

## Corporate Governance Report

Last Update: July 5, 2024

ADEKA Corporation

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Securities Code: 4401

<https://www.adeka.co.jp>

The corporate governance of ADEKA Corporation (hereinafter the “Company”) is described below.

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

#### 1. Basic Views Updated

ADEKA Group recognizes that strengthening corporate governance is the most important management issue in order to realize the Group’s business mission and management policy.

The Company has worked to further improve its management efficiency so as to enable speedy decision-making and clarify roles (responsibility and authority) of business execution by implementing a series of management system reforms, including the adoption of the Operating Officers System, the establishment of the Management Committee, and the optimization of the number of Directors and shortening of their terms of office. The Company passed a resolution at its 159th Annual General Meeting of Shareholders held on June 18, 2021, to make amendments to its Articles of Incorporation to transition from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee in order to further enhance corporate governance by strengthening the function and system for supervision by the Board of Directors. In addition, at the 161st Ordinary General Meeting of Shareholders held on June 23, 2023, we optimized the size and composition of the Board of Directors. The Company will further proceed the separation of management supervision and business execution (transition to the monitoring board), through the introduction of a delegated executive officer system and revisions to the rules of the Board of Directors and detailed rules concerning matters to be discussed by the Board of Directors which came into effect around the same time.

Furthermore, the Company reviewed and revised its officers’ remuneration system in June 2008, including the abolition of a retirement benefit plan for officers, and adopted a stock-based rewards plan under which compensation is paid in the form of restricted stock in June 2017. We also revised officers’ remuneration at the 159th Annual General Meeting of Shareholders upon the transition to a company with an Audit and Supervisory Committee. We will proceed with further review to improve incentives.

The Company elected an External Director for the first time in June 2006 from the perspective of strengthening the function for supervision over the Board of Directors and ensuring transparency of management. The Company currently has five Independent External Directors (two of whom are Audit and Supervisory Committee members), account for half of the 10 directors.

The Company will continue to proactively work to reform its management system and further enhance its corporate governance.

The Company also works to enhance its internal control system. The Internal Auditing Department, established in July 2005, conducts internal audits of the adequacy and appropriateness of business execution for all departments from a fair and independent standpoint, and reports on audit results and makes recommendations, etc. for improvement to top management. In addition, the Internal Control Promotion Committee, established in March 2007, works to improve and enhance the internal control system under the Companies Act and the Financial Instruments and Exchange Act.

The Company attaches the greatest importance to constructive dialogues with shareholders, aiming to operate an open General Meeting of Shareholders in order to reflect opinions of shareholders in its management.

The Company has established the ADEKA Group Corporate Governance Guidelines (hereinafter the “CGG”) to explain the Group’s basic views and policy regarding corporate governance. We also defined action guidelines to ensure that the Board of Directors of the Company and various conference bodies that support the Board of Directors fully perform their respective roles and functions, and that Directors, Operating Officers, and employees of the Company organically fulfill their respective roles in building and improving the level of the corporate governance system. The CGG was revised on June 21, 2024.  
(Website where the CGG is disclosed: <https://www.adeka.co.jp/en/ir/library/pdf/cgge.pdf>)

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

The following information is based on the Corporate Governance Code revised in June 2021 and is also in line with the principles that have been applicable to companies listed on the Prime Market since April 4, 2022.

[Supplementary Principles 3.1.3 (4.2.2)] Initiatives for Issues Related to Sustainability

<Initiatives on Sustainability>

The ADEKA Group Management policy is based on “making social contributions through our main lines of business” and “co-existence and co-prosperity with the civil society.” In line with this management policy, the Board of Directors of the Company established the ADEKA Group Fundamental Sustainability Policy, “The ADEKA Group contributes to the creation of a sustainable future by meeting stakeholders’ expectations with technologies and reliability through fair and transparent corporate activities,” which is disclosed on the Company’s website (<https://www.adeka.co.jp/csr/en/csrpolicy.html>).

The ADEKA Group Fundamental Sustainability Policy expresses the Group’s basic stance of contributing to a sustainable society and ultimately achieve the sustainable growth of our company while fulfilling our basic responsibilities as a member of society. Guided by this Fundamental Sustainability Policy, all ADEKA Group employees fulfill the Group’s social responsibilities throughout the supply chain with an awareness of sustainability, and provide value as a producer of materials that address a variety of social issues. We also respond to stakeholders’ evolving expectations, enhancing our corporate value by contributing to sustainable society through our main business.

In order to concretely promote corporate activities based on the Fundamental Sustainability Policy, the Sustainability Committee (chaired by the President and Chief Executive Officer) has identified the following seven Sustainability priority issues in priority domains of E (Environment), S (Social), and G (Governance) and specified a series of key performance indicators (KPIs) for 2030, the target year for achieving the SDGs, and is implementing company-wide cross-sectional initiatives.

E (Environment)

Conserving the global environment

Supply of eco-friendly products

S (Social)

Creating value that meets society’s expectations

Conduct dialogue with stakeholders

Respect for human rights

Expand opportunities for utilizing human resources

G (Governance)

Enhance Group governance and risk management

In addition, ADX 2026, a three-year medium-term management plan that started in fiscal 2024, sets forth the basic policy of “Improving social value and achieving sustainable growth through the promotion of sustainability ~Earning power, sustainability, and a strong management foundation~.” We will promote sustainability as a growth strategy and aim to further enhance corporate value through the co-creation of social value and profits, and we will promote “strengthening earning power and shifting to a high-profit structure,” “reducing greenhouse gas (GHG) emissions by expanding environmentally friendly products and transforming our business structure,” and “strengthening our management base.”

#### <TCFD>

(An abbreviation for Task Force on Climate-related Financial Disclosures)

As efforts to realize a carbon-free society accelerate worldwide, our group will actively promote "Conserving the global environment" and "Supply of eco-friendly products" as stated in our Sustainability priority issues and contribute to the reduction of environmental impact throughout the supply chain. In line with the TCFD recommendations, we analyze and evaluate the impact of climate change on our business activities, formulate countermeasures based on multiple scenarios, and improve the resilience of our business. We will also communicate these efforts to our stakeholders in an easy-to-understand manner.

#### [Promotion System]

The Company set up a project team for TCFD compliance under CSR Committee (at the time. Currently the Sustainability Committee) in August 2021 to conduct scenario analysis, etc. of the impact of climate change-related risks and revenue opportunities, etc. In addition, we established the Carbon-Neutral Strategy Department in the Corporate Planning & Strategy Division on April 1, 2022, accelerating our initiatives to achieve carbon neutrality by 2050, including the reduction of GHG and environmental impact.

#### [History of Initiatives]

We announced our support for the TCFD recommendations in February 2022, and from May 2023, we disclose information for all business segments.

(<https://www.adeka.co.jp/csr/en/tcfd01.html>)

NIHON NOHYAKU CO., LTD., a consolidated subsidiary positioned at the core of the Group's life science business announced its support for the TCFD recommendations in February 2022 and discloses information on its mainstay agrochemical business in line with the TCFD framework.

([https://www.nichino.co.jp/csr/csr\\_climate.html](https://www.nichino.co.jp/csr/csr_climate.html) (in Japanese))

We recognize that the challenge for the future is to incorporate countermeasures against risks and opportunities into our business strategy and strengthen our resilience to climate change.

#### <Investment in human capital and intellectual properties>

In order for the Group to continue its sustainable growth and development, it is essential to invest in human capital and intellectual property, and we are working on the following initiatives.

#### [Invest in human capital]

The Group formulates personnel plans and human resource development plans based on the business strategies of each department when formulating its Mid-Term Management Plan and confirms the progress of the plans whenever necessary. As employees' values and work styles become more diverse, their attitudes toward careers are also diversifying, and it is necessary to consider job assignments and career development that focus more on the individuality of each individual. In October 2022, we introduced a talent management system with the aim of visualizing human resources and realizing appropriate human resource management. Combined with age-specific career training, we will focus on realizing each individual's desired career and further improving employee engagement. In May 2024, we decided to introduce two types of stock plans for employees: (1) Stock Benefit Trust (J-ESOP) and (2) Special Incentive Scheme for Employee Stock Ownership Association) with the aim of improving the motivation of Group employees.

(① <https://www.adeka.co.jp/news/pdf/240419jesop.pdf>)

(② <https://www.adeka.co.jp/news/pdf/240522esoai.pdf>)

Through these measures, we aim to improve employee motivation and create opportunities for diverse human resources to play an active role, as well as to create people who are tailored to the growth stage of each business.

For details on our efforts to improve human capital in the Medium-Term Management Plan, please refer to the "Explanatory Materials for the Medium-Term Management Plan 'ADX 2026'" on our website.

([https://www.adeka.co.jp/ir/library/pdf/240530\\_ADX2026.pdf](https://www.adeka.co.jp/ir/library/pdf/240530_ADX2026.pdf))

#### [Invest in intellectual property]

As for investment in intellectual properties, the ratio of R&D expenses to net sales for the fiscal 2023 was 4.0%. We will continue to consider technological collaboration with other companies and open innovation through cooperation between industry and academia with the aim of entering into new business fields (life science, environment, energy, and next-generation ICT) that are considered to be the growth drivers for the Group, in addition to creating new technologies and products by integrating the fundamental and specialized technologies that the Company has cultivated so far in each business field while striving to promote DX in production and R&D.

The Company will oversee the progress of the current Mid-Term Management Plan “ADX 2023” through periodic reviews, and when formulating new Mid-Term Management Plan, we will strive to disclose and provide as much information as possible on the allocation of management resources, including investment in human capital and intellectual properties.

Please refer to the "Explanatory Materials for the Medium-Term Management Plan ADX 2026" on the Company's website for the investment policy of each business, including intellectual property, to achieve the basic strategy of the Medium-Term Management Plan, which is to "strengthen earning power and shift to a high-profit structure." ([https://www.adeka.co.jp/ir/library/pdf/240530\\_ADX2026.pdf](https://www.adeka.co.jp/ir/library/pdf/240530_ADX2026.pdf))

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

The following information is based on the Corporate Governance Code revised in June 2021 and is also in line with the principles that have been applicable to companies listed on the Prime Market since April 4, 2022.

**[Principle 1.4] Policy for Cross-Shareholding and Principle for Exercise of Voting Rights in Cross-Held Shares**

**<Policy for cross-shareholding>**

The Company shall hold shares in companies that are expected to improve the Company's business performance and corporate value, and strengthen the Company's financial base through capital tie-up, business collaborations such as joint research and development of new technology, etc., strengthening business relationship or maintaining a continuous, friendly, and stable relationship with invested companies, and that may contribute to business development of the Company over the mid- to long-term.

When newly acquiring shares of a business partner of the Company, the appropriateness of holding such shares shall be determined from the perspective of whether strengthening business relationship with said business partner will contribute to the improvement of the Company's business performance and corporate value, taking into account the current and future profitability, etc. of said business partner.

Regarding shares of business partners held by the Company, the appropriateness of holding shares for all issues shall be verified every year by comprehensively considering the reasonableness of holding such shares based on stock price trends, dividends, recent major financial results, etc., the results of the verification shall be reported to the Board of Directors, and efforts shall be made to reduce cross-held shares by selling stocks for which the reasonableness of holding is no longer recognized as reasonable.

In the fiscal year under review, as a result of the sale of 9 stocks (8 of which all shares were sold) and the purchase of 1 new stock, the number of cross-shareholdings decreased by 7 stocks, or 793 million yen, compared to the end of the previous fiscal year..

**<Principle for the exercise of voting rights in cross-held shares>**

In making decisions on the exercise of voting rights on individual proposals of the invested company, for proposals deemed to possibly prejudice the relationship with the invested company as well as the invested company's corporate value seriously or deemed to possibly affect the Company's interest as a shareholder or the Company's business development over the mid- to long-term, the Company shall make decisions on approval or disapproval after carefully examining these factors. (Please refer to the CGG Exhibit 11.)

**[Principle 1.7] Framework for Appropriate Procedures for Transactions with Related Parties**

In making a transaction with related parties (officers, major shareholders, etc.), the Company shall go through examination by its legal department to ensure fairness in the contents and conditions of said transaction and the appropriateness of the procedures leading to the decisions, and transactions in which a certain level of importance is recognized shall be subject to resolution by the Board of Directors where Independent External Directors are attending. Furthermore, the Company shall have such procedures audited by the Audit and Supervisory Committee and the Internal Auditing Department in order to ensure the appropriateness of the transactions and protect the benefit of minority shareholders. (Please refer to the CGG Article 26.)

[Supplementary Principle 2.4.1] Goals and Status for Promotion of Women, Foreign Nationals, and Mid-career Hires to Middle Managerial Positions / Policies for Human Resources Development and Internal Environment Development to Ensure Diversity

The Group has identified “expand opportunities for utilizing human resources” as one of its Sustainability priority issues in its “ADEKA VISION 2030” and strives to promote sustainable growth and enhance its corporate value over the mid- to long-term by leveraging the perspectives and values of its diverse human resources. We have developed a work environment where each employee can utilize their personal qualities and demonstrate their abilities, regardless of gender, age, nationality, etc. Based on the belief that securing and strengthening the diversity of human resources will create a flexible and resilient management foundation that is resilient to changes in the environment, and will lead to the sustainable growth of the Group, we proactively employ a diverse range of people including women, foreign nationals, mid-career hires, the elderly, and people with disabilities.

Please refer to “ADEKA VISION 2030/ Mid-Term Management Plan” on our website for details.

(<https://www.adeka.co.jp/en/ir/strategy.html>)

#### <Promotion of female employees>

The Company works to expand its childcare leave system and promote work-life balance with the aim of creating an environment in which female employees can fully demonstrate their abilities and a workplace where employees can balance work and childcare. The Company is also proactively promoting initiatives for expanding its accumulated special leave system for childcare, and preparing brochures to inform employees of its systems for childcare and nursing care. By reorganizing the task teams, which was established in April 2021, into the D&I project team in June 2022 (renamed the DE&I Project Team in November 2023), implementing initiatives to foster a culture in which women can play an even more active role. Currently, the percentage of female employees in the Company’s workforce is approximately 16%, and that in managerial positions is 5.4%. Our goal is to increase the percentage of female employees in managerial positions to 10% or more by fiscal 2030. Please refer to “Next generation nurturing support / Action plan to promote women’s participation and advancement in the workplace” on our website (<https://www.adeka.co.jp/csr/ngns.html>) for details on the current status and goals regarding the women’s participation and advancement in the workplace.

#### <Promotion of foreign nationals>

The Company has hired seven foreign employees in the five years from fiscal 2019 to fiscal 2023. The Group has expanded its global operations, and the ratio of overseas sales to total sales exceeded 50% in fiscal 2020. The percentage of foreign employees in the Group is over 40%. The Group has many overseas offices, and the percentage of foreign employees at overseas offices (including subsidiaries) has exceeded 90%. Since localization is being promoted in overseas offices, many foreign executives and managers are playing an active role (as of the end of March 2024, foreign executives account for 24.2% of all executives, and foreign managers account for 84.8% of all managers in overseas offices). We will accelerate the assignment of global human resources, including foreign nationals, to the right positions throughout the Group, by promoting the introduction of the talent management system described below. Currently, one of our 11 foreign employees has been appointed to managerial position (currently on secondment). The percentage of foreign employees in the Company’s workforce is approximately 0.6%. We will continue to actively recruit foreign employees. Aiming to raise the percentage of foreign employees in managerial positions to the same level as that of foreign employees in the Company’s workforce by 2030, we will work to develop and promote foreign employees to managerial positions.

#### <Promotion of mid-career hires>

The Company believes that hiring human resources with experience in upstream and downstream industries in the value chain or those with a high level of expertise is indispensable for the promotion of new innovation or business reform and is proactively recruiting mid-career hires. Currently, mid-career hires account for 16% of our workforce, however, the percentage has increased in recent years. The Company employed 56 mid-career hires in the three years from fiscal 2021 to fiscal 2023, and the average ratio of mid-career hires over the past three years has been 30%. Currently, mid-career hires account for 11% of employees in managerial positions. Aiming to raise the percentage of mid-career hires in managerial positions to the same level as that of mid-career hires in the Company’s workforce by 2030, we will work to develop and promote mid-career hires to managerial positions.

<Policies for human resource development and internal environment development to ensure diversity>

The Company has identified “respect the human nature and personal qualities of employees” as one of our human resources principles. Based on this principle, we will recruit human resources with diverse values, careers, and backgrounds as well as implement various development measures, including career development training, so that all employees can fully demonstrate their abilities and personal qualities and play an active role globally. The Company believes that in order for diverse human resources to play an active role, we need to have a system that allows them to have a work-life balance and a flexible work style that suits each individual’s needs. The Company has adopted work styles that are not restricted by time or space, including flextime systems, discretionary labor systems for professional work and discretionary working systems for management-related work, and telework systems. The Company will further promote its current initiatives in the future to work on further system revisions, including the formal introduction of a working hour interval system to ensure appropriate intervals between each working shift that is currently being tried. In addition, we also believe that in order for individual human resources to play an active role in the organization, we need to understand the aptitude of each person and create a career development and training plan suitable for each individual. To that end, we intend to assign employees to more suitable jobs and provide them with individual training plans based on their work aptitude, wishes, and motivation, etc., and we proceed with the introduction and development of the talent management system. Furthermore, We have organized a company-wide DE&I project team and are working on various initiatives in order to develop an environment in which employees accept and respect each other’s personal qualities. Starting with the promotion of women’s careers, we will continue to promote initiatives aimed at diversity, equity and inclusion, such as conducting training to promote understanding of LGBTQ, with the aim of becoming a company where all employees can actively play their role.

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

As the Company’s retirement pension plan is a defined contribution corporate pension plan, there is no investment in the corporate pension fund and no impact on the Company’s financial position.

[Principle 3.1] Full Disclosure

(i) Company objectives (management policies, etc.), business strategies and management plan

The Group’s business mission is to grow in a sustainable way and raise its mid- to long-term corporate value, through the provision of material products and solutions using advanced technologies, thereby contributing to the creation of prosperous lives and sustainable society. In order to realize our business mission, we have established the following two policies as “ADEKA Group Management Policies.” (CGG Article 2)

- “To be a company that is progressive and dynamic with a keen attitude towards the new changing tide”
- “Creating a better future for the people of the world”

The Group’s management policies and Mid-Term Management Plan are disclosed on our website.

Management policies: <https://www.adeka.co.jp/en/company/philosophy.html>

Mid-Term Management Plan: <https://www.adeka.co.jp/en/ir/strategy.html>

(ii) Basic views and policies on corporate governance (entire CGG)

Please refer to “1. Basic Views” of this report.

(iii) Policies and procedures in determining the remuneration of the senior management and Directors (CGG Exhibit 4)

The Company’s officers’ remuneration shall consist of officers’ remuneration as compensation for the performance of their duties, bonuses linked to the business performance of the Company and individual officers during the relevant fiscal year, and stock-based compensation as an incentive for the improvement of mid- to long-term business performance and stock price. As for the remuneration of Directors, consultation shall be made with the Nomination and Remuneration Committee, and decisions are made by the resolution of the Board of Directors, taking into consideration opinions and advice of the Nomination and Remuneration Committee.

For specific details, please refer to “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in [Director Remuneration] below.

(iv) Policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for Directors (CGG Exhibit 3)

The Company discloses its policies and procedures for the appointment/dismissal of senior management and the nomination of candidates for Directors in the CGG. In order to enhance transparency and fairness in the appointment/dismissal and nomination, consultation shall be made with the Nomination and Remuneration Committee regarding the executive personnel proposal based on the criteria set forth in said policies and decisions are made by the resolution of the Board of Directors, taking into consideration opinions and advice of the Nomination and Remuneration Committee.

(v) Explanation with respect to the individual nomination of candidates for Directors and dismissals of Directors

When nominating candidates for Directors and dismissing Directors, the Company shall disclose the reasons for each nomination and dismissal in the reference documents of the notice of the General Meeting of Shareholders, in order to enhance the provision of information to shareholders, in light of the fact that these are matters to be resolved at the General Meeting of Shareholders under the Companies Act.

[Supplementary Principle 4.1.1] Authorities of the Board of Directors, and the Scope of the Delegation of Authorities to Managements from the Board of Directors

<Authorities of the Board of Directors>

The Company defines important management matters that should be resolved by the Board of Directors in the “Board of Directors Regulations,” details of which are provided for in the “Detailed Regulations for Matters to be Resolved by the Board of Directors.”

<Delegation of authorities from the Board of Directors to Managements or other business executors>

With respect to business execution other than matters to be resolved by the Board of Directors mentioned above, that is, business execution delegated from the Board of Directors to managements or other business executors, important matters are deliberated on and determined by the Management Committee in accordance with the Management Committee Regulations, and other matters are approved by the authorized person (Representative Director & President, Operating Officer in charge, or General Manager of the relevant department) in accordance with the Decision Regulations before being implemented. (Please refer to the CGG Exhibit 1.)

[Supplementary Principle 4.1.3] Establishment and Implementation of a Succession Plan for CEO and Other Top Executives, and Development of Candidates for Successors

The Nomination and Remuneration Committee formulates a succession plan to appoint the most suitable person as Representative Director who can strive to promote sustainable growth of the entire Group and enhance its corporate value over the mid- to long-term, in response to the business environment and management issues surrounding the Group. The succession plan is reported to the Board of Directors. As for the succession plan, the Nomination and Remuneration Committee shall be proactively involved in and appropriately supervise throughout the whole process under the plan, and the President and Representative Director shall be determined by a resolution of the Board of Directors based on the results of the evaluation by the Nomination and Remuneration Committee.. In this way, transparency and objectivity are ensured in executive appointments to nominate successors to top management.

[Principle 4.9] Criteria for Determining Independence of Independent External Directors

The Company nominates those who satisfy the externality requirements stipulated in the Companies Act as candidates for External Directors. Of candidates for External Directors, the Company nominates as candidates for Independent External Directors those who are not likely to have a conflict of interest with general shareholders in light of personal relationship and capital relationship with, and existence and scale of business relationship with the Company, in addition to independence standard set by Tokyo Stock Exchange, Inc., and those who meet each of the requirements of the “Criteria for Determining Independence of External Directors,” criteria established independently by the Company. (Please refer to the CGG Exhibit 2.)

[Supplementary Principle 4.10.1] Involvement and Advice from the Independent External Directors regarding Nomination, Remuneration, and Other Matters

The Company established the Nomination and Remuneration Committee in November 2020 for the purpose of strengthening fairness, transparency, and objectivity of the procedures for nominating candidates for Directors and determining their remuneration, etc., thereby further enhancing its governance.

Please refer to [Voluntary Establishment of Committee(s)] in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” described below for more information on the authorities and roles of the Nomination and Remuneration Committee (Article 6 of the Nomination and Remuneration Committee Regulations), composition, and our views on the independence of the Nomination and Remuneration Committee (Article 2 of the Nomination and Remuneration Committee Regulations).

[Supplementary Principle 4.11.1] View on the Appropriate Balance between Knowledge, Experience, and Abilities of the Board of Directors as a Whole and on Diversity and Appropriate Board Size / Policies and Procedures for Nominating Directors

The Company believes that ensuring the appropriateness of scale of the Board of Directors and its diversity is essential for improving the effectiveness of the Board of Directors and has defined its view on diversity and scale of the Board of Directors (Article 6) and “Criteria for nomination of candidates for Directors and appointment of Operating Officers” (Exhibit 3) in the CGG.

With the diversification of the Group’s business and the acceleration of its business expansion overseas, incorporating diverse values into our business operations is consistent with our mission and policy. Therefore, the Company strives to ensure diversity of members of the Board of Directors from a fair and broad perspective when nominating candidates for Directors. As for the scale of the Board of Directors, the number of Directors shall be eighteen or less as stipulated in the Articles of Incorporation (of which the number of Directors who are Audit and Supervisory Committee Members shall be five or less) and shall be limited to the necessary minimum number in order for the Board of Directors to make decisions in a flexible and speedy manner.

In addition, the Company has identified skill items such as knowledge, experience, and abilities required for Directors in light of the Company’s management policy and strategies (mid-and-long term visions, Mid-Term Management Plan). A skills matrix of Directors listing the balance of skills of each Director has been determined by the resolution of the Board of Directors after deliberation of the Nomination and Remuneration Committee and disclosed on the Company’s website (<https://www.adeka.co.jp/en/company/profile.html>). A list of skill items is also presented in Exhibit 3 in the CGG.

The skills matrix will be utilized to confirm the balance of skills of candidates when nominating candidates for the next Director. It will also be disclosed in the notice of the General Meeting of Shareholders to provide information to shareholders.

[Supplementary Principle 4.11.2] Status of Concurrent Positions of Directors

The status of concurrent positions of Directors of the Company is disclosed in “Officers” in the Business Report as well as in the proposal for election of Directors in the reference documents of the notice of the General Meeting of Shareholders.

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

The Company shall carry out an analysis and evaluation of the effectiveness of the Board of Directors at the end of each fiscal year for the purpose of enhancing the effectiveness of the Board of Directors and improving the Company’s corporate value. (CGG Article 17)

In fiscal 2023, we evaluated the effectiveness of the Board of Directors through the following process.

[Evaluation Process] 1) Collect questionnaire responses from all Directors

2) Report the analysis results of the questionnaire to the Board of Directors

3) Exchange Opinions at a meeting attended only by External Directors

[Questionnaire Items] 1) Roles and functions of the Board of Directors

2) Scale and composition of the Board of Directors

3) Management of the Board of Directors

4) Cooperation with audit bodies

5) Relationship with External Directors

6) Relationship with shareholders and investors



## 7) Improvement status from the previous fiscal year

To ensure transparency and objectivity, the Company uses a third-party organization within the following scope.

### [Scope of Use of the Third-Party Organizations]

- 1) Consider the questionnaire contents
- 2) Distribute and collect the questionnaires and tabulate and analyze the results
- 3) Report the analysis results of the questionnaires to Board of Directors, etc.

### [Outline of Evaluation Results and Challenges]

As a result of the above evaluation, the Company confirmed that the Board of Directors engages in open-minded discussions, against the backdrop of a well-balanced composition, the election of External Directors with high levels of expertise, smooth communication between Directors, and proceedings that encourage contribution to the discussions. The Company thus deemed that the results indicate an appropriate level of effectiveness of the Board of Directors. In the evaluation of the effectiveness of the Board of Directors in the previous fiscal year, we recognized issues such as "a slightly large number of directors" and "a somewhat large number of items to be reported," but as a countermeasure in the current fiscal year, we narrowed down the number of directors (16 → 10) and reviewed the agenda items of the Board of Directors, and as a result, We have been able to obtain very positive evaluations such as "The Board of Directors is now able to devote more time to discussions from a medium- to long-term perspective." and "It became easier for directors to express their opinions, and discussions in the Board of Directors became more active." On the other hand, along with these changes, there were comments such as "It is desirable to enhance reporting on the progress and results of matters reported to the Board of Directors regarding decisions on business execution" and "Information on on-site activities has decreased slightly," and we recognized that "enhancement of post-mortem reports" and "expansion of opportunities to learn and feel the workplace" are issues to further improve the effectiveness of the Board of Directors in the future..

### [Addressing the Challenges]

With regard to the enhancement of post-mortem reports, we will make timely reports in accordance with the rules of the Board of Directors and the detailed regulations on matters to be discussed by the Board of Directors, and we will strive to enhance the post-mortem reports.

In addition, in order to expand opportunities to learn about and feel the workplace, we are considering enhancing opportunities for outside directors to visit sites and engage in dialogue with management and employees by inspecting the sites of each division and exchanging opinions with management and employees on product market conditions, the business environment, the competitive situation, and other matters.

### [Supplementary Principle 4.14.2] Training Policy for Directors

The Company provides officers with training before and after they take office. Thereafter, we offer periodic training to update their knowledge and skills so that they can deal with the revision of laws, and trends of new practices and risk problems. Furthermore, the Company provides External Directors with orientation on the Company's business lineup, finances, and organization, etc. before they take office so that they can fully perform their functions. Thereafter, the Company provides them with training and information, etc. as appropriate upon request of External Directors. (Please refer to the CGG Exhibit 5.)

### [Principle 5.1] Policy for Dialogues with Shareholders

The Company develops a system for and works on promoting dialogues with shareholders as follows. (Please refer to the CGG Exhibit 9.)

- (1) Constructive dialogues with shareholders by Representative Directors and executives

- (2) Designating the Legal Affairs & Publicity Department as a responsible department in charge of SR and IR, and designating the officer in charge of the Legal Affairs & Publicity Department as a Supervisory Manager thereof
- (3) Building an IR cooperation structure with the Corporate Planning & Strategy Division, Finance & Accounting Department, and other departments
- (4) Carrying out a substantial shareholders survey to identify shareholders/investors with whom the Company should have constructive communication
- (5) Expanding opportunities to have dialogues with shareholders, including individual interviews, small meetings, IR results briefing, and General Meetings of Shareholders and shareholders meetings held thereafter
- (6) Providing feedback to management on opinions and concerns of shareholders identified through dialogues with them
- (7) Strictly managing insider information and thoroughly complying with the fair disclosure principle

[Status of Dialogue with Shareholders]

(1) Results of dialogue

Dialogue with shareholders, investors, etc. conducted during fiscal 2023 is as follows.

<IR>

- Financial results briefing: 4 (half year)
- Business-specific briefings: 1 (Life Science)
- Exhibited at IR Fair: 3 (Nikkei IR Fair, Nomura Asset Management Fair, and “Individual Investor Appreciation Day “Spring IR Festival 2024”)
- Individual IR interviews: 175 (including 5 IR interviews with the President and CEO and other directors)

<SR>

- Engagements with major institutional investors: 12 (handled by the director in charge of the Legal Affairs and Public Relations Department)

(2) Key responders to shareholder dialogue

We place emphasis on constructive dialogue with shareholders and strive to have dialogue with shareholders through various opportunities, management by the representative director and the executive officers in charge of finance and accounting.

As an internal organizational structure to promote constructive dialogue with shareholders, the Legal Affairs and Public Relations Department has been designated as the department responsible for SR (shareholder relations) and IR (investor relations), and the director in charge of the Legal Affairs and Public Relations Department has been designated as the person responsible for these functions.

(3) Outline of Shareholders Who Have Conducted Dialogue

Domestic institutional investors were passive, actively managed investors, and foreign institutional investors were primarily value stock managers. We held dialogues with analysts, fund managers, ESG promoters, responsible investment promoters, and stewardship promoters. In fiscal 2023, we increased the number of dialogues and worked to improve the quality of dialogues by including external directors in attendance.

(4) Main topics of dialogue and shareholder concerns

The main topics of the dialogue were as follows.

Environment: Carbon neutrality, GHG reduction, palm oil, TNFD

Society : DE&I, Human Resource Strategy, Talent Management, Employee Engagement, Human Rights

Governance: Effectiveness of the Board of Directors, Nomination and Remuneration System, Succession Planning, the Composition, Diversity and Independence of the Board of Directors, Term of Office of External Directors, Director Skills Matrix, Listed Subsidiary

Business Portfolio: Life Sciences and Food Products

Financial Strategy: Capital Efficiency, Cash Allocation, Liquidity, Cross-shareholdings

Integrated Report: Materiality, Purpose, and Structure of the Integrated Report

Dialogue: Enhancement of opportunities for dialogue with external directors, voices of external directors, timing of dialogue

(5) Examples of dialogues in which shareholders have become particularly aware and in which shareholders' understanding has been gained through explanations by top management and others

In particular, we have received suggestions from shareholders on the following points and reaffirmed what we should do in the future.

- Correlation and consistency between medium- to long-term targets and various ESG initiatives
- Importance of quantitation and planning (roadmap) in sustainability disclosure
- Human resource strategies to increase corporate value over the medium to long term
- Relationship between the external directors' tenure and their independence, and our approach to skills of external directors (emphasis on corporate management experience, etc.)
- Diversity of the Board of Directors (necessity of female directors and the number)
- Improving the fairness and transparency of the nomination and remuneration decision process and successor planning
- Officer remuneration design (ratio of performance-linked remuneration, positioning of non-financial information)
- Importance of management with an awareness of capital efficiency
- Creation of integrated reports that are easy to read and convey

On the other hand, we conveyed the followings and gained understanding.

- Impact of industrial complexes and raw material suppliers (upstream industries) on GHG emission reductions
- Status of initiatives for responsible palm oil procurement
- Human resource strategy (talent management, employee engagement, etc.)
- Status of Initiatives to Address Human Rights (Human Rights Due Diligence, Grievance Mechanism)
- Progress of governance reform (improvement of the operation of the Board of Directors, succession planning, transparency and fairness of the process of nominating and determining remuneration of officers, positioning of non-financial information in executive remuneration, etc.)
- Approach to Capital Efficiency (Background of Disclosed ROIC Figures by Business, Future Initiatives, etc.)
- Approach to business portfolio (progress of synergies in the life sciences business, etc.)

(6) Implementation status of feedback to top management and the Board of Directors from the opinions and concerns of shareholders identified in the dialogue

The results of the dialogue are reported to the board of directors, and also shared and discussed with the External Directors and related departments.

(7) Matters incorporated based on dialogue and subsequent feedback

Based on dialogue with shareholders, the Company has reviewed the composition, size, functions, and roles of the Board of Directors. In addition, in the new Medium-Term Management Plan disclosed on April 1 this year, we have newly disclosed ROIC targets as financial indicators. We are also working to further enhance the content of the Integrated Report, such as clarifying strategies for ESG initiatives, raising awareness of the roadmap, and expanding the voices of external directors with reference to dialogue with shareholders. In addition, the results of the dialogue are shared with the meetings and projects in charge of each ESG field, and are used as useful reference information for deepening our efforts in the future.

[Measures to realize management that is conscious of capital costs and stock prices]

In order to realize management that is conscious of the cost of capital and stock price, we believe that it is necessary to make investments and review our business portfolio to achieve sustainable growth, while fully aware of the cost of capital and capital profitability. In addition to improving profitability, the Company will

continue to strive to reduce assets and improve capital efficiency. In the medium-term management plan "ADX 2026" disclosed on April 1 this year, the basic strategy is to "strengthen earning power and shift to a high-profit structure." We will promote initiatives to improve capital efficiency by analyzing and evaluating capital profitability based on ROIC by business, verifying the effects of capital investment, strengthening asset management related to business activities, and reviewing cross-shareholdings. In addition, we will seek to raise corporate awareness through TV commercials, briefings for individual investors, official websites, etc., and promote initiatives such as continuing to hold business-specific briefings for institutional investors and strengthening disclosure of ESG-related information, etc., thereby gaining the understanding of shareholders regarding the Group's business strategies.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,180,000	11.83
Custody Bank of Japan, Ltd. (Trust account)	9,183,500	8.92
Asahi Mutual Life Insurance Company	4,053,600	3.94
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	3,770,000	3.66
ADEKA Business Partners Shareholdings Association	3,156,500	3.06
National Mutual Insurance Federation of Agricultural Cooperatives	2,334,600	2.27
The Norinchukin Bank	2,244,000	2.18
Zeon Corporation	2,188,500	2.12
THE BANK OF NEW YORK MELLON 140042	2,153,042	2.09
Showa Kosan Co., Ltd.	1,870,440	1.82

Controlling Shareholder (except for Parent Company)	—
Parent Company	No

Supplementary Explanation
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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (Prime Market)
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

Significance of owing a listed subsidiary based on the views and policy of the Group management, and measures to ensure the effectiveness of governance system of the listed subsidiary

<Views and policy of the Group management>

In order to realize the ADEKA Group's management policy based on "making social contributions through our main lines of business," and "co-existence and co-prosperity with the civil society," the Group is conducting Group-wide management under ADEKA VISION 2030 "An Innovative Company Contributing to a Sustainable future and Affluent Lifestyles."

In our new Mid-Term Management Plan "ADX 2026," which is positioned as the Second stage toward the realization of ADEKA VISION 2030, we have set "the strengthening of our management foundation" as one of our basic strategies. In order to strengthen the management foundation of the ADEKA Group, we will further strengthen group governance and group risk management, and aim to become a resilient company by building a sound financial base..

Furthermore, the Group has identified seven Sustainability priority issues, including supply of eco-friendly products, conserving the global environment, and creating value that meets society's expectations, aiming to contribute to the enrichment of people's lifestyles around the world.

The Group's basic management policy is to share its management policy and visions throughout the Group, and enhance the Group's overall strength and, ultimately, the corporate value of the entire Group through cooperation and collaboration among the Group companies so as to realize the common mission of "contributing to a sustainable future and affluent lifestyles."

To this end, we are striving to strengthen the Group's management foundation by developing a group risk management system that includes the supply chain, in addition to by fostering common values for the ADEKA Group and strengthening Group governance and group compliance.

<Significance of owning a listed subsidiary NIHON NOHYAKU CO., LTD.>

In "ADX 2026", the ADEKA Group aims to further enhance corporate value through the co-creation of social value and profits, with the basic policy of "Improving social value and achieving sustainable growth through the promotion of sustainability ~Earning power, sustainability, and a strong management foundation~."

To this end, it is necessary to promote sustainability, develop new businesses that lead to the resolution of social issues, and strengthen earning power..

As one of our measures to strengthen collaboration and demonstrate our overall strength in the life science business, we entered into a capital and business alliance agreement with NIHON NOHYAKU CO., LTD. and made it a consolidated subsidiary in September 2018, with the aim of adding the agrichemical business to our portfolio and accelerating the expansion of our life science business. By combining and integrating technologies of both companies, we hope to contribute to solving various social issues related to global food problems, health, and food safety and security.

As NIHON NOHYAKU CO., LTD. was established in 1928 by spinning off the agrichemical division of the Company, the company has an extremely high affinity with the Company's business and organizational culture, and various technological exchanges have been conducted between research departments of the two companies. In order to pursue synergies between organic synthesis technologies of the Company and formulation technologies of NIHON NOHYAKU CO., LTD., we are promoting the exchange of human resources, complementing each other in the R&D fields, and facilitating mutual use of production technologies and bases of both companies, thereby working to expand the Group's life science business.

In order to maximize synergies with NIHON NOHYAKU CO., LTD., it is necessary for the company to flexibly raise funds from the capital market while maintaining its managerial independence. The Company also believes that maintaining the company as a listed subsidiary will contribute to maintaining and increasing the motivation of the company's employees as well as recruiting excellent human resources. Based on this belief, the basic policy of the capital and business alliance agreement with the company is to respect the independence of the company's management.

<Measures to ensure the effectiveness of governance system of the listed subsidiary NIHON NOHYAKU CO., LTD.>

NIHON NOHYAKU CO., LTD. is listed on the Tokyo Stock Exchange. Pursuant to the basic policy of the capital and business alliance agreement with the company, the Company shall respect the independence of the company's management and will not engage in any conduct that may damage the benefit of minority shareholders of the company or violate the principle of equality of shareholders in transactions, etc. with the company. In addition, as a parent company, the Company exchanges information and holds debriefing on corporate governance and compliance systems and the status of their activities with the company as needed and provides advice and guidance on compliance and the establishment of internal control systems, etc. as necessary.

NIHON NOHYAKU CO., LTD. has increased the transparency of its Board of Directors' decision-making by raising the ratio of independent external directors to the Board of Directors from 1/3 (5/15) to half (6/12) by the resolution at the General Meeting of Shareholders held in June 2023 and by establishing a governance committee, thereby working to strengthen its oversight of conflicts of interest. From the perspective of ensuring the independence of management of NIHON NOHYAKU CO., LTD., the Company is not directly involved in its management decision-making and business judgment. However, the Company shall require NIHON NOHYAKU CO., LTD. to report in advance only on important matters (for example, matters that may have a material impact on the consolidated financial statements and the Company's timely disclosure) in order to ensure governance as a parent company.

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

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Appointment of External Director	Appointed
Number of External Directors	5
Number of Independent Directors	5

#### External Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shigeru Endo	Other											
Makoto Horiguchi	From another company											
Naoya Takahashi	From another company											
Akio Okuyama	CPA											
Ikuko Hirasawa	Lawyer											

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the 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 and supervisory committee 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 external directors/audit and supervisory committee 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

External Directors' Relationship with the Company (2) Updated

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shigeru Endo		○	-	Shigeru Endo spent many years as an active diplomat and has abundant international experience. He has had no direct experience of involvement in company management in the past except through his role as External Director of the Company, but the Company judges that his broad knowledge and insights into international affairs and his international sense, enable him to offer advice on the general management of the Company, and has therefore elected him as External Director. In addition, there is no evidence that he has served as an executive of the Company's subsidiaries, major clients or suppliers, or major shareholders, and he is considered to be highly independent. The Company has therefore designated him as Independent Director.
Makoto Horiguchi		○	-	Makoto Horiguchi currently supervises the Sales Division of Iwatani Corporation as Member of the Board, Vice President of Iwatani Corporation, and has been involved in the management of its overseas operating companies. He possesses abundant experience in management and corporate governance, broad insights, global knowledge and excellent personality. The Company believes that he will offer appropriate supervision and advice on the general management of the Company and has therefore elected him as External Director. In addition, there is no evidence that he has served as an executive of the Company's subsidiaries, major clients or suppliers, or major shareholders, and he is considered to be highly independent. The Company has therefore designated him as Independent Director.
Naoya Takahashi		○		He has been involved in corporate management as a top manager in the Hitachi Group for many years, and as the person responsible for overseeing the company's information infrastructure, information systems business, and research and development, he has a wealth of experience, broad insight, global knowledge, and personality in corporate management and the use of digital technologies (IT and DX). He is appointed as an outside director with the expectation that he will contribute to the enhancement of corporate value by ensuring and improving the transparency and soundness of the Company's management and strengthening the supervisory function by providing appropriate supervision and advice on the overall management of the Company. In addition, there is no evidence that he has served as an executive of the Company's subsidiaries, major clients or suppliers, or major shareholders, and he is considered to be highly independent. The Company has therefore designated him as Independent Director.



Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Akio Okuyama	○	○	-	The Company believes that Akio Okuyama will provide audit and advice based on his high level of expertise and abundant practical experience in accounting and finance as a certified public accountant and has therefore elected him as External Director. In addition, there is no evidence that he has served as an executive of the Company's subsidiaries, major clients or suppliers, or major shareholders, and he is considered to be highly independent. The Company has therefore designated him as Independent Director.
Ikuko Hirasawa	○	○		Although Ikuko Hirasawa has not been involved in corporate management in any way other than becoming an External Director, she has been well versed in labor and legal affairs and all other corporate legal affairs over many years as a lawyer. She has abundant experience and expertise in supervising legal affairs and corporate management. She has also held important positions in the Headquarters for the Promotion of Gender Equality in the organizations in which she is engaged and has advanced knowledge and expertise in human resource development and diversity and inclusiveness. In addition, there is no evidence that she has served as an executive of the Company's subsidiaries, major clients or suppliers, or major shareholders, and she is considered to be highly independent. The Company has therefore designated her as Independent Director.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Internal Director

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

Appointed

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

To assist the duties of the Audit and Supervisory Committee, the Audit and Supervisory Committee Staff Secretariat is established within the Internal Auditing Department, and several concurrently serving staff members are appointed as assistant employees. Assistant employees who have received instructions necessary for audit operations from the Audit and Supervisory Committee shall follow such instructions and shall not receive instructions or orders from Directors, etc. regarding matters covered by the instructions from the Audit and Supervisory Committee.

Internal transfer, personnel evaluation, reward and punishment and so on of assistant employees shall be subject to prior consent of the Audit and Supervisory Committee.

#### Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee cooperates closely with the Accounting Auditors and the Internal Auditing Department to improve each one's supervisory function.  
Internal audit reports by the Internal Auditing Department, which is the Company's internal audit department, are also made to the Audit and Supervisory Committee by the dual reporting line.  
The Audit and Supervisory Committee receives explanation regarding audit quality control system from the Accounting Auditors in writing, etc. and verifies its appropriateness.

#### [Voluntary Establishment of Committee(s)]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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#### Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Internal Directors	1	1
External Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	External Director	External Director

#### Supplementary Explanation Updated

The Company established the Nomination and Remuneration Committee in November 2020.

##### 1. Purpose of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established to enhance the fairness, transparency, and objectivity of procedures relating to nomination of candidates for Directors and determination of remuneration and further improve corporate governance.

##### 2. Roles of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee deliberates the following matters and advises the Board of Directors upon consultation by the Board of Directors:

- (1) Basic policy relating to the composition of the Board of Directors
- (2) Planning of successors to CEO, etc.
- (3) Criteria relating to the nomination of candidates for Directors and appointment of Operating Officers, etc.
- (4) Criteria for determining the independence of external officers
- (5) Policy for determining the amount of remuneration of Directors and Operating Officers, and criteria for remuneration based on the said policy
- (6) Other important matters relating to the nomination and remuneration of officers

##### 3. Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of at least three members, the majority of whom are Independent External Directors in principle. The chairperson is selected by the mutual election of the members. The Nomination and Remuneration Committee currently consists of two Independent External directors and one Internal director. An Independent External director serves as Chairperson of the Nomination and Remuneration Committee, which enhance the fairness, transparency, objectivity, and independence of the Board of Directors' functions related to nomination and remuneration of director candidates.

4. Holding situation of the meeting

In fiscal 2023, the Nominating and Compensation Committee met three times to discuss proposals for nominating candidates for directors and individual directors' remuneration, to formulate and manage plans for successors for the president and CEO, and to select the chairperson of the Nomination and Compensation Committee (to change the chairperson from an External Director to another External Director).

**[Independent Directors]**

Number of Independent Directors	5
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Matters relating to Independent Directors

The Company designates all External Directors who qualify as Independent Directors as Independent Directors.

**[Incentives]**

Incentive Policies for Directors	Other
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Supplementary Explanation

We abolished the retirement benefit system for Directors and Corporate Auditors and reviewed the officers' remuneration system in June 2008. We also introduced a stock-based rewards plan under which compensation is paid in the form of restricted stock in June 2017. Furthermore, at the 159th Annual General Meeting of Shareholders in June 2021, we revised the officers' remuneration on the occasion of the transition to a company with an audit and supervisory committee. We will continue with revisions to further improve incentives.

The officers' remuneration consists of officers' remuneration as compensation for the performance of their duties, bonuses linked to the business performance of the Company and individual officers during the relevant fiscal year, and stock-based rewards granted in the form of restricted stock as incentives for improving mid- to long-term performance and stock price. (Bonus and stock-based rewards are not provided to Directors and External Directors who are Audit and Supervisory Committee Members.)

Furthermore, as incentives for improving mid- to long-term performance and stock price, we set criteria for the number of shares held according to the job rank for Executive Directors and Operating Officers (shareholding criteria), and they are expected to acquire at least the standard number of shareholding by contributing a part of remuneration to the officers' shareholding association or purchasing shares in the market and also make efforts to continue holding the shares during their term of office.

Recipients of Stock Options	
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Supplementary Explanation

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**[Director Remuneration]** Updated

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation

Remuneration of Directors

In business reports and annual securities reports, we disclose the total amount of remuneration, etc., as well as the number of recipients, for each officer category.

(Notice of the Ordinary General Meeting of Shareholders

<https://www.adeka.co.jp/en/ir/library/results/index6.html>)

(Annual securities reports

<https://www.adeka.co.jp/ir/libraty/results/index3.html> (in Japanese))

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods Updated

The officers' remuneration consists of officers' remuneration as compensation for the performance of their duties, bonuses linked to the business performance of the Company and individual officers during the relevant fiscal year, and stock-based rewards granted as incentives for improving mid- to long-term performance and stock price.

1. Basic policy

The amount of the remuneration of Directors (excluding the Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter) shall be such that it will fully work as motivation for appropriate and sound performance so that they can make a transparent, fair, prompt and brave decision which will result in raising corporate value and therefore common interest of shareholders. Specifically, the remuneration of Directors consists of basic compensation as a fixed consideration, bonus as a performance-linked compensation, and stock-based rewards. External Directors in charge of supervisory function shall be paid only basic compensation in view of their duties.

2. Policy for determining the amount of individual basic compensation (money compensation)

Basic compensation for Directors shall be monthly fixed compensation as determined in accordance with the position and number of years in office.

3. Policy for determining performance-linked compensation and the contents and amount/number of non-monetary compensation

Performance-linked remuneration shall be paid as a bonus at a certain time each year, the amount of which shall be determined by comprehensively taking into account the evaluation of financial performance each fiscal year, the performance of each fiscal year against the sustainability indicators (sales of environmentally friendly products, GHG emissions) stipulated in the Medium-Term Management Plan and in consideration of other circumstances. Non-monetary compensation shall be restricted stock compensation in order to make our compensation system work as a mid- to long-term incentive to realize the increase of the Company's corporate value and therefor sustainable increase of shareholder value. The amount/number of restricted stock compensation shall be determined in accordance with the position of each Director and shall be paid by resolution of the Board of Directors held within one month from the date of starting job execution by the Director. The transfer restriction period shall be no less than three years from the payment due date, and the transfer restriction shall be lifted provided that the Director is continuously in office during the period in principle.

4. Policy for determining the proportion of monetary compensation, performance-linked compensation and non-monetary compensation among Directors' total compensation

As for the proportion of Executive Directors' compensation by type, the higher the position of the Director is, the larger the weight of bonus as performance-linked compensation shall be.  
The approximate proportion of compensation by type is as follows (in case the performance indicators are achieved 100%).

Position: Representative Director & Chairman, Representative Director & President  
Basic compensation 51%, performance-linked compensation 19%, non-monetary compensation 30%

Position: Director & Senior Managing Executive Officer  
Basic compensation 54%, performance-linked compensation 18%, non-monetary compensation 28%

Position: Director & Managing Executive Officer  
Basic compensation 56%, performance-linked compensation 15%, non-monetary compensation 29%

Position: Director & Executive Officer  
Basic compensation 56%, performance-linked compensation 13%, non-monetary compensation 31%  
(Note: Performance-linked compensation is a bonus, and non-monetary compensation is restricted stock compensation.)

#### 5. Policy for determining the contents and amount of compensation by individual

Among Directors' compensation by individual, as for basic compensation, the Representative Director & President shall be delegated by the Board of Directors to develop the specific contents of each Directors' basic compensation based on the remuneration criteria determined in accordance with the position and number of years in office within the scope of the maximum limit resolved by the 159th Annual General Meeting of Shareholders. And the Representative Director & President shall consult such compensation proposal with the Nomination and Remuneration Committee, and determine the amount of each Director's compensation, taking into consideration opinions and advice of the Nomination and Remuneration Committee therefor.

Among Directors' compensation by individual, as for bonus, the Representative Director & President shall be delegated by the Board of Directors to develop the specific contents of each Directors' basic compensation by comprehensively taking into account the evaluation of financial performance each fiscal year, the performance of each fiscal year against the sustainability indicators (sales of environmentally friendly products, GHG emissions) stipulated in the Medium-Term Management Plan and in consideration of other circumstances within the scope of the maximum limit resolved by the 159th Annual General Meeting of Shareholders. And the amount of each Director's bonus based on such proposal shall be determined by the resolution of the Board of Directors after consultation with the Nomination and Remuneration Committee, taking into consideration opinions and advice of the Nomination and Remuneration Committee therefor.

Among Directors' compensation by individual, as for stock-based rewards, the Representative Director & President shall develop the stock-based rewards proposal based on the Stock-based Rewards Regulations determined by the Board of Directors within the scope of the maximum limit resolved by the 159th Annual General Meeting of Shareholders. And the number of shares allocated to each Director based on such proposal shall be determined by the resolution of the Board of Directors after consultation with the Nomination and Remuneration Committee.

#### 6. Persons entrusted with the determination of individual remuneration, etc., and the reasons therefor

As described in Section 5 above, the Company has delegated the determination of individual remuneration, etc., to President and CEO Hidetaka Shirozume. The reason for delegating decisions to him is that he oversees all operations as President and CEO, and that there are clear remuneration standards and other criteria that have been deliberated and approved by the Nomination and Remuneration Committee as a prerequisite for delegating the determination of individual remuneration, etc. The Company formulates remuneration proposals based on remuneration standards and other factors within the limits resolved at the General Meeting of Shareholders and determines them in consultation with the Nomination and Remuneration Committee and based on the opinions and advice of the Nomination and Remuneration Committee. Therefore, the authority delegated to President and CEO Hidetaka Shirozume has been exercised appropriately.

### [Supporting System for External Directors]

1. We provide External Directors with orientation on the Company's business lineup, finances, and organization, etc. before they take office. Afterward, we provide them with training, visits to our facilities, and information as necessary upon request.
2. Before convening a Board of Directors' meeting, we distribute meeting materials to External Directors. If External Directors request additional materials or information, the Secretariat to Board of Directors (Secretarial Department) serves as a liaison and coordinator between related departments.
3. We explain our operations and management situation to External Directors when they attend the Board of Directors' meetings and other meetings or as necessary. We also arrange consultation and liaison between External Directors and Representative Directors as necessary to report the company's management.
4. The Company and External Directors have entered into a limited liabilities contract.
5. To assist duties of the Audit and Supervisory Committee, we have established the Audit and Supervisory Committee Staff Secretariat within the Internal Auditing Department, where several staff members serve concurrently.

#### [Retired Presidents/CEOs Holding Advisory Positions (Executive Advisor, Advisor, etc.)]

Information on retired presidents/CEOs holding advisory positions (Executive Advisor, Advisor, etc.)

Name	Job Title/ Position	Responsibilities	Employment Terms (Full/part time, with/without compensation, etc.)	Date When Former Role as President/ CEO Ended	Term
Masahiro Iwashita	Executive Advisor	External activities of industrial organizations, etc. Advice upon requests of the current management	Part time without compensation	June 27, 2006	Renewed every year
Akio Kohri	Executive Advisor	External activities of industrial organizations, etc. Advice upon requests of the current management	Full time with compensation	June 29, 2020	Renewed every year

Number of Retired Presidents/CEOs Holding  
Advisory Positions (Executive Advisor, Advisor,  
etc.)

2

Others

Executive Advisor, who has served as the Representative Director & President, etc. at the Company, participates in external activities at organizations important for the Group, leveraging their experience and insight gained during their involvement in the Company's management over the years.  
Executive Advisor also gives advice concerning important management matters upon requests of the Representative Directors. Executive Advisor is not involved in the decision-making of the Company's management.

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

1. Situation of the supervisory function and operational execution function  
The Company makes decisions upon flexible and thorough consideration along with deliberation at the monthly Board of Directors' meetings, extraordinary Board of Directors' meetings held as necessary, and Management Committee meetings held several times a month. The Company has 10 Directors, 7 of which are Directors who are not currently serving as Audit and Supervisory Committee Members including three External Directors, and three Directors concurrently serve as Audit and Supervisory Committee Members including two External Directors. The term of office of Directors who do not concurrently serve as Audit and

Supervisory Committee Members is one year, and the term of office of Directors who concurrently serve as Audit and Supervisory Committee Members is two years.

We have also introduced the Operating Officers System to clarify responsibilities and authorities for business execution, accelerate decision-making, and run operations efficiently. In June 2023, from the perspective of strengthening corporate governance, we introduced a delegated-type executive officer system aiming to further separate management supervisory functions and business execution functions.

Moreover, we have established various committees, including the Internal Control Promotion Committee, Compliance Promotion Committee, Risk Management Committee, and Trade Control Committee, and deliberate specific matters necessary for the execution of operations to achieve rational deliberation and managerial judgments and mutually check for compliance, etc.

## 2. Situation of the audit function

### (1) Audit by Audit and Supervisory Committee

Among the three Directors who concurrently serve as the Audit and Supervisory Committee Members, two are External Directors, and one is Internal Director. The Audit and Supervisory Committee Members supervise the execution of duties by the Directors through means such as attending the Board of Directors and investigating business and financial conditions, based on the auditing policy and division of duties set by the Audit and Supervisory Committee. They also closely cooperate with the Accounting Auditors and the Internal Auditing Department to mutually improve the supervisory function.

### (2) Internal audit

The Internal Auditing Department, which is the Company's internal audit department, internally audits the legality and appropriateness of business execution in all departments from a fair and independent standpoint based on the operational audit regulations and audit plans, reports the audit results, and proposes improvements to the top management. The Internal Auditing Department also reports the audit results to the Audit and Supervisory Committee by the dual reporting line.

### (3) Accounting audit

The Company undergoes accounting audits by Ernst & Young Shin Nihon LLC, with which the Company has concluded an audit agreement with. Accounting audit is executed by Messrs. Tatsuya Suzuki and Kazunori Onuki, who are certified public accountants and engagement partners at the above company. The Audit and Supervisory Committee has received an explanation concerning the audit's quality control system by the Accounting Auditors in writing, etc. and confirmed its appropriateness.

(Note) The number of years of audit is seven years or less for all Accounting Auditors and is therefore omitted.

## 3. Situation of nomination and determination of remuneration

Before nominating candidates for Directors, appointing Operating Officers, and making proposals regarding the remuneration of the Directors and Operating Officers at the Board of Directors, the Board of Directors consults the Nomination and Remuneration Committee and seeks its opinions or advice.

## 3. Reasons for Adoption of Current Corporate Governance System

Our business activities span a diversity of fields in chemicals, foods, and life science and are characterized by organic links between each business. Therefore, the Directors and Operating Officers are required to be familiar with the Group's overall business and the industry, exchange information, and cooperate with each other.

In view of the above, we believe that governance that enhances the mobility of management and improves the supervisory function, while maintaining decision-making by consensus of the Board of Directors, is the optimal system to effectively demonstrate and operate the Company's management functions and decided to transition from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee in June 2021.

Important decision-making matters are proposed at the Board of Directors upon deliberation at the Management Committee to grasp and share the situation, transparency, appropriateness, and appropriateness of business execution among all Directors and ensure the mutual monitoring function between the Directors. Since the transition to a company with an Audit and Supervisory Committee, the Directors who concurrently serve as the Audit and Supervisory Committee Members have gained voting rights at the Board of Directors, which, together with their involvement in the nomination of candidates for officers and process of determining their remuneration by the Nomination and Remuneration Committee, is expected to strengthen the supervisory function of the Board of Directors.

The five Independent External Directors (two of whom are Audit and Supervisory Committee Members) provide advice and supervise from objective viewpoints independent from the management to achieve the Company's sustainable growth and mid- to long-term improvement of corporate value. In addition, the Audit and Supervisory Committee Members attend major meetings of the Board of Directors, Management Committee, etc. to adequately monitor the execution of duties by the Directors.



### III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In order to ensure that shareholders have sufficient time to consider the proposals for the general meeting of shareholders, we sent out the convocation notice for the 162nd Ordinary General Meeting of Shareholders on June 4, 2024, three days before the statutory deadline. In addition, in accordance with the provisions of Electronic Provisions Measures stipulated in the Companies Act, we have posted documents related to the General Meeting of Shareholders on the websites of the Company and the Tokyo Stock Exchange, etc. on May 24, 2024.
Scheduling AGMs Avoiding the Peak Day	We have been striving to avoid holding the Annual General Meeting of Shareholders on peak days since 2000.
Allowing Electronic Exercise of Voting Rights	We have introduced electronic exercise of voting rights since the Annual General Meeting of Shareholders in June 2007. We have also introduced exercise of voting rights by QR code on smartphone since the Annual General Meeting of Shareholders in June 2019.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	We have been participating in electronic voting platform since the Annual General Meeting of Shareholders in June 2010.
Providing Convocation Notice in English	We provide convocation notices in English on the websites of the Company and the Tokyo Stock Exchange as well as on the electronic voting platform for institutional investors.
Other	We have introduced visual materials (business reports using PowerPoint) at the Annual General Meetings of Shareholders. Additionally, starting with the 162nd Ordinary General Meeting of Shareholders held in June, 2024, we have introduced a system to receive advance questions from shareholders through the website “General Meeting Portal”. We also aim to make the Annual General Meeting of Shareholders IR-oriented by holding a social gathering for shareholders after the Annual General Meeting every year as a place of communication between shareholders and the management as well as between shareholders. The general meeting of shareholders will be streamed on demand, and we will provide an environment where you can watch it on our website.

#### 2. IR Activities Updated

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	We have established the following disclosure policy and published it online.  1. Criteria for disclosure We disclose information in an accurate, timely, and fair manner in accordance with the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (hereinafter the “Timely Disclosure Rules”) set forth by related laws and regulations, such as the Financial	

	<p>Instruments and Exchange Act, and the Tokyo Stock Exchange. We also disclose other information judged necessary or useful for understanding the Company.</p> <p>2. Method of information disclosure We disclose information subject to the Timely Disclosure Rules on the Timely Disclosure network (TDnet) provided by the Tokyo Stock Exchange. To the press, we disclose information via the press club at the Tokyo Stock Exchange (Kabuto Club). We submit reports such as annual securities reports pursuant to the Financial Instruments and Exchange Act to the competent Finance Bureau and the Tokyo Stock Exchange without delay. We keep reports such as annual securities reports and make them available for public inspection. We publish disclosed information on our website in a timely manner; however, we do not publish all information disclosed on TDnet on our website.</p> <p>3. Quiet period To prevent leakage of information that affects the stock price, we set a quiet period on the day of announcing financial statements for each term and refrain from giving comments or answering inquiries concerning the financial results. However, if the financial results are expected to largely deviate from the previously announced financial forecasts, we disclose information as necessary even during the quiet period.</p>	
Regular Investor Briefings for Individual Investors	<p>We participate in company briefings, etc. for individual investors. In 2023, We exhibited at the following events. The 18th Nikkei IR/Individual Investor Fair 2023 Online (held on September 1st and September 2nd, 2023) sponsored by Nihon Keizai Shimbun The “Nomura IR Fair 2023 Online” sponsored by Nomura Investor Relations “Asset Management Fair 2024” (held from January 10th to January 25th, 2024) “Individual Investor Appreciation Day “Spring IR Festival 2024”” (held on March 2nd, 2024) co-sponsored by Radio NIKKEI &amp; Pronexus. At such briefings, the Representative Director &amp; President and Legal Affairs and Publicity Department Officer explained the Company’s growth strategies and materials that contribute to enriching people’s lives under the theme of EV, semiconductor, and plant-based food etc.</p>	Available
Regular Investor Briefings for Analysts and Institutional Investors	<p>Since 2021, we hold quarterly financial results briefing sessions. And we also hold business-specific briefings via teleconference to help understanding on our business.</p>	Available
Posting of IR Materials on Website	<p>We have an IR page on our website and publish summary of financial statements, annual securities reports, business reports, and financial results briefing materials.</p>	
Establishment of Department and/or Manager in Charge of IR	<p>Legal Affairs &amp; Publicity Department and Publicity &amp; Administration Group are in charge of IR.</p>	

### 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The ADEKA Group Code of Conduct and the Compliance Action Guidelines, organized by relationship with each stakeholder, promote the importance of business activities that take into consideration the demands and interests of stakeholders.</p> <p>In March 2022, we revised the ADEKA Group Code of Conduct to factor in social contributions through our main lines of business and sustainability management. (<a href="https://www.adeka.co.jp/en/company/philosophy.html">https://www.adeka.co.jp/en/company/philosophy.html</a>)</p> <p>The ADEKA Group has established its basic philosophy regarding human rights as the ADEKA Group Human Rights Policy, based on international norms such as the Universal Declaration of Human Rights and the United Nations Global Compact, as well as the ADEKA Group Code of Conduct. Based on this policy, our group respects the human rights of all people involved in all aspects of our corporate activities, fulfills our corporate responsibilities, and contributes to the realization of a sustainable society. As a concrete initiative, in April 2024, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a regular member and will respond to complaints and consultations from rights holders regarding business and human rights issues through the organization's platform. We have put in place a system to deal with human rights issue. We are also working to establish a human rights due diligence system. (<a href="https://www.adeka.co.jp/csr/human_right.html">https://www.adeka.co.jp/csr/human_right.html</a>)</p>
Implementation of Environmental Activities, Sustainability Promotion Activities etc.	<p>We acquired ISO14001 Environmental Management System at all plants and strive to develop environmentally friendly products, save energy and resources, and reduce waste. To help our stakeholders understand our efforts to create value over the medium to long term, we also publish an integrated report "ADEKA Report", which explains our management policies and strategies for realizing our aspirations of "ADEKA VISION 2030" and our initiatives related to environmental, social and governance. We also develop an organizational structure centered on the Sustainability Committee chaired by the Representative Director &amp; President, aimed at accelerating sustainability promotion activities, and strive to solve priority social issues to be tackled by the Group.</p> <p>To further promote initiatives for sustainability, we have signed the UN Global Compact (UNGC) advocated by the UN and registered as a participating company on April 6, 2021. We also joined the Global Compact Network Japan comprising Japanese companies that have signed the UNGC. By signing the UNGC and clarifying our company's stance, we will perform business in compliance with the norms. And we will contribute to sustainable society through our main business and improve corporate value by responding to ever-changing expectations of stakeholders and contributing to achieving the 17 SDGs.</p> <p>For more information on our initiatives concerning sustainability issues, please see [Supplementary Principles 3.1.3 (4.2.2)] Initiatives for Issues Related to Sustainability, [Reasons for Non-compliance with the Principles of the Corporate Governance Code] in I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information.</p>
Development of Policies on Information Provision to Stakeholders	<p>The disclosure policy, as well as the pledge for timely disclosure submitted to the Tokyo Stock Exchange and its attached document "Status of Internal System Concerning Timely Disclosure of Company Information" are available on our website.</p>

Other	<p>[HR philosophy]  ADEKA Group declares to “secure a safe and healthy working environment for employees, respect their human rights, give them an impartial and equal treatment and realize their comfortable and wealthy life, thereby building a vibrant company that appreciates their uniqueness and initiatives” in the Group’s Code of Conduct.  In line with this above philosophy, we strive to respect the individuality and uniqueness of each employee, treat them fairly according to their level of skill development and performance, and support their self-realization.</p> <p>[Initiatives for active participation of women in the workplace]  Regarding our initiatives for ensuring diversity and developing human resources including promotion of active participation of women in the workplace, please see [Supplementary Principle 2.4.1] Goals and Status for Promotion of Women, Foreign Nationals, and Mid-career Hires to Middle Managerial Positions / Policies for Human Resources Development and Internal Environment Development to Ensure Diversity, [Disclosure Based on the Principles of the Corporate Governance Code] in I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information.</p> <p>[Initiatives in FY2023]</p> <ul style="list-style-type: none"> <li>• Revision of pamphlets and leaflets and start of operation of new tools such as interview sheet to support returning from childcare leave for the purpose of deepening understanding of the childcare and nursing care systems and reducing career loss due to absence from work</li> <li>• From the perspective of promoting DE&amp;I, elements related to DE&amp;I were added to the action assessment of managers from the second half of 2022.</li> <li>• Along with the diversification of values and diversification of careers, we have a career training system in place with the purpose of raising awareness and acquiring skills to enable employees to develop their careers autonomously.</li> <li>• Since 2023, we have been conducting generational career training</li> <li>• As an initiative to instill DE&amp;I in all employees, we are Continuously conducting diversity trainings for all employees</li> </ul> <p>[Support for work-life balance exceeding statutory standards]</p> <ul style="list-style-type: none"> <li>• Allow partial use of the accumulated special leave (paid) for childcare leave (statutory standard: unpaid).</li> <li>• Allow shorter working hours for childcare in increments of a minimum of fifteen minutes to a maximum of two hours with the primary consideration being ease of use (statutory standard: in increments of two hours only).</li> <li>• Allow shorter working hours for childcare until the end of the child’s fourth elementary school year (statutory standard: below three years old).</li> <li>• Allow sick/injured childcare leave of up to ten days regardless of the number of children (statutory standard: five days for the first child and ten days for the second and later child).</li> <li>• Allow nursing care leave of up to 365 days in total (statutory standard: 93 days).</li> </ul>
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## IV. Matters Related to the Internal Control System

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

Under the recognition that an internal control system is a process that all members of the Company, including the Board of Directors and the management, should work on together to ensure the (1) effectiveness and efficiency of operations, (2) reliability of financial reporting, (3) compliance with relevant laws and regulations and the Articles of Incorporation, and (4) reasonable assurance about the safeguarding of assets, we have taken company-wide measures to develop and strengthen the system, led by the Internal Control Promotion Committee (established in March 2007).

We will engage in specific promotion activities based on the “Basic policy for the systems to secure appropriateness of operations (Internal Control System),” outlined below; implement the PDCA cycle; and establish a more effective system.

1. System to ensure that performance of duties by Directors or employees conforms to the provisions of applicable laws and regulations and the Articles of Incorporation

(1) Compliance promotion organization

The Company shall establish the Compliance Promotion Committee (with division-level authority) consisting of officers and one external lawyer and make an effort to develop a compliance system and grasp problems thereof. The Company shall also appoint in each department a Compliance Promotion Responsible Manager (General Manager of the department, in principle) and a Compliance Promotion Manager.

(2) Group Compliance Regulations

The Company shall promote the development of the compliance promotion organization system, management of compliance activities (including but not limited to education and enlightenment), and operation of the whistle-blowing system based on the Group Compliance Regulations.

(3) Code of ethics/manuals

The Company shall ensure thorough compliance with laws and regulations by using various code of ethics and manuals, including, but not limited to, the “ADEKA Group Code of Conduct,” “Compliance Action Guidelines,” and “Compliance Casebook (collection of cases).” The code of ethics and manuals shall be regularly reviewed.

(4) Compliance education/training

The Company shall thoroughly promulgate a spirit of compliance to all officers and employees by the education/training system with a combination of stratified training and training classified by theme/laws, as well as in-house newsletters, e-mail newsletters, or other internal media.

(5) Monitoring and business audit

i) Regular monitoring and survey on the status of compliance with laws and the degree of penetration of a sense of compliance, etc.

ii) Cooperation between the Compliance Promotion Committee and the Internal Auditing Department, such as the reporting of internal audit results related to compliance to the Compliance Promotion Committee by the Internal Auditing Department

iii) Reporting of the activity status of the Compliance Promotion Committee and problems on compliance to the Board of Directors

(6) Whistle-blowing system

The Company shall establish a Whistle-blowing Hot-line and make an effort to detect early and secure information on any violation of compliance.

The Company shall also further strengthen and enhance the function of the whistle-blowing system and establish the Compliance Whistle-blowing Regulations that clarify the obligation to whistle-blow, the procedure for whistle-blowing to the Whistle-blowing Hot-line, the protection of whistle-blowers, and so on, in response to the Whistle-Blower Protection Act.

(7) Internal control system promotion organization

The Company shall strive to strengthen the company-wide internal control system by establishing the Internal Control Promotion Committee (with division-level authority) and subcommittees by business segment thereunder for the purpose of building and improving the system for the “Evaluation of and Report on Internal Control Over Financial Reporting” pursuant to the Financial Instruments and Exchange Act (Japanese Sarbanes-Oxley Act), in addition to specific operation and promotion of the internal control system pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act.

(8) Prevention of damage caused by, and a ban on relations with, anti-social forces

As one of the important efforts for CSR and compliance, the Company shall make an effort to exclude anti-social forces. To prevent any damage caused by, and exclude any relations with, any anti-social forces, the Company shall designate the Legal Affairs & Publicity Department as a department in charge of response to the anti-social forces, develop manuals on reporting of and countermeasures for possible cases, and take a firm stand against anti-social forces, cooperating with the police and other agencies.

2. System concerning storage and control of information pertaining to exercise by Directors of their duties  
To guarantee the appropriateness of business judgment, the Company shall, for any matters important for business management, make a decision by the Board of Directors or the Management Committee under the rules on review and meeting, and store the minutes thereof along with relevant materials used at such decision-making. For any duties delegated to the execution line, an approval procedure by Ringi or Decision (the request for managerial decision) shall be taken, and the Ringi documents/Decision documents shall be stored along with relevant materials.

To secure traceability of Directors' management responsibility, the information concerning these decision-making procedures shall be stored and managed as follows:

(1) The following documents shall be stored based on the document management regulations and the standards for storage and disposal of documents:

(i) Minutes of General Shareholders' Meetings, (ii) Minutes of Board of Directors, (iii) Minutes of Management Committee, (iv) Ringi documents/Decision documents, (v) accounting books, financial statements, (vi) other documents specified in the document management regulations

(2) An effort shall be made to adopt a method easy to retrieve stored documents by using an index system or electronic files.

3. Rules and other systems for management of risk of loss (risk management system)

(1) Establishment of the Risk Management Committee

The Company shall establish the Risk Management Committee to identify and evaluate risks actually or possibly faced by each department, design the "ADEKA Group Risk Management Regulations" and the "ADEKA Group Risk Management Manual", and review the risk management system.

(2) Risk Management Manual

The Company shall, based on the "ADEKA Group Risk Management Manual" issued by the Risk Management Committee, designate responsible departments by risk category, and create a system that can minimize damage in case of emergency.

(3) Establishment of the Emergency Headquarters

In the event of an incident of high degree of urgency/importance, the Company shall establish the Emergency Headquarters (with the officer of the department in charge of the said incident appointed as chief of headquarters) and address the said incident in an organized manner in accordance with the Risk Management Manual.

(4) Audit on risk management

The Internal Auditing Department shall conduct and regularly report to the Representative Directors, Audit and Supervisory Committee, and the Board of Directors the result of an audit on the status of each department's risk management.

4. System to secure efficient performance by Directors of their duties

(1) Operating Officers System

The Company shall strive to speed up decision-making procedures and to clarify the responsibility for business execution by separating decision-making from business execution, based on the Operating Officers System.

(2) Management Committee

The Company shall establish the Management Committee in order to preliminarily deliberate important matters for which an approval of the Board of Directors is required, to share the information on business execution among officers, and to speed up deliberation by the Board of Directors.

Each Management Committee's Meeting shall have all full-time Directors and the relevant Operating Officers relating to the agenda of the meeting as attendees, and the appropriate section leaders as proposers of the matter to be discussed.

(3) Term of office of officers

Term of office of Directors and Operating Officers shall be one year for the purpose of clarifying their management responsibility and making operations more efficient.

(4) Clarifying of rules on authorities, decision-making and business execution

The Company shall create a system capable of securing appropriate and efficient execution by officers of their duties by clarifying rules on authorities, decision-making and business execution based on the internal regulations.

(5) Budgetary management system

The Company shall secure efficiency of business operation by setting numerical targets for each department at the beginning of a term, reviewing progress and status of the achievement using the managerial accounting method, and providing feedback on the results.

The Company shall also improve business efficiency by using information technologies in the accounting system.

5. System to secure proper operations in business group

(1) Framework for reporting on the business execution by Group companies to the Company

The Representative Director of the Company shall, via the Corporate Planning & Strategy Division, receive reports from representative directors of Group companies under the weekly/monthly report system, and request reports on their status of business and management issues at ADEKA Group President Meeting, Global Strategy Meeting, and other meetings held by the Company.

The Company shall attend the general shareholders' meetings of each Group company and receive a business report there. The Company shall request reports on the status of business execution at the board of directors meetings of each Group company and strive to collect information, via those who are dispatched from the Company to a Group company as Directors or Audit & Supervisory Board Members of such Group company (hereinafter the "Dispatched Officers").

(2) System for risk management of Group companies

The Company shall request Group companies to build and improve, and to report the status of operation of risk management systems according to business categories and business scales, including but not limited to the establishment of organizations for risk management and appointment of responsible persons thereof.

The Company shall request a prompt report in the event that any accident, disaster, or violation of law occurs or is likely to occur in any Group company.

In the event that a state of emergency in a Group company raises concerns about a possible serious impact on the Company or any other Group company, the Company shall organize a Joint Emergency Team with the Group company and address the concerns and minimize damage in cooperation with the Group company.

The Group Risk Management Council shall meet regularly to report on the status of risk management and issues at each Group company and to exchange information on risk management.

(3) System to secure efficient performance by directors, etc. of their duties in Group companies

The Company shall review the progress and the status of achievement of Group companies' budgets using the managerial accounting method and provide Group companies with feedback on the results.

The Company shall provide Group companies with useful information and improve business efficiency by sharing data for business management analysis with Group companies via the global business management system and making it possible to immediately collect information.

(4) System to ensure that the execution by Group company's directors, etc. and employees of their duties conforms to the provisions of applicable laws and the Articles of Incorporation

The Company shall create a group-wide system for compliance by establishing and sharing with respective Group companies, the code of ethics and various regulations/manuals applicable in common to the whole Group.

The Company shall request Group companies to build and improve, and to report the status of operation of a compliance system according to their business categories and business scales, including but not limited to establishment of compliance promotion organizations and appointment of the compliance promotion responsible persons thereof. The Company shall hold the Group Compliance Council consisting of the presidents of respective Group companies and the compliance promotion responsible persons, discuss any problems on compliance faced by respective Group companies, and strive to share the consciousness and information.

In addition, the Company shall strive for early detection of any violation of compliance by monitoring via Dispatched Officers, the Audit and Supervisory Committee of the Company, and the Internal Auditing Department and establishing a Whistle-blowing Hot-line accessible across Group companies.

6. Employees who should assist Audit and Supervisory Committee's duties

The Company shall establish the following system for securing the independence of employees who should assist the Audit and Supervisory Committee's duties (hereinafter the "Assistant Employees") and effectiveness of instructions of the Audit and Supervisory Committee, and then appoint Assistant Employees:

- (1) Assistant Employees who have received instructions necessary for audit operations from the Audit and Supervisory Committee shall follow such instructions and shall not receive instructions or orders from Directors, etc. regarding matters covered by the instructions from the Audit and Supervisory Committee;
- (2) The Company shall appoint as Assistant Employees only persons who have skills and experience required to carry out the Audit and Supervisory Committee's instructions; and
- (3) Internal transfer, personnel evaluation, reward, and punishment and so on of Assistant Employees shall be subject to prior consent of the Audit and Supervisory Committee.

7. Systems for reporting to Audit and Supervisory Committee, and other systems to secure the effectiveness of audits conducted by Audit and Supervisory Committee

(1) Attendance at the Board of Directors' meeting, etc., and regular liaison conference with the Representative Director

Directors who are Audit and Supervisory Committee Members shall, in addition to attending the Board of Directors' meeting and other important meetings, regularly have a liaison conference with, and receive a report on important matters concerning business management, compliance, etc. from, the Representative Director

(2) Authorities of Audit and Supervisory Committee

The Audit and Supervisory Committee shall have the right to ask for a report on the result of internal audit from the Internal Auditing Department Head, and to demand inspection of any materials of important in-house meetings and any materials concerning decision procedures from Directors, Operating Officers and employees.

(3) Cooperation with the Compliance Promotion Committee

i) Attendance at the Compliance Promotion Committee's meeting

Audit and Supervisory Committee Members shall, in addition to attending the Compliance Promotion Committee's meetings, receive a report on the status of the compliance activities from time to time.

ii) Whistle-blowing Hot-line

- Upon receiving any whistle-blowing, the Secretariat of Compliance Promotion Committee shall timely report it to the Audit and Supervisory Committee.
- In accordance with the internal regulations stipulating the securement of anonymity of whistle-blowers, confidentiality, prohibition of disadvantageous treatment to whistle-blowers, and so on, the Company shall, in cooperation with the Audit and Supervisory Committee, strive to fairly operate the Whistle-blowing Hot-line, appropriately deal with the whistle-blowing cases, and protect the whistle-blowers.

8. Matters related to policy on procedures for advance payment or reimbursement of expenses resulting from execution of duties of the Audit and Supervisory Committee and treatment of other expenses or liabilities resulting from such execution of duties

The Audit and Supervisory Committee or Audit and Supervisory Committee Members may claim necessary expenses from the Company, including those for seeking advice from attorneys-at-law, certified public accountants, or other outside experts in conducting audits, or for commissioning them to perform investigation, appraisal, or other tasks.

The Company shall respond to such claim unless the expenses pertaining to the claim are considered unnecessary for the execution of audit duties or for the duties of the Audit and Supervisory Committee.

## 2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

1. Basic policy on eliminating anti-social forces

(1) Basic policy in the Code of Conduct

The ADEKA Group Code of Conduct states, "We totally exclude the relationship with any anti-social forces and groups jeopardizing order and security in the civil society and putting undue pressure on business activities and reject their unreasonable demands aggressively."

(2) Submission of a declaration to the Tokubouren

The Company understands the reality of anti-social forces and groups, excludes any relations with them, and is firmly determined to eliminate them. This has been made clear internally and externally through a declaration to break off relations with such forces and groups, submitted to the Tokubouren (Association for Countermeasures Against Anti-Social Forces in the Jurisdiction of the Metropolitan Police Department).



## 2. Progress of system development to eliminate anti-social forces

### (1) Department in charge of overseeing actions

The Legal Affairs & Publicity Department engages in company-wide awareness raising activities, serves as the contact point for consultation, and takes other measures, as the department in charge of overseeing actions to eliminate anti-social forces.

### (2) Cooperation with specialized external agencies

The Company is a member of the Tokubouren and cooperates with the police stations that have jurisdiction over the Head Office and each office, as well as with the legal advisor. For specific cases, we contact the secretariat of Tokubouren via fax (Tokubou 110) and consult with them about the actions we should take.

### (3) Collection and management of information on anti-social forces

We collect information on anti-social forces from materials provided by the Tokubouren and through the exchange of information at district meetings of the Council on Countermeasures Against Anti-Social Forces. We manage the collected information under strict control to prevent external leaks.

### (4) Development of manuals

We have created the “Manual for Responses to Unreasonable Demands” and the “Manual for Actions to Eliminate Anti-Social Forces,” which contain cases of unreasonable demands and the basics of how to respond. The manuals are published and shared on the company intranet to raise employee awareness.

### (5) Training activities

In addition to holding briefing sessions as needed at the time of creation and revision of the above manuals, we engage in training activities, such as offering e-learning courses and lending DVDs created by the Tokubouren to each office.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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#### Supplementary Explanation

At the Board of Directors meeting held on May 23, 2022, the Company decided to discontinue and abolish the response measures to large-scale purchases of its shares, etc. (so-called “advance-warning type takeover defense measures”), which had been in place since 2007. The decision was made after a series of thorough discussions, taking into account the opinions of shareholders, including institutional investors in Japan and overseas; recent trends in anti-takeover measures; changes in the business environment surrounding the Company; and other factors.

After the abolishment of the measures, the Company will continue to work to secure and enhance its shareholders’ common interests and corporate value. The Company will take appropriate measures against those who make or attempt to make a large-scale purchase of its shares, etc., within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations. Such measures include requesting necessary and sufficient information for our shareholders to properly examine the appropriateness of the said purchase, disclosing the opinions of the Company’s Board of Directors and other relevant information, and striving to secure necessary time and information for our shareholders to reflect on the matter.

### 2. Other Matters Concerning to Corporate Governance System Updated

The company structure for timely disclosure of ADEKA’s company information is as described below.

#### 1. Basic Policy on Information Disclosure

ADEKA Corporation (hereinafter “ADEKA”) and ADEKA Group (hereinafter the “ADEKA Group”) have ADEKA Group Code of Conduct, which sets forth “Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities” as one of guidelines:

“We disclose business information that is useful for society in a timely and appropriate manner. We fully acknowledge the key relevance of protection of confidential information, including privacy of customers, and deal with such confidential information as customers data stored with us in accordance with the provisions of our house rules, in an appropriate and rigorous way.”

#### 2. Internal Policies and Standards

ADEKA and the ADEKA Group shall report, collect, centrally manage and timely disclose insider information in accordance with the following policies and standards.

##### (1) Insider Trading Prevention Policy

Chapter 3 “Disclosure of Insider Information” of Insider Trading Prevention Policy sets forth (i) the disclosure of material fact without delay after occurrence thereof, (ii) the person who makes such disclosure (President or Officer in charge of Legal Affairs & Publicity Department) and (iii) the disclosure desk (Legal Affairs & Publicity Department).

##### (2) ADEKA Group Operational Standards for Insider Trading Prevention

Since subsidiaries became subject to insider trading regulations under the Financial Instruments and Exchange Act, ADEKA has established and operates “ADEKA Group Operational Standards for Insider Trading Prevention.”

##### i) Establishment of Information Management Office and Information Handling Manager

The office to aggregate and manage insider information (the “Information Management Office”) and the role of Information Handling Manager are established at ADEKA and each of its subsidiaries.

##### ii) Aggregation of information at the Information Management Head Office

Insider information collected by the Information Management Office of each company is aggregated at and centrally managed and disclosed by the Information Management Office of ADEKA Corporation (the Information Management Head Office, which controls insider information management across the ADEKA Group).

##### iii) Reporting obligation of insider information

Officers and employees of ADEKA and its subsidiaries are obliged to report to the Information Management Head Office through their own Information Management Office promptly when they obtain insider information using the “Insider Information Report Form.”

### 3. Internal Organizational Structure

(1) Information Handling Manager: Kiyoshi Masamune, Director and Operating Officer

(2) Summary Chart of Internal Organization: As shown in the attached “Overview of Internal Organization for Insider Information Management and Timely Disclosure”

### 4. Flow of Timely Disclosure with the Tokyo Stock Exchange

Information Handling Manager ensures that timely disclosures are made without delay:

in the case of decisions, after they are approved by the Board of Directors;

in the case of financial information, after the financial results are finalized (usually approved by the Board of Directors); and

in the case of occurred facts, with respect to which officers or employees who become aware thereof are obliged to report to the Information Management Office.

To ensure the accuracy and appropriateness of information disclosure, any disclosure is made after the contents thereof are reported to and confirmed by the Board of Directors and the Representative Directors.