

Message from the Executive Officer in Charge of Sustainability

Sustainability supporting transformation: Aligning the trajectory of transformation with the creation of both social and corporate value and sharing the transformation narrative with stakeholders

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Sustainability Management at Tokuyama

We believe sustainability initiatives should not be treated as stand-alone activities addressing specific social issues, but rather embedded in the Group's mission, business strategies, and the very management that underpins day-to-day decision-making.

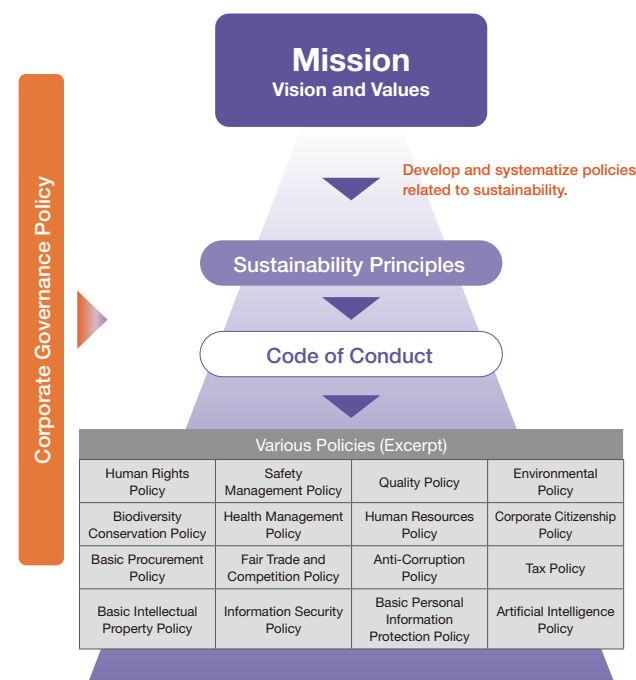
The Group believes that sustainability management means remaining a corporate group that society deems essential into the future, guided by our Mission: "to create a bright future in harmony with the environment, in collaboration with customers, based on chemistry." This will be achieved by striking the right balance between contributing to the resolution of social issues through our business activities and maximizing corporate value. Put simply, it is nothing less than the continual pursuit of ever greater happiness and satisfaction among the six stakeholder groups that the Group considers most important: shareholders and investors, customers, business partners, employees, communities and society, and the global environment.

Initiatives under Medium-Term Management Plan 2025

Under Medium-Term Management Plan 2025, we focused on laying the foundation for sharing this approach throughout the Group and putting it into practice. First, we developed and expanded our sustainability-related policies (see "Policies on Sustainability" on the right.). We also developed a Company-wide risk management system (see pp. 59–60, "Risk Management"), strengthened Group governance, and

established a sustainability governance system designed to accelerate and clarify decision-making related to sustainability (see "Sustainability-Related Meeting Bodies" below). We have also strengthened monitoring and coordination across all three lines of defense for these activities.

Policies on Sustainability



In addition, we have proactively disclosed non-financial information on our initiatives addressing a range of sustainability issues, such as climate change, biodiversity conservation, human rights, and sustainable procurement. Sustainability, which before had tended to be viewed as

Sustainability-Related Meeting Bodies



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peripheral to business strategy, was elevated to the status of an issue warranting deliberation as a core management concern. We regard the steady shift in awareness among senior management and other employees in key positions as another important step forward during the period of the previous medium-term management plan.

At the Start of Five-Year Business Plan 2030

At the same time, the business environment surrounding companies is becoming even more uncertain amid developments such as accelerating decarbonization, tighter resource and energy constraints, intensifying global competition, the emergence of geopolitical risks, and faster technological innovation. Given these circumstances, maintaining and strengthening future competitiveness and achieving sustainable growth will require an irrevocable transformation that is not merely an extension of existing practices.

Under Five-Year Business Plan 2030 ("FBP 2030"), launched in FY2026, the Group expressed its unwavering resolve by taking the concept of business portfolio "transformation" a decisive step further into business portfolio "reinvention." We have taken the first steps toward reinvention for the next stage of growth by reshaping our revenue structure, concentrating allocation of resources in growth areas, and investing in talent and technology.

With the launch of FBP 2030, we also revised one of the statements in Tokuyama's Vision to "Be a value-creative company that places first priority on customer-driven marketing." This revision more clearly expresses our aspiration to strengthen our ability to turn technologies into businesses, begin value creation with customer-driven marketing, and remain a company that never stops taking on the challenge of new domains while refining its unique strengths. At the same time, we reviewed the materiality that had previously been based on priority CSR issues, identified

the management elements required to realize this Vision, and updated it to reflect priority Company-wide issues. The result is our new materiality.

Sustainability During Times of Change

As the Company undertakes this transformation, we believe the essential role of sustainability during this time of change is to assess risks and opportunities from a medium- to long-term perspective, anticipate changes in the value sought by society and customers, align the trajectory of transformation with the creation of both social and corporate value, and support bold undertakings with the potential to create a future competitive edge. Sustainability should serve as the guiding compass for this effort and as the core that ties together business strategy, technology development, investment decisions, human resources strategy, and other areas.

We also see articulating clearly why the Group is changing and what value it intends to deliver to society, and communicating this effectively as another of our roles. We seek to build a shared understanding between management and frontline workers by treating transformation not as the mere pursuit of efficiency and rationalization but as an effort to create sustainable value. It is also essential that we explain candidly and consistently to investors and our other diverse stakeholders the thinking behind the Group's reinvention, what sort of issues we are confronting, and the kind of value we seek to realize. We believe that this integrated report is also an important platform for that dialogue.

Future Priorities

Our next priority is to move beyond sharing the new materiality as just a set of principles or slogans by linking it more closely to our KGIs and KPIs and embedding it in both management

indicators and day-to-day operations. Translating our materiality into organizational and individual work objectives and embedding it in the decisions and actions of every employee will be indispensable for achieving this.

The accumulation of day-to-day decisions on the front lines shapes who we are as a company and will determine our future competitiveness. It is for this very reason that every organization, Group company, and level of the workforce must take ownership of the materiality and put it into practice.

Precisely because we are in a time of change, we will further strengthen the foundation that enables the Group to remain trusted and deemed essential by its stakeholders. As the executive responsible for sustainability, I will help bridge values and action, and connect management with the front lines, as well as the Company with its external stakeholders, to support sustainable value creation and corporate value.

FY2025 Materiality Results under Medium-Term Management Plan 2025

Achievement Level ○: 95% or more △: 60% or more ×: less than 60%

Materiality	Aspiration	Targets and KPIs	FY2025 Results	Achievement Level
Helping to fight global warming  	Achieving carbon neutrality (CN) by FY2050	- Reduction in GHG emissions across the Group (all targets to be achieved by FY2030): 30% reduction in Scope 1 and 2 (compared with FY2019) 10% reduction in Scope 3 (Categories 1, 3, and 4) (compared with FY2022) - Active disclosure of climate-related information	- FY2025 GHG emissions: 18% reduction in Scope 1 and 2 6% reduction in Scope 3 - Promoted collaboration with Shunan Industrial Complex (via the Shunan Industrial Complex Decarbonization Promotion Council) - Promoted conversion to non-fossil fuels, initiatives to reduce Scope 3 emissions, and initiatives to create environmental value - Enhanced information disclosure	○
Conserving the environment   	- Promoting recycling and maintaining zero landfill waste - Maintaining low emissions of environmental impact substances - Complying with legal requirements and other regulations, achievement of zero environmental accidents - Contribution to biodiversity conservation	- Complying with legal requirements and other regulations: Achievement of zero violations - Continued achievement of zero environmental accidents: Zero accidents - Reducing environmental impact (Tokuyama Group) - Effective waste utilization rate: ≥92% - Landfill waste disposal rate: ≤3% - Enhancing dialogue with stakeholders and information disclosure - Contributing to biodiversity conservation: Responding to TNFD - Effective use of water resources: Reduction of water consumption (excluding seawater) (below FY2019 standard)	- Compliance with legal and other requirements and environmental accidents: 0 incidents - Measures to address global warming - Calculated GHG emissions and obtained third-party verification - Reduced environmental impact: - Effective waste utilization rate: 91% (Tokuyama Group) - Landfill waste disposal rate: 4% (Tokuyama Group) - Implemented initiatives for biodiversity conservation - Water usage reduction rate (excluding seawater) (compared with FY2019): -13% - Enhanced dialogue with stakeholders and information transparency	○
Preventing accidents and preparing for disasters   	- Accident prevention and disaster preparation - Improvements in process safety management level - Fostering and improving the safety culture	- Zero accidents and zero lost-time injuries - Deepened risk assessment - Promoting smart security	- Zero serious accidents/disasters - Tokuyama Factory obtained B accreditation as an accredited advanced safety provider - Workplaces toured by top management - Initiated efforts to identify high-risk and high-workload tasks by the safety activities team - Conducted disaster prevention drills based on natural disaster scenarios - Investigated the causes of equipment failures and horizontally deployed countermeasures	○
Developing products and technologies that address social issues   	Expanding development of products and technologies that address social issues by taking SDGs into account, and reinvent the business portfolio	- Promoting the development of products and technologies that help to resolve social issues, focusing on the SDGs - Efficient process technology development through DX of multiple-product manufacturing	- Electronics: Accelerated efforts to commercialize customer-driven products by strengthening marketing functions and coordination with business divisions - Healthcare: Accelerated development by narrowing down commercialization themes and concentrating resources - Environment: Moved several themes into the commercialization phase; promoted new carbon neutral related themes - Traditional business areas: Developed and launched products that address environmental issues, and developed process technologies - Other: Grants for academic and research purposes	○
Improved chemical management and product safety   	Maintaining effective chemical management and promote product safety in the Group	- Complying with chemical laws and regulations in each country: Zero infractions of chemical-related regulations - Group risk management of chemical products: Zero accidents due to product safety	- Zero infractions of chemical-related regulations 92 product reviews (second and third rounds); 909 labeling reviews - Understood and responded to domestic and overseas regulatory trends - Promoted the management system for chemicals contained in products - Provided education to departments and Group companies involved in chemical product management and conducted regular inspections and interviews on their state of management	○
Engaging with local communities   	- Harmoniously co-existing and cooperating with communities - Contribution to communities	- Harmoniously co-existing and cooperating with communities - Contribution to communities	- Dialogue with communities: Conducted area community dialogue, roundtable meetings, factory tours, etc. - Social contributions: Conducted volunteer activities, provided educational support to neighboring schools, and made donations to contribute to the local community - Contributions through business: Specified supply of power to Shunan City	○

FY2025 Materiality Results under Medium-Term Management Plan 2025

Achievement Level ○: 95% or more △: 60% or more ×: less than 60%

Materiality	Aspiration	Targets and KPIs	FY2025 Results	Achievement Level
Promoting CSR procurement 	- Management of supply chains based on sustainable procurement guidelines - Creating management process	Improvement and execution of management and investigation of supply chains based on sustainable procurement guidelines	- In April 2025, raised awareness of the revised guidelines among suppliers and contractors. Requested pledges from companies with a transaction value of 30 million yen or more; collected from 334 out of 397 companies. - Implemented supplier assessments using the self-assessment questionnaire (SAQ) published by Global Compact Network Japan (GCNJ) for suppliers and contractors with transaction values of 100 million yen or more; collected from 192 out of 223 companies	○
Developing human resources 	Improving employee value while contributing to the realization of a management strategy - Increasing operational productivity - Providing human resources to growth areas and new projects - Recruitment and creation of human resources to drive the Company's growth	- Establishment of an incentive system to support productivity improvements¹ - Percentage of positions filled relative to human resource plan: 100% ± 10% each fiscal year - Percentage of successor candidate positions filled for key management positions: 100% each fiscal year - Number of NBL (Next Business Leader) training participants: Cumulative total of 100 by FY2030¹ - Global human resources development training: 15 participants each fiscal year until FY2025¹ - Training highly skilled engineers to support business execution²	- Establishment of incentive system: Preparation of system design¹ - Percentage of positions filled relative to human resource plan: 80% - Percentage of successor candidate positions filled for key management positions: 123% - Implemented NBL training: Attended by 20 selected employees (cumulative total across consolidated Group: 87) - Implemented global human resource development: Attended by 19 employees (cumulative total across consolidated Group: 67) - Training highly skilled engineers to support business execution² - Conducted DX workplace leader and digital engineer training - Conducted DX literacy improvement training	○
Promotion of diversity and career fulfillment 	- Responding to diversity of values and ensuring fairness - Increasing engagement - Respect for human rights	- Promotion of diversity and inclusion - Percentage of women hired with a bachelor's degree or higher: 20% or higher each fiscal year² - Percentage of managerial positions or above held by women: 15% in FY2030 - Percentage of people with disabilities: Achievement of legally mandated level¹ - Employee engagement: Ongoing improvement¹ - Promotion of work-life balance - Rate of childcare leave taken by men: 100% in FY2030² - Rate of annual paid leave taken: 75% each fiscal year² - Promotion of respect for human rights	- Promotion of diversity and inclusion - Percentage of women hired with a bachelor's degree or higher: 27.8%² - Percentage of managerial positions or above held by women: 10.6% - Percentage of people with disabilities: 2.49%¹ - Employee engagement: Implementation of improvement measures for departments with poor engagement¹ - Promotion of work-life balance - Rate of male employees taking childcare leave: 64.8%² - Rate of annual paid leave taken: 79.4%² - Implemented human rights due diligence and other measures (see p. 48, "Respect for Human Rights," for details)	△
Promotion of physical/mental health 	A state in which employees can work vigorously and play an active role through the cultivation of the physical and mental health of employees and their families, and the creation of a work-friendly environment	- Improve health awareness - Smoking rate: <15% - Maintain or reduce the rate of abnormal health screening findings - Rate of undertaking regular health screenings: 100% - Rate of undertaking re-examination: ≥90% - Specific health guidance rate: ≥80% - Reduction in the rate of employees absences: <0.5% - Stress check examination: ≥95% - Continued certification as an Outstanding Organization of KENKO Investment for Health (White 500) (All of the above are non-consolidated.)	- Strong external acclaim for implementing the KENKO Investment for Health - KENKO Investment for Health, White 500, and Outstanding Organization of KENKO Investment for Health - Reduction of absenteeism - Number of employees absent for 30 or more days: 1.7% - Presenteeism: 4.8% - Work engagement: 3.0 - Health guidance, measures against lifestyle-related diseases - Rate of undertaking regular health screenings: 100% - Rate of undertaking re-examination/detailed examinations: 92.4% - Promotion of smart life program, smoking rate: 16.8% - Promotion of mental healthcare, stress check examination rate: 96.4% - Collaborative health practice, specific health guidance rate: 97.5% (All of the above are non-consolidated.)	○

1. Non-consolidated

2. Non-consolidated and domestic consolidated subsidiaries

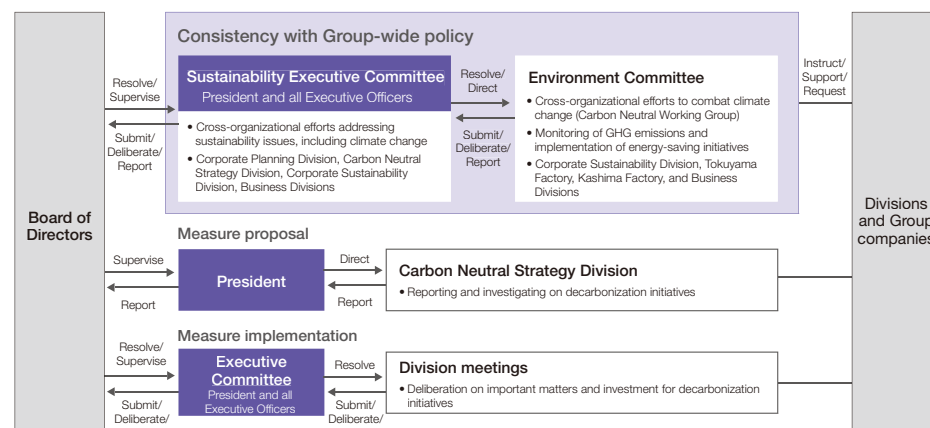
Action on Climate Change

Governance

The Group regards climate change as one of its greatest management risks and has continuously addressed it through its medium-term management plans. Under the newly formulated FBP 2030, “Take responsibility for and address issues related to global environment” continues to be one of our material issues, and we are advancing initiatives toward carbon neutrality. Policies on climate change and major investment projects related to climate change are decided following deliberation by the Executive Committee, and are subject to proper supervision through reports and referrals to the Board of Directors.

The Carbon Neutral Strategy Division, under the leadership of the President and Executive Officer acting under authority delegated by the Board of Directors, is responsible for formulating Company-wide policy and advancing related initiatives. The Sustainability Executive Committee and its subordinate Environment Committee analyze risks and opportunities and consider and oversee specific initiatives. This provides a governance framework for ensuring that climate-related issues are properly represented in management decision-making.

System to Promote Carbon Neutrality Achievement



Strategy

The Group recognizes the impact of climate change on the business environment as an important management issue, analyzes it in terms of both risks and opportunities, and reflects the results of this analysis in its business strategies. We are refining our strategies by factoring in both emerging risks, such as higher carbon costs following the introduction of internal carbon pricing and changes in customer procurement policies, together with new business opportunities in the environmental field.

We also conduct analyses of scenarios involving global warming by 1.5°C and 4°C through

2050, using scenarios of the International Energy Agency (IEA) such as its Net Zero Emissions by 2050 Scenario (NZE) and Intergovernmental Panel on Climate Change (IPCC) scenarios as references. These analyses assess transition risks relating to policy, technology, markets, and reputation, as well as physical risks such as extreme weather. They also identify opportunities such as increased demand driven by the shift toward a low-carbon society and growth in the resource circulation domain.

Drawing on the findings of these analyses, we are reinventing our business portfolio from an energy-intensive model to one centered on value creation. This allows us to reduce risks, translate opportunities into earnings, and continually build greater resilience into our strategy.

Risks from Climate Change (Scenario Analysis)

Short term: through FY2025; medium term: through FY2030; long term: through FY2050

Scenario	Risks Category	Risk Assessment Target	Impact on the Group (Financial) (Identified Risks)
1.5°C	Government policy and regulations	Carbon pricing and energy procurement costs	• Increase in operating costs due to expanded carbon pricing • Increase in costs for mitigation initiatives due to tightening of GHG emission regulations
	Technology	Increased costs arising from the use of non-fossil energy and the procurement of raw materials with a low carbon footprint	• Increased costs arising from the use of non-fossil energy and the procurement of raw materials with a low carbon footprint • Increased costs for green material procurement and green process conversion due to lack of technology and market maturity
	Evaluation	Stakeholder evaluations	• Decline in market value and increase in financing costs due to a poor evaluation of carbon neutrality initiatives • Risk of litigation by local residents demanding shutdown or decommissioning of coal-fired power plants • Sustainability risks for biomass fuel
	Market	Shift in customer preferences toward environmental value and green procurement Lost opportunities due to a failure to keep pace with the transition to a decarbonized society	• Rejection of products by the market based on large carbon-footprint evaluation • Deterioration of profits due to an inability to recover green initiative costs caused by raising prices • Lost opportunities due to delays in launching products with a low carbon footprint • Opportunity loss due to delays in building a green supply chain • Lost opportunities due to insufficient efforts for entering the circular economy and the carbon recycling field
4°C	Physical risks (acute)	More frequent extreme weather events and sea level rise	• Wind and flood damage to production plants; production plan delays and increased costs due to supply chain disruptions, etc.
	Physical risks (chronic)	Long-term intensification of extreme weather events and rising sea levels	• Decrease in production capacity due to insufficient factory cooling capacity caused by rising average temperatures • Production halts due to storm surges caused by rising sea levels

Opportunities from Climate Change (Scenario Analysis)

Short term: through FY2025; medium term: through FY2030; long term: through FY2050

Scenario	Opportunity Type	Opportunity Assessment Target	Impact on the Group
1.5°C	Market	Expanding demand in the environmental market	• Expansion of businesses offering waste disposal, effective utilization of resources, and measures to combat global warming
		Shift to carbon neutrality by regions and industrial complexes	• Enhancing site competitiveness by promoting large-scale green supply chains for energy and materials
	Resource efficiency	Requests for CCU-related products and services	• Entering new business fields by establishing a carbon recycling system

Action on Climate Change

Risk Management

The Group defines “significant risks” as those phenomena that could have a material impact on corporate value and accordingly require a cross-organizational response. We have established a Company-wide management system for addressing such risks. For climate change, we consider “global decarbonization risks” to be a significant risk and evaluate and manage the issue in terms of both risks and opportunities.

In identifying and evaluating risks, we consider the nature of affected businesses and shifts in the external environment, then classify the risks according to their likely manifestation, impact, time horizon, and other relevant considerations. Climate-related risks are considered through a cross-organizational carbon neutrality framework established under the Environment Committee. Each division collects and analyzes information on laws and regulations, policy trends, technology, markets, stakeholder trends, and other matters. Responses to identified risks are implemented through measures taken by each division, with progress monitored by the committee.

These risks are also managed on an integrated Company-wide basis by the Sustainability Executive Committee and, depending on their importance, assigned to the appropriate business divisions or specialist committees, thereby linking risk management with management decision-making.

Metrics and Targets

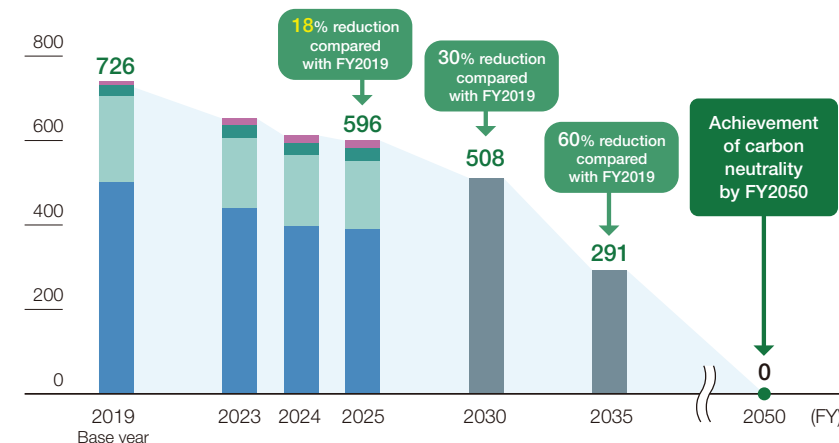
The Group sets short-, medium-, and long-term time horizons and manages progress against climate-related metrics and targets. Under Five-Year Business Plan 2030, we have revised the targets and set FY2035 as the end of the medium-term horizon, taking into account changes in the business environment and alignment with our decarbonization strategy. For GHG emissions (Scopes 1 and 2), a key metric, we target a 30% reduction from the FY2019 level by FY2030, a 60% reduction by FY2035, and the achievement of carbon neutrality by FY2050.

We have also set a Scope 3 reduction target to reduce emissions across the supply chain, aiming for a 30% reduction from the FY2022 level by FY2035. To achieve these targets, we are reviewing product designs, optimizing logistics, strengthening collaboration with suppliers, and pursuing other initiatives.

We will continue to combine a variety of approaches, such as fuel conversion and business portfolio reinvention, as we advance initiatives to achieve our targets. For details of these specific measures and their progress, please refer to the Tokuyama TCFD Report.

Medium- to Long-Term GHG Emissions Reduction Targets (Scope 1 and 2)

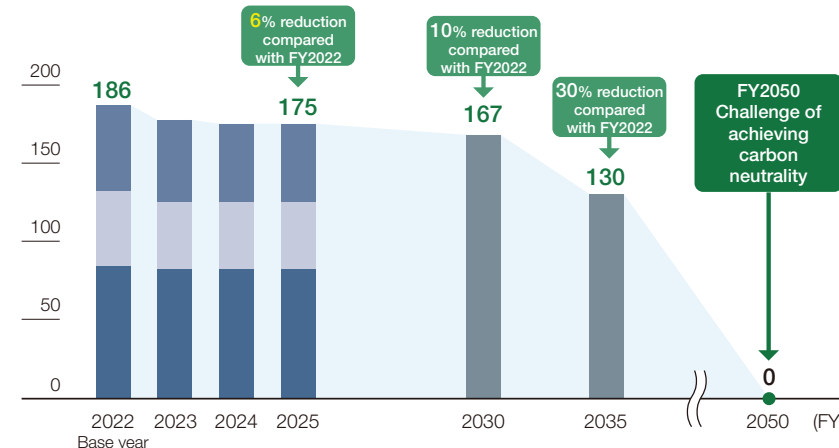
(Ten thousand tonnes-CO₂e) ■ Fuels-derived ■ Materials-derived ■ Waste-derived ■ Scope 2



* GHG emissions from fuels include emissions derived from coal used as a thermal energy source.

Medium- to Long-Term GHG Emissions Reduction Targets (Scope 3; Categories 1, 3, and 4)

(Ten thousand tonnes-CO₂e) ■ Category 1 ■ Category 3 ■ Category 4



See the Company's website for the Tokuyama TCFD Report.
https://www.tokuyama.co.jp/eng/csr/global_warming.html#section2

Natural Capital and Biodiversity

Governance

The Group regards nature-related issues as one of its key management issues and oversees them through a governance structure led by the Sustainability Executive Committee under the supervision of the Board of Directors. The Sustainability Executive Committee identifies and assesses risks and opportunities, including those related to nature, and deliberates and decides on important measures. The Environment Committee and the TNFD Working Group, which are expert committees, advance specific initiatives.

Important policies and plans are also deliberated and reported at meetings of the Board of Directors, with a view to integrating them into Company-wide risk management and management strategy. Under this framework, we continuously monitor and improve our approach to nature-related issues as areas of focus for supporting enhancement of corporate value.

Strategy

The Group systematically analyzed the relationship between its business activities and nature based on the Locate, Evaluate, Assess, Prepare (LEAP) approach proposed by the Taskforce on Nature-related Financial Disclosures (TNFD).

The analysis identified dependence on water resources and the effects of releasing pollutants into the environment as particularly important issues for the Company's businesses. The chemicals and power generation businesses use especially large volumes of water. For this reason, ensuring stable access to water resources is a prerequisite for business continuity. We also recognize wastewater and exhaust gases as important impact factors that can affect ecosystems and corporate value. In addition, our assessment of nature-related risks at major production bases found relatively high water stress at certain bases, but confirmed that this did not pose a high risk of significant direct impacts on critical ecosystems.

The results of various analyses led the Company to designate the Tokuyama Factory as a priority area. The Tokuyama Factory has long prioritized initiatives to minimize its environmental impact, such as the management of water resources, wastewater, and exhaust gases, and is putting the expertise gained through such initiatives to use at bases in Japan and overseas.

Looking ahead, we will leverage nature-related metrics to further refine our assessment of risks and opportunities. We will also use resources more efficiently and reduce environmental impacts to simultaneously mitigate nature-related risks and capture growth opportunities.

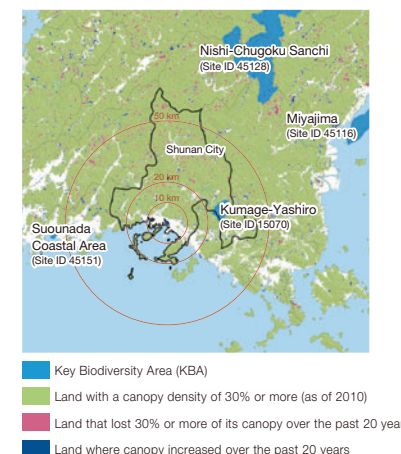
Analysis of Response Status via the LEAP Framework

Locate, Evaluate, Assess, Prepare (LEAP) approach



Environment of the Tokuyama Factory (Shunan City, Yamaguchi Prefecture)

Source: <https://www.globalforestwatch.org/>
<https://www.keybiodiversityareas.org/>



Dependencies on and Impacts on Nature Identified Using the WWF Biodiversity Risk Filter

	Chemicals	Cement	Power Generation	Pharmaceuticals
Dependency	Water availability	Media monitoring	Water availability	Water availability
Impact	Pollution	Pollution	Pollution, protected areas, key biodiversity areas, other important boundaries, and ecosystem condition	Pollution

Risk Management

The Group classified the dependencies and impacts on nature arising from its business activities according to the five nature-related impact drivers proposed by the TNFD and assessed their levels of impact. At the same time, we have organized the Group's policies and initiatives and ascertained the status of initiatives we have undertaken. The main impact drivers include among others the use of raw materials and fuels, GHG emissions, water use, and waste generation. The Group is addressing these issues by reducing its environmental impact and improving resource circulation.

Natural Capital and Biodiversity

We also recognize management of pollutant emissions and the effects of invasive species on ecosystems as issues that involve critical nature-related risks. In addressing these matters, we go beyond mere legal compliance by also managing them appropriately and taking preventive action.

In addition, the Group maps out nature-related factors including climate change, pollution, and water and land use across the entire value chain, with the aim of balancing risk reduction with the creation of opportunities.

Growing uncertainty associated with changes in the natural environment, society, and markets may cause risks and opportunities that affect our businesses to materialize. Examples include difficulty procuring raw materials and fuels due to supply chain disruption or interruption caused by deterioration of the natural environment or changes in social conditions, or higher costs associated with stricter emissions regulations. To secure a stable supply of raw materials and fuels, we believe it is necessary to diversify sources, redesign supply chains, and strengthen collaboration with stakeholders. We are responding to emissions regulations by continuing initiatives to reduce environmental impact and improve resource efficiency while strengthening our management systems. At the same time, demand for environmentally conscious products is also expected to grow as awareness of such products becomes more widespread. We are working to capture these opportunities by developing products in this area.

The Group will continue to analyze the impact of these risks and opportunities on its businesses and incorporate the results of these analyses into management strategy in pursuit of sustainable growth and value creation.

Dependence and Impact on Nature

Status of measures A: Adequate measures are being implemented B: Measures are under consideration and being acted upon C: Measures under consideration

Impact Drivers	Business Activities and Dependence on Nature	Impact Level	Impact on Nature	Measures and Initiatives	Status of Measures
Climate change	- Fuel combustion - Fossil and non-fossil fuels - Biomass/waste (in-house power generation, high-temperature firing furnaces)	Large	Increased global warming and more natural disasters due to GHG emissions	- Carbon neutrality - Increasing the use of non-fossil fuels (Co-firing of biomass/ammonia, hydrogen)	B
Pollution Eliminating pollution	Atmospheric emissions: SOx, NOx, fluorocarbons, etc.	Minimal	Air pollution	Reducing emissions by improving the processes for recovering and detoxifying chemical substances	A
	Discharges into water: COD, BOD	Minimal	Poorer water quality		A
	Industrial waste disposal	Minimal	Soil contamination		A
Changing how we use land, water, and the ocean	Use of water resources	Large	Water resources are being depleted and are drying up	Reducing water intake and improving water recycling technology	B
	Extraction of raw materials and fuels	Moderate	Mine development and expansion	- Post-mining reforestation - Contracting with appropriate mining companies	B
	Use of land and ports	Minimal	Shrinking green spaces and marine areas	Managing green spaces, forest conservation activities, and promoting greening after raw material mining	B
			Loss of ecosystems	Maintaining and managing ecosystems (qualitative and quantitative evaluation)	Not considered
Resource utilization Resource replenishment	Use of water resources	Large	Water resources are drying up	Reducing water intake	B
	Extraction and transport of raw materials	Moderate	Mineral resources are running out	Managing mines	B
	Transporting waste and recyclable products	Moderate	Global warming GHG emissions during transport	- Comprehensive resource recycling - Modal shift in transportation methods - Reducing GHG emissions	C
Invasive alien species	Procuring raw materials and fuel overseas, and exporting products/loading and unloading at ports, round trip transportation by cargo ships)	Moderate	Ecosystem balance is disrupted by invasive species	- Measures against invasive species during loading and unloading; - Compliance with relevant laws and regulations	B

Metrics and Targets

Taking into account its dependencies on and impacts on natural capital, the Group is committed to pursuing not only nature positivity but also carbon neutrality and a circular economy as corporate priorities.

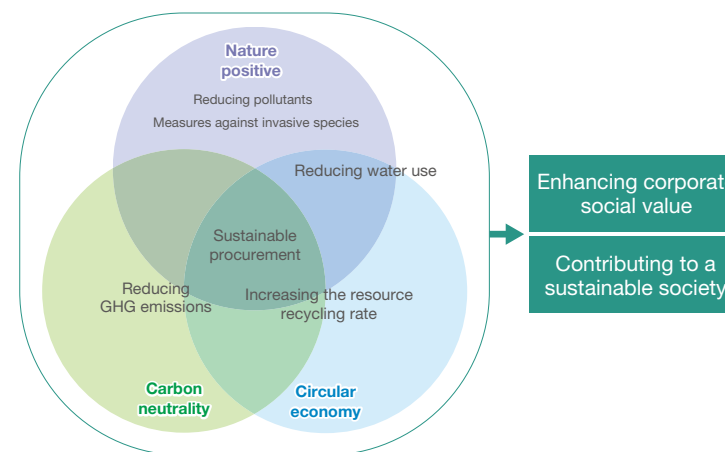
Specifically, we will ensure business continuity and enhance corporate value while contributing to a sustainable society by pursuing the following initiatives.

- GHG emissions reduction (Scopes 1, 2, and 3)
- Reduction of water consumption and intake (excluding seawater)
- Improvement of the effective waste utilization rate and reduction of the landfill disposal rate
- Promotion of sustainable procurement

We manage these metrics as the Group's materiality and KPIs, and incorporate them into our management strategy. In view of our dependencies on natural capital, such as water resources, and our impacts on it, such as emissions and pollution, we have designated these as important issues and will continue to enhance information disclosures prepared in line with the TNFD recommendations through continuous monitoring.

Going forward, we will expand our nature-related KPIs and strengthen our monitoring framework, incorporating the results into our management strategy and capital allocation. Through these efforts, we will enhance corporate value and contribute to a sustainable society.

Tokuyama Group's Comprehensive Initiatives for Global Environmental Conservation



Stakeholder Engagement

Stakeholder Communication

Stakeholders	Key Engagement Activities
Customers	• Sales activities (as needed) • Factory tours (126 times) • Exhibitions (12 times)
Business partners	• Awareness and dissemination of the Basic Procurement Policy • Joint health and safety meetings (once/year)
Employees	• Employee surveys and harassment surveys (once/year each) • In-house newsletters (4 times/year) • Intranet (as needed) • Labor-Management Council meetings (once/month) • Health and Safety Committee meetings (once/month per site covered)
Shareholders and investors	• Financial Results Briefing (Institutional investors: each time a financial statement is issued) • IR seminars for individual investors • Management briefings, business briefings (once/year) • Various reports (annual securities reports, consolidated reports, corporate governance reports) • Factory tours for individual shareholders (once/year)
Communities and society	• Security and disaster prevention activities • Regional dialogue and event sponsorship • Regional volunteers • Subsidies for next-generation training (accepting interns, donating books, traveling classrooms) • Subsidies for the promotion of science and technology (donations)
Environment	• Efforts to reduce GHG emissions and save energy • Acceptance and appropriate processing of waste • Initiatives to address biodiversity

Participation in Initiatives

- United Nations Global Compact
- GX League
- TCFD Consortium
- TNFD Forum
- CDP
- Japan Business Federation (Keidanren)

Evaluation by Society



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

CDP Supplier
Engagement Leader 20252026 Outstanding Organizations of
KENKO Investment for Health (White 500)

DX Certified Business Operator

FY2026
SOMPO Sustainability Index

Contribution to Communities

Under the Tokuyama Group Corporate Citizenship Policy, the Tokuyama Group leverages technology, talent, and other management resources developed through its business activities to promote social contributions firmly grounded in local communities. In addition to dialogue with local residents and building frameworks for cooperation with local governments, the Group pursues multifaceted initiatives such as supporting education and raising scientific awareness among the children who will shape the future, as well as taking part in cultural activities. Through these ongoing efforts, the Group aims to strengthen its bonds of trust with local communities and to remain a company that shares the path forward with them.

Representative Social Contributions to Communities

Dialogue with communities	Ongoing community dialogue (Shunan City) Sponsorship of the Tokuyama Summer Festival and Shunan Winter Tree Festival
Cooperation with local government	Stable supply of electricity to Shunan City Hall and Tokuyama Station Building Agreement with Shunan City concerning emergency evacuation sites during disasters Agreement with Shunan City to provide comprehensive firefighting support during disasters
Educational support	Hosting work experience programs for local junior high school students Donation of library bookstore gift certificates to local elementary and junior high schools (Mikage Bunko book program) Outreach programs and science education for local elementary school students Chemistry awareness programs at local events

The Tokuyama Science Foundation also provided the following subsidies to advance the science and technology that will shape the future.

	FY2021	FY2022	FY2023	FY2024	FY2025
Amount of grants awarded by the Tokuyama Science Foundation (Thousands of yen)	48,670	52,720	67,250	53,550	60,115

TOPIC

Tokuyama Chemical Club: Making Chemistry Fun for Children in Local Communities

The Tokuyama Chemical Club is an initiative in which employee volunteers draw on the chemistry expertise that can only be gained by working at a chemical manufacturer to show local children just how much fun chemistry can be. Since its launch in FY2015, the club has planned and conducted programs that allow children to enjoy learning about the chemistry at work in everyday life, such as making Karumerayaki with baking soda and creating bath bombs. In FY2025, the club held 25 events in and outside Yamaguchi Prefecture, mainly in Shunan City in that prefecture, with approximately 2,200 participants in total. Children who took part commented, "I want to try this at home, too" and "Chemistry is fun." The event was also well received by their guardians. The activities are conducted as part of Tokuyama Challenge Activities, a voluntary employee initiative, and involved 33 members cutting across age groups and departmental lines. Since its launch, the club has held a cumulative total of 142 events, with approximately 17,000 participants taking part in the experiences. We will continue to help cultivate the talent who will shape the future through science awareness activities that are firmly grounded in local communities.

Respect for Human Rights

Basic Stance

The Tokuyama Group considers respect for human rights a foundational aspect of all of its business activities. To fulfill its responsibility as a company to respect human rights, in FY2022 the Group established the Tokuyama Group Human Rights Policy (hereinafter the “Human Rights Policy”) based on the Tokuyama Group Sustainability Principles and the Tokuyama Group Code of Conduct.

This Human Rights Policy was developed based on domestic and international human rights norms, including the United Nations Guiding Principles on Business and Human Rights, while also taking into consideration the opinions of relevant internal departments and officers, as well as the opinions of external experts. The policy was then approved by the CSR Promotion Council (currently the Sustainability Executive Committee), and enacted via resolution of the Board of Directors.

Activities relating to respecting human rights are primarily carried out by the Compliance Committee, and important matters are deliberated on and approved by the Sustainability Executive Committee, a higher-level conference body. These activities are also reported to and overseen by the Board of Directors.

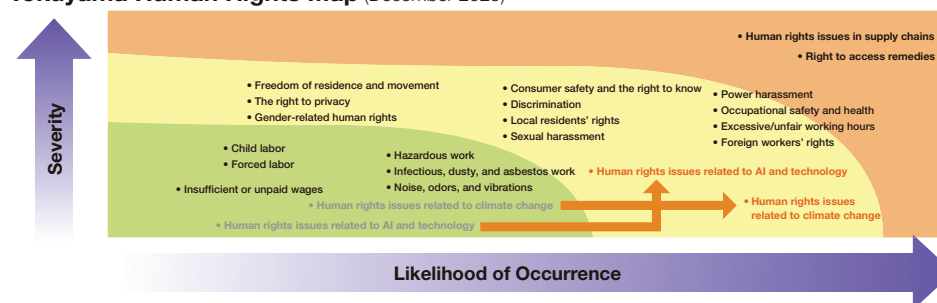
Human Rights Initiatives

The Group has established a Human Rights Due Diligence Task Force under the Compliance Committee to conduct cross-organizational human rights due diligence involving multiple departments related to human rights. The task force identifies human rights risks that could arise from the Group’s business activities and maps them as shown in the figure at right. Based on this, “human rights issues in the supply chain” and “the right to access remedies” were judged to have the greatest potential impact and likelihood of occurrence, and the task force is giving priority to addressing these. To address potential risks within the supply chain, the task force promoted awareness of the contact point for airing grievances, and asked suppliers and service providers with whom the Group does business above a certain amount to submit a pledge that they will adhere to the Sustainable Procurement Guidelines and to conduct self-assessments. See the following section, “Initiatives Across the Value Chain,” for details.

The Compliance Committee also reviews this mapping annually. In FY2025, the positioning of “human rights issues related to climate change” and “human rights issues related to AI and technology” on the map was revised. For example, climate change is leading to an increase in the number of extremely hot days, which significantly burdens on-site workers. The Group is stepping up measures to protect workers’ human rights, including comprehensive precautions against heatstroke. The Company is also placing greater emphasis on the use of AI as part of its DX initiatives. The Group established the Tokuyama Group AI Policy in November 2025 to mitigate —such as the potential impact of the use of AI on human rights and other areas—and is promoting more responsible use of AI.

In FY2025, the Group supplemented these initiatives by establishing a dedicated consultation desk for labor management issues, holding harassment prevention seminars, and raising awareness through such activities as human rights education via training tailored to different employee levels and e-learning. The Group recognizes that work on human rights is never complete and therefore identifies human rights issues and takes appropriate action each year.

Tokuyama Human Rights Map (December 2025)



Initiatives Across the Value Chain

As part of our supply chain initiatives, we present suppliers with the Basic Policy and Guidelines and conduct a survey using a self-assessment questionnaire (SAQ) once every three years. Beginning in FY2025, the Group expanded the scope of these initiatives to encompass the whole value chain by adding service providers, in addition to suppliers, to the parties surveyed. Note that these initiatives are not just limited to human rights; they also broadly confirm and promote sustainability in the value chain, including business ethics such as anti-corruption and fair trade, reducing environmental impact including the issues of climate change and biodiversity, and improving information security.

In FY2025, following the revision of the former Basic Purchasing Policy and CSR Procurement Guidelines into the Basic Procurement Policy and Sustainable Procurement Guidelines effective April 1, 2025, we presented the Basic Procurement Policy and Sustainable Procurement Guidelines to 397 suppliers and service providers with transaction amounts of 30 million yen or more. Of these, 334 companies have pledged to adhere to these guidelines. In addition, we have asked 223 suppliers who have transaction volumes of 100 million yen or more to conduct self-assessments using SAQs developed by Global Compact Network Japan (GCNJ). We received responses from 192 of these companies.

To ensure that suppliers and service providers have the right to access remedies, we also published contact information for the contact desk on our website. The Tokuyama Factory and other sites have recently seen an increase in the number of foreign nationals entering their premises. In response, we reviewed our work and site-entry rules to prevent any human rights issues such as illegal labor practices from arising.

Board Members' Roundtable Discussion

Governance Combining Transparency and Effectiveness to Advance the Tokuyama Group's Business Portfolio Reinvention and Medium- to Long-Term Sustainable Growth



Shiro Saito
External Director



Nobuko Mizumoto
External Director, Audit &
Supervisory Committee Member



Hiroshi Yokota
Representative Director,
Chairperson

New President Selection Process and Leveling Up Governance

Yokota Today, I would like to have a candid exchange of views with two of our external directors on Tokuyama's management and governance and draw on the insights and perspectives gained from this discussion in our future management.

We recently inaugurated a new system, following recommendations from the Nomination & Remuneration Advisory Committee and the President Nomination Committee, under which I was appointed Chairperson and Tomohiro Inoue was appointed President and Executive Officer. First, please share your impressions of the process for selecting the new President.

Mizumoto Although the President Nomination Committee was established in August 2021, a concrete succession plan for selecting top management was put into motion only about two years ago.

The first thing we had to do was to understand what sort of the character of each of the candidates. What decisions had they made over the course of their careers, and what were their views on management and the Company's future? Over those two years, I gained many opportunities to more deeply understand who the candidates were as people.

Tomohiro Inoue was ultimately selected, but another major outcome of the process was the trust and mutually supportive relationships it fostered among those individuals who had been candidates, the internal management team, and the external directors. I found it a highly meaningful process because, rather than merely selecting a person for a position, it also created relationships that will support the management structure going forward.

Saito I was involved in this process for just under a year. What left a deep impression with me was the clear emphasis on cultivating and assessing candidates in addition to selecting them for a position. By the time I became involved, the field had narrowed considerably, and the discussions were particularly focused on how to develop management

Board Members' Roundtable Discussion

talent who are capable of taking charge of business portfolio reinvention.

Many companies are working to cultivate their next generation of leaders, and I believe that Tokuyama, too, has begun to establish a process that will lead to the selection of candidates while not losing sight of the growth of those candidates. I believe it was a highly worthwhile initiative.

Yokota Hearing both of your perspectives has reaffirmed the significance of this process for me. In the past at Tokuyama, selecting a new President was the sole prerogative of the incumbent President. I believe that there were issues with the reasonableness and transparency of this. To remedy this, we drew on advice from the external directors to make preparations for the establishment of a mechanism for developing and selecting management talent over the medium to long term.

The President Nomination Committee took the lead in this initiative, and the process they established considers

candidates' character and views on management over the medium to long term and links their development and assessment to their selection functioned as intended. This represents a major advance in the Company's governance. Looking ahead, we also need to integrate this process with development initiatives such as Next Business Leader (NBL) training for younger employees and develop it into a framework that continuously develops and monitors future candidates for the Board and top management.

What We Expect of the New President

Yokota Next, I would like to ask about Tomohiro Inoue, the new President under the new system. Several months have passed since he took office. Please give us your candid assessment and tell us what you expect from him going forward.

Mizumoto Mr. Inoue took office amid a highly uncertain external environment, as geopolitical risks surrounding the Strait of Hormuz materialized immediately before his appointment. However, he has handled the situation in a calm and collected manner. The environment surrounding the chemical industry remains highly uncertain, but under Chairperson Yokota, Tokuyama has overcome a crisis that threatened its very survival and is now in a position to move forward with business portfolio reinvention. I believe Mr. Inoue has an important role to play in carrying that momentum forward.

Business portfolio reinvention requires each and every employee to understand the significance of the reinvention and take personal ownership of it. For that to happen, management must engage in dialogue with employees, listen carefully to their views, and build broader organizational buy-in.

Saito Early in his career, Mr. Inoue worked as an engineer at Figaro Engineering Inc., which is involved in the sensor business, and by, for example, being posted to the United States, gained experience in business fields that were somewhat different from those typically associated with the

Tokuyama Group. After returning to Tokuyama, he worked in the Cement and Eco Business Divisions and in Corporate Planning. The breadth of that experience will be a major asset for his management going forward.

At the same time, and this is true of any leader, there is a tendency to become especially exacting in areas in which one specializes or knows well. In such cases, it is important to maintain a willingness to listen, keep sight of the overall picture, and make decisions from that perspective. Employees watch closely how the President approaches his role. In that sense as well, I expect Mr. Inoue to demonstrate a style of leadership that moves the organization forward through active listening.

Yokota I agree completely with both of you. I personally believe the single most important quality for a top executive is the ability to engage in dialogue. They must share the Company's philosophy and goals with employees to encourage a change in mindset, use dialogue to understand the issues faced on the front lines, and make sound management decisions. Also, such dialogue is not limited to dialogue with employees. The same sort of dialogue should be had with shareholders and investors, customers, business partners, and other stakeholders. We must listen to their questions and expectations and engage them in dialogue. I believe such an approach leads to better decision-making.

A Governance Structure for Greater Effectiveness and the Role of External Directors

Yokota Next, I would like to discuss the Company's governance structure. Tokuyama transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee, thereby strengthening the Board of Directors' monitoring function. At the same time, it's true that the Board has in the past been involved to some extent in business execution. Rather than transitioning all at once to a Western-style monitoring board, I see us as being in a transitional period in which the Board is evolving while it strikes



Board Members' Roundtable Discussion

a balance between its supervisory and advisory functions.

We have now redesigned the external director framework so that external directors who are Audit & Supervisory Committee members are separate from other independent external directors. For Audit & Supervisory Committee members, we have emphasized a structure that enables them to dynamically visit frontline operations, where they conduct checks and investigations as needed. By contrast, independent external directors are expected to provide monitoring and advice grounded in their professional expertise, supporting management when it should move ahead and restraining it when necessary. What is your assessment of this structure?

Mizumoto As I noted in the FY2025 Board Members' Roundtable Discussion, one aspect of our governance that I view positively is the very careful and thorough provision of information by management. That remains true today. At the same time, the number of external directors has increased, with the additional directors bringing greater diversity of expertise. I feel that we, as external directors, must scrutinize the information provided to us more carefully. The larger number of directors has also made scheduling more difficult, and I regarded the resulting decline in my opportunities to visit frontline operations and gather information firsthand as an issue. Given this situation, I believe that reinforcing cooperation with the Auditing Department and creating a smaller, more agile Audit & Supervisory Committee structure was an exceptionally meaningful initiative that struck an effective balance between improving both monitoring functions and agility. It also allows us to continue monitoring the progress of investment projects after the Board has approved them, rather than treating approval as the end of our involvement.

Saito It is extremely important for external directors to have firsthand knowledge of frontline operations if they are to fulfill their roles. Even before becoming an external director, I enjoyed opportunities to engage with Tokuyama, mainly in association with R&D. I visited sites such as the Tokuyama Factory, the Center for Commercialization of

Advanced Technology, the Tsukuba Research Laboratory, A&T Corporation, and sites in Taiwan, where I engaged with employees on the front lines. Whether directors of manufacturing firms understand the front lines has a major bearing on their judgment when deliberating investment and R&D projects. The information provided by management is highly comprehensive, and I have never felt that we lack the information we need. Precisely because there is so much information, however, we must decide what information to prioritize and how to reflect it in our decision-making. For this reason, both a firsthand understanding of frontline operations and the ability to sort through information and identify what matters will be increasingly important in the future.

Assessment of Progress on Business Portfolio Reinvention

Yokota In FY2025, the Company acquired the IVD and IVDM businesses and made other major decisions related to business portfolio reinvention, such as the decision to transfer its domestic cement and solidification agent sales businesses. How do you assess these decisions?

Mizumoto I believe these measures clearly articulated Tokuyama's growth story for the future. Strengthening Life Science, in particular, was important in demonstrating both inside and outside the Company where Tokuyama intends to go next. However, completing an M&A transaction is not the end of the process. The real work begins now. How will we leverage PMI¹ to generate synergies with existing businesses and develop the acquired businesses into a pillar of earnings? We intend to continuously monitor how the acquired businesses are positioned within the Company's overall story.

Saito Cement has a long history at Tokuyama, so I was concerned about how our actions would be received by our employees. In that respect, the Chairman, the new President, and other members of management have been carefully explaining matters to frontline employees, and I believe this will steadily foster greater understanding.



As Ms. Mizumoto noted, the critical work in Life Science still lies ahead. The Tokuyama Group has related businesses and technologies beyond Tokuyama itself. I intend to carefully monitor how we generate technological and organizational synergies with the businesses that have now joined the Group.

Yokota Our policy of strengthening the Life Science business was a major decision because it brought into the Company a technological foundation for expanding this growth area that was lacking to some extent. We also thoroughly discussed the Company's future direction with respect to the cement business, and the external directors asked many questions and offered numerous views on the appropriateness of the price and the terms of the transaction. I think there were likely points we would have overlooked had this been handled entirely within the Company. It reaffirmed for me the importance of bringing perspectives from outside the Company into our decision-making.

1. PMI (post-merger integration): The integration process following an M&A transaction (merger or acquisition).

Board Members' Roundtable Discussion

Five-Year Business Plan 2030: Positioning and Growth Story

Yokota Five-Year Business Plan 2030 ("FBP 2030") was launched in FY2026. The direction we are pursuing is to take our business portfolio transformation even further and grow Tokuyama into a highly profitable company built around its core businesses of Electronic & Advanced Materials and Life Science. How do you view FBP 2030 from your perspectives as external directors?

Mizumoto External directors are in a position from which they objectively take a look at how a medium-term management plan appears from an outside perspective. I have continued to share my views from that perspective so that FBP 2030 presents a coherent story that conveys future potential. However, merely drawing an attractive picture would be meaningless. It is crucial for management to communicate that story repeatedly and put it into practice. As the plan is implemented, I intend to closely monitor what investments are

made and what R&D is pursued.

Saito As the medium-term management plan was being formulated, I ran an experiment using generative AI and publicly available information to see what sort of proposals it would suggest for Tokuyama if tasked with making such a plan. When this is done, AI can indeed produce something convincing. That is the era we now live in. I felt that for this very reason management must consciously add value that only Tokuyama can provide. Viewed from that perspective, one factor we can point to as underpinning the Company's growth is the indispensability of what we provide. The Company's technologies and products play important roles globally in semiconductor manufacturing processes and the life science field. Is it not important for us to communicate that value more proactively to the capital markets and society?

Yokota FBP 2030 was developed with an awareness of narrative. It analyzes the Company's strengths and weaknesses and sets out a vision for growth centered on Electronic & Advanced Materials and Life Science. However, it is not a finished blueprint. Amid a business environment that changes from moment to moment, we will adjust and amend the plan as we execute it, and make our strategies and measures more effective.

Management Challenges and Human Capital Strategy for Enhancing Corporate Value

Yokota Finally, I would like to discuss the challenges we face in achieving sustainable growth and maximizing corporate value. Ultimately, I believe it all comes down to our talent. We compete on a global stage. Given that context, we need to develop human resources who approach their work with the determination to prevail over competitors, take ownership of the challenges they face, and demonstrate the ability to make breakthroughs. What are your thoughts on this?

Saito Human resource development is certainly very important. From a slightly different perspective, however, I believe Electronic & Advanced Materials and Life Science

must both pursue functionality and offer value that appeals to human sensibilities. For example, there may be situations where elements that appeal to people's sensibilities can help differentiate our dental material OMNICHROMA® or our photochromic materials. The Ministry of Education, Culture, Sports, Science and Technology is currently strengthening STEAM² education. I think the Company may also be able to create new value by incorporating the perspective represented by the "A" in STEAM, namely the arts, into businesses where it is needed.

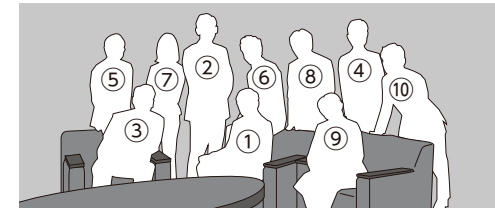
Mizumoto I also believe human resources are the most important factor. The Company changed its personnel system in FY2025, but changing the system alone is not enough. To breathe life into that system, we need to proactively create opportunities for employees to take on challenges and guide them so that their career growth is tied to the growth of the business. Today's senior executives have, in a sense, experienced adversity as they worked through a crisis that was a matter of life or death for the Company. Future generations, however, may come up without undergoing such an experience. That is precisely why it is important to develop people from a long-term perspective and transform the organizational culture.

Yokota Exactly. Business portfolio reinvention cannot be achieved through business strategy alone. I think it first becomes effective when human resources development, changes in employee mindsets, and transformation of organizational culture come together. Based on the technological foundation and business strengths it has cultivated to date, Tokuyama will evolve into a corporate group that provides value indispensable to society and industry, with Electronic & Advanced Materials and Life Science as its growth drivers. Achieving this will require us to come together to enhance governance and strengthen our human resources and organization. Through these initiatives, we will meet stakeholder expectations while achieving sustainable growth and enhancing corporate value.

2. STEAM: An acronym formed from the initial letters of Science, Technology, Engineering, Art, and Mathematics



Management Team (As of June 26, 2026)

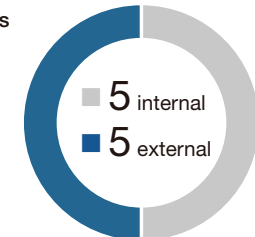


Number of Directors

Gender Composition

8 men

2 women

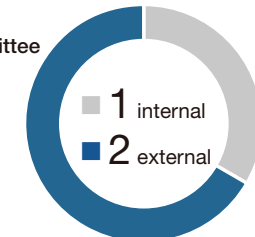


Number of Audit & Supervisory Committee Members

Gender Composition

2 men

1 woman



Directors

① Hiroshi Yokota

Representative Director, Chairperson
In charge of Chemicals, Audit Office, and
Secretarial Department

② Tomohiro Inoue

Representative Director, President and
Executive Officer
In charge of Corporate Planning, Life
Science, Eco Business, Manufacturing
Strategy & Operations, Digital
Administration & Planning, Carbon
Neutral Strategy, and New Business

③ Takahide Taniguchi

Director, Senior Managing Executive
Officer, General Manager, Cement
Business Division
In charge of Cement, Sustainability,
General Affairs & Human Resources,
and Procurement & Logistics

④ Katsumi Nagase

Director, Senior Managing Executive Officer
General Manager, Electronic & Advanced
Materials Business Headquarter, Research
& Development Division, Advanced
Materials Business Division, and Digital
Administration & Planning Division
In charge of Research & Development and
Electronic & Advanced Materials

⑤ Hiraku Ishizuka

External Director

⑥ Shiro Saito

External Director

⑦ Yumiko Kajiwara

External Director

Directors Who are Audit & Supervisory Committee Members

⑧ Kazumasa Sueoka

Director, Audit & Supervisory Committee
Member

⑨ Nobuko Mizumoto

External Director, Audit & Supervisory
Committee Member

⑩ Naoki Kondo

External Director, Audit & Supervisory
Committee Member

Management Team

Name and Position		Possessed Skills										Attendance	
		Number of Company Shares Owned / Tenure as Director	Management Planning, Strategy	Sales and Marketing	R&D, Production Technology, Engineering	Finance, Accounting	Governance, Risk Management	Sustainability	Human Capital	DX	Global Business	Board of Directors	Audit and Supervisory Committee
Internal	Hiroshi Yokota	43,900 shares / 11 years	●	●			●	●			●	18/18 (100%)	—
	Tomohiro Inoue	2,300 shares / 3 years	●		●	●	●	●	●	●	●	18/18 (100%)	—
	Takahide Taniguchi	5,723 shares / 1 year	●	●			●	●	●			14/14* (100%)	—
	Katsumi Nagase	1,300 shares / Newly appointed	●	●	●					●	●	—	—
	Kazumasa Sueoka	1,103 shares / 1 year				●	●			●	●	14/14* (100%)	18/18* (100%)
External	Hiraku Ishizuka	0 shares / 3 years	●			●	●		●			18/18 (100%)	—
	Shiro Saito	0 shares / 1 year	●	●	●						●	14/14* (100%)	—
	Yumiko Kajiwara	0 shares / 1 year					●	●	●	●		14/14* (100%)	—
	Nobuko Mizumoto	1,200 shares / 5 years	●		●		●	●	●	●		18/18 (100%)	23/23 (100%)
	Naoki Kondo	1,300 shares / 3 years					●	●			●	17/18 (94%)	22/23 (95%)

Note: These skills make clear the areas in which each director is expected to contribute to supervision of management, but do not represent the entirety of each director's skills, experience, and expertise.

* Attendance is shown only for the period following the individual's selection at the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025 and assumption of office.

Reason for Skill Selection

Skill	Definition of Skill and Reason for Selection
Management Planning and Strategy	The Company considers that having one or more directors with extensive management experience and broad insights in this area is indispensable when determining management plans and strategic policies, including portfolio management, in order for the Company to achieve sustainable growth.
Sales and Marketing	Based on the Value of "Earn trust and profits through customer satisfaction," the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary for marketing, building businesses and creating profits based on an accurate understanding of the business environment.
R&D, Production Technology, Engineering	As a comprehensive chemical manufacturer, the Company considers that having one or more directors with a track record of promoting various innovations and extensive experience and broad insights in R&D, production technology and engineering is necessary in order to create new business opportunities based on proprietary technologies.
Finance, Accounting	The Company considers that, both for accurate financial reporting and the formulation of a financial strategy that facilitates both investment for sustainable growth and shareholder returns while building a strong financial foundation, having one or more directors with extensive experience and broad insights in this area is necessary.
Governance, Risk Management	The Company considers that the establishment of an appropriate governance system is the foundation for all corporate activities and that having one or more directors with extensive experience and broad insights in areas such as corporate governance, risk management, legal affairs and compliance is necessary in order to improve the effectiveness of management and supervision by the Board of Directors.
Sustainability	In order to contribute to solving various social issues through its business and to be a company that is both trusted and needed by society, and given that this requires expertise from a sustainability management perspective pertaining to the environment and society, the Company considers that having one or more directors with extensive experience and broad insights in this area is necessary.
Human Capital	The Company recognizes human resources as being the most critically important management capital for sustainable growth, and considers that having one or more directors with extensive experience and broad insights in this area is necessary in order to build a human resources strategy that is linked to our business strategy and to be a company where diverse human resources can harness their respective skills to the maximum extent.
DX	The Company considers that, since the promotion of fundamental business reforms through digital transformation (DX), rather than merely seeking to improve operational efficiency and productivity through IT, is indispensable for the Company's continued sustainable growth and medium- to long-term improvement of corporate value, having one or more directors with extensive experience and broad insights in this area is necessary.
Global Business	Given that the acceleration of overseas business is essential for transforming the business portfolio, which is part of the Company's medium- to long-term strategy, the Company considers that having one or more directors with extensive experience and broad insights in global business, such as overseas management experience and business development, is necessary.

Corporate Governance

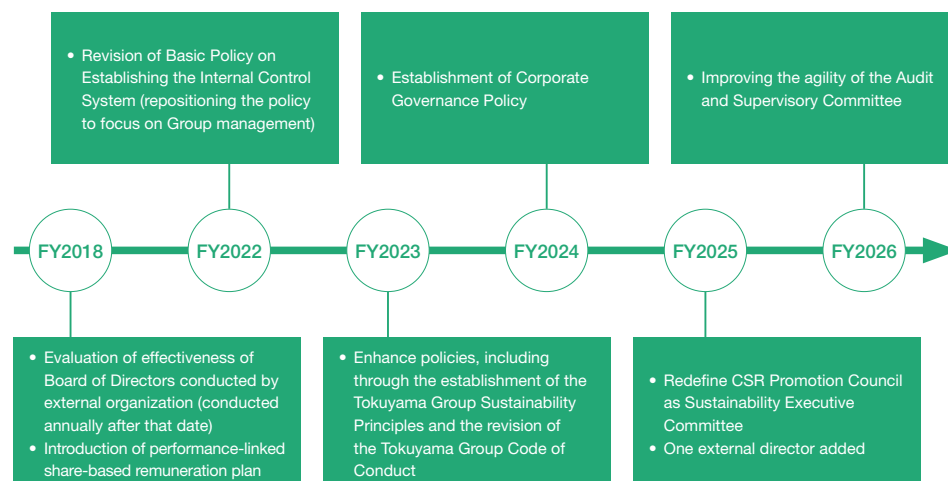
Basic Stance

Amid the major transformations taking place throughout society, Tokuyama, in line with the business environment we face today, has defined its corporate Mission as “To create a bright future in harmony with the environment, in collaboration with customers, based on chemistry.” This definition incorporates the Company’s desire to contribute to a sustainable society by pursuing business in harmony with the environment and working to create the future together with customers. This is only possible with the trust and support of shareholders, customers, suppliers, employees, local communities, and all other stakeholders, which the Company believes will fuel sustainable growth and greater corporate value over the medium to long term.

To realize our Mission, we recognize that corporate governance is the cornerstone of management, and we believe it is necessary to constantly improve and enhance our governance in response to the various expectations, requests and demands of our stakeholders.

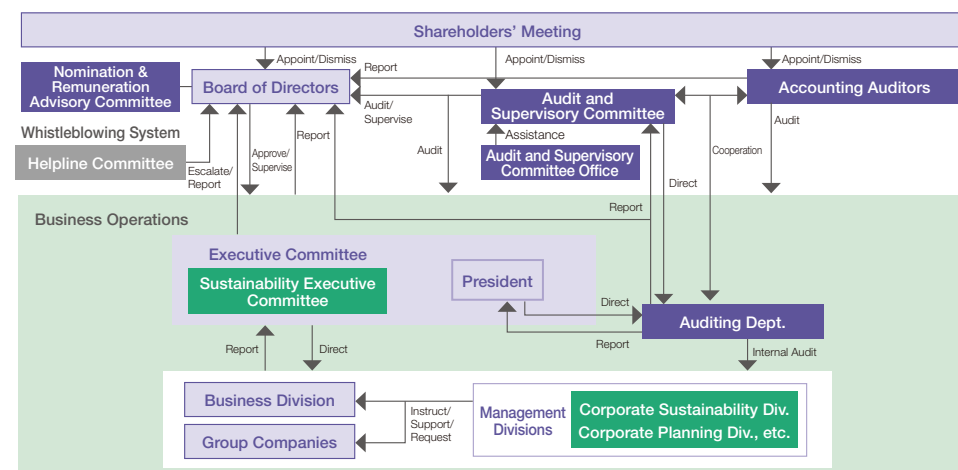
Following the establishment of the Corporate Governance Policy in FY2024 and the reorganization of sustainability-related meeting bodies in FY2025, we reviewed the division of roles among external directors on the Board of Directors in FY2026 and are working to ensure that the Audit and Supervisory Committee can operate with greater agility.

Steps to Strengthen Our Governance Structure



Corporate Governance Structure

Revised June 26, 2026



Features of the Corporate Governance Structure

POINT 1

- Beginning in FY2026, the composition of external directors was revised, with the advisory and supervisory functions expected of them clarified and the Audit and Supervisory Committee empowered to act with greater agility. We also expressly stipulated that the Audit and Supervisory Committee has the authority to issue direct instructions to the Auditing Department. This ensures the effectiveness of the Audit and Supervisory Committee's audit function.

POINT 2

- The Sustainability Executive Committee is our highest-level sustainability body. It is operated in an integrated manner with the Executive Committee, which deliberates and decides important matters related to business execution. This demonstrates that sustainability and management are integrated even at the level of organizational structure.

Corporate Governance

Meeting Bodies on Governance and Main Content of Deliberation

	Purpose	Meetings Held	Main Activities in FY2025
Board of Directors	The Board of Directors deliberates and decides on statutory matters and important matters related to business execution, and supervises the status of business execution by directors and executive officers to whom the execution of business is delegated. For this reason, at least one-third of the Board of Directors are independent external directors in order to enhance the effectiveness of decision-making from a broader perspective as well as the supervision of business execution.	18 meetings	• Reports on and supervision of business execution • Resolutions on important organizational changes and personnel matters • Resolutions on important investments and contracts
Audit and Supervisory Committee	The Company has chosen to be a company with an Audit and Supervisory Committee as its institutional design under the Companies Act in order to strengthen the audit and supervisory functions of the directors' execution of their duties and to facilitate prompt decision-making, with the aim of achieving open management with an emphasis on governance and customer-driven management. The Audit and Supervisory Committee is made up of non-executive directors. Directors who are Audit and Supervisory Committee members are responsible for keeping up to date on the status of business execution through the Board of Directors and other important internal meetings, and for auditing the status of business execution by the executive directors.	23 meetings	• Reports, discussions, and resolutions on important matters
Nomination & Remuneration Advisory Committee	In order to achieve more transparent and objective management based on our basic approach to corporate governance, the company has established a Nomination & Remuneration Advisory Committee with the mission of deliberating on personnel and compensation matters for directors (excluding Audit and Supervisory Committee members), executive officers, and other individuals with officer status, and submitting reports or recommendations to the Board of Directors. The President's succession plan will be deliberated by the President Nomination Committee, which is established as a subordinate body of the Nomination & Remuneration Advisory Committee. Details are provided on p. 57 under "Response to Chief Executive Officer Succession Plan."	9 meetings (President Nomination Committee: 8 meetings)	• Reports on officer personnel and remuneration • Selection of the next President and Executive Officer (President Nomination Committee)
Executive Committee	The Executive Committee is a decision-making body whose members are selected by the President from among the executive officers. In principle, the committee meets two times each month. Based on the approval-related rules and regulations determined by the Board of Directors, the Executive Committee deliberates on and makes decisions on strategies and other important matters.	27 meetings	• Discussions and resolutions on business operations • Discussions and resolutions on sustainability (carbon neutrality, governance, etc.) • Discussions and resolutions on personnel and organizational matters • Discussions and resolutions on important contracts, etc.
Strategy Committee	The Strategy Committee is an advisory body to the President made up of members selected by the President from among the Company's other executive officers. The committee generally meets once a month, and in addition to deliberating on the direction of business execution, it works to confirm the allocation of management resources with the aim of evaluating conditions relating to business execution with respect to important matters requiring approval. It also sets the direction of policies related to business execution with regard to specific projects.	7 meetings	• Review and discussion of the direction of important management matters

	Purpose	Meetings Held	Main Activities in FY2025
Sustainability Executive Committee	The former CSR Promotion Council was reorganized into the Sustainability Executive Committee in April 2025 to set sustainability policies and goals and enable initiatives to achieve those goals. The Sustainability Executive Committee is chaired by the President and Executive Officer, and all executive officers serve as members.	4 meetings	• Sustainability activity plans and reports • Reports on the activities of each expert committee • Matters concerning Company-wide risk management
Expert Committees	Expert committees have been established subordinate to the Sustainability Executive Committee for areas that, from sustainability and internal control perspectives, require particularly high levels of expertise and are viewed as important: the Compliance Committee, the Financial Reporting Committee, the Fair Trade and Competition Committee, the Security Trade Committee, the Information Security Committee, the Environment Committee, the Safety Committee, and the Product Safety and Quality Assurance Committee. Each committee carries out activities related to the risks and opportunities within its remit.	1 or 2 meetings each*	• Formulation of activity plans and reporting on their implementation • Discussions of risks under the committee's remit • Discussions of measures to be implemented by the committee
Helpline Committee	This committee is responsible for the whistleblowing system (Helpline) for reporting suspected legal or regulatory violations and other questionable conduct within the Group.	1 meeting	• Reports on responses from the whistleblowing helpline and the results of analysis • Status reports on whistleblowing channels other than the Helpline • Planning and implementation reports on plans and measures concerning internal reporting

* See the *Tokuyama Sustainability Data Book 2026* for the number of meetings held by each committee.

Corporate Governance

Support Systems

The Company takes the following measures to support external directors and Audit and Supervisory Committee members in the execution of their duties.

Support System for External Directors

Before each meeting of the Board of Directors, the Corporate Planning Division explains the agenda items to external directors and answers any questions they may have. Directors and executive officers meet individually with external directors and provide answers to any inquiries they have concerning matters such as management issues, industry trends, business strategies, or the status of the development and operation of internal controls.

At meetings of the Board of Directors, the Corporate Sustainability Division reports to external directors on the status of the development and operation of internal controls.

Support System for the Audit and Supervisory Committee

The accounting auditor directly briefs the Audit and Supervisory Committee members, both internal and external, on the audit plan, the reviews conducted for the interim and year-end financial statements, and the audit results. In addition, during audits of the financial statements and related documents under the Companies Act and internal audits, the accounting and other responsible divisions provide detailed explanations to the internal Audit and Supervisory Committee members, who then brief the external members on the main points.

The Audit and Supervisory Committee is also able to direct the Auditing Department to conduct any necessary investigations and instruct it on the specific action to take. The Audit and Supervisory Committee strengthens its own audit functions through this coordination with the Auditing Department.

Analysis and Evaluation of Overall Effectiveness of the Board of Directors

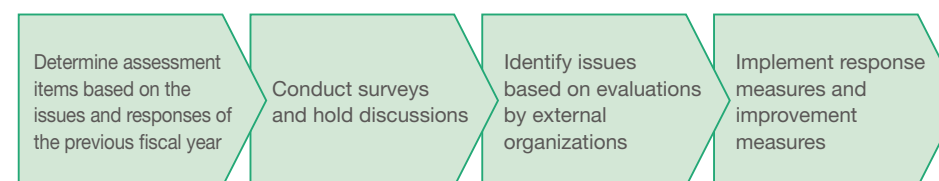
In FY2025, we commissioned an external organization to survey and interview all directors and analyze their responses. The results were submitted to the Board of Directors for review and discussion. The results of the analysis and evaluation revealed that the effectiveness of the Board of Directors is generally being ensured. The respondents gave a particularly positive assessment of the improvements made to Board operations through ongoing initiatives, including revising the way topics are selected for business execution reports, upgrading the information infrastructure and the way materials are provided, and refining how the executive side presents matters to the Board.

On the other hand, they noted that changes in the composition of the Company's officers and in the business environment highlighted the need to redefine the responsibilities of the Board

of Directors and reconsider its composition, structure, and operation in a manner consistent with those responsibilities.

Based on these findings, the Company's Board of Directors reconfirmed that its fundamental role is to "set the direction of management and guide it on its course." It will through further discussion consider the delegation of authority from the Board of Directors to the executive side, the form that monitoring should take, and other matters.

Evaluation Process



Response to Chief Executive Officer Succession Plan

The Company has established a President Nomination Committee within the Nomination and Remuneration Advisory Committee, which has the function of formulating and implementing a succession plan for the Chief Executive Officer (President and Executive Officer), deliberating on selection and dismissal, and making reports and recommendations to the Nomination and Remuneration Advisory Committee. The President Nomination Committee is chaired by an independent external director, with the President as the only internal director and a majority of the members being independent external directors.

The Board of Directors deliberates on and appropriately supervises the activities of the President Nomination Committee with respect to regular reports through the Nomination and Remuneration Advisory Committee to ensure that the Company's management philosophy and management strategy are taken into account and that sufficient time and resources are being systematically allocated to the development of potential successors.

Process for Nominating the New President

From 2021 to 2025, the President Nomination Committee developed the desired profile for the President and Executive Officer, and assessed and monitored candidates for that position. The Company finds itself confronted with several major management challenges. With the experience, skills, and qualities needed to meet those challenges in mind, the President Nomination Committee identified Tomohiro Inoue as the next President.

Corporate Governance

Director Training

Newly appointed directors and newly appointed executive officers, who will be candidates for directors, are required to participate in external executive training. To ensure sound governance, training in legal affairs and corporate governance, as well as accounting and finance, is mandatory. The trainees are also required to attend external seminars as necessary. External directors are given the opportunity to visit factories and to learn about the Company when they take office, so that they can understand the current condition of the Company's businesses and operations. Finally, the Company also holds study sessions, when needed, in order for all directors to gain a better understanding of domestic and international economic conditions, legal revisions, and new systems.

Director Remuneration

An overview of the Company's policy for determining the content of remuneration, etc. of individual directors (excluding Audit and Supervisory Committee members) is provided below. For details, please refer to the Corporate Governance Policy [Appendix 4] Policy on Determining Director Remuneration on an Individual Basis (excluding those who serve on the Audit and Supervisory Committee). The amount of remuneration is calculated in accordance with this policy and is determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

Basic Policy

The remuneration plan for the Company's directors is based on the following perspectives:

- (a) Ensures that directors contribute to sustainable growth for corporate performance and corporate value based on Tokuyama's Vision
- (b) Provides a level of remuneration that secures and retains human resources that can support the Company's management
- (c) Considers the performance of the Company
- (d) Employs a highly transparent, objective remuneration decision-making process

Overview of the Remuneration System

The Company's remuneration for directors consists of basic remuneration and bonuses,¹ which are monetary remuneration, and performance-linked share-based remuneration,² which is non-monetary remuneration. External directors receive basic remuneration only.

1. Recipients are executive directors

2. Recipients are directors excluding directors who are Audit and Supervisory Committee members, non-executive directors, external directors and non-residents of Japan

Method for Determining Remuneration

- (1) The final annual amount of basic remuneration for each individual is calculated and determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on a standard amount predetermined for each position.
- (2) Bonuses are determined by the Representative Director, President and Executive Officer, having received authorization to do so from the Board of Directors, based on performance for the target fiscal year after first determining the payment percentage in accordance with the standard bonus amounts for each position, the performance targets for the target fiscal year, and the achievement level against those targets.
- (3) For performance-linked share-based remuneration, the number of shares granted is calculated by multiplying the performance-linked coefficient (ranging from 0% to 150%) set according to the degree of target achievement.

Amount of Remuneration Paid to Directors and Audit and Supervisory Committee Members (FY2025)

Category	Number of People	Remuneration Amount
Directors (excluding directors who are Audit and Supervisory Committee members)	5 people	¥183 million
Audit and Supervisory Committee members (excluding external directors)	2 people	¥49 million
External directors	6 people	¥66 million

Notes: 1. The above bonuses represent the amount of the bonus provision recorded for the current fiscal year.

2. The performance-linked share-based remuneration amounts shown above are the expense amounts recorded during the current fiscal year.

3. The figures above do not include the employee salary portion for directors also serving in employee positions.

Policy on Strategic Shareholdings

The Company holds shares of publicly listed companies for strategic reasons in accordance with the requirements for business activities as part of the overall management strategy. This includes the need to maintain and bolster transactions, raise funds, and consistently procure raw materials. As far as the strategic holding of shares in publicly listed companies is concerned, the Company will limit holdings to the minimum level possible, taking into consideration the need to ensure efficient corporate management. In FY2025, of the 11 listed stocks that we held, we divested two stocks, resulting in holdings of nine listed stocks as of March 31, 2026. In addition, the Board of Directors takes steps to verify the economic rationality of holding shares in publicly listed companies by comparing the cost of capital after factoring in associated risks with accrued benefits, while confirming the propriety of holdings based on a future outlook each year. The Company exercises voting rights in shares based on the contribution to corporate value for both the Company and the investment target company.

Risk Management

The Tokuyama Group regards events and factors that could affect the achievement of expected organizational goals and the sustainability of business, and could lead to the impairment of corporate value in corporate management, and that require a cross-organizational response, as “significant risks,” and has established a management system to ensure that we respond to these risks appropriately.

Strengthening Our Risk Management System

Company-wide risk management is handled by the Sustainability Executive Committee shown under “Sustainability-Related Meeting Bodies” on p. 39. Through the monitoring of social conditions and coordination with other expert committees, the Sustainability Executive Committee considers events that have recently emerged or whose degree of impact has changed. It then assesses whether or not these are real risks and determines which expert committees will address the issues. The committee makes visible and maps existing risks both qualitatively and quantitatively from several perspectives: impact (such as monetary loss, decrease in market share, and scale of impact); occurrence frequency and probability; and the Company's vulnerability. It also works to establish a shared understanding of the level of risk. Risks are also discussed from the perspective of the opportunities they present in terms of sustainability.

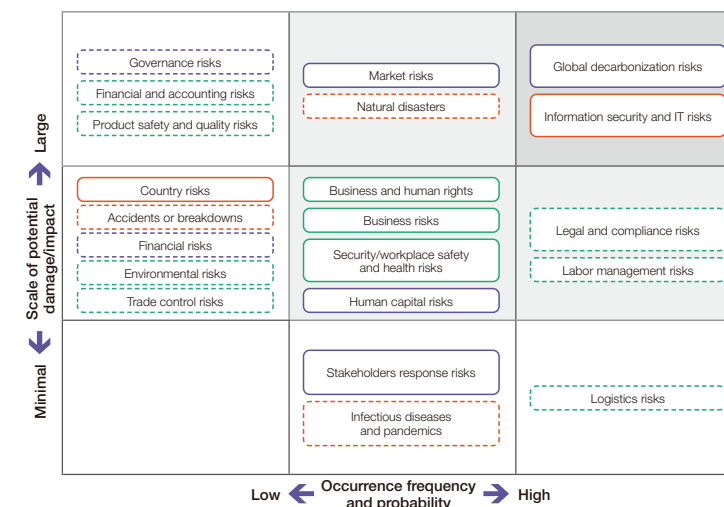
The expert committees examine and determine mitigation policies for the risks they are responsible for (including risk reduction, avoidance, transfer, and retention), and propose and implement measures to address risks. These committees then conduct regular reviews of the results of any implemented actions, and manage implementation in accordance with the management system.

We will also review the details of significant risks beginning in FY2026. For “logistics risks,” we expanded the scope beyond damage during transportation and storage (including leakage of hazardous materials) to include complaints and anomalies related to logistics quality control (such as incorrect deliveries and deterioration in quality during logistics). The Safety Committee oversees the former, while the Product Safety and Quality Assurance Committee oversees the latter, thereby establishing a management system that is extremely effective. We broadened the scope of “legal and compliance risks” to encompass the previous category of “Unfair Competition Prevention Act violation (bribery),” and reclassified it as “Inappropriate provision or receipt of benefits.” This strengthens our initiatives so they do more than just prevent bribery of public officials in Japan and overseas; they also prevent the provision or receipt of benefits that are in excess of what is generally considered appropriate in commercial transactions. We also newly added the increasingly important risk of “conflicts of interest,” and are working out the specifics of countermeasures and an oversight framework for this risk.

Process of Identifying Significant Risks



Mapping of Significant Risks (FY2026)



Classification of risks

Hazard risks (external environment risks)	Risks posed by the external environment and potential events
Business risks (strategic risks)	Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value
Operational risks (business process risks)	Risks arising from deficiencies in internal processes related to business execution, or from inadequate functions

Definition of scale of damage and impact

Large	Damage that threatens the survival of the Company, as well as substantial damage such as loss of assets
Moderate	Significant decrease of profits, or minor loss of assets
Minimal	Little impact on corporate profits and assets

Definition of occurrence frequency and probability

High	Occurs more than once a year; will almost certainly occur in the near future
Moderate	Occurs several times a decade
Low	Occurs once every decade or longer

Definition of vulnerability

High	Mitigation measures have not been implemented or are completely inadequate
Moderate	Some measures have been implemented, but they are still insufficient
Low	Effective measures have been implemented and a management cycle is in place

Risk Management

List of Significant Risks (FY2026)

* The chairperson of each committee is a director who is responsible for the relevant risks

Hazard risk (external environment risk) Risks posed by the external environment and potential events		
Category	Subcategory	Relevant Committee*
Natural disasters	Earthquake, tsunami, weather-related disaster, abnormal weather event (typhoon, storm surge, heavy rains, etc.)	Sustainability Executive Committee
Accidents or breakdowns	Fire, explosion, chemical leak, equipment or device damage or failure, utility supply interruption, accident with aircraft, ship, railway, or automobile	Safety Committee Sustainability Executive Committee
Infectious diseases and pandemics	Widespread outbreak of COVID-19 or another pandemic infectious disease	Sustainability Executive Committee
Country risks	War, conflict, terrorism incident, riot, unlawful political change, or economic crisis	Sustainability Executive Committee
Information security and IT risks	Cyberattack, virus infection, information leaks, system failure, failure of system facilities/equipment, IT risks	Information Security Committee

Business risk (strategic risk) Risks posed by the quality and accuracy of corporate strategies that affect performance and corporate value		
Category	Subcategory	Relevant Committee*
Global decarbonization risks	Carbon pricing and increased energy procurement costs, increased costs arising from the transition to non-fossil energy and procurement of raw materials with a low carbon footprint, shift in customer preferences toward environmental value and green procurement, evaluation by stakeholders, and lost opportunities due to a failure to keep pace with the transition to a decarbonized society	Sustainability Executive Committee Environment Committee
Market risks	Changes in market needs, marketing failures or deficiencies, emergence of new competitors, product development failures or obsolescence, delays in responding to rapid technological innovations, and delays or barriers to overseas expansion, low PBR risks	(Executive Committee)
Human capital risks	Excessive outflow of human resources and difficulties in securing human resources, workforce aging and distorted human resource pyramid, human resource development and technology transfer, delays in adapting to new work styles, human resource mismatch due to business transitions, and inadequate and delayed disclosure of human capital information	(Executive Committee)
Governance risks	Lack of succession planning, securing governance transparency, and inadequate control over reporting lines	(Executive Committee)
Financial risks	Funding plan or financing failure, paid capital increase, suspension of financial support, interest rate or foreign exchange rate fluctuation risk, and stock price decline	(Executive Committee)
Stakeholders response risks	Criticism and slander by the media, reputational damage, social media risks, inappropriate information disclosure, damage to corporate values by activists	(Executive Committee)

Note: Not all risks in the Group are covered, and there may be risks that could affect business activities in addition to those listed.

Operational risks (business process risks) Risks arising from deficiencies in internal processes related to business execution, or from inadequate functions		
Category	Subcategory	Relevant Committee*
Security/workplace safety and health risks	Equipment or machine stoppages or accidents due to operating errors, industrial accidents, and aging equipment or machinery	Safety Committee
Business risks	Soaring prices and procurement difficulties for raw materials, fuels, or other commodities, failed pricing policies, declining price competitiveness, dependence on a small number of suppliers, and dependence on a small number of customers	(Executive Committee)
Product safety and quality risks	Poor quality, voluntary recalls, product liability accidents due to design defects, manufacturing defects, improper labeling, or false labeling, violations of domestic and international laws	Product Safety and Quality Assurance Committee
Logistics risks	Damage and accidents during transportation and storage (including leakage of hazardous materials), complaints and anomalies related to logistics quality control (such as incorrect deliveries and deterioration in quality during logistics)	Safety Committee Product Safety and Quality Assurance Committee
Environmental risks	Release of hazardous pollutants, contamination of soil and groundwater, complaints from local residents regarding noise and odors, illegal dumping and improper disposal of waste, water risks, and loss of biodiversity	Environment Committee
Trade control risks	Inadequate security trade control, inadequate import control	Security Trade Committee
Business and human rights	Human rights violations in supply chains (forced labor, child labor, responsible procurement of minerals, and other such issues), boycotts, and consumer movements	Compliance Committee
Financial and accounting risks	Window dressing, improper accounting, tax compliance, bad debts and defaults	Financial Reporting Committee
Legal and compliance risks	Intellectual property rights infringement and violation, invention compensation disputes, antimonopoly law violation, improper provision or receipt of benefits, conflicts of interest, improper contract signing, insider trading, inadequate management of licenses and permits, misconduct involving executives or employees, ties to antisocial forces, and intimidation	Fair Trade and Competition Committee Compliance Committee
Labor management risks	Death from overwork, long working hours, illegal overtime, labor disputes and strikes, human rights issues, discrimination, harassment, mental health, ensuring the safety of expatriates and business travelers overseas	Compliance Committee

Information Security

Basic Stance

The Company regards information security to be an essential management foundation that underpins operational stability and the trust of its customers. As DX advances and the Group expands globally, we recognize that protecting information assets and addressing cybersecurity are critical issues with a direct bearing on the maintenance and enhancement of corporate value. Accordingly, we have established an Information Security Policy and a Basic Personal Information Protection Policy, and manage information throughout the Group under uniform standards. We will continue to respond appropriately to changes in the environment and steadily improve our level of security.

Information Security Policy

(1) Development of a security risk management structure

The Company will put in place the organizational framework and internal rules needed to manage security risks in both normal operations and emergencies, with the aim of preventing security incidents within the Company, Group companies, and the supply chain and responding appropriately when incidents occur. In addition, management will maintain a thorough understanding of security risks during normal operations and allocate appropriate management resources, including securing and developing personnel with the necessary expertise and providing sufficient funding, to ensure the effectiveness of the security risk management system.

(2) Implementation of security risk management

Recognizing that changes in the business, environment, the adoption of new technologies, and other such developments give rise to new security risks, the Company regularly assesses the security risk management status of all Tokuyama Group companies, comprehensively implements security risk countermeasures as and when appropriate, and ensures that such countermeasures are effective.

(3) Compliance with laws, ordinances, and regulations

The Company complies with security risk-related laws, ordinances, and guidelines, and ensures the effectiveness of security risk management.

(4) Education and training

The Company provides the necessary education and training to enable all Tokuyama Group employees (including, where necessary, those involved in the supply chain) to recognize the importance of security risk management and to engage in the appropriate use and management of the internet, cloud services, information devices, and other information technologies.

(5) Detecting and responding to security incidents

The Company works to detect security incidents and signs of security incidents at an early stage in order to minimize the damage a security incident may cause. If a security incident is detected or identified, the Company immediately takes appropriate response measures and, after the incident is brought under control, implements appropriate measures to prevent recurrence.

Information Security System

The Company has established an information security management system covering the entire Group. With the involvement of management and the Information Security Committee playing a central role, we set targets that are grounded in our policies, monitor the progress of measures taken, and conduct evaluations and reviews. We have also clarified the responsibilities of each division and Group company, and have put in place a governance framework that enables Group-wide control across organizational boundaries. In addition, we continually improve the effectiveness of our management system by regularly verifying its operational status through internal audits and self-inspections and by rectifying any issues identified.

Education and Awareness

The Company continues to implement specific measures addressing information security and IT risks in view of increasingly sophisticated cyberattacks and the expanding use of IT. Under the Information Security Committee, we identify and assess risks throughout the Group, establish a priority ranking for measures in line with their relative importance, and manage their implementation. We also combine technical measures (such as access controls and vulnerability management) with operational measures to create multilayered defenses. In addition, we continuously monitor the status of measures undertaken at each Group company, including our overseas bases, and pursue improvement activities to reduce risk across the Group. As a result of these activities, there were no serious incidents involving information security or personal information in FY2025.

Information Security Initiatives

The Company believes that each employee's awareness and actions are essential to improving the effectiveness of information security and accordingly promotes ongoing education and awareness activities. We conduct regular e-learning training throughout the Group and instill a practical understanding of information security by sharing the latest threat trends and incident case studies. We also provide training tailored to employees' roles and circumstances, including new hires and employees who have transferred positions. Through these efforts, we are fostering an organizational culture in which employees take the initiative to keep security in mind and put it into practice in their daily work.

Compliance

Basic Stance and System

For Tokuyama, the word compliance has a broad meaning, including not only complying with laws and internal rules but also behaving sensibly in a way that conforms with corporate ethics to meet social expectations. To communicate and spread awareness of compliance throughout the Group, the Company distributes a leaflet that includes the Tokuyama Group Code of Conduct to all Group officers and employees. In addition, we conduct regular educational activities on compliance through group training programs, e-learning, and information distribution. Furthermore, we conduct engagement through regular meetings with management and personnel in charge of compliance at Group companies.

Whistleblowing System

A whistleblowing helpline has been established to enable safe, anonymous reporting and consultations on compliance violations involving the Tokuyama Group (including potential violations) without fear of retaliation. Reporting and consultations can be carried out by postal mail, e-mail, or telephone. The helpline is operated with proper consideration for the protection of whistleblowers: for example, whistleblowers may discuss matters with the helpline in complete anonymity so that their affiliations and names are not known to the Company, or by allowing them to discuss matters with a female attorney. Our whistleblowing system not only covers compliance aspects such as preventing corruption and fraud and complying with laws and regulations, it also serves as a grievance mechanism to prevent harassment, discrimination, and address other human rights issues.

We also operate the Global Helpline, which enables locally recruited employees at overseas Group companies to make reports in their native language. In January 2026, we also established a contact point on the Company's website for suppliers, such as business partners and freelancers. These initiatives have established a system through which parties associated with the Group and its businesses can report or seek advice regarding compliance violations.

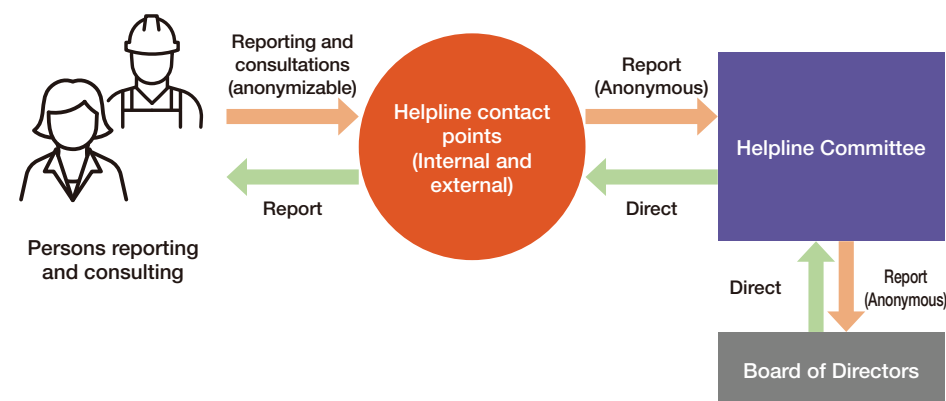
The number of reports has been on an upward trend due to these efforts to build a whistleblowing system and strengthen anti-harassment activities since FY2021, among other factors.

There were no occurrences of serious noncompliance in FY2025.

(Times)

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of reports	34	29	44	44	45

Note: Including contact points for the Harassment Desk, including contact points for the whistleblowing system for subsidiaries (domestic only until FY2022, overseas as of FY2023)



Compliance Education and Training

To raise and instill compliance awareness throughout the Group, we continue to provide legal responsibility training for newly appointed directors and auditors of Group companies, and conducted various compliance training sessions for employees 52 times in FY2025. In addition, we held a total of seven e-learning sessions on themes such as information security and human rights.

(Times)

	FY2021	FY2022	FY2023	FY2024	FY2025
Compliance training	60	48	60	58	52
Other e-learning	3	6	6	8	7