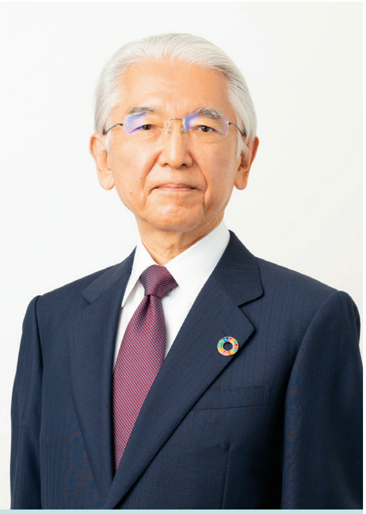
Messages from Outside Officers

Making Proposals to Realize Transformative R&D



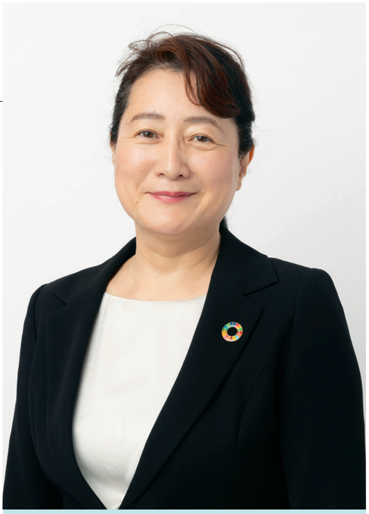
Outside Director
KATAOKA Kazunori

During the five years since my appointment as an Outside Director, I have worked to promote active discussions at the Board of Directors meetings by drawing on my own experience in R&D and startup management, offering opinions on the creation of new businesses and products, M&A, fostering a safety culture, and human resource development with a global perspective. At the Board of Directors meetings in FY2024, compared with FY2023, opportunities were provided not only for regular meetings but also for intensive discussions on business plans and free discussions on the business portfolio. These enabled more in-depth deliberation on topics I consider important, such as the speed of new products creation, related initiatives, and human resource development. At both the Board of Directors meetings and the Nomination and Remuneration Advisory Committee, Directors and Audit & Supervisory Board Members have engaged in open and constructive exchange of opinions.

Looking ahead, I intend to make proposals aimed at advancing Transformative R&D at the Board of Directors meetings and other forums. Our R&D is supported by outstanding "chemical expertise." Whether in semiconductor materials, display materials, or pharmaceuticals, our development approach is based on "molecular and materials synthesis," aligning with end-use application fields and providing us with unique strengths that are unmatched by competitors. This reflects the other meaning of "chemistry"—harmony and affinity—manifested fully in our business activities.

To further enhance our potential as an R&D-driven company, it is essential to make the necessary investments, and advance human resource strategies including the utilization of global talent and promotion of interdepartmental personnel exchange. To achieve our medium- to long-term growth strategies, we must move beyond an internal-only approach and proactively engage in "strategic investments" such as M&A and investments in startups. In the future, I believe it is necessary to actively discuss our investment risk-taking approach and policy at the Board of Directors and other meetings.

Advising on Creating an Environment where Young Researchers Can Boldly Take On Challenges



Outside Director
NAKAGAWA Miyuki

Our business performance in FY2024 was moderately successful. In Vista2027 Stage II, launched in FY2025, we must devote our full efforts not only to expanding profits in existing businesses, but also to developing new products looking toward 2030. To this end, I intend to provide advice on building a research environment and business structure that enables young researchers to boldly take on challenges without fear of failure.

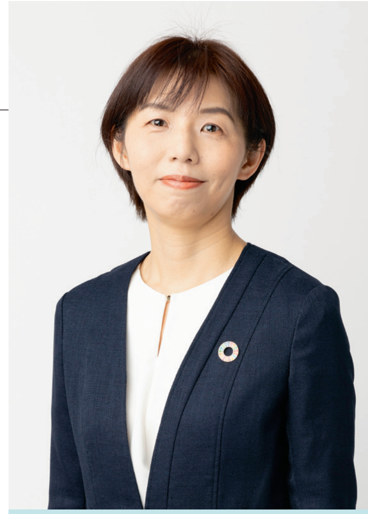
To fulfill our supervisory role, we have received flexible support from the secretariat, including advance explanations of proposals to be submitted to the Board of Directors meetings and the arrangement of hearings with relevant departments at the Nomination and Remuneration Advisory Committee. With such backup, I have consistently sought to contribute to enhancing corporate value by offering suggestions I believe essential for future growth during free discussions at Board of Directors meetings. For example, I have proposed that, in addition to product development, we should actively pursue strategic investments such as M&A. At the Board of Directors meetings, I also emphasize the need to conduct free and open discussions from a cross- functional perspective, unconstrained by the boundaries of business divisions, when considering risk-taking in investments.

In recent years, our plants have experienced operational issues, and I recognize the importance of further strengthening our safety initiatives. Through my extensive career as a prosecutor, I have come to recognize the importance of not overlooking early signs of trouble, anticipating potential risks before they arise, and responding quickly.

Because the current era is marked by social uncertainty, we will continue to engage in sincere discussions at the Board of Directors meetings with the aim of contributing to the sustainable development of the company in a wide range of business areas, including Chemicals, Functional Materials, Agricultural Chemicals, and Healthcare, with the aim of contributing to the survival and development of humanity and the protection of the global environment.

Messages from Outside Officers

Proposals for Sound Corporate Growth from a Researcher's Perspective



Outside Director
TAKEOKA Yuko

I aim to enrich discussions at the Board of Directors meetings by sharing insights gained from the frontlines of renewable energy and carbon neutrality research as a materials chemistry researcher.

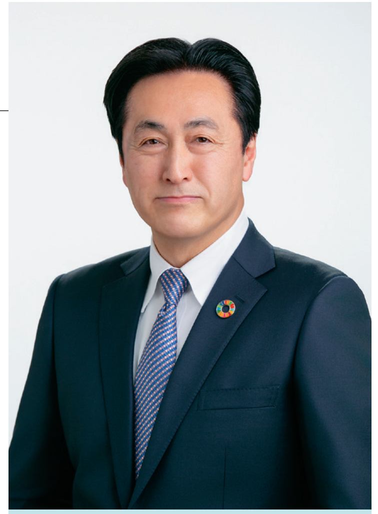
Our Company has significant potential to contribute to the realization of carbon neutrality. I experience firsthand, on a daily basis, the high level of technological expertise in materials chemistry within our Company. With pride in this strength, I aim to foster active discussions on how we can build an organization capable of making broad contributions to society. To that end, it is essential to promote human resource development and diversity initiatives that broaden employees' perspectives.

I consistently bear in mind the belief that "an organization lacking diversity is prone to making fatal mistakes." To reduce corporate risks and ensure that our Company continues to be valued by society, enhancing diversity is an important challenge. In this context, I have actively shared my own experiences as a female researcher and leader. In addition, fostering a safety culture across the Group and creating new products and technologies that will become pillars of future revenue are indispensable to the Company's sound development. Through continued discussions, I intend to encourage our Company's growth into an organization where diverse people can thrive and create new value.

At present, sincere discussions are held at both the Board of Directors meetings and the Nomination and Remuneration Advisory Committee. However, I am concerned that the mechanisms for collecting insights from the frontlines and effectively communicating them to management are insufficient. By refining how we collect such opinions and leveraging them as a basis for further discussions among outside Directors and Audit & Supervisory Board Members, I believe we can create new opportunities for the Company's growth.

In addition to considering corporate interests, Outside Directors play a vital role in objectively supervising and deliberating on what the Company should protect, what it should achieve, and whether its strategic direction is sound and sustainable as a member of society. To this end, I will continue to promote the necessary discussions.

Contributing to Strategy Formulation toward Becoming a Unique Value-Creating Company



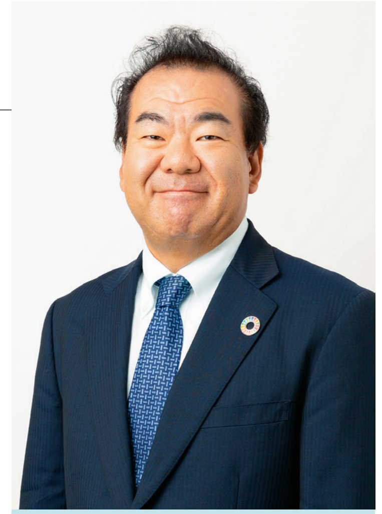
Outside Director
HAMA Itsuo

In today's world, where the business environment is changing at an unprecedented pace, it is critically important to formulate a distinctive future agenda that drives the sustainable enhancement of corporate value, and to establish an attractive and resilient business structure that is always needed globally. This is truly an era that puts to the test the value of our medium-term management plan slogan: "To be an Enterprise that Faces Challenges toward the Future through Value Co-creation." By sharing new perspectives from my experience in technology development, human resource development, and management across diverse fields, I hope to contribute to the creation of distinctive value that drives the Group's sustainable growth.

Since its founding, our Group has viewed shifts in the times as new opportunities and, from a medium- to long-term perspective, has continually reshaped its business portfolio, creating various growth engines such as chemical fertilizers. Without falling into the "innovation dilemma" often faced by technology-driven companies, we have achieved a high level of profitability as a fine chemicals manufacturer over the long term. Our well-cultivated corporate culture, organization, and talented personnel are our greatest strengths for realizing the next stage of growth.

At the same time, in an era when sudden and drastic environmental changes may render past assumptions a hindrance, it is essential to design short-, medium-, and long-term management strategies with flexibility, accelerate their implementation, and maximize corporate value across multiple business domains to hedge against unforeseeable risks. At the Board of Directors, I will work to point out "past assumptions" that may go unnoticed within the Company, engage in vigorous debate, and contribute to designing strategies and building foundations that lead to robust corporate growth.

Striving for Responsible Risk-taking and Transparency



Outside Audit & Supervisory Board Member
KATAYAMA Noriyuki

It has been eleven years since I was appointed as an Audit & Supervisory Board Member in 2014. In this role, I aim to enhance the quality of discussions on investment projects such as M&A and joint development, which are essential to our growth, and to contribute to more appropriate and strategic risk-taking.

At the Board of Directors meetings in FY2024, there has been stronger focus than in the past on identifying risks and countermeasures when evaluating investment decisions. In addition, reports related to investment recovery are now made on a regular basis to verify the effectiveness of such investments.

The "investment recovery plan" is extremely important as a basis for discussing the validity of investments at the Board of Directors meetings. To ensure more meaningful discussions, I recommended expanding the description of "risk identification and mitigation measures." Furthermore, drawing on my legal experience in international and intercompany transactions, I have provided feedback on key considerations regarding contract terms and their background, which I believe has enhanced the quality of discussions.

From a governance perspective, it is considered appropriate that outside or non-executive directors play a central role in the Nomination and Remuneration Advisory Committee. However, because the themes are closely tied to internal policies, it is difficult for an outside Audit & Supervisory Board Member to obtain sufficient information, and I recognize certain challenges in how this committee should function.

Since investors have a strong interest in matters concerning the nomination, appointment, dismissal, and remuneration of directors, I am committed to ensuring transparency in the committee's deliberation process—particularly with regard to the "succession plan"—so that external stakeholders can better understand these discussions.

Supporting the Execution of the Medium-term Business Plan through Deliberation

Outside Audit & Supervisory Board Member
KINUGAWA Sachie

I have built a career of more than 30 years within a megabank group, spending most of it in a securities company. My strengths lie not only in my ability to assess companies, developed through experience in financial proposals, and market knowledge gained in the dealing room, but above all in my experience as a branch manager engaging extensively with investors. I intend to support the Company's initiatives from a governance perspective, with an investor-oriented viewpoint. In my first year as an Outside Audit & Supervisory Board Member, I am actively visiting sites such as plants, internal R&D presentations, and Group companies to grasp the Company's overall situation. At the Board of Directors meetings, I will share concerns objectively from an external standpoint and contribute to deeper discussions aimed at enhancing corporate value.

Shareholders and investors are well informed of our industry-leading ROE and past successes in creating new value through concentrated R&D investment in growth areas. What the stock market demands now is the vision for the future—the creation of the next growth businesses.

Achieving the medium-term business plan Vista2027 Stage II, which started in FY2025, is essential to meet these market expectations for further growth. As an Outside Audit & Supervisory Board Member, I will work to foster an environment that enables employees to perform at their best, while also contributing to effective risk management.

To realize our medium-term business plan slogan, "To be an Enterprise that Faces Challenges toward the Future through Value Co-creation," selection and concentration and new challenges are indispensable. I will contribute by providing diverse perspectives, fulfilling my oversight responsibilities as an Audit & Supervisory Board Member, and encouraging bold and swift decision-making.

Furthermore, strengthening business foundations that underpin sustainable growth—such as human resource development and governance structures—remains a key priority. I will actively participate in discussions and contribute to building the foundation for the Company "to face challenges toward the future."