Environment

Dealing with climate change

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 addressing environmental and social issues to realize a sustainable society and improve its corporate value.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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 Office of Sustainability Promotion, 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°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, SSP2-4.5, RCP8.5)

Scenario Analysis Process

Identify major risks and opportunities	■ Gather information on risks and opportunities in the chemical industry. ■ Identify climate change risks and opportunities for ISK, and narrow down the major potential risks and opportunities that could have a large impact on our business.
Gather future forecast data	■ Gather highly reliable, external future forecast data related to major risks and opportunities. ■ Organize the future forecast data for each scenario and, along with relevant personnel at ISK, examine possible future world outlooks.
Calculate impact on business	■ Using the collected future forecast data and in-house data, quantitatively assess what possible impacts the highly important risks and opportunities will have on business for each scenario.
Consider responses	■ Consider ways to deal with climate change risks and opportunities that have a particularly large impact on business. ■ Consider other efforts and ways to implement them when necessary.

Environment

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℃ and 4℃ 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℃ scenario, we identified risks such as greatly increased operating costs due to the imposition of a carbon tax on CO_2 emissions.
Therefore, recognizing the importance of reducing CO_2 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 of ¥1 billion or more :
Financial impact of less than ¥1 billion :

On major risks
Financial loss of ¥1 billion or more :
Financial loss of less than ¥1 billion :

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℃: 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 (Financial impact is evaluated based on increased 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 CO_2 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	Increase in sales opportunities from selling materials that respond to ecosystem changes	Medium–long	↗	

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

Environment

Metrics 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. Our Scope 3 emissions, which are emissions from the supply chain, increased, driven by a rise in activity levels such as raw material procurement and capital investment.
At the Yokkaichi Plant, which has the highest CO_2 emissions, we are working to reduce emissions from various perspectives, including promoting energy-saving activities, using renewable energy derived from biomass, implementing an internal carbon pricing system, and installing equipment to capture a portion of the CO_2 generated during manufacturing processes.

GHG (Greenhouse Gas) Emissions of ISK Group (1,000 t-CO_2e)

GHG emissions	FY2019 (base year)	FY2023	FY2024	FY2025	
Scope1	471	479	427	412	☑
Scope 2 (market-based)	20	24	23	22	☑
Total	490	504	451	434	

☑:Emissions subject to third-party assurance

GHG emissions are calculated in accordance with the GHG Protocol.
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 emissions associated with energy supplied to other companies (107,000 t-CO_2e in FY2025).

- **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, Central Research Institute, and Technology Research Center, Hyogo-Ono / 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 / Ishihara Engineering Partners Corporation/ Ishihara Techno Corporation / ISK Biosciences K.K.
International: IBC Manufacturing Company; ISK Americas Incorporated (including ISK Biosciences Corporation, Ishihara Corporation (U.S.A.), ISK Biocides INC. and ISK Animal Health LLC); ISK Biosciences Europe N.V.; ISK Biosciences India PVT. LTD.; ISK TAIWAN CO., LTD.

- **Calculation method:** GHG emissions = CO_2 emissions + non-CO_2 GHG emissions
  - CO_2 emissions(energy-related) = Σ (fuel consumption or purchased electricity x CO_2 emission factor)
  - CO_2 emissions from non-energy sources=Σ (Activity level of non-energy GHG sources x CO_2 emission factor)
  - Non-CO_2 GHG emissions =Σ (Emissions of each non-CO_2 greenhouse gas x its global warming potential (GWP))

[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, reflecting the environmental attributes of non-fossil certificates for FY2025.
For international locations, Emission factors from the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain, Ver. 3.6 (b. Electricity intensity by country)
Global warming potential: The global warming potential (GWP) values specified under Japan's Greenhouse Gas Emissions Calculation, Reporting and Disclosure System are used.

GHG Emissions of Scope 3 (1,000 t-CO_2e)

Scope3	Category	Calculation Basis	Calculated Scope	FY2025
Category 1	Purchased goods and services	Non-consolidated	Calculated from raw material procurement costs and outsourcing costs	414.22
Category 2	Capital goods	Consolidated	Calculated from capital expenditure and emission intensities	31.78
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Consolidated	Calculated from Scope 1 and 2 energy consumption	47.10 ☑
Category 4	Upstream transportation and distribution	Non-consolidated	Calculated based on the periodic report submitted as a specified consigner	4.07
Category 5	Waste generated in operations	Domestic consolidated	Calculated from the volume of municipal and industrial waste disposed of	2.40
Category 6	Business travel	Consolidated	Calculated from the number of employees and emission intensities	0.24
Category 7	Employee commuting	Non-consolidated	Calculated from commuting allowances paid to employees	0.50
Category 8	Upstream leased assets	All leased assets are included in Scope 1 and 2; therefore not applicable to Scope 3		—
Category 9	Downstream transportation and distribution	Not calculated, as the wide range of product applications makes it impracticable to determine		—
Category 10	Processing of sold products	Excluded in accordance with the WBCSD Chemical Sector Guidance		—
Category 11	Use of sold products	Excluded in accordance with the WBCSD Chemical Sector Guidance		—
Category 12	End-of-life treatment of sold products	Not calculated, as the wide range of product applications makes it impracticable to determine		—
Category 13	Downstream leased assets	Not applicable, as the Group holds no assets leased out to third parties		—
Category 14	Franchises	Not applicable, as the Group has no franchise operations		—
Category 15	Investments	Not applicable, as the Group has no investment activities for profit		—
Total Scope 3 emissions				500.30

☑:Emissions subject to third-party assurance

- **Calculation method for Category 3**
  GHG emissions = Σ (Consumption by energy type x Corresponding upstream emission factor)

[Emission factors]Electricity: Emission factor from the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain, Ver. 3.6 (7. Electricity and Heat)
Fuel: Emission factor from IDEA v2.3 (Release date: December 27, 2019)

About acquisition of third-party assurance

For our GHG emissions data (Scope 1, 2, and Scope 3 Category 3), 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 (International Standard on Assurance Engagements) 3000 and ISAE 3410.

ASUENE VERITAS

Independent Practitioner's Assurance Report
https://www.iskweb.co.jp/eng/environment/pdf/asuene_veritas_eng_260831.pdf

Environment

ISK Group Aiming for Carbon Neutrality by 2050

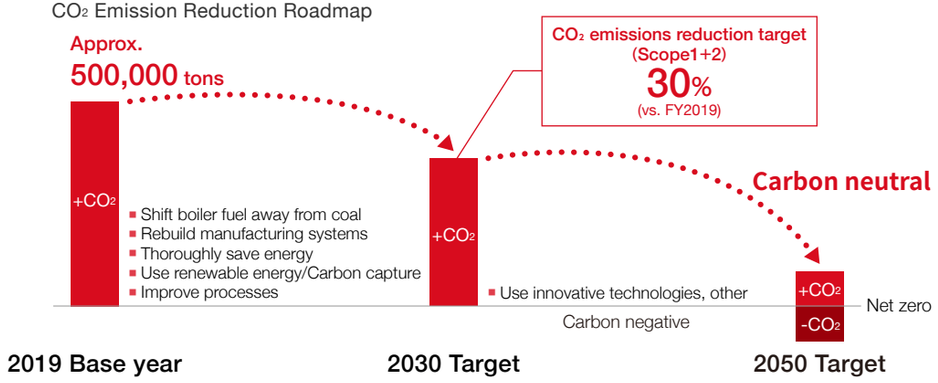
With climate change becoming a major worldwide issue, the ISK Group has identified dealing with climate change and reducing environmental impacts as priority issues (identified materiality) and aims to become carbon neutral by 2050.

Reduction Targets

- 2030: Target CO_2 emissions reduction by 30% (vs. FY2019)
- 2050: Challenge carbon neutrality (net zero emissions)

The ISK Group has set the reduction targets for CO_2 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.

CO_2 Emission Reduction Roadmap



Conducting In-House Training on Climate Change

We provide structured, level-specific training designed to foster awareness regarding climate change initiatives. By ensuring that everyone, from senior management to frontline personnel, shares an understanding of the risks and opportunities that climate change presents to our business, we aim to cultivate a sense of personal ownership and responsibility across the entire organization. We will continue to conduct these training sessions, with the goal of further enhancing the awareness and actions of every employee in relation to climate change.



Technology Research Center, Hyogo-Ono (TREC)

Achieving 100% Renewable Energy for Electricity Consumption

At the Technology Research Center, Hyogo-Ono (TREC), which opened in December 2025, we have effectively achieved 100% renewable energy for our electricity consumption. This was accomplished by generating renewable energy through rooftop solar power installations and by procuring non-fossil certificates equivalent to the volume of electricity purchased from the grid.
This initiative to effectively achieve 100% renewable energy is part of our broader efforts toward decarbonization. We are also exploring the implementation of energy-saving and renewable energy measures at other sites beyond the Yokkaichi Plant, which currently accounts for a large share of our CO_2 emissions, as we work to reduce CO_2 emissions across the entire Group and contribute to the realization of a sustainable society.



Solar power generation system on the TREC rooftop

Yokkaichi Plant

Utilization of Internal Carbon Pricing

We have introduced internal carbon pricing (ICP) as a mechanism to integrate climate change countermeasures into our management decision-making. Initially, we are applying this to our capital investment decision-making process; by assigning an internal price to CO_2 emissions, we are making the “carbon cost” visible when evaluating potential investments.
By incorporating a process that translates the CO_2 reduction impact of proposed capital investments into monetary terms, we aim to encourage investments in energy-efficient equipment and renewable energy. Furthermore, by fostering a culture where every department approaches CO_2 reduction with a keen awareness of costs, we are driving a transition toward a low-carbon business model.
Moving forward, we plan to build upon our operational experience and gradually expand the scope of ICP to a broader range of decision-making areas, such as business planning. Through the use of ICP, we will further accelerate our efforts to embed a decarbonization-focused mindset across the entire Group and achieve our CO_2 emission reduction targets.

Environment

Helping to Realize Better Living Environments by Creating Environmentally Conscious 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.
It is in this context that, starting in FY2025, we introduced a system within our Company to certify products that meet given standards for environmental contribution as “environmentally conscious 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 conscious products that contribute to creating better living environments for everyone.

Certification System for Environmentally Conscious Products

We define environmentally conscious 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 Conscious Product Review Committee” will evaluate its advantages compared to conventional products, and the Sustainability Promotion Committee will then certify it.

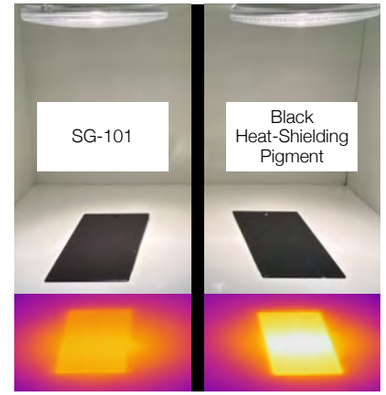


Environmentally Conscious Products and Reasons for Certification

SG Series Black Heat-Shielding Pigment

- This is a chromium (Cr)-free, inorganic black heat-shielding pigment with excellent near-infrared reflective properties. It can be used in architectural coatings, as an additive for resins, or in textile fibers to suppress temperature increases in materials caused by sunlight, thereby helping to adapt to the risks of rising temperatures associated with climate change.
- When used in heat-shielding roof coatings, it helps prevent indoor temperature increases, and, by reducing the load on air-conditioning systems, it contributes to lower electricity consumption and reduced CO_2 emissions. Furthermore, its chromium-free, environmentally conscious design allows it to serve as a replacement for conventional chromium-containing black heat-shielding pigments, helping to reduce environmental impact.

Product Information: Heat-Shielding Materials
https://www.iskweb.co.jp/eng/products/heat_shield.html



Effect of SG-101-based paint in suppressing surface temperature rise

* Compared to a standard black pigment (right), the SG-101-based paint (left) shows less “whiteness” in the high-temperature range, indicating that it suppresses the rise in surface temperature.

Biostimulant Riceful

- This biostimulant* enhances heat tolerance, supporting the production of various crops, including rice, during hot summers and helping to adapt to the rising temperatures associated with climate change.
- Made from plant-derived ingredients and requiring a minimal manufacturing process, it helps reduce energy consumption during production, lessens reliance on fossil-based resources, and lowers environmental impact. Furthermore, because it can be applied during the early stages of cultivation, such as the seedling stage, to prepare crops for subsequent high-temperature conditions, it also helps reduce both CO_2 emissions and the labor burden compared to applying products directly in the main field.



* Biostimulants are materials that mitigate “abiotic stress,” such as high temperatures, dryness, cold damage, salt damage and physical damage.

Product Information: Riceful
https://ibj.iskweb.co.jp/product/application10/25937/

Environment

Environmental Protection

Yokkaichi Plant's Material Balance in FY2025

Energy and raw materials consumed

- Energy*1: 130,000 kiloliters (crude oil equivalent)
- Industrial water: 14 million m³
- Seawater: 9 million m³
- Raw materials Titanium ore: 120,000 tons
- Coke: 20,000 tons
- Calcium carbonate: 70,000 tons

INPUT ▶

ISK Yokkaichi Plant

OUTPUT ▶

Production

- Products*2: 120,000 tons (titanium dioxide equivalent)

Atmospheric Emissions

- Energy-derived CO_2 emissions from production activities: 340,000 tons
- Greenhouse gas emissions (in accordance with the revised Act on Promotion of Global Warming Countermeasures)*3: 460,000 tons
- Nitrogen oxides (NOx): 171 tons
- Sulfur oxides (SOx): 6,700 Nm³
- PRTR-listed substances: 10 tons

Emissions into public water areas

- Wastewater: 24 million m³
- PRTR-listed substances: 59 tons
- Phosphorus: 1.4 tons
- COD: 34 tons
- Nitrogen: 112 tons

Industrial waste

- Disposal volume: 84,000 tons
- PRTR-listed substances: 1,300 tons

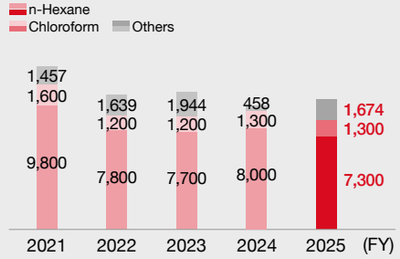
*1 Heavy oil, LNG, steam, and electricity are used as energy sources. The combined usage volume is expressed as a crude oil equivalent figure under Act on the Rational Use of Energy.
*2 Besides titanium dioxide, we produce functional materials, diversified chemical products, organic, and other products. These have all been converted to titanium dioxide production figures using energy consumption intensity under Act on the Rational Use of Energy.
*3 The amount of carbon dioxide equivalent calculated from product production volume based on the revised Act on Promotion of Global Warming Countermeasures has been added to the amount of carbon dioxide emissions from energy sources based on the Act on the Rational Use of Energy.

Environment

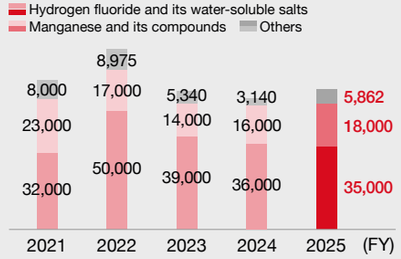
Release and Transfer of PRTR-Listed Chemical Substances to Environment

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 27 substances and 1 substance 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.

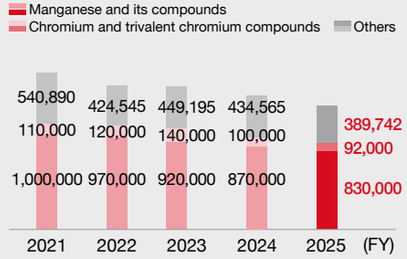
Atmospheric Emissions (kg)



Discharge into Public Water Areas (kg)



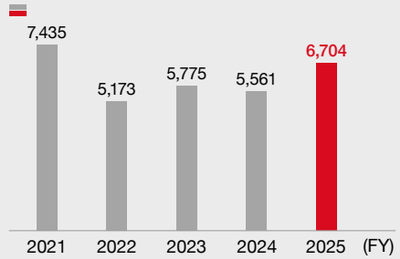
Amount Transferred Off-Site (kg)



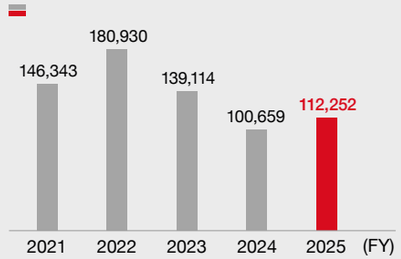
Reducing Environmental Impact on Atmosphere and Water Areas

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.

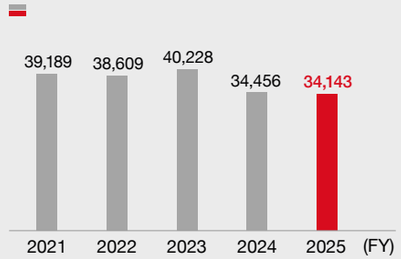
SOx Emissions (Nm³)



Nitrogen Pollutant Load into Public Water Areas (kg)



COD in Public Water Areas (kg)



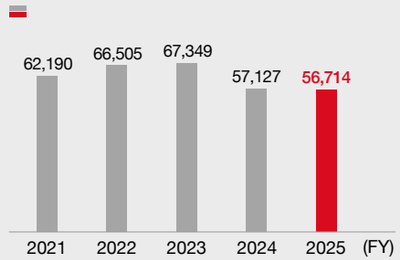
Reduction of By-product Inorganic Sludge

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

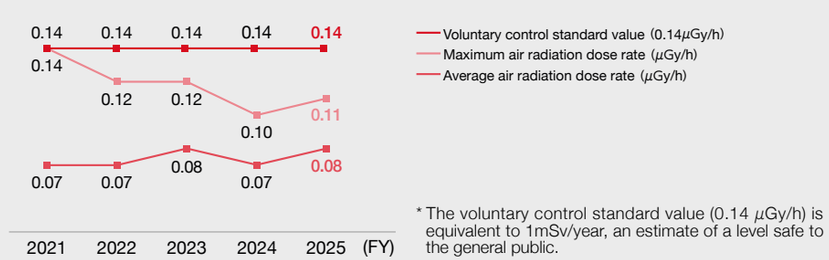
Controlling Air Radiation Dose Rate of Inorganic Sludge

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.

Disposed Volumes of Inorganic Sludge (tons)



Air Radiation Dose Rate Originating from Radionuclides Contained in Industrial Waste (Inorganic Sludge)



* The voluntary control standard value (0.14 μGy/h) is equivalent to 1mSv/year, an estimate of a level safe to the general public.

Environment

Biodiversity Conservation

As the loss of biodiversity increasingly impacts both business operations and society as a whole, we have identified biodiversity conservation as an important management issue and have established a “Biodiversity Conservation Policy.” Guided by this policy, we have joined the 30by30 Alliance, launched the ISK Forest initiative, and initiated forest conservation activities carried out by our employees.

Ishihara Sangyo Biodiversity Conservation Policy

We recognize that the conservation of biodiversity is essential to our business activities. Guided by our Purpose “to continue contributing to better living environments through chemical technologies,” we strive to coexist with nature and promote sustainable business practices. We are committed to the conservation and restoration of biodiversity, ensuring that healthy ecosystems are passed on to future generations.

1. We consider biodiversity conservation throughout the entire lifecycle of our products.
2. We strive to reduce our environmental impact by managing and minimizing wastewater, emissions, waste, greenhouse gases, and chemical substances.
3. We are dedicated to developing and providing products and technologies that contribute to the conservation and restoration of biodiversity.
4. We comply with the Convention on Biological Diversity, the Cartagena Protocol, and all related laws and regulations, and we ensure the appropriate management of genetic resources.
5. We value collaboration and cooperation with stakeholders, including local communities and government authorities.
6. We provide ongoing education and awareness-raising activities regarding biodiversity conservation for all our employees.

30by30 Alliance for Biodiversity

To support biodiversity conservation and the realization of a “nature-positive” future, we have joined the 30by30 Alliance for Biodiversity. In pursuit of the international goal to conserve 30% of the world’s land and sea by 2030, we will work with a diverse range of stakeholders to contribute to the realization of a society that lives in harmony with nature.

Conservation Activities at a Nationally Certified Sustainably Managed Natural Site in Osaka Prefecture

To contribute to the conservation and restoration of local biodiversity, we participate in the “Wellbe-Meeting” co-creation community. As part of this involvement, we engage in tree care and forest maintenance activities at the “Sakai District 7-3 Kyosei no Mori” (a nationally certified sustainably managed forest) located in Sakai City, Osaka Prefecture.

Employee Cultivation of the “ISK Forest”

In February 2026, we entered into an agreement regarding corporate-sponsored forest development activities with Hyogo Prefecture, Ono City and the Hyogo Greenery Promotion Association. As part of this, we designated an area on the northeastern side of the Ono Alps, located near the Technology Research Center, Hyogo-Ono, as the “ISK Forest.” In April 2026, we held an opening ceremony for the forest, attended by representatives from Hyogo Prefecture, Ono City and local community members.

In the ISK Forest, we will conduct forest development activities twice a year, with participation from our employees. Under the guidance of the local forestry cooperative, we will carry out tasks such as selective thinning of evergreen broad-leaved trees, clearing of undergrowth, and removal of invasive vines. These efforts are designed to improve the overall health of the forest and enhance its multifaceted functions, including carbon sequestration and the preservation of biodiversity.
In addition to these forest development activities, we are fostering collaboration with the local community by participating in forest volunteer activities led mainly by local residents.



“ISK Forest” opening ceremony


Selective thinning being done by employees

Workshops on Biodiversity Conservation

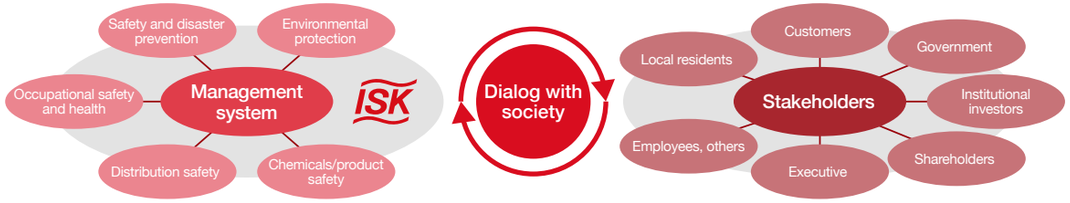
Following the establishment of our Biodiversity Conservation Policy and the launch of our corporate forest initiatives, we conducted training sessions for relevant departments to explore future actions. Through lectures delivered by specialists, participants deepened their understanding of the significance of biodiversity conservation and the role that corporations play and, in subsequent group sessions, proactively discussed what they themselves could do, thereby fostering a sense of personal ownership of the issue. Moving forward, we intend to expand this training Company-wide to ensure a deeper, broader understanding and to further advance our biodiversity conservation efforts.


A specialist-led training session

Responsible Care Activities

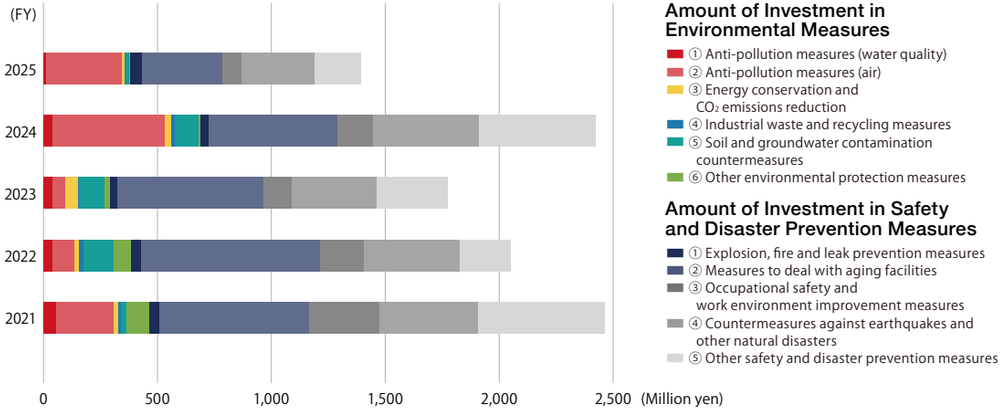
ISK's Responsible Care

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, which are common to other industries, together with dialog with society.



Trends in Investment in Environmental, Safety and Disaster Prevention Measures

The majority of this investment is going to the Yokkaichi Plant. The graph below shows the trends in "Amount of Investment in Environmental Measures" and "Amount of Investment in Safety and Disaster Prevention Measures." In FY2025, we focused our investments on such areas as anti-pollution measures (air), measures to deal with aging facilities, and countermeasures against earthquakes and other natural disasters.



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.

レスポンシブル・ケア
安全とサステナビリティの推進

FY 2025 activity report

RC Code	FY2025 Results		
	Objectives	Achievements	Evaluation
Environmental protection	Planned emission reduction of PRTR-listed materials	Total emissions, combining off-site transfer and release to the environment, were reduced.	●
	Reduce energy intensity or electricity demand leveling performance by 1% year-on-year and reduce carbon dioxide emissions by 1% year-on-year.	Energy intensity was 99.7% year-on-year, thus not achieving the 1% reduction target.	×
	Reduce, reuse, and recycle waste	Waste was sorted and disposed of appropriately.	●
Process safety and disaster prevention	Eliminate plant accidents (fire, explosion, leakage, etc.)	There were three plant accidents (exposure to chemical solutions, an activated carbon fire, and a chemical leak).	×
Occupational safety and health	Work to achieve "zero lost time accidents" at each ISK site.	There were five lost-time accidents at the Yokkaichi Plant (two falls, one case of contact with hazardous substances, one case of tripping, and one case of lower back pain).	×
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 were properly notified on the use of chemical substances, and we provided SDSs.	●
Dialog with community	Pursue public information disclosure and two-way communication with local citizens.	More two-way communication was carried out with local citizens.	●

Social

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-worktime injury frequency rate and severity rate of zero.

Safety and Health Management Structures

In line with our "Basic Policy on the Environment, Safety and Health" 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.

FY2025 Environmental, Safety and Health Goals for the Yokkaichi Plant (safety and health-related only)

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

Initiatives to Prevent Fall-Related Accidents

At the Yokkaichi Plant, the promotion of safety and health and health measures for older workers was established as a key objective for FY2025, with a specific focus on preventing fall-related accidents.
As part of this effort, the plant introduced "StA²BLE," a tool designed to visualize the risk of falling, for employees aged 40 and older. Through a one-minute assessment evaluating both physical and sensory functions, 43.9% of those tested were identified as having a "high" risk of falling. This provided employees with an objective understanding of their own physical condition, encouraging them to take a personal interest in fall prevention.
Furthermore, to help employees translate these assessment results into daily preventive actions, a health seminar was held with the theme of "Safely Navigating Stairs and Steps - Fall Prevention You Can Start Today!" Yosuke Kurachi from Machiriha Co., Ltd. served as the instructor, guiding participants through practical fall-prevention strategies that address both muscle strengthening and the maintenance of cognitive function. Participant surveys indicated a 96% satisfaction and effectiveness rating, contributing significantly to an enhanced culture of safety awareness among the workforce.
This approach of linking "visualization" to "awareness" and, finally, to "practical action" demonstrates a cohesive, purposeful strategy rather than a collection of disjointed, one-off initiatives.


Fall Risk Assessment Using StA²BLE

Strengthening Safety Management Towards the Realization of Zero Accidents

Following the occurrence of five workplace accidents resulting in lost work time during FY2025, the Yokkaichi Plant was designated by the Mie Labor Bureau as a "Workplace Requiring Special Safety Management Guidance" for FY2026.
We prioritize safety above all other business activities and, thus, take this situation very seriously. We are firmly committed to ensuring that such accidents do not reoccur and will continue to elevate our standards for both safety awareness and safety management.
In line with the principle that safety takes precedence over everything else, we have established three key policy priorities at the Yokkaichi Plant: 1 fostering a sense of personal ownership, 2 heightening sensitivity toward risks, and 3 ensuring the consistent practice of safe behaviors.
Moving forward, we will continue to work toward embedding a strong safety culture and achieving zero accidents by thoroughly analyzing the causes of incidents and implementing robust measures to prevent their reoccurrence.

Social

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.

Designation of Human Rights Risks to Be Prioritized

In FY2022, with the support of external experts, our Group identified the following priority human rights risks. We have prioritized and are actively addressing several key areas: mitigating risks associated with having major manufacturing facilities in regions projected to be affected by a Nankai Trough earthquake; strengthening our response to geopolitical risks; addressing workplace-specific issues such as long working hours and harassment; enhancing information security measures; and tackling human rights issues within our suppliers and business partners.

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

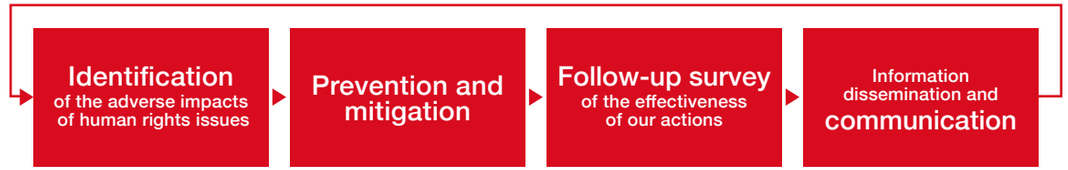
Sustainability: Respect for Human Rights
https://www.iskweb.co.jp/eng/environment/human_rights.html

Sustainability: Sustainable Procurement
https://www.iskweb.co.jp/eng/environment/procurement.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 conduct human rights due diligence to prevent and mitigate identified priority human rights risks. Furthermore, to ensure the effectiveness of these measures and drive continuous improvement, the relevant departments carry out monitoring and periodically review the progress made in reducing these risks.

Steps in Human Rights Due Diligence



Conducting Supplier CSR Surveys

To enhance transparency regarding human rights issues among our suppliers and business partners, we have established the ISK Group Policy on Procurement and Supplier Guidelines. Along with this, we strive to foster mutual understanding with our suppliers and business partners and conduct regular CSR surveys.
In our second supplier CSR survey, carried out between June and August 2025, we expanded the scope beyond the initial 2023 survey. The survey covered 43 business partners (those with an annual transaction value of 100 million yen or more and with whom we anticipate ongoing business), and we received responses from all of these companies. While the results did not identify any partners requiring immediate corrective action, we remain committed to maintaining close communication with our business partners and strengthening risk management throughout our supply chain.

Implementation of Human Rights Education and Training

To promote a better understanding of human rights issues, all employees completed e-learning training focused on human rights issues within the supply chain. Through this training, employees deepened their collective understanding of human rights risks across the entire supply chain and developed a greater awareness of the importance of respecting human rights in the performance of daily work duties. We remain committed to advancing our human rights initiatives through such ongoing education and awareness-raising efforts.

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 position enhancing corporate value and returning profits to shareholders, along with ongoing dialog with our shareholders and investors, to be one of our most important management policies.

System

- The CFO serves as the lead executive responsible for engaging in constructive dialog with shareholders and investors.
- We have established Investor Relations Division within the Finance and Accounting Headquarters to formulate IR policies and strategies and to promote information disclosure (in February 2026).

Initiatives

- **Financial Results Report Meeting**

We hold financial results briefings following the announcement of our full-year (May) and second-quarter (November) financial results, providing opportunities for communication between top management and institutional investors.

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

	FY2021	FY2022	FY2023	FY2024	FY2025
May	35	35	39	54	44
November	38	34	41	42	48
Total	73	69	80	96	92

- **Institutional Investor IR Coverage**

The CFO 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 (Cases)

	FY2021	FY2022	FY2023	FY2024	FY2025
Domestic investors	71	51	61	72	90
Overseas investors	19	21	39	43	59
Total	90	72	100	115	149

- **Shareholders' Meeting**

We view the Shareholders' Meeting as an important forum for dialogue with our shareholders and strive to ensure meaningful Q&A sessions and exchanges of views.
Furthermore, to allow shareholders sufficient time to review materials before exercising their voting rights, we provide meeting materials electronically and dispatch the notices of the meeting well in advance of the statutory deadlines. The full text of the notice of the meeting, including the business report, is also translated into English.


103rd ordinary
General Shareholders' Meeting
(convened in June 2026)

- **SR Interview**

We conduct an annual SR meeting with domestic institutional investors who hold voting rights, focusing on topics such as our business performance and corporate governance initiatives. The views and information from this meeting are reported to the Board of Directors for the purposes of information sharing and for improving governance.

Stakeholder Engagement

Communication with the Local Community

Yokkaichi Plant

Joint Disaster Drill with the Yokkaichi Minami Fire Station

On May 28, 2025, we conducted a joint disaster drill at our coal-fired boiler facility in collaboration with the Yokkaichi Minami Fire Station. This was a “blind” drill carried out without any prior information, which was a first for this facility. Unlike conventional, scenario-based exercises, this approach created an atmosphere similar to an actual emergency, requiring participants to exercise sound judgment and respond immediately to unforeseen events. We will address the challenges identified during the drill by applying the PDCA cycle to drive improvements and by strengthening our systems to ensure that fundamental operational procedures are consistently and reliably executed. Moving forward, we remain committed to maintaining safe operations and enhancing local disaster prevention capabilities.



Water discharge drill

Central Research Institute

Participation in Class at a Local High School

On March 17, 2026, four of our staff members participated as guest instructors in the final presentation session for the “Integrated Inquiry” class at the local prefectural Kusatsu Higashi High School. In this class, second-year high school students work in small groups to explore the “why” behind topics that interest them, conducting research and analysis over the course of a year. Amidst the palpable tension of presenting before their peers and teachers, the students shared the research, analysis, and presentation strategies they had developed through their own dedicated efforts, leading to a productive exchange of ideas. For many of the students, this marked their first opportunity to showcase scientific findings, and we are pleased to have been able to support them in this initial step. We remain committed to sharing the experience and knowledge of our staff with the next generation in our local community.



During a presentation

Ishihara Techno Corporation

Investment in Sagamihara Biogas Power Co., Ltd.

Sagamihara Biogas Power, based in Sagamihara City, Kanagawa Prefecture, operates a resource-recycling business that utilizes food waste, sourced from entities such as food processing plants and supermarkets, as a resource. By processing 50 tons of liquid food-derived organic matter per day through methane fermentation, the company generates biogas-based electricity equivalent to the consumption of approximately 1,000 households. Furthermore, it produces fertilizer raw materials from the residue remaining after fermentation and sells these to local farmers and fertilizer manufacturers, thereby establishing a localized resource-recycling loop centered on food waste.
Since 2023, Ishihara Techno Corporation has invested in the company, supporting this regional circular initiative. Beyond reducing waste disposal costs and environmental impact, the project contributes to the promotion of local agriculture and the local production and consumption of energy.
Our participation in this venture is part of our Group’s broader commitment to building a sustainable local community.

Sagamihara Biogas Power Co., Ltd.
https://www.sbp.co.jp/eng/index.html

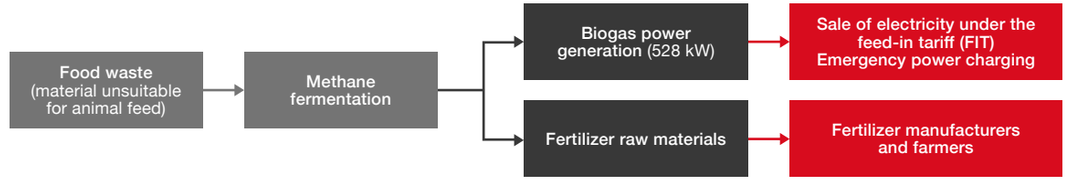
さがみはら
バイオガスパワー株式会社
SAGAMIHARA BIOGAS POWER



Building exterior



Methane fermentation tank





Outside Director Roundtable

Supporting ISK Through an Era of Profound Transformation with Expertise

Discussions at Board of Directors Meetings

More Constructive Discussion as a Result of a Shift in Directors' Mindset

Ando: It has been over two years since ISK shifted its performance targets to prioritize profit, and this new mindset has now taken root. I believe this is one of the reasons the Company was able to achieve record-high profits for the fiscal year ended March 2026. I can sense a shift in awareness; for instance, in Board of Directors' meetings, the primary question now often concerns how much a given initiative will contribute to profit.

Uchida: We are seeing more proactive discussions regarding investments and business operations, all with an eye toward enhancing corporate value over the medium to long term. With initiatives such as the review of how the Board of Directors functions, the discussions have gained even greater depth.

Sano: I recall how Mr. Okubo (the president) steered the conversation, for example, following the decision to cease titanium dioxide production using the sulfate process; he explicitly stated that ISK must "manage with a clear sense of priority" and "concentrate our management resources on products with growth potential."

Ando: Mr. Okubo also placed a strong emphasis on acceleration. Even just a short time ago, when discussing structural reforms, any proposed initiative would typically be slated to begin in the "next fiscal year." Now, however, there is a shared recognition that such a timeline is simply too slow. As a result, ISK's inorganic chemicals business has clearly shifted its focus toward high-value-added products.

Uchida: As ISK transforms its overall business portfolio, it faces some critical questions: how should its various businesses be combined, and how best to optimize the allocation of resources? These are vital issues, and I hope the Board can continue to deepen its discussions of them to redefine the positioning and framework of existing businesses.

Ando: This has been a long-standing challenge, but the Board certainly needs to delve deeper into discussions regarding business composition, including the creation of new businesses and potential M&A opportunities.

Expertise of Each Member

Strengthening Governance Through Expertise in Key Areas

Sano: My area of expertise lies in issues concerning people and management; so, I am particularly focused on the Company's human capital management. Shifting toward growth-oriented business areas and achieving sustainable increases in corporate value can only be realized when built upon a solid foundation of human talent. It is not enough for the passion to exist solely at the executive level; I want to ensure that every single employee is able to leverage their individual capabilities and unique traits to grow.

Ando: Having gained insight into the realities of various companies through my roles as an outside director and a lawyer, I pay close attention to whether management decision-making processes are appropriate. Mr. Okubo places a very high priority on compliance; he often says that, while a "60-point" approach might be acceptable in other areas, compliance must always be a "100-point" standard. I believe I should apply my own expertise with that perspective in mind.

Uchida: I intend to leverage the knowledge I have cultivated through my experience as an executive at various operating companies, specifically in the areas of business strategy, human resources strategy, and risk management, to help strengthen ISK's governance. In particular, I hope to enhance the quality of discussions within the Board of Directors by focusing on areas such as increasing the transparency of management decision-making processes, aligning human resources strategy with business strategy, and ensuring the early identification of risks.

Direction of Governance

Helping Enable Appropriate Risk-Taking

Sano: This year, the Corporate Governance Code was revised for the first time in five years, with "sustainability-related initiatives" highlighted as a key focus. While ISK has established a Sustainability Promotion Committee that is functioning effectively, I suspect there may still be a lingering CSR mindset, which is the idea that a company engages in these activities simply because it is its "social responsibility." In reality, however, sustainability is now synonymous with management itself.
While profitability is, of course, essential, a company's value is also measured by how it contributes to society. Future management discussions must address both of these aspects in tandem.

Ando: One aspect of the revision that particularly interests me concerns risk management. Perhaps due to issues ISK has faced in the past, the Company tends to be overly cautious when it comes to taking risks. Since it is impossible to generate profit without taking risks, supporting appropriate risk-taking is a vital role for an outside director.

Outside Director Roundtable

I make a point of being especially vocal in sharing my perspective on this matter.

Uchida: What caught my attention in this revision of the Corporate Governance Code is the emphasis placed on initiatives for growth investment. To enhance corporate value sustainably, it is essential to clearly define where and to what extent management resources, including human capital, should be allocated, as well as to have a governance framework in place to support such decisions. ISK needs to deepen its Board-level discussions on topics like the rationality of management resource allocation and human capital strategies aligned with the overall business strategy.

Sano: Regarding human capital, the diversity of ISK's core talent is also crucial. The balance between mid-career hires and new graduates, and whether those who join the Company mid-career are truly thriving in their respective fields, needs to be considered. Furthermore, ISK must ensure that it provides a development environment for employees with diverse backgrounds, one that fosters a positive, rewarding, and accessible workplace.
In terms of making work rewarding, last year I was asked to provide advice for a training program designed for potential next-generation female leaders. Furthermore, Ms. Uchida and I attended the final presentation session, where we joined the participants in a discussion circle. Moving forward, I hope to continue helping to broaden people's perspectives.

Succession Plan

Articulating What Is Being Sought and Clarifying Criteria and Selection Processes

Ando: In the past, through channels such as the Personnel Committee and informal discussions, successive presidents have shared their perspectives on next-generation talent, and I have had the opportunity to offer my own input. I am also aware of Mr. Okubo's current thinking on this matter, and, with that in mind, I observe potential future leaders during Board of Directors and Executive Management Committee meetings to gauge their thinking and character.

Uchida: A key aspect of succession planning is the ability to envision, as well as define the specific requirements for, the kind of individuals who will form the next generation of management talent. I have consistently advocated for clearly articulating the desired roles, competencies, and values, and for establishing explicit criteria and the rationale behind them when evaluating candidates. This structured approach can also help bring to light talent that might otherwise have gone unnoticed.

Sano: It is essential to make the selection process transparent. ISK encompasses diverse business models with varying time horizons, which makes selecting top-level leadership particularly challenging. That is precisely why it is so important to define and document the criteria and the selection process itself.

The Next Medium-Term Management Plan and the Vision for the Next Era

Expectations for a Passionate Message from the President

Uchida: The Company is now reaching a critical juncture in the formulation of its next medium-term management plan, Vision 2030 Stage III. I believe the key lies in how the overall balance of the plan is designed. In particular, in-depth market analysis is essential for making decisions regarding the restructuring of ISK's business portfolio and the allocation of resources toward growth areas; this is a point I emphasized during the development of Stage II. By leveraging my management experience from other companies, I hope to introduce perspectives and structural considerations that might not be as apparent from within, thereby elevating the quality of discussions.

Ando: Stage III is the final phase of ISK's long-term plan, Vision 2030, and serves as the culmination of Stages I and II. To date, the Company has pursued structural reforms in its inorganic chemicals business and implemented a voluntary early retirement program. Following such significant decisions, the Company must now demonstrate what ISK will look like as it evolves. For instance, it would be beneficial to present a concrete vision for how the Company intends to allocate its management resources.
The operating income target of 24 billion yen under Vision 2030 is highly ambitious, and, as an outside director, I intend to support the various initiatives aimed at achieving this goal.

Sano: The current structural reforms have been impactful. The evolution of the Yokkaichi Plant, which is a core element of ISK's corporate identity, has introduced a new dimension which marks a major turning point in the Company's 106-year history. In this context, what matters most is the passion with which the president conveys his message to the employees. The success or failure of Stage III hinges on this.
Regarding the vision for 2030 and beyond, it is crucial to engage in a process of dialogue with stakeholders (employees included) to identify past challenges and determine the path forward. If communication is insufficient, the concerns and frustrations of employees may never reach the executive level. A thorough, deliberate process must be followed, after which the leadership must take responsibility for making the final decisions. We outside directors will also strengthen our collaboration and engage in joint deliberation to provide support to the management team.



Outside Director
Satoshi Ando
Mr. Ando is a lawyer. He also serves as an outside director for Toho Co., Ltd. and possesses extensive expertise in corporate legal affairs. He is the chairperson of ISK's Personnel Committee and a member of the Compensation Committee and the Evaluation Committee.



Outside Director
Akemi Uchida
Having served as a full-time director at Topre Corporation and Morpho, Inc., Ms. Uchida possesses extensive knowledge and practical experience, particularly in the areas of corporate strategy, risk management, and human resources strategy. She also currently serves as an outside director for Iriso Electronics Co., Ltd. and Stellachemifa Corporation. She is the Chairperson of ISK's Compensation Committee and is a member of the Personnel Committee and the Evaluation Committee.



Outside Director
Yumi Sano
Ms. Sano is director of the Kansai Office of the Japan Institute for Women's Empowerment & Diversity Management. She possesses extensive experience in organizational management within public interest and other organizations, as well as in the promotion of diversity and human resource development. She also serves as an outside director for Sanyo Chemical Industries, Ltd. and StudioAlice Co., Ltd. She is a member of ISK's Personnel Committee, Compensation Committee, and Evaluation Committee.

Board of Directors and Executive Officers

Board of Directors (As of June 30, 2026)



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

4 years
20,961
16/16 (100%)



Mikiya Horie
Executive Director
Executive Vice President
In charge of Organic Chemicals Business

2 years
12,760
16/16 (100%)



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

2 years
11,725
16/16 (100%)



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

2 years
11,381
16/16 (100%)



Kenji Tanaka
Director
Managing Executive Officer
Director of Corporate Planning Headquarters

1 year
8,925
16/16 (100%)



Ikuo Yamashita
Director
Managing Executive Officer
Director of Yokkaichi Plant
Deputy Director of Inorganic Chemicals Business Headquarters (Production)

1 year
11,687
16/16 (100%)



Satoshi Ando
Outside Director

6 years
2,700
15/16 (94%)



Akemi Uchida
Outside Director

3 years
900
16/16 (100%)



Yumi Sano
Outside Director

1 year
0
16/16 (100%)

- Term of office as Director
- Number of shares held (as of March 31, 2026)
- Attendance at Board of Directors meetings (June 26, 2025–June 24, 2026)
- Attendance at Audit & Supervisory Board meetings (June 26, 2025–June 24, 2026)

Audit & Supervisory Board Members (As of June 30, 2026)



Hirotsugu Sakai
Audit & Supervisory Board Member

1 year
4,759
16/16 (100%)
12/12 (100%)



Yoichi Kobayashi
Audit & Supervisory Board Member

3 years
10,800
16/16 (100%)
12/12 (100%)



Norihisa Kusumi
Outside Audit & Supervisory Board Member

3 years
500
16/16 (100%)
12/12 (100%)



Yasuhiro Koike
Outside Audit & Supervisory Board Member

3 years
1,800
16/16 (100%)
12/12 (100%)

Board of Directors and Executive Officers

Skills Matrix, Reasons for Appointment (As of June 30, 2026)

	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	
Directors	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 the plan's second year, he again achieved earnings exceeding performance targets, making a significant contribution to enhancing the Group's corporate value. He has also continued to strengthen the management foundation and governance structure, steadily establishing a framework for sustainable growth. He has been appointed with the expectation that he will demonstrate strong leadership in achieving the Medium-Term Management Plan and implementing further growth strategies.
Directors	Mikiya Horie Executive Director Executive Vice President In charge of Organic Chemicals Business	●	●	●	●					As Representative Director, Mr. Horie oversees company-wide management and has led the execution of the Group's management strategies, including advancing the Medium-Term Management Plan, addressing key management issues, and optimizing the Group-wide business portfolio. As Director of Biosciences Business Headquarters, he has led sales expansion in global markets and made a significant contribution to enhancing corporate value by improving profitability. He has been appointed with the expectation that he will steadily advance the Group's growth strategies by combining a broad management perspective and swift decision-making with execution capabilities grounded in frontline operations.
Directors	Yoshio Nishiyama Director Senior 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 General Affairs & Human Resources Headquarters as its Director. Since becoming a Director in 2024, he has continued to promote human capital management, contributing to talent development, organizational revitalization, and a stronger management foundation. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	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 held positions including responsibility for operations at the Yokkaichi Plant since his appointment as Executive Officer in 2022. Since becoming a Director in 2024, he has led business reforms as Director of Inorganic Chemicals Business Headquarters, including efforts to expand sales of high-value-added products, steadily strengthening profitability and competitiveness. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	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 became a Director in 2025. Since then, as Director of Corporate Administration & Planning Headquarters, he has been responsible for formulating and executing management strategies, budget management, Group company management, and promoting digital transformation (DX), contributing to stronger Group-wide management systems and greater operational efficiency. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	Ikuo Yamashita Director Managing Executive Officer Director of Yokkaichi Plant, Deputy Director of Inorganic Chemicals Business Headquarters, Production	●	●	●						Mr. Yamashita has mainly been engaged in logistics at plants. 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. Since becoming a Director in 2025, he has overseen all operations at the Yokkaichi Plant, a major business site, as Plant Manager, working to strengthen the production foundation and ensure stable operations. He has been appointed with the expectation that his achievements and management insight will enable him to contribute to the sustainable enhancement of the Group's corporate value.
Directors	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 objective and legal standpoint. In addition, he chairs the Personnel Committee and serves as a member of the Compensation Committee and Evaluation Committee, actively expressing his opinions. He has been reappointed with the expectation that he will continue to fulfill his duties as an Outside Director from an independent standpoint.
Directors	Akemi Uchida Outside Director	●	●			●	●	●	●	Ms. Uchida has extensive experience related to corporate planning, 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 chairs the Compensation Committee and serves as a member of the Personnel Committee and Evaluation Committee, actively expressing her opinions. She has been reappointed with the expectation that she will continue to fulfill her duties as an Outside Director from an independent standpoint.
Directors	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 also has broad insight, particularly in promoting diversity, supporting women's advancement, and reforming work styles. She provides appropriate advice and oversight of the Company's management from an external, objective, and neutral standpoint. She also actively expresses her opinions as a member of the Personnel, Compensation, and Evaluation Committees. She has been reappointed with the expectation that she will continue to fulfill her duties as an Outside Director from an independent 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 as well as the secretarial division. Through formulating management strategies, financial management, and supporting management decision-making, he has developed broad knowledge of overall management and a keen awareness of risk. 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.
Audit & Supervisory Board Members	Yoichi Kobayashi Audit & Supervisory Board Member				●	●				Mr. Kobayashi's experience includes working in organic chemicals and legal at ISK and serving as a director of domestic and overseas affiliates. He has extensive experience and knowledge of business operations, legal affairs, and the management of overseas affiliates. 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.
Audit & Supervisory Board Members	Norihisa Kusumi Outside Audit & Supervisory Board Member	●				●	●	●		Mr. Kusumi is well versed in corporate management, having amassed a wealth of knowledge and insight through many years at financial institutions, as well as experience serving as a director of another company. In light of this experience and knowledge, he has been appointed with the expectation that he will appropriately audit the Company's business execution from an independent and impartial standpoint.
Audit & Supervisory Board Members	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. In light of this experience and knowledge, he has been appointed with the expectation that he will appropriately audit the Company's business execution from an independent and impartial standpoint.

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, 2025 to June 25, 2026)

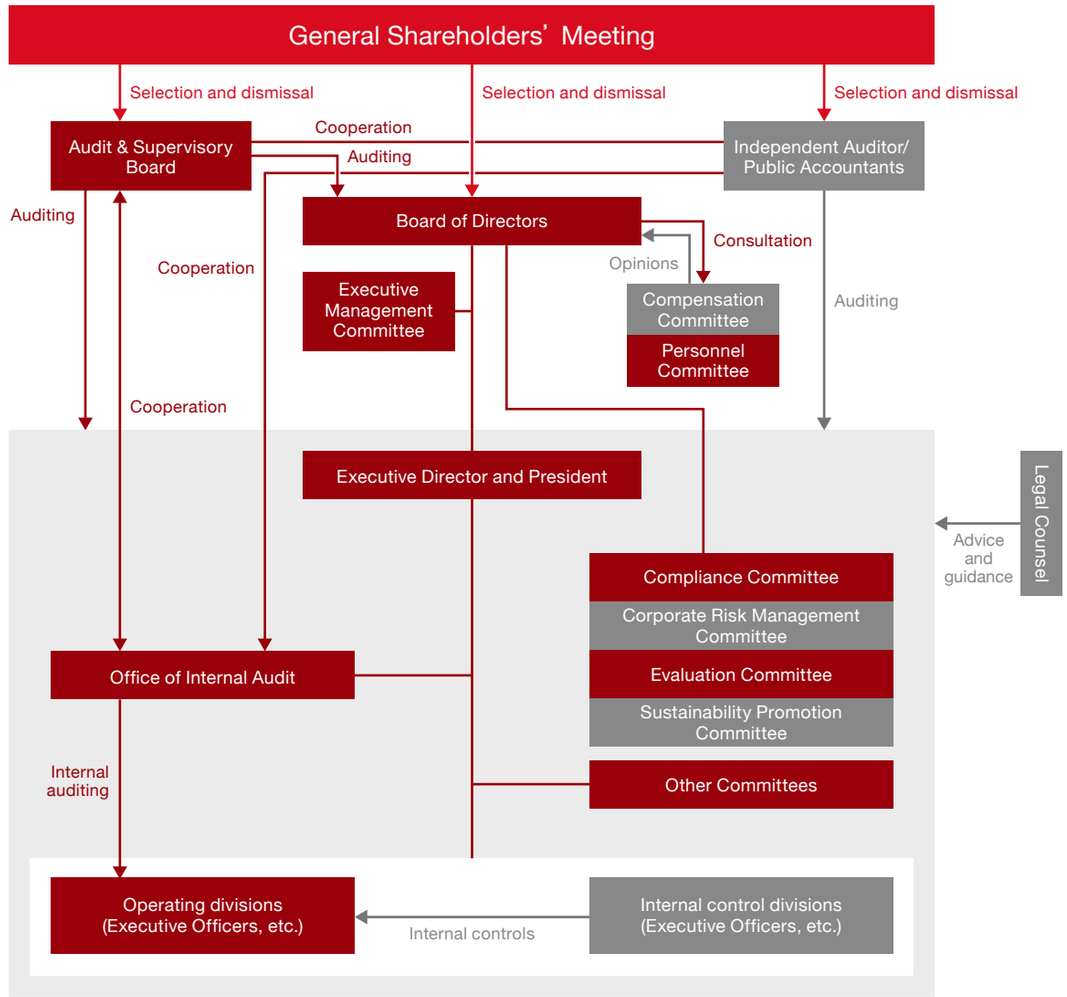
Corporate strategy, business portfolio
- Capital investment in production facilities
- R&D base planning (TREC, research facility upgrade planning)
- New business
- External collaboration in R&D

Sustainability management
- Environmental, health and safety activities
- Talent portfolio
- Employee engagement
- Investor dialog-related activities

Corporate governance
- Effectiveness evaluation of the Board of Directors
- Evaluation of the internal control system
- Cross-shareholdings policy
- Operation of stock-based compensation plan for directors and officers

Risk and compliance
- Risk management activities
- Compliance program
- Internal auditing

Corporate Governance Structure



Corporate Governance

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	16	
	Composition	Chairperson	Executive Director and President
		Members	Directors
Executive Management Committee	Functions	The Executive Management Committee is established 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	13	
	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	12	
	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	
	Composition	Chairperson (CCO)	Representative 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	
	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	
	Composition	Chairperson	Independent Outside Audit & Supervisory Board member
		Members	Independent Outside Directors, Inside Audit & Supervisory Board members, Independent Outside Audit & Supervisory Board members
		Note: Four of six positions on the committee (66%) are filled by independent Directors and Audit & Supervisory Board members (rounded down to the nearest whole percentage).	
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, concerning the remuneration of directors and executive officers.	
	Times convened	1	
	Composition	Chairperson	Independent Outside Director
		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	5	
	Composition	Chairperson	Independent Outside Director
		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	
	Composition	Chairperson	Executive Director and President
		Members	Inside Directors, Headquarters Directors, and others

Corporate Governance

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 2025, 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

For fiscal 2025, it was decided to retain essentially the same set of questions used in the previous year. Additionally, as some progress has been made regarding the issues previously addressed under "VII. Challenges identified in the prior year's evaluation as requiring attention in the current year," this section has been removed and the individual questions have been returned to their original categories.

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 (All Directors) for Fiscal 2025: Comparison with the Previous Fiscal Year

	FY2024	FY2025	Increase/ Decrease
Ⅰ. Composition of Board of Directors	90.6%	88.0%	-2.6P
Ⅱ. Operation of the Board of Directors	92.3%	95.2%	+2.9P
Ⅲ. Agenda of Board of Directors	86.2%	85.6%	-0.6P
Ⅳ. System supporting Board of Directors	85.3%	88.5%	+3.2P
Ⅴ. Self-evaluation of each director	82.9%	88.2%	+5.3P
Ⅵ. Minutes of Board of Directors' meetings	99.1%	93.3%	-0.9P

Awareness of Issues

For fiscal 2026, it is necessary to strengthen efforts in areas where the achievement rate was below 80% in fiscal 2025, i.e., discussions regarding the portfolio and key risks, the establishment of Group company oversight and management frameworks, the utilization of reports from the Office of Internal Audit, and the acquisition and further development of knowledge required of directors. 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 2026, we will take an even more proactive approach to the following five issues that must be addressed.

1 Review of the corporate governance structure, refinement of the business portfolio, and strengthening of global risk management

The Board of Directors will examine the Company's corporate governance structure, including a potential transition to a "monitoring model," to ensure both an "offensive" capability for swift and flexible business execution and a "defensive" function for overseeing management and maintaining operational transparency. Furthermore, the Board will pursue medium- to long-term refinement of the business portfolio and strengthen the global risk management framework.

2 Purpose-driven strengthening of technological development capabilities and expansion into new businesses

Guided by our corporate purpose, and leveraging our three core chemical technology-rooted strengths, i.e., the ability to develop proprietary technologies, to accommodate quality and environmental requirements, and to collaborate globally, along with our management execution strength, we will advance initiatives such as further strengthening our technology development capabilities and expanding into new business areas.

3 Substantive strengthening of internal audit division functions and ensuring collaboration with directors and Audit & Supervisory Board members

We will strengthen our internal audit division functions, enhance collaboration with directors and Audit & Supervisory Board members, and bolster oversight and auditing of Group companies and overseas subsidiaries.

4 Acquisition and cultivation of essential knowledge by directors and sufficient oversight of fellow directors' performance of duties

Directors will strive to acquire and cultivate essential knowledge, as well as exercise oversight of one another's execution of duties.

5 Sustainability issues

The Sustainability Promotion Committee, in communication with outside directors and Audit & Supervisory Board members, will discuss sustainability-related issues and disclose information as appropriate through ISK's Integrated Report.

Corporate Governance

Remuneration of Directors

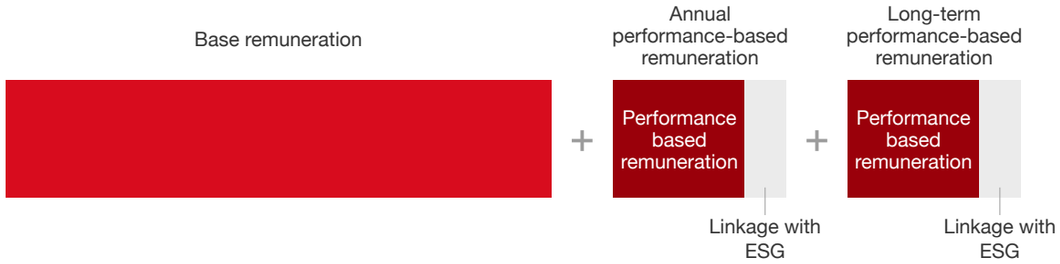
Basic Policy

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 (cash)," "annual performance-linked compensation (cash)," and "long-term performance-linked compensation (stock-based)" Compensation for Outside Directors shall be composed only of basic compensation due to their independence from business execution.



Base remuneration

Basic compensation is paid as fixed monetary compensation based on the Officers Compensation Regulations, in amounts corresponding to the roles and positions 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 shareholder 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 shareholder 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 the Executive Director and President, 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%

Corporate Governance

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

Remuneration of Directors and Audit & Supervisory Board Members in Fiscal 2025

Officer category	Total remuneration (Million yen)	Total remuneration by type (Million yen)				Number of eligible officers (Persons)
		Base remuneration	Performance based remuneration	Transfer restricted share compensation	Performance-linked stock compensation system	
Directors (excluding Outside Directors)	286	173	58	3	51	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	36	36	–	–	–	3
Outside Directors and Outside Audit & Supervisory Board Members	66	66	–	–	–	6
Total	388	275	58	3	51	17

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 Officers

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

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 appropriate-ness of subsidiary governance as well as the maintenance of compliance systems. For details, please refer to ISK Corporate Governance Report.

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

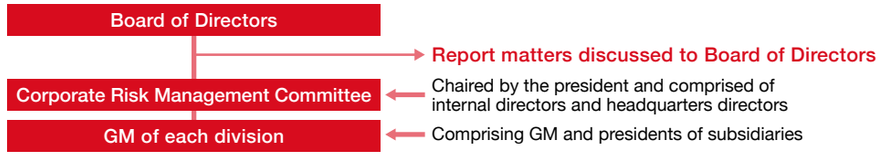
Risk Management

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 chaired by the executive director and president, and its members include the directors of each business headquarters. The Committee meets twice a year, or more frequently if necessary, to consolidate risk assessments, to identify priority risks requiring immediate action (high-priority risks) and other needs, to deliberate on risk mitigation plans, and to monitor the implementation status of these measures. The outcomes of these deliberations are reported to the Board of Directors.
The Sustainability Promotion Committee's jurisdiction includes priority issues (materiality), climate change risks, and human rights risks, and it advances measures for them in coordination with the Corporate Risk Management Committee.



Risk Management Process

Plan
- **Implement risk assessment**
  Identify risks from a company-wide perspective
  Assess risk impact and probability
  Select major risks to address
- **Formulate countermeasure plans against risk**
  Allocate risks to each person/division in charge
  Decide on risk countermeasure policies
  Decide on action plan for countermeasures

Do
- **Implement risk countermeasures**

Check
- **Monitor progress on implementation of countermeasures**
  Review progress on implementation

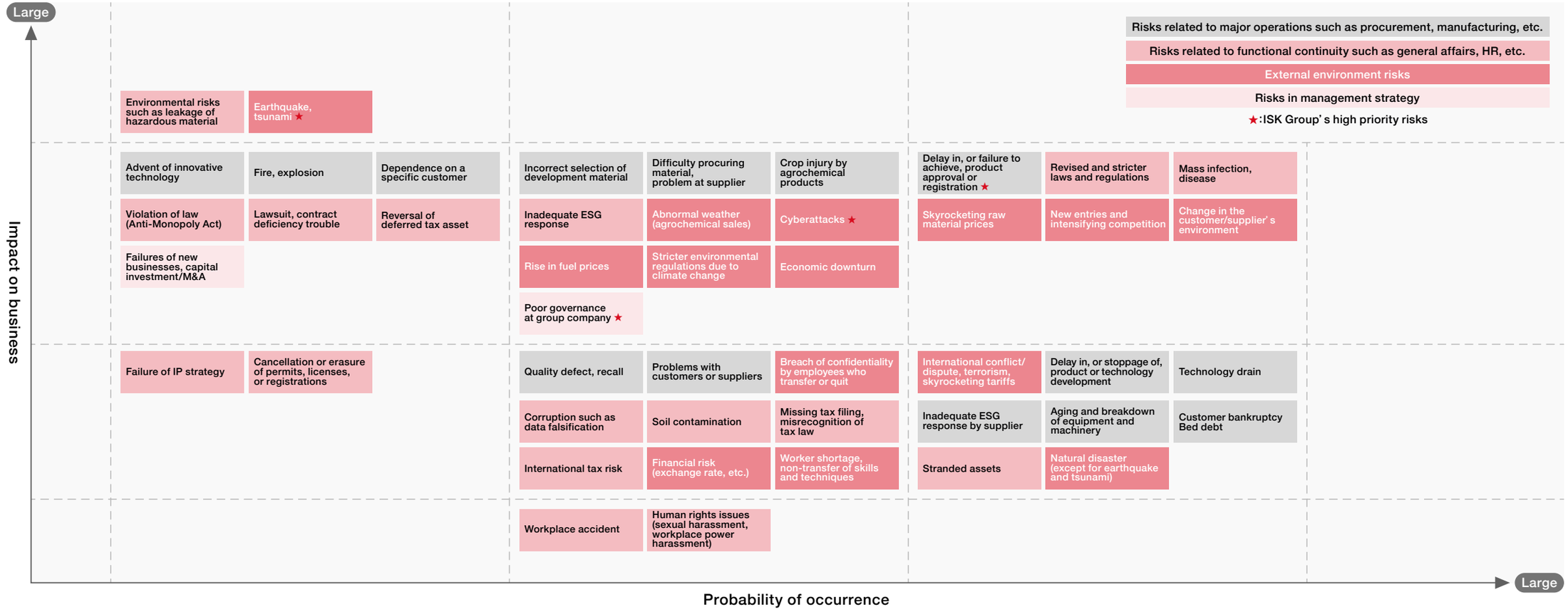
Act
- **Summary and improvement plan**
  Report to management
  Consideration on countermeasure plans

High Priority Risk

Major Risk	Explanation of Risk	Major Measures
Delay in, or failure to achieve, product approval or registration (Agrochemicals)	As regulations concerning agrochemicals are stronger around the world, our Group's business performance could be affected if existing products fail to maintain their registration or cannot be re-registered, thus rendering them unsalable, or if the permitted uses for these products are restricted, thereby reducing sales opportunities.	▪ 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
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, for example, 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. Such an incident could disrupt our business operations, including production and sales, and negatively impact the performance of our Group. Furthermore, it could lead to the leakage of confidential data, such as customer information or contractual documents, potentially causing financial losses to our Company and harm to 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 ▪ Establish an information security policy for the entire Group

Risk Management

High Priority Risk



Note: 1. The risks described here are those that may affect the business activities of our Group; however, this list is not exhaustive. We may, in the future, be impacted by risks that were not anticipated or that were previously considered to be of low significance.
2. ISK defines risk as any possibility of physical or economic damage to ISK, loss of trust, or other disadvantage to ISK.
3. To ensure a consistent understanding among those conducting assessments, we evaluate the magnitude of risks (based on their potential impact and likelihood of occurrence) by establishing risk scenarios and estimating the associated financial losses. We, thus, utilize "worst-case scenarios" that represent the most significant threats that could potentially materialize.
4. Risk assessments were conducted throughout the consolidated fiscal year under review.

Compliance

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.
A company cannot exist without society's trust. To fulfill our corporate responsibilities and contribute to society, our Group treats compliance as a fundamental prerequisite for all business activities, and we have, therefore, established a Compliance Committee to drive these efforts. Through the activities of this committee, we foster a strong culture of compliance among all members of the Group while working to prevent, promptly detect, and rectify any instances of non-compliance.

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

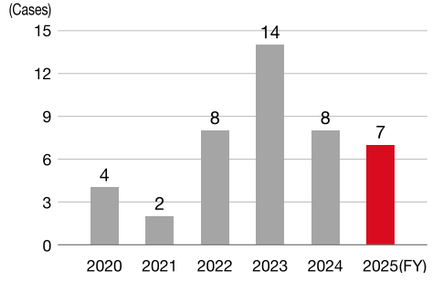
Compliance Promotion System (Overview)

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 comprises directors (excluding outside directors), directors of each headquarters, Audit & Supervisory Board members, 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 2026 marking the 40th session.

The following are activities which have been undertaken in recent years.

- Ensuring compliance with the ISK Group Code of Conduct and the Whistleblowing Rules
- Handling reports and consultations received through the internal whistleblowing system
- Deliberating on, and responding to, instances of compliance violations
- Developing and implementing compliance training and awareness-raising programs
- Developing and implementing measures to prevent harassment
- Supporting and monitoring compliance-related activities within individual departments

Numbers of Compliance-related Whistleblowing Reports and Consultations



Fiscal 2025 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 2025, many ISK Group members participated in training (refer to the chart below).

Classification	Target	Implementation (Theme)	Total number of participants
Job grade-specific	New and mid-career hires	Group training and online learning	109
	Newly appointed chiefs	Online learning	47
	Newly appointed managers	Lawyer-led group training	13
	Mid-career managers (one year in)	In-house staff-led group training	5
	Personnel who have been employees for a set period	In-house staff- and lawyer-led group training	116
Topic-specific	All Group members (interested applicants)	Outside expert-led group training (security export control)	342
	Executives and officers	Lawyer-led group training (qualities and responsibilities of executive management)	27
	All Group members (all)	Anonymous survey (prevention of power harassment)	1,676
By workplace	All Group members (all)	In-house study sessions and discussion meetings (specialized laws/regulations and compliance)	4,739



Training included ongoing study sessions featuring invited outside experts, internal discussion meetings, etc.

Implementation of Training and Initiatives Corresponding to Changing Social Conditions and Business Environments

In recent years, there have been numerous instances where corporate misconduct has not only led to a loss of public trust but has also severely impacted corporate value and business continuity. We view compliance as more than just adherence to laws and regulations; it encompasses the practice of corporate ethics and serves as a foundational element of management that supports sustainable growth. Accordingly, we promote ongoing education and awareness-raising initiatives for all members of our organization.
Specifically, we provide systematic training tailored to the roles and responsibilities required at every level, from new employees to management and executive leadership.
Furthermore, we conduct annual training sessions on specific topics, such as harassment prevention, information management, quality control, and legal requirements for fair and equitable business transactions, that address evolving social expectations and changes in our business environment. Our goal is to ensure that these concepts are well-understood and effectively applied in daily operations.
Recent examples include in-person, outside expert-led training sessions at various business locations covering the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (now the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment) in fiscal 2024, and security export control under the Foreign Exchange and Trade Act in fiscal 2025.
Beyond the mere acquisition of knowledge, we prioritize fostering a corporate culture where individuals think for themselves and act appropriately. Through interactive training that encourages candid exchanges and active discussion within each workplace, we aim to embed a compliance-oriented mindset that can be put into practice on the front lines.
Moving forward, we remain committed to strengthening our effective compliance framework and enhancing corporate ethics, ensuring that we continue to be a company trusted by all our stakeholders.