Overview of the Corporate Governance System

Related Materiality
- Enhance corporate governance

Details can be found on our website.
https://www.hodogaya.co.jp/english/company/governance/

Basic approach

Through constant innovation of chemical technology, the Hodogaya Chemical Group aims to provide high-quality products and services throughout the world that meet and satisfy customer expectations and contribute to the creation of an environmentally conscious society. To realize this Management Philosophy, the Group works to enhance management efficiency, while giving consideration to value creation for a broad range of stakeholders, including shareholders and investors, customers, business partners, local communities, and all officers and personnel. The Group also seeks to contribute to the development of economies and industries in Japan and overseas and to the prosperity of society. It regards ensuring and enhancing the soundness, legality, and efficiency of management as one of its highest priorities and works to strengthen corporate governance.

Hodogaya Chemical Corporate Governance System

List of Corporate Governance Systems*1

Organizational Design	Company with an Audit & Supervisory Committee
Chairperson of the Board of Directors*2	President
Number of Directors	7
Number of Outside Directors	3 (42.9%)
Number of female Directors	1
Number of Directors who are Audit & Supervisory Committee Members	4
Chairperson of the Audit & Supervisory Committee	Internal Director
Number of Audit & Supervisory Committee Members	4
Number of Outside Directors	3
Voluntary Committee	Nominating & Compensation Committee
Chairperson of the Nominating & Compensation Committee	Outside Director
Number of Nominating & Compensation Committee Members	5
Number of Outside Directors	3
Directors' Term of Office	1 year (2 years for Directors who are Audit & Supervisory Committee Members)
Adoption of an executive officer system	Adopted
Introduction of a performance-linked compensation system	Compensation linked to short-term performance and compensation linked to medium- to long-term performance
Financial Auditor	Ernst & Young ShinNihon LLC

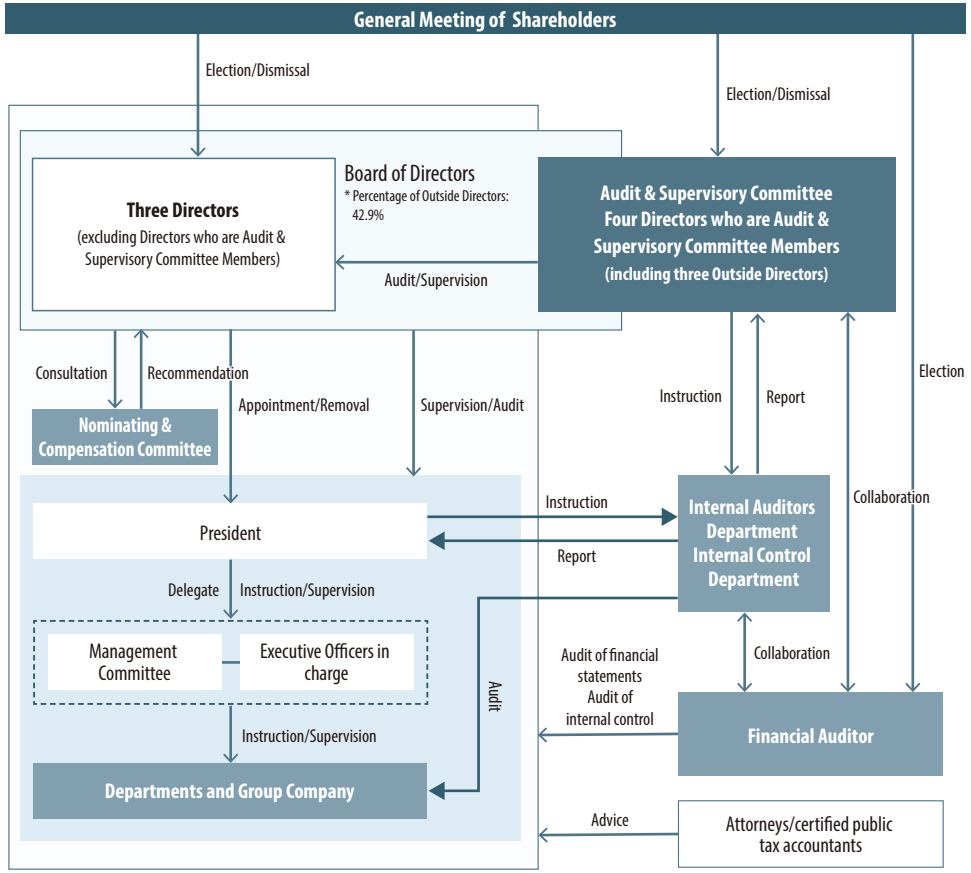
*1 As of July 1, 2026
*2 To increase the speed and agility of corporate management, the Board of Directors entrusts the decision-making on business operations to the Representative Director and President, excluding matters statutorily prescribed to be exclusively deliberated by the Board of Directors.

Initiatives to Strengthen Corporate Governance

June 2003	Introduction of executive officer system
March 2004	Abolishment of directors' retirement benefits program
May 2006	Formulation of Basic Policy on Internal Control
November 2006	Establishment of Internal Control Department
June 2013	Start of appointment of Outside Directors
June 2015	Transition to a Company with an Audit & Supervisory Committee
July 2016	Introduction of stock-based compensation plan
January 2018	Shift into new management structure
June 2019	Establishment of a Nominating & Compensation Committee
March 2021	Response to the revised Companies Act
May 2021	Release of the Board of Directors skills matrix
May 2023	Review of the Board of Directors skills matrix
June 2023	Election of female outside director
June 2024	Election of female executive officer
June 2025	Change of Financial Auditor

Link to the Corporate Governance Report (Japanese only)
https://www.hodogaya.co.jp/wp/wp-content/uploads/2026/06/corporate_governance_20260625.pdf

Structure of the corporate governance system



General Meeting of Shareholders

In addition to the appropriate statutory disclosure and timely disclosure, Hodogaya Chemical strives to proactively provide shareholders and investors with relevant information, such as management strategies, in order to gain understanding of business activities. It engages in constructive two-way dialogue with shareholders in an effort to achieve effective corporate governance that can contribute to sustainable growth and increase corporate value. Hodogaya Chemical also establishes measures to ensure shareholders can more easily attend the General Meeting of Shareholders, such as avoiding dates on which many companies hold meetings, early disclosure of the Notice of Annual General Meeting of Shareholders, provision of the Notice of Annual General Meeting of Shareholders in English, and use of electronic voting (smart voting) and an electronic voting platform.