

Corporate Officers

President

Hidehito Takahashi Chief Executive Officer (CEO)

Executive Vice President

Hiroyuki Yamashita General Manager, Electronics Business Headquarters

Managing Corporate Officers

Hideki Somemiya Chief Financial Officer (CFO)

Tomomitsu Maoka Chief Strategy Officer (CSO)
Chief Risk Management Officer (CRO)

Nori Imai Chief Human Resource Officer (CHRO)

Corporate Officers

Shigeru Fujita Chief Marketing Officer (CMO)

Nami Matsuko Chief Sustainability Officer (CSuO)

Naobumi Shimpo Chief Operations, Manufacturing and Engineering Officer (CMEO);
Chief Quality Officer (CQO)

Masato Fukushima Chief Technology Officer (CTO)

Satoshi Hara General Manager, Mobility Business Headquarters

Takafumi Sakurada General Manager, Advanced Functional Materials Business Headquarters

Executive Officers

Yasushi Makabe General Manager, Hard Disk Media Business Unit

Makoto Takeda General Manager, Device Solutions Business Unit

César Castiñeira General Manager, Graphite Business Unit

Hiroshi Adachi General Manager, Basic Chemicals Business Unit

Hirotsugu Fukuda General Manager, Olefins & Derivatives Business Unit

Hidenori Abe Deputy General Manager, Electronics Business Headquarters

Katsuyuki Tsuji Deputy General Manager, Mobility Business Headquarters

Skill Matrix

Based on its fiduciary duty and accountability to shareholders, the Board of Directors strives for the sustainable growth of the Company and enhancement of its corporate value over the medium to long term through efficient and effective corporate governance. To this end, we have identified the skills necessary to improve the effectiveness of the Board of Directors and prepared the skill matrix below, which visualizes the skills and experience of our Directors and Audit & Supervisory Board members.

Name	Skill Matrix							
	Global business	Innovation and fusion of technology	ESG and sustainability	Portfolio management	Finance / accounting	Personnel management / development	Legal / risk management	
Directors								
Kohei Morikawa	○	○	○	○				○
Hidehito Takahashi	○		○	○	○	○		○
Hideki Somemiya	○		○	○	○	○		
Tomomitsu Maoka	○	○	○	○				○
Nori Imai	○		○	○		○		
Kozo Isshiki		○		○	○	○		
Noriko Morikawa	○		○	○	○	○		
Tetsuo Tsuneishi	○			○	○	○		
Kenji Yasukawa	○	○		○		○		
Audit & Supervisory Board Members	8	4	6	8	5	7	3	
Toshiharu Kato	○		○		○			
Mitsuo Katayose	○	○		○				
Masako Yajima	○							○
Yasuyuki Miyasaka	○				○			○
Kiyoko Toda	○				○			○
	5	1	1	1	3	0	3	

Corporate Governance

Please also read the "Corporate Governance" page on our website.



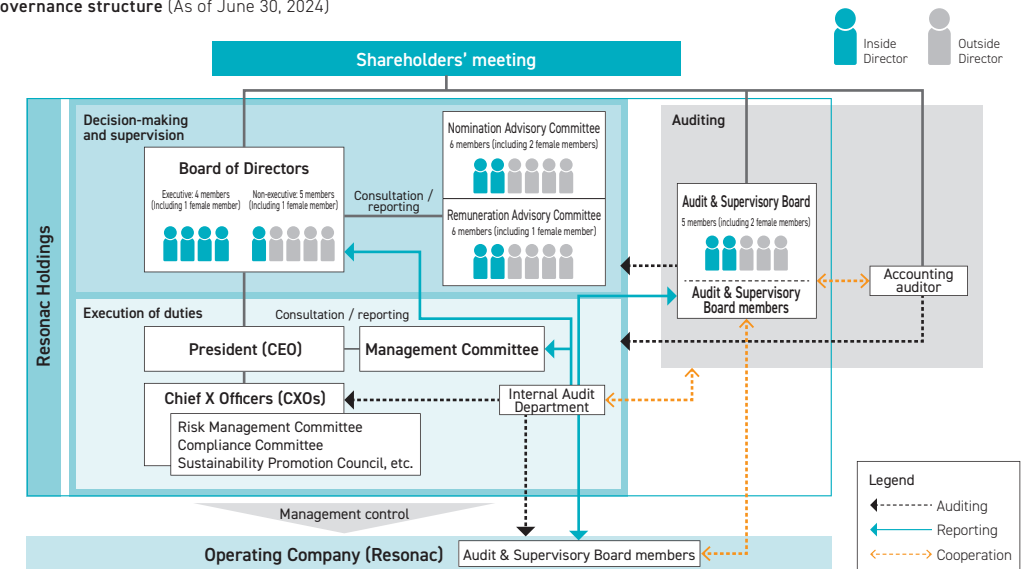
Basic Policies

Resonac believes in the importance of continuously enhancing its corporate governance in terms of supporting efforts to create the functions required of an advanced materials partner according to the times; contributing to the sustainable development of global society; and realizing the Group's Purpose of "Change society through the power of chemistry."

In order to continuously enhance our corporate value, the

Company shall ensure soundness, effectiveness and transparency of management and swift decision-making. The Company shall also build a system that allows us to demonstrate our corporate value and fully take advantage of our resources, with a focus on objectives such as strengthening our management and technological foundations and improving the capabilities and motivation of our employees.

Corporate governance structure (As of June 30, 2024)



Board of Directors

Chairperson Inside director not in charge of business execution

Meeting frequency Once or twice a month

Nomination Advisory Committee

Priority discussion topics in fiscal 2023: Nomination of candidates for chief executive officer and other management positions

Chairperson Outside director **Meeting frequency** 3 or 4 times a year

Management Committee

President, CXOs, and division heads whose presence on the committee is deemed necessary by the president

Chairperson President **Meeting frequency** Twice a month in principle

Audit & Supervisory Board

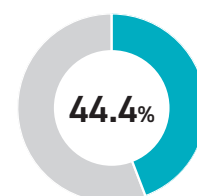
Chairperson Inside full-time Audit & Supervisory Board member

Meeting frequency Once or twice a month

Remuneration Advisory Committee

Chairperson Outside director **Meeting frequency** Once or twice a year

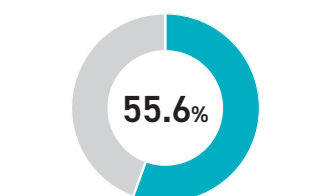
Ratio of Outside Directors



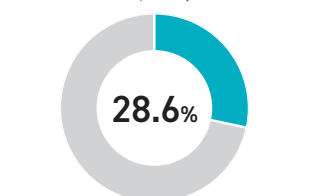
Ratio of Outside Officers (Directors, Audit & Supervisory Board members)



Ratio of Directors Not in Charge of Business Execution



Ratio of Female Officers (Directors, Audit & Supervisory Board members)



Corporate Governance

Evaluation of the Board of Directors' Effectiveness

Evaluation method

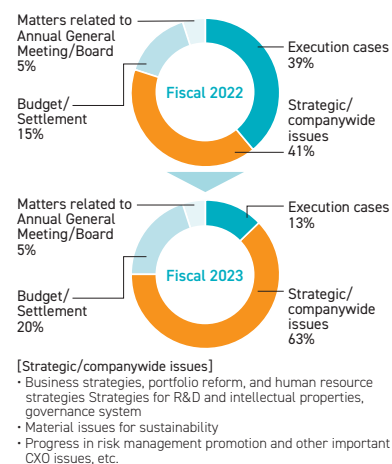
The Company evaluates the effectiveness of the Board of Directors every year, aiming to strengthen corporate governance and improve effectiveness of the Board of Directors in and after the next fiscal year. To be specific, in December 2023, the Company surveyed respective Directors and Audit & Supervisory Board Members through unidentified questionnaires and free descriptions to evaluate the effectiveness of the Board of Directors in fiscal 2023. Then, in March 2024, the Board of Directors held a meeting for all directors and Audit & Supervisory Board members

to discuss the collected self-evaluation results and the monitoring function of the Board of Directors deliberated upon during the trainings among directors and corporate officers held in December 2023, create a summary of the evaluation results for fiscal 2023, and formulate an action plan for fiscal 2024. Note that we have outsourced the questionnaire survey and aggregation of the results to an outside institution in order to ensure its objectivity and enhance future effectiveness of the Board of Directors.

Evaluation results (Actions taken in 2023)

Issues recognized in fiscal 2022	<ul style="list-style-type: none"> The Board of Directors should examine how the Board of Directors should be in order to allocate greater percentage of discussion to that about substantial strategies and future risks. The Board of Directors should revise standards for bringing up matters for discussion in order to give priority medium- to long-term issues over other issues. The Board of Directors should continuously improve all kinds of mutual understanding and information sharing.
Action plan for fiscal 2023	<ul style="list-style-type: none"> Take specific measures to accelerate separation of execution and supervision Set agenda for the Board of Directors in the future based on its objectives and roles Secure additional communication opportunities and improve the current method Make a new system for sharing information and improve the current method
Actions taken in fiscal 2023	<ul style="list-style-type: none"> Matters discussed at the Board of Directors' meetings shifted from matters to be independently executed to strategic/important matters (since the middle of fiscal 2023). Discussed how the Board of Directors' meetings should be (at the end of the year), including how the institutional design should be. With regard to matters to be executed, at the Board of Directors' meetings, Directors received comprehensive report on matters related to lawsuits, environment, and M&A in the first half of the fiscal year, and Directors also received report on strategic matters related to sustainability, human resource development, technology, and digitalization in the second half of the fiscal year. Upgraded the whole process of the Board of Directors' meetings including prior explanations (sharing contents of questions and answers exchanged before the meetings, specifying risks and alternatives concerning matters to be discussed, early sharing of important matters to be discussed by utilizing the procedure for receiving report on off-topic matters, etc.) Had opportunities for Outside Directors to communicate with one another exclusively. (The Company plans to prepare exclusive opportunities for Outside Officers [i.e., Outside Directors and Outside Members of Audit and Supervisory Board] with one another in and after fiscal 2024.)

Changes in the characteristics of matters discussed at the Board of Directors' meetings caused by changes in standards for bringing up matters for discussion to the Board of Directors' meetings



Action plan for fiscal 2024 based on the reviews of business execution in fiscal 2023 is as follows.

Issues recognized in the review of the management of business in fiscal 2023	<ul style="list-style-type: none"> Discrepancies exist in the skills which are recognized as being necessary for the members of the Board of Directors that aims to be a monitoring board. Discussion on this matter requires a lot of time. It is also necessary for the Board of Directors to discuss how the Board of Directors will protect its independence. Many Directors thought there was an improvement in the adequacy of bills. However, some of Directors said we need more thorough discussion on bills. The Company must have appropriate agenda for monitoring business processes including mechanism for risk management which aims to strengthen governance of the group. Some Directors said it is necessary to improve information sharing with consultative committees. Some Directors also said it is necessary for the Board of Directors to have substantial discussion about requests from investors.
Action plan for fiscal 2024	<ul style="list-style-type: none"> Continue discussion on how the Board of Directors' meetings should be (including composition of the Board of Directors and skills of each Director) in order to make it function effectively as a monitoring board. Formulate and implement agenda optimized for the Board of Directors to function as a monitoring board. Enhance effectiveness of the Board of Directors through continuous improvement in various opportunities of communication and information sharing.

Nomination Process

Approach to nomination

Candidates for Directors shall be persons who have the knowledge, experiences and capabilities required to fulfill their duties as Directors. The Company selects senior management members by considering corporate and individual performance and other factors. Candidates for Audit & Supervisory Board Members shall have the knowledge, expertise and capabilities

required to fulfill their duties, including those with strong expertise in finance and accounting.

In electing and nominating aforementioned positions, the Nomination Advisory Committee, an advisory body to the Board of Directors, shall deliberate matters related to nomination and report the results of its deliberation to the Board of Directors.

Dismissal of the CEO or other members of management

If there is a fact concerning the senior management, including CEO, that may meet the Dismissal Standards given below, the Nomination Advisory Committee shall deliberate the applicability of the Dismissal Standards, and report the result of deliberation to the Board of Directors. Then the Board of Directors shall make a final decision on dismissal of the relevant Director.

Implementing a succession plan

The Company is conducting company-wide talent reviews, at the Groupwide and global levels, to cultivate the future leaders who will be necessary to advancing its growth strategies.

The Nomination Advisory Committee discusses and confirms the viability of management's selection of potential successors and its formulation of development processes. The Board of Directors continually monitors all succession planning initiatives based on reports from the Committee.

Composition of the Nomination Advisory Committee

Chairman: Tetsuo Tsuneishi (Outside Director)	Members: Hidehito Takahashi (Representative Director; President and Chief Executive Officer), Nori Imai (Director), Kozo Isshiki (Outside Director), Noriko Morikawa (Outside Director), Kenji Yasukawa (Outside Director)
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With the exception of Ms. Imai and Mr. Yasukawa, who assumed office in March 2024, all the aforementioned members, along with Mr. Nishioka, a former outside director and Mr. Kohei Morikawa, an inside director, were present at every meeting.

Remuneration

Basic policies on remuneration

The policy for determining the remuneration for respective directors of the Company is established by the Board of Directors after the Remuneration Advisory Committee, comprising a majority of outside and independent officers, deliberates on the appropriateness of the policy each fiscal year. While deliberating, the Remuneration Advisory Committee considers the evolving business environment, along with feedback from shareholders and investors. Additionally, it sources essential information for its discussions from third-party organizations with extensive global experience and knowledge.

In determining the remuneration for respective directors for fiscal 2023, the Remuneration Advisory Committee, comprising a majority of outside and independent officers, conducted a multifaceted assessment utilizing objective and specialized information necessary for deliberation, ensuring alignment with the Policy for Determining Remuneration for Directors and Corporate Officers. The Board of Directors generally acknowledges reports made by the Committee and deems the content to be appropriate and in line with the aforementioned determination policy.

[Directors (excluding Outside Directors)]

- Establish a remuneration scheme appropriate for recruiting and retaining talented human resources from inside and outside Japan suited to a World-class Functional Chemical Company
- Incentivize them to achieve performance targets and increase medium- to long-term corporate value, thereby driving the sustainable growth of the Group
- Maintain a transparent, fair, and rational process for deciding remuneration from the viewpoint of accountability to all shareholders including stakeholders

[Outside Directors]

- Establish a remuneration scheme appropriate for the role and responsibility of supervising management from an independent and objective standpoint

Composition of the Remuneration Advisory Committee

Chairman: Kenji Yasukawa (Outside Director)
Members: Hidehito Takahashi (Representative Director; President and Chief Executive Officer), Hideki Somemiya (Director), Kozo Isshiki (Outside Director), Noriko Morikawa (Outside Director), Tetsuo Tsuneishi (Outside Director)

Primary roles and authority of the Remuneration Advisory Committee

Matters to be resolved	Matters to be deliberated or confirmed
<ul style="list-style-type: none"> Basic compensation for individual directors Targets and evaluation of performance indicators associated with short-term incentives (STIs) for directors, and amounts paid to individual directors Position-based standard points, TSR evaluation, and the number of earned points and shares to be delivered to individuals associated with long-term incentives (LTIs) for directors 	<ul style="list-style-type: none"> Policy for determining the remuneration for directors and corporate officers Details of remuneration for respective corporate officers (excluding those concurrently serving as directors), executive officers, and directors Formulation, amendment, or revocation of significant company rules and procedures related to remuneration for directors and corporate officers, along with descriptions presented in important public announcements and other relevant communications

In order to appropriately fulfill its roles and exercise authority in deliberating on matters entrusted or consulted by the Board of Directors, the Remuneration Advisory Committee carefully considers consistency with the Policy for Determining Remuneration for Directors and Corporate Officers, while also accounting for the evolving business environment and feedback from shareholders and investors. Furthermore, the Committee obtains information, advice, and other insights necessary for its deliberations from Willis Towers Watson (WTW), a third-party organization with a

wealth of international experience and knowledge.

Compensation consultants from WTW were present at four out of the five meetings of the Remuneration Advisory Committee throughout the period. The Remuneration Advisory Committee reported the matters deliberated upon or resolved to the Board of Directors in a timely and appropriate manner during the period. Accordingly, the Board of Directors is confirming the reasonableness and appropriateness of the reported matters.

Corporate Governance

Matters discussed, etc.

Time of meeting and matters discussed	Participants
<p>January and March 2023</p> <ul style="list-style-type: none"> Determined the individual standard compensation amounts and the number of LTI standard points to be granted to each director for fiscal 2023 Discussed the evaluation of performance indicators (consolidated financial results and personal performance) for the fiscal 2022 STI to determine the individual amounts to be paid to each director. The process of personal performance evaluations for each evaluated director (President and CEO, CTO, CFO, CSO) began with an initial assessment by the President and CEO (including a self-evaluation for the President and CEO). The final evaluations were then conducted through deliberation and confirmation of their appropriateness. Opted not to grant shares for the fiscal 2022 LTI to a director who resigned in March 2023, based on the TSR evaluation through the end of the fiscal year immediately preceding his resignation Discussed the targets of performance indicators for the fiscal 2023 STI, deliberated and confirmed the appropriateness of personal performance targets after receiving explanations from each director and candidate for reappointment as a director (President and CEO, CRO, CFO, CSO) who were under evaluation Confirmed the details of remuneration for directors and corporate officers that were to be disclosed in the Business Report and Securities Report for fiscal 2022 	All members (excluding newly appointed members)
<p>July 2023</p> <ul style="list-style-type: none"> Discussed the consolidated financial performance targets (EBITDA) for the fiscal 2023 STI, which were undetermined due to uncertainty of the business environment, and decided to apply the performance forecast for the second half agreed upon by the Management Committee in June 2023. However, considering the delay in target setting and the fact that target values were much lower than in the previous year, the EBITDA evaluation coefficient was set to a value that was calculated by multiplying the calculation result based on a predetermined formula by 50%. 	All members (excluding newly appointed members)
<p>October 2023</p> <ul style="list-style-type: none"> Confirmed the trend by collecting and analyzing the latest trends in Japan and abroad regarding KPIs for incentive compensation, including ESGs, as well as examples from other companies. 	All members (excluding newly appointed members)
<p>November 2023</p> <ul style="list-style-type: none"> Confirmed that the current remuneration aligns appropriately in level and composition with the Policy for Determining Remuneration for Directors and Corporate Officers after verifying the appropriateness of the composition and levels of remuneration for directors and corporate officers through a comparison with global chemical or other material companies (peer companies) of a similar scale (No revision would be made in fiscal 2024.) Confirmed that the standard compensation amounts for the newly established Executive Vice President to be established in 2024 is set according to the Policy for Determining Remuneration for Directors, with reference to the remuneration levels of peer companies. Having compared and examined the remuneration level of Outside Audit & Supervisory Board members with that of global Japanese companies the same size as our company, we confirmed that it is low, and we recommend an increase to the Audit & Supervisory Board. 	All members (excluding newly appointed members)

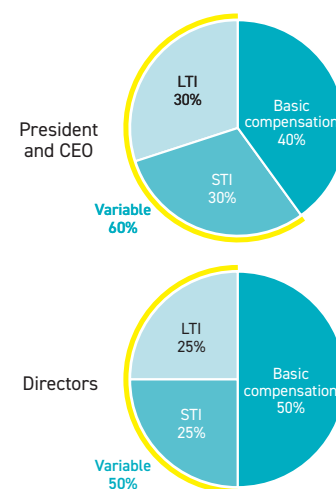
Composition and levels of remuneration [Directors (excluding Outside Directors)]

- The remuneration of directors (excluding outside directors) consists of basic compensation (fixed compensation) based on the position, a short-term incentive (STI) tied to annual performance, and a long-term incentive (LTI) contingent upon medium- to long-term performance and corporate value. However, for the Director and chairman of the Board without right of representation, remuneration consists of basic compensation and LTI, in light of his/her role and responsibility.
- The ratio of variable compensation (STI and LTI) to total compensation is set at 50% or higher, with the intention to reinforce management's commitment to improving business performance and other results, as well as corporate value. Given the substantial responsibility for business performance and stock price, the President receives a greater portion of variable compensation in comparison to other directors. For the chairman of the Board, the ratio will be individually set according to his/her role and responsibility.
- The levels of remuneration are established at appropriate amounts, aligning with benchmarks from other companies (comparison with global chemical or other material companies of a similar scale to the Company) based on surveys conducted by external specialized organizations.

[Outside Directors]

- Outside directors are paid basic compensation (fixed compensation) only.
- The members and chairman of the Remuneration Advisory Committee or the Nominating Advisory Committee receive additional allowances corresponding to their designated duties.
- The levels of remuneration are established at appropriate amounts, considering the time and efforts spent by each outside director to fulfill their expected roles and functions, as well as benchmarks from other companies (comparison with global companies of a similar scale to the Company) based on surveys conducted by external specialized organizations.

Composition of remuneration for directors (standard amount) for fiscal 2024



Composition of remuneration for directors for fiscal 2024

Types of remuneration			Recipients			
Fixed / variable	Monetary / non-monetary	Composition	Directors, corporate officers	Director and chairman of the Board (without right of representation)	Outside director	Audit & Supervisory Board members
Fixed	Monetary	Basic compensation	○	○	○	○
		Short-term incentive (bonuses)	○	—	—	—
Variable	Non-monetary	Long-term incentive (stock-based compensation)	○	○	—	—

Short-term Incentive (STI)

The amounts to be paid to individuals as STI are calculated by multiplying the position-based standard amount by two factors: (1) companywide performance evaluation coefficient (evaluation ratio of 70%); and (2) personal performance evaluation coefficient

(evaluation ratio of 30%). This approach aims to enhance incentives for achieving companywide performance targets. The performance evaluation coefficient ranges from 0% to 200%, based on performance results and other factors.

$$\text{Individual amount granted as STI} = \text{Position-based standard amount} \times ((1) \text{ Companywide performance evaluation coefficient} + (2) \text{ Personal performance evaluation coefficient})$$

Key performance indicators (KPIs) used to calculate the companywide performance evaluation coefficient and the personal performance evaluation coefficient are selected from the financial and strategic indicators prioritized by the Company to achieve its Long-term Vision.

Key Performance Indicators (KPIs) for the fiscal 2024 STI

	KPIs	Evaluation weight	Reasons for selection
Company-wide performance evaluation	EBITDA	20%	Indicators for becoming a World-class Functional Chemical Company Through business growth centered on electronics/mobility + innovation and structural reform, we aim for scale and profitability appropriate for a company that can compete on the world stage.
	EBITDA margin (%)	30%	
	ROIC	20%	
Personal performance evaluation	Endeavors aligned with the long-term vision, actions to resolve sustainability issues, and more.	30%	Strongly encourage management from a long-term perspective to attain sustainable growth of the Company

EBITDA = Consolidated operating income + Depreciation and amortization + Amortization of goodwill, etc. EBITDA margin (%) = EBITDA ÷ Consolidated net sales
 ROIC = (Operating income + Equity in earnings of unconsolidated subsidiaries and affiliates - Income taxes) ÷ (Interest-bearing debt + Total net assets)
 Sustainability issues are discussed at the Sustainability Promotion Council

Long-term incentive (LTI)

The LTI system is designed to deliver a certain number of shares calculated by multiplying the standard points based on the position-based standard amount by a coefficient corresponding to the Company's TSR (Total Shareholder Return) over a three-year period, with the aim of enhancing corporate value in

the medium to long term. To further enhance value sharing with shareholders, the actual delivery of shares is deferred to the time of resignation of each director.

$$\text{Number of shares delivered to individuals as LTI} = \text{Position-based standard points} \times \text{TSR evaluation coefficient}$$

The TSR evaluation coefficient is decided based on a rank order of the Company's three-year TSR evaluation by comparison with companies (in the chemical and material industries with similar business models and of the same size or larger). The target for TSR ranking is set at mid-range or higher to realize the long-term vision of "TSR: Aiming to be in the top 25% in the chemical industry in the medium to long term."

This system has been operational since 2022, and the first TSR evaluation period (linked with the fiscal 2022 LTI) spanned three years from 2022 to 2024. Subsequently, the TSR evaluation period rolls over every year to maintain a three-year evaluation period. Once the number of shares to be delivered is determined through the TSR evaluation, the equivalent amount of dividends during the interval until the time of resignation when the shares are physically delivered is deemed to be reinvested, thereby adding the count of shares slated for delivery. (see chart on next page)

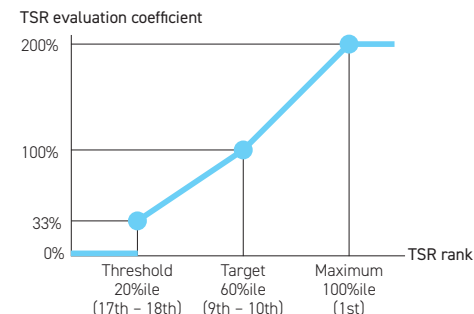
Corporate Governance

TSR evaluation period and timeline for determining the number of shares (points) to be delivered under the LTI plan per fiscal year

○ Period of fixing points, ● Period of share issuance

Plan	2022	2023	2024	2025	2026	2027	...	Resignation
2022 LTI	TSR evaluation period			○ Fixing of points	----->● Share issuance			
2023 LTI		TSR evaluation period		○ Fixing of points	----->● Share issuance			
2024 LTI			TSR evaluation period		○ Fixing of points	->● Share issuance		

Calculation method for the TSR evaluation coefficient for the fiscal 2024 LTI



Individual remuneration amounts (limited to the President and CEO or those with a total amount of remuneration paid by the Group of ¥100 million yen or more)

Principal position and name during fiscal 2023	Total amount paid (Millions of yen)	Total amount paid by remuneration type (Millions of yen)			Company category
		Basic compensation	Short-term incentive (STI)	Long-term incentive (LTI)	
Representative Director and Chairman of the Board Kohei Morikawa	101	66	9	25	Resonac Holdings
Representative Director, President and CEO Hidehito Takahashi	134	73	32	28	Resonac Holdings

Adjustment of compensation, request for return of compensation, etc.

In case of deterioration in the Company's business performance, or such problems that could damage its corporate or brand value as quality issues, serious accidents, or scandals, the Company reserves the right to temporarily decrease or withhold remuneration and other benefits for directors.

Regarding the short-term incentive (STI), if temporary special factors emerge, which was not anticipated when the targets were set at the beginning of the period, individual bonus amounts may

be recalculated based on reassessed performance and other elements with the exclusion of the impact of such factors.

Regarding the short-term incentive (STI) and long-term incentive (LTI), if a director or corporate officer is involved in misconduct or if payment was made based on incorrect financial statements, the Company may nullify the right to receive associated benefits on account of such fact or demand return of compensation already paid to the individual concerned.

Remuneration of Directors and Audit & Supervisory Board members

Category	Total amount paid (Millions of yen)	Total amount paid by remuneration type (Millions of yen)			Number of recipients
		Basic compensation	Short-term incentive (STI)	Long-term incentive (LTI)	
Directors	503	354	82	66	12
Outside directors	69	69	—	—	5
Audit & Supervisory Board members	106	106	—	—	5
Outside Audit & Supervisory Board members	39	39	—	—	3

Notes:

- The amounts of basic compensation are the total amount of compensation paid in fiscal 2023 (all monetary compensation).
- The amount of STI is the total amount of compensation paid in March 2023 (all monetary compensation), based on the performance and other results achieved during fiscal 2022.
- The amount of LTI is the total amount expended in fiscal 2023. The Company's LTI represents the number of shares of the Company's stock determined based on the results of the three-year TSR (Total Shareholder Return) evaluation, to be deferred and delivered upon resignation. For the LTI management, we utilize the Stock Benefit Trust of Mizuho Trust & Banking Co.
- The amount of remuneration for directors from fiscal 2022 onward was resolved at the 113th Ordinary General Meeting of Shareholders held on March 30, 2022, and the details are as presented below. The STI and LTI amounts are paid to directors, excluding outside directors.

Category	Date of resolution of the General Meeting of Shareholders	Monetary remuneration (Basic Compensation + STI)	Stock-based compensation (LTI) (Amount of BBT contribution / Points granted)	Number of applicable persons
Directors	The 113th Ordinary General Meeting of Shareholders held on March 30, 2022	Up to ¥850 million per year (Of which, outside directors: ¥100 million)	Up to ¥1.35 billion for 3 fiscal years (Up to 410,000 points per fiscal year)	10 (Of which, 4 outside directors)

5. The amount of remuneration for Audit & Supervisory Board members was resolved at the 96th Ordinary General Meeting of Shareholders held on March 30, 2005 to be no more than ¥12 million per month. The number of Audit & Supervisory Board Members as of the close of the said General Meeting of Shareholders was four.

Cross-Shareholdings

Policy on reduction of cross-shareholdings

In principle, the Company adheres to a policy of not engaging in cross-shareholdings, and steps are currently underway to reduce existing cross-shareholdings.

Review on the appropriateness of cross-shareholdings

The Board of Directors verifies each year whether the profitability and business feasibility of holdings are rational given the associated capital costs.

Voting right exercise standard

When the Company exercises its voting rights of cross-shareholdings, the company shall decide approval or disapproval of each item on the agenda by examining whether the item contributes to increasing corporate value and maintaining/increasing shareholders' returns or not.

Holdings for which numbers of shares held increased in fiscal 2023*

	Holdings	Acquisition costs of additional shares (Millions of yen)	Reason for increase
Listed stocks	—	—	—
Unlisted stocks	—	—	—

Holdings for which numbers of shares held decreased in fiscal 2023*

	Holdings	Sales proceeds associated with reduction in the number of shares (Millions of yen)
Listed stocks	3	506
Unlisted stocks	7	198

Numbers of cross-shareholdings and amount on the balance sheet*

	Holdings	Amount on the balance sheet (Millions of yen)
Listed stocks	1	190
Unlisted stocks	68	1,927

* Cross-shareholdings held by Resonac Corporation