

## Corporate Governance

Last updated: June 30, 2023

### ORGANO CORPORATION

Masayuki Yamada

Representative Director and President, President and Executive Officer

Inquiries: Corporate Strategy and Planning Dept., Corporate Management and Planning

+81-3-5635-5111

Securities Code: 6368

<https://www.organo.co.jp/english/>

The corporate governance of ORGANO CORPORATION (the “Company”) is described below.

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

### 1. Basic Views

The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic views in order to realize fair and trustworthy management and improve management efficiency.

- (1) The Company will respect the rights of shareholders and ensure equality.
- (2) The Company will take into account the benefits for a wide range of stakeholders including shareholders/investors, consumers/customers, business partners, employees and local communities, and cooperate with these stakeholders appropriately.
- (3) The Company will disclose the Company’s information timely and properly, and ensure transparency.
- (4) The Directors, Audit and Supervisory Board Members, and Executive Officers will recognize their fiduciary responsibilities, and will effectively fulfill their expected roles and duties.
- (5) The Company will hold constructive dialogue with shareholders.

The Company’s basic views and basic policy on corporate governance are provided in the “Organo Corporate Governance Guidelines” available on the Company’s website.

(<https://www.organo.co.jp/english/company/governance/guidance/>)

### [Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code] [Update]

#### Supplementary Principle 3.1.3 Disclosure Based on TCFD and Other Frameworks

In December 2021, the Company and its subsidiaries (collectively the “Organo Group” or the “Group”) established the Sustainability Committee as an organ to plan, propose, and implement measures to promote sustainability management, and as its subordinate organ, the Sustainability Implementation Meeting, which is responsible for the specific promotion of the measures. Currently, the Sustainability Committee is taking the lead and has started work to identify the amount of greenhouse gas emissions and analyze scenarios, in order to promote disclosures on the efforts to address climate change issues, analysis of relevant scenarios, identification of risks and opportunities related to the climate change, as well as measures to address them. In the fiscal year 2022, the Company calculated the amount of GHG emissions for Scope 1 & 2 and set the reduction targets as a materiality. The Company also calculated the amount of GHG emissions for Scope 3 on the Company’s non-consolidated basis. In the fiscal year 2023, the Company will calculate the amount of GHG emissions of the Organo Group for Scope 3 and set the reduction targets. In addition, it is planned to start developing scenarios in response to the TCFD (1.5°C and 4°C).

#### Supplementary Principle 4.1.3 Succession Plan for the CEO and other Top Executives

The Company strives to develop candidates for Directors by providing opportunities for Executive Officers and General Managers to explain and report on proposals at Board of Directors meetings.

In the fiscal year 2023, the Company will continue to provide opportunities to explain and report on proposals at the Board of Directors meetings, as well as promote discussions on the policy for developing candidates for Directors (succession plan).

## **[Disclosures Based on the Principles of Japan's Corporate Governance Code] [Update]**

### **Principle 1.4 Cross-Shareholdings**

#### **(1) Policy relating to cross-shareholdings**

The Company adopts a basic policy of not acquiring or holding the shares of concerned companies except when it judges that the holdings contribute to enhancing the Company's corporate value such as strengthening medium- to long-term cooperation with customers, business partners, etc., expanding transactions and creating synergies.

At the Board of Directors each year, the Company comprehensively evaluates the benefits and risks of each individual cross-shareholding in light of the holding costs, and verifies the rationale of holdings from a medium- to long-term perspective. If the Board of Directors judges that the holdings are not deemed reasonable as a result of its verification, the Company will, in principle, proceed with reducing the amount of holdings through measures such as the sale or transfer of the shares.

Specifically, the Company implements the evaluation based on the following evaluation items and makes a judgement on sale or transfer.

- The presence or absence of a scandal such as the violation of laws and regulations or accounting frauds in the past one year
- Trends in business performance, stock prices, dividends and transactions with the Company in the past three fiscal years
- Opinions on holdings from the department in charge

In evaluating the trend in transactions with the Company, the Company sets criteria for each evaluation item such as designating the matter as a verification target for sale or transfer if no transactions or insignificant transactions were made during the past three fiscal years.

In a verification conducted in June 2023, the Company comprehensively verified all 16 issues of shares including the shares of unlisted companies regarding the rationale of their holdings based on the aforementioned policy.

As a result, the Company judged that the significance of holding two issues of listed shares has diminished and has decided to sell them.

For some issues of shares of which significance of holding was determined to have diminished in the verification conducted in the past, the Company has decided to gradually reduce those amounts in consideration of the issuers' policies moving forward.

One issue of unlisted shares, which is already decided to be sold, is not included in the verification conducted in June 2023.

As of March 31, 2023, the total amount of cross-shareholdings recognized in the balance sheet was ¥932 million, which accounts for less than 1 percent of the consolidated total assets, and the Company considers the amount to be insignificant.

#### **(2) Criteria for exercising voting rights regarding cross-shareholdings**

The Company makes a judgment regarding exercising voting rights for cross-shareholdings from the perspective of whether or not the exercising contributes to the medium- to long-term enhancement of corporate value for both the Company and investee companies. In particular regarding shares of listed companies, the Company prescribes the standards for approval or disapproval of proposals deemed to be of high importance, such as appropriation of surplus, election of officers, remuneration for officers and anti-takeover measures, and will respond in accordance with such standards.

### **Principle 1.7 Related Party Transactions**

The Company shall require the approval from the Board of Directors for competitive transactions and conflict of interest transactions with Directors and the corporations, etc. substantially controlled by Directors, and shall report important matters relating to conflict of interest transactions between a Director and the Company to the Board of Directors. The Company examines the presence or absence of related party transactions between Directors as well as their close relatives and the Organo Group companies each year, and monitors the situation. In addition, regarding transactions between the Company and major shareholders, etc., the Company requires obtaining prescribed decision and approval for transactions in accordance with the size, characteristics, significance and other factors of the transactions, in a similar manner as with transactions with other companies

that do not have a capital relationship with the Company. In April 2022, the Company established the Special Committee as a non-statutory to the Board of Directors which consists of Independent Outside Directors. For the purpose of practicing fairness when conducting important transactions, etc. with the parent company (Tosoh Corporation) group, and monitoring and supervising issues regarding conflicts of interest between the parent company group and minority shareholders in such transactions to appropriately protect the interests of minority shareholders, these transactions are deliberated and the results of deliberations are reported or recommended to the Board of Directors. There were no applicable transactions, etc. in the fiscal year 2022.

### **Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women**

#### **(1) Stance on ensuring diversity**

The Company prescribes “ensuring a comfortable workplace where all employees can realize their full potential” in the “Organo Group Company Code of Conduct” of the Group and declares that it shall respect the human rights, diversity and individuality of each individual, and will not discriminate based on nationality, gender, creed, physical condition, or social status.

Moreover, based on the Organo Group’s stance on ensuring diversity, that is, only through a mixing of diverse ideas can it realize innovations to improve the Company’s corporate value, we are working on various measures including promoting the participation of women, employing people with disabilities, utilizing global human resources, employing senior citizens, providing childcare support, and promoting workstyle reform.

#### **(2) Voluntary and measurable goals for ensuring diversity and their status**

As of the end of March 2023, the number of women in managerial positions in the Company and its domestic consolidated subsidiaries was 22 (the ratio of women in managerial positions was 3.7%), and the Company aims to increase the number to 50 by 2030. In addition, in accordance with the Act on Promotion of Female Participation and Career Advancement in the Workplace, the Company satisfies certain criteria regarding items such as the ratio of women hired and the continued employment ratio, and has been continuously granted the “Eruboshi (Three-star Rating)” certification since 2017.

As of the end of March 2023, the Company has not appointed a foreign national employee to a managerial position, but has a certain number of foreign national employees and plans to appoint them to managerial positions based on its stance of appointing employees to managerial positions based on their ability in a fair and impartial manner, regardless of nationality. In addition, from the viewpoint of utilizing human resources on a global scale, the Company will promote the appointment of foreign national employees to managerial positions at the Company but also the entire Group promotes initiatives such as the appointment of locally hired personnel to senior management positions at overseas subsidiaries.

The Company recruits a certain number of midcareer hires needed by the Company every year regardless of managerial or non-managerial positions, and will continue to recruit midcareer hires. The number of midcareer hires by the Company and its domestic consolidated subsidiaries in the fiscal year 2022 was 55.

#### **(3) Human resource development policy and internal environment development policy to ensure diversity, and status of their implementation**

The Company offers a variety of educational opportunities, such as the implementation of rank-specific training and function-specific training to enable employees to improve their skills and advance their careers for the purpose of human resource development, and the introduction of a qualification acquisition support system and Organo University, a system under which correspondence courses are subsidized, as a system to support employees’ self-development. Also, initiatives aimed at diversity and inclusion, such as technical exchange meetings between overseas subsidiaries and the head office, and global human resource development training, have been promoted.

Given that its workforce consists of a diverse range of employees possessing a variety of personalities and backgrounds, the Company aims to develop an environment where all employees are able to fulfill their potential and realize growth.

The Company is implementing initiatives such as assigning female employees to the departments in charge of construction management, which previously was staffed mainly by male employees, enriching Japanese language education for foreign national employees, giving consideration to the company cafeteria, and establishing a prayer room.

Please refer to the “ORGANO GROUP REPORT” for details.

(<https://www.organo.co.jp/english/ir/group-report/>)

## **Principle 2.6 Roles of Corporate Pension Funds as Asset Owners**

The Company adopts a contract-type defined benefit corporate pension fund and entrusts the administration and management of pension assets to asset management institutions that have expressed acceptance of the Stewardship Code. The Company strives to ensure safety and efficiency of pension asset management through activities such as periodically checking performance results and economic indicators and considering the revision to the fund management policy in a meeting body consisting of members with appropriate qualifications including General Managers of Human Resources Dept. and Accounting Dept.

In addition, the pension asset is managed in the joint account of multiple asset management institutions that have expressed acceptance of the Stewardship Code, and the exercising of voting rights, etc. cannot be ordered through the pension asset. Therefore, the Company considers the conflict of interest between the Company and the beneficiaries as appropriately managed.

## **Principle 3.1 Full Disclosure**

(1) Management philosophy, management strategy, management plan, etc.

The Organo Group prescribes its corporate philosophy, the “Management Philosophy” that expresses the Company’s reason for existence and the “Long-term Management Vision” with an eye toward the direction of management in the next ten years and makes them available on its website.

(<https://www.organo.co.jp/english/company/philosophy/>)

The Organo Group has also formulated its three-year Medium-term Management Plan every year on a rolling basis based on its Long-term Management Plan “ORGANO 2030.”

(The Organo Group adopts a rolling method of updating the plan every year without fixing the ending fiscal year to continue its business management with an eye toward the next three years at all times.)

The overview is posted on its financial results presentation materials and shareholder newsletters. Such materials are available on the Company’s website.

(<https://www.organo.co.jp/english/ir/library/>)

Under “ORGANO 2030,” in addition to pursuing discussions on areas such as priority businesses, growth regions and drivers and measures to reinforce its business foundation while envisioning business performance targets of ¥200 billion in net sales and a 15% operating profit ratio and aiming to build a profit structure that can achieve a return on equity (ROE) of at least 12% consistently and continuously, the Organo Group is moving forward with identifying issues of materiality and setting quantitative targets for each issue to address with a view to reaching the dual sustainability goals of “achieving continuous business growth” and “establishing a business foundation.”

Furthermore, in order to evaluate the status of progress in sustainably enhancing corporate value and improving profitability, the Organo Group positions ROE and operating profit ratio as key indicators.

(2) Basic views and basic policy on corporate governance

The Company’s basic views and basic policy on corporate governance are provided in the “Organo Corporate Governance Guidelines” available on the Company’s website.

(<https://www.organo.co.jp/english/company/governance/guidance/>)

(3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members

a. Directors

The following is a summary of the Company’s “Policy for determining remuneration, etc. to Directors” (revised July 30, 2021) resolved at the Board of Directors meeting held on February 1, 2021. This policy is resolved by the Board of Directors after obtaining opinions based on review by the Nomination and Remuneration Advisory Committee, of which the majority are Independent Outside Directors. The Board of Directors has confirmed that the method of determining the details of remuneration, etc. and the content of remuneration, etc. determined for each individual Director for the fiscal year under review are consistent with the relevant decision policy and that the opinions of the Nomination and Remuneration Advisory Committee have been respected. The Board of Directors has determined that the content of remuneration, etc. is in line with the relevant decision policy.

i. Basic policy

The remuneration system for Executive Directors, in addition to the fixed remuneration (cash), encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term and mid- to long-term management targets in order to achieve sustainable

growth and improve the corporate value of the Group. The remuneration system for Non-Executive Directors, including Outside Directors, shall be fixed remuneration (cash) only, for the purpose of effectively functioning their supervisory and monitoring functions.

ii. Remuneration framework

1) Executive Directors

Remuneration to Executive Directors consists of fixed remuneration and performance-linked remuneration, and performance-linked remuneration consists of short-term performance-linked remuneration (cash) and mid- and long-term performance-linked remuneration (stock). The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations.

A) Fixed remuneration

The total amount of remuneration based on the remuneration table set for each position shall be paid in equal monthly installments from July to June of the following year.

B) Performance-linked remuneration

The ratio of the total amount of performance-linked remuneration is designed to be approximately 50% to 60% when the performance evaluation index is the standard value set by the Board of Directors, and this ratio is higher for Directors of higher ranks. In addition, the ratio of short-term performance-linked remuneration (cash) to medium-to-long-term performance-linked remuneration (shares) shall be designed to be approximately 5:5 in the case the performance evaluation index is at the standard value set by the Board of Directors.

• Short-term performance-linked remuneration (cash)

The short-term performance-linked remuneration shall be monetary remuneration. From the perspective of clarifying the relationship between business performance and remuneration, the Company shall use the consolidated operating profit, which is an important management index of the Group, as the performance evaluation index, and shall pay the total amount calculated by the remuneration table for each position according to the consolidated operating profit of the previous fiscal year in equal monthly installments from July to June of the following year. The amount paid varies in the range of 0-170% depending on the amount of consolidated operating profit.

• Medium-to-long-term performance-linked remuneration (shares)

The medium-to-long-term performance-linked remuneration is a stock-based remuneration plan using a trust. From the perspective of improving corporate values over the medium to long term and aligning the interests with those of shareholders, the Company shall use the consolidated return on equity (ROE), which is an important management indicator of the Group and indicates capital efficiency, as the performance evaluation indicator, and shall deliver shares of the Company calculated based on the performance-linked coefficient determined in accordance with the consolidated return on equity for the previous fiscal year and the basic amount for each position. The amount equivalent to the payment varies in the range of 0 to 200% depending on the consolidated return on equity. In addition, the Company has established a three-year transfer restriction period from the time of delivery of the shares to be delivered.

2) Non-Executive Director

The remuneration for Non-Executive Directors consists of a fixed remuneration only, and the total remuneration based on their position is paid in equal monthly installments from July to June of the following year. The remuneration level is designed to be appropriate for each position by comparing and verifying it with objective data such as remuneration levels from external remuneration consultants and remuneration survey data from external research organizations, and by taking into consideration the appointment of each Director as a member of important committees and the nature of their duties.

iii. Process of determining remuneration

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of determining remuneration, etc. and provide an appropriate amount of remuneration. The amount of remuneration to the Company's Directors and the method of calculating such amount shall be determined by resolution of the Board of Directors based on the opinion of the Nomination and

Remuneration Advisory Committee and within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

The Nomination and Remuneration Advisory Committee shall review matters such as the total amount of remuneration for Directors, confirmation of the amount of remuneration for individual Directors, and the policy of remuneration, etc. for Directors, and report to the Board of Directors. Among the remunerations for Directors, the amount of remuneration and the number of shares to be paid for performance-linked remuneration shall be determined in unison in accordance with a predetermined method.

b. Audit and Supervisory Board Members

Remuneration to Audit and Supervisory Board Members is a fixed amount according to their respective positions in the Company. The amount of remuneration is determined through discussion by the Audit and Supervisory Board Members within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

(4) Policies and procedures in nominating the candidates for Directors and Audit and Supervisory Board Members and the dismissal of senior management

The Board of Directors determines the candidates for Directors through the consideration and opinions of the Nomination and Remuneration Advisory Committee based on the evaluation of the qualifications required for Directors such as personality, insight, ability, experience, ethical viewpoint, etc., in addition to performance and other factors. The candidates for Independent Outside Directors shall satisfy the independence criteria for outside officers prescribed by the Company.

In the selection of the candidates for Audit and Supervisory Board Members, the Director and President prepares a personnel proposal based on the evaluation of the qualifications, etc. required for Audit and Supervisory Board Members, such as personality, insight, ability, experience, ethical viewpoint, etc. and then the Board of Directors determines those candidates after obtaining the consent of the Audit and Supervisory Board.

If a Director falls under the criteria for considering dismissal prescribed by the Company, such as a continuation of poor business performance in a certain period or an occurrence of a significant scandal, the Company considers as to whether or not it is necessary to dismiss the Director. Specifically, the Company discusses with the parent company, and if the dismissal is deemed relevant in consideration of external environmental factors, etc., the Board of Directors determines that it dismisses the person from Representative Director, Director with titles and other positions and does not nominate the person as a reelection candidate for Director.

(5) Explanations on individual selections and nominations in nominating the candidates for Directors and Audit and Supervisory Board Members

The Company describes the explanations on individual selections and nominations in nominating the candidates for Directors and Audit and Supervisory Board in the notice of the General Meeting of Shareholders, Registration Statement of Independent Officers, as well as [Directors] and [Audit and Supervisory Board Members] of this report. The notice of the General Meeting of Shareholders is announced on the Company's website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

**Supplementary Principle 3.1.3 Initiatives on Sustainability and Investments in Human Capital and Intellectual Properties, Etc.**

(1) Initiatives of the Company on sustainability

The Organo Group established the sustainability policy in June 2022 as follows:

(Sustainability policy)

Organo Corporation, together with its stakeholders, aims to realize a sustainable society and enhance corporate value for the future.

- E We will provide environmentally friendly products and services that contribute to water environment conservation and global warming prevention through cultivating optimization technologies with water.
- S We will respect human rights, diverse values, and individuality while promoting the creation of a workplace where each and every employee can grow and flourish.
- G We will carry out our corporate activities with integrity and fairness, emphasizing dialogue and cooperation with all stakeholders.

“Cultivating optimization technologies with water” means the pursuit of technologies in separation, purification, analysis, and engineering related to water treatment, and the combination of these technologies to provide optimal systems and services that meet the needs of society.

The system for promoting sustainability, sustainability policy, materiality, and other information are disclosed on the Company’s website.

(<https://www.organo.co.jp/english/company/sustainability/concept/>)

(2) Investments in human capital and intellectual properties, etc.

Toward the achievement of its Long-term Management Plan “ORGANO 2030,” the Company is strengthening investments in human capital based on the three pillars of “workstyle reform,” “developing human resources,” and “ensuring diversity.” Specifically, the Company will further enhance its investment in human capital by introducing a system to support employee reskilling, a super flextime system to support flexible work styles, and a skill map to quantitatively identify the match with the human resource requirements, and providing role models for foreign national employees.

In addition, the Company will continue to strengthen procurement functions and develop human resources who can play an active role in global operations through cross-group activities led by the Global Sourcing Office, invest an intensive program in education related to corporate management and organizational operation for employees selected from managers to become part of the Company’s management team, and designate the positions of employees with highly specialized expertise as expert positions. Moreover, the Company will also continue to provide training for developing a cross-cultural understanding and for the DX in order to develop employees who can play an active role in a wide range of fields keeping up with the times, and promote streamlining operations by shifting to a paperless system, utilizing ICT tools and implementing other measures as a part of workstyle reform initiative, among others.

As investments in intellectual properties, the Company has expanded investment in technology research with a target of 2.0% of consolidated net sales, and, always aiming to “create new customer value by leveraging its leading-edge technologies and information,” has made efforts to create new businesses through next-generation ultra-pure water systems, water recovery technologies, and non-aqueous separation and purification technologies for the electronics industry, and to strengthen sensing and digital technologies. There are two new experimental buildings launched for these R&D activities, and initiatives will be accelerated.

The Company is committed to aggressively investing in technological research as needed and promoting R&D in line with its technology development roadmap for focused areas, while also making use of open innovation and setting investment stage gates in new business areas to ensure efficient development.

#### **Supplementary Principle 4.1.1 Scope and Content of Matters Delegated to the Management**

In accordance with the provisions of the Board of Directors Regulations and the Detailed Regulations on the Operations of the Board of Directors, the Board of Directors makes decisions on important business executions including the formulation of the Medium-term Management Plan and the profit planning of a single fiscal year, investments over a certain amount and other matters. With regard to decisions on business executions for business executions other than matters that the Board of Directors shall determine, the Company prescribes the scope and content of matters delegated to the Management Meeting, Director and President, supervising Directors and others according to the size, characteristics and significance, etc. of each matter in the Authorization Regulations, the Management Meeting Regulations and the Internal Approval Regulations.

#### **Supplementary Principle 4.3.2 and 4.3.3 Appointment and Dismissal of the CEO**

The Company believes that objectivity, timeliness, and transparency are ensured in the appointment and dismissal of Directors, considering the Nomination and Remuneration Advisory Committee, in which Independent Outside Directors account for the majority, deliberates, and then the Board of Directors makes a resolution after obtaining the opinions of the Committee.

In addition, the Company established the council between the Company’s Nomination and Remuneration Advisory Committee and the parent company Tosoh Corporation’s Selection/Compensation Committee. Information is shared as appropriate.

The Nomination and Remuneration Advisory Committee deliberates on the appointment of a qualified President, taking into consideration the “Qualifications required for the Director and President” and the “skill sets” as prescribed by the Company, and on the dismissal of Directors, etc., based on the Company’s criteria for dismissal of Directors. The procedures are ensured to be objective, timely, and transparent.

#### **Principle 4.9 Independence Criteria and Qualifications for Independent Outside Directors**

An outside officer of the Company shall be deemed as not satisfying the requirements for independence if any of the following statuses are applicable to him/her.

- (1) A person who is currently, or who has been during the past ten years, an executive of the Company or a subsidiary of the Company.
- (2) A person who is currently, or who has been during the past ten years, a non-executive director or an accounting advisor of the Company or a subsidiary of the Company (applicable only in the case of outside audit and supervisory board members).
- (3) A person who is currently, or who has been during the past ten years, an executive or a non-executive director of the Company's parent company.
- (4) A person who is currently, or who has been during the past ten years, an audit and supervisory board member of the Company's parent company (applicable only in the case of outside audit and supervisory board members).
- (5) A person who is currently, or who has been during the past ten years, an executive at a sister company of the Company.
- (6) A person who is currently, or who has been during the past one year, either a person who has the Company as a major business partner, or an executive of such an entity.
- (7) A person who is currently, or who has been during the past one year, either a person who is a major business partner of the Company or an executive of such an entity.
- (8) A person who is currently, or who has been during the past one year receiving a large amount of money or other assets from the Company other than remuneration for directors (and other officers) either as a consultant, an accounting professional, or a legal professional.
- (9) A person who is currently a major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation).
- (10) A person who is currently an executive at an entity under circumstances where outside officers are mutually appointed between said entity and the Company.
- (11) A person who is currently an executive at an entity that is receiving significant amount of donations from the Company.
- (12) A person whose spouse or relative within second degree of kinship falls under any of (1) through (8) above (limited to material persons).

#### **Supplementary Principle 4.10.1 Nomination and Remuneration Advisory Committee**

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors for the nomination, remuneration, and other related matters of the Directors.

Basic principles of the independent nature of the member of the committee, as well as the authority and role of the committee are stipulated in "Supplementary explanation" in the section [Directors] of "II 1. Organizational Composition and Operation."

#### **Supplementary Principle 4.11.1 Views on the Appropriate Balance Between Knowledge, Experience and Abilities, Diversity and Size of the Board of Directors as a Whole**

The number of the Company's Board of Directors shall be between three and ten, and in principle, one-third or more of its members shall be Independent Outside Directors.

In addition, the Company believes that ensuring the diversity of the Board of Directors is useful for its deliberation to be made in a multifaceted and effective manner, and shall select in a balanced way persons with diverse knowledge, experience and ability.

The Board of Directors of the Company currently consists of nine Directors including five Independent Outside Directors, and each Director has knowledge, experience and ability in the fields of management in general, business administration, sales, research and development, technology and industrial policy, etc., respectively. Therefore, the Company considers the Board of Directors to be well-balanced and well-diversified and of an appropriate size. In addition, Independent Outside Directors include those who have management experience in other companies, etc. This time, the Company has identified the following combination of skills necessary for achieving the medium- to long-term management plan: corporate management/management strategy; financial affairs/accounting, legal/risk management; global; sales/marketing; technology; human resource strategy; and sustainability. In June 2023, "ESG (environment, society and governance)" was changed to "sustainability," a higher perspective that includes "ESG/SDG initiatives" as defined in the Organo Group's Long-term Management Plan "ORGANO 2030."

The Company believes that it should maintain the overall balance and diversity of the Board of Directors to make the Board of Directors effective by selecting in a balanced manner Directors who have these skills. Information about the combination of the skills possessed by each Director (a so-called skill matrix) has been included in the notice of the General Meeting of Shareholders for the Ordinary General Meeting of Shareholders held in June 2023. The notice of the General Meeting of Shareholders is announced on the Company's website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

#### **Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors**

In principle, outside officers of the Company shall not concurrently serve as director or audit and supervisory board member of more than three listed companies excluding the Company.

The status of concurrent officer positions of Directors and Audit and Supervisory Board Members in other listed companies are described in the notice of the General Meeting of Shareholders, annual securities reports, as well as [Directors] and [Audit and Supervisory Board Members] of "II 1. Organizational Composition and Operation" in this report. The notice of the General Meeting of Shareholders is announced on the Company's website.

(<https://www.organo.co.jp/english/ir/general-meeting-of-shareholders/>)

Outside officers of the Company currently do not serve as directors or audit and supervisory board members of more than three listed companies excluding the Company.

#### **Supplementary Principle 4.11.3 Analysis and Assessment of Overall Effectiveness of the Board of Directors**

Every year, in order to continue to improve the effectiveness of the Board of Directors, the Board of Directors performs an analysis/assessment on the overall effectiveness of the Board of Directors, and releases a summary of the results.

The overview of the analysis/assessment performed on the overall effectiveness of the Board of Directors conducted in the fiscal year 2022 is as follows:

- (1) Analysis/assessment method relating to the overall effectiveness of the Board of Directors  
A survey was conducted in the following outline. In reference to the results, the Board of Directors performed analysis/assessment in regard to the overall effectiveness of the Board of Directors and future efforts in which to engage were discussed.
  - Scope: a total of 12 people including all Directors of the Company (nine) and all Audit and Supervisory Board Members of the Company (three)
  - Period: fiscal year 2022 (April 2022 to March 2023)
  - Implementation timing: March 2023 to May 2023
  - Implementation method: A survey by a third-party organization
  - Questions (major items): "Effectiveness of Board of Directors," "Composition of Board of Directors," "Operation of Board of Directors," "Monitoring function of Board of Directors," "Discussions in Board of Directors," "Support systems for Directors and Audit and Supervisory Board Members," "Dialogue with shareholders (investors)," etc.
  
- (2) Overview of the analysis/assessment relating to the overall effectiveness of the overall Board of Directors  
The assessment on the effectiveness of the Board of Directors covering the fiscal year 2022 was conducted by a third-party survey.  
The results were comparable to the results of the previous survey, and also comparable to other companies' benchmarks, showing positive results. In particular, the "Operation of Board of Directors" and "Support systems for Directors and Audit and Supervisory Board Members" received high ratings. The analysis of the result showed that these were because the respondents gave favorable evaluations about the fact that time was secured for discussion through the preparation of materials focused on the issues that have been made in the past and the efforts made to explain the issues at the Board of Directors meetings, and that efforts were made to deepen the discussion on the promotion of sustainability management and strengthening of the risk management system. Furthermore, all of the items that had been identified as issues in the previous survey received higher points, confirming the effectiveness of responses in the fiscal year 2022.  
Based on these results, it was confirmed that the effectiveness of the Board of Directors as a whole has been ensured.

On the other hand, challenges remain in the discussions regarding the eligibility of, and policy for developing the prospective employees for, the candidates for Director and President. There is also a need to further enhance discussions on issues to be addressed, such as strengthening group governance, management strategies with an awareness of profitability and capital efficiency, etc., and investments in human capital.

(3) Future measures in light of the analysis/assessment relating to the overall effectiveness of the Board of Directors

The Board of Directors will implement improvement measures for the following matters based on the aforementioned analysis and results.

- Discussions regarding the eligibility of, and policy for developing prospective employees for, the candidates for Director and President  
In the fiscal year 2022, there were more opportunities for Executive Officers and General Managers to explain and report on proposals at Board of Directors meetings, in an effort to develop candidates for the Board of Directors. The Company also promoted the selection of candidates based on the skill sets and the criteria for selecting candidates for officers.  
In the fiscal year 2023, the Company will continue to provide opportunities to explain and report on proposals at the Board of Directors meetings, as well as promote discussions on the policy for developing candidates for Directors.
- Discussion about ensuring diversity of the officers  
In the fiscal year 2022, the Company was able to secure a female Director through discussions at the Nomination and Remuneration Advisory Committee on ensuring diversity on the Board of Directors. Going forward, the Company will continue discussions and consider the establishment of a system that will contribute to further strengthening of governance.
- Strengthening the risk management system (Strengthening the group governance)  
In the fiscal year 2022, the Company developed and strengthened its risk management system by identifying major risks and creating risk scenarios, and monitoring the progress of the risk management plan, and the Board of Directors has been monitoring the progress of these measures as appropriate. In the fiscal year 2023, the Company will establish a new Compliance Office to foster awareness of compliance throughout the Group, as well as raise awareness in the sites, the first line of defense, which are the key to governance, through messages from top management to employees, signage, posters, and other activities to raise awareness. In addition, the Company will strengthen the Organo Group's auditing system, including overseas subsidiaries, and promote awareness of the whistleblowing system to build a system to strengthen the governance of the entire Group.
- Promoting the sustainability management  
In the fiscal year 2022, the Company has established a basic policy for the sustainability management, materiality, KPIs, etc. Going forward, the Company will promote the sustainability management by deepening discussions at the Board of Directors meetings, including agendas related to TCFD compliance.
- Enhancing discussion of issues to be addressed, such as management strategies with an awareness of profitability and capital efficiency, etc., and investments in human capital  
In the fiscal year 2023, the Company will hold discussions on issues to be addressed, such as management plans with an awareness of profitability and capital efficiency and investments in human capital mainly through the Long-term Management Plan Promotion Meeting, and monitor the effectiveness of these plans through reports to the Board of Directors as appropriate.

**Supplementary Principle 4.14.2 Policy on Training for Directors and Audit and Supervisory Board Members**

In order for Directors and Audit and Supervisory Board Members (including outside officers) to acquire knowledge necessary for appropriately fulfilling their roles and duties, the Company offers or arranges training opportunities based on the following policies at the expense of the Company.

- (1) If Directors or Audit and Supervisory Board Members newly assume office, the Company implements or arranges training relating to their duties and responsibilities as officers, and provides opportunities to obtain explanations regarding the Company's management plan, business overview, internal rules and other regulations.

- (2) After those persons assume office as Directors or Audit and Supervisory Board Members, the Company continues to implement training relating to laws and regulations, management, compliance, etc. by external lecturers and the Company's departments in charge, and also arranges for external organizations to provide trainings. In addition, the Company explains its businesses as necessary and offers opportunities such as office inspections so that those persons can deepen their understanding regarding the Company's businesses.
- (3) The Company implements or arranges training relating to the duties and responsibilities as officers for Executive Officers who are to be candidates for future Directors.  
In addition, the Board of Directors and the Audit and Supervisory Board check the implementation status of training every year.

#### **Principle 5.1 Policy Relating to Constructive Dialogue With Shareholders**

The Company's policies relating to the system establishment, initiatives and other matters for promoting constructive dialogue with shareholders, etc. of the Company are as follows:

- (1) The Director supervising the Corporate Strategy and Planning Dept. manages the overall dialogue with shareholders, etc., and promotes constructive dialogue with shareholders, etc.
- (2) The responsible person of Corporate Strategy and Planning Dept. serves as a contact point for dialogue with shareholders, etc., and in accordance with the purpose and contents of meetings, the Director and President, other Directors including outside Directors, Audit and Supervisory Board Members or General Manager of Corporate Strategy and Planning Dept. etc., respond under the reasonable scope.
- (3) The Corporate Strategy and Planning Dept. plays a key role in the dialogue with shareholders, etc., exchanging information with the Accounting Dept., the Legal Dept. and other relevant departments/divisions on a daily basis, and strives to provide accurate and fair information.
- (4) In addition to individual meetings and telephone conferences with shareholders, etc., the Company holds a financial results presentation for investors half yearly, utilizes investor conferences hosted by securities companies and enhances information disclosures through its website, the notice of the General Meeting of Shareholders, shareholder letters, financial results presentation materials and other media.
- (5) The Company reports to the Board of Directors material matters from among the evaluation/comments obtained through investor briefing sessions and the opinions obtained through the dialogue with shareholders.
- (6) In accordance with the Insider Transaction Prevention Regulations and the Disclosure Policy, the Company ensures information protection and management and makes efforts for fair disclosure.
- (7) The Company identifies beneficial shareholders as necessary in order to ensure effective dialogue with shareholders, etc.

#### **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

The Company recognizes that consideration of cost of capital and stock price is important for achieving sustainable growth and enhancing corporate value over the medium to long term.

The Company's cost of equity is estimated to be around 7%, and in order to continuously achieve profitability that exceeds its cost of capital, the Organo Group's Long-term Management Plan "ORGANO 2030," aims to establish a profit structure that can achieve a stable ROE of 12% or more.

The Company will continue to invest resources in strengthening research and development and developing new businesses and promoting their commercialization so that it can continue to earn high and stable revenues, though it achieves ROE of 12% or more and PBR (price to book value ratio) of more than 1x in the fiscal year 2022. Through these efforts, the Company will strengthen its financial foundation and aim for further improvement through regular monitoring so that it can continuously and stably achieve ROE of 12% or more and PBR of more than 1x.

#### **Status of Dialogue with Shareholders, Etc.**

The status of dialogue with shareholders and others in the fiscal year 2022 is as follows:

- 1) Main respondents  
The Representative Director and President is the main speaker at financial results presentations, small meetings, company briefings for individual investors, etc., and day-to-day dialogue is conducted by the person in charge of the Investor Relations Office of the Corporate Strategy and Planning Dept. in accordance with the policy regarding constructive dialogue with the above shareholders and others.
- 2) Overview of investors with whom dialogue was held

Dialogues were held with analysts of domestic securities companies as well as analysts and fund managers on the institutional investor side, both domestic and overseas.

- 3) Main themes of dialogue and shareholder interests
  - Business performance (actual and forecast)
  - How does the Company perceive the market environment?
  - Shareholder returns and investment for growth
  - Strengths compared to competitors
  - For situations of the parent-subsiary listings (background, synergies, governance)
- 4) Status of feedback of shareholder and other opinions, etc. to management and the Board of Directors  
They are reported quarterly at the Board of Directors meeting.

## 2. Capital Structure

Ratio of shareholding by foreign investors	From 20% to less than 30%
--	---------------------------

### [Status of Major Shareholders] [Update]

Name	Number of shares owned (shares)	Shareholding ratio (%)
Tosoh Corporation	20,379,900	44.28
The Master Trust Bank of Japan, Ltd. (Trust account)	4,190,900	9.11
Custody Bank of Japan, Ltd. (Trust Account)	2,317,140	5.03
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	871,209	1.89
KBC BANK NV - UCITS CLIENTS NON TREATY	870,700	1.89
STATE STREET BANK AND TRUST COMPANY 505223	506,971	1.10
Mizuho Bank, Ltd.	464,368	1.01
VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND	395,100	0.86
BNYMSANV RE BNYMSANVDUB RE LEGAL (AND) GENERAL UCITS ETF PLC	393,211	0.85
STATE STREET BANK AND TRUST COMPANY 505253	379,000	0.82

Controlling shareholder (excluding the parent company)	-----
Parent company	Tosoh Corporation (Listing: Tokyo) (Code) 4042

Supplementary explanation

-----

## 3. Corporate Attributes

Listed stock market and market section	Prime Market of the Tokyo Stock Exchange
Fiscal year-end	March

Type of business	Machinery
Number of employees (consolidated) at the end of the preceding fiscal year	1,000 or more
Net sales (consolidated) during the preceding fiscal year	From ¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries at the end of the preceding fiscal year	From 10 to less than 50

#### **4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder [Update]**

With regard to the policy for measures to protect minority shareholders in conducting transactions with the controlling shareholder, the Company shall make reasonable decisions referring to contract terms and market prices, in a similar manner as with transactions with other companies that do not have a capital relationship with the Company.

Moreover, the Company established the Special Committee in April 2022 for the purpose of practicing fairness when conducting important transactions, etc. between the Company and the Company's parent company Tosoh Corporation and its subsidiaries (excluding the Company and the Company's subsidiaries), and monitoring and supervising issues regarding conflicts of interest between the parent company group and minority shareholders in such transactions, etc. to appropriately protect the interests of minority shareholders. The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors.

#### **5. Special Circumstances Which May Have Material Impact on Corporate Governance [Update]**

The Company's parent company is Tosoh Corporation, and the ratio of the voting rights of the Company held by Tosoh Corporation is 44.45% (for which indirect holdings ratio accounts 0.11%). Tosoh Corporation and the Company have not entered into any contracts or other agreements regarding the Company's material financial and business policies. There are no particular restrictions on the Company's material financial and business policies in relation to Tosoh Corporation, including approval items in conducting business activities. Although the Company is engaged in businesses related to the corporate group of Tosoh Corporation, the two companies are clearly segregated in terms of the products they handle and the customers they do business with. The Company recognizes that as a listed company, it has secured a certain degree of management independence in its business activities and management decisions. When an important transaction, etc. is conducted between the Company and Tosoh Corporation or one of its subsidiaries, the Special Committee, which was established in April 2022, will deliberate on such transaction, etc. from the standpoint of protecting the interests of minority shareholders and report the resulting recommendation to the Board of Directors.

In addition, from the perspective of supervision, etc. in the group management of Tosoh Corporation, the Company accepts Directors from Tosoh Corporation, however, the Company believes that the effectiveness of its corporate governance system is secured, considering that the nomination of officers, such as the selection and dismissal of Directors, and matters relating to remunerations, etc. are deliberated by the Nomination and Remuneration Advisory Committee of which Independent Outside Directors account for the majority of its members, and then determined by the Board of Directors.

While advocating for hybrid management, the Company has been making efforts to cultivate and strengthen the businesses that cover the profit fluctuation risks of the commodity business, and positions the Water Treatment Engineering Business Unit as one important role of the business portfolio that enhances the Company's hybrid management. In addition, Tosoh Corporation consistently maintains the stance of respecting the independence of the Company as a listed company in regard to the Company's management.

## II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization form	Company with Audit and Supervisory Board
-------------------	--

#### [Directors]

Maximum number of Directors stipulated in Articles of Incorporation	10
Term of office stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors [Update]	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors [Update]	5
Number of independent officers designated from among Outside Directors [Update]	5

#### Outside Directors' relationship with the Company (1) [Update]

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Keikou Terui	From another company											
Kenji Hirai	Other								△			
Morifumi Wada	From another company								○			
Daisaku Abe	From another company					△			△			
Nobuko Hanano	Lawyer											

\* Categories for "Relationship with the Company"

\* "○" 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

a Executive of the Company or its subsidiary

b Non-executive director or executive of the parent company of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major business partner is the Company or an executive thereof

e Major business partner of the Company or an executive thereof

f Consultant, accounting professional or legal professional who receives a large amount of money or other assets from the Company other than remuneration as a Director

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k Other

Outside Directors' relationship with the Company (2) [Update]

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Keikou Terui	○	<p>Apr. 1979    Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>July 2008    Director-general for technology policy coordination, Minister's Secretariat</p> <p>Jan. 2011    Director-General of Kanto Bureau of Economy, Trade and Industry</p> <p>Apr. 2012    Director-General of Regional Economic and Industrial Policy (retired in June 2013)</p> <p>Aug. 2013    President of Japan Utility Telemetering Association (current position)</p> <p>Oct. 2013    Senior Research Associate of Chemicals Evaluation and Research Institute, Japan</p> <p>June 2014    Director of Union of Japanese Scientists and Engineers (current position) Outside Director of Ube Industries, Ltd. (current UBE Corporation)</p> <p>Mar. 2016    Outside Director of Bridgestone Corporation</p> <p>June 2016    Outside Director of the Company, (current position) Director of Chemicals Evaluation and Research Institute, Japan</p> <p>Aug. 2018    Director of Japan Industrial Safety Competency Center (current position)</p> <p>June 2020    Executive Director of Japan Chemical Innovation and Inspection Institute (current position)</p>	<p>Keikou Terui had held a number of management positions at the Ministry of Economy, Trade and Industry. At those positions, he had promoted preparation and implementation of industrial policy and demonstrated his leadership at important positions in management of an organization. In addition, he has highly academic knowledge on risk evaluation and management of chemicals, and has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advice on the management of the Company, utilizing his abundant knowledge of various kinds. In addition to driving forward deliberations of matters related to material transactions of the Company's parent company group and the Company as Chair of the Special Committee, he has also been contributing to deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee. After his appointment, he is expected to continue to fulfill the above-mentioned roles as well as serve as Chair of the Nomination and Remuneration Advisory Committee. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Organo Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Director.</p> <p>He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Kenji Hirai	○	<p>Apr. 1981    Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)</p> <p>Apr. 1990    Senior Research Fellow</p> <p>Apr. 1998    Senior Fellow</p> <p>Jan. 2002    Vice President</p> <p>Apr. 2004    Vice Chairman of the Board, President</p> <p>Dec. 2018    Vice Chairman of the Board (Representative Director), President</p> <p>Apr. 2019    Vice Chairman of the Board (Representative Director), Research Advisor</p> <p>June 2019    Outside Director of the Company (current position)</p> <p>June 2021    Research Advisor of Sagami Chemical Research Institute</p>	<p>Kenji Hirai, while making distinguished achievements in research of cutting-edge functional substances, high performance agrochemicals and environmental preservation substances, and development of biotechnology, has demonstrated his skills on management and operation of an organization, as Vice Chairman of the Board, President of Sagami Chemical Research Institute (retired as the President in March 2019). After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, especially on research and technological development, utilizing his abundant and various piece of knowledge. As the member of the Nomination and Remuneration Advisory Committee, he has also been contributing to the deliberations on matters related to the selection of candidates for Directors and the compensation of Directors, etc. After being elected, the Company expects that he will continue to fulfill the above roles and, as a member of the Special Committee, contribute to the deliberation of matters relating to important transactions between the Company's parent company group and the Company.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Organo Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Director.</p> <p>He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>
		<p>Kenji Hirai was in the past the Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute (retired in June 2021). The Company and the aforesaid institute are implementing joint research, etc. The amount of expenditure paid by the Company to the institute in the fiscal year ended March 31, 2023, is ¥11 million. In addition, the Company has made donations to the institute. The amount paid in the fiscal year ended March 31, 2023 is ¥300,000, which is insignificant.</p>	

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment	
Morifumi Wada	○	Mar. 1978	<p>Morifumi Wada, while having overseen corporate management for many years as a Director and CEO at a listed company in the pharmaceuticals industry, has a wealth of experience in corporate management and knowledge of governance. After his appointment as Outside Director of the Company, in addition to leveraging that abundance of knowledge in his possession to provide useful opinions and guidance to the management of the Company, he is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Organo Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as a new Outside Director.</p> <p>He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>	
		Apr. 2005		
		June 2006		
		Apr. 2007		
		May 2007		
		Apr. 2011		
		June 2011		
		Apr. 2012		
		June 2014		
		June 2021		
June 2022				
June 2023				
<p>Morifumi Wada was in the past the person who executes business of EIKEN CHEMICAL CO., LTD. (retired from the position in June 2022). The Company carries out transactions with the company such as selling water treatment equipment, etc., but the transaction amount for the fiscal year ended March 31, 2023 was ¥1 million, which is insignificant.</p>				

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Daisaku Abe	○	<p>Apr. 1980 Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2007 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2009 Managing Executive Officer, Head of Strategic Planning Group and Head of IT, Systems &amp; Operations Group, Mizuho Financial Group, Inc.</p> <p>Apr. 2012 Managing Executive Officer, Head of IT &amp; Systems Group and Head of Operations Group Managing Executive Officer, Mizuho Bank, Ltd. Managing Executive Officer, Mizuho Corporate Bank, Ltd. Managing Executive Officer, Mizuho Trust &amp; Banking Co., Ltd.</p> <p>June 2012 Managing Director, Managing Executive Officer, Head of IT &amp; Systems Group and Head of Operations Group, Mizuho Financial Group, Inc.</p> <p>Apr. 2013 Deputy President and Deputy President-Executive Officer, Head of IT &amp; Systems Group and Head of Operations Group Deputy President-Executive Officer, Mizuho Bank, Ltd. Deputy President-Executive Officer, Mizuho Corporate Bank, Ltd. Managing Executive Officer, Mizuho Securities Co., Ltd.</p> <p>June 2014 Deputy President and Executive Officer, Head of IT &amp; Systems Group and Head of Operations Group, Mizuho Financial Group, Inc.</p> <p>June 2019 Deputy Chairman and Executive Officer, Head of Internal Audit Group and Officer in Charge of Specially Assigned Matters Director (Audit and Supervisory Committee Member), Mizuho Trust &amp; Banking Co., Ltd. Director (Audit and Supervisory Committee Member), Mizuho Securities Co., Ltd. Outside Director, Mizuho Leasing Company, Limited</p> <p>Apr. 2020 Administrative Officer, Mizuho Financial Group, Inc.</p>	<p>Daisaku Abe has years of involvement in IT/systems planning, corporate planning and other areas at financial institutions, and possesses deep knowledge of financial operations in general. He also possesses a wealth of corporate management experience through the series of successive officer and executive officer positions that he held at numerous financial institutions, including the role of Deputy President and the role of Deputy President and Executive Officer at the Mizuho Financial Group, Inc. Simultaneously, he has deepened his knowledge of multidimensional corporate management as an outside director of other listed companies. After his appointment as Outside Director of the Company, in addition to leveraging that abundant, diverse knowledge in his possession to provide useful opinions and guidance to the management of the Company, he is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Organo Group. Therefore, the Company has judged that he is capable of appropriately performing his duties as a new Outside Director.</p> <p>He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
		<p>June 2020 Director and Chairman (Outside Director), Mizuho Leasing Company, Limited</p> <p>June 2021 Director and Chairman</p> <p>June 2022 Executive Adviser (current position) Outside Director, NIPPON STEEL KOWA REAL ESTATE CO., LTD. (current position)</p> <p>June 2023 Outside Director of the Company (current position)</p> <p>Daisaku Abe was in the past the person who executes business of Mizuho Bank, Ltd. (retired in April 2019). As of the end of March 2023, the ratio of the Company's borrowings from Mizuho Bank, Ltd. was approximately 37% in the total amount, however, transactions are determined in the same manner as general transaction conditions, taking into consideration interest rates on the market and other conditions. In addition, he was in the past an executive of Mizuho Trust &amp; Banking Co., Ltd. (retired in April 2014) and Mizuho Securities Co., Ltd. (retired in April 2014), business partners of the Company. Transaction amounts for the fiscal year ended March 31, 2023 were ¥21 million and less than ¥1 million, respectively, which are insignificant.</p>	

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Nobuko Hanano	○	<p>Apr. 1991    Joined Nomura Research Institute, Ltd.</p> <p>Oct. 2000    Registered as Lawyer (Dai-ichi Tokyo Bar Association) (current position) Joined KOHWA SOHGOH LAW OFFICES</p> <p>Oct. 2004    Partner (current position)</p> <p>Mar. 2019    Outside Audit and Supervisory Board Member, Kanro Inc. (current position)</p> <p>Apr. 2020    Auditor, Drone Service Promotion Association (current position)</p> <p>June 2021    Outside Audit and Supervisory Board Member of the Company</p> <p>June 2023    Auditor of Japan Hockey Association (current position) Outside Director of the Company (current position)</p>	<p>After working for one of Japan's largest consulting firms as a management researcher, Nobuko Hanano has worked extensively as a lawyer. In addition, she has served as an outside auditor of another listed company, deepening her knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member of the Company, she has contributed to improving the effectiveness of the Company's audits by utilizing her abundant and various pieces of knowledge. After her appointment as Outside Director of the Company, in addition to leveraging that abundant, diverse knowledge in her possession to provide useful opinions and guidance to the management of the Company, she is expected to contribute deliberations on matters related to the selection of candidates for Directors and the compensation of Directors as a member of the Nomination and Remuneration Advisory Committee as well as to deliberations of matters related to material transactions of the Company's parent company group and the Company as a member of the Special Committee.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, she also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Organo Group. Therefore, the Company has judged that she is capable of appropriately performing her duties as a new Outside Director.</p> <p>She also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated her as an independent officer.</p>

Voluntary establishment of committee(s) equivalent to nominating committee or remuneration committee	Established
--	-------------

Committee's name, composition, and chairperson's attributes [Update]

	Committee equivalent to nominating committee	Committee equivalent to remuneration committee
Committee's name	Nomination and Remuneration Advisory Committee	Nomination and Remuneration Advisory Committee
Total committee members	6	6
Full-time members	0	0
Inside Directors	1	1
Outside Directors	5	5
Outside experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary explanation [Update]

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors for the nomination, remuneration, and other related matters of the Board of Directors.

<Main items on agenda>

- (1) Matters relating to the election and dismissal of Directors of the Company (resolution matters of the General Meeting of Shareholders)
- (2) Matters relating to the selection and dismissal of the Representative Director and Directors with titles of the Company
- (3) Matters relating to the election and dismissal of Executive Officers and Executive Officers with titles of the Company
- (4) Matters relating to the policies, regulations and other rules on the election and dismissal, etc. of the Directors and Executive Officers of the Company
- (5) Matters relating to the policies, regulations and other rules on the remuneration, etc. that are received by Directors and Executive Officers of the Company
- (6) Matters relating to the remunerations, etc. that are received by Directors and Executive Officers of the Company
- (7) Necessary matters relating to each of the aforementioned items

<Composition of committee>

Independent Outside Director	Keikou Terui (Chairman)
Independent Outside Director	Kenji Hirai
Independent Outside Director	Morifumi Wada
Independent Outside Director	Daisaku Abe
Independent Outside Director	Nobuko Hanano
Representative Director and President	Masayuki Yamada

<Activities>

Nine meetings were held during the 78th fiscal year (April 2022 to March 2023).

Activities included the selection of the candidates for Directors, deliberation of the total and individual remuneration amounts for officers, as well as consideration of diversity of officers, consideration of changes to the Company's Board of Directors structure, and deliberation of benchmark analysis using remuneration survey data, etc.

In addition, the results of deliberations were reported and recommended to the Board of Directors.

**[Audit and Supervisory Board Members]**

Establishment of Audit and Supervisory Board	Established
Maximum number of Audit and Supervisory Board Members stipulated in Articles of Incorporation	Not limited
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, the Independent Auditor and the Internal Auditing Dept.

The Audit and Supervisory Board Members of the Company receive reporting for the matters regarding the overall business management from the Internal Auditing Dept. and the Independent Auditor, cooperate with each other, and consult lawyers, etc. as necessary, thereby securing the structure for the effective internal control system.

The Audit and Supervisory Board Members of the Company and the Independent Auditor reports the auditing status and share other information in the regular meetings.

In principle, the Audit and Supervisory Board Members of the Company and the Internal Auditing Dept. hold a regular meeting once every two months, conduct reporting on internal auditing status and share other information.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of independent officers designated from among Outside Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' relationship with the Company (1) [Update]

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Wataru Higuchi	Lawyer										△			
Hirohito Kodama	From another company													

\* Categories for "Relationship with the Company"

\* "○" when the Audit and Supervisory Board Member presently falls or has recently fallen under the category;  
 "□" when the Audit and Supervisory Board Member fell under the category in the past;

\* "●" when a close relative of the Audit and Supervisory Board Member presently falls or has recently fallen under the category; and

"▲" when a close relative of the Audit and Supervisory Board Member fell under the category in the past

a Executive of the Company or its subsidiary

b Non-Executive Director or Accounting Advisor of the Company or its subsidiary

c Non-executive director or executive of the parent company of the Company

d Audit and supervisory board member of the parent company of the Company

e Executive of a fellow subsidiary of the Company

f Party whose major business partner is the Company or an executive thereof

g Major business partner of the Company or an executive thereof

h Consultant, accounting professional or legal professional who receives a large amount of money or other assets from the Company other than remuneration as an Audit and Supervisory Board Member

- i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j Executive of a business partner of the Company (which does not correspond to any of f., g., or h.) (the Audit and Supervisory Board Member himself/herself only)
- k Executive of a corporation to which outside officers are mutually appointed (the Audit and Supervisory Board Member himself/herself only)
- l Executive of a corporation that receives a donation from the Company (the Audit and Supervisory Board Member himself/herself only)
- m Other

Outside Audit and Supervisory Board Members' relationship with the Company (2) [Update]

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
Wataru Higuchi	○	<p>Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)</p> <p>Apr. 1997 Registered as Certified Public Accountant (excluding the period of legal training) (current position)</p> <p>Oct. 2002 Registered as Lawyer (Dai-ichi Tokyo Bar Association) (current position) Joined SEIWA KYODO LAW OFFICE (SEIWA MEITETSU LAW OFFICE)</p> <p>Oct. 2007 Partner</p> <p>June 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)</p> <p>Oct. 2018 Representative Partner of OOTEMON LAW AND ACCOUNTING (current position)</p> <p>June 2019 Outside Audit and Supervisory Board Member of the Company (current position)</p> <p>Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)</p> <p>Mar. 2022 Inspector, The Professional Golfers' Association of Japan (current position)</p>	<p>Wataru Higuchi, as a lawyer and certified public accountant, has highly professional knowledge and experience relating to legal, finance and accounting. In addition, he has served as an outside director (Audit and Supervisory Committee Member) of another listed company, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member of the Company, he has contributed to improving the effectiveness of the Company's audits by utilizing his abundant and various pieces of knowledge. After his appointment, he is expected to continue to fulfill the above-mentioned roles. In addition to high ethical standards and an ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit on the management of the Company. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Audit and Supervisory Board Member. He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment
		<p>The Company consulted Wataru Higuchi for legal advice, etc. in the past, but the compensation payment from the Company to him in the fiscal year ended March 31, 2019, was less than ¥100,000, which is insignificant. Moreover, from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2023, the Company did not have any payments to him for legal advice, etc.</p>	

Name	Designation as independent officer	Supplementary explanation of the relationship	Reasons for appointment	
Hirohito Kodama	○	Apr. 1981	Joined Kagome Co., Ltd.	<p>Hirohito Kodama has been in charge of corporate management for many years as a director of a major food manufacturer, and has been involved in audit operation as a director (Full-time Audit and Supervisory Committee Member). In addition, he has served as an outside director (Audit and Supervisory Committee Member) of another listed company, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member of the Company, he is expected to contribute to highly effective auditing by utilizing his abundant and various pieces of knowledge.</p> <p>In addition to high ethical standards and an ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit on the management of the Company. Therefore, the Company has judged that he is capable of appropriately performing his duties as an Outside Audit and Supervisory Board Member. He also satisfies the requirements for independent officers prescribed by the securities exchange and the criteria for independence of outside officers prescribed by the Company. Therefore, judging that there is no risk for conflict of interest with ordinary shareholders of the Company, the Company has designated him as an independent officer.</p>
		June 2006	Executive Officer, General Manager, Corporate Planning Department	
		June 2008	Director & Executive Officer, General Manager, Research & Development Division	
		June 2011	Director & Managing Executive Officer, General Manager, Research & Development Division	
		Apr. 2013	Director & Managing Executive Officer, CEO, Asia Business Company	
		Oct. 2015	Director & Managing Executive Officer, General Manager, Shared Service Preparation Office	
		Apr. 2016	Director & Managing Executive Officer President & Representative Director of Kagome Axis Co., Ltd. (Representative Director)	
		Mar. 2018	Outside Audit & Supervisory Board Member of Dynapac Co., Ltd. Director of Kagome Co., Ltd. (Full-time Audit and Supervisory Committee Member) (current position)	
		Mar. 2020	Outside Director of Dynapac Co., Ltd. (Audit and Supervisory Committee Member) (current position)	
		June 2023	Outside Audit and Supervisory Board Member of the Company (current position)	

### [Independent Officers]

Number of independent officers [Update]	7
---	---

Matters relating to independent officers

The Company has designated all outside officers who satisfy the requirements for independent officers as independent officers.

## [Incentives]

Implementation of measures to provide incentives to Directors	Performance-linked remuneration
---	---------------------------------

Supplementary explanation
---------------------------

The relevant information is described in this report in [Disclosures Based on the Principles of Japan's Corporate Governance Code] Principle 3.1 Full Disclosure, (3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members.

Stock option recipients	
-------------------------	--

Supplementary explanation
---------------------------

----

## [Director Remuneration]

Disclosure status (of remunerations to individual Directors)	Individual remunerations are not disclosed
--	--

Supplementary explanation [Update]
------------------------------------

The remunerations to Directors and Audit and Supervisory Board Members are disclosed in securities reports and business reports.

- 1 The total amount of remuneration, etc. and the number of eligible Directors by the director category of the Company  
The following are the total amount of remuneration, etc. paid to Directors and Audit and Supervisory Members and the number of recipients during the 78th fiscal year.

Officer category	Total amount of remuneration, etc.	Fixed remuneration (number of people) [Monetary remuneration]	Short-term performance-linked remuneration (number of people) [Monetary remuneration]	Medium-to-long-term performance-linked remuneration (number of people) [Non-monetary remuneration (shares)]
Directors (excluding Outside Directors)	¥228 million	¥102 million (7 persons)	¥73 million (6 persons)	¥52 million (6 persons)
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	¥18 million	18 million (1 person)	—	—
Outside Directors	¥33 million	¥33 million (3 persons)	—	—

Outside Audit and Supervisory Board Members	¥19 million	¥19 million (2 persons)	—	—
---	-------------	----------------------------	---	---

- \* The above figures include one Director who retired upon the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 29, 2022.
- \* The above amount of the medium-to-long-term performance-linked remuneration [non-monetary remuneration (shares)] describes the amount that should be recorded as expenses in the current fiscal year among the remuneration delivered in the current fiscal year and the remuneration to be delivered in the following fiscal year.

- 2 The total amount, etc. by director of the Company  
As no one received the remuneration amount, etc. equal to or above ¥100 million in total, such information is not described.
- 3 Material matters among the employee salaries for officers concurrently serving as employees  
There are no material matters to be disclosed regarding the employee salaries for officers concurrently serving as employees.

Policy for determining remuneration amounts or calculation methods thereof	Established
--	-------------

Disclosure of policy for determining remuneration amounts or calculation methods thereof
--

The policies and procedures in determining the remunerations to Directors and Audit and Supervisory Board Members are described in this report in [Disclosures Based on the Principles of Japan's Corporate Governance Code] Principle 3.1 Full Disclosure, (3) Policies and procedures in determining remuneration to Directors and Audit and Supervisory Board Members.

The retirement benefit plan for officers was abolished on the date of the 62nd Ordinary General Meeting of Shareholders held on June 28, 2007.

**[Supporting System for Outside Directors and/or Outside Audit and Supervisory Board Members]**

The Corporate Secretariat Office serves as a contact point to Outside Directors and arranges the schedules while collecting and explaining necessary information.

The Secretariat for the Audit and Supervisory Board serves as a contact point to Outside Audit and Supervisory Board Members and arranges the schedules while collecting and explaining necessary information.

With regard to information communication, except for particularly urgent or highly confidentiality matters, the Company distributes the materials relating to the agendas and proposals at the Company's Board of Directors to Directors and Audit and Supervisory Board Members sufficiently prior to the date of the Board of Directors. In principle, the Company also distributes agendas and materials regarding important meetings, etc. including the Management Meeting and the Monthly Business Conference prior to the date of those meetings. In addition, the relevant departments/divisions provide advance explanations as necessary.

**[Status of Persons Who Have Retired from a Position Such as Representative Director and President]**

Retired Representative Director and Presidents, etc. holding advisory or any other position in the Company
--

Name	Title/Position	Responsibilities	Working form/conditions (Full-time/part-time, paid/unpaid, etc.)	Date of retirement from position such as President	Term of office
----	----	----	----	----	----

Total number of retired Representative Director and Presidents, etc. holding advisory or any other position in the Company	0
--	---

The Company has a system to delegate the position of Executive Advisor to a person who has retired as Representative Director and President of the Company.

The Executive Advisor offers advice based on his/her experience and knowledge as a corporate manager in order to facilitate a smooth handover between executive management members in the event of changes in management, and engages in specific operations that are commissioned on an individual basis as necessary. No one currently falls under this position.

## **2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Update]**

### **1 Board of Directors**

The Board of Directors consists of nine Directors (including five Outside Directors), holds meetings at least once per month in principle (a total of 14 meetings were held during the 78th fiscal year), and provides decision-making for the execution of important and supervises the status of business execution.

In addition, the Company strives to enhance the supervision function on management by setting the ratio of Independent Outside Directors in the Board of Directors at equal to or above one-third (currently composed of a majority).

All of three Audit and Supervisory Board Members attend the Board of Directors, receive reporting and explanations regarding the businesses and provide opinions as necessary, thereby auditing the status of business executions by the Representative Director and other management execution members.

### **2 Audit and Supervisory Board Members and the Audit and Supervisory Board**

The Company establishes the Audit and Supervisory Board consisting of three Audit and Supervisory Board Members (including two Outside Audit and Supervisory Board Members). In principle, the Audit and Supervisory Board is held once per month (a total of 15 meetings were held during the 78th fiscal year), prescribes the audit policy for the fiscal year under review, allocation of duties of each Audit and Supervisory Board Member, specific implementation matters and schedules, and audits performance of duties by Directors.

In addition to attending the important meetings such as the Board of Directors and to auditing and verifying the status of decision-making by Directors, Audit and Supervisory Board Members receive reporting regarding the results of audit operations from each Audit and Supervisory Board Member and discuss those matters in the Audit and Supervisory Board.

Two Audit and Supervisory Board Members have appropriate knowledge relating to finance and accounting, and one member has appropriate knowledge of legal matters.

The Secretariat for the Audit and Supervisory Board is established to support the duties of Audit and Supervisory Board Members.

### **3 Nomination and Remuneration Advisory Committee**

The Nomination and Remuneration Advisory Committee is established as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of nominating officers, such as selection/dismissal, etc. of Directors and Executive Officers, and of determining remuneration, etc. for Directors, etc. and to set an appropriate amount of remuneration.

The number of the Nomination and Remuneration Advisory Committee shall be equal to or above three Directors selected by the resolution of the Board of Directors, and Outside Directors account for its majority in order to secure the independence of the committee. The Nomination and Remuneration Advisory Committee of the Company currently consists of six members (including five Independent Outside Directors and one Inside Director), of whom one Independent Outside Director serves as the committee chairman. Nine meetings were held during the 78th fiscal year.

### **4 Special Committee**

The Special Committee is established in April 2022 for the purpose of practicing fairness when conducting important transactions, etc. with the Company's parent company Tosoh Corporation and its subsidiaries (excluding the Company and the Company's subsidiaries), and monitoring and supervising issues regarding

conflicts of interest between the parent company group and minority shareholders in such transactions to appropriately protect the interests of minority shareholders. The Company has secured the independence of this committee by having it solely consist of Independent Outside Directors (five members).

5 Executive Officer System

The Company has introduced an Executive Officer System, and 15 members (in which four Executive Officers concurrently serve as Director) are selected. This system allows for differentiating the “management decision-making and supervision function” of Directors and the “business execution function” of Executive Officers, thereby clarifying responsibilities and accelerating decision-making.

6 Management Meeting

The Management Meeting consists of Executive Directors and Executive Officers with titles, holds meetings twice per month in principle (a total of 21 meetings were held during the 78th fiscal year), and proposes medium- and long-term strategies, etc. and discusses important management agendas. Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Management Meeting and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

7 Monthly Business Conference

The Monthly Business Conference consists of Executive Directors, Executive Officers, General Managers, etc., holds meetings once per month in principle (a total of 12 meetings were held during the 78th fiscal year), reports the matters approved at the Management Meeting and confirms the progress, etc. of each business, the Medium-term Management Plan and the profit plan of each fiscal year.

In addition, once every quarter the Monthly Business Conference is held as the Group Liaison Conference, which includes Presidents of group companies, General Managers of overseas departments, General Managers of administrative departments, and Branch General Managers, and the same progress confirmation, etc., is made for the overall Group including the group companies.

Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Monthly Business Conference and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

8 Compliance Committee

The Compliance Committee consists of nine Internal Officers (including four Directors) and takes initiatives to establish the compliance system and formulate compliance education plans.

9 Sustainability Committee

The Sustainability Committee consists of Executive Directors and Executive Officers with titles. The committee plans, proposes and implements the measures to promote sustainability management based on the basic policy determined by the Board of Directors.

The Sustainability Implementation Meeting, the subordinate organization, promotes specific measures.

10 Internal Auditing Dept.

The Internal Auditing Office, the organization under the direct control of Representative Director and President in the Internal Auditing Dept., consists of four members and implements internal auditing across the Group. The department implements internal auditing based on the Internal Auditing Regulations, grasps the issues and problems on business executions, and offers advice for enhancing the functions.

In addition, the department holds a regular meeting once every two months in principle, conducts reporting on internal auditing status and shares other information.

The department also holds a meeting with the Independent Auditor as necessary, conducts reporting on internal auditing status and shares other information.

11 Independent Auditor

KPMG AZSA LLC implements the auditing during the 78th fiscal year based on the Companies Act and the Financial Instruments and Exchange Act. Two certified public accountants, Kentaro Yamamoto and

Koichi Hamaguchi, executed the operations, and seven certified public accountants and 14 other staff supported the audit operations.

The Independent Auditor reports the auditing status and shares other information in the discussions with the management and the regular meetings with Audit and Supervisory Board Members.

12 Independent officers

The Company designates five Outside Directors and two Outside Audit and Supervisory Board Members as independent officers.

13 Limited liability agreements

In accordance with Article 427, paragraph (1) of the Companies Act and the Articles of Incorporation of the Company, the Company has entered into respective limited liability agreements with Directors (excluding the persons who are Executive Directors, etc.) and Audit and Supervisory Board Members.

### **3. Reasons for Adoption of Current Corporate Governance System [Update]**

While emphasizing the decision-making function relating to business executions in the Board of Directors consisting mainly of Directors who are well-versed in practical tasks, the Company sets the ratio of Independent Outside Directors in the Board of Directors at equal to or above one-third (currently composed of a majority) in order to enhance the supervisory function relating to business executions. Furthermore, the Company enhances the transparency and objectivity relating to the decisions of nomination and remuneration, etc. for Directors, etc. by establishing the Nomination and Remuneration Advisory Committee, in which Independent Outside Directors account for the majority, as a non-statutory advisory body to the Board of Directors.

In addition, Audit and Supervisory Board Members having independent authority to audit conduct auditing from an independent viewpoint, and thereby a supervisory system on management is in place.

The Company has adopted the current corporate governance system based on the aforementioned points.

### III Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights [Update]

	Supplementary explanation
Early notification of the General Meeting of Shareholders	In order for shareholders to secure sufficient time to consider the proposals to the General Meeting of Shareholders and exercise their voting rights appropriately, the Company shall send the notice of the Ordinary General Meeting of Shareholders no later than three weeks before the date of the General Meeting of Shareholders and also disclose the content of the General Meeting of Shareholders on the websites of the Company and the Tokyo Stock Exchange.
Allowing electronic or magnetic exercise of voting rights	The Company has adopted magnetic exercise of voting rights.
Participation in electronic voting platform and other efforts to enhance the voting environment for institutional investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing convocation notice in English (translated fully or partially)	In order to facilitate exercising of voting rights by foreign investors, the Company has prepared the Notice of the General Meeting of Shareholders in the English version and discloses it on the websites of the Company and the Tokyo Stock Exchange. The Company's English website ( <a href="https://www.organo.co.jp/english/">https://www.organo.co.jp/english/</a> )
Other	The Company holds shareholder briefing sessions after the conclusion of the General Meeting of Shareholders. The Representative Director and President (including a person who is expected to assume the position) explains the business overview, future business development, etc., and holds a question-and-answer session. Shareholder briefing session materials are available on the Company's website. ( <a href="https://www.organo.co.jp/english/ir/">https://www.organo.co.jp/english/ir/</a> ) However, the Company refrained from holding the shareholder briefing sessions this year from the perspective of preventing spread of the new coronavirus (COVID-19) due to the still uncertain status of COVID-19.

## 2. IR Activities [Update]

	Supplementary explanation	Explanation by Representative
Preparation/publication of disclosure policies	The Company prescribes the “Disclosure Policy” as the policy relating to the information disclosure of the Company, and makes the policy available on its website. ( <a href="https://www.organo.co.jp/english/ir/disclosure/">https://www.organo.co.jp/english/ir/disclosure/</a> )	
Regular investor briefings for individual investors	Since the fiscal year 2022, the Company has been holding an interactive web-based company briefing for individual investors once a year. The Representative Director and President provides an overview of the Company, the medium- and long-term strategies, and other information, followed by a question-and-answer session, which is attended by many individual investors. The content of the briefings is posted on the Company’s website for a certain period of time.	Yes
Holding regular investor briefings for analysts/institutional investors	The Company holds semi-annual financial results presentations, one for the first six months of the fiscal year and the other for the full fiscal year. Since the fiscal year 2021, the Company has been holding interactive web-based presentations in which the Representative Director and President provides an overview of the financial results and profit plan, as well as the Medium-term Management Plan, followed by a question-and-answer session. The presentation is attended by about 60 people, mainly institutional investors, and a video of the presentation and a summary of the question-and-answer session are posted on the Company’s website for a certain period of time. The Company also strives to strengthen dialogue with shareholders through small meetings hosted by securities companies and other organizations, as well as individual meetings.	Yes
Posting IR materials on the website	The Company’s website contains various disclosure materials including financial results reports, securities reports, quarterly reports, presentation materials and explanatory videos for the financial results presentations, materials for timely disclosures, shareholder letters, integrated reports, corporate governance reports, and major financial data. English versions of financial results reports, materials for the financial results presentations, materials for the timely disclosures, integrated reports, corporate governance reports, and major financial data are also prepared and posted on the Company’s website. Japanese website ( <a href="https://www.organo.co.jp/ir/">https://www.organo.co.jp/ir/</a> ) English website ( <a href="https://www.organo.co.jp/english/ir/">https://www.organo.co.jp/english/ir/</a> )	
Establishment of the department (responsible person) relating to IR	To enhance dialogue with shareholders, etc., the Investor Relations Office was established in the Corporate Strategy and Planning Dept. in June 2022, as a department specializing in investor relations. The supervising Director is Tetsushi Honda who is in charge of Corporate Strategy and Planning Dept., and three employees are in charge of IR matters.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Provisions to ensure due respect for stakeholders in internal rules, etc.	The Company prescribes the “Organo Group Company Code of Conduct” as a basic code of conduct with which officers and employees of the Group must comply. The Code specifies that the Company shall continue to serve as the partner company of all stakeholders such as customers, business partners, shareholders, employees and society, and its individual provisions stipulates the matters of respecting the relationship with each stakeholder. The “Organo Group Company Code of Conduct” is available on the Company’s website. ( <a href="https://www.organo.co.jp/english/company/ecology/">https://www.organo.co.jp/english/company/ecology/</a> )
Implementation of environmental activities, CSR activities, etc.	The Company promotes environmental activities and other initiatives to fulfill its corporate social responsibility. The Company summarizes the status of these activities in its integrated reports (the “ORGANO GROUP REPORT”), available on its website. ( <a href="https://www.organo.co.jp/english/ir/group-report/">https://www.organo.co.jp/english/ir/group-report/</a> )

## IV Matters Related to Internal Control System

### 1. Basic Views on Internal Control System and Progress of System Development

The resolution of the Board of Directors regarding the basic policy on the internal control system is as follows:

- 1 System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
  - The Company will establish the Organo Group Company Code of Conduct and the Compliance Regulations and will ensure that all officers and employees of the Company are aware of them.
  - To promote compliance, the Company will establish the Compliance Committee to formulate a compliance education plan, establish a compliance system, and enact other company-wide initiatives.
  - The Company has established the Whistleblowing Regulations in order to ensure the effectiveness of compliance, and the system allows the Company’s officers and employees to directly report to or consult with the Company’s Legal Division, the Audit and Supervisory Board Members, or external lawyers about systematic or personal legal violations, etc.
  - The Company will seek to raise awareness of compliance by providing compliance training to the Company’s officers and employees as necessary.
  - The Internal Auditing Dept. will perform periodic audits concerning the performance of duties and compliance practices.
  - In order to carry out appropriate financial reporting for the Group, the Company establishes and operates a system of internal control over financial reporting, including the establishment of an internal control policy for financial reporting and the establishment of an Internal Control Division, and evaluates this system.
- 2 System for retaining and managing information pertaining to the performance of duties by Directors
  - The Company will appropriately retain and manage documents and other information concerning the performance of duties by Directors in accordance with internal rules such as the Documents and Information Management Regulations, the Corporate Information Basic Management Regulations, etc.
  - The Directors and the Audit and Supervisory Board Members may inspect such documents and other information as necessary.
- 3 Rules and other systems for management of risk of loss
  - The Company will establish various rules, including the Crisis Management Basic Regulations, and establish and operate a risk management system in order to respond to the various risks in business activities.
  - Each division will independently manage the risks of daily business activities, such as economic risks and financial risks relating to regular transactions, under the guidance of the supervising Director.

- 4 Systems to ensure efficiency of the performance of duties by Directors
- The Company will ensure to establish the system that enables appropriate and efficient performance of duties. Specifically, among others, the Board of Directors makes decisions on important business execution and supervises the status of business execution at the meetings (held at least once per month in principle), whereas Executive Directors and Executive Officers with title formulate medium- to long-term strategies, etc. and discuss important management issues at the Management Meetings (held twice per month in principle).
  - The Company has introduced an Executive Officer System in seeking to differentiate the “management decision-making and supervision function” of Directors and the “business execution function” for Executive Officers, thereby clarifying responsibilities and accelerating decision-making.
  - In business management, the Company sets company-wide goals based on the Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Monthly Business Conference (in principle, held once per month, and once per quarter as the Group Liaison Conference including Presidents of group companies, etc.) consisting of Executive Directors, Executive Officers, and General Managers, etc., ensures the appropriate execution of all projects through evaluating progress reports by the General Managers on the business of each division.
- 5 System to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- A) Systems for the reporting of items related to the performance of the duties of directors, etc. of subsidiaries to the Company
- The Company will provide Group Companies Management Regulations, and require reports from the group companies on management policies/management plans, human resources/organization, accounting/financial affairs, audits, disasters/accidents, and other important matters. These reports will be made at the Group Liaison Conference (in principle, held once per quarter).
- B) Rules and other systems for management of risk of loss at subsidiaries
- At the Company, each supervising Director and the Corporate Strategy and Planning Dept. provide comprehensive advice and guidance on business management and risk management systems for group companies.
- C) System to ensure efficiency of the performance of duties by directors, etc. of subsidiaries
- The Company will set company-wide goals based on the Organo Group’s Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Group Liaison Conference will ensure the appropriate execution of all projects through evaluating business progress reports by the Presidents of each group company.
  - The Company will establish a system to make the business operations of group companies more efficient by providing and sharing indirect business operations and optimizing funding and management.
- D) System to ensure that directors, etc. and employees of subsidiaries perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
- The Company will prescribe the Organo Group Company Code of Conduct as a basic code of conduct with which all officers and employees of group companies must comply, and seek to spread awareness.
  - The Company will provide compliance training to the group companies’ officers and employees as necessary.
  - The Company’s Internal Auditing Dept. will perform audits concerning the performance of duties and compliance practices of group companies.
  - The officers and employees of group companies are also able to use the Company’s whistleblowing system.
- E) Other system to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company and subsidiaries
- From the perspective of internal controls pertaining to consolidated financial statements, the Company’s Internal Control Division and Accounting Division will cooperate in the development and operation of the accounting and financial reporting processes of the group companies.

- The Company will ensure a certain degree of independence in business activities and management decisions from the Company's parent company, Tosoh Corporation, and promotes appropriate coordination of activities through regular meetings, etc., with the company.
- 6 Matters relating to employees that assist the Audit and Supervisory Board Members upon the request of such Audit and Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors and matters relating to effectiveness of directions given to such employees to be ensured
- The Company will establish a secretariat for the Audit and Supervisory Board and assign employees that assist in the duties of Audit and Supervisory Board Members.
  - Audit and Supervisory Board Members will make personnel evaluations of employees that assist in the duties of Audit and Supervisory Board Members, and will determine proper procedures for handling matters related to human affairs, including personnel changes, for employees that assist in the duties of the Audit and Supervisory Board Members with the prior consent of the Audit and Supervisory Board.
  - Employees that assist in the duties of the Audit and Supervisory Board Members will not receive instructions or orders from executives, but will follow direct instructions or orders from Audit and Supervisory Board Members.
- 7 System for directors, etc., and employees of the Company and its subsidiaries to report to Audit and Supervisory Board Members of the Company, and system for ensuring that these parties will not be treated adversely due to making reports
- If Audit and Supervisory Board Members of the Company request reports from Directors and employees of the Company and group companies or audit and supervisory board members of group companies, they will provide an appropriate report without delay.
  - Directors and employees of the Company and group companies or audit and supervisory board members of group companies will immediately report to the Audit and Supervisory Board Members of the Company if they discover facts that could cause significant damage on the Company or the group companies.
  - Audit and Supervisory Board Members participate in important meetings such as the Board of Directors, the Group Liaison Conference, etc., and will request explanations from the Directors and employees of the Company and group companies as necessary.
  - The Legal Division and external lawyers who serve as contact points for the whistleblowing system will report to the Audit and Supervisory Board Members of the Company on the whistleblowing information received from the Directors and employees of the Company and group companies in accordance with the Whistleblowing Regulations.
  - The Company's Audit and Supervisory Board Members also serve as a contact point for the whistleblowing system.
  - The Company will ensure that Directors and employees of the Company and group companies who make reports to the Audit and Supervisory Board Members of the Company, or otherwise make a report in accordance with the Whistleblowing Regulations, will not be treated adversely due to the report or the act of making the report.
- 8 Other systems to ensure that Audit and Supervisory Board Members perform audits effectively
- The Representative Director will regularly exchange opinions with the Audit and Supervisory Board Members on matters related to overall management.
  - The Audit and Supervisory Board Members will receive reports from the Independent Auditor, Internal Auditing Dept., and Audit and Supervisory Board Members of group companies, seeking mutual cooperation and consulting with lawyers as necessary.
  - The Company will bear any expenses incurred by Audit and Supervisory Board Members in the performance of duties, provided that these expenses have not been deemed unnecessary in the performance of duties by Audit and Supervisory Board Members.

## **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts**

Basic views on eliminating anti-social forces and progress of related efforts are as follows:

<Basic views on eliminating anti-social forces>

The Organo Group Company Code of Conduct prescribes its basic policy to “resolutely confront any antisocial forces or organizations that pose a threat to the order and security of civil society, and sever any relationship with such concerned individuals and organizations.”

<Status of development of efforts toward the elimination of anti-social forces>

The Company establishes the responsible person with the General Affairs Dept. managing the overall responses, based on the Organo Group Company Code of Conduct toward the elimination of anti-social forces. In addition, the Company cooperates with lawyers, the police and regional companies as external specialized agencies, collects the information relating to anti-social forces and shares the information across the Group. The Company is implementing training activities, etc. as needed for the departments in charge across the Group.

**V Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of anti-takeover measures	Not adopted
------------------------------------	-------------

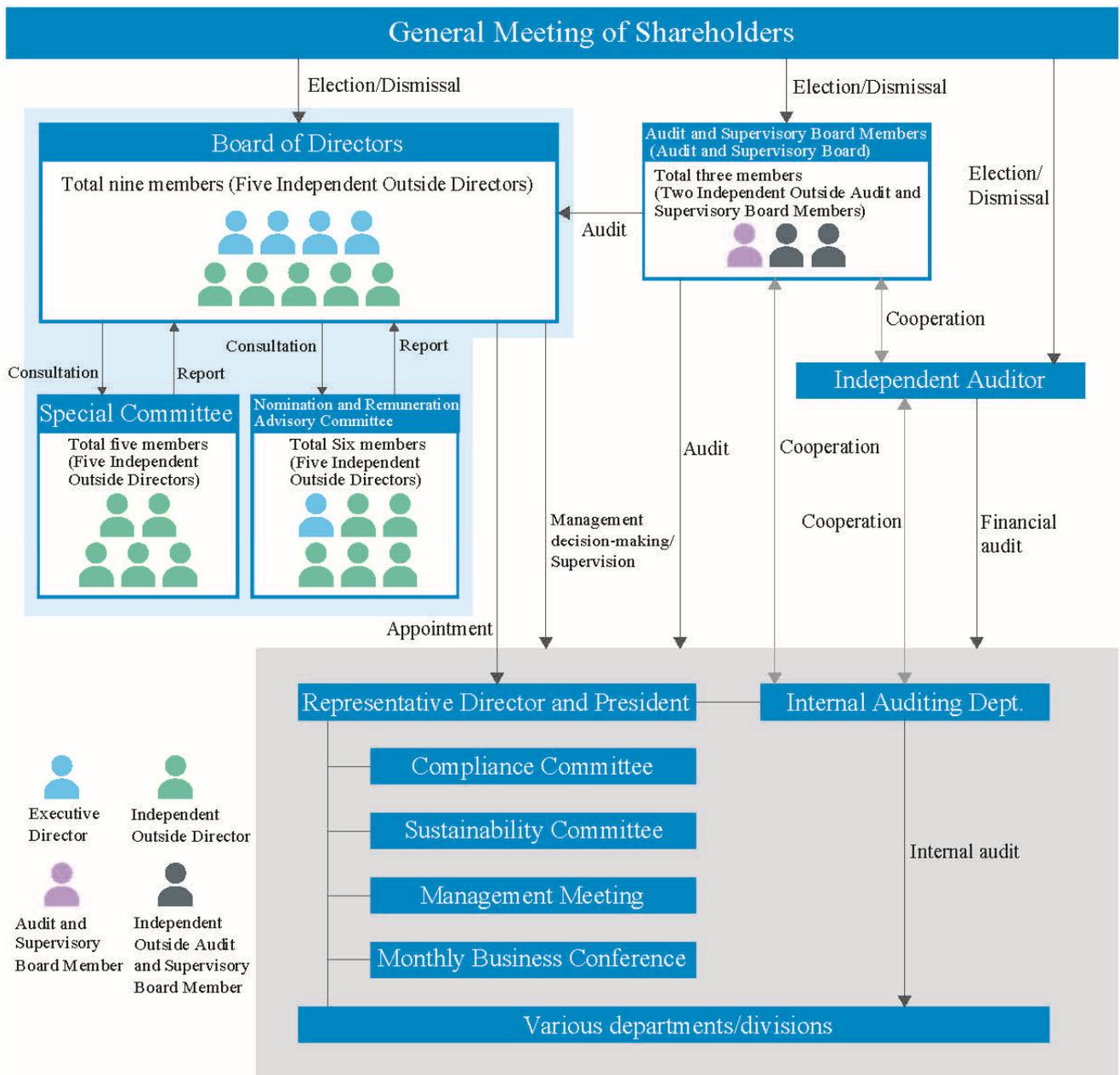
Supplementary explanation

The Company currently has no plans to introduce anti-takeover measures.

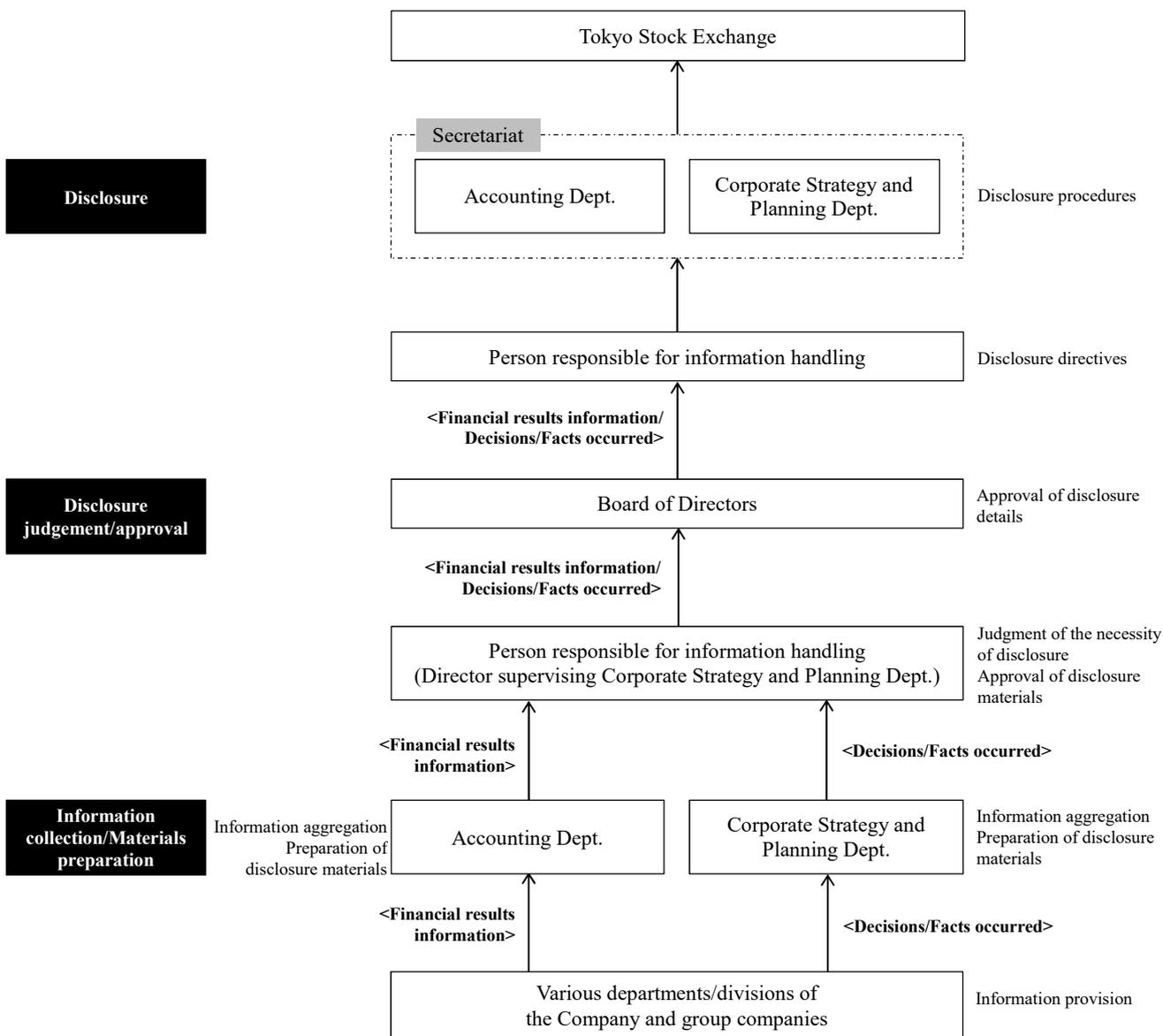
**2. Other Matters Concerning Corporate Governance System**

Not applicable.

**Schematic view of corporate governance structure**



## Overview of timely disclosure system (schematic view)



\* If some information such as the facts occurred and the disclosures based on the fair disclosure rules needs to be disclosed urgently, such information may be disclosed through the confirmation of Director and President after obtaining the approval of the person responsible for information handling (Director supervising Corporate Strategy and Planning Dept.). After disclosure, such matter shall be reported in the Board