

Last Update: Aug 26, 2025

DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.

Hiroshi Kokubu, Chairman of the Board, Chief Executive Officer

Contact: Kimio Ouchi, Member of the Board; Managing
Executive Officer; Director, Administration Unit

Securities code: 4082

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

The corporate governance of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

We understand that in order for us, as a group, to prove ourselves to society and continue to grow, we must comply with ethical rules and laws and regulations and earn trust from all internal and external stakeholders. We believe that increasing the soundness and transparency of management, making proper management decisions and disclosing information properly based on this understanding are the fundamental principles of corporate governance.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

[Supplementary Principle 4.1.3 Developing and Implementing Succession Plans for the Chief Executive Officer (CEO) and Other Executives]

At this time, the Company has not prepared a specific succession plan for the CEO; however, the Company is moving forward with the speedy formulation of a concrete plan to strengthen its management structure. We provide opportunities for those considered to be candidates for the next Directors and Executive Officers to accumulate a diverse range of experience and assume leadership roles through departmental rotations, etc., and to learn management qualities and more through the utilization of outside organizations, etc.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]

(1) Policy on cross-shareholdings

Cross-shareholdings are for the purpose of maintaining and developing business relationships, joint research and development, smooth operation, and enhancement of corporate value over the medium to long term.

(2) Verification details regarding cross-shareholdings

Each year, the Board of Directors deliberates and decides whether or not to continue to hold shares on a case-by-case basis based on the effectiveness, significance, rationality, and impact on the Company’s finances. If, as a result, the significance or rationality

of holding the shares is considered to have diminished, the Company may sell the shares after taking into consideration various factors such as management and financial strategies, including impact on the market.

(3) Exercising of voting rights regarding cross-shareholdings

In principle, the Company will exercise voting rights based on the purpose of holding the shares mentioned above, which is to maintain and develop business relationships. However, we may oppose proposals that may significantly damage shareholder value due to circumstances such as a prolonged downturn in the performance of a cross-shareholding company, organizational restructuring, or the occurrence of a serious compliance violation. In cases that require special attention when exercising voting rights, particularly with respect to proposals for the appropriation of retained earnings, election of directors and corporate auditors, organizational restructuring, MBOs, etc., we will collect sufficient information through various methods, including dialogue with the cross-shareholding company, before deciding whether to support or oppose the proposal.

[Principle 1.7 Related Party Transactions]

(1) Disclosure of framework for related party transactions

The Company has established rules for the management of related party transactions, and any transaction with a related party that may cause a conflict of interest must be discussed and approved by the Board of Directors in advance before it is implemented. If such transactions occur, we will disclose them appropriately in our securities reports.

(2) Monitoring procedures, etc. for related party transactions

The Company's Board of Directors receives reports on the details of related party transactions even after the fact so that it can properly understand the details of such transactions.

[Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]

In the appointment of managers, the Company recognizes the importance of ensuring diversity and has always made a fair evaluation of candidates' abilities and insight, regardless of gender, age, nationality, or employment history, and will continue to appoint the right people based on this approach. We believe that the current level of managers who are foreign nationals or mid-career hires is appropriate for our business type and size. Moving forward, we believe that our current challenge in securing diversity in our core human resources is to develop female managers and candidates for such positions, and our goal is to increase the current ratio of 11% to 15% by FY3/2032. The Company's human resource development policy and in-house environment development policy for ensuring diversity are disclosed in securities reports and the Integrated Report. We are also working to establish an evaluation system and operating rules that encourage employees to take the initiative and take on new challenges, provide a work environment that is healthy and safe both physically and mentally, and create a system that allows employees to choose from a diverse range of work styles.

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

The Company operates a defined benefit corporate pension plan that is paid as retirement payments. A Corporate Pension Committee has been established to discuss and deliberate on asset management policies, reports on business and financial results and dissemination to members, and confirmation of amendments to regulations. Committee members include the Chairman of the Board and Chief Executive Officer, Director of the Administration Unit, the heads of the General Affairs & Human Resources, Finance & Accounting, and Corporate Planning Divisions, labor representatives, etc. In addition, the committee works with the

investment management institution to gather information and acquire expertise to ensure appropriate management.

[Principle 3.1 Enhancing Information Disclosure]

- (1) The Company has formulated and announced its medium-term management plan “DK-One Next,” which began in FY3/2023. In May 2025, based on the progress of the plan and changes in the business environment, we established and announced new management targets and capital policies for FY3/2029 and FY3/2032. With ROIC, ROE, and DOE as indicators, we aim to increase corporate value with an awareness of the cost of capital through focused investments in growth areas and strengthening of non-financial capital through the Six Pillars.
- (2) The Company discloses its basic views regarding corporate governance on its website, in corporate governance reports, and in securities reports.
- (3) Policies regarding the determination of remuneration for Directors and Audit and Supervisory Board Members are disclosed in business reports, securities reports, etc. The amount of remuneration, including that for Executive Officers, is determined by resolution of the Board of Directors after deliberation by the Nomination and Compensation Committee.
- (4) The Company’s policies and procedures for nominating candidates for Director and Audit and Supervisory Board Member are set forth in the Company’s “Rules for Officers,” the details of which are disclosed in business reports. The selection and dismissal of Executive Officers is also stipulated in the “Rules for Officers,” and the Chairman of the Board and Chief Executive Officer makes recommendations in light of the selection criteria, which are deliberated by the Nomination and Compensation Committee and decided on by the Board of Directors.
- (5) Based on (4) above, the Board of Directors discloses the reasons for each individual nomination of candidates for Directors and Audit and Supervisory Board Members in the notices of convocation.

[Principle 3.1.3 Initiatives on Sustainability]

The Company discloses sustainability-related policies, guidelines, and specific initiatives for each item on our website (<https://www.dkkk.co.jp/>) and in company presentation materials for institutional investors. In the medium-term management plan “DK-One Next,” the Company has established guidelines for human capital, which are “results-oriented organization,” “corporate culture advancement,” and “implementing measures for sustainability,” and we disclose the policies based on these guidelines in securities reports. In addition, we disclose our policies, systems, and rights acquisition status related to research and development and intellectual property, which we consider important in terms of our management strategy, on our website. We recognize that climate change initiatives are an important corporate social issue, and we disclose the impact of risks and profit opportunities on our business activities, earnings, etc. in securities reports based on the TCFD framework.

[Supplementary Principle 4.1.1 Scope of the Matters Delegated to the Management]

The Board of Directors makes judgments and decisions on medium- and long-term issues such as management strategy, corporate governance, response to environmental and social issues, and capital policy. In order for the Board of Directors to function effectively, decisions on individual business operations are delegated to the Management Council, and Executive Officers carry out operations within the scope of the authority granted to them and the duties delegated to them by the Board of Directors.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

In selecting candidates for independent Outside Directors, the Company has established independence criteria based on the requirements for outside directors set forth in the Companies Act and the independence standards set forth by the Tokyo Stock Exchange, which are disclosed in the notices of convocation, securities reports, and other documents. In making selections, the Company selects candidates who have skills in fields different from those of in-house Directors and who can be expected to engage in constructive discussions from an objective standpoint in order to ensure diversity among Directors, disclosing the reasons for such selection in the notices of convocation, securities reports, and other documents.

[Principle 4.10.1 Appropriate Involvement and Advice from Independent Outside Directors Through the Establishment of an Independent Nomination and Compensation Committee]

Although the Company has three independent Outside Directors out of a total of six Directors, which is not a majority, the Nomination and Compensation Committee has been established to ensure fairness, transparency, and objectivity in matters such as the nomination and compensation of Directors and Executive Officers. The committee is chaired by an independent Outside Director and consists of the Chairman of the Board and Chief Executive Officer and three independent Outside Directors, with appropriate involvement and advice from these Outside Directors. The roles of the committee are disclosed in securities reports.

[Supplementary Principle 4.11.1 Approach to Diversity of the Board of Directors, Etc.]

The Company's basic policy is to nominate candidates for Director and Audit and Supervisory Board Member by taking into consideration the balance of qualifications and experience as well as the diversity of the Board of Directors as a whole. This policy, together with the procedures for doing so, are set out in the "Rules for Officers" and are disclosed in business reports. Furthermore, in order to achieve sustainable growth and increase corporate value toward becoming a 100 Year Company, the Company has set forth the medium-term management plan "DK-One Next" with the Six Pillars (new business creation, earnings structure reform, innovative manufacturing, results-oriented organization, corporate culture advancement, and implementing measures for sustainability) to prepare for changes in the business environment. The skills required to achieve these goals have been identified and a skill matrix has been developed for each Director candidate, which are disclosed in the notices of convocation. All of the Company's independent Outside Directors have management experience at other companies.

[Supplementary Principle 4.11.2 Concurrent Positions Held by Directors and Audit and Supervisory Board Members]

The status of concurrent positions of Outside Directors and Outside Audit and Supervisory Board Members at other companies are disclosed through the notices of convocation, securities reports, and the corporate governance reports. At present, one Outside Director and one Outside Audit and Supervisory Board Member are concurrently serving as outside officers of other listed companies outside the Group, but we believe that there is nothing hindering their performance as Outside Director or Outside Audit and Supervisory Board Member for the Company.

[Supplementary Principle 4.11.3 Evaluating the Effectiveness of the Board of Directors]

Each year, the Governance Committee, consisting of independent Outside Directors and independent Outside Audit and Supervisory Board Members, compiles a summary of the effectiveness of the Board of Directors as a whole, based on a survey of each Director and Audit and Supervisory Board Member. Based on the results, the Board of Directors analyzes and evaluates their effectiveness and identifies issues that need to be improved. A summary of the results is disclosed in securities reports.

[Supplementary Principle 4.14.2 Training of Directors and Audit and Supervisory Board Members]

The Company provides opportunities for Directors, Audit and Supervisory Board Members, and Executive Officers to attend executive training sessions on corporate management, compliance, etc., and also provides opportunities for Outside Directors and Outside Audit and Supervisory Board Members to visit the Company's business sites to deepen their understanding of the Group's business.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company has a dedicated IR specialist assigned to the Corporate Planning Division to promote constructive dialogue with shareholders. We hold biannual financial results briefings and provide opportunities for dialogue with investors by having the Chairman of the Board and Chief Executive Officer himself speak at these briefings. In addition, Executive Officers attend individual meetings with institutional investors and analysts to further expand opportunities for dialogue. Furthermore, Directors, Executive Officers, and others meet with shareholders and others as necessary to discuss their individual requests. Opinions and requests received from shareholders and investors are shared with the Board of Directors and used to enhance corporate value.

[Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans]

Based on the medium-term management plan "DK-One Next," which began in FY3/2023, the Company has formulated new capital policies and management targets for the interim period ending FY3/2029 and the final year ending FY3/2032, taking into account the progress made under the plan and changes in the business environment. Specific efforts to achieve these targets have been disclosed on our website (<https://www.dkkk.co.jp/>) since May 2025.

[Major Dialogues with Shareholders]

Financial results briefings were held after the disclosure of the 2Q and full-year financial results, and the Chairman of the Board and Chief Executive Officer personally presented the results. We also hold meetings with institutional investors and analysts immediately after quarterly financial results.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	6/18/2025

Explanation of Actions

The Company is continually evaluating the current situation and discussing ways to improve its efforts to realize management that takes into account cost of capital and stock price. In May 2025, the contents of the medium-term management plan "DK-One Next" were carefully reviewed and new policies and targets were set. The details are disclosed on the Company's website (<https://www.dkkk.co.jp/>).

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
----------------------------	---------------

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2,737,700	11.30
Daiichi Kigenso Kagaku Kogyo Co., Ltd. Employees Stock Ownership Plan	1,271,200	5.25
Katsuhiko Kokubu	1,210,000	5.00
Custody Bank of Japan, Ltd. (Trust account)	1,097,500	4.53
Iwatani Corporation	861,000	3.55
Tsuyoshi Inoue	810,305	3.35
Junko Inoue	810,000	3.34
Tomoyuki Kokubu	687,700	2.84
Tadashi Terada	388,085	1.60
Koji Nakamura	340,000	1.40

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
Name of Parent Company, if applicable	N/A

Supplementary Explanation

-

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

-

5. Other Special Circumstances which May have a Material Impact on Corporate Governance

-

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

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Board
-----------------------------	---

Directors

Number of Directors Stipulated in Articles of Incorporation	8
Directors' Term of Office Stipulated in Articles of Incorporation	1 year(s)
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshiyuki Umehara	From another company											
Junichi Tanaka	From another company					△						
Naomi Tobita	From another company											

*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Toshiyuki Umehara	○	-	<p>At Nitto Denko Corporation, Toshiyuki Umehara worked for many years as an engineer and as a business director, contributing to the promotion of that company's business. Further, he promoted the implementation of technology-oriented management, which is a strength of Nitto Denko Corporation, as CTO and promoted the strengthening of the information area as CIO.</p> <p>The Company expects that, drawing on this abundant experience and a high degree of expertise, he will appropriately supervise the decision-making on important matters and business execution and provide useful suggestions and advice in the promotion of the Company's business, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside director and independent officer.</p>
Junichi Tanaka	○	<p>For three years prior to his appointment as a Director, he had been engaged in a consulting contract with the Company to strengthen the Company's finance and general affairs divisions as well as management of affiliated companies. The amount of compensation is ¥4,800,000 per year, which is less than the Company's independence standard of ¥10,000,000.</p>	<p>Junichi Tanaka was engaged in accounting, finance, and other areas for many years at Murata Manufacturing Co., Ltd. and that company's Group companies in Europe and Asia. Having served as General Manager of the Finance Department of Murata Manufacturing, he contributed to the promotion of that company's business in terms of administration. He also served as a standing statutory auditor and as a director and audit and supervisory committee member of that company.</p> <p>The Company expects that, drawing on this experience and a high degree of expertise, he will appropriately supervise the decision-making on</p>

			important matters and business execution and provide useful suggestions and advice in the promotion of the Company's business, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside director and independent officer.
Naomi Tobita	○	-	<p>Naomi Tobita worked at BANDAI CO., LTD. for many years and served as a manager of a development division and a business division and a director of BANDAI CO., LTD. and its affiliated companies. While involved in business operations and corporate management, she promoted the vitalization of the organization and the development of human resources.</p> <p>She provides vigorous suggestions and advice on the development of human resources, fostering corporate culture, and vitalizing organizations, and plays a key role in the enhancement of the Company's corporate value.</p> <p>The Company expects that, drawing on this extensive experience and a high degree of expertise, she will appropriately supervise the decision-making on important matters and business execution and provide useful suggestions and advice in the promotion of the Company's business, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside director and independent officer.</p>

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

A Nomination and Compensation Committee has been established, which performs the functions of both a nomination committee and a compensation committee.

Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit and Supervisory Board Members exchange opinions and collaborate with Accounting Auditors through various opportunities, such as when explanations of the audit plan are given, including audit policy, key audit items, and the audit schedule, and reports on the results of quarterly reviews and annual financial statements.

Audit and Supervisory Board Members receive reports on audit plans and results from the Internal Audit Division and attend internal audits as necessary to deepen cooperation by sharing on-site information.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Kawaguchi	From another company													
Yoshinori Tsuda	CPA										△			
Ayako Oura	Lawyer													

*Categories for "Relationship with the Company".

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

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

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Kawaguchi	○	-	Hiroshi Kawaguchi has a wealth of knowledge of not only financial affairs and accounting but also corporate management in general, having had many years of experience in financial and administration divisions at a company and having served as director and auditor. Since he assumed the office of Audit & Supervisory Board Member of the Company in 2019, he has conducted operational audits including auditing the execution of duties by Directors as well as accounting audits, etc. as the Company's Standing Audit & Supervisory Board Member, making the most of his extensive knowledge and experience,

			<p>broad personal connections and deep insight. We expect that he can continue to appropriately fulfill the duties of Audit & Supervisory Board Member, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed an outside auditor, and independent officer.</p>
Yoshinori Tsuda	○	<p>For seven months during the three years prior to his appointment as an Audit and Supervisory Board Member, he had a consulting contract with a consulting firm he represents regarding the introduction of an internal control reporting system (J-SOX). The amount of compensation is ¥1,000,000, which is less than the Company's independence standard of ¥10,000,000.</p>	<p>Yoshinori Tsuda has advanced accounting, tax and financial knowledge and experience, having served as a Certified Public Accountant for many years. In addition, he is also in a management executive position at a company, playing an active role as a representative director of a consulting firm in the field of accounting. Since assuming the office of Outside Audit & Supervisory Board Member of the Company in 2011, he has conducted operational and accounting audits by making the most of his extensive knowledge and experience, broad personal connections and deep insight especially in the field of accounting. We expect that he can continue to appropriately fulfill the duties of Outside Audit & Supervisory Board Member of the Company, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed an outside auditor and independent officer.</p>
Ayako Oura	○	-	<p>Ayako Oura is an attorney-at-law and we believe that she will be able to conduct audits by utilizing her sophisticated legal expertise concerning the legal compliance of the decision-making process of the Company's Board of Directors and the execution of duties by Directors and others. Moreover, because she specializes in labor law and has experience as an in-house counsel, we expect that she will vigorously offer her opinions to strengthen the labor management and compliance of the Group and to hedge risk appropriately in order to further develop the Group's global management, and because there is no possibility of conflicts of interest with general</p>

			shareholders, she has been appointed an outside auditor and independent officer.
--	--	--	--

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	6
---	---

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members
--

All Outside Directors and Outside Audit and Supervisory Board Members who meet the qualifications for independent Director or Outside Audit and Supervisory Board Member are designated as independent.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
--	--

Supplementary Explanation for Applicable Items
--

Performance-linked remuneration consists of remuneration linked to individual and Company performance as short-term incentives.

Persons Eligible for Stock Options	-
------------------------------------	---

Supplementary Explanation for Applicable Items
--

-

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
--	---------------------------------

Supplementary Explanation for Applicable Items
--

The total amount of remuneration, etc. of Directors for the 69th fiscal year is as follows.
Total amount of remuneration, etc. of Directors: ¥118,000,000 (fixed remuneration: ¥95,000,000, performance-linked remuneration, etc.: ¥7,000,000, non-monetary remuneration, etc.: ¥15,000,000), number of Directors: 7, of which, total remuneration of Outside Directors: ¥32,000,000 (fixed remuneration: ¥32,000,000) number of Outside Directors: 3

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

The Company regards the executive compensation system as one of the key pillars of corporate governance. To ensure that the executive compensation system leads to a continuous increase in corporate value, the Nomination and Compensation Committee, chaired by an outside director, formulates a policy on executive compensation which is then decided on by the Board of Directors, with a view to limiting any bias towards short-term orientation and adopting an objective perspective.

An overview of the content of the policy is as follows.

- a . The policy should be designed to reflect the Group's medium- and long-term business strategy and at the same time strongly motivate medium- and long-term growth.
- b . The compensation level and design should enable the Group to secure excellent human resources on a global basis, motivate the next generation of management personnel to grow, and improve the vitality of the organization.
- c . The system should reflect company and individual performance directly or quantitatively in compensation in order to strengthen the link with business performance and increase incentives.

Compensation for internal (full-time) directors comprises fixed, variable, and sharebased compensation, with variable compensation further comprising performance-linked compensation based on the achievement of net sales and ordinary profit targets, and individual assessment compensation based on individual evaluation. The ratio of performance-linked compensation is set at a higher level in line with the seniority of each director, and is set in proportion to management responsibility. In addition, the Nomination and Compensation Committee continuously deliberates and monitors the appropriateness of the compensation level and composition of compensation for directors and corporate auditors, as well as the appropriateness of the compensation decision process.

The Board of Directors deliberated on the amounts of individual compensation for the current fiscal year based on a report from the Nomination and Compensation Committee, and as a result, the Board of Directors has determined that the amounts are in line with the relevant policy.

Outside directors are paid only a fixed compensation, as it is necessary to ensure their independence in order for them to play their respective roles appropriately. Compensation for auditors is also fixed from the perspective of emphasizing their independence and objectivity with regard to management. The compensation of the auditors is determined through discussions by the Audit & Supervisory Board.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

(Outside Directors)

In addition to Board of Directors and Management Council meetings attended by Outside Directors, secretariat staff of the Nomination and Compensation Committee and the Governance Committee provide information to Outside Directors and support them in their duties.

(Outside Audit and Supervisory Board Members)

While the Company does not have staff to support the duties of Audit and Supervisory Board Members, the Internal Audit Division will cooperate with them upon request.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

Within the framework of a company with an Audit and Supervisory Board, the Company strives to separate supervisory and executive functions. Following the conclusion of the Annual General Meeting of Shareholders in June 2025, the structure of the Board of Directors consists of six Directors (including three Outside Directors) and three Audit and Supervisory Board Members (all of whom are Outside Audit and Supervisory Board Members) to ensure prompt decision-making and strengthen supervisory functions. In addition, the Management Council, consisting of Executive Officers and Directors, deliberates on matters to be brought before the Board of Directors, general company management policies, and important management matters. Management Council meetings are held to increase transparency in the process of reaching final decisions and to promote accurate and prompt decision-making and efficient company management.

All three Audit and Supervisory Board Members are independent outside auditors (one is a full-time member). Audit and Supervisory Board Members attend meetings of the Board of Directors and other important meetings, and in cooperation with the Internal Audit Division, conduct on-site inspections and interviews at offices and other locations to audit the legal compliance and appropriateness of the execution of duties by Directors. In addition, the Audit and Supervisory Board Members express their opinions and other views from an independent standpoint, drawing on their respective experience and insight.

In order to further strengthen the functions of corporate governance, the Company has also established a Nomination and Compensation Committee and a Governance Committee to nominate candidates for Director and Audit and Supervisory Board Member, determine remuneration for Directors and other officers, and engage in ongoing corporate governance initiatives, working to enhance the objectivity, transparency, and fairness of the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

The Company has established an audit system with three Audit and Supervisory Board Members, all of which are Outside Audit and Supervisory Board Members, and we consider this to be a well-functioning management monitoring system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	As a general rule, meetings are set up to avoid peak days.
Electronic Exercise of Voting Rights	The Company has adopted a method for shareholders to exercise their voting rights electronically.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has adopted an electronic voting platform provided by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The notices of convocation (narrowly defined, reference documents, and attached documents) are translated into English and disclosed.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	As part of our efforts to engage in constructive dialogue with individual investors, we participated in corporate information sessions where we explained our business operations and future prospects. We will continue to strive to build a relationship of trust with individual investors through the appropriate disclosure of information.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	A financial results briefing is held once every six months, immediately after the disclosure of the 2Q financial results and the full-year financial results. We also hold meetings with institutional investors and analysts immediately after quarterly financial results.	Held
Online Disclosure of IR Information	Financial results as well as news releases and topics are posted in a timely manner.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Member of the Board, Managing Executive Officer, Strategy Unit is responsible for IR, and the General Manager of the Corporate Planning Division is responsible for IR administrative liaison.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Group discloses its relationship with all stakeholders, including customers, business partners, shareholders/investors, employees, local communities, and the global environment, as well as its responsibilities to each stakeholder, in its Integrated Report. https://www.dkkk.co.jp/sustainability/integrated_report.html
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Details of the Group's sustainability initiatives, including environmental conservation activities, are described in its Integrated Report. https://www.dkkk.co.jp/sustainability/integrated_report.html
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Group believes in the importance of dialogue with all stakeholders, including customers, business partners, shareholders/investors, employees, local communities, and the global environment, as well as the enhancement of information disclosed to all stakeholders. We take the valuable opinions we receive through dialogue seriously and reflect them in our management and business activities, aiming to co-create value with our stakeholders.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's Board of Directors decided the basic policy for the development of an internal control system based on the Companies Act at a meeting in April 2006 (last revised in April 2024), and the Company is continuing to develop its internal control system based on this policy.

1. System to ensure directors and employees of the Group perform their duties in accordance with laws and the Articles of Incorporation

(1) The Group will make the Action Guidelines of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD., specific rules for management to fulfill its social responsibilities, well known to its directors and employees to ensure their legal compliance.

(2) The Group will establish internal and external whistle-blowing contact points for the purpose of discovering and correcting legal violations and instances of unfair practices within the Group. In addition, the Group will not treat whistleblowers unfavorably.

(3) The Group will establish the Internal Audit Division controlled directly by the President to audit the appropriateness of the operations of the Group.

(4) Our policy for elimination of anti-social forces is declared in the Action Guidelines of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. and provided in the Rules for Banning Relations with Anti-Social Forces. Also, efforts will be put into collecting relevant information in cooperation with the relevant police authority.

2. System concerning the storage and management of information on the performance of duties by directors
Documents relevant to the performance of duties by directors such as minutes of board meetings and requests for managerial decisions will be stored and managed appropriately in accordance with laws and regulations as well as internal rules.

3. Rules and other systems for the management of the risk of loss by the Group

(1) The Group will establish the Risk Management Committee, collect and analyze risk information, and take preventive measures against risks which may have grave consequences in order to continue its business and fulfill its social responsibilities.

(2) In the event that a crisis occurs, responses will be made in accordance with the crisis management system as set forth in the Rules for Crisis Management.

4. System to ensure the Group directors perform their duties effectively

(1) The Board of Directors will make decisions on the performance of the important duties based on the Rules for the Board of Directors, and serve a supervising function while receiving reports from each director regarding the Company's and its subsidiaries' performance of operations based on the medium-term management plan.

(2) The Group will establish the Management Council consisting of the Board of Directors and Unit Directors, etc. to discuss from multiple perspectives and make decisions on the performance of important duties within the authority of the President.

5. System to report to the Company on the performance of the duties of directors of the Group companies

The Company will receive timely reports on business performance, management challenges, and other important information of subsidiaries and affiliated companies based on the Rules for Management of Affiliated Companies.

6 . System for employees who are assigned to assist duties of auditors and matters concerning securing of the independence of such employees from directors and the effectiveness of instructions to such employees

The Company, placing no employee to assist with the duties of auditors at present, will assign assistants if requested by auditors, securing their independence.

7 . System for directors and employees of the Group to report to auditors, other systems for reporting to auditors, and system to ensure auditors conduct effective audits

(1) Directors and employees will report the performance of their duties through the attendance of auditors at meetings of the Board of Directors and the Management Council. Auditors may request that directors and employees report to them as necessary, in addition to the above.

(2) Directors and employees of the Group or any person reported to by them will report to auditors immediately if they discover any grave legal violation or fact which may cause substantial damage to the Company or their companies.

(3) The Company will not treat those who report to auditors unfavorably for reason of such reporting.

(4) If auditors make a request for expenses relevant to the performance of their duties, it will be processed appropriately in accordance with Article 388 of the Companies Act.

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

The “Rules for Banning Relations with Anti-Social Forces” stipulate that the Company shall not have any relationship with such forces, shall not respond to any unreasonable demands, and shall not conduct any transactions with business partners who have relationships with such forces. The General Affairs & Human Resources Division oversees responses to these forces and endeavors to keep abreast of the latest developments by collecting relevant information from relevant police authorities and the shareholder registry administrator.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
-	

2. Other Matters Concerning the Corporate Governance System

The Group recognizes that earning the trust of all stakeholders is of paramount importance for a company to be recognized for its existence and to continue to grow. To this end, our basic policy is to disclose corporate information, including financial details and business activities, in a timely and appropriate manner in accordance with relevant laws and regulations. The timely disclosure system is as follows.

(1) Information management system and division in charge of disclosure

(a) Person responsible for information disclosure

The Chairman of the Board and Chief Executive Officer appoints the Director of the Administration Unit as the person in charge of information disclosure. The person in charge of information disclosure is responsible for establishing an internal system for information disclosure as well as its timely and appropriate operation, and determines the necessity and appropriateness of disclosure of material information collected from across the entire Group.

(b) Person responsible for information handling

The General Manager of the General Affairs & Human Resources Division is responsible for information handling, and is instructed by the Director of the Administration Unit to properly manage and disclose important information.

(c) Division in charge of information disclosure

The General Affairs & Human Resources Division is responsible for the disclosure of decisions, and the Finance & Accounting Division is responsible for the disclosure of financial information. Depending on the content, either the General Affairs & Human Resources Division or the Finance & Accounting Division is responsible for disclosing the occurrence of material facts.

(2) Timely disclosure procedures

(a) Identification of important information

Important matters considered and discussed by each division and the management body (the Board of Directors and the Management Committee) are collected by the General Manager of the General Affairs & Human Resources Division, either directly or through the Director of the Administration Unit, and are managed in accordance with confidentiality management regulations. In the event of an accident or disaster, the division in which it occurs promptly reports it to the Director of the Administration Unit via the General Manager of the General Affairs & Human Resources Division.

(b) Consideration of whether information disclosure is required

The General Manager of the General Affairs & Human Resources Division has the General Affairs Section investigate whether or not timely disclosure is necessary with respect to the material information that has been gathered. The General Affairs Section, in cooperation with the Finance & Accounting Division and related divisions, determines whether or not timely disclosure is required in light of the timely disclosure rules and regulations of the stock exchange. The General Manager of the General Affairs & Human Resources Division reports the results of that judgment to the Director of the Administration Unit, who then makes a decision on disclosure, including voluntary disclosure. If the Director of the Administration Unit determines that timely disclosure is necessary, they instruct the preparation of disclosure materials.

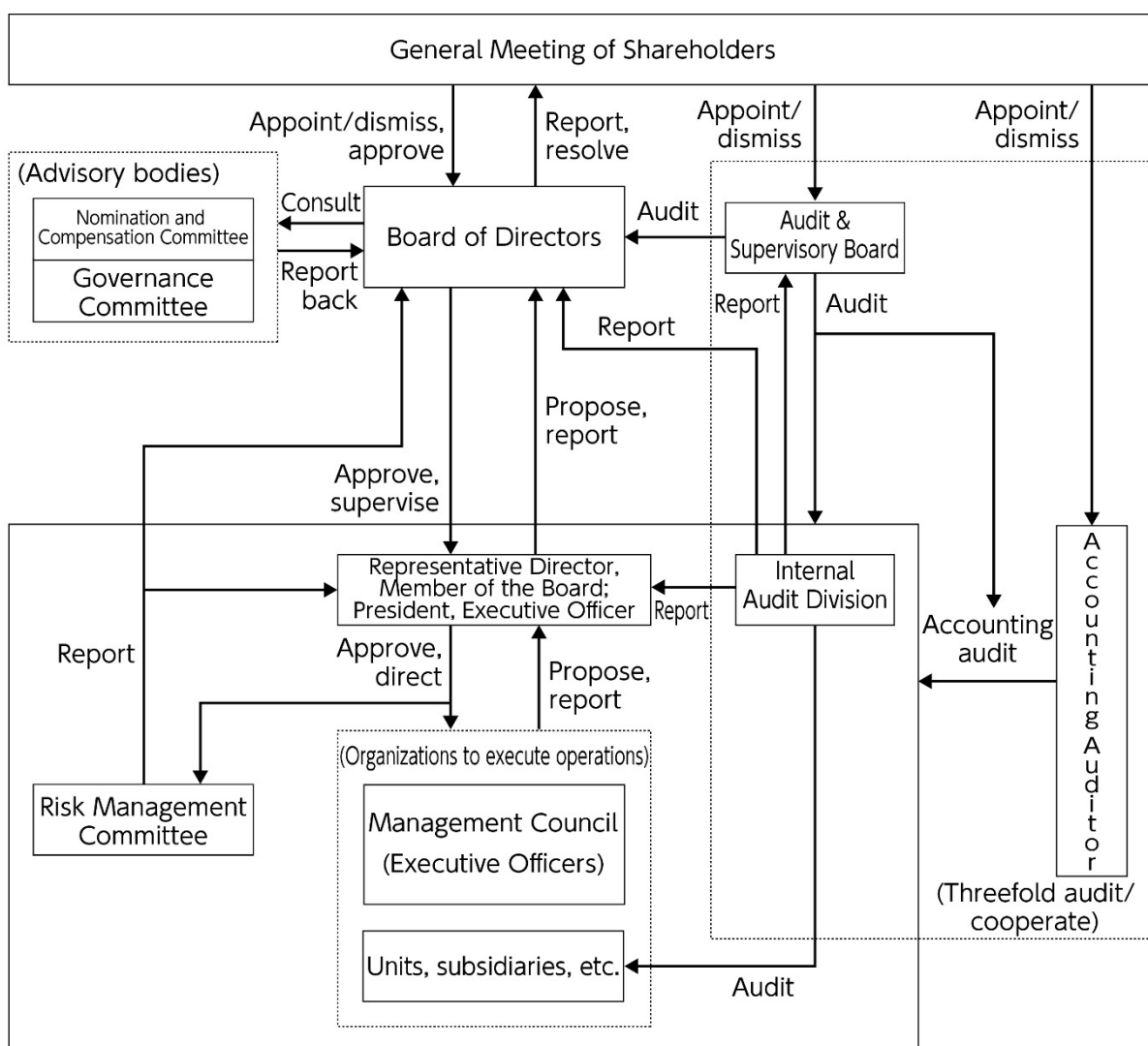
(c) Execution of timely disclosure

Disclosure materials are prepared by the division in charge of disclosure, taking into consideration not only the accuracy and legality of information, but also the sufficiency and clarity of content. If other divisions prepare disclosure materials, the division in charge of disclosure will review them from the same perspective. Materials are subject to final review by the Director of the Administration Unit. Decisions and financial information are submitted to the Board of Directors by the Representative Director and Chief Executive Officer, who chairs the Board of Directors, and are immediately disclosed upon resolution and approval by the Board of Directors. Occurrences of material facts are disclosed immediately after the Director of the Administration Unit approves the disclosure.

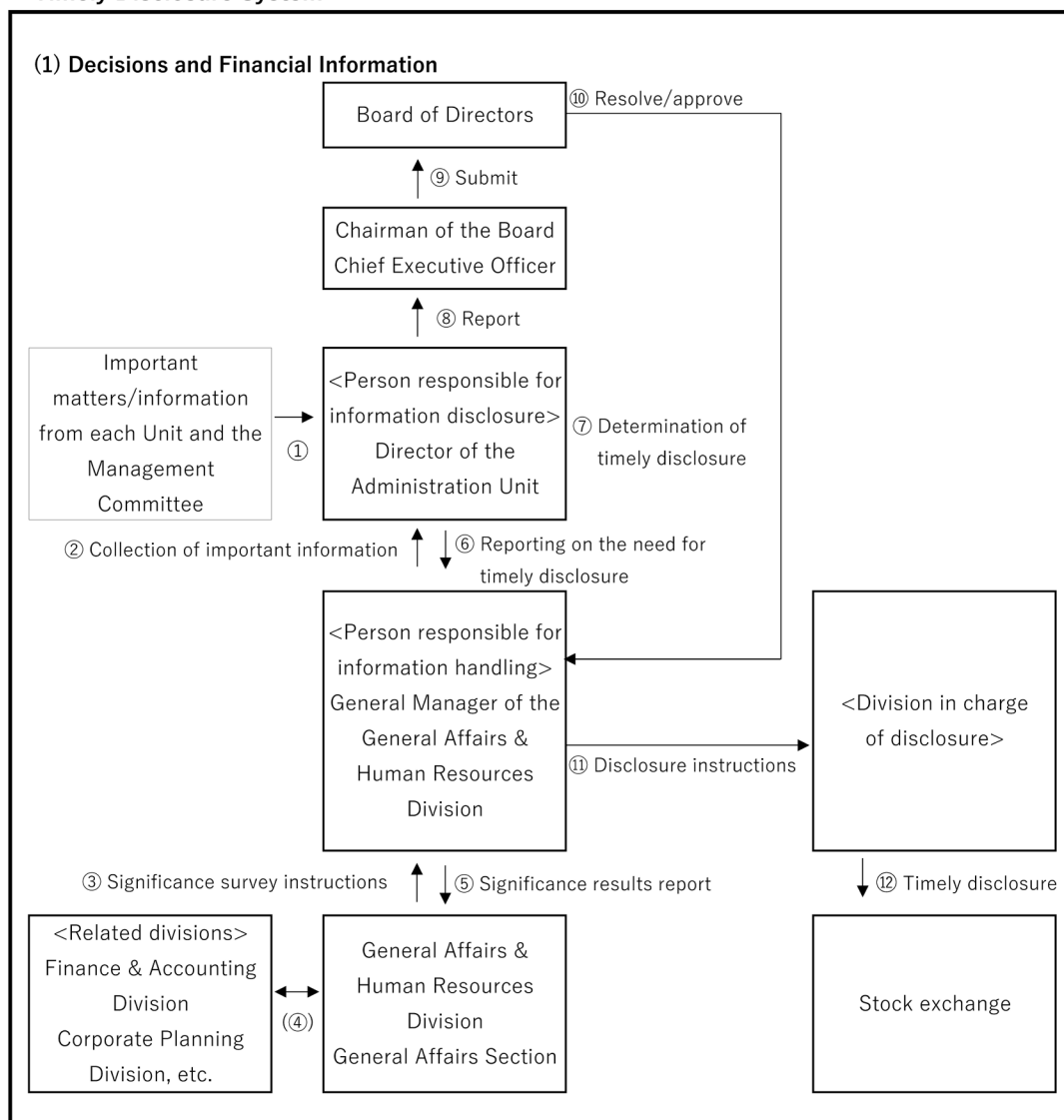
(3) Monitoring of the timely disclosure system

The Internal Audit Division monitors whether disclosures are properly made in accordance with the timely disclosure rules and regulations of the stock exchange. The Board of Directors also continuously checks and shares the status of the information disclosure system and discusses how to strengthen the system.

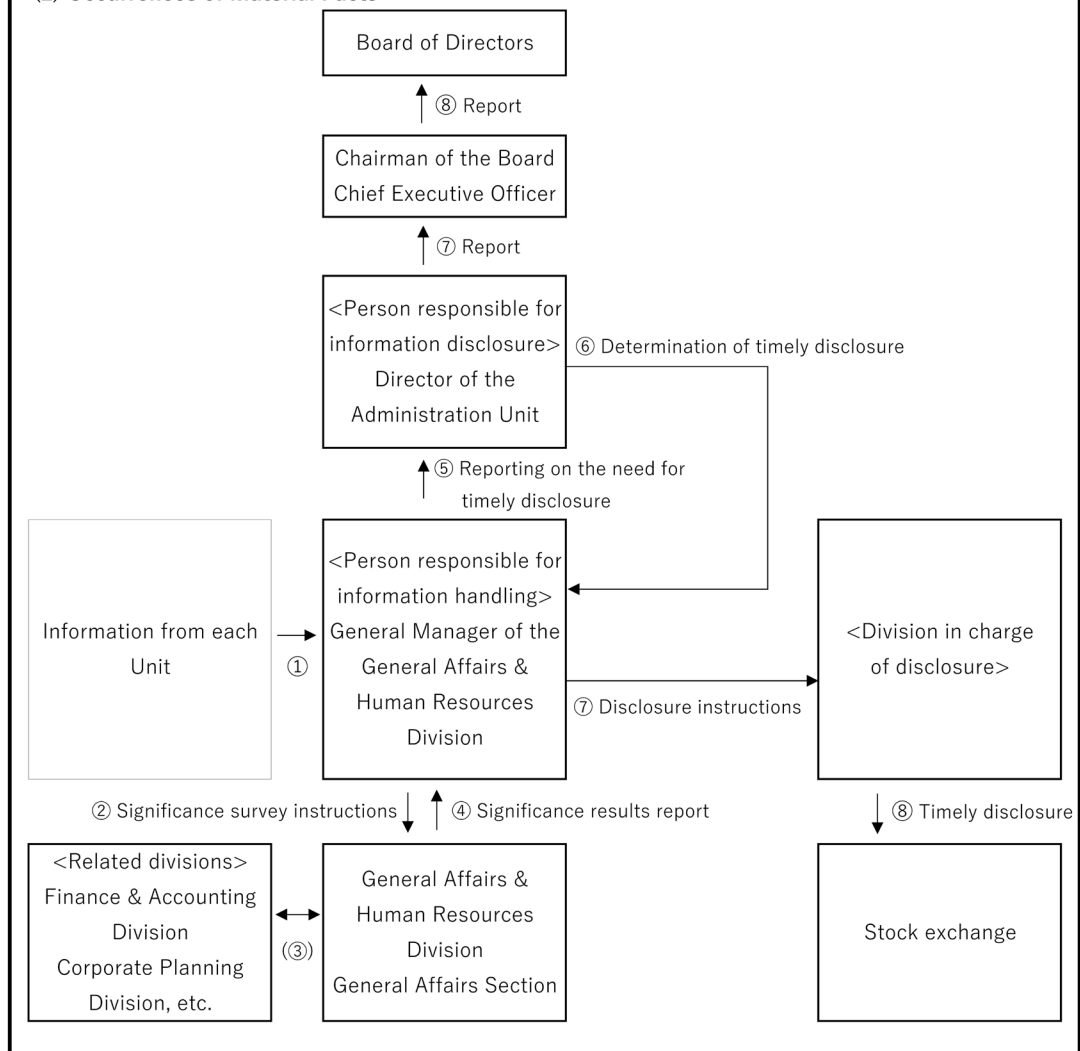
Corporate Governance Structure



Timely Disclosure System



(2) Occurrences of Material Facts



END