

Transcending Conventional Corporate Thinking to Bring Diverse Perspectives and Values to the Board of Directors



Outside Director **Yumi Sano**

Corporate DNA Characterized by Strong Research and Development Capabilities, a Pioneering Spirit, and Dynamism

I am honored to have been appointed as an outside director of this venerable company with a history that spans more than a century. Going forward, I intend to work together with President Hiroshi Okubo and the other board members to contribute to ISK's sustainable growth.

After serving for many years at a textile manufacturing company and then at the Kansai Economic Federation (Kankeiren), I am currently the head of the Kansai office of the Japan Institute for Women's Empowerment & Diversity Management (JIWE), where I work to promote diversity and support the creation of a more comfortable work environment. During my time with the Kankeiren, I was appointed as an outside director for a company whose president was aiming to diversify its core workforce, and I have since served as an outside director for three different companies. In my current role as an outside director at ISK, I experience a profound sense of connection and enthusiasm, given my own background in manufacturing and my passion for product development. I am still learning about ISK's business, but I will do my best to contribute by leveraging my experience and network of contacts.

The first thing I picked up after taking on this role was a book titled "My Personal History," written by the ISK's founder, Hiroichiro Ishihara. It was serialized in the Nihon Keizai Shimbun newspaper in 1964. To truly understand a company, it's best to learn about its history and the vision of its founders. Through this account, I came to understand that ISK's DNA – its strong new product research and development capabilities, pioneering spirit, and dynamism – are all closely linked to its current purpose.

Meanwhile, some long-established manufacturers are now facing the end of their core business that was their main focus when they first started. ISK has also decided to cease titanium dioxide in sulfate process production, which had been its mainstay for many years. What is needed next is a new value creation-focused story and to find ways to ensure that story is visible. I want to leverage my past experience to offer a perspective that can contribute to new insights.

Seeking Frank and Face-to-Face Conversations with Employees

I think it is safe to say that the most important quality an outside director should possess is the ability to view things from a different perspective that is not constrained by the conventional wisdom within the company. Many Japanese companies, including ISK, tend to have a high percentage of male directors who have been appointed internally, and this homogeneity can sometimes make it difficult for them to recognize emerging risks. That's why I believe it is necessary to have diverse perspectives and values represented, and that is why I actively share my opinions at ISK's management meetings and other forums.

As part of my work with JIWE, I once visited the factory of a certain company. They had just hired two female employees who had graduated from a technical college, but the facilities remained the same as when there had only been male employees. So, I toured the entire factory together with the two women and, from a female perspective, identified issues to be addressed, such as safety concerns, like slippery stairs, or deficiencies, like insufficient temperature control. We then developed an improvement plan based on these findings, and as a result, within three years, the workplace became much more comfortable for both men and women, and the overall employee turnover rate decreased. The "E" in Diversity, Equity, and Inclusion (DEI) stands for "Equity," which means ensuring that everyone benefits.

Furthermore, I intend not only to express my opinions in the boardroom but also to engage in frank, face-to-face discussions with employees. By visiting all of ISK's facilities, including the Yokkaichi Plant and the Central Research Institute, and hearing from employees, I hope to not only learn about ISK but also, have opportunities to help employees gain new insights along with ideas for positive change through the sharing of various real life examples and discussing current social trends. Perhaps we could create a discussion forum where female employees can gather and freely share their experiences with each other. Human capital is the key to improving ISK's performance and raising its stock price. Greater people power will improve ISK's manufacturing strength and help it keep pace with societal advancements. I am committed to working together with all members of the ISK Group to achieve this.

Message from the Outside Directors

Ishihara Sangyo: Present and Future ■ Sustainable Growth Strategy ■ Management Foundation ■ Corporate Data



Outside Director **Satoshi Ando**

Chairperson of the Personnel
Committee:
Risk Management
and Outside Directors

Appropriately Managed Risk Is Not Bad Risk

In order to achieve further growth, ISK must take risks in various situations. Therefore, drawing on the knowledge and experience I have gained through my work in corporate legal affairs, I review whether appropriate business risk assessments have been conducted from a legal perspective and endeavor to provide advice that will enable sound business decisions to be made. From a sustainability perspective, I emphasize the importance of having an “outside perspective” in company discussions to ensure that the Board is not overlooking any potential risks.

Due in part to ISK’s past history, Board members can sometimes be overly conservative when it comes to business risks. However, President Hiroshi Okubo has declared his intention to take the lead in embracing calculated risks, and, under his leadership, ISK is gradually seeing a shift in mindset, where there is an evolving understanding that risk itself is not inherently bad, if properly assessed and managed. I believe ISK needs to work harder to foster this mindset among its executives and employees.

As society becomes more complex, the risks that companies face also become increasingly diverse, making the management and assessment of these risks more difficult. As ISK continues making management decisions in this context, I believe the importance of objective risk assessment by outside directors will only increase, and, thus, I will make every effort to keep enhancing my own skills and knowledge. Furthermore, I believe that providing advice grounded in legal expertise remains important to ensure that terms like “duty of care” are not used inappropriately or misunderstood, which could lead to inadequate evaluation and management.



Outside Director **Akemi Uchida**

Chairperson of the Compensation
Committee:
Directors’ Remuneration
and Outside Directors

Importance of Expanding Long-term Incentive Systems

A sound remuneration system is not only essential for supporting a company’s sustainable growth but also plays a role in enhancing the effectiveness of corporate governance. To adapt to the rapidly changing business environment, ISK is continuously reviewing its governance and remuneration systems, including through the Compensation Committee, which I chair. While the current remuneration system is evolving towards a focus on enhancing corporate value sustainably, when we look ahead to future plans for accelerated global expansion, we see that it will become even more critical to strengthen long-term incentive systems. With regard to the governance structure, there needs to be greater promotion of diversity. Although progress is being made in terms of appointing female executives, there is still room for improvement in terms of other areas, such as gender, age, nationality and expertise. By promoting diversity within its Board of Directors, ISK can foster an organizational culture where diverse perspectives are naturally respected, which, in turn, should lead to improved decision-making quality.

With regard to making improvements going forward, it is important to take into consideration “why the design is the way it is.” Clearly communicating how the management strategy relates to the remuneration system, and explaining the underlying approach, will be essential to gain understanding and acceptance from both internal and external stakeholders. As the chairperson of the Compensation Committee, my aim is to design a remuneration system that is more closely aligned with ISK’s purpose and mid- to long-term vision and to contribute to maximizing ISK’s value by enhancing the motivation of the next generation of management, as well as by strengthening the independence and integrity of the Board of Directors.

Message from the Director of General Affairs & Human Resources Headquarters

Aiming to Further Enhance Corporate Value by Cultivating Human Resources that Encompass Both Diversity and Innovative Thinking



Director of General Affairs & Human Resources Headquarters
Yoshio Nishiyama

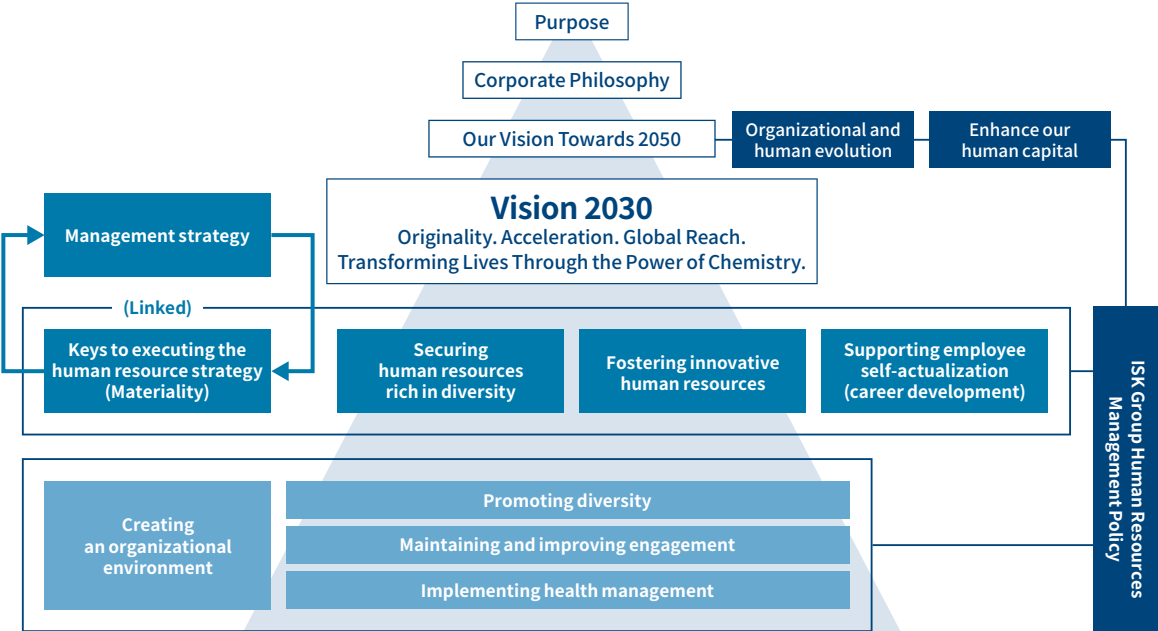
In the ISK Group, we consider human resources to be the source of our competitive strength, and we have formulated the ISK Group Human Resources Management Policy to serve as a comprehensive explanatory resource for all employees to help ensure alignment in the implementation of our human resource strategy. Three key materialities that we focus on as part of our human resources strategy are “securing human resources rich in diversity,” “fostering innovative human resources,” and “supporting employee self-actualization (career development).”

Regarding “securing human resources rich in diversity,” we are committed to building a diverse talent pool and promoting diversity, equity, and inclusion (DE&I) initiatives. To this end, we actively recruit both new graduates and experienced professionals regardless of gender or nationality, and we utilize various channels, such as referral programs and re-employment programs, to ensure a diverse workforce. To ensure we keep fulfilling our corporate purpose “To continue contributing to better living environments through chemical technologies,” it is essential that we foster innovation and address risks by leveraging diverse values, knowledge, and expertise. With this in mind, we will further amplify our efforts to recruit a more diverse workforce (including women, international employees, and people with disabilities).

Regarding “fostering innovative human resources,” it is crucial, in order to maintain and enhance competitiveness and achieve sustainable growth, that each employee maximizes his or her own potential and that diverse talents work together to maximize the organization's overall capabilities. Specifically, we will leverage assessment data and a talent management system to enhance our talent portfolio, identifying, based on three considerations of job duties, job scope, and personal attributes, those human resources that are required and those skills that need to be strengthened, and we will analyze the gap between the current talent profile and the talent profile needed to support our business strategy, thus ensuring that the right people are in the right positions. Then, we will undertake strategic human resource investments, talent development programs, succession planning, and career development initiatives that are aligned with our talent portfolio.

With regard to “supporting employee self-actualization (career development),” we have conducted an employee engagement survey every year for three years since fiscal 2021 as part of efforts to assess employee ambition and drive. Previous surveys focused solely on gathering subjective opinions, which were insufficient for comprehensive organizational analysis. Therefore, starting from fiscal 2024, we have changed our survey methodology to analyze the gap between expectations and actual experiences. We will now disclose evaluation criteria and detailed data for each business headquarters and work on implementing countermeasures and improvements accordingly. Furthermore, starting this fiscal year, we are incorporating “employee engagement” as a KPI for remuneration of directors, and we are making improvement of work-life balance, enhancement of the workplace environment, reformation of corporate culture, strengthening of human resource development, and improvement of compensation and performance evaluation systems a key mission for our executives, with the aim of boosting employee engagement.

The qualitative findings from the fiscal 2024 employee engagement survey highlight strengths such as a strong, shared sense of ownership of ISK’s corporate philosophy and purpose within the organization, a well-functioning system facilitating smooth operations, and opportunities for skill development. However, gaps were identified in areas such as career development and the remuneration system, which are important issues that need to be addressed in the future.



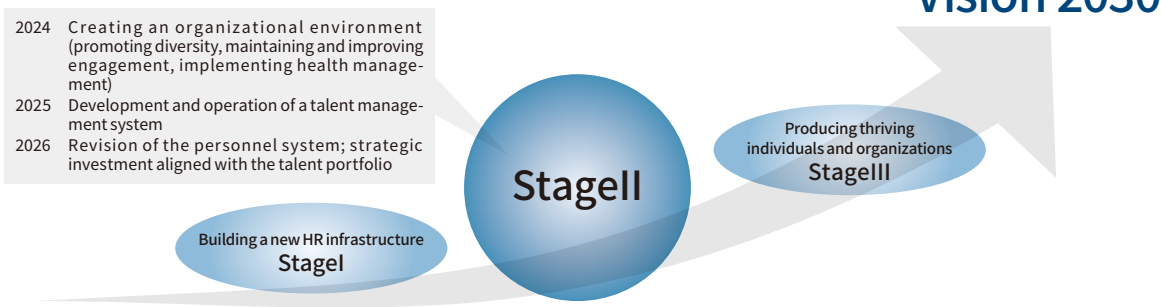
Human Capital

As for underlying causes of these issues, based on our analysis, we have determined that the abolition of the job classification system for general and regular staff positions as part of the personnel system reform undertaken in 2020 has had an impact. Since general staff positions were predominantly held by women, we initially believed that the system reform would allow motivated employees to perform even better and promote diversity. However, we have observed that individuals are struggling to adapt to the rapid changes, particularly in terms of career plan restructuring and behavioral change. Therefore, we believe it is essential to provide ongoing support to employees, conduct mindset training programs over time, and encourage them to discuss their career paths with their supervisors to foster self-actualization.

Furthermore, given the increasing fluidity of the job market and the diversification of values, a one-size-fits-all approach to human resource management may undermine employee motivation and job satisfaction. Therefore, we will revise our personnel system to align compensation and benefits with job roles and responsibilities, while also reviewing role requirements and definitions based on job functions and types.

By steadily implementing such initiatives and fostering an environment which produces thriving individuals and organizations, we will realize a human resource strategy that is aligned with our management strategy. Addressing numerous challenges and reforming the organizational culture requires time and energy, by fostering a positive environment where all employees work proactively and with enthusiasm, we can maximize the group's value creation and enhance overall corporate value.

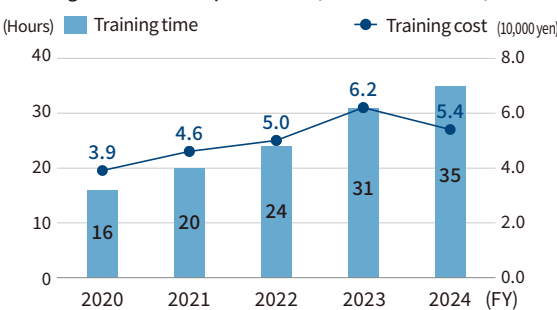
Role of Human Capital Strategy in ISK's Long-term Vision



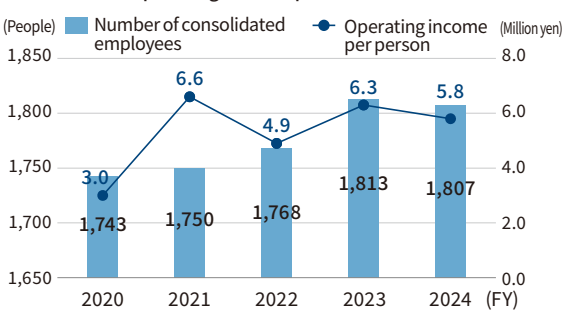
Payment of Monetary Claims Under a Restricted Stock Incentive Plan

Starting in fiscal 2022, ISK implemented a restricted stock incentive plan for employee shareholding association, targeting management-level employees. In accordance with this system, we have decided to make the fourth payment installment of monetary claims to eligible employees. This initiative aims to enhance employee engagement, strengthen managerial awareness of the mid-level managers upon whom our corporate operations depend, and improve the correlation between employee performance and overall business results. Going forward, we will continue to work together as a group to achieve the goals of "Vision 2030" and further enhance our corporate value.

Training Time and Cost per Person (Non-consolidated)



Consolidated Operating Income per Person



Human resources investment (non-consolidated) 150.2 million yen

Education and training expenses (job grade-specific training, compliance training, top leader management training, ISK business training, global human resource development program, other self-development support, etc.), recruitment-related expenses

Organizational infrastructure investment (non-consolidated) 165.6 million yen

Mental health survey and consultation expenses, healthy activity promotion expenses, engagement survey expenses, talent management system introduction and operation expenses, etc.

Recognition as Health & Productivity Management Outstanding Organization (largescale corporate sector) in 2025 – Third Year in a Row

Since announcing our Health Declaration in October 2021, we at ISK have implemented a variety of health promotion initiatives to ensure that our employees can thrive, both physically and mentally, and this has contributed to our being recognized as a Health & Productivity Management Outstanding Organization for three consecutive years, from 2023 to 2025.

To promote healthier exercise habits, in addition to distributing wearable devices and apps, which we started last year, we have also introduced a new employee benefit program that allows employees to easily access local gyms.

Furthermore, to address the issue of smoking rates, we are collaborating with the health insurance union to provide subsidies for smoking cessation clinics and free distribution of nicotine patches and chewing gum. Following the implementation of a no-smoking policy during working hours in 2019, we are now gradually introducing a comprehensive, company-wide no-smoking policy.

Web Sustainability: ISK's Health Management

https://www.iskweb.co.jp/eng/environment/health_management.html



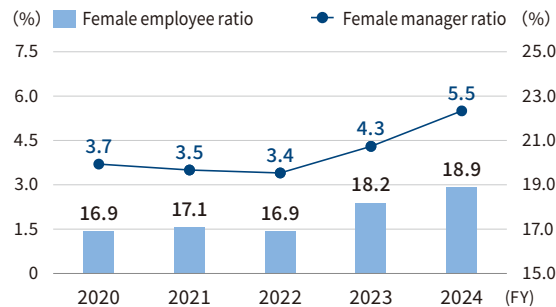
Promoting Diversity

We believe that the source of our competitive strength lies in our people, and we, thus, value an environment that fosters mutual respect and encourages each individual to utilize their unique strengths and abilities. We promote innovation to create an organization generating new value through the incorporation of diverse perspectives.

Gender Equality and Work-Life Balance Support Initiatives

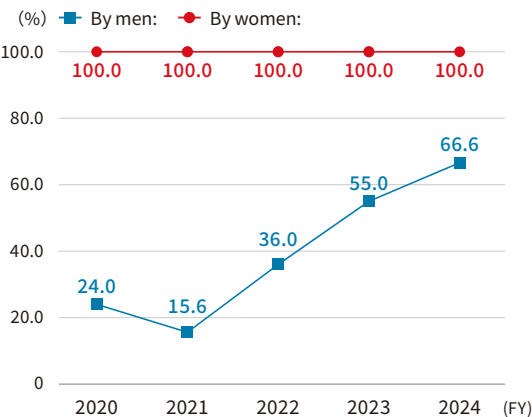
Due to the nature of our industry, the percentage of female employees in our company tends to be relatively low. While the percentage of female managers has increased for three consecutive years, it still stands at only 5.5% as of the end of March 2025. Gender equality is a key element of our diversity promotion strategy, and we will continue to work towards creating an organization where all employees, regardless of gender, can experience a sense of fulfillment in their work. The results of a survey conducted among female employees revealed that many respondents expressed concerns about balancing work with life events such as childbirth, childcare, and elder care. As part of our efforts to foster a culture that respects employees' life events, we are actively promoting the use of parental leave, particularly for male employees, and both the utilization rate and average number of leave days taken are steadily increasing.

Female Manager Ratio (Non-consolidated)



*Based on the definition of “managers” under the Act on the Promotion of Female Participation and Career Advancement in the Workplace, the scope of aggregation for female managers has been changed to include managerial positions at the section manager level and above.

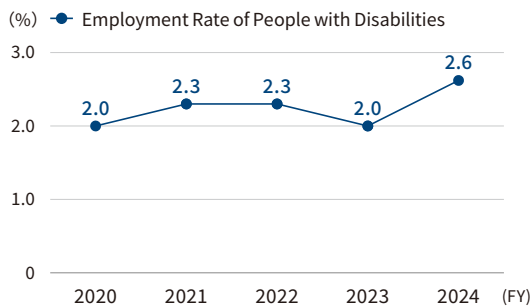
Utilization of Childcare Leave (Non-consolidated)



Promotion of Employment of People with Disabilities

With the aim of promoting both the development of the agricultural industry, one of our core business sectors, and the employment of people with disabilities, we took part in the Agricultural-Welfare Collaboration promoted by the Ministry of Agriculture, Forestry and Fisheries. By connecting people with disabilities with farmers who are struggling with labor shortages, this initiative aims to achieve both job creation for people with disabilities in areas where there are limited employment opportunities and to help revitalize local agriculture. Currently, four employees are involved in sorting and packaging agricultural products, and these products are then shipped to the market, thereby contributing to consumers and the agricultural industry. Going forward, we will continue to accumulate expertise in support systems and operational methods to ensure stable employment on-site, while also developing new job opportunities and expanding existing ones within our various business locations, with the aim of utilizing diverse talent and creating more employment opportunities.

Employment Rate of People with Disabilities (Non-consolidated)



LGBTQ-related Initiatives

We are committed to creating an environment where all employees, regardless of their sexual orientation or identity, can thrive and succeed. We conducted an in-house training workshop for HR personnel led by an outside instructor. We are also focused on reviewing and strengthening our internal systems and procedures, such as with regard to information handling and the handling of employee inquiries. In April 2025, we revised the definition of “spouse” in our company policies and procedures, extending eligibility for benefits, such as leave for special occasions, caregiving leave, company housing, and various other allowances and benefits, to include same-sex partners.

Maintaining and Improving Engagement

Engagement Survey Implementation

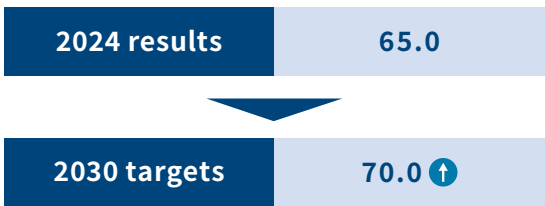
Based on the results of the employee engagement survey conducted in 2024, we identified “career development support” and “review of the compensation system” as priority issues that need to be addressed.

First, with regard to career development support, we conducted training sessions with executives to ensure that our initiatives are being implemented swiftly and effectively, while aligning them with ISK’s overall management strategy and direction. Going forward, we will focus on providing learning opportunities, creating spaces for employees to discuss their career paths, and strengthening the support system provided by supervisors. We will also review our personnel system to make it more flexible and enable employees to pursue diverse career paths.

Furthermore, our survey also included separate analyses for male and female employees, revealing that female employees generally experience a larger gap between their expectations and actual experiences, particularly in areas related to career development. In response to this, we conducted an assessment on career development and work styles for female employees. The results showed that factors such as concerns about balancing work and personal life, lack of self-confidence (also known as imposter syndrome), and preconceived notions or biases negatively impact career advancement aspirations. Going forward, to address these challenges, we will focus on strengthening our talent pipeline for future management positions by supporting mindset transformation and enhancing practical skills.

On the other hand, regarding the remuneration system, with the aim of more clearly linking company performance with employee contributions, as well as improving the fairness of the bonus determination process, we have introduced a performance-based bonus system starting from fiscal 2025. We will continue to invest actively in our human resources and create a virtuous cycle where employees receive rewards based on the company’s performance.

Engagement Score (Total for Men and Women)

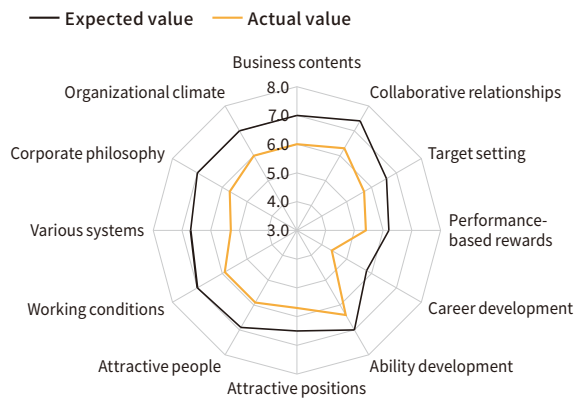


Gender ratio

	Male	Female
Engagement score	65.3	63.2
Career-related expectation vs. reality gap*	-1.3	-2.4

*Actual value – Expected value

Expectation vs. Actual Experience (Total for Men and Women)



Workshops for Building On-site Skills Held for Manufacturing Employees

At the Yokkaichi Plant, we conducted three workshops to redefine the “ideal roles and responsibilities” for each manufacturing-related position and job function. Based on the findings of an external survey, which highlighted issues such as “lack of clarity in roles and responsibilities,” “communication problems between field and office staff,” and “over-reliance on individual expertise,” the on-site team members, led by team leaders and foremen, took the initiative to address these issues, shared their ideas on how to move forward, and engaged in active discussions on revising the role allocation and evaluation systems. The aim of this initiative was to foster a sense of ownership and responsibility among all employees, ultimately leading to a better work environment and improved overall workplace performance. Going forward, we will refine the role definitions developed during the workshop based on the actual conditions in each workplace, pursue ongoing improvement and implement these changes from a practical, on-site perspective to, ultimately, enhance employee engagement within the factory.

Commemorative Event Held at the Yokkaichi Plant to Celebrate a Milestone in the Titanium Dioxide Production Process

To commemorate the 70th anniversary of the sulfate process titanium dioxide plant's operation and the 50th anniversary of the chloride process plant's operation, we held the "ISK 70-50 Festa '25 in Yokkaichi" event at our Yokkaichi Plant over two days. With over 1,900 attendees, including employees from various company locations, their family members, and members of the local community, the event was filled with a lively atmosphere throughout, featuring interactive booths, a raffle, traditional festival games, food trucks, live comedy performances, dance performances by high school students and more. The factory tour was fully booked for each session and provided a valuable opportunity to deepen participants’ understanding and foster interaction.



Employee Voices – Fostering Talent and Utilizing Human Resources

In the ISK Group, there are three key materialities that we focus on in our human resources strategy: “securing human resources rich in diversity,” “fostering innovative human resources,” and “supporting employee self-actualization (career development).” Here, we present three employees who were able to take a new step forward with regard to these different materialities.

Diversity Using a relief employee to enable taking parental leave
– Enjoying three months with my family



Yokkaichi Plant
Functional Materials Production Division
Production Group

Daichi Ishihara

I took approximately three months of parental leave following the birth of my second child. I took a brief parental leave when I had my first child, but, since this next child came so soon after the first, I knew things would be even busier; so, I decided to take a longer leave.

From the start, my wife and I found that taking care of two children together made our daily routine much busier and more hectic than we had imagined. Our daily routine revolves entirely around our children’s needs, from meal times and naps to handling nighttime crying. However, being able to witness my children’s growth firsthand has been invaluable, and seeing my older child gently comforting the younger one always warms my heart.

At work, I received support from my colleagues, which made the handover process smooth. Because we work as a team on a daily basis, I felt confident that I could take parental leave without any need to worry. My immediate supervisor had also taken parental leave before, so his understanding and supportive words were a great source of encouragement.

After these three months, what I’ve come to realize most is that “someone may be able to substitute for you at work, but there is no substitute when it comes to family.” If you are hesitant about taking parental leave, I would encourage you to consider it positively.

Fostering Innovation Obtaining a doctoral degree through a program for
working professionals



Central Research Institute
Formulation Research Laboratory
Product Development Group

Takahiro Maruyama

Through my involvement in collaborative research projects, I had the opportunity to pursue my doctoral studies to obtain a Doctor of Engineering degree. My doctoral research topic was “Developing new dosage forms that provide added value.” In it, I delved into the work being done in the Formulation Research Laboratory, which is part of the pesticide development process. Some of the data obtained during my research could not yet be released publicly, so I had to proceed with doctoral research while obtaining confirmation and cooperation from my superiors and other departments. Furthermore, I found that there were subtle differences in how data is collected between academia and industry, which presented some challenges. However, learning from various professors with diverse backgrounds was a valuable and enriching experience, broadening my perspective.

In my current role, I primarily focus on evaluating production conditions for manufacturing in the factory, which means I handle the part of formulation research that is closest to the actual production process. Going forward, I plan to thoroughly elucidate the differences between laboratory-scale production and large-scale manufacturing, and, eventually, I want to combine all my accumulated experience to challenge myself with developing new products that are grounded in formulation technology.

Career Development Complementing language study abroad with
experience in the agrochemicals sales industry



Biosciences Business Headquarters
Product Development & Marketing Division
Asia Pacific Group

Nanako Nishide

Because my job requires strong English skills, I had always wanted to study abroad ever since learning about the global human resource development program. Fortunately, in my second year after joining the company as a new graduate, my wish came true, and I was able to participate in a 13-week training program in the Philippines and Malaysia. Initially, my plan was to focus solely on the language program, but, after receiving advice from my supervisor to also learn practical English skills through work experience, I spent the last month accompanying employees of a related company to observe firsthand the current situation of agrochemical sales in the Philippines. In an environment where everyone except me was local staff, I gained confidence and improved my communication skills by not being afraid to ask questions and clarify things, even if it meant making mistakes.

My current job also involves handling matters related to Southeast Asia. To understand the local market situation, it’s crucial to gather information directly from farmers and those involved in farming operations. This role requires the ability to communicate confidently in English, as well as having an understanding of different cultures and lifestyles, and these are skills that can be greatly enhanced through study abroad experiences. I will continue to improve my English skills, work daily to gain more experience, and keep striving to grow further.

Basic Philosophy

Within the ISK Group, we recognize climate change action is an urgent issue, and we are making efforts focused on “Dealing with climate change, reducing environmental impacts” as a materiality. ISK Group strives to analyze, examine, and disclose the information related to the climate change issues under the TCFD recommendations, and in carrying out business activities, ISK Group will contribute to address environmental and social issues to realize a sustainable society and improve its corporate value.



Web Sustainability: Dealing with climate change
<https://www.iskweb.co.jp/eng/environment/climate.html>

Governance

Our climate change-related efforts are overseen by the Sustainability Promotion Committee, which is established under the Board of Directors. The Office of Sustainability Promotion, headed up by an executive officer, plans measures which will then be implemented by the Climate Change Team underneath it. The team comprises people from factory management, manufacturing divisions, administrative department, and ISK affiliates. The efforts and measures the team comes up with are deliberated on at Sustainability Promotion Committee meetings held at least twice a year, and those approved are consulted on and passed by the Board of Directors. The progress of activities by the Sustainability Promotion Committee, including the Climate Change Team, is reported every three months to the Board of Directors, which supervises these activities.



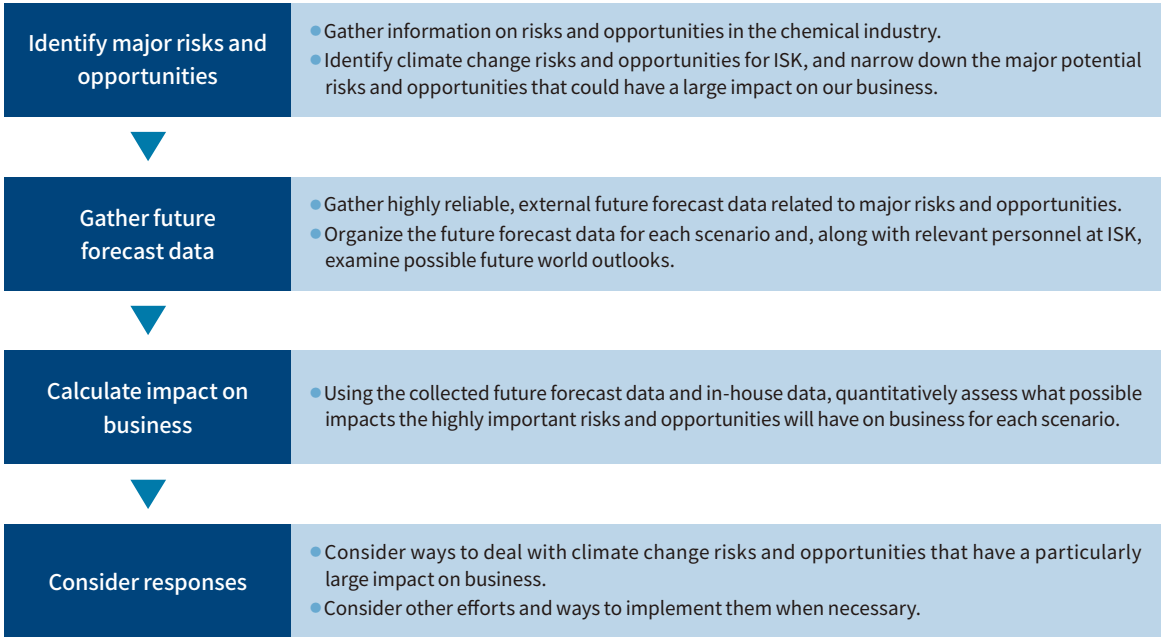
Strategy

Chosen Climate Change Scenarios

Referencing climate change scenarios published by the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change), we selected scenarios of a rise of 1.5–2°C and 4.0°C. Recognizing that climate change’s impact on business becomes more evident in the medium- and long-term, we analyzed the impact of climate change until 2050, as the time horizon.

- *Referenced climate change scenarios
- 1.5–2°C scenario: Scenario with sustainable development and climate policy to keep temperature rise under 2°C compared to pre-industrial levels but to also aim to keep it to 1.5°C or less (IEA NZE 2050, IEA SDS, SSP1-2.6, RCP2.6)
 - 4°C scenario: Maximum emissions scenario with no climate policy and development dependent on fossil fuels (IEA STEPS, SSP1-2.6, RCP2.6)

Scenario Analysis Process



■ Scenario Analysis Results

The ISK Group used external information to analyze the main climate change risks and opportunities in our business, and gathered future forecast data related to each risk and opportunity. Based on this, we considered the risks and opportunities that arise from the transition to the carbon neutral society, and the physical risks and opportunities caused by climate change, under each of the 1.5–2°C and 4°C scenario. We then analyzed the major risks and opportunities that could impact our business up until 2050. As a result, for the 1.5–2°C scenario, we identified risks such as greatly increased operating costs due to the imposition of a carbon tax on CO₂ emissions. Therefore, recognizing the importance of reducing CO₂ emissions across the entire ISK Group, we will proceed with various planned measures towards achieving carbon neutrality by 2050.

Risk Management

One of the eight priority issues (materiality) that the ISK Group has identified is “dealing with climate change and reducing environmental impacts.” In recognition of the urgency of climate change, the ISK Group has established the Climate Change Team under the Office of Sustainability Promotion. This team identified climate change risks, the results of which are assessed and controlled by the Sustainability Promotion Committee. When necessary, matters are reported to the Corporate Risk Management Committee.

Business Risks and Opportunities Identified through Risk Level Assessment and Scenario Analysis

Time horizon: Short term: 2025, medium term: 2030, long term: 2050

On major opportunities

Financial impact more than one billion yen: Financial impact less than one billion yen:

On major risks

Financial impact more than minus one billion yen: Financial impact less than minus one billion yen:

Major Risks and Opportunities			Covered business	Explanation of risks and opportunities			Responses aimed at reducing risks and seizing opportunities
				Explanation	Time horizon	Financial impact (2050)	
Transition risks	Policies/regulations	Introduction of carbon tax, stricter CO ₂ emission regulations	Organic chemicals/Inorganic chemicals	Increased operating costs due to the imposition of a carbon tax on CO ₂ emissions (For 1.5°C: Cost increase of approx. 17.2 billion yen in 2050*)	Medium–long		- Shift boiler fuel away from coal - Rebuild manufacturing systems - Implement carbon capture and use renewable energy
	Technologies	Shift to meeting consumer needs for low-carbon products	Organic chemicals/Inorganic chemicals	Developing low-environmental impact products and strengthening manufacturing systems (Calculation of evaluation of financial impact includes rise in semiconductor demand)	Medium		- Expand sales of electronic components (semiconductors etc.), materials (IPM products), and others that reduce environmental impact - Create new technologies and products (Organic: Develop IPM products with a view to smart agriculture using AI and IoT, etc.) - Utilize subsidies and subsidy systems for capital investment and product development
	Markets	Rising raw material prices (titanium ore, coke, others)	Inorganic chemicals	Increased procurement costs, rising material prices due to limited availability	Medium		- Increase yields and reduce waste - Reduce CO₂ in procurement through cooperation with suppliers and the industry
		Energy cost fluctuations	Organic chemicals/Inorganic chemicals	Sharp price fluctuations in coal, fuel oil, gas, and electricity	Short–medium		- Diversify the energy sources - Pursue thorough energy savings
	Reputation	Greater awareness of environmental consciousness among customers	Organic chemicals/Inorganic chemicals	Fewer product orders and lower investor ratings due to delay in decarbonization	Medium	—	- Proactively strive to reduce environmental impact - Pursue thorough information disclosure
Physical risks	Acute	Rise in severity of extreme weather events such as typhoons and floods	Organic chemicals/Inorganic chemicals	Property damage and lost profits due to disasters	Short		- Expand and improve BCPs, conduct drills - Increase the number of suppliers - Consider a backup manufacturing system
			Organic chemicals/Inorganic chemicals	Rise in insurance costs due to higher risks of disaster striking bases	Short		Revise terms of insurance contracts
			Organic chemicals	Decrease in sales of agricultural materials due to farmers' damage from floods	Short		- Develop materials that solve new issues arising from extreme weather (rain-resistant materials, biostimulants that counter heat stress, and others) - Select certain countries for priority development and marketing based on predictions of changes in uncertain ecosystems (pests, weeds, etc.)
	Chronic	Rise in average temperature, extreme change of weather patterns	Organic chemicals	Increasing sales opportunities provided by selling of materials that respond to ecosystem changes	Medium–long		

*Financial impact evaluation uses carbon pricing in each country under the 1.5°C scenario (IEA NZE 2050) for the calculation of cost impact (Scope 1, 2). Note that the organic business includes subcontractors (Scope 3).

Indexes and Targets

Our group's greenhouse gas (GHG) emissions (Scope 1 and 2) fluctuated in line with our annual production volume, but, overall, remained at the same level as the previous year. Additionally, our Scope 3 emissions, which are emissions from the supply chain, decreased due to reductions in raw material procurement costs and outsourcing costs. At the Yokkaichi Plant, which has the highest CO₂ emissions, the company is not only promoting energy-saving activities but enabling the use of renewable energy derived from biomass, introducing low-energy-load equipment, and putting in place an internal carbon pricing system to further promote these initiatives. We are working to reduce emissions from various perspectives, including verifying technologies to improve thermal efficiency and developing mass-production methods for heat storage materials.

GHG (Greenhouse Gas) Emissions of ISK Group (1,000 t-CO₂e)

GHG emissions	FY2019 (base year)	FY2020	FY2021	FY2022	FY2023	FY2024	
Scope1	471	408	488	476	479	427	☑
Scope2 (market standard)	20	19	23	22	24	23	☑
Total	490	427	511	498	504	451	

GHG emissions are calculated based on GHG Protocol ☑ : Emissions subjected to third-party assurance
Note: For the current year and all previous years, Scope 1 emissions data has been adjusted, in line with the Act on Promotion of Global Warming Countermeasures, by deducting 110,000 t-CO₂e (for fiscal 2024) from energy generation for other companies.

- **Calculation target:** For Scope 1 and 2 emissions, the calculation includes Ishihara Sangyo Kaisha, Ltd. and the following domestic and international consolidated subsidiaries.
Domestic: Ishihara Sangyo Kaisha, Ltd.: Encompasses the Head Office, Tokyo Branch, Yokkaichi Plant, and Central Research Institute / Fuji Titanium Industry Co., Ltd.: Encompasses the Main Office, Kobe Plant, and Hiratsuka Plant / MF Material Co., Ltd.: Encompasses the Nobeoka Plant and Hyuga Plant / ISK Engineering Partners Corporation, Ishihara Techno Corporation
International: IBC Manufacturing Company
- **Calculation method:** GHG emissions = CO₂ emissions + non-CO₂ GHG emissions
* CO₂ emissions (energy-related) = Σ(fuel consumption or purchased electricity x CO₂ emission factor)
* CO₂ emissions from non-energy sources = Σ(Activity level of non-energy GHG sources x CO₂ emission factor)
* CO₂ Non-CO₂ GHG emissions = Σ(Non-CO₂ GHG emissions x global warming potential factor)
【Emission factor】 Fuel and steam: Latest emission factors based on the Act on Promotion of Global Warming Countermeasures
Purchased electricity: For domestic electricity, the latest basic emission factor based on the official notification under the Act on Promotion of Global Warming Countermeasures is used.
For international locations, IEA Emissions Factors 2024 location-based emissions factors are used.
Global warming potential factor: The emission factor specified in Japanese government's system for calculating, reporting, and publicly disclosing greenhouse gas emissions is used.

About acquisition of third-party assurance

For our GHG emissions data (Scope 1 and 2), we have obtained a third-party assurance report (limited assurance) from Asuene Veritas Inc., a provider of third-party assurance services in accordance with ISAE 3000 and ISAE (International Standard on Assurance Engagements) 3410 international assurance standards.



Web Sustainability: Dealing with climate change

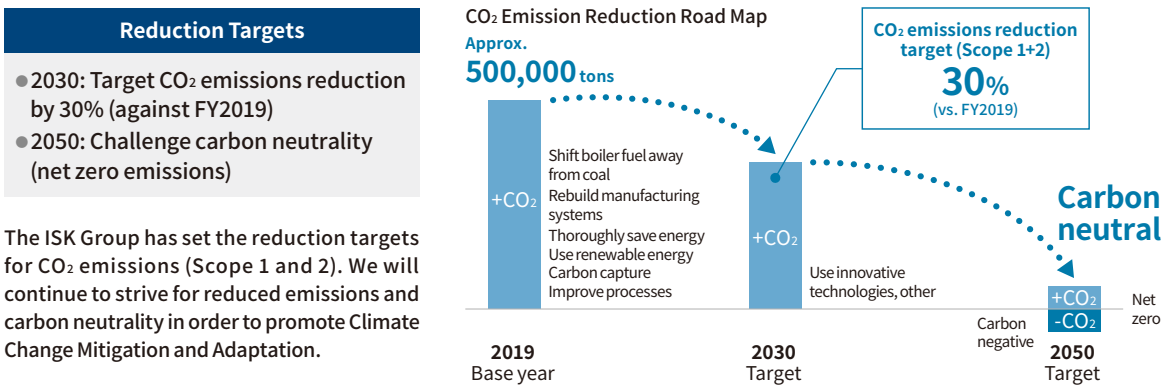
<https://www.iskweb.co.jp/eng/environment/climate.html>

GHG Emissions of Scope3 (1,000 t-CO₂e)

Scope3	Category	Calculated Scope	Calculation Basis	FY2024
Category 1	Purchased goods and services	Non-consolidated	Calculated from raw material procurement costs and outsourcing costs	406.10
Category 2	Capital goods	Consolidated	Calculated from capital investment amount and emissions intensity	27.81
Category 3	Fuel and energy-related activities not included in Scope 1 or Scope 2	Consolidated	Calculated from Scope 1 and 2 energy consumption	44.90
Category 4	Upstream transportation and distribution	Non-consolidated	Calculated based on specified shipper periodic reports	3.59
Category 5	Waste generated in operations	Consolidated (in Japan)	Calculated from the amount of disposed general and industrial waste	2.70
Category 6	Business travel	Consolidated	Calculated from number of employees and emission intensity	0.24
Category 7	Employee commuting	Non-consolidated	Calculated from employee commuting expenses	0.49
Category 8	Upstream Leased assets	Not included in Scope 3 because all leased properties are subject to Scope 1 and 2 calculations		—
Category 9	Transportation/distribution or delivery (downstream)	Not applicable due to the wide range of product usage, making it difficult to ascertain		—
Category 10	Processing of sold products	Not applicable based on WBCSD Chemical Sector Guidance		—
Category 11	Usage of sold products	Not applicable based on WBCSD Chemical Sector Guidance		—
Category 12	End-of-life treatment of sold products	Not applicable due to the wide range of product usage, making it difficult to ascertain		—
Category 13	Downstream leased assets	Not applicable as there are no leased assets held for rental purposes		—
Category 14	Franchises	Not applicable as there is no franchise business		—
Category 15	Investments	Not applicable as there are no profit-making investment activities		—
Total of GHG Emissions of Scope3				485.81

ISK Group Aiming for Carbon Neutrality by 2050

With climate change becoming a major worldwide issue, the ISK Group has identified dealing with climate change and reducing environmental impacts as priority issues (identified materiality) and aims to become carbon neutral by 2050.



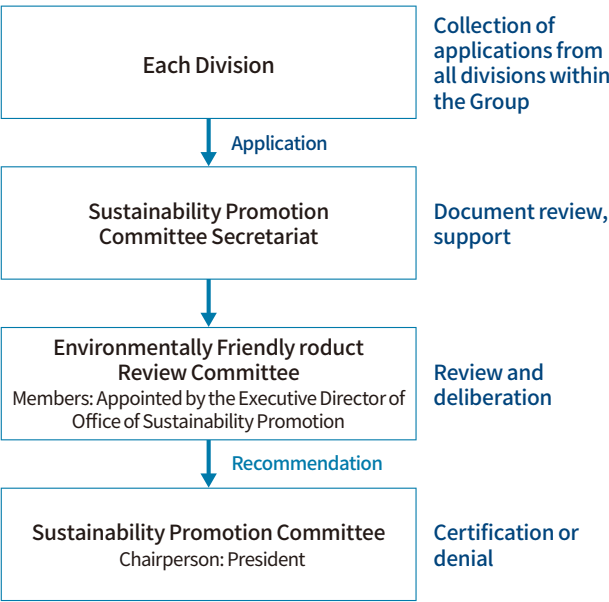
The ISK Group has set the reduction targets for CO₂ emissions (Scope 1 and 2). We will continue to strive for reduced emissions and carbon neutrality in order to promote Climate Change Mitigation and Adaptation.

Helping to Realize Better Living Environments by Creating Environmentally Friendly Products

The mission of the ISK Group is “to continue contributing to better living environments through chemical technologies,” and we have endeavored over the course of many years to provide products that benefit people's lives and society. In recent years, in response to global challenges such as climate change and the sustainable use of limited resources, we have placed even greater emphasis on reducing environmental impact throughout all stages of the product manufacturing, logistics, use, and disposal processes. Starting this fiscal year, we have introduced a system within our company to certify products that meet given standards for environmental contribution as “environmentally friendly products.” This system aims to make the environmental value of our products more visible and to communicate it more clearly to both internal and external stakeholders. We will continue our efforts to develop environmentally friendly products that contribute to creating better living environments for everyone.

Certification System for Environmentally Friendly Products

We define environmentally friendly products as those that possess characteristics that reduce environmental impact, taking into account aspects such as addressing climate change, efficient resource utilization, reducing environmental impact, and other ESG contributions. We conduct both qualitative and quantitative assessments to determine the extent to which our products contribute to reducing GHG emissions and other environmental impacts throughout the value chain (product manufacturing, logistics, use, and disposal). Based on data related to the carbon footprint (CFP), usage, and distribution of the target product, the “Environmentally Friendly Product Review Committee” will evaluate its advantages compared to conventional products, and the Sustainability Promotion Committee will then certify it.



Environmentally Friendly Products and Reasons for Certification

Tiafenacil (herbicide)

- Tiafenacil is a non-selective herbicide, jointly developed by FarmHannong of South Korea and ISK, which is widely used in no-till farming*1 for major crops in North and South America.
- By being suitable for no-till farming, this product contributes to reducing CO₂ emissions, and, because it requires only about one-thirtieth the amount of active ingredient compared to conventional products, it also helps to reduce environmental impact. A smaller dosage also leads to improved logistical efficiency and helps to reduce the environmental impact of transportation.

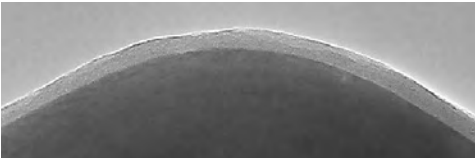
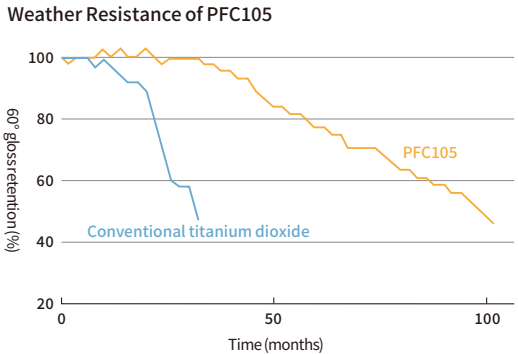
*1 A cultivation method that involves sowing seeds and applying fertilizer to the land immediately after harvesting the previous crop, without tilling the soil.



REVITON™ is an example of a herbicide containing Tiafenacil, and it is marketed by HELM AG.

PFC105 Highly Weather-resistant Titanium Dioxide Pigment

- PFC105 is a highly weather-resistant titanium dioxide pigment which is mainly used in exterior coatings for buildings and bridges.
- Paints that use PFC105 have longer-lasting coating performance, which reduces the frequency of repainting and, thus, decreases the overall amount of paint used. Therefore, reduces CO₂ emissions generated by the paint manufacturing and painting processes.

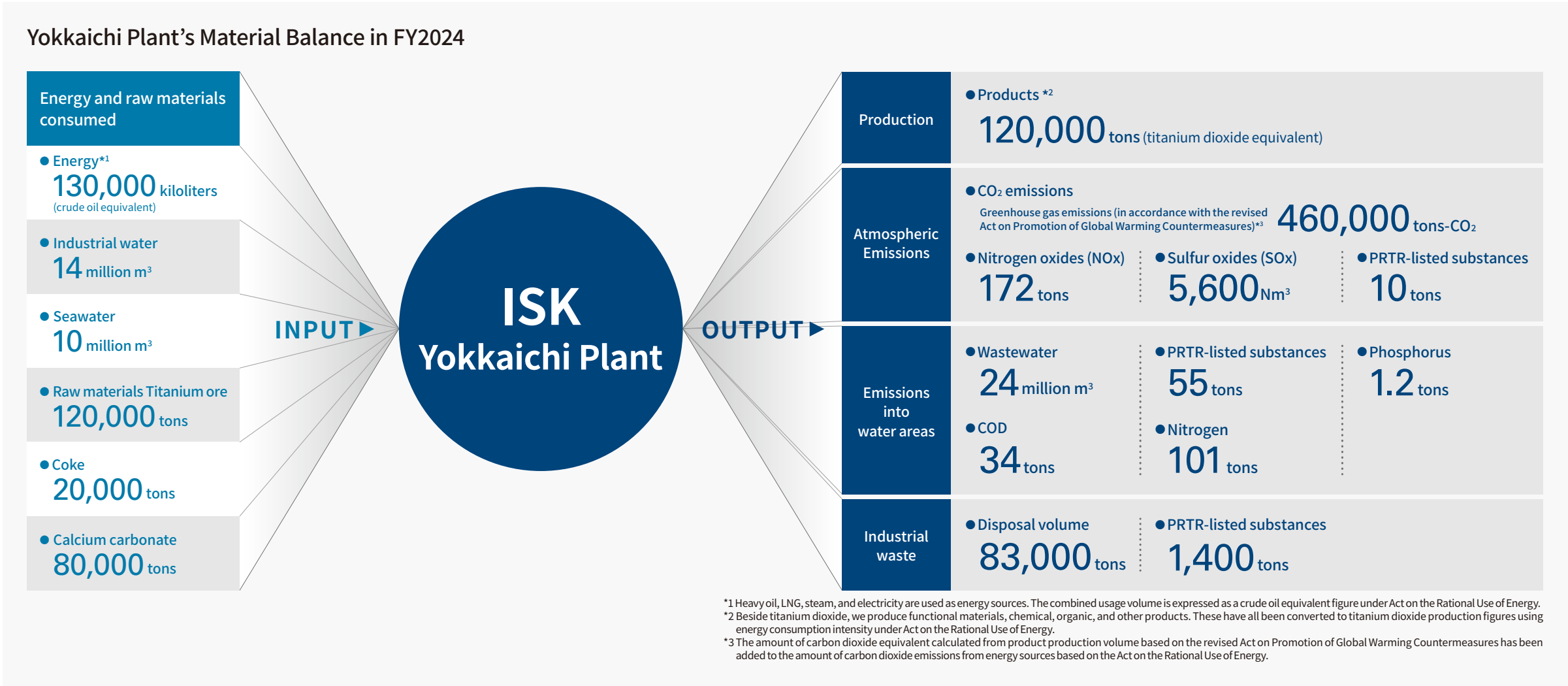


The more dense silica treatment layer of PFC105



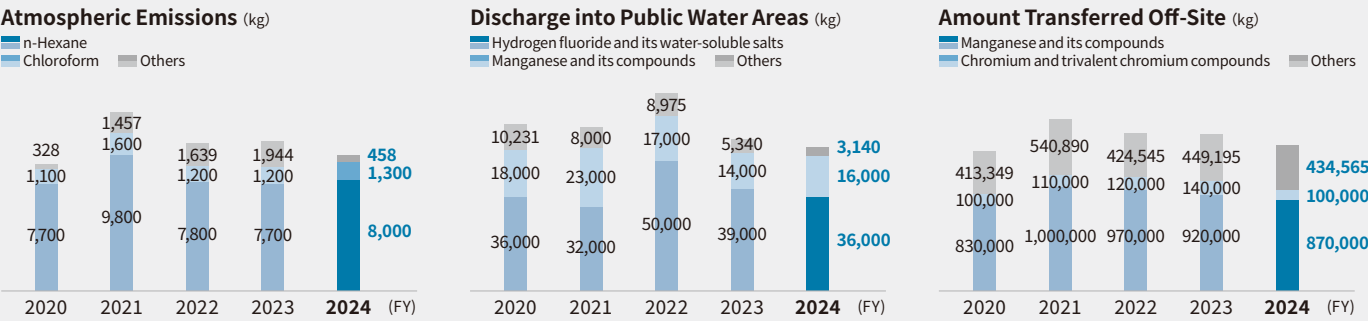
Silica treatment layer of conventional titanium dioxide

Environmental Protection



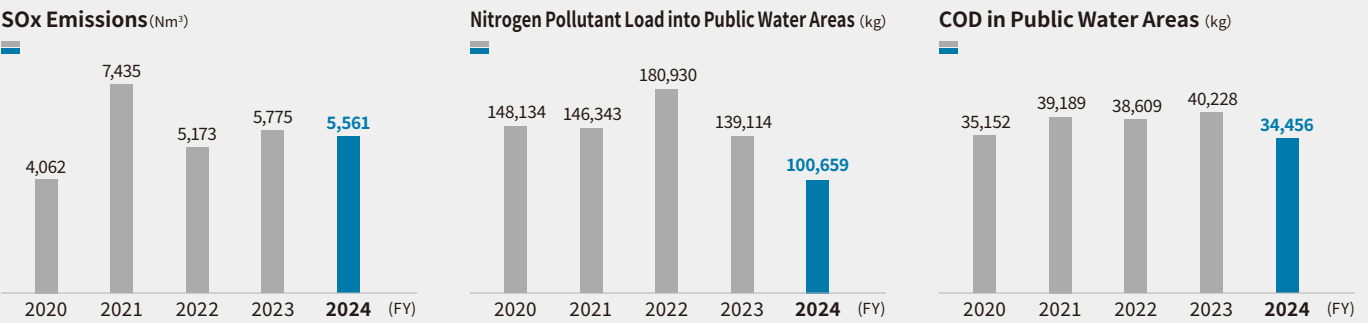
Release and Transfer of PRTR-Listed Chemical Substances to Environment

The PRTR (Pollutant Release and Transfer Register) is a system under which the government announces, from where, to where and how much chemical substances are released and transferred that may be harmful to human health and ecosystems. It also aims to encourage companies to exercise self-restraint through disclosure. The Yokkaichi Plant and the Central Research Institute handle 24 substances and 1 substances covered by the PRTR, respectively. These have been reported to the government. The graphs show the change in the amounts released and transferred at the Yokkaichi Plant in the past five years.



Reducing Environmental Impact on Atmosphere and Water Areas

The graphs show the amounts of substances, covered by total mass emission control, discharged into the atmosphere and public waters at the Yokkaichi Plant. The plant has voluntary emission standards that are stricter than the total mass emission control values set under Japan's Air Pollution Control Act and Water Pollution Control Act.

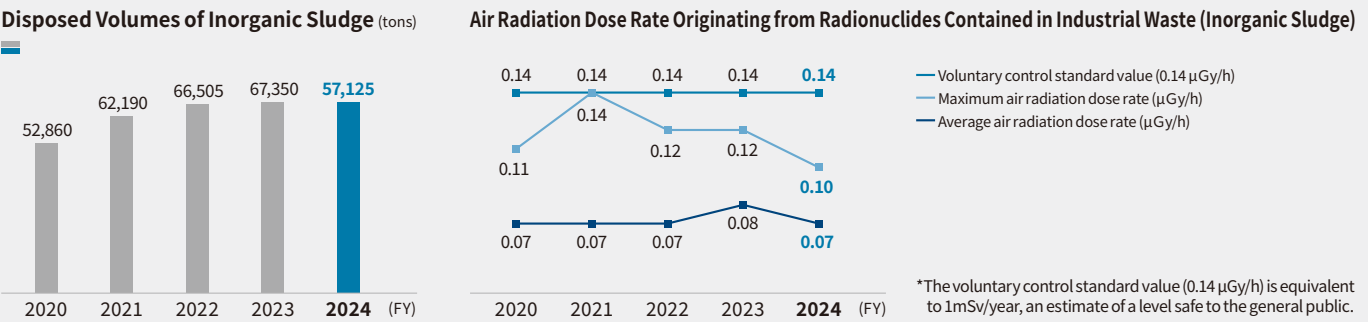


Reduction of By-product Inorganic Sludge

Unnecessary by-product solids (inorganic sludge), generated by each production activity such as titanium dioxide, are properly transported to an industrial waste disposal site.

Controlling Air Radiation Dose Rate of Inorganic Sludge

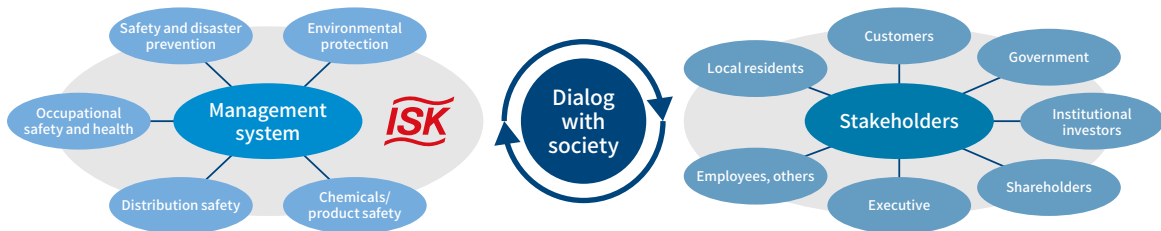
Ore, used as a raw material for titanium dioxide, contains trace amounts of radioactive impurities such as uranium and thorium, and these are treated and disposed of as waste. Prior to being transferred as industrial waste, radiation levels are measured in accordance with a voluntary control standard to ensure that they are safe.



Responsible Care Activities

ISK’s Responsible Care

ISK undertakes Responsible Care (RC) activities aimed at environmental, health, and safety assurance. In particular, our activities encompass chemical product and distribution safety specific to the chemical industry, as well as environmental protection, process safety and disaster prevention, and occupational safety and health, along with dialog with society, common to many different industries.



Ninth Responsible Care Yokkaichi Regional Dialogue Forum “Striving to Ensure a Safe and Secure Plant – Occupational Safety and Health and Disaster Prevention”

As part of its Responsible Care (RC) activities, the Japan Chemical Industry Association, to which ISK belongs, holds dialogue events with residents in the areas surrounding its member companies’ plants, on a regional basis. In October 2024, our Yokkaichi Plant served as the lead organizer and, with the cooperation of other member companies in the region, successfully hosted the “Ninth Responsible Care Yokkaichi Regional Dialogue Forum.”

The Eighth Regional Dialogue Forum, held two years prior to that, was a small-scale event with only 100 participants due to the impact of COVID-19. However, this time, approximately 150 local residents, government officials and business representatives participated. In addition to the main forum featuring presentations by government officials and businesses, an open forum for discussion was also held to foster greater interaction and communication with the local community.

During the government’s presentation period, the Yokkaichi City Fire Department provided information on regional cooperation efforts among local government agencies which transcend municipal and prefectural boundaries. Two member companies also gave presentations on the topics of disaster prevention and occupational safety and health. As in the previous forum, Professor Yoshihito Takeda from Hokkaido University facilitated an interactive discussion and exchange of ideas between the participants and local residents, with ample time for questions and comments.



Q&A session at the regional dialogue forum

What is Responsible Care?

Companies that handle chemicals voluntarily undertake Responsible Care activities to provide environmental, health, and safety assurance covering everything from chemical substance development to production, distribution, usage, final consumption, disposal, and recycling. The results of these activities are shared and discussed with stakeholders. Responsible Care originated in Canada in 1985 and has subsequently spread to companies around the world.



Responsible Care Achievements in Fiscal 2024

RC Code	Fiscal 2024		
	Objectives	Achievements	Evaluation
Environmental protection	Planned emission reduction of PRTR-listed materials	The amount getting into public water areas was reduced.	●
	Reduce energy intensity or electricity demand leveling performance by 1% year-on-year and to reduce carbon dioxide emissions by 1% year-on-year.	Energy intensity decreased by 97.4% year-on-year, thus achieving the 1% reduction target.	●
	Reduce, reuse, and recycle waste	We promoted measures to reduce industrial waste and encouraged resource recovery (conversion into valuable materials) and recycling.	●
Process safety and disaster prevention	Eliminate plant accidents (fire, explosion, leakage)	There was one plant accident.	×
Occupational safety and health	Work to achieve “zero lost time accidents” at each ISK site.	There were two lost-time accidents: one at the Yokkaichi Plant (due to a fall) and another at the Central Research Institute (during business travel).	×
Distribution safety	Ensure compliance with domestic and international chemical substance regulations and implement the use of emergency response cards (so-called Yellow Cards), GHS labels, and SDS management.	Yellow Cards, GHS labelling, and SDSs were appropriately implemented.	●
Product safety	Ensure that the authorities are properly notified on the use of chemical substances, and provide customers with appropriate SDSs and labels.	We ensured that the authorities are properly notified on the use of chemical substances, and we provided SDSs.	●
Dialog with community	More two-way communication was carried out with local citizens.	We hosted the Responsible Care Yokkaichi Area Regional Dialogue Forum to promote communication.	●

Occupational Safety and Health

Basic Policy

ISK’s safety and health policy is to ensure the safety, security, and health of employees and local residents by complying with safety and health-related laws, preventing accidents and disasters, building a pleasant work environment, and constantly raising the level of safety and health. Additionally, we have established “occupational safety and health, operation safety, and disaster prevention” as one of our Group’s key issues (materiality) and are promoting initiatives aimed at achieving a lost injury frequency rate and severity rate of zero.

Safety and Health Management Structures

In line with our “Basic Policies on Environmental Protection and Safety & Health Promotion,” we have established the Environment, Safety & Health Management Committee under the purview of the Office of President to deliberate on the highest level policy proposals relating to safety and health, the environment and chemical substance management. Below this is the Environmental, Safety & Health Council which, in addition to the organizations that promote environmental conservation and undertake chemical substance management, promotes occupational safety and health promotion awareness.



Safety and Health Management System

At ISK, we have established “environmental, safety and health goals” which reflect the characteristics of operation at each business location, and, in order to achieve these goals, key initiatives are set at the beginning of each fiscal year. Here, we will look at the initiatives of our sole plant, the Yokkaichi Plant.

Fiscal 2025 Environmental, Safety and Health Goals for the Yokkaichi Plant (safety and health-related only)

- | | |
|--|---|
| 1. Eliminate plant accidents (fire, explosion, leakage, etc.) | 4. Promote safety and health and health measures for older workers |
| 2. Achieve zero workplace accidents (zero lost-time accidents) | 5. Achieve zero lost-time accidents involving commuting employees’ vehicles |
| 3. Improve health awareness and prevent health disorders | |

■ Technological Advancement-driven Efforts to Enhance Safety

We are utilizing drones (unmanned aerial vehicles) equipped with high-magnification zoom cameras to improve the efficiency and accuracy of inspections in high-altitude locations. This results in a reduction in the need for scaffolding and work at heights, leading to lower costs and a reduced risk of workplace accidents. Furthermore, by incorporating a 3D scanner, we can now create highly accurate 3D models of structures, including piping systems, and this data can be managed on the cloud. This allows us to obtain information about facilities and equipment without having to rely on blueprints or on-site inspections. In addition, we have implemented digital X-ray (DR) technology for non-destructive testing in some areas, which has led to improved inspection accuracy and reduced inspection time. Through these advanced technological initiatives, we aim to enhance maintenance and safety management via predictive maintenance.



■ Heatstroke Prevention

As the heatwaves become more intense each year, we are taking basic steps to prevent heatstroke, such as by improving the working environment, managing the physical condition of workers, and managing working hours. This year, in particular, we are emphasizing the importance of staying hydrated by drinking ice slurry (a fine, slushy beverage that can effectively cool the body from the inside) as a measure to prevent heatstroke.

To strengthen measures against heatstroke in the workplace, the revised Occupational Safety and Health Regulations came into effect on June 1st of this year, mandating that employers establish systems, create procedures, and inform all relevant personnel to prevent serious cases of heatstroke. Regarding these, while we are already implementing them, we will further strengthen our collaboration with all relevant personnel on-site to prevent serious cases of heatstroke. This will involve early detection of any employees showing unusual symptoms, prompt decisions on transporting them to medical facilities, and providing immediate first aid until they reach medical care, all in order to prevent heatstroke from developing into a serious condition.

Respect for Human Rights

We have formulated the ISK Group Policy on Human Rights to further our efforts in respecting individuals. Based on international human rights standards such as the International Bill of Human Rights, the policy proclaims ISK’s dedication to preventing discrimination and harassment and respecting individual privacy. It also details how we implement education and training to effectively achieve these goals and conduct due diligence, as well as disclose pertinent information. In line with this policy, we pursue efforts to further respect human rights at all our worldwide bases.

Web Sustainability: Respect for Human Rights
https://www.iskweb.co.jp/eng/environment/human_rights.html

Implementation of Human Rights Due Diligence

As part of our commitment to respecting human rights, as outlined in the “ISK Group Policy on Human Rights,” we conducts human rights due diligence to identify potential negative impacts on human rights within our operations, and take measures to prevent and mitigate such impacts.

Steps in Human Rights Due Diligence



Implementation of Human Rights Education and Training

In fiscal 2024, we conducted “Business and Human Rights Training” for all employees, with the aim of enhancing their understanding of basic human rights knowledge and deepening their understanding of the ISK Group’s initiatives. In each workplace, employees watch an original video and participate in a workshop to raise awareness about respect for human rights. Furthermore, we conduct external expert-led training sessions for senior management (including those at our Group companies in Japan), with the aim of enhancing their understanding of real-world examples of human rights issues in business and best practices for conducting human rights due diligence.

Cover of the FY2024 Training Report

Designation of Human Rights Risks to Be Prioritized

Placing the highest priority on human life, the ISK Group has identified initiatives to address as priority human rights risks. These include responding to the fact that our major manufacturing sites are located in areas expected to be damaged by a Nankai Trough earthquake, enhancing our response to geopolitical risks, responding to workplace-specific risks like long working hours and harassment, and responding to increasingly sophisticated information security risks. We also believe that it is necessary to understand the current state of human rights at suppliers and business partners and communicate with them in order to further increase transparency.

Human Rights Risks to Be Prioritized	Affected Group	Major Human Rights Risks
Health and safety	Workers at ISK’s group companies	● Large-scale earthquakes, pandemics, etc. ● Protest activities, terrorism, and kidnappings in regions with geopolitical risks and at our overseas sites
Long working hours	Workers at ISK’s group companies	● Normalization of long working hours due to personnel shortages, diversification of work styles, etc.
Harassment / abuse / corporal punishment	Workers at ISK’s group companies	● Occurrence of harassment accompanying the diversification of work and human relationships
Leakage of personal information or invasion of privacy	Workers at ISK’s group companies and Customers	● Diversification of risk factors, such as unauthorized access and cyberattacks, accompanying the development of information technology
Human rights issues at suppliers and business partners	Workers at suppliers and business partners	● Insufficient understanding of the actual state of human rights

Development of Supplier Guidelines

As part of our efforts to address human rights issues related to our suppliers and business partners, we have developed and published the “Supplier Guidelines on the Basis of ISK Group Policy on Procurement” and are working to promote mutual understanding with our suppliers and business partners. We will continue to strengthen our efforts to respect human rights throughout our entire value chain.

Supplier Guidelines on the Basis of ISK Group Policy on Procurement		
1. Compliance with laws and international norms; and reinforcement of corporate governance	4. Response to environmental and climate change issues	7. Information security
2. Respect for human rights and labor practices	5. Fair business activities	8. Supply chain
3. Safety, health, security and disaster prevention	6. Quality and safety	9. Business continuity plan (BCP)

Web Sustainability: Sustainable Procurement
<https://www.iskweb.co.jp/eng/environment/procurement.html>

Stakeholder Engagement

Ensuring We Continue to Earn Society’s Trust

It is important that the ISK Group continues to earn society’s trust so that we can grow in a sustained manner, both in terms of contributing to the realization of a sustainable society and in terms of its business activities. We are engaged in a variety of activities to increase relationships with business partners, shareholders and investors, local communities, and employees.



Collaboration with Business Partners

Our Group strives to foster mutual understanding with suppliers and business partners, aiming to build better partnerships based on trust. We take proactive and appropriate measures to ensure that our suppliers and business partners understand, share and implement our Group values throughout their operations.

Communication with Shareholders and Investors

We consider increasing corporate value and returning profits to shareholders to be our most important management policies. We have put in place a system to promote dialogue with shareholders and investors.

■ System

- We have a Public Relations Committee, which reports directly to the president, as an entity charged with formulating the policies and strategies that guide our IR activities, studying how information should be disclosed, and implementing associated measures.
- We’ve appointed a director in charge of public relations to oversee issues related to constructive dialog with shareholders and investors.

■ Initiatives

Financial Results Report Meeting

We hold financial results briefings following the announcement of our full-year and second-quarter financial results, providing an opportunity for communication between top management and institutional investors.

No. of Participants in Financial Results Briefings (including Online Participants)

	FY2020	FY2021	FY2022	FY2023	FY2024
May	call off	35	35	39	54
November	22	38	34	41	42
Total	22	73	69	80	96

Institutional Investor IR Coverage

The director in charge of public relations handles individual interviews with institutional investors, either face-to-face or online, and engages in lively discussion on topics such as business growth strategies and shareholder returns.

Trends in institutional investor IR coverage

	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic investors	39	71	51	61	72
Overseas investors	9	19	21	39	43
Total	48	90	72	100	115

Shareholders’ Meeting

For our General Shareholders’ Meeting, we comply with the revised Companies Act which requires that materials for General Shareholders’ Meeting be provided electronically, and we send out meeting documents physically and electronically earlier than is required by law. In addition, to improve convenience for shareholders and investors who do not speak Japanese, we translate the entire convocation notice, including the business report, into English.



102nd ordinary General Shareholders’ Meeting
(convened in June 2025)

SR Interview

We host an annual roundtable with major shareholders with voting rights about topics such as our business performance and Corporate Governance initiatives. The views and information from those events are reported to the Board of Directors for the purposes of information sharing and for improving governance.

Communication with the Local Community

Yokkaichi Plant

■ Plant Tour

On June 23, 2025, we held our annual plant tour for first-year students from the local Shiohama Junior High School. First, the students were given an overview of the Yokkaichi Plant and an explanation of our environmental initiatives, after which they boarded a minibus to tour the entire plant and then visit the Technology Research Institute building to observe experiments using our products (photocatalytic titanium dioxide, HASClay™, and temperature rise suppression using black heat-reflective material). The students enthusiastically asked many questions, and the experiments they observed clearly seemed to stimulate their interest in chemistry. We will continue to offer opportunities such as these plant tours as a way of contributing to the local community.



A demonstration experiment using ISK products

■ Cleanup Activities

At the Yokkaichi Plant, we conduct cleanup activities twice a year along Ishihara Kaido, a municipal road that leads to the plant. These activities attract around 50 participants each time who want to contribute to the local community, such as by picking up trash. In addition, the Yokkaichi Plant is a member of the Mie Prefecture Industrial Waste Management Promotion Council and takes part in annual beach cleanup activities organized by the council at Nasa Beach on Toshi Island, which is part of Toba City, Mie Prefecture. We will continue to contribute to local communities through beautification efforts and other activities.



Clean-up activity at Nasa Beach on Toshi Island

Central Research Institute

■ Comprehensive Disaster Drills

We conduct comprehensive disaster drills each year that involve all employees in order to foster better individual disaster prevention awareness. In October 2024, under the supervision of fire department personnel, a series of drills simulating a fire outbreak in the Formulation Research Laboratory was conducted involving all departments (from the outbreak of a fire to getting people in the vicinity involved, alerting others, initial firefighting, calling emergency services, reporting to superiors, evacuation, and safety confirmation). After all staff gathered, firefighting training was conducted using water extinguishers under the guidance of firefighters. From July to September, we also conducted individual training tailored to the work duties of each department.



Initial fire extinguishing training in the laboratory

■ Cleanup Activities

Twice a year, employees volunteer to clean up the surrounding area. During these cleanup activities, participants wear bibs with the Ishihara Sangyo logo to highlight their participation in social contribution activities. Recently, members of the community have expressed kind words of encouragement, such as thanking the participants for their efforts and hard work, which makes these activities feel that much more rewarding. All of the members of the Institute will continue to take part in these activities which are rooted in the local community.



Clean-up activity in the local area

Corporate Governance

Basic Policy

In addition to making contributions to social development, protection of life and environmental preservation, ISK strives constantly to respect our shareholders, customers, suppliers, local communities, and employees while maintaining transparency in business activities abiding by laws and regulations.

In order to enhance corporate value by maintaining steady business growth and securing profitability, efforts to improve business transparency, reliability and corporate health are among management’s most important concerns, and we have worked hard to strengthen Corporate Governance through business management and enhanced internal controls founded on compliance.

Corporate Governance Structure

Structurally, we operate as a company with an Audit & Supervisory Board. In addition, we set Executive Management Committee under the Board of Directors in order to speed up decision-making by the Board of Directors and efficiently monitor and assess progress in important activities and projects. We have also introduced Executive Officer system with the aim of speeding up decision-making related to business activities.

Furthermore, we have the committees listed on the following page in order to strengthen our Corporate Governance.

The Sustainability Promotion Committee, which is under the Board of Directors, is responsible for deliberations, decision-making and control over important management issues related to the sustainability of our Group.

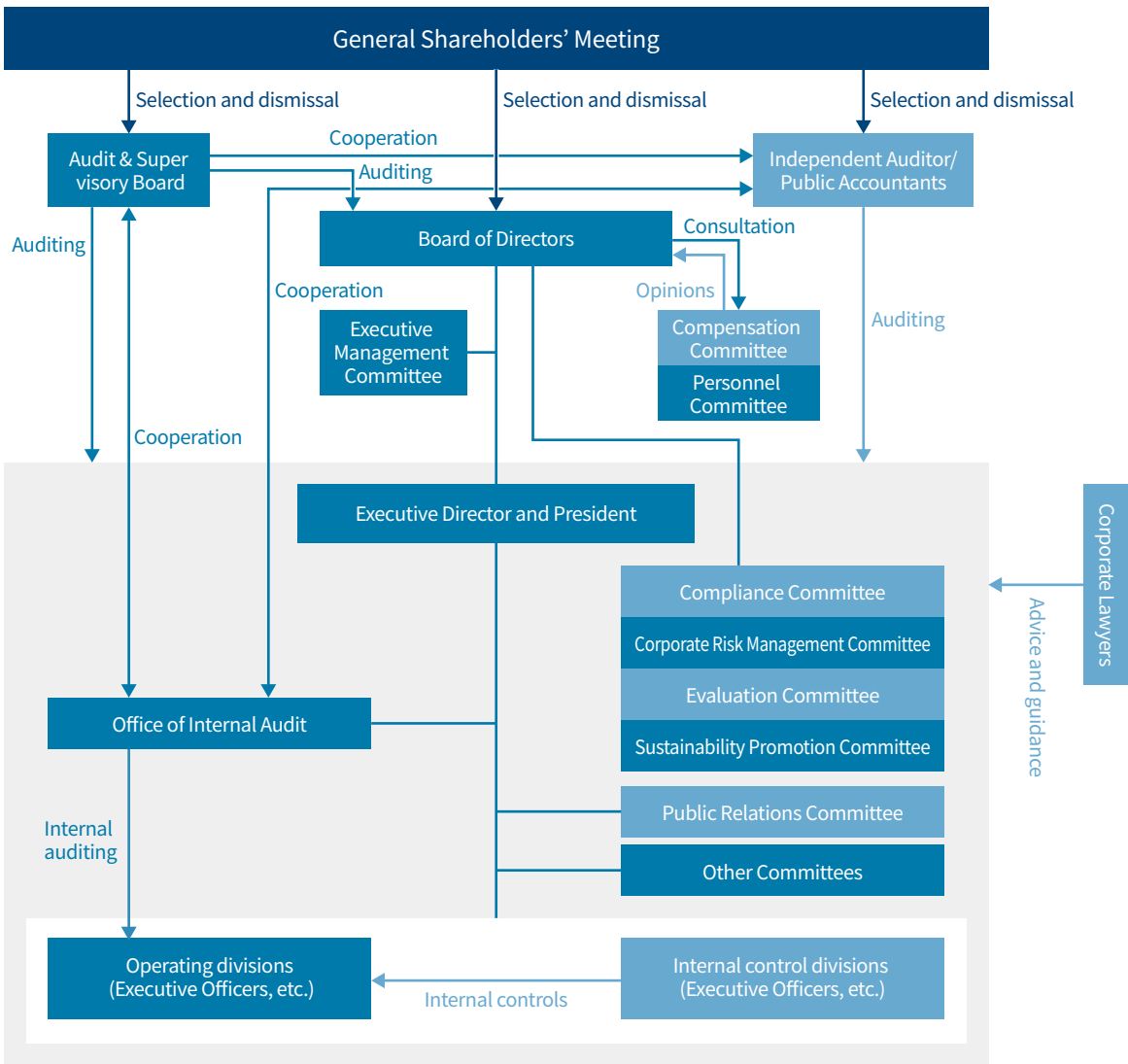
Board of Directors

Pursuant to the Board of Directors Regulations and other rules, our Board of Directors clearly defines the scope of matters to be resolved by the Board of Directors and sets the scope of authority delegated to management. Based on this, the Board of Directors discusses, and makes decisions on, basic management policies and other important matters, including business plans, sustainability management, corporate governance, and risk and compliance-related issues. In addition, as part of ISK Group management, the Board also makes resolutions regarding the basic management policies of our Group subsidiaries. We strictly supervise the execution of business matters decided by the Board of Directors and conduct appropriate evaluations. Through these efforts we promote transparent and reliable management with the aim of achieving sustainable growth and increased corporate value.

Major Matters Discussed and Reported at Board of Directors Meetings (June 26, 2024 to June 25, 2025)

Business Plan ● Capital cost-focused management policies ● Shareholder return policy ● Restructuring of the inorganic chemicals business ● Research system strengthening plan ● Corporate brand strengthening	Sustainability Management-related Matters ● Updating of KPIs for sustainability-related materialities ● Handling of TCFD ● Human resources management policy ● Participation in various initiatives ● Employee engagement ● Investor dialog-related activities
Corporate Governance-related Matters ● Effectiveness evaluation of the Board of Directors ● Evaluation of the internal control system ● Cross-shareholdings policy ● Officer compensation system design	Risk and Compliance-related Matters ● Risk management activities ● Compliance program ● Internal auditing

Corporate Governance Structure



Major Organizational Entities Related to Corporate Governance

Board of Directors	Functions	The Board of Directors meets at least once a month to make decisions concerning important matters, report on the progress of operational execution and action plan implementation, review performance, and discuss and make decisions about how to deal with related issues.	
	Times convened	17 times	
	Composition	Chairperson	Executive Director and President
Members		Directors	
Executive Management Committee	Functions	The Executive Management Committee under the Board of Directors in order to speed up decision-making by the Board of Directors and efficiently monitor and assess progress in important activities and projects.	
	Times convened	14 times	
	Composition	Chairperson	Executive Director and President
Members		The chairperson may require the attendance of such personnel as deemed necessary.	
Audit & Supervisory Board	Functions	Audits the Board of Directors' execution of its responsibilities, for example by attending Board of Directors and other important bodies and visiting departments regularly to exchange views in accordance with an audit plan adopted by the Audit & Supervisory Board, at least half of whose membership consists of independent Outside Audit & Supervisory Board members.	
	Times convened	13 times	
	Composition	Chairperson	Inside Audit & Supervisory Board member
Members		Inside Audit & Supervisory Board members, independent Outside Audit & Supervisory Board members	
Compliance Committee	Functions	Develops compliance structures based on the corporate philosophy and promotes corporate management predicated on compliance, for example by conducting compliance education and responding to the issues that come from its whistleblowing system.	
	Times convened	2 times	
	Composition	Chairperson (CCO)	Executive Director and President
Members		Directors, Audit & Supervisory Board Members, Headquarters Directors, Outside lawyer, ISK Labor Union chairperson	
		Directors of major subsidiaries	
Corporate Risk Management Committee	Functions	Assesses and manages corporate risk incurred in the course of operations, formulates countermeasures, and deals with risks that have manifested themselves.	
	Times convened	2 times	
	Composition	Chairperson	Executive Director and President
Members		Inside Directors, Headquarters Directors	

Evaluation Committee	Functions	Analyzes and evaluates the overall effectiveness of the Board of Directors	
	Times convened	2 times	
	Composition	Chairperson	Independent Outside Audit & Supervisory Board member
		Members	Independent Outside Directors, Inside Audit & Supervisory Board members, Independent Outside Audit & Supervisory Board members
Note: Five of seven positions on the committee (71%) are filled by independent Directors and Audit & Supervisory Board members.			
Compensation Committee	Functions	Offers views in response to requests for advice from the executive director and president, who is delegated by the Board of Directors about concerning the remuneration of directors and executive officers.	
	Times convened	3 times	
	Composition	Chairperson	Independent Outside Audit & Supervisory Board member
		Members	Independent Outside Directors, Independent Outside Audit & Supervisory Board members
Note: All five positions on the committee (100%) are filled by independent Directors and Audit & Supervisory Board members.			
Personnel Committee	Functions	Responds to inquiries from the executive director and president, who is delegated by the Board of Directors about the appointment of CEO's successor and candidates for new Director or Audit & Supervisory Board member positions, as advising the Board of Directors	
	Times convened	4 times	
	Composition	Chairperson	Independent Outside Audit & Supervisory Board member
		Members	Independent Outside Directors, Independent Outside Audit & Supervisory Board members
Note: All five positions on the committee (100%) are filled by independent Directors and Audit & Supervisory Board members.			
Sustainability Promotion Committee	Functions	Undertakes initiatives to address climate change, human rights, diversity and inclusion, health and productivity management, and DX	
	Times convened	2 times	
	Composition	Chairperson	Executive Director and President
		Members	Inside Directors, Headquarters Directors, and others
Public Relations Committee	Functions	Ensures transparency by disclosing information to investors in a timely manner, ensures the timely disclosure of information from Yokkaichi Plant to the local community, and promotes communication between our stakeholders and the company	
	Composition	Chairperson	Executive Director and President
		Members	Directors, Representatives of Branches, Headquarters Directors, and others

Board of Directors Effectiveness Analysis, Evaluation, and Results

In view of the responsibilities for Boards of Directors stipulated in the Corporate Governance Code, and in order to improve the functioning of the Board of Directors, an Evaluation Committee comprised of Outside Directors and Audit & Supervisory Board members has been established under ISK Board of Directors and in line with Board of Director evaluation-related rules. Every year since fiscal 2016, this committee has analyzed and evaluated the overall effectiveness of the Board of Directors and provided the Board with its results for deliberation and approval, after which an outline of those results is released publicly. In fiscal 2024, as well, an evaluation of the Board of Directors’ overall effectiveness was carried out in accordance with this policy.

Method of Evaluation

■ About the Questionnaire

In fiscal 2024, in addition to a change in the Chairman of the Board of Directors, new directors were appointed, resulting in a change in the composition of the Board of Directors. Furthermore, it was thought that it would be easier to see the changes by comparing the results for fiscal 2024 with those for fiscal 2023. Therefore, the questions for fiscal 2024 essentially follow those for fiscal 2023.

■ Use of Anonymity in Implementation

The Board of Directors evaluation-related rules stipulate that responses should be completed anonymously on the questionnaire, and each director and Audit & Supervisory Board member was asked to respond anonymously.

Analysis and Evaluation Results of Overall Board of Directors Effectiveness

Evaluation Results of the Effectiveness of the Board of Directors (fiscal 2024)

	FY2023	FY2024	Increase/ Decrease
I. Composition of Board of Directors	96.2%	93.6%	-2.6P
II. Management by Board of Directors	96.7%	92.3%	-4.4P
III. Agenda of Board of Directors	94.8%	93.6%	-1.2P
IV. System supporting Board of Directors	87.8%	88.5%	+0.6P
V. Self-evaluation of each director	94.9%	89.9%	-5.1P
VI. Minutes of Board of Directors’ meetings	99.1%	99.1%	+0.0P
VII. Progress made on issues from previous year that required improvement	74.4%	77.2%	+2.9P

Awareness of Issues

Amidst the significant environmental change that surrounds our Group, we recognize the necessity of not only promoting sustainability management but also transitioning to management that is fully aware of capital costs and return on capital. To further increase the corporate value of the Group, it is essential to draw up specific growth strategies for each business. We recognize that improving the effectiveness of the Board of Directors as a whole, which is necessary to lay the foundation for this, and improving risk management, which is an essential responsibility of the Board of Directors, will both be ongoing challenges. It is also necessary to advance discussions, including on institutional design, to strengthen governance, such as increasing the ratio of female and outside directors, as required by the CG Code, and shifting from a management board to a monitoring board.

Speedy action will be taken with regard to the operation of the Board of Directors to ensure these issues are addressed earnestly and that the evaluation of effectiveness helps lead to sustainable growth and improvement of corporate value over the medium- to long-term for ISK.

Future Initiatives

In fiscal 2025, we will take an even more proactive approach to the following six issues that must be addressed.

- ① **Strengthening R&D capabilities to realize our purpose**
In order to realize our Group's purpose, we will expand our business around our core competence of chemical technologies by leveraging our three strengths, which are the ability to develop proprietary technologies, the ability to accommodate quality and environmental requirements, and the ability to collaborate globally, along with leveraging our management capability which underpins those strengths. In our organic chemicals business, we will, starting from the Central Research Institute and the newly established Technology Research Center, Hyogo-Ono, further strengthen our technological development capabilities and reduce product costs. In our inorganic chemicals business, we will pursue profit-focused business development, including identifying product needs and strengthening development speed by integrating sales, development, and production for each product, and making a full-scale shift from general-purpose titanium dioxide to the functional materials domain.
- ② **Expanding into new businesses**
We will hold free and open discussions that incorporate various perspectives, such as market-in/product-out and design thinking, to come up with and release new products.
- ③ **Business portfolios**
In Vision 2030 Stage II, we will make progress with a fundamental review, focusing on structural reform of our inorganic business. Going forward, we will deepen our discussions on the specific shape of our business portfolios, including collaboration across the Group and with other companies.
- ④ **Substantive strengthening of internal audit division functions and ensuring collaboration with directors and Audit & Supervisory Board members**
We will utilize meetings between directors and the internal audit division to make improvements, such as reviewing audit items. In order to actively supervise the management of Group companies, we will require them to report on risks and issues on a regular basis and will also conduct audits of overseas subsidiaries, thereby strengthening our involvement in the supervision of business execution and overall management.
- ⑤ **Acquisition and cultivation of essential knowledge by directors and sufficient oversight of fellow directors’ performance of duties**
- ⑥ **Sustainability**
Working in conjunction with outside directors and Audit & Supervisory Board members, the Sustainability Promotion Committee will thoroughly discuss the state of progress and deliberate on items requiring discussion. Information will be disseminated externally through the Integrated Report.

Remuneration of Directors

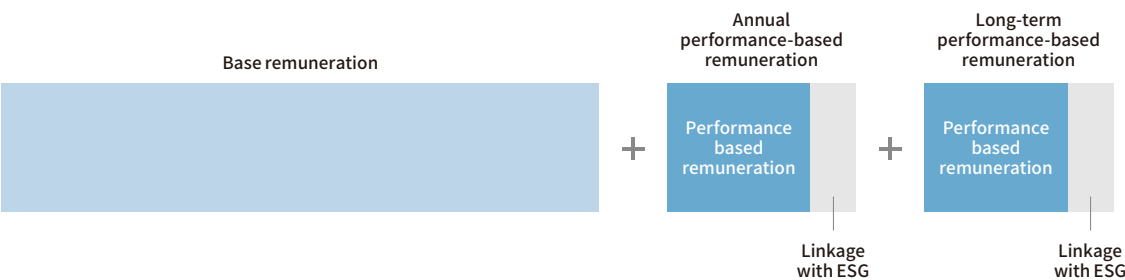
Basic Policy

Compensation for the Directors of the Company shall be determined with consideration for the factors listed below, taking into account the content of each Director’s duties and the Company’s condition.

- a Compensation shall be fair and highly reasonable, enabling Directors to fulfill their accountability to stakeholders;
- b Compensation shall be structured to raise the incentive for Directors to increase corporate value;
- c Compensation shall be structured to enable the Company to secure and retain outstanding human resources as Directors;

Compensation

Compensation shall be composed of “basic compensation,” “annual performance-linked compensation” and “long-term performance-linked compensation.” Compensation for Outside Directors shall be composed only of basic compensation due to their independence from business execution.



Basic Compensation

Basic compensation is paid as fixed monetary compensation based on the Officers Compensation Regulations, in amounts corresponding to the roles and responsibilities of each Director. Basic compensation is paid per calendar month, with a monthly amount paid on the same day as employees’ salaries.

Annual Performance-based Remuneration

Annual performance-linked compensation, paid as monetary compensation, is aimed at ensuring that compensation is linked to corporate performance and securing its objectivity. Whether annual performance-linked compensation is paid, and the amount of such payment, is calculated upon comprehensive consideration of the Company’s performance, including operating income and net income attributable to owners of parent, which represent the ultimate results of corporate activities, and corporate ESG performance, as well as individual performance evaluation.

After the results for each fiscal year are finalized, they are discussed by the Compensation Committee, and the amount to be paid is decided at the first meeting of the Board of Directors held after the General Meeting of Shareholders. Annual performance-linked compensation is paid on the same day as employees’ summer bonuses.

Long-term Performance-based Remuneration

Long-term performance-linked compensation is paid through a share delivery trust, composed of restricted stock units and performance share units.

The restricted stock units are aimed at promoting the enhancement of corporate value by encouraging each Director to continuously hold the Company’s stock while in office, thereby participating in shareholder value. The number of shares to be delivered is calculated for each rank. The performance share units are aimed at promoting the enhancement of corporate value. The number of shares to be delivered is calculated with regard to ROE, which represents the ultimate results of corporate activities, and corporate ESG performance.

Long-term performance-linked compensation is paid at a certain time based on the share delivery guidelines established by the resolution of the Board of Directors.

Proportions of Each Type of Compensation for Individual Directors

The proportions of basic compensation, annual performance-linked compensation, and long-term performance-linked compensation are proposed, taking into account each year’s financial results, etc., by an Executive Director, who is delegated authority by resolution of the Board of Directors. It is then referred to the Compensation Committee for deliberation, and determined by the Board of Directors, after discussion among the Executive Directors, based on the report by the Compensation Committee.

If the standard amounts of annual performance-linked compensation and long-term performance-linked compensation are paid, then the relative proportions of each type of compensation will be roughly as shown below.

	Base remuneration	Annual performance-based remuneration	Long-term performance-based remuneration
Executive Director and President	60%	20%	20%
Other Directors	65%	20%	15%

Delegation of Authority Concerning the Determination of Compensation, etc. for Individual Directors

The details of compensation for individual Directors will be determined after deliberation by the Compensation Committee, which is composed of independent Outside Directors and independent Outside Audit & Supervisory Board Members. The Compensation Committee will provide advice and recommendations, based on the information from officers' compensation surveys carried out by third party firms, and each member's insight, before the decision is made. Compensation, etc. for individual Directors of the Company will be decided by the Executive Director, President, who is delegated authority by resolution of the Board of Directors. The Executive Director, President will evaluate the individual performance of each Director and determine compensation within the range approved by the Board of Directors, after deliberations by the Compensation Committee.

Overview of the RS Trust

1	Persons eligible for the RS Trust	Directors of the Company (excluding Outside Directors)
2	Period of eligibility	From the day following the day on which this Ordinary General Meeting of Shareholders concludes to the day on which the Ordinary General Meeting of Shareholders to be held in June 2030 concludes
3	Maximum amount to be contributed by the Company to fund the acquisition of the Company's shares necessary for delivery to the persons eligible in 1) during five (5) years of the Period of Eligibility in 2)	500 million yen in total
4	Method used to acquire the Company's shares	Receipt of disposal of treasury stock or acquisition via stock markets (including off-floor trading)
5	Maximum total number of points to be awarded to the persons eligible in 1)	106,800 points each fiscal year
6	Criteria for the award of points	Points will be awarded based on factors such as rank and the degree of achievement of business performance targets
7	Timing of the delivery of the Company's shares to the eligible persons in 1)	A predesignated time each fiscal year during the trust period
8	Duration of transfer restrictions under the transfer restriction agreement with the Directors.	From the day of the delivery of the Company's shares until immediately after retirement

Policy on Cross-Shareholdings

ISK maintains an amount of cross-shareholdings deemed to build a smooth, stable, and ongoing relationship with business partners, in line with our business strategy. The status of cross-shareholdings is disclosed in our securities report. Other shareholdings have been appropriately reduced.

Independence Criteria for Outside Directors

Independence criteria have been established for Outside Directors and Audit & Supervisory Board members. These appear on the ISK website.

Web Company: Corporate Governance
<https://www.iskweb.co.jp/eng/company/governance.html>

Basic Policy for the Internal Control System

We are continually working to expand and improve our Group internal control systems in order to ensure the appropriateness of subsidiary governance as well as the maintenance of compliance systems. For details, please refer to ISK Corporate Governance Report.

Web Corporate Governance Report (in Japanese)
https://www.iskweb.co.jp/company/pdf/corporate_governance.pdf?t=250626

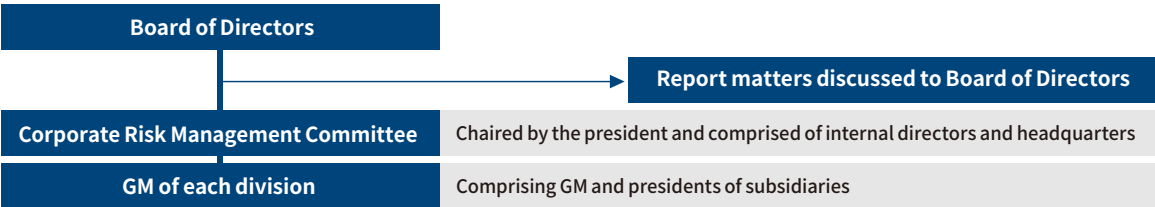
Risk Management

Basic Policy

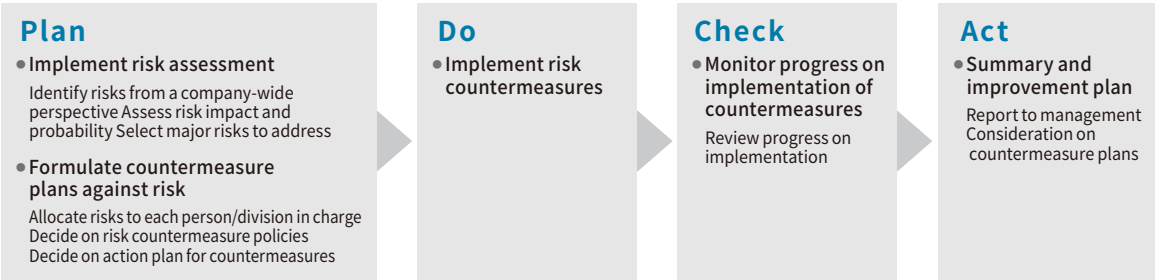
The ISK Group pursues risk management with the aim of preparing for various risks that could seriously impact the smooth operation of our business, and in the event of an emergency, appropriately and swiftly addressing it in order not to harm the health, safety, or interests of stakeholders, restoring our business operations as soon as possible, protecting our corporate resources, and minimizing the damage to our business.

Risk Management System

We have “risk management regulations” governing our basic policy on risk management and risk management system. We have also established the Corporate Risk Management Committee, aimed at appropriately managing and preparing for various risks surrounding our business. The Corporate Risk Management Committee is held twice a year, or whenever necessary, summarizing risk assessments, selecting major risks with high priority, discussing plans for risk countermeasures, and confirming progress on those countermeasures. The Sustainability Promotion Committee’s jurisdiction includes priority issues (Materiality), climate change risk, and human rights risk, for which it advances their measures in coordination with the Corporate Risk Management Committee.



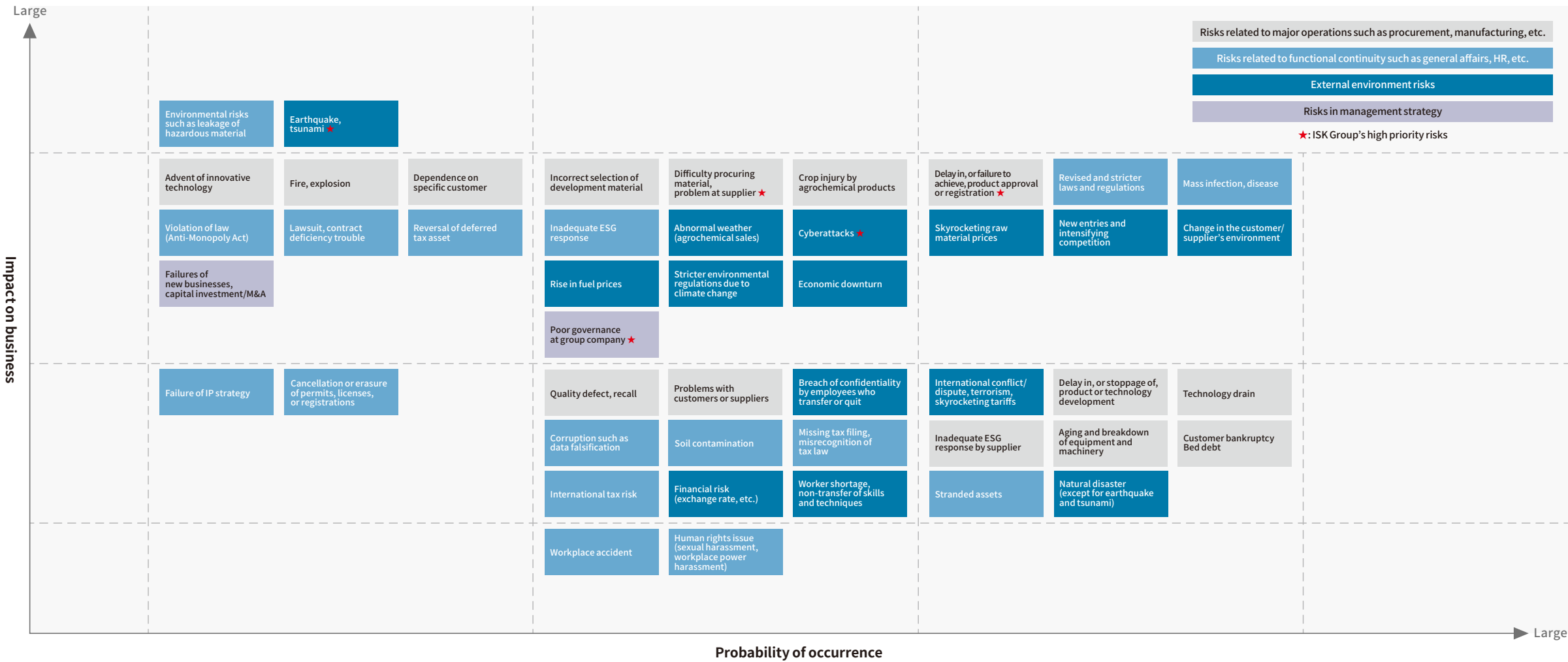
Risk Management Process



High Priority Risk

Major Risk	Explanation of Risk	Major Measures
Delay in, or failure to achieve, product approval or registration (Agrochemicals)	As legal regulations regarding agrochemicals become stronger around the world, we may be unable to bring new agrochemical products under development to market as scheduled, and sales may be postponed or we may be forced to abandon their launch, which could have an adverse effect on our business performance.	- Take proper approach to countries' registration agencies and authorities - Assess other companies' agrochemicals registration and survey their registration status - Secure personnel with expertise in highly specialized fields, ensure handover of registration know-how
Delay in, or failure to achieve, product approval or registration (Animal health products)	If full regulatory approval in the United States or approval by regulatory authorities in Europe is rejected or delayed, sales may fall far short of expectations, which could have an adverse effect on our business performance.	- Use consultants and other means to gather information on trends related to the rules and approval of the regulatory authorities - Team up with contract manufacturers or sales partners
Earthquake, tsunami	The Yokkaichi Plant, which is a manufacturing base for titanium dioxide, is located in an area expected to be affected by a Nankai Trough earthquake. In the event of a major earthquake and serious damage caused by a tsunami, liquefaction, etc., this could result in damage to the Yokkaichi Plant's facilities and products, a suspension of production and business operations at the plant, and/or human casualties, which could have an adverse effect on the business performance of the Group.	- Provide aging facilities at our Yokkaichi Plant with seismic reinforcement - Step up product storage at multiple bases (at elevated locations, etc.) in Yokkaichi City - Update business continuity plans - Get business interruption insurance to cover business continuity expenses as a response after earthquake (Yokkaichi Plant) - Sign committed line of credit with financial institutions, which is applied to earthquake disasters
Difficulty procuring material, problem at supplier	We source many of our raw materials from overseas. The Group's business performance may be adversely affected if we are unable to procure specific raw materials due to factors such as suspension of production in producing regions or countries as a result of operational accidents, political instability or stricter environmental regulations. Also, with regard to overseas subcontractors, factors such as stricter legal regulations in the country of the subcontractor or operational accidents at a business partner may hinder procurement. As a result, this could mean increased procurement costs and production delays, which could have an adverse effect on our business performance.	- Purchase from various suppliers in multiple countries - Closely coordinate with subcontractors and suppliers - Perform rapid planning adjustment and proper inventory control - Expand the range of usable raw material
Poor governance at group company	We strive to ensure proper Group management through affiliate company management regulations, internal audits, and other means; however, if accounting fraud, bribery, quality fraud, etc., are discovered due to insufficient control over overseas Group companies, it may have an adverse effect on the business performance of our group.	We are proceeding with efforts to strengthen group governance. - Organize and clearly stipulate the functions and roles of Three Lines model (business divisions, back-office divisions, internal audit division) - Refine and publicize rules for group companies - Strengthen internal auditing
Cyberattacks	If an employee opens a sophisticated, targeted-attack email, their computer becomes infected with malware that spreads to other devices and servers via the company network. This malware can tamper with and send files without authorization, and can externally leak confidential data such as customer information and contract documents. This could cause financial losses to our company and harm our reputation.	- Take measures to prevent leakage of confidential information due to cyberattacks - Protect the system against cyberattacks and strengthen security measures - Enhance the coverage of cyber risk insurance

Risk Map



Notes: 1: Regarding level of effect on business and probability of occurrence, we set risk scenarios and assess each risk impact or damage in order for assessors to have a common understanding. The risk scenario used here is a worst-case scenario, i.e. the biggest threat among the possibilities.
2: ISK defines risk as any possibility of physical or economic damage to ISK, loss of trust, or others causing disadvantages.

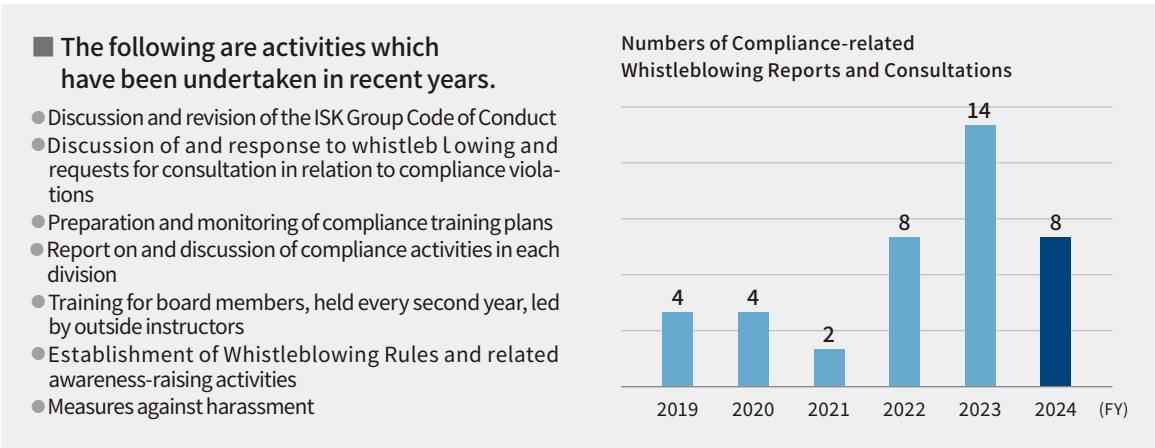
Basic Philosophy

ISK Group places the utmost importance on compliance. We have formulated a code of conduct in order to carry out business rooted in our corporate philosophy, with the aim of thoroughly complying with laws and regulations, conducting fair and equitable business practices, and maintaining a high level of corporate ethics. Because a company cannot exist without society’s trust, we have launched a Compliance Committee towards fulfilling our corporate responsibility and contributing to society. The committee puts compliance front and center and ensures that we promptly report any compliance violations.

Web ISK Group Code of Conduct
<https://www.iskweb.co.jp/eng/compliance/observance.html>

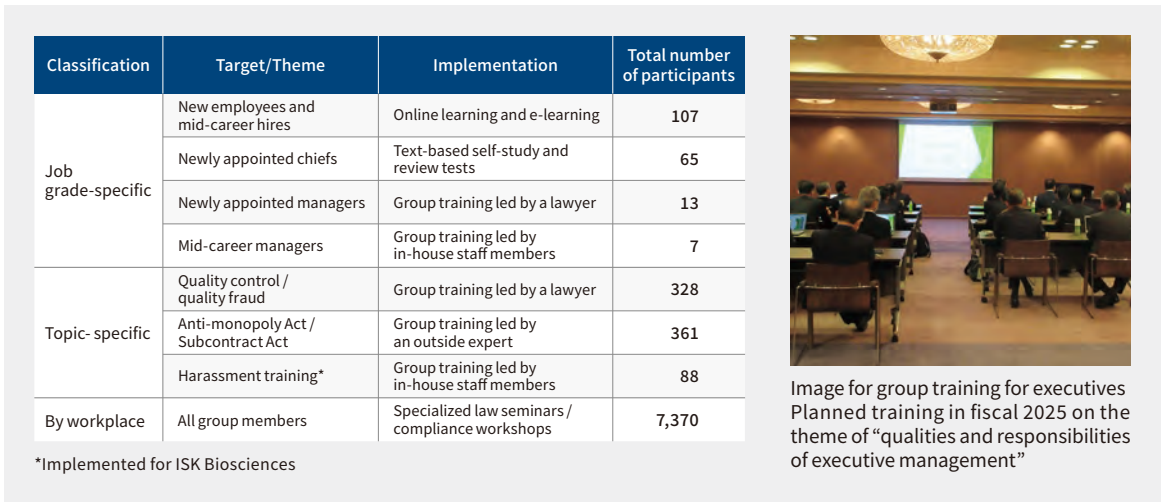
Compliance Promotion System (Overview)

Based on our reflection on the Ferosilt problem, in November 2005 we appointed a Chief Compliance Officer (CCO) and established the Compliance Committee. This committee operates under the Board of Directors and is chaired by the executive director and president (as CCO), and directors (excluding outside directors), directors of each headquarters, audit and, president of affiliated subsidiaries, labor union representative, an outside lawyer, and the secretariat. In addition, each division has a compliance promotion manager and a compliance leader. The Compliance Committee has met about twice a year. It currently meets every March and September, with March 2025 marking the 38th session.



Fiscal 2024 Compliance-Related Training and Awareness-Raising at ISK

ISK Group carries out compliance-related training in accordance with an annual plan, which is discussed and approved by the Compliance Committee. Besides job grade-specific training, training on specific topics is planned and carried out according to social conditions. In fiscal 2024, many ISK Group members participated in training (refer to the chart below).



Implementation of Training and Initiatives Corresponding to Social Conditions

In recent years, the media has reported on a variety of corporate scandals, including quality fraud perpetrated by manufacturers, collusion among competitors, unfair dealings with small and medium-sized contractors, power harassment cases, and information leaks. Given this societal context, it is unacceptable for any member of the Group to commit violations, whether knowingly or unknowingly. Therefore, we invite experts in various fields to come and conduct in-house training. Specifically, in fiscal 2023, we conducted training aimed at preventing harassment, and in fiscal 2024, we conducted training on the theme of quality control as well as group training on the themes of the Antimonopoly Act and the Subcontract Act. We invited lawyers and other experts in the field to serve as training instructors, and the training was conducted at our four main business locations, including our Head Office, plants, and research institutes. Additionally, with regard to harassment, we also conduct a questionnaire survey every year to consider measures that will lead to an improvement in the workplace environment. We will continue to provide such training and other initiatives which correspond to social conditions, taking into consideration amendments to laws, regulations, etc., with the aim of preventing the occurrence of social scandals.

Board of Directors and Executive Officers

Board of Directors (As of June 30, 2025)



Hiroshi Okubo
Executive Director
President & Chief Executive Officer
Chief Compliance Officer (CCO)

■ 3 years
■ 18,401
■ 17/17 (100%)



Mikiya Horie
Executive Director
Senior Managing Executive Officer
Director of Biosciences Business
Headquarters

■ 1 years
■ 10,760
■ 17/17 (100%)



Yoshio Nishiyama
Director
Managing Executive Officer
Director of General Affairs & Human
Resources Headquarters

■ 1 years
■ 9,525
■ 17/17 (100%)



Yoshiyuki Shimmyo
Director
Managing Executive Officer
Director of Inorganic Chemicals
Business Headquarters

■ 1 years
■ 9,481
■ 17/17 (100%)



Kenji Tanaka
Director
Managing Executive Officer
Director of Corporate Administration &
Planning Headquarters

■ —
■ 7,125
■ —



Ikuo Yamashita
Director
Managing Executive Officer
Director of Yokkaichi Plant

■ —
■ 10,687
■ —



Satoshi Ando
Outside Director

■ 5 years
■ 2,000
■ 17/17 (100%)



Akemi Uchida
Outside Director

■ 2 years
■ 600
■ 17/17 (100%)



Yumi Sano
Outside Director

■ —
■ —
■ —

- Term of office as Director
- Number of shares held (as of March 31, 2025)
- Attendance at Board of Directors meetings (from June 26, 2024 to June 25, 2025)
- Attendance at Audit & Supervisory Board meetings (from June 26, 2024 to June 25, 2025)

Audit & Supervisory Board Members (As of June 30, 2025)



Hirotugu Sakai
Audit & Supervisory Board Member

■ —
■ 4,659
■ —



Yoichi Kobayashi
Audit & Supervisory Board Member

■ 2 years
■ 10,700
■ 17/17 (100%)
■ 13/13 (100%)



Norihisa Kusumi
Outside Audit &
Supervisory Board Member

■ 2 years
■ 300
■ 17/17 (100%)
■ 13/13 (100%)



Yasuhiro Koike
Outside Audit &
Supervisory Board Member

■ 2 years
■ 1,300
■ 17/17 (100%)
■ 13/13 (100%)

Skills Matrix, Reasons for Appointment (As of June 30, 2025)

Name Position		Skills matrix								Reasons for appointment
		Vision		Business foundation		Management foundation				
		Corporate management, management strategy	Environment, society	R&D, production	Global business	Legal, risk management	Human resource strategy	Financial accounting	DX	
Director	Hiroshi Okubo Executive Director President & Chief Executive Officer Chief Compliance Officer (CCO)	●	●	●		●		●	●	Mr. Okubo has led the promotion of the Medium-Term Management Plan "Vision 2030 Stage II," as Executive Director and President. In addition to aggressively pursuing reforms aimed at enhancing the corporate value of Group companies, he has contributed significantly to strengthening the management base and enhancing the governance structure. He has been appointed with the expectation that he will demonstrate his leadership in continuing and developing existing initiatives while also implementing strategies for further growth and resolving business challenges.
	Mikiya Horie Executive Director Senior Managing Executive Officer Director of Biosciences Business Headquarters	●	●	●	●					Mr. Horie has led sales expansion in the global market as Director of Bioscience Business Headquarters. He has contributed to enhancing corporate value, including achieving a year-on-year increase in sales and profit, to reach to targets for the first fiscal year under the medium-term business plan. He has been appointed with the expectation that he will continue to take the lead in pioneering markets for corporate growth, balancing his senior management vision as Executive Director with his executive ability on the business front line.
	Yoshio Nishiyama Director Managing Executive Officer Director of General Affairs & Human Resources Headquarters		●	●			●			Mr. Nishiyama has gained broad operational experience at plants, in the environmental, general affairs and labor departments, then as the head of the human resources department at the head office. In 2021, he was appointed Executive Officer, while simultaneously managing the Affairs & Human Resources Headquarters as its Director. Since his appointment as Director of the Company in 2024, he has continued to strongly pursue links between the Company's human resources strategy and its corporate strategy.
	Yoshiyuki Shimmyo Director Managing Executive Officer Director of Inorganic Chemicals Business Headquarters	●	●	●	●					Mr. Shimmyo has extensive operational experience in sales in Japan and overseas in the inorganic chemicals department and has engaged in managing plant operations as head of the Yokkaichi Plant after his appointment as Executive Officer in 2024. Since being appointed Director in 2024, he has leveraged the extensive front-line experience he has gained as Director of Inorganic Chemicals Business Headquarters to strive to reform the business structure and promote greater business earning power.
	Kenji Tanaka Director Managing Executive Officer Director of Corporate Administration & Planning Headquarters	●	●	●				●	●	Mr. Tanaka has been engaged in production, environment, safety and health, and other divisions at plants. He was appointed as an Executive Officer in 2023, and is currently engaged in managing operations as Director of Corporate Administration & Planning Headquarters. He has been appointed with the expectation that he will appropriately fulfill his duties based on this abundant operational knowledge and experience, and will contribute to the sustained improvement of the corporate value of the Group.
	Ikuo Yamashita Director Managing Executive Officer Director of Yokkaichi Plant	●	●	●						Mr. Yamashita has mainly been engaged in logistics at plants. He was appointed as Executive Director, President & Chief Executive Officer of ISK ENGINEERING PARTNERS CORPORATION in 2021. As the leader of the Group's construction company, he has been responsible for constructing and repairing the Group's manufacturing plants, and has made substantial contributions to the Group's stable business operations and growth. He has been appointed with the expectation that he will appropriately fulfill his duties based on this abundant operational knowledge and experience, and will contribute to the sustained improvement of the corporate value of the Group.
	Satoshi Ando Outside Director					●	●			Mr. Ando has advanced professional expertise as an attorney-at-law, as well as extensive experience and broad insight in corporate legal affairs. He provides appropriate advice and supervision of the management of the Company, in the fields of law, risk management, finance, and accounting, from an independent and legal standpoint. In addition, he serves as a member of the Compensation Committee, Personnel Committee and Evaluation Committee, actively expressing his opinions. He has been appointed with the expectation that he will perform his duties as an Outside Director adequately from an independent standpoint.
	Akemi Uchida Outside Director	●	●			●	●	●	●	Ms. Uchida has extensive experience related to corporate planning, human resources, risk management, and financial and management accounting, as well as experience as Director of a company engaged in the global development, manufacture and sale of automotive press components, refrigeration equipment, etc. She provides appropriate advice and supervision of the management of the Company from an external perspective and an objective and neutral standpoint. In addition, she serves as a member of the Compensation Committee, Personnel Committee and Evaluation Committee, actively expressing her opinions. She also provides valuable advice regarding matters such as diversity and inclusion, and she has been appointed with the expectation that she will perform her duties as an Outside Director adequately from an independent standpoint.
Yumi Sano Outside Director		●				●	●			Ms. Sano has held an important post for many years in public-service corporations and has extensive experience related to organizational management and human resources development. She has outstanding achievements, especially in areas such as promoting diversity, supporting the advancement of women in the workplace, and work-style reforms. She has been appointed with the expectation that she will make effective use of her extensive insight and practical experience to contribute to the Company's management from an external perspective and an objective and neutral standpoint.
Audit & Supervisory Board Members	Hirotsugu Sakai Audit & Supervisory Board Member	●						●	●	Mr. Sakai has acquired abundant practical experience in the Corporate Administration & Planning Headquarters and Finance & Accounting Headquarters, and possesses a high level of expertise in corporate strategy formulation and financial administration. In addition, he currently supports management decision-making in the secretarial division and has developed an overarching perspective encompassing all aspects of management and high risk-perceptiveness, including coordination between internal and external parties and the appropriate management of business information. Using his experience and knowledge, he has been appointed with the expectation that he will carry out auditing and supervision of ISK's business in an appropriate, objective manner.
	Yoichi Kobayashi Audit & Supervisory Board Member				●	●				Mr. Kobayashi's experience includes working in organic chemicals and legal at ISK and acting as a director at an overseas affiliate. He has been appointed with the expectation that he will use his experience and expertise to carry out appropriate audits and supervision of ISK's business in an objective manner.
	Norihisa Kusumi Outside Audit & Supervisory Board Member	●				●	●	●		Mr. Kusumi is well versed in corporate management, having amassed a wealth of knowledge in his many years, including as a director, at financial institutions. He has been appointed with the expectation that he will audit ISK's business operations from an independent, fair standpoint.
	Yasuhiro Koike Outside Audit & Supervisory Board Member					●				Mr. Koike has amassed expertise and experience through his work as a lawyer, as well as significant knowledge about managing companies. He has been appointed with the expectation that he will audit ISK's business operations from an independent, fair standpoint.