Board of Directors

See website for reason director was elected
https://www.hodogaya.co.jp/english/company/governance/director/

Supervisory Function

Board of Directors

Held 16 times in FY2025

To enable thorough discussions based on diverse opinions and prompt, rational decision-making, the Board of Directors consists of members who possess the extensive experience, knowledge, and expertise required by the Company.

Outside Director Activity Status

In FY2025, Outside Directors not only attended Board of Directors' meetings, Audit & Supervisory Committee meetings, and Nominating & Compensation Committee meetings, but also undertook the following activities.

- Attended management and executive meetings (September 2025 and March 2026)
- Inspected business sites (Koriyama, Yokohama, Nanyo, and Tsukuba) (September 2025 and other dates)
- Communicated with the Financial Auditor (July 2025 and other dates)
- Dialogue with next-generation management talent (June 2025 to May 2026)
  Held five sessions, with a total of 11 participants from among next-generation management candidates
- Attended executive compliance training (March 2026)

Audit & Supervisory Committee

Held 12 times in FY2025

The Audit & Supervisory Committee audits the legality of business execution by Directors and Officers, appropriateness of the Company's business operations, internal control, and financial status, etc., through attendance at important meetings and through timely and appropriate reporting from Directors, Executive Officers, and employees of the Group.

The Audit & Supervisory Committee also maintains close relations with the Financial Auditor to take necessary measures in relation to the audit work.

Key deliberations for FY2025

- Appointment of the Financial Auditor
- Approval of the audit plan and agreement on audit fees for the Financial Auditor
- Review of internal controls and internal audit status.
- Oversight and evaluation of risk awareness and risk mitigation measures by the Risk Management Committee.
- Review of audits of affiliated companies
- Deliberation on the Financial Auditor's audit reports.

Nominating & Compensation Committee

Held 12 times in FY2025

In order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions, the Nominating & Compensation Committee, which is composed of a majority of Independent Outside Directors and chaired by an Independent Outside Director, serves as an advisory body to the Board of Directors and deliberates and submits reports to the Board of Directors regarding personnel matters concerning Directors and compensation of Directors. The Board of Directors respects the content of such reports. An Outside Director serves as chairperson.

Key recommendations and opinions for FY2025

- Regarding the candidates proposed for Director election at the Annual General Meeting of Shareholders, the Committee reviewed the background and skills of each candidate and submitted a recommendation confirming that the proposal was appropriate.
- Concerning the remuneration of directors who are not Audit & Supervisory Committee members, the Committee conducted a comparative study with major companies in Japan and submitted a recommendation confirming that the proposal was appropriate and aligned.
- In electing Executive Officers, department heads, and presidents of affiliated companies, the Committee reviewed the detailed backgrounds of each candidate, conducted interviews, and expressed our opinion that the proposed appointments were appropriate.

Executive Function

Management Committee

The Management Committee is composed of Executive Officers, relevant General Managers of departments, and other key executive members. The Committee deliberates on and receives reports concerning important matters that require the President's approval. Meetings are generally held twice a month in accordance with the annual schedule for internal meetings and are also convened as necessary.

In FY2025, the committee's main topics of deliberation included M&A transactions and business alliances in the field of nucleic acid medicines.

Executive Officers

The executive officer system was introduced to (1) improve management efficiency and, (2) as a result, accelerate decision-making, as well as to (3) promote functional specialization, (4) strengthen supervisory and monitoring functions, and (5) enhance management capabilities. The President appoints Executive Officers suited to these objectives and places them in charge of executing operations in key departments.

Board of Directors

Agenda Items of Board of Directors

The deliberations for FY2025 are summarized in the table below, focusing on monitoring the progress of the previous Mid-term Management Plan SPEED 25/30, addressing issues in businesses showing delayed progress, and reviewing the status of sustainability initiatives.

Agenda Items	Number of Agenda Items at the Board of Directors		
	Resolutions	Reports	Others
Management strategy and businesses	3	14	2
Sustainability	—	3	—
Corporate governance	2	4	—
Financial results, investor relations and finance	10	3	1
Compliance and internal controls	—	4	—
Committee matters	—	—	2
Officers and management executives	14	7	—
Others	—	1	2

Cross-shareholdings

When maintaining and strengthening stable transactional relationships with suppliers and partners has been deemed to contribute to greater corporate value for the Hodogaya Chemical Group, the Company will in some cases hold shares of the said companies for the purpose of maintaining and strengthening the transactional relationship.

The Board of Directors carefully examines and verifies the purpose of each holding, as well as the relative standing between benefits/risks and capital costs coinciding with the holding. As a result of careful examination and verification from these perspectives, the Board has determined that the current holdings are appropriate. If the verification reveals that it is less important to hold particular shares and thus no longer rational to do so, the Company will examine disposing of those shares, taking into consideration such factors as the impact on the market.

Number of issues held as cross-shareholdings

FY	2021	2022	2023	2024	2025
Number of issues (companies)	36	35	34	33	33

Evaluation of Effectiveness of Board of Directors

Hodogaya Chemical has transitioned to a company with an Audit & Supervisory Committee in June 2015 and delegates decisions on matters other than those specified in the Companies Act to the President. In other words, the Hodogaya Chemical Board of Directors focuses on a monitoring model that emphasizes supervision.

In order to verify whether the Board of Directors is fulfilling this monitoring function, the Audit & Supervisory Committee and the Board of Directors conduct evaluations every year based on the following nine evaluation criteria.

Evaluation Process

Corporate Planning Department and Audit & Supervisory Committee Secretariat → Management Committee → Audit & Supervisory Committee → Board of Directors

Evaluation Results for FY2025 (reported at the Board of Directors meeting on June 19, 2026)

Evaluation Standards	Status of Initiatives
1. Election of multiple independent Outside Directors	• Implemented. 3 out of 7 directors are independent Outside Directors (42.9%)
2. Narrowing down matters for resolution	• Delegated decision-making on business execution, excluding matters statutorily prescribed for exclusive resolution by the Board of Directors, to the President, based on the General Meeting of Shareholders and Board of Directors resolution • In FY2025, resolutions were passed regarding the determination of proposals for the General Meeting of Shareholders, and the appointment of Directors, etc.
3. Establishment of appropriate reporting matters	• Set annual report schedule and submitted reports after expanding items to be reported as stipulated in Board of Directors Rules • Increased efficiency of operation execution reports by compiling individual ones into a Mid-term Promotion Execution Report • Provided individual reports and questions and requests from independent Outside Directors, which are separate from resolution and report items
4. Deliberation on agenda items related to personnel affairs and remuneration of Directors	• Based on the report by the Nominating & Compensation Committee, a resolution was passed regarding the proposal for the election of Directors to be submitted at the Annual General Meeting of Shareholders in June 2026
5. Provision of proper explanations beforehand to independent Outside Directors	• Sent agenda materials several days prior to the Board of Directors' meetings and offered preliminary explanations prior to the meetings
6. Preparation of informative and easy-to-understand materials	• Continued efforts to create materials with attention to the comprehensiveness and ease of understanding of the information so that Outside Directors can make accurate management decisions
7. Appropriate time management (meeting frequency, time for deliberations, etc.)	• Met 15 times in FY2025, with slightly more than 2 hours per meeting
8. Implementation of effective and efficient organizational audits	• Implemented an organizational audit as a Company with an Audit & Supervisory Committee • Established the Audit & Supervisory Committee Secretariat as a system to assist the Audit & Supervisory Committee • Audit & Supervisory Committee met 11 times in FY2025, with approximately 1 hour for each meeting
9. Follow up and respond to new trends in corporate governance and the best way to operate the Board of Directors	• Reported on state of sustainability promotion in August and December 2025 and March 2026 • Regarding the acquisition of Framochem, for which a timely disclosure was made in March 2026, information was shared with Outside Directors and other relevant parties, and necessary steps were taken to support the Board of Directors' resolution. • The proposed revisions to the Corporate Governance Code were covered in executive compliance training.
Overall Evaluation for FY2025	As outlined in the table above, the Board of Directors satisfies the evaluation standards and achieves the following two items, leading to the evaluation that the function of the Board of Directors is being effectively exercised. (1) Expedited managerial decision-making and business execution (2) Enhanced the Board of Directors' monitoring function
Future Initiatives	• Make a thorough investigation of monitoring activities intended to achieve the Mid-term Management Plan CODE/CHORD 2030 • Provide more accurate, concise, and understandable Board of Directors' meeting materials • Continue to follow new trends, such as Financial Services Agency and advisory board trends and social trends

*Evaluation period: from the conclusion of the 2025 Annual General Meeting of Shareholders to prior to the 2026 Annual General Meeting of Shareholders

Dialogue with Investors

Hodogaya Chemical distributes the BUSINESS REPORT annually to shareholders as a means of communicating with them, and to explain the progress of the previous Mid-term Management Plan SPEED 25/30 to our shareholders.

For the FY2025 financial results, the President participated in an online briefing in May 2026, where he also explained the Mid-term Management Plan CODE/CHORD 2030 and answered questions from shareholders and investors.