

Governance

Corporate Governance

Our approach and policies (vision)

Our Group has established the Toagosei Group Basic Policy on Corporate Governance. Based on the corporate philosophy of “Through the endless possibilities of chemistry, we bring happiness created by highly functional materials,” the Group strives to fulfill its corporate social responsibility by positioning the enhancement of corporate governance as a key priority for management. The Group pursues transparent, fair, swift and resolute decision-making through effective corporate governance, to achieve sustainable growth and to increase its corporate value over the medium- to long-term. The Group is committed to the continuous enhancement of corporate governance.

The Group's basic approach to corporate governance is shown below.

Basic Approach to Corporate Governance

1. Respect shareholders' rights and ensure their equality.
2. Consider the interests of various stakeholders, including shareholders, customers, business partners, employees and local communities. Build good relationships with these stakeholders and cooperate appropriately with them.
3. Disclose corporate information appropriately and ensure transparency.
4. Strive to ensure effective supervisory functions for business execution by the Board of Directors.
5. Engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits.

Corporate governance system

We are a company with an Audit and Supervisory Committee, and have a system to accelerate decision-making by securing management oversight functions. This is done by separating business execution by directors and executive officers from the supervision by the Board of Directors, which includes outside directors, of management decision-making and business execution.

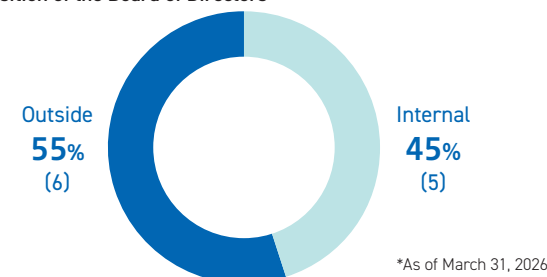
Year	Item	Change in the number of outside directors
2001	Introduction of Executive officer system	
2003	Appointment of outside directors started	
2006	Internal Control Section established Basic Policy on Internal Control system established by resolution	1
2016	Toagosei Group Basic Policy on Corporate Governance established Transition to a company with an audit & supervisory committee	5
2017	Start of assessment for the effectiveness of the Board of Directors	
2018	The proportion of outside directors in the voluntary Nomination Committee/Remuneration Committee increased to a majority	
2019	Increase in the number of outside directors to seven	
2020	Introduction of stock compensation plan	
2022	Outside directors became the majority for the first time (6 internal and 7 outside) Move to the Tokyo Stock Exchange Prime Market	7
2023	Disclosure of initiatives for improving PBR	
2024	Integration of the Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee	
2025	Increase in the number of female directors to two	6

Directors and the Board of Directors

Toagosei's Board of Directors consists of 11 directors (including four directors who serve as Audit and Supervisory Committee Members). The six independent outside directors play the roles mainly in strengthening the Board's oversight over the management. At the meetings of Toagosei's Board of Directors, the directors, including outside directors, engage in lively discussions. The Board of Directors makes decisions on important management matters, such as Toagosei's management policy and management strategy, and fulfills the role of supervision of business execution of directors and executive officers.

The Company selects a well-balanced mix of candidates for directors who possess extensive experience and abundant knowledge in various business fields including R&D, technology, production, sales, corporate management, financial accounting, legal affairs, and labor affairs, while also focusing on the digital transformation (DX) and global sustainability fields. The Board also includes a female director, as part of the Company's efforts to maintain the diverse structure of the Board of Directors.

Composition of the Board of Directors



Audit and Supervisory Committee

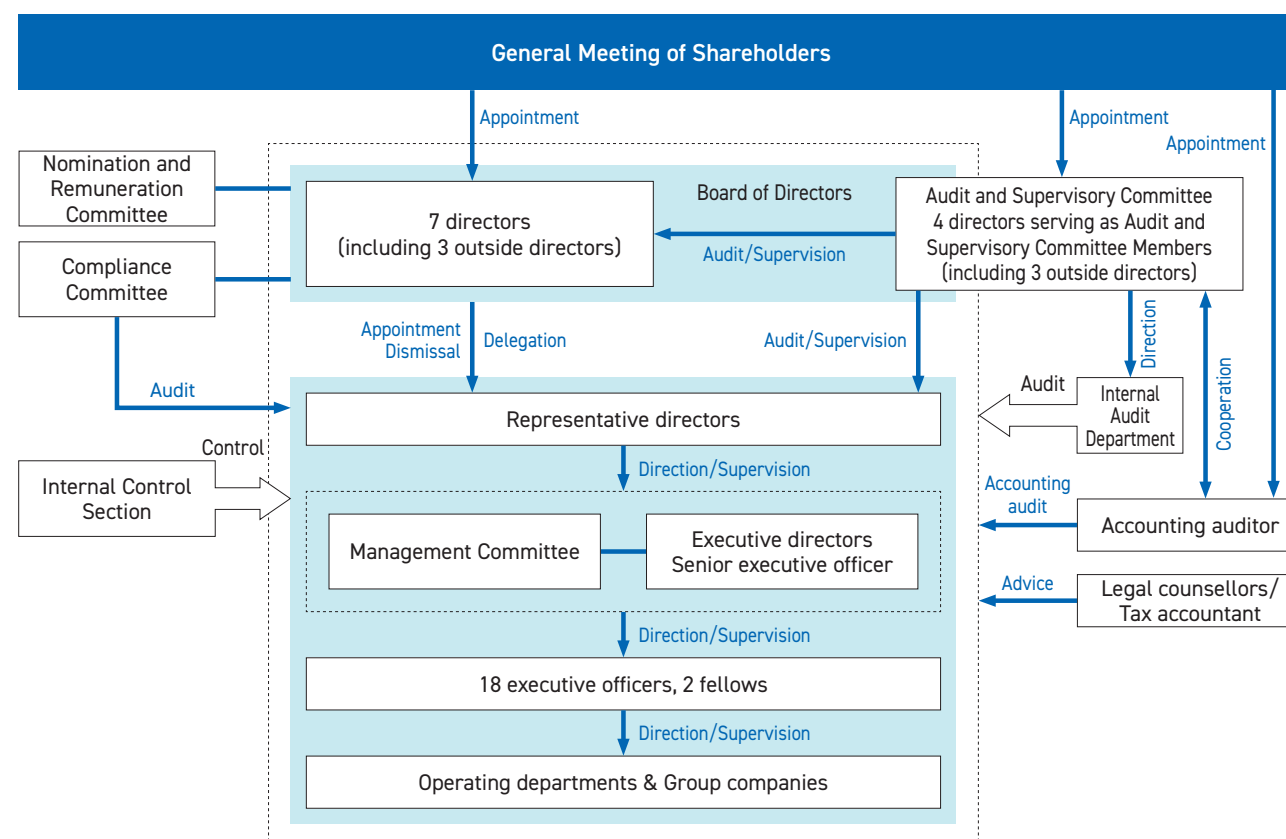
The four-member Audit and Supervisory Committee consists of one director who serves as a full-time Audit and Supervisory Committee Member and three outside directors. The Audit and Supervisory Committee is responsible for contributing to the Company's sound and sustained growth through the audit of legal compliance with respect to the performance of duties by directors and other officers, the appropriateness of the Company's business operations, the status of internal control systems construction and operation, financial conditions, and other matters.

The Audit and Supervisory Committee met 17 times during FY2025, and in addition to performing internal audits related to our Group's compliance conditions and appropriateness of business operations, received reports from directors and employees regarding matters discussed at the Management Committee and important matters that have an impact on operations and business performance.

Management Committee

The Management Committee, composed of four executive directors and one senior executive officer, meets every week, in principle, for the purpose of accelerating management decision-making and improving the efficiency of business advancement. It engages in practical discussions, from an operational perspective, of matters delegated to it based on resolutions by the Board of Directors.

Corporate governance system



Governance

Profile of Directors

Name	2025 Attendance at the Board of Directors meetings (times)	Fields of experience							
		Corporate management/ planning	Sales/ marketing	R&D/ Technology & Production/DX	Finance/ accounting	Legal affairs	HR/ labor affairs	Global	Sustainability
Mikishi Takamura	13/13	●			●		●		●
Hiddenori Kobuchi	13/13	●	●	●					
Ken Nomoto	—	●	●	●	●	●			
Tatsuyuki Nonoyama	—	●	●	●				●	
Takashi Kato	13/13			●				●	●
Reiko Ishiyama	10/10*						●		●
Yoshiyuki Kobayashi	—	●		●				●	
Yoshihito Takahashi	13/13			●	●		●		●
Toshiyuki Teramoto	13/13	●			●				
Ikuko Komachiya	9/10*					●		●	●
Masahiko Enomoto	—				●				

*Since appointment to office in March 2025

Contents of the fields of experience

Fields of experience	Number of directors	
Corporate management/ planning	6	Experience or expert knowledge in the management and supervision of operating companies and the planning and proposal of management plans, business plans, and strategic development
Sales/marketing	3	Experience or expert knowledge in the development and management of businesses, the supply and promotion of products and services, and in logistics, inventory, and other supply chain management activities
R&D/Technology & Production/DX	6	Experience or expert knowledge in the development of new themes and the enhancement of existing themes, the optimization, automation, and overall management of production processes, and in IT technologies required for efficient and advanced business activities
Finance/ accounting	5	Experience or expert knowledge in the supervision of management and financial accounting, management analysis, and financial planning
Legal affairs	2	Experience or expert knowledge in the auditing and oversight of legal risks in corporate activities, and other matters related to the management of legal and compliance systems
HR/labor affairs	3	Experience or expert knowledge in labor policies, organizational and personnel management, personnel evaluations, health management, and human capital development
Global	4	Experience in overseas business and experience or expert knowledge in the management of overseas companies
Sustainability	5	Experience or expert knowledge in activities that contribute to the achievement of a sustainable society and sustainable corporate growth

Nomination and Remuneration Committee

To enhance objectivity and transparency in corporate management, the Board of Directors has established, as its advisory body, the Nomination and Remuneration Committee, comprising one director who is not an independent outside director and several independent outside directors.

Upon request from the Board of Directors for advice, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors on matters such as succession planning for representative directors, procedures for appointing candidates to directorships or representative directorships, candidate qualifications and reasons for appointment, as well as on independence criteria for independent outside directors, including perspectives on diversity of personal attributes and skills.

Upon request from the Board of Directors for advice, the committee deliberates on the remuneration system for directors as well as individual director's remuneration, and reports to the Board of Directors. The amounts of remuneration of individual directors (excluding directors who serve as Audit and Supervisory Committee Members) are determined by the members of the Nomination and Remuneration Committee, which is entrusted with the task, in line with the calculation criteria established by the Board of Directors, based on the results of deliberation submitted by the Nomination and Remuneration Committee, and by resolution of the Board of Directors.

Selection of Directors

The Company has prescribed the selection standards for the Company's directors (excluding directors who also serve as Audit and Supervisory Committee Members and independent outside directors who do not serve as Audit and Supervisory Committee Members) as follows to clarify the qualities expected of directors:

- Persons who possess outstanding knowledge and abilities and extensive experience in regard to the business administration and operational management of the Group, or persons who possess sufficient understanding of the Group's business activities, along with the experience and knowledge needed to appropriately and fairly supervise the business execution of the Company's directors and other personnel, thereby contributing to the achievement of the Group's medium- to long-term management plans.
- Persons who are fair-minded and possess excellent character, views, and job execution capabilities as well as have the ability to execute fair and appropriate supervision of business administration, operational management, and business execution based on high ethical standards.

The Nomination and Remuneration Committee deliberates on matters such as appointment procedures, qualification and reasons for appointment regarding proposals on candidates for directorships prepared by the representative director, and reports on the deliberation results to the Board of Directors.

Remuneration for Directors

Remuneration for the Company's directors consists of three parts, namely, fixed remuneration, performance-linked remuneration, and share-based remuneration, and is paid within the amount approved by the General Meeting of Shareholders.

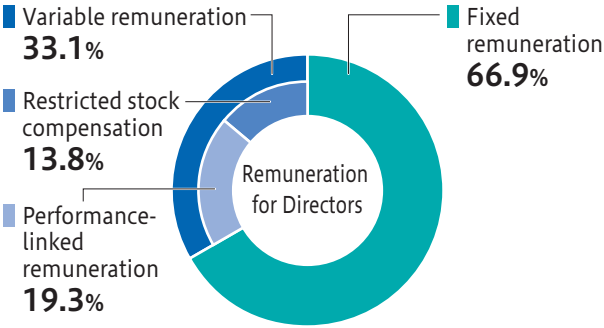
The amounts of fixed remuneration are determined and paid in consideration of each director's duties, responsibilities,

performance and other matters. For the directors who serve as Audit and Supervisory Committee Members, fixed remuneration is paid in consideration of the role and duties of each director.

The amounts of the performance-linked remuneration are determined and paid based on the Company's performance in the previous business year, such as consolidated operating income, as well as duties and responsibilities according to the positions and the business environment, among other factors. Performance-linked remuneration is not paid to directors who serve as Audit and Supervisory Committee Members or to independent outside directors, in light of their important role in overseeing corporate management from independent viewpoints.

Under the stock compensation plan, the Company allocates restricted shares as remuneration to eligible directors, in a number commensurate to the duties and responsibilities of each director, for the purpose of providing incentives to them to sustainably enhance the Company's corporate value and to further promote the sharing of value with the Company's shareholders. As with performance-linked remuneration, the Company does not pay stock-based compensation to directors who serve as Audit and Supervisory Committee Members or to independent outside directors.

Percentages of remuneration by category (excluding directors serving as Audit and Supervisory Committee Members and independent outside directors not serving as Audit and Supervisory Committee Members)



Breakdown of remuneration for Directors (January 2025–December 2025)

Classification	Total amount by remuneration type (Millions of yen)				Number of directors (Persons)
	Total amount of remuneration (Millions of yen)	Fixed remuneration	Performance-linked remuneration	Restricted stock compensation	
Directors (not serving as Audit and Supervisory Committee Members)	232	166	38	27	10
of which, outside directors	31	31	—	—	4
Directors (Audit and Supervisory Committee Members)	54	54	—	—	6
of which, outside directors	33	33	—	—	5

Activity status of the Nomination and Remuneration Committee

Meetings held	Activities
8	● Deliberation and report to the Board of Directors regarding remuneration for directors, executive officers, and fellows ● Deliberation and report to the Board of Directors regarding matters such as changes to the remuneration amount ● Deliberation on successor development training for representative directors and others ● Deliberation on revision of rules ● Deliberation and report to the Board of Directors regarding changes in officers based on the candidates' career experience and skills

6 Governance

Internal Control Section

The Company has established the Basic Policy on Internal Control by the resolution of the Board of Directors in order to strengthen corporate governance. In accordance with the said policy, the Internal Control Section confirms the operating status of internal control from an independent perspective, reports such results to the Audit and Supervisory Committee Members, and performs duties related to internal control (duties to ensure appropriate financial reporting), based on Japan's internal control reporting system (J-SOX).

In cooperation with the Internal Audit Department (an auxiliary organ of the Audit and Supervisory Committee Members) and the accounting auditor, the Internal Control Section ensures that the Group's business operations as a whole are conducted appropriately in compliance with relevant laws and regulations.

Assessment for the effectiveness of the Board of Directors

Each year, the Company's Board of Directors conducts a questionnaire survey among all directors on the effectiveness of the Board of Directors. The survey is designed in a format where each director provides reasons and opinions even for multiple-choice questions. Moreover, a third-party is used to ensure neutrality and objectivity in the analysis and evaluation of the survey results. Based on the third-party evaluation, the Board of Directors discusses ways to resolve any issues and strives to improve its function.

Assessment for the effectiveness of the Board of Directors



1 Questions asked in the survey

The following items are answered on a three-point scale and with free response

- Structure and operation of the Board of Directors
- Enhancement of Board Meeting agenda and discussions
- Enhancement of discussions concerning financial results
- System supporting the Board of Directors
- Constructive dialogue with shareholders
- Contribution to the Board of Directors

In addition to a ranked scale, the evaluation enables the directors to freely write their opinions, and the questionnaire is not anonymous, to ensure that these evaluations help to improve governance.

2 Assessment results

The following is a summary of the results of the survey conducted in January 2026.

- Overall, the effectiveness of the Company's Board of Directors is generally secured.
- While opinions on further enhancing effectiveness were expressed in the free comment section, there were also positive comments concerning new initiatives, and the directors recognized efforts to address the issues from last year's survey results.

Items eliciting high ratings

- Preparation and proceedings of Board of Director meetings
- Initiatives for management that is conscious of the cost of capital and stock price
- Opportunities for Audit and Supervisory Committee members to obtain information and support frameworks

Items identified as future issues

- Improvement of discussions on performance improvements from a long-term perspective
- Enhancement of discussions relating to the future structure of the Board of Directors

3 Issues and future initiatives

In terms of the issues we have identified, we will work on measures aimed at further improving the effectiveness of the Board of Directors while taking into account the results of meetings with institutional investors, revisions to standards for exercising voting rights, and amendments to the Corporate Governance Code.

Dialogue with shareholders and investors, and information disclosure

Basic policy and framework

In the Toagosei Group Basic Policy on Corporate Governance, the Company stipulates that we "respect the rights of our shareholders and ensure their equality," and that we "engage in constructive dialogue with shareholders who have an investment policy that aligns with medium- to long-term shareholder profits."

In terms of information disclosure, we act in compliance with rules on the handling of important information (insider information) specified in the Financial Instruments and Exchange Act, etc., the Regulation on Fair Disclosure, the Rules of Tokyo Stock Exchange (TSE) and other related regulations. In addition, in order to disclose information to all stakeholders in a timely, appropriate, and fair manner, and to enable an accurate understanding of our Group, we are actively promoting the disclosure of release text and financial statements in English in order to eliminate uneven amounts of information depending on the language.

General Meeting of Shareholders

We disclose the notices of convocation on the Company's website and through the TSE, before the day on which the notices are sent, for early information disclosure to our shareholders to ensure that the General Meeting of Shareholders is a place for more productive dialogue. In view of the increase in the number of foreign shareholders, a summary of the notice of convocation, reference documents and the notice of resolution are translated into English and disclosed on the Company's website and through the TSE concurrently with the Japanese version. Furthermore, to facilitate decision-making by investors at the General Meeting of Shareholders, we disclose the Financial Factbook prior to the meeting.

Moreover, to convey the proceedings of the General Meeting of Shareholders to more of our shareholders, we provide live streaming on the day of the meeting and on-demand streaming after the meeting.

Financial results briefing and information disclosure

We strive to disclose information proactively, including the voluntary disclosure of information in addition to legal disclosure under applicable laws and regulations and timely disclosure under the Rules of Tokyo Stock Exchange.

We hold financial results briefings (twice annually) and individual interviews with institutional investors and the media, and we disclose transcripts of the briefings for stakeholders who were unable to attend the financial results briefings. Briefing materials for the first quarter and third quarter financial results are also available on our website.

From April 2025, we disclose information simultaneously in Japanese and English (summarized disclosure for some information), and we are striving to provide information to investors both in Japan and overseas.

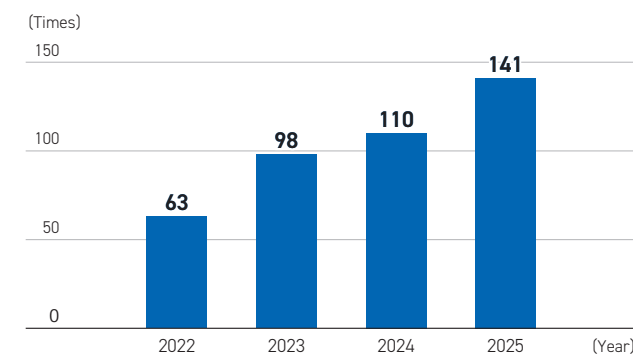
Toagosei website "Investor Relations (IR Library)"

<https://www.toagosei.co.jp/english/ir/library/presentations/index.html>

Dialogue with stakeholders

The Company actively holds individual dialogue with analysts and institutional investors in Japan and overseas, with dialogue held a total of 141 times in 2025. The General Manager of the Corporate Communication Department is the primary person to meet with shareholders, but other officers or employees of related divisions may be in attendance depending on the topic of the agenda or discussion. We actively engage in dialogue covering a broad range of topics, primarily a summary of our financial results but also including main topics such as the Medium-Term Management Plan, initiatives to improve our PBR, business strategies, and IR activities. The status of meetings and the opinions of shareholders and investors are also reported to the Board of Directors each fiscal quarter through the Director in Charge of Investor Relations (IR) overseeing these matters, and we engage in an exchange of views.

Number of individual interviews held



IR activities for individual investors

To enable individual investors to deepen their understanding of the Group, we are enhancing the content of our financial results briefing materials and Medium-Term Management Plan materials, while also actively utilizing media such as financial magazines for individual investors to enhance our IR activities.

PICK UP

Establishment of shareholder benefit program

In October 2025, we established a shareholder benefit program. Based on the number of shares held and the continuous holding period, we offer Aron Alpha along with a QUO CARD or a catalog gift featuring local specialties from the locations of our plants.



Published in Diamond ZAi (IR report)

In the February 2026 issue (on sale December 19, 2025) of Diamond ZAi, a financial magazine for individual investors, the Company's growth strategies and shareholder returns were featured in an advertorial. As seen in the requests for materials from many individual investors, etc., awareness of the Company is increasing. We will continue to focus on strengthening our PR activities going forward.

Source: February 2026 issue of Diamond ZAi

Featured in "Interview with Top Management" segment on Nikkei CNBC

Once again this year, Toagosei's President Kobuchi appeared in the popular "Interview with Top Management" segment on the dedicated markets and economics channel Nikkei CNBC.* This segment features live-broadcast-style interviews with guests from the top management teams of notable companies, providing deep and multifaceted insights into corporate identity and growth strategies.

He highlighted the Group's attractiveness and growth potential to individual investors through an explanation of its growth drivers, key focus areas, shareholder returns, and his message for viewers.



A view of the segment
(Left: Nikkei CNBC interviewer Masaki Morita; Right: President Kobuchi)

*Nikkei CNBC is a 24-hour dedicated markets and economics channel established primarily by Nikkei Inc. and CNBC, a subsidiary of NBC, which is one of the four major television channels in the United States.