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Tosoh Corporation

Mamoru Kuwada, Representative Director, President

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Vice President
General Manager,
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& Accounting

Securities code: 4042

<http://www.tosoh.com/>

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

This report was translated into English from its original Japanese version. In the event of a conflict between the two versions, the Japanese version will prevail.

I. Basic views on corporate governance, capital structure, corporate profile and other basic information

1. Basic views

With the aim of continuously increasing corporate value, the Company will strive to build an efficient organizational structure capable of an agile response to changes in the business environment and to conduct fair, transparent, and sound corporate management.

Reasons for non-compliance with the principles of the corporate governance code

The Company complies with all of the principles set forth in the corporate governance code.

Disclosure based on the principles of the corporate governance code

Principle 1.4: Cross-shareholdings

The Company holds shares of business partners for the purpose of maintaining and developing business relationships. The board of directors conducts an annual assessment of the appropriateness of the purpose of such shareholdings, and whether the associated benefits and cost of capital are commensurate with the purpose. As a result of this review, the Company considers selling shares that are not expected to be profitable or to strengthen business relationships in the future and that are not seen enhancing the Company's corporate value. During the fiscal 2024 verification, some issues will be considered for sale, and the results will be reported at the following year's board of directors meeting. Of the shares considered for sale in fiscal 2023, the Company sold all holdings of six stocks and a portion of holdings of three stocks.

Regarding the exercise of voting rights related to shares held by the Company as cross-shareholdings, the Company has established standards for the exercise of voting rights and takes actions in accordance with such standards. Specifically, for each individual proposal, the Company will exercise its voting rights after comprehensively considering whether or not the proposal will contribute to the maintenance and development of business relations with the Company and enhance the medium- to long-term corporate value of the Company and investees. In exercising voting rights over shares deemed to be held, the Company will also consider whether it is in the interests of the beneficiaries.

Principle 1.7: Related party transactions

Regarding conflict-of-interest transactions, the approval of the Company's board of directors is obtained, and the

results of such transactions are reported to the board. The board also approves related party transactions.

Supplementary principle 2.4.1: Disclosure on diversity in the appointment of core personnel

The Company believes that its greatest asset is its human resources and that its identity as a company that is rewarding to work for is vital in achieving sustainable growth and continuing to create value. Moreover, in the Tosoh Group CSR Basic Policy, the Company has set forth "Develop and promote a free and open corporate culture" as a basic policy and has identified diversity and inclusion as a material CSR issue. It has also established measurable goals as key performance indicators (KPIs) and is working toward achieving them.

○ Creating a comfortable workplace where a diverse workforce can thrive

Based on the belief that actively incorporating and utilizing diverse human resources and values is essential to create new value, the Company is focusing on expanding the recruitment of women and promoting their active participation and has established numerical goals for the proportion of female new graduates in career-track positions and the proportion of female executives. Moreover, while the Company has not established numerical goals regarding the hiring of foreign nationals and mid-career personnel, it hires people on an as-needed basis in specialized fields. The Company is attempting to achieve work-life balance by creating an environment that allows a diverse workforce to balance career and family life and to continue to work in a rewarding manner. It provides work styles and systems that suit individual lifestyles, promotes the use of these systems, and aims to foster an environment in which employees can continue to work with peace of mind.

○ Autonomous human resource development

Based on the philosophy that education develops human resources that suit the vision of management and contribute to employees' self-realization in the process, the Company has established a systematic education and training system. Moreover, it believes that the autonomous growth of its employees is directly connected to corporate growth, and in the interest of cultivating autonomous human resources who can think and act independently, the Company established its Basic Policy for human resource development: "To develop self-reliant human resources who can envision what they want to be in response to changes in the business environment, and who have the motivation to learn and persevere to achieve their goals."

Detailed information on the status of initiatives, targets, and related data is disclosed on the Company's website.

[Diversity and Inclusion \(tosoh.com\)](http://tosoh.com)

Principle 2.6: Role of corporate pension funds as asset owners

The Company has adopted a defined-benefit corporate pension plan, and the general manager of Corporate Control & Accounting manages the reserve funds in his or her capacity as executive director of investment management. In addition, an Asset Management Committee consisting of an equal number of company-appointed directors and subscriber-appointed directors has been established. The Asset Management Committee assesses the appropriateness of the basic investment policy and asset mix, evaluates asset management contractors, and strives to appropriately manage conflicts of interest that may arise between the beneficiaries of corporate pension plans and the Company by reflecting the opinions of beneficiaries in the asset management process.

Principle 3.1 i) to v): Full disclosure

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

The Company's management philosophy and management policy are disclosed on its website. It has established and announced a medium-term business plan, the outline of which is disclosed on its website. The Company will strive to manage its affairs with the aim of achieving the goals set forth in this plan.

(<https://www.tosoh.com/investors/strategy>)

ii) Basic views and guidelines on corporate governance based on each of the principles of the corporate governance code

With the aim of continuously enhancing corporate value, the Company will build an efficient organizational structure that enables an agile response to changes in the business environment and will strive to conduct fair, transparent, and sound corporate management.

iii) Board policies and procedures in determining the compensation of the senior management and directors

As described in "II-1: Directors' compensation - policy for determining the calculation method of the amount of compensation" in this report.

iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of

candidates for directors and corporate auditor

The appointment and dismissal of senior management and nomination of candidates for directors and corporate auditor is comprehensively determined and resolved by the board of directors in accordance with the criteria outlined below. To ensure transparency and fairness in the selection and dismissal of senior management and the nomination of candidates for directors and corporate auditor, the Company obtains reports from the Nomination and Compensation Advisory Committee.

- Criteria for the appointment of senior management and nomination of candidates for the board of directors
 - 1) Be in good physical and mental health
 - 2) Possess good character, dignity, and ethics
 - 3) Possess leadership skills as a member of the management team
 - 4) Possess the will and ability necessary to perform duties faithfully
 - 5) Possess the ability to make objective judgments regarding management
 - 6) External directors should have a proven track record and deep insight in their respective fields of expertise

- Nomination criteria for corporate auditors
 - 1) Be in good physical and mental health
 - 2) Possess good character, dignity, and ethics
 - 3) Possess a wide range of experience and insight in all aspects of management
 - 4) Be able to provide useful advice and recommendations to the board of directors
 - 5) External auditors should have a proven track record and deep insight in their respective fields of expertise

- Criteria for dismissal of management executives
 - 1) When a member of the executive management team no longer meets any of the criteria for selection during his or her term of office
 - 2) When an executive officer satisfies the dismissal criteria (such as when an executive officer is found to have committed wrongful or unfair acts or is found to be unqualified to serve as an executive officer) as described in the Executive Officer Regulations

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv) Based on iv) above, the Company's board of directors nominates candidates for directors and corporate auditor, and the reasons for individual nominations are stated in the reference documents for the Notice of the Ordinary General Meeting of Shareholders

Supplemental Principle 3.1.3: Disclose the company's sustainability initiatives

The Company is committed to the proactive disclosure of information on its management strategies and plans to enhance its corporate value over the medium to long term. It discloses its approach, policies and initiatives on its website. (<https://www.tosoh.com/investors/strategy>)

The Company believes that its greatest asset is its human resources and that its identity as a company that is rewarding to work for is vital. It is endeavoring to create a work environment in which all employees can demonstrate their abilities and remain highly motivated, and to reform the way they work toward improving work-life balance and productivity.

As a chemical manufacturer, the Company aims to create innovative products and technologies with new and unprecedented value for the realization of a sustainable and prosperous society, and as such is actively investing in R&D to resolve social issues with the SDGs in mind. Moreover, the Legal & Patents team strives to secure and utilize the technologies obtained as a result of R&D as indisputable rights, and is working to respond to research and business strategies.

With regard to the risks and opportunities associated with climate change, the Company has positioned the reduction of CO₂ emissions as its most important issue, and is pursuing it primarily through the CO₂ Reduction and Effective Use Promotion Committee with a view to improving production processes, creating innovative processes, and effectively utilizing CO₂ emissions as chemical raw materials in its own operations. In line with the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), the Company is committed to analyzing and proactively disclosing risks and opportunities related to climate change, while focusing on developing new technologies and products that can contribute to resolving climate change issues.

Supplemental Principle 4-1.1: Disclose a summary of the board's judgments, decisions, and scope of delegation to management.

The matters to be resolved by the board of directors at the Company are those stipulated by laws, regulations, and the Articles of Incorporation, as well as other important matters, which are judged and decided by the board of directors. Of important management matters other than those to be resolved as stipulated in Japan's Companies Act, matters that fall below a certain level are subject to delegation of decision-making authority by establishing specific criteria in the board of directors Regulations and the Company's rules for approval of documents, etc.

Principle 4.9: Independence standards and qualification for independent external directors

The Company considers a person to be independent if none of the following criteria for determining external independence apply to him or her.

- Criteria for determining the independence of external directors / corporate auditors
 - 1) Persons who have held the position of executive director, executive officer, vice president, or other employee of the Company or its subsidiaries within the past 10 years
 - 2) Executive directors, executive officers, or vice presidents of an entity that is a major customer of the Company (a customer that provides products or services to the Company where the transaction amount is equivalent to more than 2% of said customer's annual consolidated sales in the most recent fiscal year)
 - 3) Executive directors, executive officers, or vice president of the Company's major business partners (business partners to whom the Company provides products or services where the transaction amount is equivalent to more than 2% of the Company's annual consolidated sales in the most recent fiscal year)
 - 4) Persons who receive monetary or other financial benefits of ¥10 million or more per year from the Company as consultants, accounting experts, or legal experts other than compensation for their services as directors or corporate auditors of the Company
 - 5) Those to whom 2) through 4) above have applied within the past three years
 - 6) Second-degree relatives of those to whom 1) through 5) above apply

Moreover, the Company endeavors to appoint independent external directors who can provide appropriate management oversight through decisions on important matters and provide useful advice that will contribute to the Group's sustainable growth and enhancement of corporate value.

Supplemental Principle 4.10.1: Establishment of an independent nominating and compensation committee; committee involvement and advice

The board of directors has established the Nomination and Compensation Advisory Committee as an advisory body to ensure fair and transparent procedures for the nomination and compensation of directors, corporate auditors, and executive officers. The Rules of the Nomination and Compensation Advisory Committee stipulate that this committee shall consist of at least three members, including the president, and those independent external directors shall comprise the majority. The committee consists of six members: two internal directors and four independent external directors from the perspective of gender and other diversity and skills. The committee chair is selected from among the independent external directors. As stated in Principle 4.9, an independent external director is one who has notified the Tokyo Stock Exchange of his or her status as an independent director in accordance with the criteria for determining external independence. The matters to be deliberated, secretariat, and frequency of meetings of the committee are as outlined below, and the results of these deliberations are then reported to the board of directors.

- Matters to be deliberated
 - 1) Matters to be proposed at the Ordinary General Meeting of Shareholders concerning nomination of candidates for directors and corporate auditor
 - 2) Matters concerning the selection and dismissal of representative directors
 - 3) Matters concerning the selection and dismissal of directors with special titles
 - 4) Matters concerning the selection and dismissal of executive directors
 - 5) Matters concerning the selection and dismissal of vice presidents
 - 6) Matters concerning the selection and dismissal of executive officers with special titles
 - 7) Matters concerning succession planning (including training) of the representative director and president
 - 8) Matters related to compensation for directors and executive officers
 - 9) Other matters related to nomination and compensation

○ Composition of committee members

Committee Chairman (external director): Tsutomu Abe

Members (external directors): Yoshihiro Hombo, Mariko Hidaka, Yukimasa Nakano

(Internal directors): Mamoru Kuwada, Toru Adachi

- Secretariat
 - Corporate Secretariat
- Frequency of meetings
 - 9 times in fiscal 2023

Main topics: Formulation of director candidate proposals, matters related to compensation for directors, etc.

Supplemental principle 4.11.1: Approach to and disclosure of balance, diversity, and size of the board of directors as a whole in terms of knowledge, experience, and capabilities

Matters concerning the Company's directors and board of directors are set forth in the Articles of Incorporation and disclosed on the Company's Japanese website. (<https://www.tosoh.co.jp/ir/stocks/articles/>)

In the case of directors, the Company makes decisions based on comprehensive consideration of performance of duties, business experience, leadership skills, personality, ability, and other factors from the viewpoint of securing personnel capable of managing and supervising all divisions of the Company.

Each director has expertise in the areas of corporate planning, manufacturing and research, sales, and finance and accounting, and the Company believes that the board of directors as a whole has a well-balanced composition.

In the case of external directors and corporate directors, independence is ensured, and decisions are made based on comprehensive consideration of their abundant experience and track record in corporate management and other areas, as well as their broad-ranging knowledge and insight. The reasons for nominating candidates for directors and corporate directors are stated in the Reference Materials for the General Meeting of Shareholders in the Notices of the Ordinary General Meeting of Shareholders. With respect to the balance of knowledge, experience, and abilities of directors and auditors required for the Company's management policies and plans, the Company discloses the skills matrix of its directors and auditors on its website and elsewhere.

Supplemental Principle 4.11.2: Disclosure of concurrent directorships in other listed companies

To properly fulfill their respective roles and responsibilities, the Company's directors and corporate auditors must always devote sufficient time and effort to their work.

Moreover, when directors and corporate auditors concurrently serve as officers of other listed companies, such positions should be limited to a reasonable extent.

The Company discloses concurrent directorships with other listed companies in the business report and annual securities report.

Supplementary Principle 4.11.3: Conduct an analysis and evaluation of the effectiveness of the board of directors as a whole and disclose a summary of the results

In order to ensure objectivity and transparency, the effectiveness of the board of directors is evaluated by a questionnaire survey, which is conducted on items such as the composition and operation of the board of directors, with the advice of external organizations. As a result of analysis and evaluation based on the responses to the questionnaire, the Company's board of directors as a whole is currently fulfilling its roles and responsibilities in a generally effective manner.

Reasons for judging that the company is generally fulfilling its roles and responsibilities effectively

- Continuation of a balanced composition of the board of directors, both within and outside the Company, with diversity in terms of knowledge, experience, expertise, career, gender, etc.
- Continuation of appropriate risk management and monitoring and supervision of business execution based on sufficient reporting
- Continuation of appropriate operation of the board of directors (frequency of meetings, scope of agenda items, deliberation time, volume and timing of distribution of materials, etc.)

Moreover, while there is some opinion that the board of directors have been able to discuss basic policies for sustainability and efforts to improve them, such as responses to ESG and efforts to address SDGs, with regard to

responses to sustainability and the business portfolio, there are opinions that further efforts to manage the business portfolio of the entire group are required, and we will continue to consider these opinions. The board of directors is asked for its opinions on topics that should be discussed in light of changes in the corporate environment and social demands on the board. The Company will select themes for discussion in consideration of what are deemed to be the most pressing issues. It will continue to work based on the results of the board's analysis and evaluation to contribute to the sustainable growth and enhancement of the Group's corporate value.

Supplemental Principle 4.14.2: Disclosure of training policies for directors and corporate auditors

To ensure sound management and comprehensive compliance with laws and regulations, the Company regularly holds lectures by lawyers and other experts to provide directors and corporate auditors with opportunities to fully understand the roles and responsibilities required of them. The contents of the meeting include the authority and responsibilities of directors and corporate auditors, legal risks, and matters related to internal control. The Company holds lectures by lawyers for newly appointed directors and corporate auditors. In addition, directors and corporate auditors have the opportunity to participate in outside seminars at the Company's expense to acquire necessary knowledge and update it appropriately.

Principle 5.1: Policy for constructive dialogue with shareholders

1. Basic Policy

- To contribute to sustainable growth and medium- to long-term enhancement of corporate value, the Company shall establish a system for timely and appropriate disclosure to shareholders, investors, and securities analysts (hereinafter referred to as "shareholders and investors") of information on management strategies, financial and business performance, and other relevant matters.
- The Company aims to gain the trust and appropriate evaluation from shareholders and investors by engaging in dialogue to enable them to clearly understand the Company's management strategies.
- The Company will refer to the opinions and requests received from shareholders and investors in corporate management toward improving corporate value.

2. System for information disclosure and dialogue

- The executive officers responsible for investor relations (IR) will be in charge of IR activities.
- The director in charge of IR is appointed as the general manager, and the department in charge of IR activities is placed under his or her control.
- The department in charge of IR shall exchange information with the corporate strategy, accounting, finance, legal, general affairs, and other related departments in a timely manner, establish a system of organic cooperation, consider methods and content of dialogue, and disclose information appropriately.
- The contents shall be reviewed and information disclosed appropriately. Moreover, the management team responsible for each department will work together to oversee and promote these activities.

3. Upgrading methods of conducting dialogue

The Company will implement the following initiatives as means to enhance dialogue. In addition, it will strive to conduct IR activities in an interactive manner, emphasizing fairness, accuracy, and continuity when engaging in dialogue.

- i) Implementation of analyst and institutional investor briefings, and conducting plant tours and small-scale meetings
- ii) Implementation of individual meetings for analysts and institutional investors, and information sessions for individual investors
- iii) Conducting company briefings utilizing domestic and international securities company conferences
- iv) Conducting plant tours for individual shareholder
- v) Disclosing information to investors in Japan and overseas on the website and providing opportunities to post opinions
- vi) Conducting questionnaires for shareholders on the website

4. IR quiet period

- A certain period of time prior to the announcement of financial results will be designated as an IR quiet period, during which time the Company will refrain from responding to financial results inquiries and from holding individual meetings. If there is a possibility that earnings may deviate significantly from the company's forecasts, however, information will be disclosed as appropriate.

5. Methods of feedback

- Opinions and concerns identified through dialogue with shareholders and investors shall be reported in a timely manner at meetings of the board of directors, and feedback shall be provided to management and relevant departments.

6. Management of insider information
 - The Company shall thoroughly manage undisclosed material facts in accordance with insider trading prevention regulations.
 - When discussing with shareholders and investors, the Company will take the utmost care to prevent the leakage of insider information.
 - It will conduct periodic training to ensure thorough management of insider information.
7. Understanding of shareholder structure
 - The Company conducts periodic surveys of substantial shareholders to better understand the shareholder structure.

【Measures for realizing management that is conscious of the cost of capital and stock price】

The Company has set a target of achieving ROE (return on equity) of at least 10%, which is well above the cost of equity. ROE fell below 10% in fiscal 2023, but has continued to exceed the cost of equity. However, looking at PBR (price book-value ratio) over the last 10 years, PBR has fallen below 1 in spite of reaching a new record highest profit for the last 4 years. The Company recognizes that this is partly due to the fact that the market did not understand the company's growth into the future.

The Company aims to expand profits by investing management resources in growth fields, centered on specialty businesses that are highly efficient in investment. In order to improve our PBR, the Company believes it is crucial to earn the confidence of the marketplace in its growth by ensuring that the Company executes its growth strategy and maintain its track record. Detailed analysis of the current situation and initiatives to address issues will be disclosed again after thorough discussions at the board of directors.

【Status of Dialogue with Shareholders】

The following is a summary of the main activities of dialogue between our management and shareholders and investors.

<Implemented in FY2023>

- 1) Methods of conducting dialogue
Small-scale meetings, briefings on the medium-term business plan, individual interviews
- 2) The Company's attendees
president, executive vice presidents, and senior general managers of divisions under their charge
- 3) Dialogue partner
Major domestic and overseas institutional investors
- 4) Main themes of dialogue
Medium-term business plan, growth strategy, decarbonization measures, ESG related, etc.
- 5) Feedback to the board of directors, etc.
Periodically report and share opinions and suggestions obtained from the dialogue

2. Capital structure

Foreign shareholding ratio	20% or more and less than 30%
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Status of major shareholders

Name or company name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	51,784,800	16.27
Custody Bank of Japan, Ltd. (Trust account)	19,059,800	5.99
State Street Bank and Trust Company Corporation 505001 (Standing Proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	8,771,441	2.76
Mizuho Bank, Ltd.	7,046,755	2.21
Sumitomo Mitsui Trust Bank, Limited	6,702,000	2.11

Nippon Life Insurance Company	6,683,337	2.10
The Norinchukin Bank	6,492,500	2.04
Mitsui Sumitomo Insurance Company, Limited	6,124,000	1.92
JPMorgan Securities Japan Co., Ltd.	5,783,651	1.82
Tosoh Employee Shareholding Association	5,369,264	1.69

Name of controlling shareholder, if applicable (excluding parent company)	Not applicable
Name of parent company, if applicable	Not applicable

Supplementary explanation

Alliance Bernstein Japan Ltd. hold 13,325,000 shares as of September 15, 2022, according to a substantial shareholding report submitted on September 21, 2022 by Alliance Bernstein Japan Ltd.

3. Corporate attributes

Listed stock exchange and market segment (updated)	Prime Market
Fiscal year-end	March
Business sector	Chemicals
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Net sales (consolidated) as of the end of the previous fiscal year	¥1 trillion or more
Number of consolidated subsidiaries as of the end of the previous fiscal year	50 or more and less than 100

4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

Not applicable

5. Other special circumstances which may have material impact on corporate governance

The Company's listed subsidiary, Organo Corporation, is primarily engaged in water treatment engineering. The subsidiary maintains its independence and remains listed due to the uniqueness of its business domain and corporate culture, as well as from the perspectives of maintaining and improving its own brand and recruiting human resources. In the course of advocating its dual management strategy, the Company is working to develop and reinforce business groups that compensate for the earnings fluctuation risk of its Commodity businesses. Organo Corporation's water treatment engineering business plays an important role as part of the business portfolio to underpin dual management. To ensure the proper execution of business and to maximize corporate value in the management of the Group, the Company dispatches directors and other personnel to the subsidiary, but at the same time respects the independence of the subsidiary as a listed company. The subsidiary also nominates, selects, and dismisses independent external directors from a standpoint independent of the Company. Furthermore, management nominations and compensation are decided by the board of directors after obtaining the opinions of the Nomination and Compensation Committee, in which the independent external directors constitute the majority, thus ensuring the effectiveness of the governance system.

II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management

1. Organizational composition and operation

Corporate governance system

Company with corporate auditor*

*Referred to in the corporate governance code reference translation as "Company with *Kansayaku* Board"

Directors

Number of directors stipulated in articles of incorporation	Twelve 12
Directors' term of office stipulated in articles of incorporation	One (1) year
Chairperson of the board	President
Number of directors	Nine (9)
Election of external directors	Elected
Number of external directors	Four (4)
Number of independent directors	Four (4)

External directors' relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tsutomu Abe	From another company								△			
Yoshihiro Hombo	From another company					△						
Mariko Hidaka	CPA											
Yukimasa Nakano	From another company								○	○		

*Categories for "Relationship with the Company".

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

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/corporate auditor compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

External directors' relationship with the Company (2)

Name	Designation as independent director	Supplementary explanation of the applicable relationship	Reasons for appointment
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Tsutomu Abe	○	<p>Tsutomu Abe retired from his position as representative director and vice president of Mizuho Bank, Ltd. in March 2006, 17 years ago, which is the Company's main lender. He also served as president and CEO of Kogin Leasing Co. He retired from his position as the company's director and general counsel in June 2016. Not currently an executor of the company. Although the Company has a transactional relationship with the company in the form of goods leasing, etc., the size of the transaction is less than 1% of the total annual consolidated sales of the company. The Company has determined that there is no risk of a conflict of interest with general shareholders.</p> <p>Brief Personal History Jul. 1969: Joined The Industrial Bank of Japan, Limited Jun. 1997: Director and manager of Corporate Banking Dept. No. 2 Apr. 2002: Senior managing director of Mizuho Bank, Ltd. Mar. 2003: Deputy president (representative director) Jun. 2006: Deputy president (representative director) and deputy president executive officer of IBJ Leasing Company, Limited (currently Mizuho Leasing Company, Limited) Apr. 2007: President and CEO Apr. 2013: Director and senior adviser Jun. 2015: External director of the Company (current position)</p>	<p>Mr. Abe has extensive experience in finance and corporate management, etc., and views the Group from an objective perspective, providing useful advice and appropriate management oversight. The Company has elected him because it believes that he will continue to provide appropriate supervision of the management of the Group through decisions on important matters and provide useful advice that will contribute to the Group's sustainable growth and enhancement of corporate value. In addition, since all of the items listed in the Company's criteria for determining the independence of external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>
Yoshihiro Hombo	○	<p>Mr. Yoshihiro Hombo is president and chief operating officer of Valqua, Ltd. The Company has no business relationship with Valqua, Ltd. Mr. Hombo also served as executive vice president and representative director of Mitsui & Co., Ltd., and retired as advisor in March 2019. Currently, he is not an executive officer of Mitsui & Co. The Company has a business relationship with the company, including sales of products and purchases of raw materials, which account for approximately 3% of the Company's total annual consolidated sales. The Company believes that there is no risk of a conflict of interest with general shareholders.</p> <p>Brief Personal History Apr. 1979: Joined Mitsui & Co., Ltd. Apr. 2010: Executive officer Apr. 2012: Managing executive officer Apr. 2014: Senior executive managing officer Jun. 2014: Representative director; senior executive managing officer Apr. 2017: Representative director; executive vice president Apr. 2018: Director</p>	<p>Mr. Hombo has extensive experience in sales, overseas, business supervision, and corporate management, etc. He views the Group from an objective perspective and provides useful advice and appropriate supervision of management. The Company has elected him because it believes that he will continue to provide appropriate management supervision through decision-making on important matters for the Group, as well as useful advice that will contribute to the Group's sustainable growth and enhancement of corporate value. In addition, since all of the items listed in the Company's independence of external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>

		<p>Jun. 2018: Counselor Apr. 2019: Vice president and executive officer of VALQUA, LTD. Jun. 2019: Representative director, president & COO (current position) Jun. 2020: External director of the Company (current position)</p>	
Mariko Hidaka	○	<p>Ms. Mariko Hidaka retired from Ernst & Young ShinNihon LLC as a senior partner in July 2020. She is not currently an engagement partner of Ernst & Young ShinNihon LLC. The Company has a business relationship with KYOKUTO BOEKI KAISHA, Ltd., where she concurrently holds a position, and there is no special relationship between the two companies. There is no business relationship with Hidaka Certified Public Accountant Office, which she represents and SBI Sumishin Net Bank, Ltd., where she concurrently holds a position. The Company believes that there is no risk of a conflict of interest with general shareholders.</p> <p>Brief Personal History Apr. 1984: Joined Chuo Audit Corporation Apr. 1987: Registered as certified public accountant Jul. 2000: Partner of Chuo Audit Corporation Jul. 2006: Senior partner of ChuoAoyama Audit Corporation Aug. 2007: Senior partner of Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC) Jun. 2020: External director of the Company (current position) Aug. 2020: Representative of Hidaka CPA Office (current position) Jan. 2021: External corporate auditor of SBI Sumishin Net Bank, Ltd. (current position) Jun. 2021: External director (Audit and Supervisory Committee member) of KYOKUTO BOEKI KAISHA, LTD. (current position)</p>	<p>Ms. Hidaka has extensive experience in accounting, auditing, and corporate management support, and views the Group from an objective perspective, providing useful advice and appropriate management supervision. The Company has elected her because it believes that she will continue to provide appropriate management supervision through decisions on important matters of the Group, and that she will provide useful advice that will contribute to the sustainable growth of the Group and increase its corporate value. Although she has never been directly involved in corporate management in any way other than as an external officer, for the reasons stated above, the Company believes that she will be able to appropriately execute her duties as an external director of the Company.</p> <p>In addition, since all of the items listed in the Company's criteria for determining the independence of external directors/corporate auditors do not apply to her, the Company has determined that she has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated her as an independent director.</p>
Yukimasa Nakano	○	<p>Mr. Yukimasa Nakano served as director of Taiheiyo Cement Corporation and is scheduled to retire from its board of directors in late June 2023. The Company has business transactions with Taiheiyo Cement Corporation, including sales of products and purchases of raw materials, which account for approximately 1% of the Company's total annual consolidated sales. The Company believes that there is no risk of a conflict of interest with general shareholders. Mr. Shinhachiro Emori, a former employee of the Company, has been appointed as an external director of Taiheiyo Cement Corporation.</p>	<p>Mr. Nakano has extensive experience in accounting, sales, business supervision, and corporate management, etc. He views the Group from an objective perspective and provides useful advice and appropriate supervision of management. The Company has elected him because it believes that he will continue to provide appropriate management supervision through decision-making on important matters for the Group, as well as useful advice that will contribute to the Group's sustainable growth and enhancement of corporate value. In addition, since all of the items listed in the Company's independence of</p>

		<p>Brief Personal History</p> <p>Apr. 1982: Joined Onoda Cement Co., Ltd.</p> <p>Apr. 2016: General manager of Kyushu Branch, Taiheiyo Cement Corporation</p> <p>Apr. 2017: Executive officer</p> <p>Apr. 2020: Managing executive officer</p> <p>Apr. 2022: Senior executive officer</p> <p>Jun. 2022: Director, senior executive officer</p> <p>Apr. 2023: Director (current position)</p> <p>Jun. 2023: External director of the Company (current position)</p>	<p>external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>
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Voluntary establishment of committee(s) equivalent to nomination committee or compensation committee

Established

Status of voluntarily established committee(s), attributes of members constituting the committee and the committee chair (chairperson)

	Committee's name	All members	Full-time members	Internal directors	External directors	External experts	Other	Chairperson
Voluntarily established committee equivalent to nomination committee	Nomination and Compensation Advisory Committee	6	0	2	4	0	0	External director
Voluntarily established committee equivalent to compensation committee	Nomination and Compensation Advisory Committee	6	0	2	4	0	0	External director

Supplementary explanation

The board of directors has established the Nomination and Compensation Advisory Committee as its advisory body, and the board of directors obtains reports from the Committee on important matters such as nomination and compensation of directors, corporate auditors, and executive officers.

- The status of the establishment of the Nomination and Compensation Advisory Committee and matters discussed by the Committee are described in "I-1: Disclosure based on the principles of the corporate governance code" of this report in supplementary principle 4.10.1.

Corporate auditors*

*Referred to in corporate governance code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of corporate auditors Stipulated in Articles of Incorporation	Five (5)
Number of corporate auditors	Four (4)

Cooperation among corporate auditors, accounting auditors and internal audit departments

- Corporate auditors coordinate the audit methods, audit plans, and related matters of the accounting auditor and hear reports from the accounting auditor on the implementation of the accounting audit. Moreover, meetings are

held as appropriate for the purpose of exchanging information.

- Corporate auditors regularly hear individual internal audit reports and exchange information with the auditing department. They also receive reports on, review, and discuss internal audit plans.

Appointment of external corporate auditors	Appointed
Number of external corporate auditors	Three (3)
Number of independent corporate auditors	Three (3)

External corporate auditors' relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Makoto Okayama	From another company										△			
Tetsuya Teramoto	From another company										△			
Tsuneyasu Ozaki	Lawyer										○			

*Categories for "Relationship with the Company".

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

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

External directors' relationship with the Company (2)

Name	Designation as independent director	Supplementary explanation of the applicable relationship	Reasons for appointment
Makoto Okayama	○	Mr. Makoto Okayama retired as representative director of Japan Investor Solutions & Technologies Co., Ltd. in June 2021. Currently, he is not a business executor of Japan Investor Solutions & Technologies Co., Ltd. Mr. Okayama also served as deputy president and executive officer of Mizuho Trust & Banking Co., Ltd. He is not currently an executive officer of the Bank. The Company has no business relationship with Mizuho Trust & Banking Co., Ltd., and believes that there is no	Mr. Okayama has abundant experience in finance and corporate management, and the Company believes that he will be able to properly audit the execution of duties by the directors from a neutral and fair standpoint based on such experience. In addition, since all of the items listed in the Company's criteria for determining the independence of external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to

		<p>risk of a conflict of interest with general shareholders.</p> <p>Brief personal history: Apr. 1983: Joined The Industrial Bank of Japan, Limited Oct. 2010: General manager of Trust Business Department III, Mizuho Trust & Banking Co., Ltd. Apr. 2011: Executive officer Apr. 2012: Managing executive officer Apr. 2013: Executive officer of Mizuho Financial Group, Inc. and executive officer of Mizuho Trust & Banking Co., Ltd. Apr. 2016: Retired as executive officer of Mizuho Financial Group, Inc. deputy president & executive officer of Mizuho Trust & Banking Co., Ltd. Apr. 2018: Retired as deputy president & executive officer; administrative officer Jun. 2018: Retired as administrative officer; president and representative director of Japan Investor Solutions and Technologies Co., Ltd. Jun. 2021: Full-time corporate auditor of the Company (external) (current position)</p>	<p>cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>
Tetsuya Teramoto	○	<p>Mr. Tetsuya Teramoto served as director, and then president and chief executive officer, and finally chairman of EIKEN CHEMICAL CO., LTD., and retired from the company's board of directors in June 2018. Currently, he is not an executive officer of EIKEN CHEMICAL CO., LTD. Although the Company has a business relationship with EIKEN CHEMICAL CO., LTD., including product sales, which account for less than 1% of the Company's total annual consolidated sales. The Company believes that there is no risk of a conflict of interest with general shareholders.</p> <p>Brief Personal History Mar. 1970: Joined EIKEN CHEMICAL CO., LTD. Jun. 1996: Director Jun. 2005: Director, managing executive officer Jun. 2006: Director, senior managing executive officer Apr. 2007: Director, representative executive officer president & CEO Jun. 2014: Director, representative executive officer Chairman of the board Jun. 2014: External corporate auditor of the Company (current position) Jun. 2016: Director, chairman of the board of EIKEN CHEMICAL CO., LTD.</p>	<p>Mr. Teramoto has abundant experience in corporate management, etc., and the Company has elected him because it believes that he will be able to properly audit the execution of duties by the directors from a neutral and fair standpoint based on such experience. In addition, since all of the items listed in the Company's criteria for determining the independence of external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>
Tsuneyasu Ozaki	○	<p>Mr. Tsuneyasu Ozaki is the head of Nishimura & Asahi LPC's Fukuoka branch. The Company requests legal services from this Firm on an as-needed basis, and transactions account for less than 1% of the Firm's annual transaction volume. There is no business relationship between the Company and CellSource</p>	<p>Mr. Ozaki has professional knowledge and extensive experience as an attorney at law. Based on this experience, the Company believes that he will be able to properly audit the execution of duties by the directors from a neutral and fair standpoint, and has therefore elected him as a director. Although he has never</p>

	<p>Co., Ltd., where he concurrently holds a position. The Company has determined that there is no risk of a conflict of interest with general shareholders.</p> <p>Brief Personal History</p> <p>Apr. 1996: Appointed as public prosecutor Jul. 2004: Assistant division chief, Administrative Management Bureau of the Ministry of Internal Affairs and Communications Jul. 2005: Resigned as public prosecutor Aug. 2005: Registered as an attorney at law Jan. 2008: Partner of Nishimura & Asahi Jul. 2013: Representative partner of Nishimura & Asahi, Fukuoka Branch Jun. 2014: External corporate auditor of the Company (current position) Sept. 2016: Chairperson, Corporate Governance Committee of TAKADA CORPORATION Jan. 2019: External corporate auditor of CellSource Co., Ltd. Jan. 2023: External director (Audit and Supervisory Committee member) of CellSource Co., Ltd.</p>	<p>been directly involved in corporate management in any way other than as an external officer, for the reasons stated above, the Company has determined that he will be able to appropriately perform his duties as an external Audit and Supervisory Board member of the Company.</p> <p>In addition, since all of the items listed in the Company's criteria for determining the independence of external directors/corporate auditors do not apply to him, the Company has determined that he has independence that is unlikely to cause any conflict of interest with general shareholders, and has designated him as an independent director.</p>
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Matters concerning independent directors and independent corporate auditors

Number of independent directors and independent corporate auditors	Seven (7)
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Other matters concerning independent directors and independent corporate auditors

The Company designates all of its external directors and external corporate auditors as independent directors and corporate auditors.

Incentives

Implementation status of measures related to incentives granted to directors	Introduction of performance-linked compensation scheme
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Supplementary explanation for applicable items

As described in "II-1 Directors' Compensation - Policy for determining the calculation method of the amount of compensation" in this report.

Persons eligible for stock options

Supplementary explanation for applicable items

Not applicable

Director compensation

Status of disclosure of individual directors' compensation	Disclosure for only partial directors' compensation
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Supplementary explanation for applicable items

- The total amount of compensation, etc. for directors and corporate auditors for the fiscal year ending March 31, 2023 is as follows
 - 1) Ten (10) directors, total amount of compensation ¥380 million (including four (4) external directors, total amount of compensation ¥48 million)
 - 2) Four(4) corporate auditors, total amount of compensation ¥69 million (including three (3) external auditors, total amount of compensation ¥45 million)The above includes one director who retired at the conclusion of the 123rd Ordinary General Meeting of Shareholders held on June 24, 2022.
- Total amount of compensation, etc. per director/officer
Individuals with total compensation of ¥100 million or more are disclosed separately in the Annual Securities Report.

Policy on determining compensation amounts and the calculation methods thereof

Established

Disclosure of policy on determining compensation amounts and the calculation methods thereof

1. Policy for determining the calculation method of the amount of compensation
The Company's basic policy is to design the compensation system to sustainably improve corporate performance and value, and to secure excellent human resources. Compensation for directors is determined within the range of the total amount of compensation resolved at the General Meeting of Shareholders. The date of the resolution of the General Meeting of Shareholders regarding the compensation, etc. of directors of the Company was June 25, 2020, and the details of the resolution are as follows. (This amount shall be 1) cash compensation of ¥620 million (including ¥60 million for external directors) and 2) stock-based compensation of ¥50 million, not including employee salaries and bonuses for directors who concurrently serve as employees). The number of directors as of the close of said General Meeting of Shareholders was nine (9). (including four (4) external directors)
2. Policy for determining individual director compensation, etc.
Specific details in accordance with the basic policy are as follows.
 - 1) Policy for determining the calculation method of the amount of fixed compensation
Fixed compensation shall be considered compensation for service, and shall be determined for each position, taking into consideration the compensation level and other factors in the results of a survey of management compensation compiled by an external organization.
 - 2) Details of performance indicators for performance-linked compensation and policy for determining the calculation method of the amount of performance-linked compensation
The amount of performance-linked compensation shall be determined for each position based on the ratio of fixed compensation and the performance-linked range, which shall be determined in consideration of the compensation level and other factors in the results of a management compensation survey compiled by an external organization.
* At a meeting of the board of directors held on November 29, 2022, a resolution was passed to change the indicator of performance-based compensation from non-consolidated ordinary income to consolidated ordinary income from July 2023.
 - 3) Details of non-monetary compensation (stock-based compensation) and policy for determining the calculation method for the number of non-monetary compensation
Allotment of restricted stock as non-monetary compensation shall be determined for each position, taking into consideration the degree of contribution and various other matters.
 - 4) Policy on determining the ratio of fixed compensation, performance-linked compensation, and non-monetary compensation to the amount of compensation, etc. paid to each individual director
The ratio of fixed compensation, performance-linked compensation, and non-monetary compensation (stock-based compensation) to the amount of compensation, etc. for each individual director shall be determined for each position, taking into consideration the compensation levels in the results of a management compensation survey compiled by an external organization. Moreover, considering their role and independence, external directors shall receive only fixed compensation.
 - 5) Policy for determining the timing and conditions of granting compensation, etc. to directors
Fixed compensation and performance-linked compensation shall be paid monthly. Fixed compensation is paid monthly based on the current year's position, and performance-linked compensation is paid monthly for the current year based on the previous year's performance. As for the restricted stock compensation (non-monetary compensation), shares

with transfer restrictions are allotted annually based on the allotment agreement, and the restrictions on transfer are lifted at the time of retirement.

6) Method of determining the details of individual compensation, etc. for directors other than the above
Individual compensation, etc. for directors shall be determined by the Board of Directors based on the report of the Nomination and Compensation Advisory Committee, a majority of which independent external directors comprise the majority.

Support system for external directors and/or external corporate auditors

If deemed necessary, a system of communication is established for external directors from the secretariat of the board of directors and for external corporate auditors from a dedicated person in charge of the secretariat of the audit and supervisory board. Explanations are provided by distributing materials in advance for matters to be resolved by the board of directors. Periodic reports are provided on the deliberations of important meetings.

Statuses of persons who have retired as representative director and president, etc.

Information on persons holding advisory positions (*sodanyaku, komon*, etc.) after retiring as representative director and president, etc.

Name	Job title/ position	Responsibilities	Terms and conditions of employment (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Toshinori Yamamoto	Special Adviser	Provides opinions in consultation with the president (not involved in management)	Part-time, with compensation	March 1, 2022	Yes

Number of persons holding advisory positions (*Sodanyaku, Komon*, etc.) After retiring as representative director and president, etc. One (1)

Other related matters

- Appointment of special advisors is determined by the Chairman or the President and reported to the board of directors.
- The Company has established bylaws concerning advisors, special advisors, and honorary advisors.
- The Company has established bylaws concerning the corporate advisors, special advisors, and honorary advisors, and the corporate advisors, special advisors, and honorary advisors may provide advice on management and business matters, but are not involved in the execution or supervision of business.

2. Matters concerning functions of business execution, auditing and supervision, nomination, and compensation decisions (Overview of current corporate governance system)

1) Corporate governance structure

- Directors, board of directors

The board of directors of the Company consists of nine (9) directors (including four (4) external directors) and in principle meets at least once a month to make decisions on important management matters and to supervise the execution of duties by directors and executive officers (held 15 times in fiscal 2023). In addition, the selection and dismissal of executive officers and the division of duties are determined through resolution of the board of directors. Moreover, with the aim of accelerating the decision-making process, the executive board meeting convenes weekly in principle to deliberate important management issues. Furthermore, a management liaison meeting consisting of directors, corporate auditors, general managers of business divisions, and general managers of related departments is held twice a month in principle to report on the business status of each division, explain matters to be approved, and communicate other important matters.

- Corporate auditors and audit and supervisory board

The Company has adopted an audit and supervisory board system, and the audit and supervisory board (which meets

once a month in principle) consists of four (4) members (including three (3) external members) who are well versed in corporate management or have considerable knowledge of legal, financial, and accounting matters. Specifically, they attend meetings of the board of directors and other important meetings, receive reports from directors, and inspect important approval documents. With regard to vital matters affecting management and business performance, a liaison meeting of directors and corporate auditors is established, and the latter receive reports in a timely and accurate manner. The Company also exchanges information and opinions with the Auditing department, the Internal Control Committee, and the accounting auditor as appropriate to improve audit efficiency and effectiveness. Moreover, the Company cooperates with the auditors of Group companies and exchanges information and opinions with them on a regular basis. The Audit and Supervisory Board has also established a secretariat to support the corporate auditors in the execution of their duties.

• Internal auditing

Tosoh Auditing was established as a department specializing in internal audits and currently has 12 employees. Auditing evaluates the effectiveness and efficiency of compliance with applicable laws and regulations, company regulations, and the development and operation of internal control systems based on an annual audit plan. The results of such audits are reported to the president and representative director and the corporate auditors, and the status of audits is regularly reported to the board of directors. Auditing conducts interviews with departments with internal control functions and business divisions of Group companies to identify risks to improve the efficiency and effectiveness of audits. 100 divisions (including manufacturing departments, laboratories, branches, and domestic and overseas group companies) are subject to regular audits. The auditing department also exchanges information and opinions with the accounting auditors as appropriate.

• Others

Tosoh has established the CSR Committee, Compliance Committee, Fair Trade Compliance Committee, Export Supervision Committee, RC Committee, CO₂ Reduction and Effective Use Promotion Committee, Cyber Security Committee, and Internal Control Committee, as well as the Tosoh Group Code of Conduct. In addition, the Company seeks advice from attorneys and other professionals as necessary. And, to enhance management transparency, the Company strives to disclose information proactively and promptly by, for instance, accelerating the announcement of financial results, and also discloses a wide range of information via the Internet. In response to the internal control reporting system for financial reporting, the Internal Control Committee formulates evaluation plans and conducts effectiveness evaluations in cooperation with the Auditing department.

2) Status of accounting audits

Kentaro Yamamoto, Takashi Watanabe, and Koichi Hamaguchi were the certified public accountants who performed the accounting audit of the Company in fiscal 2023, and belong to KPMG AZSA LLC. In addition, nine (9) certified public accountants and 19 other assistants were assigned to the accounting audit.

3) Outline of the contents of the liability limitation agreement

The Company and its directors (excluding those who are executive directors, etc.) and corporate auditors have entered into a liability limitation agreement for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The maximum amount of liability for damages under such agreements is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Reasons for adoption of current corporate governance system

The Company believes that the appointment of external directors and external corporate auditors, who are independent and have a wide range of experience and insight, will ensure an appropriate governance system by providing a neutral and objective oversight function of the Company's business execution.

III. Implementation of measures for shareholders and other stakeholders

1. Measures to vitalize the general shareholder meetings and facilitate exercise of voting rights

	Supplementary explanation
Early posting of notice of the general shareholders meeting	Sent three weeks prior to the General Meeting of Shareholders
Electronic exercise of voting rights	Effective from the 113th General Meeting of Shareholders (held on June 28, 2012)
Participation in a platform for the electronic exercise of voting rights and other initiatives to enhance environment for institutional investors to exercise voting rights	Participated in the electronic voting platform from the 113th General Meeting of Shareholders (held on June 28, 2012)

Provision of notice (or summary of notice) of the general shareholders meeting in English	Notice of Convocation posted on the Company's website in English
Other	Accessibility of the Notice of Convocation and Business Report Posting of the convocation notice on the Company's website prior to the date of dispatch

2. Status of IR-related activities

	Supplementary explanation	Explanation by a representative director or a representative executive officer
Regular investor briefings held for analysts and institutional investors	Management briefings are held at least once a year (video of the briefings are available on the website). Conference calls are held immediately after the announcement of quarterly and year-end financial results (audio recordings of the conference calls are available on the Company's Japanese website).	Held
Online disclosure of IR information	Financial results, financial results briefing materials, annual and quarterly securities reports, business reports, annual reports, electronic public notices, etc. are posted on the "IR Information" section of the website. Are accessible from the INVESTORS pull-down menu on the top page of the Tosoh English website (www.tosoh.com).	
Establishment of department and/or placement of a manager in charge of IR	The Corporate Communications department is in charge.	

3. Status of measures to ensure due respect for stakeholders

	Supplementary explanation
Implementation of environmental preservation activities and CSR activities, etc.	<p>1) Environmental preservation activities Recognizing that environmental preservation and assurance of safety and health are the most important management issues, the Company has established the Basic Principles Regarding the Environment, Safety and Health and Action Guidelines and each complex has its own environmental policy. In addition, the Company is engaged in Responsible Care (RC), a voluntary management activity to implement environmental and safety measures and improvements from product development to manufacturing, use, and disposal.</p> <p>2) Implementation of CSR activities The Company has positioned CSR activities as the core of management. The Company has formulated the Tosoh Group Basic CSR Policy and are sharing and implementing it throughout the entire Group with the aim of realizing our corporate philosophy. In addition, the CSR Committee, chaired by the president, formulates policies for CSR activities and monitors the progress of key CSR issues, which are then presented to the board of directors. For the purpose of reporting on these activities, the Company publishes the Tosoh Report once a year and discloses it on the Company's website.</p>

IV. Matters concerning the internal control system

1. Basic views on internal control system and status of development

The Company believes that the establishment of an internal control system is essential for corporate governance to function effectively. The basic policy on the development of internal control systems adopted by the board of directors is as follows

- 1) System to ensure that the execution of duties by directors and employees complies with laws, regulations, and the

Articles of Incorporation

- The Company shall establish rules and regulations concerning compliance, establish a code of conduct for directors and employees, and a Compliance Committee to ensure the thorough implementation of such rules and regulations, as well as to conduct internal education and other company-wide efforts.
 - The Company shall work to establish a whistleblower system and strive to ensure its effectiveness at all times.
 - The Auditing department will audit the status of compliance implementation.
- 2) System for storage and management of information related to execution of duties by directors
- The Company shall appropriately store and manage documents and other information related to the execution of duties by directors in accordance with the internal rules.
 - Directors and corporate auditors shall have access to these documents at all times.
- 3) Regulations and other systems for managing risk of loss
- The Company shall establish rules and regulations and develop a risk management system to deal with various risks associated with the performance of manufacturing and sales activities.
 - Each department shall operate independently under the supervision of the director in charge for the management of individual risks in daily business activities.
- 4) System to ensure the efficient execution of duties by directors
- Important matters related to business operations shall be deliberated at the executive board meeting in accordance with internal rules, and executive decisions shall be made by the board of directors.
 - At the executive board meeting consisting of directors, corporate auditors, general managers of business divisions, general managers of related departments, and others, reports on the business status of each division, explanations in advance of approval requests, and other important matters shall be communicated.
- 5) System to ensure the appropriateness of business operations of the Group
- The Company shall establish rules for subsidiary management and operation and ensure their proper operation.
 - The Company shall request reports from subsidiaries regarding their business operations on a regular or as-needed basis.
 - The Company shall also dispatch directors and auditors to subsidiaries to provide advice and guidance for risk management and efficient business execution.
 - The Tosoh Group shall establish and disseminate its compliance-related action guidelines.
 - General Affairs and the Legal Group shall conduct group-wide compliance and Responsible Care (RC) activities.
 - The Auditing department shall conduct audits of subsidiaries.
- 6) Matters concerning employees requested by corporate auditors to assist them in their duties, independence of such employees from directors, and ensuring the effectiveness of instructions given by corporate auditors to such employees
- The secretariat shall be established under the audit and supervisory board and full-time employees shall be assigned to the secretariat to assist the members in the performance of their duties.
 - The secretariat shall receive instructions and orders directly from the corporate auditors.
 - Personnel matters related to the secretariat shall be discussed in advance with, and approved by, the audit and supervisory board.
- 7) System for directors and employees to report to corporate auditors and other systems related to reporting to corporate auditors
- Directors and employees shall report the status of execution of duties and related matters to corporate auditors in an appropriate and timely manner through the board of directors and other important meetings.
 - Important approval documents and minutes of various meetings shall be forwarded to the corporate auditors.
 - Directors and employees shall make necessary reports to the corporate auditors on a regular or timely basis as requested by the members.
 - The content of reports received by the contact point of the internal reporting system shall be reported to the corporate auditors.
 - Corporate auditors shall be one of the reporting parties under the whistleblowing system.
 - The Company shall stipulate in its regulations that whistleblowers shall not be subject to any disadvantageous treatment due to having submitted a report.

- 8) System for reporting to corporate auditors by directors, Corporate auditors, and employees of subsidiaries or those who receive reports from them
 - The Company shall report to the corporate auditors as appropriate on reports received from subsidiaries concerning their business operations.
 - The Company shall request directors and other members of subsidiaries to report to the Company's corporate auditors as appropriate.
 - The whistleblowing system accepts reports related to subsidiaries as well as reports from subsidiaries.
- 9) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by corporate auditors and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties
 - Corporate auditors may request the Company to settle expenses or debts deemed necessary for the execution of their duties.
- 10) Other systems to ensure that audits by corporate auditors are conducted effectively
 - The Company's corporate auditors and representative directors will meet regularly to exchange opinions on matters concerning overall management.
 - The Company shall ensure information is regularly exchanged between the Audit and Supervisory Board and the Audit department to ensure mutual cooperation.

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

- Basic policy on elimination of antisocial forces

1) Basic policy on elimination of antisocial forces

The Company has established the Tosoh Group Code of Conduct and distributed it to all employees, which stipulates that the Company shall take a firm stand against antisocial forces and shall not have any relationship with them. Furthermore, if the Company receives any unreasonable demands from antisocial forces, it shall not attempt financial or other such means of resolution.

2) Status of exclusion of antisocial forces

The General Affairs department is in charge of eliminating antisocial forces, and of taking specific measures in cooperation with attorneys, the police, and other external specialized agencies. Moreover, information on antisocial forces is collected from these external specialized agencies and disseminated to related departments and affiliated companies as appropriate.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation for applicable items

At a meeting of the board of directors held on February 28, 2006, the Company resolved to adopt the "Policy on Large-Scale Purchases of the Company's Shares and Other Securities" (hereinafter referred to as the "Policy"). The Company's shareholders approved the Policy at the 107th Ordinary General Meeting of Shareholders held on June 29, 2006, and the Company has continued to follow the Policy by having the proposal for the selection of directors approved at subsequent Ordinary General Meetings of Shareholders. However, following a review of the Policy, the Company determined that the business environment has changed compared to when the Policy was adopted, and that the significance of continuing it has relatively decreased in terms of further improving the Group's corporate value. The Company will continue to work group-wide to ensure and enhance its corporate value and the common interests of shareholders over the medium to long term. Even after the abolition of the Policy, the Company will take appropriate measures to the extent permitted by the Financial Instruments and Exchange Law, the Companies Act, and other applicable laws and regulations. This includes requesting that any person who intends to conduct a large-scale purchase of the Company's shares provide necessary and sufficient information to allow shareholders to make an appropriate judgment as to whether the large-scale purchase is appropriate as well as disclosing the opinions of the board of directors of the Company to give shareholders time to consider the proposal.

2. Other matters concerning the corporate governance system

1. A diagram of the corporate governance structure, including an overview of the internal control system, is shown in attachment 1.

2. Outline of timely disclosure system

The status of the Company's internal system for timely disclosure of corporate information is as follows.

Regarding timely disclosure, the corporate control and accounting department is responsible for information handling, while the corporate planning department handles disclosure.

1) Disclosure of decisions

Of the decisions made by the board of directors, those deemed by the officer in charge of the corporate control and accounting department to fall under the category of timely disclosure shall be disclosed in a timely manner through the corporate planning department.

2) Disclosure of occurrence

In the event of the occurrence of a fact that is deemed to be material fact, each relevant department that becomes aware of the occurrence shall report it to the officer in charge of the corporate control and accounting department and, if necessary, to the board of directors. as in the case of a decision, the officer in charge of the corporate control and accounting department will disclose the fact in a timely manner through the public relations office if it is deemed to be related to timely disclosure.

3) Disclosure of financial results

After the resolution of the board of directors, financial information is promptly disclosed in a timely manner through the corporate planning department under the direction of the officer in charge of the corporate control and accounting department.

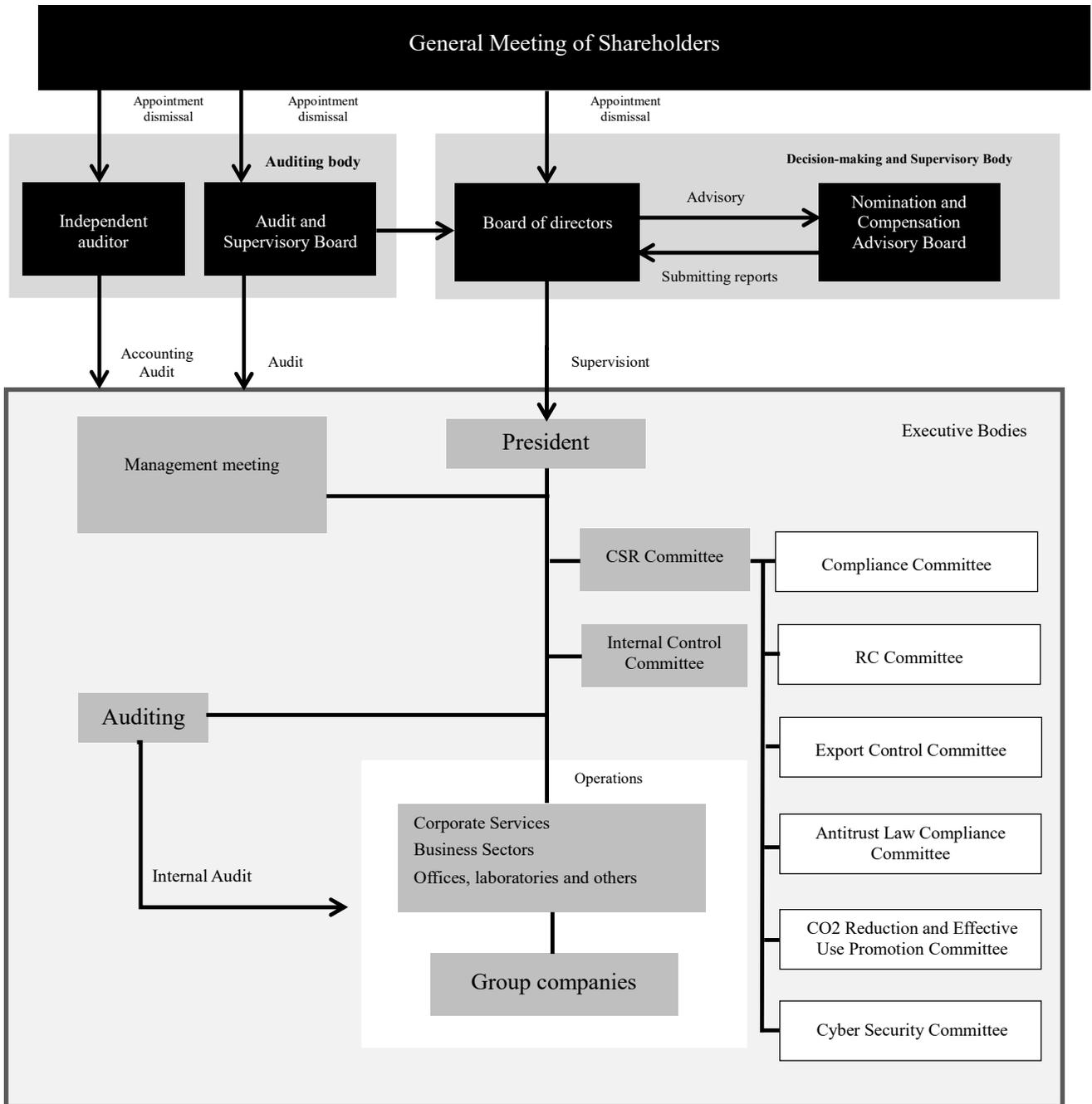
4) Disclosure of information related to subsidiaries

Each relevant department that recognizes the possibility that information concerning a subsidiary may also fall under the category of material facts shall report such information to the director in charge of the corporate management office. If this director determines that the information is subject to timely disclosure, the corporate control and accounting department will disclose the information in a timely manner through the corporate planning department.

5) Management of internal information

The Company ensures the management of internal information by its officers and employees through the operation of its internal regulations for the prevention of insider trading. A diagram regarding the outline of the timely disclosure system is shown in attachment 2.

Diagram of corporate governance system of the Company



Attachment 2

Timely disclosure workflow

