social/labor-practices/>)

Principle 2.6

The Company has adopted a contract-type defined benefit pension plan, establishing and managing an Asset Management Committee which serves as a body to provide basic policies for plan management, establish policies for plan asset composition, and review said policies. The Asset Management Committee is also responsible for evaluating and reviewing the contracted investment institution.

This contracted investment institution includes the Company's labor union and uses outside consultants in plan management, ensuring transparency and objectivity. The committee manages the plan appropriately to ensure no conflicts of interest occur between plan beneficiaries and the Company.

Further, the Company has established Operating Regulations for Corporate Pension Asset Management Committee to prevent any conflicts of interest. The Company appoints a plan manager who is well-experienced in finance and investing. This individual develops greater expertise through the guidance of outside consultants and performs regular monitoring of the investment institution.

Principle 3.1

(i), (ii)

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

Under this philosophy, we pursue the NAGASE Vision as a promise to our stakeholders that we will realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand through daily activities, and strives to improve our medium- and long-term corporate value.

We continue to strengthen corporate governance, as the Company believes that speed in decision-making and action and ensuring transparency are essential for executing the initiatives described above.

(iii)

See II Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Remuneration] in this report and 4 [Corporate Governance] (1) Corporate Governance 4. Director Remuneration in our annual securities report for more information related to policies and decision-making procedures regarding director compensation.

Details are available on the Company's website at the following URL.

https://www.nagase.co.jp/assetfiles/uploads/20250508_IR_06.pdf

(iv), (v)

<Policies and Procedures for Selecting Executive Officers>

Candidates for executive officer are those individuals who demonstrate an honest character and who possess great insight and skills. Candidates must also possess operational experience, knowledge, and expertise. Candidates are selected by the representative director. After deliberations by the independent Nominating Committee, the board of directors then conducts deliberations and comes to a decision.

<Policies and Procedures for Selecting Directors and Members of the Audit & Supervisory Board>

As a rule, internal directors interim directors are selected from candidates who have experience as an executive officer. Candidates for outside director are individuals who demonstrate honest character and possess great insight and skill, providing insight from stakeholders in society from which they can raise issues to be addressed by the Company. Candidates are selected by the representative director. After deliberations by the independent Nominating Committee, the board of directors then conducts deliberations and comes to a decision. Finally, candidates are proposed before the general shareholders' meeting.

Candidates for member of the Audit & Supervisory Board are selected by the representative director from among individuals who meet conditions as provided in the Audit & Supervisory Board Audit Standards. After deliberations by the independent Nominating Committee, the board of directors conducts deliberations and comes to a decision. Finally, candidates are proposed before the general shareholders' meeting. The Company discloses the reasons for nominating each candidate for director in each candidate for member of the Audit & Supervisory Board within the reference materials included in the shareholders' meeting convocation notice. The Company has established standards for the dismissal of directors and executive officers*. After deliberations by the independent Nominating Committee as to the dismissal of individuals subject to any of the aforementioned standards, the board of directors conducts deliberations and comes to a decision. The Company performs dismissal procedures as necessary, disclosing the reasons for dismissal as applicable.

*Dismissal Standards:

(1) Individual has committed an act of suspected illegality, unfairness, or bad faith, individual becomes subject to discipline under the provisions of Employment Regulations, individual has engaged in acts or speech damaging to the Company's reputation for profits, or individual has become otherwise ineligible, deemed unsuitable to serve in the capacity of corporate officer.

(2) Individual demonstrates insufficient performance of duties or results, and the board of directors determines that leaving said individual in the capacity of corporate officer is inappropriate.

Supplementary Principle 3.1 (3)

We recognize that sustainability initiatives are an important management issue. When we formulated our ACE 2.0 medium-term management plan, announced in May 2021, we analyzed the external environment and identified key sustainability issues (materiality). In September 2024, in response to changes in the external environment, we conducted a review of our materiality. In alignment with our commitment to addressing social challenges through business activities, we revised our materiality to include three new themes: contribution to healthy life expectancy, a resource-circulating society, and supply chain sustainability. Together with our existing themes—employee engagement, decarbonization, and transparent corporate governance—we now identify six key material issues. For “Enhancing employee engagement” and “Contributing to a decarbonized society,” dedicated initiatives—the Employee Engagement Enhancement Project and the Carbon Neutral Project—have been established under the Sustainability Committee, with non-financial targets set to guide implementation. With respect to “Contributing to a decarbonized society,” we plan to conduct scenario analysis incorporating climate-related risks and opportunities, and have expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD). In line with the TCFD recommendations, we identify and disclose relevant risks and opportunities. We have also declared the “NAGASE Carbon Neutral Commitment,” aiming to achieve net-zero GHG emissions (Scope 1 and 2) by 2050. As interim targets, we aim to reduce Scope 1 and 2 emissions by 46% by 2030 (compared to 2013 levels) and Scope 3 emissions by at least 12.3% by 2030 (compared to 2020 levels), with potential updates to Scope 3 targets through ongoing engagement with our supply chain. Our sustainability initiatives, including initiatives related to climate change, are disclosed on our corporate sustainability website. <https://www.nagase.co.jp/english/sustainability/>

Supplementary Principle 4.1(1)

The Board of Directors functions to oversee business operations and make decisions regarding important business matters. The board also make decisions about important management issues, as well as important operational issues as provided by laws, relations, and the Company’s articles of incorporation. The Company has established standards for those matters to be decided by the president, the director in charge, division general managers, or supervisory departments. We have established systems that clarify the division of responsibilities, allowing for speed in business management. We clearly define these standards in Board of Director Regulations and Regulations Governing Approvals.

Principle 4.9

The Company selects candidates according to independent standards provided by the financial instruments exchange, as well as the ability to raise issues to be addressed by the Company from the standpoint of our stakeholders and society.

Supplementary Principle 4.10(1)

As advisory bodies to the Board of Directors, the Company has established voluntary the Compensation and Nomination Committees, each of which is composed of a majority of outside directors. Outside directors and outside members of the Audit & Supervisory Board meet the criteria for independence. We believe these individuals are fully capable of fulfilling the role to ensure the independence, objectivity, and, and transparency with respect to the nomination and compensation of the Company’s management team at present. The Compensation Committee deliberates the design of compensation packages for directors and executive officers. The Nomination Committee deliberates the knowledge, experience, and abilities required of directors, as well as the diversity of the composition of the board of directors, specific proposals regarding appointments, and succession plans. Each committee provides reports and advice to the Board of Directors as necessary. In this way, these committees enhance the objectivity and transparency of the management nomination process within the Company.

Supplementary Principle 4.11(1)

The board of directors is composed of internal directors with business experience, knowledge, and expertise, and outside directors who have management experience, mainly at other companies, and who can raise issues based on the perspectives of stakeholders and society. This composition ensures that the board understands the status of business execution, can make decisions in a flexible and prompt manner, and can supervise business execution.

Under this basic policy, the board of directors consists of nine members, including three outside directors who are independent directors. More than one-third of the board of directors is composed of independent outside directors. Further, the Company pursues diversity in management, regardless of gender, nationality, or race. We believe we have secured a certain level of diversity in terms of gender and internationality, including the appointment of one female director. As well, many of our directors have worked overseas for several years (an average of seven years of overseas service among our internal directors). The skills matrix for the board of directors, which indicates the roles required by NAGASE of its directors, is disclosed in notices of annual shareholders’ meetings and is also posted on the Company’s website below.

https://www.nagase.co.jp/sustainability/governance/corporate_governance/

Supplementary Principle 4.11(2)

The Company discloses the significant concurrent duties (including service as directors of other publicly traded corporations) performed by directors, members of the Audit & Supervisory Board, and candidates thereof on an annual basis in disclosure documents including shareholders’ meeting convocation notice reference materials, business reports, and annual securities reports. The Company believes that the number of companies in which directors perform concurrent services is within a reasonable scope.

Supplementary Principle 4.11(3)

The Company analyzes and evaluates the effectiveness of the Board of Directors, believing in the importance of improving board effectiveness on an annual basis. In order to more proactively elicit frank opinions, we conduct anonymous surveys with all directors and Audit & Supervisory Board members. Respondents submit surveys directly to the external organization, ensuring the anonymity of the participants.

At a regular meeting held on May 19, 2025, the Board of Directors analyzed, discussed, and evaluated survey results based on the report of the aggregate results from the external organization.

Survey and interview results confirmed that our Board of Directors functions effectively, deliberating and making decisions in an appropriate and timely manner.

Status regarding improvements to the issues shared in the effectiveness evaluation conducted in the previous fiscal years is as follows.

In the Board of Directors' discussions and monitoring activities, in addition to deliberations on the formulation of the next medium-term management plan, we deepened discussions on the Company's governance framework based on the results of the governance survey.

To enhance directors' understanding of the Group as a whole and its individual businesses, outside directors conducted site visits to domestic and overseas Group locations.

Furthermore, the status of dialogue with shareholders and investors was reported to the Board, facilitating constructive discussions aimed at sustainable growth and the enhancement of corporate value.

At the same time, we continue to recognize challenges related to the operation of the Board of Directors (e.g., criteria for agenda items and board materials) and the enhancement of its monitoring functions (e.g., subsidiary oversight and business portfolio management). The Company Board of Directors gives due consideration in responding to issues based on the effectiveness evaluation and continues to engage in measures to enhance board functions.

Supplementary Principle 4.14(2)

The Company provides information related to the NAGASE Group Management Philosophy, corporate management, business activities, and organization to outside directors and outside members of the Audit & Supervisor Board. In this way, we help these individuals gain a deeper understanding of these topics.

The Company also provides opportunities at the Company's expense to help directors and members of the Audit & Supervisory Board (including outside directors and outside members) obtain the necessary knowledge to accomplish their roles and responsibilities.

Principle 5.1

Our basic policy is to conduct constructive dialogue with shareholders that contributes to sustainable growth and corporate value improvement over the medium and long term. As much as reasonable, we respond to meeting requests from shareholders the purpose of holding constructive dialogues.

The Company's director in charge of the Corporate Management Department in charge of Company investor relations. Our investor relations department works in cooperation with other internal departments to provide appropriate responses in creating opportunities for constructive dialogue with our shareholders.

The Company strives to provide information through various briefings, in-person meetings with domestic and foreign investors, facilities tours, and publication on our corporate website.

Information and requests received from shareholders through these and other dialogues are forwarded to the board of directors regularly. We manage information carefully in accordance with our Regulations for Preventing Insider Trading to prevent inside information from being disclosed during these dialogues.

(Implementation status of dialogue with shareholders)

For the specific details on the status of activities related to IR and their implementation, please refer to "2. IR Activities" in section III Implementation of Measures for Shareholders and Other Stakeholders below in this report and see the following website.

<https://www.nagase.co.jp/ir/library/dialogue-report/>

https://www.nagase.co.jp/assetfiles/uploads/20250618_IR_02.pdf

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Details	Disclosure of Initiatives (updated)	Updated
English disclosure	Yes	Updated
Update date	May 8, 2025	Updated
Supplementary Explanation		Updated

Please refer to ACE 2.0 medium-term management plan. For the specific details, please see the following website.

ACE 2.0 medium-term management plan

<https://www.nagase.co.jp/english/company/management-policy/>

<https://www.nagase.co.jp/ir/library/results-briefing/20231130-2.pdf>

<https://www.nagase.co.jp/ir/library/results-briefing/20240524-2.pdf>

https://www.nagase.co.jp/assetfiles/uploads/20241106_IR_04.pdf

https://www.nagase.co.jp/assetfiles/uploads/20250508_IR_02.pdf

2. Capital Structure

Foreign Shareholding Ratio

More than 20% less than 30%

[Status of Major Shareholders]

Updated

Name / Company Name	Number of Shares Owned	No. of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,682,700	12.58
Custody Bank of Japan, Ltd. (Trust Account)	6,964,400	6.40
NAGASE & CO., LTD. Own Share Investment Association	3,847,093	3.54
Nippon Life Insurance Company	3,589,133	3.30
Sumitomo Mitsui Trust Bank, Limited	3,350,000	3.08
Reiko Nagase	3,281,749	3.02
Sumitomo Mitsui Banking Corporation	2,918,000	2.68
Nagase Shunzo Co., Ltd.	2,688,000	2.47
STATE STREET BANK AND TRUST COMPANY 505001	2,528,800	2.33
CGML PB CLIENT ACCOUNT / COLLATERAL	2,223,000	2.04

Controlling Shareholder (except for Parent Company)

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Parent Company

None

Supplementary Explanation

Updated

- On August 20, 2010, BlackRock Japan Co., Ltd. submitted the following information to the Director-General of the Kanto Finance Bureau in connection with a substantial shareholding report (change report) concerning holdings of Company stock. However, we have not been able to confirm beneficial ownership status as of March 31, 2025. Accordingly, BlackRock Japan Co., Ltd. is not included in the Status of Major Shareholders above.

Name/Company Name	Number of Shares Held (Thousands)	(%)
BlackRock Japan Co., Ltd.	3,672	2.65
BlackRock Advisors (UK) Limited	654	0.47
BlackRock Fund Advisors	309	0.22
BlackRock Institutional Trust N.A.	1,057	0.76

- On February 6, 2023, Mitsubishi UFJ Financial Group, Inc. submitted the following information to the Director-General of the Kanto Finance Bureau in connection with a substantial shareholding report (change report) concerning holdings of Company stock. However, we have not been able to confirm beneficial ownership status as of March 31, 2025. Accordingly, Mitsubishi UFJ Financial Group, Inc. is not included in the Status of Major Shareholders above.

Name/Company Name	Number of Shares Held (Thousands)	(%)
MUFG Bank, Ltd.	1,836	1.52
Mitsubishi UFJ Trust and Banking Corporation	3,022	2.50
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	583	0.48

- On January 16, 2024, Silchester International Investors LLP submitted the following information to the Director-General of the Kanto Finance Bureau in connection with a substantial shareholding report (change report) concerning holdings of Company stock. However, we have not been able to confirm beneficial ownership status as of March 31, 2025. Accordingly, Silchester International Investors LLP is not included in the Status of Major Shareholders above.

Name or Trade Name	Number of Shares Held (Thousands)	(%)
Silchester International Investors LLP	5,581	4.73

- On September 20, 2024, Sumitomo Mitsui Trust Bank, Limited submitted the following information to the Director-General of the Kanto Finance Bureau in connection with a substantial shareholding report (change report) concerning holdings of Company stock. However, we have not been able to confirm beneficial ownership status as of March 31, 2025. Accordingly, Sumitomo Mitsui Trust Bank, Limited is not included in the Status of Major Shareholders above.

Name/Company Name	Number of Shares Held (Thousands)	(%)
Sumitomo Mitsui Trust Bank, Limited	4,776	4.16
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2,711	2.36
Nikko Asset Management Co., Ltd.	2,040	1.78

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale trade
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 50 to less than 100

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

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5. Other Special Circumstances which may have 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	a company with an Audit and Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	Chairman Excluding cases when serving concurrently as president
Number of Directors	9
Appointment Status of Outside Members of the Managing Board	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)	Updated
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Name	Attribute	Relationship to the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ritsuko Nonomiya	From another company								○			
Noriaki Horikiri	From another company								○			
Toshiaki Mikoshiba	From another company								△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category

"▲" 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/Audit & Supervisory Board Member

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/Audit & Supervisory Board Members 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

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Ritsuko Nonomiya	○	<p>Ms. Ritsuko Nonomiya currently serves as President & CEO of Houlihan Lokey Japan. While the Company has a business outsourcing relationship with Houlihan Lokey Japan, the amount paid for such services accounted for less than 0.1% of the Company's total cost of sales and selling, general and administrative expenses during the fiscal year ended March 2025.</p>	<p>Ms. Ritsuko Nonomiya has accumulated extensive business experience, including auditing, at the KPMG Group, and has been engaged in M&A and business development at the UBS Group and the GE Group. She possesses a high level of financial and accounting expertise, along with ample insight into and experience in corporate management.</p> <p>She has been appointed as an Outside Director to utilize this knowledge and experience in making proposals regarding the Company's overall management. Her appointment is expected to contribute to strengthening the Group's corporate governance, particularly as the Company expands its overseas operations.</p> <p>She currently serves as President & CEO of Houlihan Lokey Japan. While the Company has business transactions with Houlihan Lokey Japan, the scale of these transactions is not significant and does not constitute a material conflict of interest.</p> <p>With the exception of her stock ownership in the Company, she has no personal, capital, or business relationships with the Company that could give rise to conflicts of interest. Therefore, we consider her to be an independent Outside Director with no potential conflicts with general shareholders.</p>
Noriaki Horikiri	○	<p>Mr. Noriaki Horikiri is serving as Chairman and Chief Executive Officer at Kikkoman Corporation, a supplier of the Company. Although the Company purchases products from Kikkoman Corporation, such purchases accounted for less than 0.1% of the total of the Company's cost of sales during the fiscal year ended March 2025.</p>	<p>Mr. Noriaki Horikiri has been involved in management of Kikkoman Corporation for many years and possesses advanced knowledge and extensive experience regarding corporate management. He will use this knowledge and experience to make proposals concerning the Company's overall management including overseas development and manufacturing activities, and is expected to enhance the Group's corporate governance. He is a chairman and chief executive officer at Kikkoman Corporation, with whom the Company conducts business transactions. However, we do not believe any significant special interests exist when considering the scope of these business transactions. In addition to the preceding, He has no personal relationships, equity relationships, business relationships, or other interests in the Company.</p> <p>Therefore, we consider him to be an outside director having no potential conflicts of interest with our general shareholders.</p>

Toshiaki Mikoshiba	○	Mr. Toshiaki Mikoshiba served as Chairman of the Board of Directors at Honda Motor Co., Ltd., a customer of the Company. Although the Company sells products to Honda Motor Co., Ltd., such sales accounted for less than 0.1% of the Company's net sales for the fiscal year ended March 2025.	Mr. Toshiaki Mikoshiba has been involved in the management of Honda Motor Co., Ltd. for many years and possesses advanced knowledge and extensive experience regarding corporate management. We expect him to use this knowledge and experience to make proposals concerning the Company's overall management, including overseas business development and sales activities, and we believe his participation will enhance NAGASE Group corporate governance. Accordingly, we have appointed him as an outside director. He has served as chairman of the Board of Directors of Honda Motor Co., Ltd., with whom the Company conducts business transactions. However, we do not believe any significant special interests exist when considering the scope of these business transactions. In addition to the preceding, He has no personal relationships, equity relationships, business relationships, or other interests in the Company. Therefore, we consider him to be an outside director having no potential conflicts of interest with our general shareholders.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	O t	Chairperson
Committee Corresponding to Nomination Committee	Nominating Committee	5	0	2	3	0	0	Internal member of the Managing Board
Committee Corresponding to Remuneration Committee	Compensation Committee	4	0	1	3	0	0	Internal member of the Managing Board

Supplementary Explanation

The Nominating Committee consists of the majority of outside directors. The committee deliberates director appointments and succession plans, reporting to and offering advice to the board of directors. In this way, the committee accomplishes its role to enhance objectivity and transparency in the naming of Company senior management.

The Officer Remuneration Committee consists of a majority of outside directors. The committee deliberates the propriety of compensation levels and structures, reporting to and offering advice to the board of directors. In this way, the committee accomplishes its role to enhance objectivity and transparency in the process for determining direct compensation for Company directors and executive officers.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum number of Audit & Supervisory Board Members stipulated	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and the Internal Audit

Members of the Audit & Supervisory Board hold regular meetings with the independent financial statement auditor, receiving explanations of audit plans and audit results. In addition to exchanging opinions related to the identification of risks, members also ask the independent financial statement auditor to provide explanations of their structure for audit quality assurance. In addition, members coordinate with the independent financial statement auditor as appropriate, including participation in visits to subsidiaries, asset observations, etc. Members of the Audit & Supervisor Board exchange information with the Audit Office, internal auditors, and audit divisions of domestic and international affiliated companies. Further, members receive reports about the status of internal controls related to financial reporting.

Appointment of outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of independent officers designated from among outside Audit & Supervisory Board Members	2

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

Name	Attribute	Relationship to the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masaya Ishida	From another company										△			
Gan Matsui	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 accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Members of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

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

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any off, g, or h)

(the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

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

Updated

Name	Designation as Independent	Supplementary Explanation of the Relationship	Reasons of Appointment
Masaya Ishida	○	In the past, Mr. Ishida worked for the Sumitomo Mitsui Banking Corporation, one of the Company's banks. Although the Company maintains an outstanding loan from the bank in question, the loan balance was less than 3.7% of Company's total assets as of the end of the fiscal year ended March 2025.	Mr. Ishida has a wealth of experience over many years in financial institutions, earning considerable knowledge regarding finance and accounting. Accordingly, it is our judgment that Mr. Ishida has the ability to appropriately execute the duties of an outside member of the Audit & Supervisory Board and we have therefore appointed him to this role. In the past, he worked for the Sumitomo Mitsui Banking Corporation, one of the Company's banks. However, the Company maintains a high shareholder's equity ratio and a sound financial structure. We do not rely heavily on borrowings from financial institutions, resulting in minimal impact of financial institutions on Company management. With the exception of his ownership of shares in the Company, He has no personal relationships, equity relationships, business relationships, or other interests in the Company.

Gan Matsui	○	—	Mr. Matsui has a wealth of experience and knowledge in legal matters. Accordingly, it is our judgment that Mr. Matsui has the ability to execute the duties of an outside member of the Audit & Supervisory Board and we have consequently appointed him to this role. With the exception of his stock ownership in the Company, He has no personal relationships, equity relationships, business relationships, or other interests in the Company. Therefore, we consider him to be an outside director having no potential conflicts of interest with our general shareholders.
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[Independent Officers]

Number of Independents	5
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Matters relating to Independents

The Company designates all outside officer who satisfy the requirements of independent officers as such.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation	Updated
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The Company has determined its policy on the amounts and calculation methods of director remuneration based on recommendations from the Compensation Committee, which consists of a majority of outside directors, and deliberations by the Board of Directors. The basic policy aims to (i) align director interests with shareholder value, (ii) enhance incentives to improve both short- and medium-term performance and corporate value, (iii) ensure externally competitive compensation levels, and (iv) establish a transparent and objective remuneration system and decision-making process.

To strengthen the incentive effect for improving performance and corporate value—one of the core principles of the policy—the proportion of variable remuneration for executive directors is set between 40% and 67% of total remuneration, assuming 100% achievement of performance targets. Within this, monetary performance-linked remuneration accounts for 27% to 33% of total remuneration at standard levels. It is paid annually at the end of June and uses operating profit as the performance indicator to incentivize annual business performance.

Non-monetary remuneration accounts for 13% to 33% of total remuneration and is designed to promote sustainable corporate value and alignment with shareholder interests. The Company has introduced a performance-linked stock compensation plan and a restricted stock compensation plan. The performance-linked stock compensation plan uses ROE and sustainability-related indicators as evaluation metrics. The ratio between performance-linked stock compensation and restricted stock compensation is set at 1:1, assuming 100% achievement of performance targets.

Furthermore, following approval at the Annual General Meeting of Shareholders held on June 18, 2025, regarding the “Amendment to the Performance-Linked Stock Compensation Plan for Directors” and the “Revision of the Maximum Remuneration Amount for Directors,” the Company has revised its policy on the amounts and calculation methods of director remuneration. Details are provided in the section “Overview of the Policy for Determining Directors’ Remuneration and Other Compensation” at the end of this report.

Recipients of Stock Options	
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Supplementary Explanation	
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[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Selected Directors	Updated
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Supplementary Explanation	Updated
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• Compensation paid to directors and members of the Audit & Supervisory Board in service as of the fiscal year ended March 2025.

The Company paid ¥481 million in compensation to 9 directors and ¥84 million in compensation to 5 members of the Audit & Supervisor Board. Of this amount, a total of ¥75 million in compensation was paid to six outside officers. Payments to directors include in the amount of ¥249 million for the year ended March 2025, recognized as an expense for the period.

In addition, the Company paid the equivalent of ¥25 million as employee bonuses for individuals serving concurrently as directors and employees. The aforementioned compensation includes payments to one Audit & Supervisor Board who retired upon the conclusion of the 109th regular shareholders' meeting held June 21, 2024.

- For the individuals to whom the total amount of compensation paid exceeded 100 million yen in FY2024

Name	Category	Fixed compensation	Performance-linked compensation	Performance-linked compensation (non-monetary comp.)	Total amount of payment
Kenji Asakura	Director	52	48	6	106
Hiroyuki Ueshima	Director	52	73	9	134

Policy on Determining Remuneration Amounts and Calculation Methods	Established	Updated
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has determined a policy related to decisions on amounts and calculation methods for director remuneration after recommendations from the Compensation Committee, which consists of at least half outside directors, and deliberations by the board of directors. The Company's basic policy is to (i) align director interests with shareholder value, (ii) enhance incentives to improve both short- and medium-term performance and corporate value, (iii) ensure externally competitive compensation levels, and (iv) establish a transparent and objective remuneration system and decision-making process.

The target ratio of each remuneration component, assuming 100% achievement of performance targets, is as follows: fixed (monetary) remuneration: 33% to 59%, performance-linked (monetary) remuneration: 27% to 33%, and performance-linked (non-monetary) remuneration: 13% to 33%. Outside directors and Audit & Supervisory Board members receive fixed basic remuneration only, given their roles. Fixed remuneration is paid in equal monthly installments based on the annual amount. Monetary performance-linked remuneration is paid at the end of June each year. Non-monetary performance-linked remuneration is provided through a performance-linked stock compensation plan and a restricted stock compensation plan. Shares corresponding to the number of points granted based on position and performance achievement levels are delivered through a trust established by the Company. Following approval at the Annual General Meeting of Shareholders held on June 18, 2025, regarding the "Amendment to the Performance-Linked Stock Compensation Plan for Directors" and the "Revision of the Maximum Remuneration Amount for Directors," the Company has revised its policy on the amounts and calculation methods of director remuneration. Details are provided in the section "Overview of the Policy for Determining Directors' Remuneration and Other Compensation" at the end of this report.

[Supporting System for Outside Directors]

The Company has assigned a department responsible for coordinating board of director meeting schedules, contacting meeting attendees, and providing materials and explanations prior to board meetings.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

Updated

The Company has adopted the form of a company with an Audit & Supervisory Board. In addition, the Company has adopted an executive officer system to separate management and business execution to speed up decision-making and strengthen business execution. The Company's present management structure consists of 9 directors (including 3 outside directors), 17 executive officers (including 4 who serve concurrently as directors), and 4 members of the Audit & Supervisory Board (2 of whom are outside members). The Company has defined the Board of Directors as the body that determines management policies and strategic decision-making, as well as the body that oversees business execution. The board meets regularly on a monthly basis, resolving important matters, discussing progress of the Company's business, and formulating policies.

Members of the Audit & Supervisory Board follow audit policies and roles as determined by the Audit & Supervisory Board, attending meetings of the board of directors and other important meetings. As necessary, members request reports from subsidiaries and otherwise conducts audits related to performance of duties on the part of directors.

The Company has established the following voluntary committees to strengthen corporate governance functions.

The Compensation Committee, which consists of four individuals (a majority of outside directors), deliberates the validity of compensation standards and systems, reporting to and advising the board of directors. The role of this committee is to improve objectivity and transparency in the director compensation decision-making process. The Nomination Committee, which consists of five individuals (a majority of outside directors), deliberates candidates for director and executive officer, as well as succession plans, reporting to and advising the board of directors. The role of this committee is to improve objectivity and transparency in the Company's nominations of senior managers.

The Company has also established the following voluntary committees and committee structures: The Group Management Committee comprises members appointed by the Board of Directors, and in principle, this meets regularly once a month to discuss management strategies, investment projects, and other important matters, and to support management decision-making. This serves as an advisory body that discusses matters resolved by the Board of Directors. The Conflict of Interest Management Committee, which consists of three individuals (chaired by the outside director), determines in advance with objectivity and transparency that the transaction does not apply to conflict of interest in the Group's business operations, reporting to and advising the Board of Directors.

The Sustainability Committee is chaired by the President and comprises executive officers and senior management of Group companies. This formulates policies for promoting sustainability throughout the Group, establishes and maintains the promotion system, monitors measures and policies, and conducts educational activities within the Group.

The Risk Management & Compliance Committee serves as an advisory body to the board of directors to strengthen mechanisms not only for legal compliance, but also for risk management and compliance, including risks associated with corporate ethics.

The Internal Control Committee deliberates basic policy for internal controls and monitors the structure and operation of mechanisms determined under the internal controls system to ensure the appropriateness of business operations. The Security Trade Control Committee ensures compliance with laws and regulations related to transactions and goods and technologies addressed by export-related regulations, including the Foreign Exchange and Foreign Trade Act.

Audits conducted by members of the Audit & Supervisory Board are conducted by four members who have a considerable amount of knowledge about finance and accounting, three of whom are full-time members (one outside member) and one of whom is a part-time member (outside members). In principle, the Audit & Supervisory Board meets on a monthly basis and otherwise as needed. At meetings, each member reports on audit activities and results, and members exchange opinions related to audit perspectives and other matters. To ensure the effectiveness of audits by members of the Audit & Supervisory Board, one individual with considerable knowledge of finance, accounting, and internal audits is assigned from the Audit Office (internal audit division) to act as audit staff.

Internal audits are conducted by a staff of 16 individuals, including one based in the United States and one in China, who possess expert knowledge in internal audits, including certified internal auditors (CIA) and qualified internal auditors (QIA). These individuals conduct audits of the appropriateness and efficiency of business operations within the Company and subsidiaries based on Internal Audit Regulations.

The Company's financial statement audits are performed by the following designated limited liability partners to ensure a fair and unbiased audit.

None of the individuals mentioned below have been engaged in audits of the Company for more than seven consecutive years.

● Specified limited liability partners and managing executive partners

Name	Audit Corporation
Eri Sekiguchi	Ernst & Young ShinNihon LLC
Takuya Suzuki	Ernst & Young ShinNihon LLC

The Company has executed limited liability agreements with outside directors Ritsuko Nonomiya, Noriaki Horikiri and Toshiaki Mikoshiba as well as with outside members of the Audit & Supervisory Board Masaya Ishida and Gan Matsui. These agreements, an overview of which follows, are based on the Company's articles of incorporation and Article 423.1 of the Companies Act.

- Outside directors shall be liable for compensation of damages to the Company at the minimum limit of liability as provided in Article 425.1 of the Companies Act when negligence of duties results in damage to the Company, but said outside director has acted in good faith and without gross negligence in the execution of their duties.

The Company provides directors and officers liability insurance naming directors, executive officers, and members of the Audit & Supervisory Board as the insureds. The premiums for this insurance are fully borne by the Company, and the insured individuals do not bear any substantial cost. Covered insurance incidents include third-party lawsuits, shareholder derivative suits, and suits filed by the Company. To ensure that the appropriateness of duties is not compromised, the insurance policy sets a maximum total payout limit and requires insured individuals to bear a certain portion of the cost in the event of a claim.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that the current corporate governance system is the most reasonable system at present, as the system facilitates objective suggestions and advice from multiple independent outside directors, as well as objective and effective audits conducted impartially by highly expert and independent members of the Audit & Supervisory Board. In addition, the governance system ensures transparency, effectiveness, practicability, and soundness in management supervision and decision-making through coordination with various committees and councils that have been established on a voluntary basis.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Updated

	Supplementary Explanations
Scheduling AGMs Avoiding the Peak Day	In principle, we avoid holding general shareholders' meetings on days when numerous other companies hold their meetings.
Allowing Electronic Exercise of Voting Rights	The Company allows shareholders to exercise voting rights electronically through an electronic voting website (https://www.web54.net). Voting is allowed until 5:15 PM on the day before the general shareholders' meeting.
Participation in Electronic Voting Platform	The platform for electronic exercise of voting rights for institutional investors managed by Investors Communications Japan, Inc. is available.
Providing Convocation Notice in English	The Company provides endless translations of convocation notices, business reports, financial statements, etc. on the Company's website, the website of the Tokyo Stock Exchange, and the electronic voting platform operated by Investor Communications Japan, Inc.
Other	The Company publishes convocation notices for general shareholders meetings approximately about four weeks prior to the scheduled date of said meeting. This information is published on the Company's website, the website of the Tokyo Stock Exchange, and the electronic voting platform operated by Investor Communications Japan, Inc.

2. IR Activities

Updated

	Supplementary Explanations	Explanations by the Representative Himself /Herself
Preparation and Publication of Disclosure Policy	The Company's Code of Conduct for Risk Management & Compliance call for the Company to engage in the proactive and fair disclosure of corporate information to stakeholders to ensure transparency. See the Company's website for disclosures related to our Code of Conduct for Risk Management & Compliance.	
Regular Investor Briefings for Individual Investors	We hold online company briefings for individual investors approximately four times a year, and presentation materials are made available on our corporate website. In addition, we provide explanations about the Company via television and web-based media.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	We hold quarterly financial results briefings in May, August, November, and February. These sessions are led by the President and the Director responsible for overall management, who provide detailed explanations on financial performance and progress on the medium-term management plan. Each briefing is attended by approximately 90 participants, including analysts and institutional investors, contributing to enhanced transparency and constructive dialogue with the capital markets.	Yes
Regular Investor Briefings for Overseas Investors	The Company holds regular in-person and online meetings with individual overseas institutional investors in Europe, the Americas, and Asia.	Yes
Posting of IR Materials on Website	The Company publishes investor relations communications on our corporate website. These communications include disclosures related to financial information, timely disclosure materials other than financial information, the Company's annual securities report and quarterly reports, shareholder meeting convocation notices (including English translations), presentation materials used in briefings for analysts and institutional investors, shareholder newsletters, integrated reports, corporate videos, etc. Our main investor relations webpage may be found at the following URL: https://www.nagase.co.jp/english/ir/	

Establishment of Department and/or Manager in Charge of IR	Department in Charge of Investor Relations: Corporate Management Department Director in Charge of Investor Relations: Director in Charge of the Corporate Management Department
Other	The Company offers individual meetings and facility tours to analysts and institutional investors on an appropriate basis. In addition, small-group meetings focused on specific themes are held as needed to facilitate in-depth dialogue and mutual understanding.

3. Measures to Ensure Due Respect for Stakeholders

Updated

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company's Management Philosophy states that we recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees. Guided by this statement, the Company created our Code of Conduct for Risk Management & Compliance to define rules for respecting the position of our stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	In April 2000, the Company obtained ISO 14001 certification (international standard for environmental management systems). We conduct ongoing activities to improve our environmental management systems, including measures to achieve goals for reducing energy usage and general waste in our business processes. As part of our social contribution activities, the Company provides a grant to the NAGASE Science Technology Foundation to encourage science and technology development throughout Japan. For more information, see the Company's integrated report https://www.nagase.co.jp/english/ir/library/annual-report/ The Company's main Sustainability webpage can be found at https://www.nagase.co.jp/english/sustainability/
Development of Policies on Information Provision to Stakeholders	The Company's Code of Conduct for Risk Management & Compliance call for the Company to engage in the proactive and fair disclosure of corporate information to stakeholders to ensure transparency.
Other	The NAGASE Group believes that diversity is an important part of corporate strategy. We respect the ideas and views of a diverse workforce, encouraging active internal discussions and the creation of new ideas, which represent a source of competitive advantage. We believe this policy results in the growth of the NAGASE Group, as well as in the growth of every individual employee. <Policies and Initiatives on Women in the Workforce> As of March 2020, the Company had 22 women in managerial roles*. As of March 2025, the Company had 35 women in managerial roles. The number has risen gradually over time, and the Company plans to continue to hire and promote women in these roles. The Company created a guidebook defining systems supporting maternal care, child rearing and nursing care to allow all employees to continue to work in the Company. Employees returning from leave are successfully balancing work and personal life by making effective use of the Company's support systems, including family support leave for fertility testing and treatment, reduced working hours, telework, shift-based work arrangements, hourly paid leave, babysitter support, and nursing care leave. In accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, the Company revised its General Employer Action Plan by shortening the implementation period to March 2025 in order to achieve the current targets within the fiscal year ending March 2025. The new action plan, effective from April 2025, sets a target to increase the ratio of female managers to at least 10% by the end of March 2028. We will continue to actively promote various initiatives to achieve this goal. As of March 2025, women accounted for 6.2% of managerial roles. * Managerial role is defined as an individual who oversees subordinates as part of their duties or equivalent without subordinates. <Work-Life Balance> The Company believes that work-life balance is a necessary part of promoting diversity. Providing a supportive work environment for a diverse employee base and facilitating work styles that balance work and life these two benefits for both company and employee. Accordingly, the Company is striving to reform attitudes and implement systems that support this balance.

Other

The Company sponsors a monthly Safety Committee meeting held jointly between labor and management. The major topics of this meeting include flexible work styles, encouraging taking paid vacation, and reducing overtime. The Company uses the results of workplace and work environment surveys in ongoing dialogue with employees to create more comfortable work environments. To reduce overtime work, the Company is promoting operational efficiency and encouraging a shift away from work practices that assume overtime as a norm. We will continue to create practical systems that provide more flexible work options for our employees.

IV. Matters Related to the Internal Control System

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

Updated

a) Systems to ensure that Directors and employees execute their duties in accordance with laws and regulations and the Articles of Incorporation

1. Based on the concept that we recognize our responsibility to society and maintain the highest standards of integrity, we have taken several actions to establish and maintain a compliance system. These actions include formulating the Code of Conduct for Risk Management & Compliance and working to make the system one that ensures all officers and employees, including those of Group companies, conduct corporate activities in accordance with this code.
2. We established the Risk Management and Compliance Committee, which is composed of directors and employees who make all decisions related to risk management and compliance. When necessary, we appoint outside experts to prevent violations of laws, regulations, and the Articles of Incorporation.
3. For individual cases, decisions are made for each after a multifaceted assessment from a professional perspective, including from the perspective of legality, and based on pre-established internal rules and regulations.
4. In the event that the Company or a Group company becomes aware of a problem, such as a violation of laws or regulations, a process of prompt reporting, communication, and consultation is commenced with supervisors and relevant departments and then reported to the Risk Management and Compliance Committee, which immediately reports the matter to the board of directors and the Audit & Supervisory Board (or its members). In addition, the Risk Management and Compliance Committee has established a contact point so officers and employees, including those from Group companies, can directly issue reports and engage in consultations using the internal reporting system. This system is in place to prevent the neglect of or inaction against violations of laws, regulations, and the Articles of Incorporation arising from director or employee duties.
5. The Company strives to raise awareness of legal compliance among officers and employees, including those at Group companies, through training sessions conducted by outside experts and other means, and to ensure the permeation of the Company's Management Philosophy of said officers and employees.
6. The Company's Audit Office conducts internal audits of the execution of director and employee duties in accordance with the Internal Audit Regulations.

b) Systems for retaining and managing information relating to the execution of duties by Directors.

In accordance with internal rules and regulations, information related to the execution of director duties is recorded, either in writing or electronically, and stored and managed. Directors and Audit & Supervisory Board members have access to these materials at all times.

c) Rules relating to management of loss-related risks and other systems

1. The Risk Management and Compliance Committee has been established as an organization for the comprehensive management of risk of loss for the Company and Group companies, and a system has been created defining the committee's functions and authority, clarifying roles and responsibilities.
2. With regard to individual risks related to the Company and its Group companies' business activities, the respective departments in charge are responsible for establishing rules and guidelines, conducting training programs, preparing and distributing manuals, and etc.
3. For any newly arising risk, the Risk Management and Compliance Committee promptly appoints a responsible department for addressing the risk, and establishes an emergency response system ensuring prompt and appropriate communication of information in the event of an emergency within the Group.

d) Systems for ensuring the efficient execution of duties by Directors

1. The Company has clearly defined the board of directors as the body that determines management policies and strategic decision-making, as well as the body that oversees business execution. The board meets regularly on a monthly basis and holds other meetings on an ad-hoc basis as necessary.
2. The Group Management Committee consists of members appointed by the board of directors, and in principle, meets regularly twice a month to discuss management strategies, investment projects, and other important matters to support business decision-making. Directors and Audit & Supervisory Board members may attend meetings of the Group Management Committee.
3. Under the executive officer system, organizational operations rules and divisions of work responsibilities stipulate the respective responsible persons, their responsibilities, and procedures for execution.

e) Systems for ensuring the proper implementation of business by the corporate group comprising a stock corporation and its subsidiaries

1. Systems for reporting to the Company on matters pertaining to the execution of duties by directors, etc., of subsidiaries
 - a. Operating standards have been defined between the Company and Group companies, creating a system that requires approval or reporting to the Company after decisions are made by the Group companies regarding certain matters.
 - b. In principle, the Company dispatches officers to Group companies to ensure proper operations.

2. Rules and other systems to manage the risk of loss by subsidiaries

The Company's Risk Management and Compliance Committee serves as the core driver for managing risks across the entire Group, working in cooperation with the Risk Management and Compliance Committees at major subsidiary companies to deliberate and make determinations on issues and measures related to the promotion of risk management, and deliberate and make determinations on important matters related to compliance for the entire Group. In addition, to further enhance the reliability of financial reporting, the Company is promoting efforts on a consolidated basis to document, evaluate, and improve the status of Group-wide internal controls and the process of preparing financial statements in accordance with the Financial Instruments and Exchange Act.

3. Systems to ensure subsidiary directors execute duties efficiently

Based on the medium-term management plan and fiscal year budget system, clear targets are assigned, and budget performance management is implemented for the Company and each Group company.

4. Systems for ensuring the execution of duties by subsidiary directors and employees complies with laws, regulations, and articles of incorporation

- a. The Company has established a system to ensure that all officers and employees of Group companies conduct their business activities in accordance with the Code of Conduct for Risk Management & Compliance by providing education to raise awareness about the code.
- b. The Company's Audit Office conducts internal audits at the Company and its Group companies in accordance with the Internal Audit Regulations.
- c. The Risk Management and Compliance Committee has established a contact point so that officers and employees, including those from Group companies, can directly issue reports and engage in consultations using the internal reporting system. This system is in place to prevent the neglect of or inaction against violations of laws, regulations, and the Articles of Incorporation arising from director or employee duties.

f) Matters pertaining to employees when Audit & Supervisory Board members request the appointment of employees to assist them in the execution of their duties.

Upon request from Audit & Supervisory Board members, in order to ensure their auditing effectiveness, the Company appoints employees to support the Audit & Supervisory Board members' work. Such employees are assigned to the Audit Office.

g) Matters pertaining to ensuring the independence of employees specified in the preceding paragraph from Directors and ensuring the effectiveness of instructions from Audit & Supervisory Board members

1. On the transfer, evaluation, etc. of these employees, the Company consults with Audit & Supervisory Board members and seeks their opinions.
2. The Company gives due consideration to the selection of these employees, the duration of their assignment to assist in the duties of Audit & Supervisory Board members, etc., striving to ensure the effectiveness of directions given to these employees.

h) Systems for Directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members

1. The Company has established a system that enables Audit & Supervisory Board members to constantly monitor the overall management of the Company and its Group companies by attending meetings of the board of directors and other important meetings, exchanging information with management, and inspecting approval requests, reports, and other documents.
2. The rules of the Risk Management and Compliance Committee stipulate that directors and employees of the Company and its Group companies shall report the following matters promptly to an Audit & Supervisory Board member, either via the Risk Management and Compliance Committee or separately.
 - a. Incidence and reporting of compliance issues, such as misconduct or violation of laws, regulations, or the Articles of Incorporation, in connection with the execution of director duties
 - b. Incidence and reporting of facts that may cause significant harm to the Company
 - c. Incidence and reporting of material disclosure items.

i) Systems to ensure that a person who makes a report under the preceding item is not subject to any disadvantageous treatment for making such a report

The Company prohibits any disadvantageous treatment of any the company and Group company director, employee, etc. who makes a report directly to the Company's Audit & Supervisory Board members and ensures that the entire Group is aware of this prohibition and clearly states this in its internal reporting system.

j) Policy on matters regarding expense prepayments, redemptions, other expenses, or disposition of debt resulting from the execution of duties by members of the company's Audit & Supervisory Board

When the Audit & Supervisory Board or the board of directors, in the course of an audit, requests necessary expenses such as for requesting advice from attorneys at law, certified public accountants, or other outside specialists, or outsourcing investigations, appraisals, or other administrative work, such request may not be denied unless the expenses involved are deemed unnecessary or the performance of duties by the Audit & Supervisory Board or its members.

k) Other systems to ensure that audits are conducted effectively by Audit & Supervisory Board members

1. Members of the Audit & Supervisory Board hold regular meetings with the representative director and outside directors to exchange opinions.
2. The Company's full-time members of the Audit & Supervisory Board also serve as members of the Audit & Supervisory Boards of major Company subsidiaries in Japan.

2. Basic Views on Eliminating Anti-Social Forces

Updated

- Basic Approach to Eliminating Anti-Social Forces

The Company responds resolutely in the face of anti-social forces threatening the public order and safety, defining our firm commitment within our Code of Conduct for Risk Management & Compliance in opposition to such forces. Code of Conduct for Risk Management & Compliance states that (1) the Company will have no relationships with individuals or groups having a negative impact on the social order or sound corporate activities; (2) individuals involved in Company management will take the initiative and correct actions without fear of such forces; (3) the Company will act as a unified organization, without abandoning individual directors or employees, to seek the aid of police and legal authorities to reject fear, funding, or usage in response to unreasonable demands.

- Status of Efforts to Eliminate Anti-Social Forces

The Company has established responsible departments and individuals in Tokyo, Osaka, and the Nagoya branch office. Staff at each location participates in seminars on the prevention of unreasonable demands sponsored by the Public Safety Commission. In every region, the Company participates in groups discussing measures to deal with anti-social forces. Assigned individuals readily attend conferences and seminars, maintaining contact with local police. At the same time, these individuals gather and manage information about anti-social forces. The Company's basic trade agreements include terms regarding the elimination of anti-social forces. The Company endeavors to cancel agreements with any trading partner determined to be an anti-social force. General affairs personnel in Tokyo, Osaka, and the Nagoya branch have access to the Manual Regarding the Prevention of Unreasonable Demands, taking the initial response in case of emergencies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
Supplementary Explanation	

2. Other Matters Concerning to Corporate Governance System

1. See Attachment (1) for a diagram of the Company’s corporate governance structure, including our internal controls system.

2. Overview of Timely Disclosure Structure

The Company has established Code of Conduct for Risk Management & Compliance. In pursuit of compliance with laws, regulations, and internal regulations/rules and public disclosure to stakeholders (interested parties), the company actively and fairly discloses corporate information striving to ensure transparency. Under this basic approach, the company has created the following structure for identifying and managing information subject to timely disclosure which functions as an internal system for providing me timely and appropriate disclosure of company information to investors. The following describes how the Company handles each type of information.

■ Information Related to Material Facts

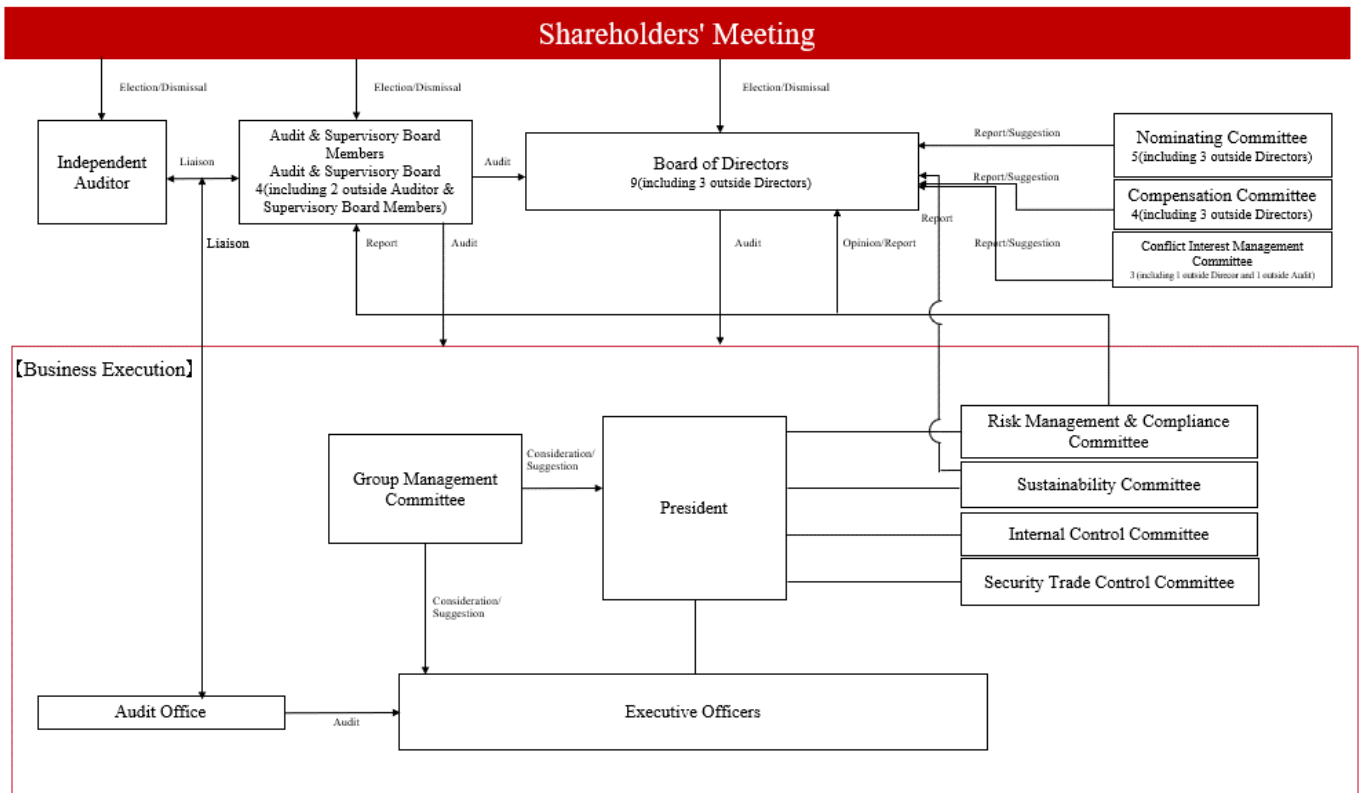
The relevant headquarters general managers and division managers report information collected from departments and subsidiaries to the individual designated to handle such information. The individual designated to handle information coordinates with the relevant internal departments, summarizes information, and submits a report to the representative director and president. As necessary, a report is submitted to the board of directors, after which the Corporate Management Department (body responsible for timely disclosures) promptly issues a timely disclosure.

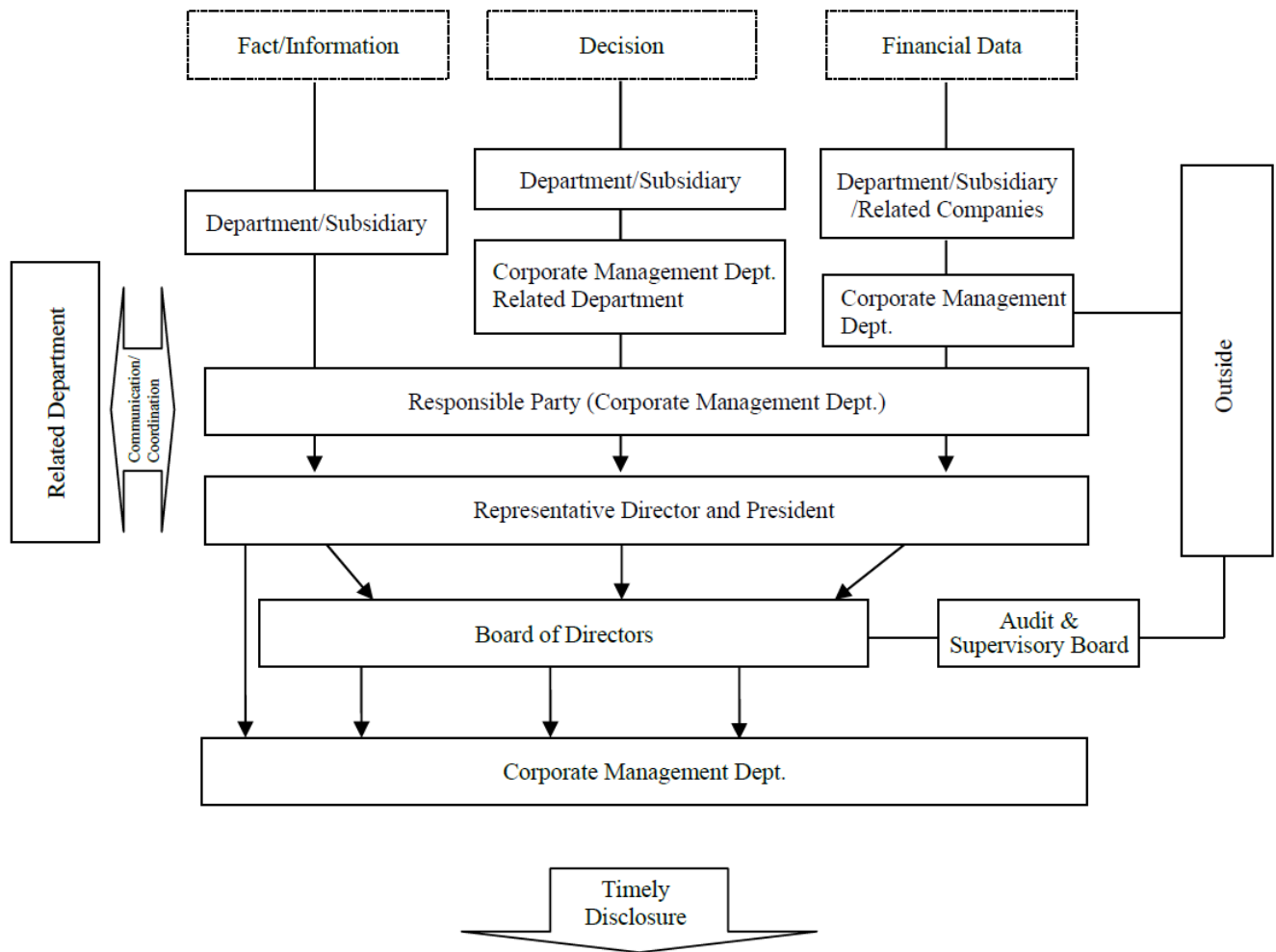
■ Information Related to Decision-Supporting Facts

Each department or subsidiary circulates a proposal draft, based on which related departments hold consultations. After final approval of the representative director or the board of directors, the Corporate Management Department promptly issues a timely disclosure.

■ Financial Information

Corporate Management Departments receive financial information from each consolidated subsidiary, accepting advice and guidance from members of the Audit & Supervisory Board and outside experts as necessary to ensure the reliability of financial information received. These divisions then prepare financial reports and drafts of public announcements. After decision by the president, the board of directors makes a final approval, after which the Corporate Management Department promptly issues a timely disclosure.





【Overview of the Policy for Determining Directors' Remuneration and Other Compensation】

1. Method for determining the policy for determining the compensation of individual Directors

The Company determines the policy for determining the amount of compensation of Directors and the calculation method thereof through consultation with the Compensation Committee, the majority of which is made up of Outside Directors, and deliberation at the Board of Directors. The basic policy is to promote linkage with shareholder value, increase the incentive effect for improving business performance and corporate value in both the short and medium term, achieve a compensation level that is externally competitive, and have a more transparent and objective system and compensation decision-making process. In addition, the compensation of Outside Directors and Auditors is limited to basic compensation, which is fixed compensation, in consideration of the nature of their duties.

2. Summary of the policy for determining the compensation of individual Directors

<Basic principles of the Compensation System>

The NAGASE Group is committed to solving manufacturing issues through materials, building on the relationships of trust with stakeholders fostered through activities conducted with the highest standards of integrity. The Group aims to contribute to business not only in the short term but also over the medium to long term, pursuing the realization of a sustainable world where people live with peace of mind in an era where economic value and social value are increasingly intertwined. NAGASE newly established the following policy regarding the compensation of internal Directors and executive officers, who serve as the driving force behind achieving these goals. Based on this policy, the Company designed a specific compensation system.

Earnings and corporate value enhancement	Recruitment and retention of skilled human capital	Ensuring accountability
<ul style="list-style-type: none">● Offer compensation system that drives the achievement of the following strategies and supports sustainable corporate value creation<ul style="list-style-type: none">- Linking compensation to shareholder value- Pursing short-term and medium- to long-term growth and efficiency- Balancing economic and social value	<ul style="list-style-type: none">● Offer competitive compensation system and compensation levels to attract and retain diverse, skilled human capital capable of accelerating business transformation● Offer compensation levels that encourage the growth and development of the next generation of management leaders	<ul style="list-style-type: none">● Maintain a transparent and objective compensation system and compensation-determining process

<Compensation level and compensation structure>

The Company uses objective external compensation data to benchmark NAGASE against competitive domestic companies in both business operations and talent acquisition. NAGASE sets its compensation levels at or above the market median of such data, taking into account business conditions and other relevant factors. In doing so, NAGASE aims to attract and retain diverse, skilled human capital capable of accelerating business transformation and to foster the growth ambition of the next generation of management leaders.

Type of compensation (approximate ratio)		Purpose	Performance metrics	Evaluation period	Details
Basic compensation (33%-59%)		Fixed	Basic compensation for execution of duties	—	Monthly payment, determined by the Board of Directors in accordance with roles and responsibilities.
Annual bonus (27%-33%)		Variable	<ul style="list-style-type: none"> Consolidated operating income Business division operating income (for Directors in charge of business divisions) 	1 year	Determined by a formula resolved by the Board of Directors following deliberation by the Officer Remuneration Committee, based on consolidated operating income and business division operating income for the fiscal year. Paid in a lump sum in June.
			Individual performance evaluations		The president, delegated by the Board of Directors, evaluates individual officer performance and determines individual payment amounts (the President is not subject to individual evaluation). Paid in a lump sum in June.
Stock-based compensation (Note 1) (13%-33%)	Performance-linked stock compensation	Variable	<ul style="list-style-type: none"> ROE Sustainability-related indicators 	3 years (Note 2)	Stock grant points granted annually based on achievement of medium-term KPIs over three consecutive fiscal years and determined by a formula resolved by the Board of Directors following deliberation by the Officer Remuneration Committee (with a three-year transfer restriction after grant. (Note 3))
	Restricted stock compensation		—	—	Restricted stock granted annually based on a standard amount resolved by the Board of Directors according to role and responsibility, with transfer restrictions lifted upon resignation.

The indicated ratios show the proportion of each compensation type, assuming 100% achievement of performance targets based on the standard value. Director, senior adviser not eligible for stock-based compensation are excluded.

(Notes)

1. Stock-based compensation will be provided in a trust
2. However, the Company will evaluate fiscal 2025, the final year of the current medium-term management plan, based on a single fiscal year.
3. Transfer restrictions are lifted upon resignation in the event that an officer retires during the three-year period.

3. Matters relating to the entrustment of determination of the details of compensation, etc., paid to each Director

The Company determines policies on Director compensation amounts and calculation methods based on discussions by the Officer Remuneration Committee, composed primarily of outside Directors, and deliberations by the Board of Directors. The Board of Directors delegates authority over individual Director compensation to Hiroyuki Ueshima, Representative Director and President, based on the Officer Remuneration Committee review of compensation system and level appropriateness. The authority delegated to Mr. Ueshima includes individual assessments of performance-linked compensation based on the performance of each Director's assigned business division. The Board of Directors determined that delegating this authority to the Representative Director and President is appropriate, as he is best positioned to assess divisional performance while overseeing overall Company performance. The Board of Directors consulted the Officer Remuneration Committee, received recommendations, and confirmed that the delegated authority is exercised appropriately and decisions align with established policies.