

Koei Chemical Report 2024



Bringing 100 years of technology and trust,
now and to the future



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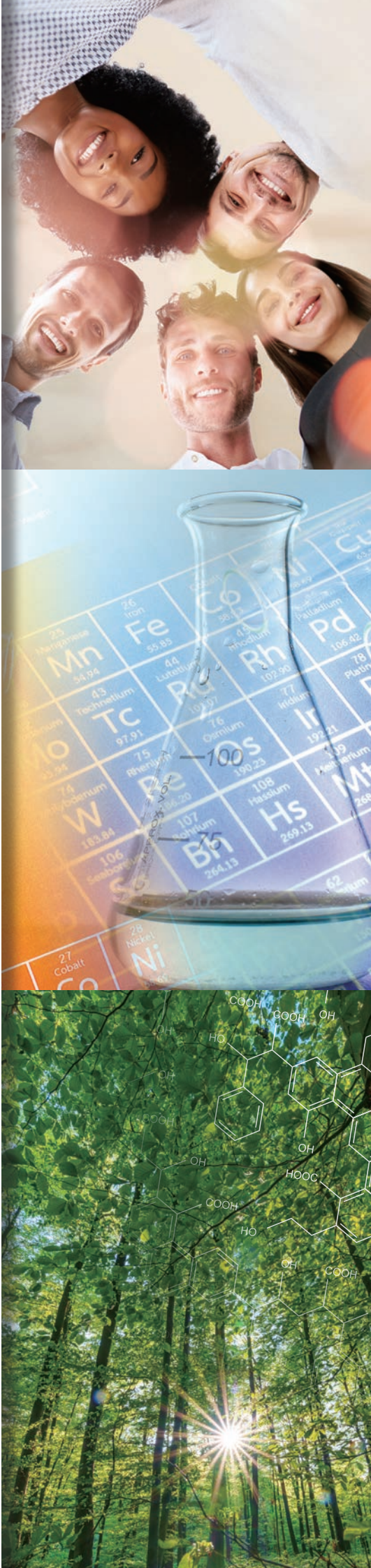
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Editorial policy

Editorial policy
This report is intended to provide information to help many stakeholders understand our activities to enhance corporate value. It comprehensively covers our business strengths, growth strategy, reports on business performance, corporate governance system, environmental and social initiatives, and other topics.
We strive to make these contents clearer and more readerfriendly by using graphs and pictures.

Reporting period
April 2023 to March 2024
(Information for April 2024 and later is partially included.)

Issuance
October 1, 2024



Corporate Philosophy

- 1 | We aggressively act to grow our business by mobilizing all available intelligence and energy with prime importance on credibility and integrity.
- 2 | We shall contribute to the development of society through providing valuable products, solutions and innovative technology.

Basic Policy on Sustainability

Koei Chemical is committed to the following five goals, guided by our corporate philosophy, to contribute to the establishment of a sustainable society through business.

- 1 | We are committed to achieving our own sustainable growth by accelerating innovation in all departments to create both economic value and social value, while also contributing to the establishment of a sustainable society through business.
- 2 | We are committed to contribute to solving a variety of issues that are globally vital, such as establishing diverse and inclusive society and achieving the Sustainable Development Goals (SDGs), as well as doing business in compliance with accepted universal standards and principles, including those concerning human rights, labor, safety, the environment and anti-corruption.
- 3 | We are committed to work closely with various stakeholders through promoting spontaneous disclosure of information and open dialogue on the targets of our sustainability promotion initiatives and the progress of their implementation.
- 4 | We are committed to carry out initiatives toward promoting sustainability, led by our top management having taken firm pledges to this end and advanced by all officers and employees across Koei Chemical with a shared strong sense of mission and great enthusiasm.
- 5 | We are committed to assess and improve our activities continually and proactively for promoting sustainability by reviewing the progress of the activities periodically and from holistic viewpoints.

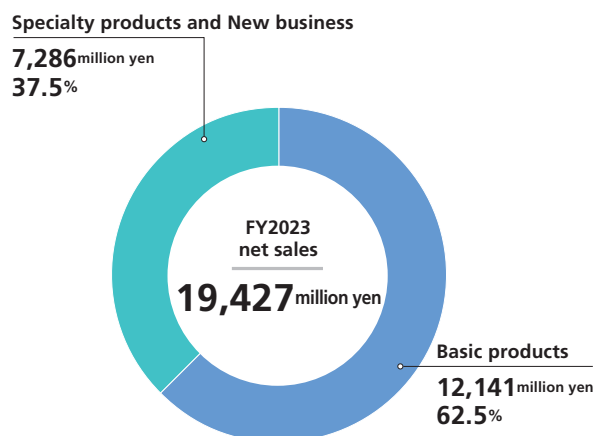
Koei Chemical's policy on SDGs*

Koei Chemical will contribute to a sustainable society by achieving SDGs through diverse business activities.

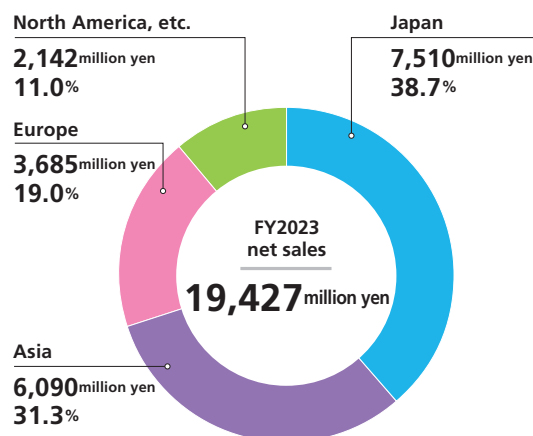


*Sustainable Development Goals, which are adopted by the United Nations, are globally shared issues to be achieved by 2030.

Sales breakdown by product group



Sales breakdown by region



Business description

Basic Products

Basic Products are produced at gas-phase reaction plants (pyridines, pyrazines) and high pressure reaction plants (amines).

Pyridines

Main applications	Raw materials for pharmaceuticals and agrochemicals Electronic related materials and solvents, etc.
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> **The only synthetic pyridine manufacturer in Japan**

Pyrazines

Main applications	Pyrazinamide, Antituberculosis drug
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> **Our CPZ, Pyrazinamide raw material has global No.1 market share.**

Amines

Main applications	Surfactant, Resin Paint, Lubricant Rubber chemicals, CO ₂ absorbents, etc.
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> **Produces more than 100 types of specialty amines
Flexible manufacturing system enabling diversified product mix in small batches.**

Formalin

Main applications	Adhesives, Paint, Resin, Antioxidant, etc.
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Specialty Products and New Business

Specialty products are mainly produced at multi-purpose plants (CM I, CM II, CM III, CM IV).

Custom compound products (custom synthesis)

Pharmaceutical intermediates

- Many national as well as global pharmaceutical companies entrust manufacturing of custom synthesis pharmaceutical intermediates to Koei.
- Developed Koei's proprietary industrial production processes with our nitrogen-containing compound synthesis technology, which we have cultivated over the years.

Specialty products

Organometallic catalysts

- Manufacture of custom organometallic catalysts, such as metallocene catalysts for the polymerization of polyolefin
- Build organic synthesis process technology that works under water and oxygen-free conditions

Other custom synthesis products

- Agrochemical intermediates
- Electronic related materials
- Manufacture of custom optical products, etc.

Ionic liquids

Main applications	Antistatic agent, Electrolyte solvent, etc.
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Urethane related products

Main applications	Low-temperature curing systems for paints, inks, and resins
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A leading company in the space of nitrogen-containing compounds <Why Koei Chemical?>



Why clients choose us: reason 1

A rich variety of products

We offer various nitrogen-containing compounds, including pyridines, pyrazines, and over 100 varieties of amine compounds. Efficient production switching allows for manufacturing a range of products. We also produce a wide range of ionic liquids using nitrogen-containing compounds as cations.



Why clients choose us: reason 2

Technical capabilities developed over 100 years

Our creative and pioneering research and development continues to gain high reputation in the chemical industry. We also have first-rate synthesis techniques that allow for developing processes using explicit compounds, and our organic synthesis processes are of an industrial level, meeting stringent requirements like extreme low temperature, water-free, and oxygen-free conditions.



Why clients choose us: reason 3

Custom synthesis

Using various production facilities for fine organic synthesis, high pressure hydrogenation, gas-phase reactions, and more, we construct an efficient manufacturing process and supply it as industrial products. We are ISO9001/14001 certified. We produce and ship all of our products to the highest standard of quality assurance.

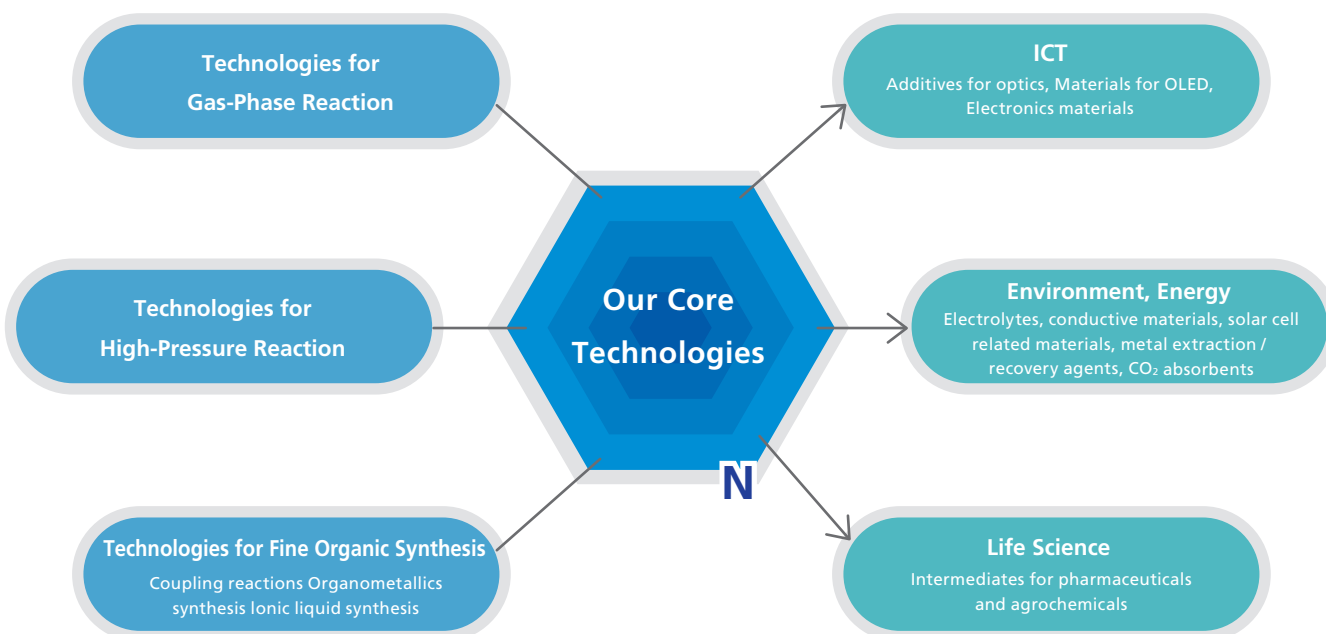
The long years of technical expertise that Koei Chemical has developed through 100 years of in-house development are a very testament to its history of R&D. Our creative and pioneering research and development continues to gain accolades in the chemical industry.

For example, in the 1950s, we developed polyhydric alcohols, and in the 1960s, pyridines and amines. In the 1980s, we developed pyridines and pharmaceutical and agrochemical intermediates, which require advanced technology.

We have acted as a genuine pioneer in these products and continue to demonstrate leadership in a range of fields. In particular, our production technologies used for intermediates like anti-ulcer drugs, antibiotics, and tuberculosis drugs have drawn global attention and garnered acclaim from numerous academics.

As an R&D-oriented company, we continue to pursue creative research & development for the future, and we are focusing on the areas of ionic liquids, organic metal compounds, and ICT-related compound synthesis to develop a wide range of unique solutions.

Utilizing the range of technologies we discuss on our technologies page, we have brought a wide range of products to the world through proprietary development. We also offer joint R&D and custom synthesis as solutions that make use of these technologies to develop new products.

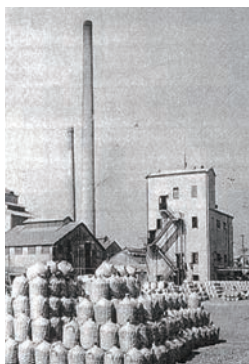


What can we do through the power of chemistry? Koei Chemical's solid achievements in the past 100 years and vision for the next 100 years.

Building the foundation of our business 1917—

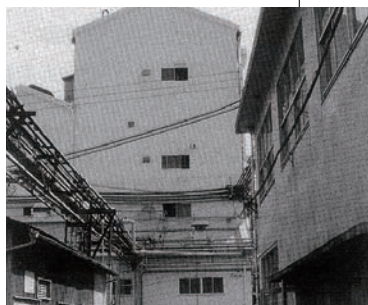
We built the foundation that leads to our business today. We commenced operation of acetic acid production facility in Osaka in 1917 and diversified the product line. In 1934, we started production of Formalin.

- Started to produce Acetone and Butanol by fermentation method.



1931

1952



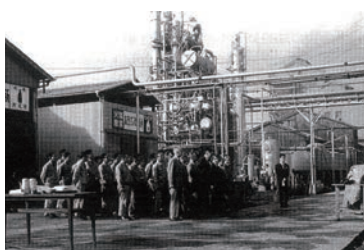
- Started to produce Pentaerythritol.

- 1917** Koei Pharmaceutical Co., Ltd. is founded in Osaka in 1917, and commenced acetic acid production.
- 1926** Koei Pharmaceutical Co., Ltd. changed its name to Koei Co., Ltd.
- 1934** Commenced formalin production.
- 1950** Commenced m-aminophenol production. Name changed to Koei Chemical Co., Ltd.
- 1959** Started production of trimethylolpropane and formit.

Starting operation of our basic products and expanding their production capacities 1960—

We commenced the production of Pyridines and Amines, which are keeping important positions in our product line-up to date. In 1971, we expanded the business by opening a plant in Chiba for the production of Pentaerythritol, Pyridines, and Amines.

- Commenced Pyridines production in the Osaka Plant.



1964

1971



- Commenced production of Formalin, Trimethylolpropane, Sodium hydrosulfite and Amines in our Chiba Plant.

- 1962** Commenced amines production.
- 1963** "Inoue Award" from Torio Hoshi Shinbunsha for the production of pentaerythritol.
- 1964** Commenced Pyridines production in the Osaka Plant.
- 1967** "Okochi Memorial Production Prize" awarded from the Okochi Memorial Foundation for our production of Pyridines. The Chiba Plant is opened and commences pentaerythritol production.
- 1972** Commenced Pyridines production in the Chiba Plant.

Business enhancement by product development and capacity expansions 1980—

We started the production of 2-cyanopyrazine, which is intermediate for antituberculosis drug, and anti-ulcer drug intermediate. Besides, we established a multi-purpose plant in Osaka for diversifying into newly developed products such as intermediates for pharmaceuticals and agricultural chemicals.

- Commenced 2-cyanopyrazine production.



1985

2006



CMI

CPII

- Commenced operation of CM I and CP II.

- 1990** "Industrial Technology Award" from the Osaka Industrial Research Association for the development of "CASCON-RESIN (functional modified epoxy resins)".
- 1992** "KCS Award in Chemical Technology" from the Kinka Chemical Society for the development of an anti-ulcer drug intermediate. "Technological Prize" from the Adhesion Society of Japan for the development of epoxy resins adhesives.
- 1995** Constructed a multi-purpose plant for production of intermediates for pharmaceuticals and agricultural chemicals. Opens Dusseldorf Representative Office.

Year of 2024 is the 90th anniversary of formalin business and 60th anniversary of pyridine business.

Selection and concentration of businesses 2010—

In 2010, we opened a new laboratory in Chiba, which works as a hub for integration of our production and research functions.

In 2016, we closed the Osaka Plant and transferred its functions to the Chiba Plant. Simultaneously we progressed strategic prioritization and optimization of our business portfolio by divesting the pentaerythritol business while constructing a new multi-purpose plant (CM III Plant).

- Opened a new laboratory in Chiba.



- Relocated the Tokyo Head Office to the present address.



2010

2013

2017



- Constructed a general-purpose office building.

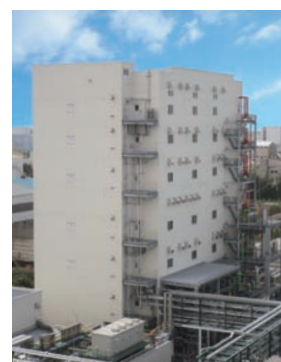


- Commenced operation of CM III.

Developing solution business 2020—

In 2020, we have changed the company name in Japanese (the name in English has no change) with strong commitment to make a leap forward beyond the framework of conventional chemical manufacturing. In 2022, we started operation of a state-of-the-art multi-purpose plant, "CM IV Plant", followed by operation of a pilot plant in 2023. We assured our basis for significant growth by our solution business.

- Commenced operation of CM IV.



2022

2023



- Commenced operation of a pilot plant.

1997 "Catalysis Society of Japan Award (Industrial Field)" for the synthesis of pyridine using a zeolite catalyst. Listed on the 2nd Section of the Osaka Securities Exchange. Starts the operation of a multi-purpose vaporphase plant (CP Plant).

1998 "KCS Award in Chemical Technology" from the Kinka Chemical Society for the new synthetic method of intermediate chloro nicotinyl insecticide.

1999 Started the operation of a multi-purpose plant (CM II Plant).

2003 Relocated Head Office to Joto-ku, Osaka.

2006 Relocated headquarters functions to Tokyo.

2013 Changed listing to the 2nd Section of the Tokyo Stock Exchange.

2016 After the shut down Osaka Plant, we changed the location of the registered head office into Sodegaura-shi in Chiba Prefecture, where we operates Chiba Plant.

2017 Suspended the production and transferred the business of pentaerythritol.

2020 Named in Japanese changed by deleting the Japanese word "kogyo" meaning chemical manufacturing.

2022 Discontinued pentaerythritol distribution. Transferred listing to the Standard Market of the Tokyo Stock Exchange. Started the operation of a new multipurpose plant (CM IV Plant).

Based on the innovative technology we have developed, we will contribute further to solving social issues and aim to enhance corporate value.

Input

Financial capital

Shareholders' equity	21,819 million yen
Shareholders' equity ratio	55.5%

Manufacturing capital

Multi-purpose facilities	4 lines
High pressure hydrogenation facilities	5 lines
Vapor-phase reaction facilities	3 lines
Formalin production facilities	1 lines
Pilot facilities	1 lines

Intellectual capital

R&D expenses	1,129 million yen
Domestic patents	69
Overseas patents	128

Human capital

Number of employees	420
(Of which researchers)	59
(Of which PhD holders)	24



Social capital

Corporate philosophy	Page 2
Overseas sales ratio	61.3%

Core of the value creation process

Koei Chemical's Business Model

Koei Chemical's strengths

- 1 Technical strength based on organic synthesis 
- 2 Various production facilities, including multi-purpose facilities, high pressure hydrogenation facilities and vapor-phase reaction facilities 
- 3 Human resources that aggressively take on challenges to offer the best solutions. 

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Business activities of Koei Chemical

- Basic products
 - Pyridines
 - Pyrazines
 - Amines
 - Formalin
- Specialty products and new business
 - 1 Custom compound products (custom synthesis)
 - Pharmaceutical and agro-chemical intermediates
 - Organometallic catalysts
 - Other custom products
 - 2 Specialty products
 - Ionic liquids
 - Urethane related products

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Corporate Business Plan "KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years"

- 1 Accelerate business growth strategy
- 2 Strengthen business foundations [Page 13](#)
- 3 Enhancement of human resources development

Foundation for business continuity

- Occupational safety and health, and operational safety and disaster prevention
- Product safety and quality assurance
- Cybersecurity
- Compliance

Process

Material issues to be addressed as management priorities

Sumitomo Chemical Group's material issues for sustainable value creation

Material issues for social value creation

- Contribute to the environment
- Contribute to the food supply
- Contribute to healthcare
- Contribute to ICT

Material issues for future value creation

- Advance innovation
- Bolster competitiveness leveraging DX
- Human resources: DE&I*, growth & development, health

*Diversity, Equity & Inclusion

Foundation

- Respect for human rights
- Anti-corruption

Output

Economic value
(Targets for FY2024)

Net sale

21.4 billion yen

ROIC

8%

CCC

151 days

Payout ratio

Approx. 50%

New product sales ratio

20%

Social value

CO₂ emissions (Scope1+2)

50% reduction
(compared with 2013)
by FY2030

Achieve carbon neutrality
by FY2050

Improvement in energy efficiency etc.

1% reduction per annum
(from each previous year)

Percentage of female new graduate hires

20% or more

Employment rate of persons with disabilities

2.5% or more

KOEI Vision 2030

Net sales

30.0
billion yen

ROIC

10%

CCC

100 days

① Technical strength based on organic synthesis

Koei has technical strength based on organic synthesis that we have cultivated for over 100 years since our foundation. We are leveraging these accumulated organic synthesis capabilities to develop a solution business in which we propose optimum key to breakthrough customers' problems. In addition to the provision of basic products such as pyridines, pyrazines, and amines and our proprietary products such as ionic liquids and urethane related products, we can also quickly respond to customer needs to manufacture and develop products with our custom synthesis technology.



R&D expenses

1,129 million yen

In FY2023, R&D expenses amounted to 1,129 million yen, an increase by 115 million yen from 1,014 million yen recorded in FY2022. As an R&D-oriented company, we will continue to allocate our resources by focusing on research and development.

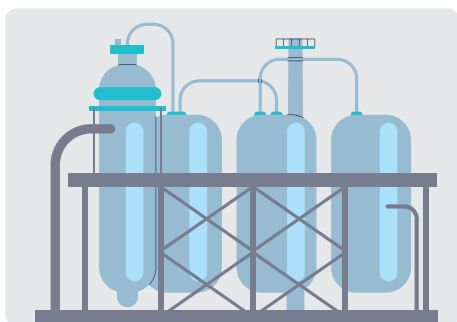
Number of patents held

Domestic: **69** Overseas: **128**

As of August 2024, the number of domestic patents and overseas patents increased from last year (65 domestic and 112 overseas) to 69 and 128, respectively. Since last year, our Research & Development Division has further strengthened its intellectual property and technical investigation functions, and will continue to focus on strategic intellectual property management in new research fields including that related to reducing environmental load.

② Various production facilities, including multi-purpose facilities, high pressure hydrogenation facilities and vapor-phase reaction facilities

As shown in the table on the right, we own various facilities. Those facilities enable us to carry out integrated production processes from R&D in laboratories to trial manufacturing in pilot facilities as well as industrial production process development at commercial plants.



Multi-purpose facilities	4 lines	Mainly manufactures custom synthetic products such as organometallic catalysts, intermediates for pharmaceuticals and agrochemicals, and electronic related materials
High pressure hydrogenation facilities	5 lines	Manufactures amines
Vapor-phase reaction facilities	3 lines	Manufactures pyridines and pyrazines
Formalin production facilities	1 line	Manufactures formalin
Pilot plant	1 line	Mainly manufactures small-quantity, high-value-added products such as intermediates for pharmaceuticals and agrochemicals

Number of product items we produce annually

Approx. **150**

We offer a wide range of products, including amines, pyridines, pyrazines, ionic liquids, pharmaceutical and agrochemical intermediates, and organometallic catalysts.

Reaction temperature

-60~+450°C

Our Chiba Plant have carried its strength in production with vapor-phase reaction and high pressure reaction technologies. In addition, recent introduction of facilities enabling extremely low temperature reactions as well as production under water and oxygen-free conditions have further enhanced our technical capability in organic synthesis with more stringent requirements.

③ Human resources that aggressively take on challenges to offer the best solutions.



We have a diverse workforce consisting of men, women, foreign nationals and mid-career hires. These employees work in various divisions, including manufacturing, sales, research, and other supporting functional divisions. The number of PhD holders is well above the industry average as shown below. As stated in our corporate philosophy, by leveraging Koei's wisdom and corporate power, we will strive to grow our business to enhance our corporate value by developing the solution business in which we propose solutions to customers' needs.

Number of employees

420

We have been actively recruiting for these several years to be prepared for the new plant launch. In this regard, we have been continuing our recruiting activities since last fiscal year for the purpose of strengthening our organization for corporate and R&D departments as well as manufacturing departments. We have increased the number of our personnel by eight compared with that in the previous fiscal year.

Composition ratio of female employees

11.7%

In FY2023, the composition ratio of female employees was 11.7%, up from 10.7% last year. With a goal of increasing the percentage of female employees, we set the composition percentage of female new graduates hired as a KPI. Our aim is to first increase the percentage of female employees overall and, then, increase the percentage of female managers in the mid to long term.

Researchers

59

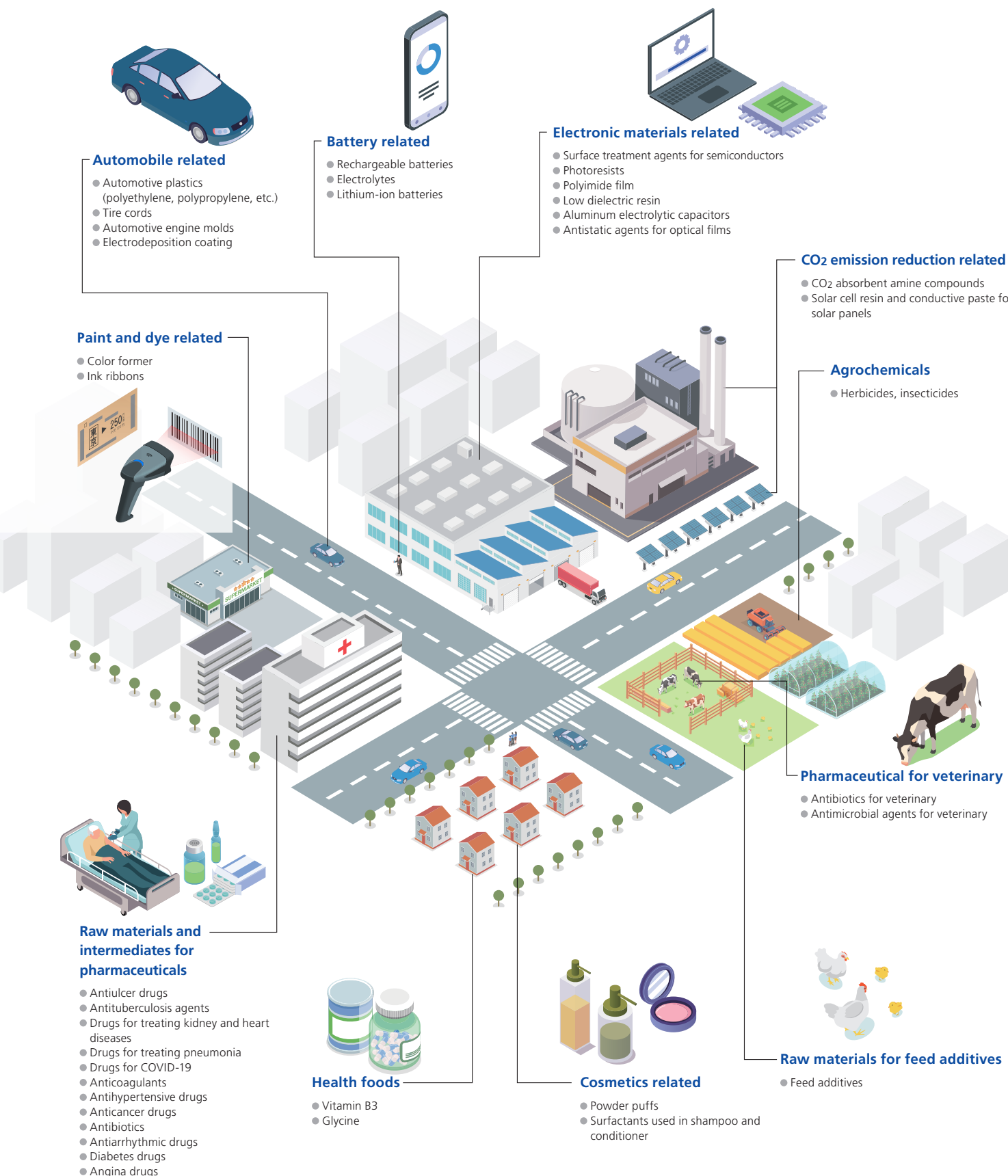
Researchers account for 14.0% of all employees, which level is at approximately the same level as an average of Japanese chemical industry companies' (14%). Meanwhile, PhD holders account for 23.7% of all researchers, which is higher than the average (8%).

(Source) National Institute of Science and Technology Policy of the Ministry of Education, Culture, Sports, Science and Technology, *Japanese Science and Technology Indicators 2021 [Research Material-311/2021.8]*

PhD holders

14 researchers **10** in other departments

We manufacture roughly 150 products annually, consisting of basic products (pyridines, pyrazines, amines, and formalin) and specialty products as well as new business (custom synthesis products and specialty products). Our products are used in a wide variety of applications, including those related to pharmaceuticals, agrochemicals, electronic related materials, CO₂ emission reduction, paints and automobiles. These products support people's everyday lives in a various of situations throughout society.





Optimize business portfolio
to achieve significant
growth in our profitability.

Representative Director
& President

西本 麗

We are now in the final year of our Corporate Business Plan, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years.” We will intensify our efforts to improve our profitability in order to achieve the return on invested capital (ROIC) goal for 2030 as outlined in Koei Vision 2030. Through our business activities, we will contribute to solving social issues by reducing our environmental load actions including lowering CO₂ emissions and solving the food crisis. At the same time, we will strive to enhance employee engagement and to make the company more rewarding for all employees.

Business environment and important tasks of Koei

Although the global economy has been growing gradually after the end of COVID-19 pandemic, the pace of recovery is remaining slower in some business sectors, partly due to stagnant Chinese economy. Geopolitical risks are also rising, such as the prolonged conflict between Russia and Ukraine, tougher conditions in the Middle East, and ongoing tensions between the US and China. In addition, inflation is driving up the cost of goods, and risks such as exchange rate and interest rate fluctuations are becoming more evident. These factors are making the future business environment even more difficult to predict. In spite of such economic climate, our net sales have steadily increased partly thanks to the depreciation of Japanese yen. However, we also recognize that we are facing challenges in terms of our profitability still. Starting this year, we will make cross-company efforts in making substantial revisions to our business portfolio aiming to significantly enhance our profitability.

Initiatives for achieving our Corporate Business Plan, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years”

FY2023 was the second year of our Corporate Business Plan, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years.” Although we were unable to achieve our set management goals due to delays in the recovery of demand in some areas such as organometallic

catalysts and electronic related materials, we keep steadily implementing the action plan we formulated.

In our efforts to “accelerate business growth strategy,” we have positioned extending custom synthesis business and sales growth of Koei’s proprietary products developed for CO₂ absorbent amine compounds and organometallic catalysts as key growth drivers. For these initiatives, we are committed to put investing management resources further. With regard to absorbent amine compounds, we are currently receiving inquiries from various companies and research institutes and therefore, we are accelerating our studies aimed at commercializing these products with prompt start of actual production. Additionally, we introduced facilities in our Chiba Research Laboratory for evaluating CO₂ absorption and desorption performance to progress development of our proprietary products. With these efforts, we are evaluating our library of over 100 amine compounds as well as other in-house developed amine compounds to offer proposals for high-performance amine compounds to meet our customer needs. In the meantime, our organometallic catalyst business is currently struggling in the short term due to delays in recovery of demand from our primary petrochemical customers. However, our technical strengths and reliability have been well recognized in the market and we are receiving many inquiries for newly developed products, because of which we can expect steady business growth over the medium to long term.

With regard to “solidifying business foundations,” we are promoting initiatives in four areas: Digital Transformation (DX), Management Transformation (MX), Governance Transformation (GX), and Sustainability

Transformation (SX). This report provides details with regard to each of these areas.

With regard to the “enhancement of human resources development,” we are promoting strengthening management, developing employees’ capabilities and skills, fostering new employees’ fundamental skills and review and improvement of our HR systems. In this regard, we are strenuously working to make substantial improvement in our training system to reinforce and accelerate our development of personnel who can contribute to our achievement of KOEI Vision 2030. Then, from FY2025, we plan to launch a new internal training program. We continue to strive for more open workplaces and to enhance internal communication, such as through dialogue-based training between executives and manager-level employees as well as coaching for management and executives. We believe that, by creating a workplace where every employee can work energetically with integrity, we can enhance engagement of all the employees.

Important issues to be addressed for sustainable value creation

We cannot afford further delay in tackling global environmental problems such as natural disasters resultant from global warming, decline in crop harvest due to abnormal weathers and etc. We, Koei, is wishing to contribute to solving social issues as such by leveraging our unique technologies. As a member of Sumitomo Chemical Group, we are working on the “material issues for sustainable value creation,” set by Sumitomo Chemical. As for the “reduction of CO₂ emissions”, which is one of our key performance indicators (KPIs), we are implementing initiatives toward achieving a 50% reduction in CO₂ emissions in FY2030 in comparison with those in FY2013 and aiming to achieve net zero carbon emissions by Yr. 2050. In March 2024, we commenced operation of a high-efficiency gas turbine in collaboration with Sumitomo Chemical’s Chiba Works. In addition, at our Chiba Site, we installed and started operation of a carport-type solar power generation system. With such steady and continuous efforts, we are solidly reducing our CO₂ emissions. This report explains details of the progress toward our FY2023 KPIs and is suggesting that we achieved improvements in eight out of our ten KPIs from FY2022.

While continuing to work toward our goals, we review appropriateness of our KPIs based on achievement status and latest conditions. Furthermore, this year, we are making preparations for disclosures regarding our own activities based on the recommendations of Task Force on Climate-related Financial Disclosures (TCFD).

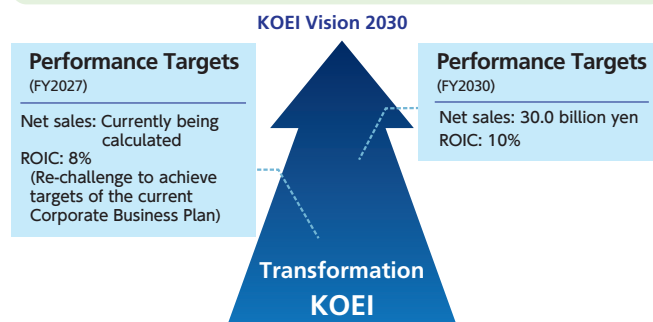
Direction of the next Corporate Business Plan

We are currently in the process of formulating our next Corporate Business Plan which will start from FY2025. The next Corporate Business Plan will be an important milestone in achieving net sales of 30.0 billion yen with ROIC of 10%, which are management goals set forth in the KOEI Vision 2030. In respect of ROIC, we will re-challenge to achieve the 8% target set under the current Corporate Business Plan. Our actual ROIC for FY2023 was 1% and we acknowledge that achievement of 8% will be a

quite high target, however, we will continue to focus our efforts on capital cost conscious management and make fundamental improvements in our profitability. To achieve these, we must swiftly review our business portfolio from perspectives of strategic and economic feasibility to enhance profitability of our entire Company. Meanwhile, we must also actively promote the launch of new businesses as well as necessary investments to sustain our growth. To achieve our ROIC target, we must maintain an operating profit margin of at least 15%.

Three basic policies of our current Corporate Business Plan are “accelerate business growth strategy,” “strengthen business foundations,” and “enhancement of human resource development.” In the next corporate business plan, based on the above current principles, we will further focus on efforts to enable “business growth,” “profitability improvement” and “enhancing investment in human resources.” We particularly wish to emphasize the fact that ultimate driver to progress business is “People”. We aim to create a more rewarding company to work for by enriching our investment in human capital to enhance employee engagement.

- Company with solid profitability to sustain growth
- Company contributing to society through our businesses
- Company that is rewarding to work for and makes employees happy



Enhancing corporate value through closer communication with stakeholders

It is foreseen that social efforts will globally continue to be accelerated to realize decarbonized society with carbon neutrality as well as solutions for environmental problems.

As an R&D-oriented company positioned upstream in the supply chain, our strength lies in our speedy and highly adaptable customer services. We aim to develop a solution business in which we propose solutions to customers’ requirements to create a sustainable society, and aim to contribute to solving social issues in collaboration with our customers through business activities.

Through interactive communication with all stakeholders including shareholders, investors, customers, business partners, local communities and employees with their families, we will enhance our corporate value and meet stakeholder expectations by incorporating required items of the Company in our business strategies and activities.

We would like to ask all of our stakeholders to extend understanding and continued support to Koei Chemical’s efforts.

We launched our Corporate Business Plan, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years,” in FY2022. The plan is now (FY2024) in its final year. The next Corporate Business Plan will serve as an important period leading to the achievement of KOEI Vision 2030. We intend to formulate an action plan aimed at realizing KOEI Vision 2030 based on the essence embedded in the basic policies set forth in the current Corporate Business Plan.

KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years

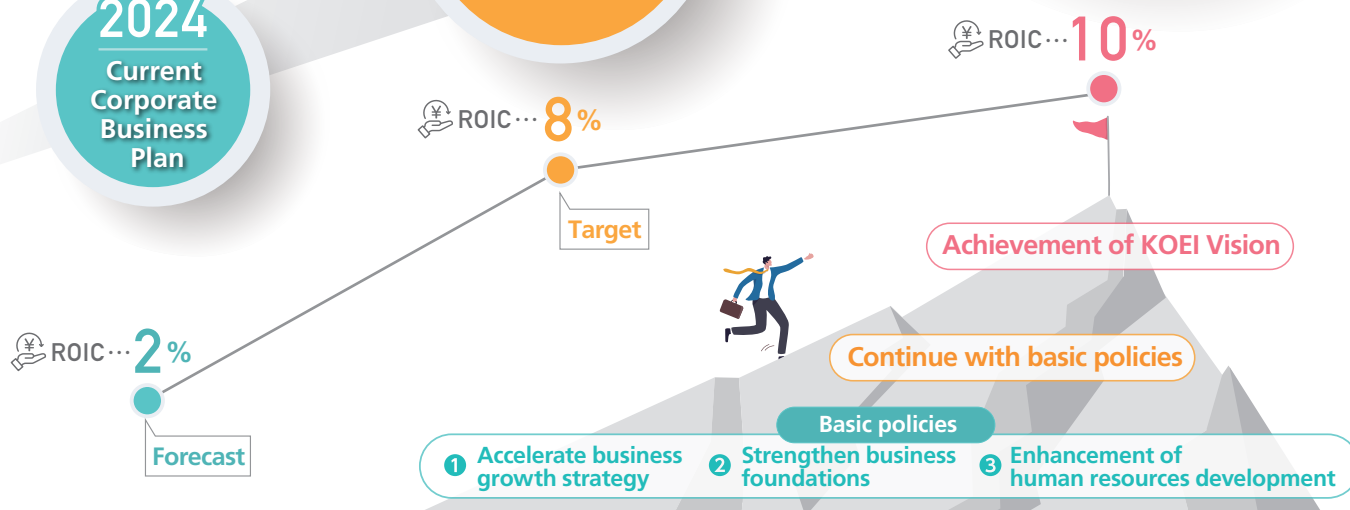
2024

Current Corporate Business Plan

2027

Next Corporate Business Plan

2030
KOEI Vision



We have set KOEI Vision 2030 as the target we should work for, under which we are aiming to achieve net sales of 30.0 billion yen with ROIC* of 10%.

*ROIC: Return on invested capital

KOEI Vision 2030

(Amount: 100M yen)

Corporate Business Plan (FY2022–2024)

KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years

Item	FY2022		FY2023		FY2024	
	Results	Corporate Business Plan	Results	Corporate Business Plan	Forecast	Corporate Business Plan
Net sales	186	195	194	204	215	214
Operating income	8	11	4	15	10	21
Net income	7	8	3	10	7	15
EBITDA	33	36	34	45	41	53

(Preconditions)

Exchange rate (yen/\$)	136	125	146	110	140	110
(yen/€)	142	135	160	130	150	130
Naphtha price (yen/KL)	76,800	82,000	68,700	50,000	70,000	50,000

*EBITDA: Earnings before interest, taxes, depreciation and amortization

FY2030
Net sales
30.0 billion yen
ROIC
10%

The business environment we have faced under the current Corporate Business Plan has become increasingly severe due to a demand decline in areas we initially expected to achieve growth, such as those related to catalysts and electronic materials. Meanwhile, the action plan formulated in the current Corporate Business Plan has generally progressed as planned, as shown below. The entire Company will work together to tackle various issues and revive performance in an aim to achieve targets set in KOEI Vision 2030.

2024

(2022–2024)

Progress of action plan in the current Corporate Business Plan

1 Accelerate business growth strategy



① Basic products: Enhance competitiveness & develop high-value added uses

- CO₂ absorbents: We established a CO₂ adsorption/desorption evaluation system to advance in-house development, and are currently conducting evaluations.
- Intermediates for agrochemicals: Continuing to receive α-Picoline orders from global customers.

② Expansion of Specialty products and new businesses

- Organometallic catalysts: Expect demand to recover from the second half of FY2024 once temporary weak demand starts to turn upward.
- Optical materials-related products: Implemented initial production of new products at CM IV.
- Pharmaceutical custom synthesis products: Implemented initial production of new products at our R&D pilot plant.
- Ionic liquid: Currently investigating the mechanism for cellulose dissolution (research commissioned by Yamaguchi University). Currently considering a PFAS-free antistatic agent.

③ Business portfolio sophistication

- Amine plant: Currently studying a business alliance with the India-based company.
- Gas-phase reaction plant: Currently studying optimal production by considering CO₂ absorbent production possibility and sales trends for existing products.

2 Solidifying business foundations



1 | Digital transformation

- 20 DX projects completed in the PLANT, R&D, SCM, and OFFICE, with preparations for 15 projects underway.
- All officers and employees have taken the training of Aidemy Business to improve their IT literacy.

2 | Management transformation

- FY2023 Performance indicators
ROIC: 1% (-1% from last year)
CCC*: 166 days
(improve +15 days from last year)
- Publish Koei Chemical Report and enhance IR activities

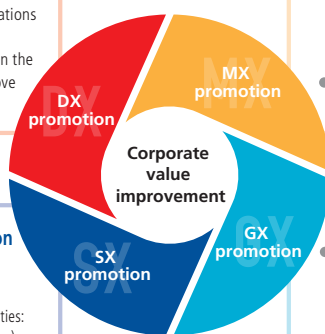
4 | Sustainability transformation

- Introduced solar power generation (Commenced operation in March 2024)
- Employment rate of persons with disabilities: 3.4% in FY2023 (KPI target: 2.5% or more)
- Percentage of female new graduate hires: 40% in FY2023 (KPI target: 20% or more)

3 | Governance transformation

- The Sustainability Committee was held twice, the Nomination Committee three times, the Compensation Committee once, the Internal Control Committee four times, and the Responsible Care Committee twice.
- Enhanced joint internal audits
- Strengthened IR activities (Held quarterly financial results briefings and 1 on 1 meetings with investors twice)

*CCC: Cash conversion cycle



3 Enhancement of human resources development



① Strengthening management

- Coaching training (Executive Officers)
- Behavior and skill appraisal training (all appraisers)
- Line care training (line managers)
- Conducted "bird's-eye view" sessions (for managers)

② Developing employees' capabilities and skills and cultivating new employees' basic skills

- Started a fundamental review of the education framework so as to contribute to the realization of KOEI Vision 2030

③ Review of HR systems

- Currently considering revisions to the reemployment program for personnel over 60
- Developed guidelines for our telework program

2030

Achievement of KOEI Vision 2030



Akihiko Egawa
Director, Managing Executive Officer
in charge of Sales & Marketing Division,
Logistics & Procurement Office

Message from an Officer in Charge of Sales & Marketing Division

Koei Chemical now focuses on carbon dioxide (CO₂) absorbents and organometallic catalysts business as our key growth drivers. CO₂ absorbent is a major topic of interest globally, and our amine compounds are highly expected as CO₂ absorbents. We have used our proprietary amine compound organic synthesis technologies cultivated for over 60 years to custom-synthesize CO₂ absorbent amine and to develop other new amine compounds. In our organometallic catalyst business, we aim to develop deeper trust and ties with our customers to achieve major growth. In addition to these, Sales & Marketing Division is proactively working to develop new specialty products and to expand our pharmaceutical and agrochemical intermediates business. Through these efforts, we aim to achieve the targets of KOEI Vision 2030 (net sales of 30.0 billion yen and ROIC of 10% in FY2030).

Sales & Marketing Division strategy

① Expanding new business by leveraging our core technologies

Our business is based on the following three core technologies, and our products are used as intermediates and materials in a wide range of fields including life science, environment and energy, and ICT.

- ① High pressure reaction technologies for synthesizing specialty amines
- ② Vapor-phase reaction technologies for synthesizing pyridines and pyrazines
- ③ Precision organic synthesis technologies in our multi-purpose plants, which are outfitted with GL, SUS, and hastelloy equipment

The main applications of our precision organic synthesis technologies include the manufacturing of organometallic catalysts, which are extremely sensitive to oxygen and water, and custom synthesis of pharmaceutical intermediates. In custom pharmaceutical intermediates, we have been fully utilizing our pilot plant, which began operation in 2023, striving to build strong customer relationships, to provide a stable product supply and to attract new business. In the area of ionic liquids, we are focusing on offering products including PFAS-free products as well as developing new applications such as electrolytic solution and cellulose dissolution applications in addition to conventional anti-static applications.

We are committed to make full use of these core technologies, with our motto of proactive and speedy response, to develop business that offers optimum solutions to customer problems with new business expansion by leveraging our cross-corporate capabilities among manufacturing, sales, and R&D segment.

② Business Expansion to be brought by our growth drivers, CO₂ absorbent amine compounds and organometallic catalysts businesses

We have positioned CO₂ absorbents and organometallic catalysts as our growth drivers, and we are focusing efforts in these areas. Our CO₂ absorbent amine business consists of both custom synthesis and in-house product development. Organometallic catalysts are developed for high-end polyolefin use and we conduct its business in the form of custom synthesis. We will further solidify the trust and relationships and trust with customers and seek to develop new products.

③ Business portfolio enhancement

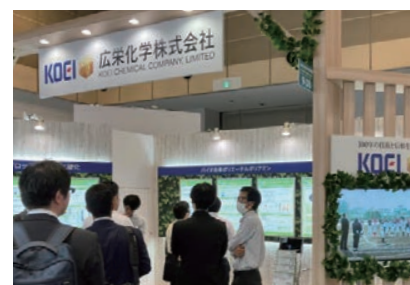
To achieve KOEI Vision 2030, I believe that we must further sophisticate our business portfolio and, therefore, we are reviewing our product portfolio with keeping our eyes to the future. Our gas-phase reaction plants (for pyridines and pyrazines) and our high pressure hydrogenation plants (for amines) have been in operation for more than six decades. We are considering to optimize our production system through restructuring, and we are engaged in deliberations aimed at maximizing the profit from our lines of multi-purpose plants, including the CM IV plant that we began operating in 2022. We are also working to maximize synergy with the Sumitomo Chemical Group.

TOPICS

Initiatives for proposing solutions to customers

We regularly introduce our latest technologies at trade shows.

In May 2024, we exhibited at the 4th Sustainable Material Expo Osaka. At the expo. In the exhibition, we introduced KOLFAMIN-B series of eco-friendly amines, KOELIQ®-SL01, which dissolves biomass-derived cellulose, our KONPUS series of low-temperature curing agents with the potential to reduce energy consumption and more. Our exhibition received positive reactions than those we had anticipated initially. In January 2025, we will be exhibiting in GREEN MATERIAL 2025, and we will further accelerate our initiatives for offering optimum solutions to customers.





Noriyasu Sakamoto
Managing Executive Officer,
General Manager of Research &
Development Division

Message from an Officer in Charge of Research & Development Division

Koei Chemical's history of research and development is backed up by our rich layer of experiences from in-house development activities over the course of a century. Based on these technologies and expertise, we have developed proprietary technologies leading to consistent launching of high-value added and high-performance products with global reputation.

Koei's Research & Development Division is making strenuous efforts with a mindset of "Always experimenting, never giving up! Going beyond the bounds of conventional wisdom! Surpassing limitations!" In research and development, we believe it important to break through hardships by trying new approaches beyond conventional ideas without giving-up regardless of how difficult the situation may be. Strongly backed up by this mind-set, we will continue to develop unique technologies aiming to contribute to the society development by offering valuable products and solutions.

R&D policy

1 Promote research and development that contributes to the reduction of environmental loads

We are engaging in various research and development for reducing GHG emissions in order to achieve carbon neutral society by 2050. In the field of CO₂ absorbents, we are using our proprietary high-pressure/vapor-phase reaction technologies for consigned production of various amine compounds in addition to development our proprietary amine compounds. We are also developing ionic liquids for dissolving cellulose to achieve effective use of natural resources.

2 Develop markets and new products that unite manufacturing, sales, and R&D

Our business environment is drastically changing continuously. In this environment, we are working to expand our business in twin pillars consisting of "custom synthesis of pharmaceutical/agrochemical intermediates, organometallic catalysts, etc." and "in-house development of specialty products". We should promote cross-functional activities among manufacturing, sales, and R&D to maximize the effectiveness of the pilot plant that commenced operation last year. We also regularly hold fusion meetings with R&D, sales, and manufacturing all together in a form of "R&D meetings", which handles research and development topics in addition to individual project meetings. Through these meetings, we work concurrently at cross-company level to rapidly achieve our goals.

3 Promote open innovation

We gather technologies of our various sections to promote new business development in frontier fields such as "ICT", "Environment & Energy", "Life-science", etc. At the same time, we actively promote interactions with academia and other companies with joint research opportunities to further speed up our new business creation. Currently, we are engaged in joint/contract research projects with five universities including Osaka University and Yamaguchi University. We also participate in various consortiums to enhance our information and human network outside of company.

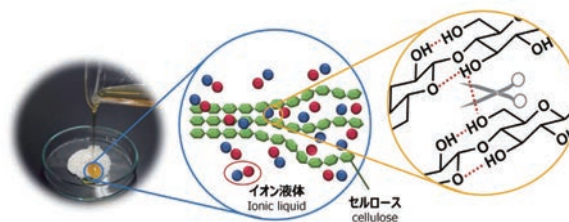
4 Fortifying our intellectual property management

Strategic management of intellectual property as well as contractual process is extremely important in new research fields such as environmental load reduction, etc. As well as in promotion of open innovation. Since last year, we have been fortifying intellectual property and technology survey functions of our Research & Development Division's Research Planning & Coordination Department. We have also been promoting the value co-creation through integration with the stage management systems of research theme.

TOPICS

Development of KOELIQ®-SL01 ionic liquid for dissolving cellulose

Cellulose was said to be highly resistant to dissolving. However, in 2022, we succeeded in developing KOELIQ®-SL01 ionic liquid, which can dissolve 20% or more of cellulose under mild conditions at room temperature. This phenomenal cellulose-dissolving ability offers great potential for various applications in resource recycling processes and we are proud that this research achievement is surely paving the way for effective use of biomass resources. We are also completing our mass production process for this ionic liquid and are promoting it through trade shows and sample provision to potential customers. We are currently progressing joint research projects with universities and companies globally with the goal of prompt commercializing and expansion of our ionic liquid business.





Akira Oyama
Executive Officer,
General Manager of Production &
Technology Division

Message from an Officer in Charge of Production & Technology Division

The Production & Technology Division assures continuously safe and stable operations, law and regulation compliance and promotes sustainability, which are our core principles of Koei's management foundation. Through this production system and efforts, we will strengthen our foundation to promote production efficiency enhancement as well as rationalization, which ultimately leads to the creation of new value.

We believe that our division's core competitiveness lies in our "Power of Manufacturing" backed up by inimitable production technologies and convergence of everyone's manufacturing wisdom in the division. To create truly good products, you need to have not only manufacturing technologies but also a passion for manufacturing. We put our heart and soul into every piece of tasks to create products with our technical capabilities and every member of our division is making the most of each one's knowledge and expertise with the aim of achieving our vision for the future: KOEI Vision 2030.

Production & Technology Division strategy

① Sustain safe and stable operations

The basic principle of our manufacturing department is to sustain safe and stable operations. For this purpose, we will further expand our areas for usage of DX to support efficient production to enhance our profitability in a cross-department and proactive manner.

② Production activities by "manufacturing", "sales" and "R&D" as One-team

Based on our foundation of stable operations, the Production & Technology Division will further improve efficiency, and we expect to achieve the rationalization targets set by our current Corporate Business Plan. Furthermore, in the CO₂ absorbent business, an area in which we are focusing our effort, our manufacturing, sales and R&D personnel are working as one team to develop new and high-difficulty compounds. As a result, we have succeeded in achieving safe and eco-friendly production in a short development schedules with quality level that we aimed for. We believe that these processes were carried out in a synchronized manner among manufacturing, sales and R&D divisions. This One-team approach will form our future business foundation and contribute to the growth of our business. Furthermore, in order to enhance our business portfolio, we will consider business partnerships with overseas companies, review priority of our product line-up with an emphasis on profitability and strategic importance and accelerate our efforts to rebuild aging facilities.

③ Enhancement of human resources development

Sustaining our safe operations requires us to always securing human resources. To cope with this corporate subject, we have progressed large-scale hiring and position optimizations simultaneously launching new plants. In the meantime, necessity for the Company to develop fundamental skills in new employees and to further enhance capabilities and motivation of mid-career employees is more pressing than ever. For this reason, our division has launched a Project (Team Optimization) to formulate a unique "Roadmap" for new employee development. We have already begun implementing this program since the beginning of this fiscal year and are confident in achieving promising results.

TOPICS

Chiba Site Initiative Declaration

The Production & Technology Division is carrying out improvement program called "Forever Challenge (FC) Activities". These FC Activities bring together wisdom of the division to carry out the Production & Technology Division's Operating Policy in order to achieve the Corporate Business Plan goals. These activities began in 2008 and are now in their 17th year. Under the current Corporate Mid-term Business Plan, the number of new employees has increased, which brought us to a new stage. Recalling the basic spirit of the program, we are now restarting activities from their initial phase and are tackling challenges with fresh perspectives and out of the box of preconceptions for the purpose to contribute to the improvement of our business results. This fiscal year, we will focus on the "4Cs."

FY2024 Chiba Site Initiative Declaration

<Transformation of mentality and action>

- ◇ We must change ourselves (Change)
- ◇ We must take on new challenges (Challenge)
- ◇ We must think and then take action (Charge)
- ⇒ We must make it our culture! (Chiba)

<In FY2024, all members of the site will focus on the "4Cs">

Change "Asking if there are any problems in our current approaches and implement reforms"

Challenge "Courageously advance and take on new initiatives"

Charge "Acquire know-how, skills and knowledge, then, connect them to future advances"

Chiba "Make the Chiba Site one where these efforts are constantly carried out throughout the organization"

Work to make **Koei Chemical** a chemicals company that learns from and grows through these "4Cs"!

1. CO₂ absorbents

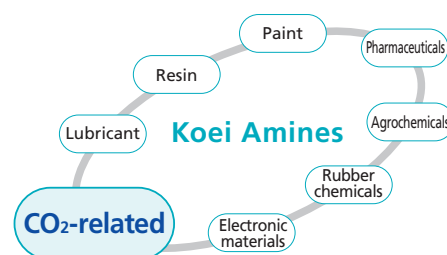
In recent years, there has been a worldwide trend for initiatives aimed at achieving carbon neutrality by 2050 with an eye to solving the global climate change problem. Under this circumstance, among our major product, amine compounds, we have positioned carbon dioxide (CO₂) absorbent based on amine compounds as one of our growth drivers and we are proactively pursuing initiatives in this area.

We have a library of more than 100 different types of amine compounds and supply them for a variety of applications such as pharmaceuticals, agrochemicals, and electronic related materials. Demand for CO₂ absorbent amine compounds has grown in recent years and customer are requiring increasingly high-level solutions. In fact, we have been consigned with the industrial production process development for production of amine compounds developed by our customers, and have also started supplying them to many companies and public research institutes.

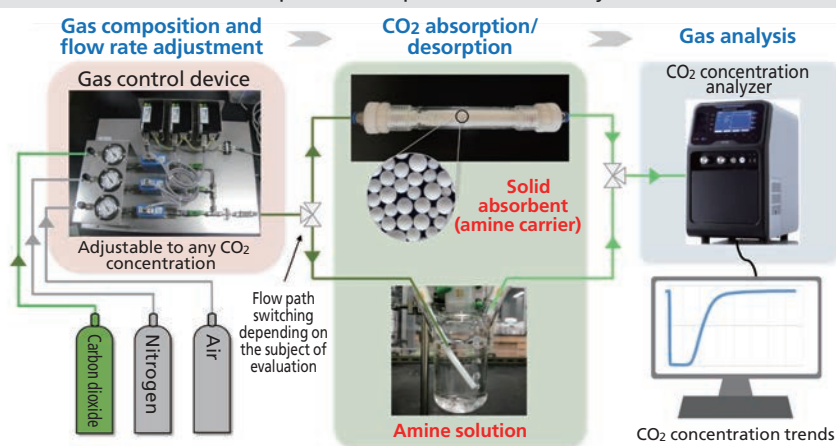
In addition to the custom synthesis business, in which we manufacture products to meet customer needs, we have also started developing our own products. In April 2024, we established a CO₂ absorption/desorption evaluation system at the Chiba Site to evaluate the performance of CO₂ absorbent amine compounds. Using this evaluation system, we will evaluate the CO₂ absorption and desorption performance of our amine compound library and our proprietary amine compounds, and propose high-performance amine compounds to customers to accelerate the development of our own CO₂ absorbent amine compounds.

In the CO₂ absorbent field, direct air capture (DAC) is a promising technology which captures CO₂ directly from the atmosphere. In this field, the design of amine compounds varies greatly depending on the CO₂ concentration of the emission source. Although we have long developed amine compounds that absorb high-concentration CO₂ from natural gas- and coal-fired power generation, we are now uncompromisingly determined to embark on the development of challenging new technologies, such as amine compounds for DAC, by leveraging the proprietary amine synthesis expertise we have cultivated over the years.

We will strive to contribute to the realization of carbon neutrality by 2050 through the development and supply of CO₂ absorbent amine compounds.



Overview of the CO₂ absorption/desorption evaluation system



2. Organometallic catalysts

We supply organometallic catalysts for high-end polyolefin to major polymer manufacturers around the world. High-end polyolefin is essential for the production of advanced materials in a variety of fields including automobiles and semiconductors. We supply the organometallic catalysts used to produce such polyolefin. The global market for organometallic catalysts for high-end polyolefin has reached 300 to 400 million US dollars and is projected to grow at an average of 3% to 5% per year from 2024 through to 2030. We therefore expect demand to increase. We have positioned organometallic catalysts as one of our growth drivers and will actively carry out initiatives with the aim of expanding our business in this field.

Since 2005 when we began our research in this area, we have built solid relationships with both domestic and overseas customers through our custom synthesis business for organometallic catalysts. We have also refined our technologies to enable safe and efficient manufacturing of organometallic catalysts, which require strict water- and oxygen-free management, and have established a transportation system using special containers.

Going forward, we will further strengthen relationships with major customers and further sophisticate our product portfolio to focus on core competencies, aiming to transform our businesses into more valuable ones.





Takashi Ohata
Executive Officer, in charge of General Affairs & Human Resource Office, and Internal Control & Audit Office

Message from an Officer in Charge of Human Resource Strategy

There are various reasons that the Company's history extends over a century. Looking back, one cannot help but being surprised at the courage, the entrepreneurial spirit, the inquisitiveness and the perseverance of those who shaped that history. These are our valuable assets, cultivated over more than 100 years, and I believe we must learn from them and leverage them for us to move forward. We have formulated human resource strategies that will surely help us realize the Company's management strategies, which is leveraging these precious assets and lead us to our next Corporate Business Plan. We are determined to thoroughly implement corporate management with a focus on human resources.

Human resource strategies of Koei Chemical

Since the Company's foundation in 1917, we have overcome various crises and difficulties. Through this process, we have achieved an intangible asset, which can be called the "KOEI Spirit". The Spirit is consisting of: (1) a bold spirit of taking on new challenges, (2) the courage to be the first penguin, (3) relentless inquisitiveness, (4) open innovation through collaboration with external organizations, (5) a strong sense of unity and (6) the ability to respond with flexibility. In addition to refining and leveraging these valuable assets to enhance corporate value, we view human resources as our most valuable management asset for promoting risk management, compliance and sustainability initiatives. Our vision for human resources is that they should become professionals who grow through personal development, view themselves as actively engaged, set ambitious goals on their own initiative, take on challenges and help us achieve our best performance as "One KOEI." To enhance employee engagement, we will increase our investment in the following three key areas.



● Career development for long-term success

To develop and advance each employee's career, we conduct personnel evaluations that provide growth opportunities and use a job rotation system to enhance cross-department coordination. We are also strengthening our health promotion measures to ensure our employees thrive for the long-term.



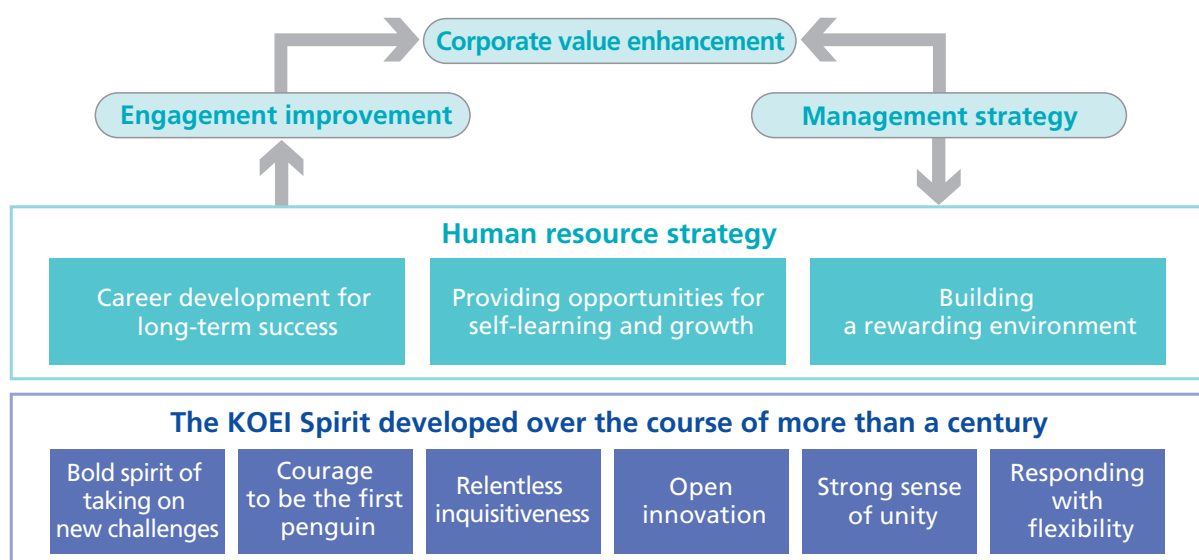
● Providing opportunities for self-learning and continuous growth

We want our employees to engage in autonomous learning and continue growing throughout their lives as they strive to become professionals. To support this, in spring 2025, we will launch **KOEI MANABIYA**, an internal university offering an educational curriculum tailored for various job levels and fields. The curriculum consists of core training, level-specific training and specialized training. As part of establishing this internal university, we will also introduce systems to visualize progress of training and skill development.



● Building a rewarding environment

To put the Company back on a growth trajectory, we are fostering an organizational culture that respects diverse values, both those of individuals and the organization's, where people can share their wide-ranging ideas and opinions regardless of their title/position or department. The culture will surely help us achieve breakthroughs and tie such worked out ideas to achieving results. We are also building workplace environments with high levels of psychological safety.



Our human resource ideals

- Professional human resources who grow through personal development
- Human resources that view themselves as actively engaged, set ambitious goals on their own initiative and take on challenges
- Human resources that help us achieve our best performance as “One KOEI”

Results of education and training*

① Training costs	196,000 yen/year/person
② Training hours	29 hours/year/person

*Off-JT only, not including OJT.

Main training contents

1. Level-specific training

- Training for promoted employees (GIII level)
- Training for promoted employees (GIV level)
- Training for promoted employees (new managers)
- Training for promoted employees (follow-up training for GIII level)
- Training for promoted employees (follow-up training for GIV level)
- Training for promoted employees (follow-up training for new managers)
- Training for new graduates
- Follow-up training for new graduates
- Brother-sister training (for new employees)
- Brother-sister training (for mentors)
- Brother-sister system reflection training (for new employees)
- Brother-sister system reflection training (for mentors)
- Training for new experienced staff
- Training for persons who have been offered jobs
- HR, labor & RC management training with Sumitomo Chemical Group

2. Technical training

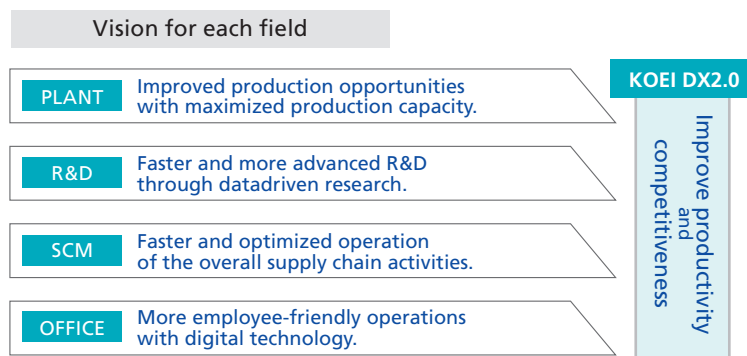
- New employees
Basic technical training for new employees
- Beginner OP Operation simulation course
- Beginner OP to mid-level OP
Chemical safety simulation training
- Mid-level OP Mid-level technician training
- Mid-level OP to team leaders
Workplace leader training
- Mid-level OP Autonomous maintenance operators 2nd class (correspondence course)
- Mid-level OP to team leaders
Autonomous maintenance operators 1st class (correspondence course)
- Beginner OP to team leaders
Technical seminar
- Chiba Site employees
Safety simulation training room
- Foremen and deputy managers
OM training course
- Foremen and deputy managers
Base technology training for back office leader

*OP = Operator, OM = Operation Manager

Please see pages 45 to 46 for detailed data on human capital.

1. DX objectives and vision

Having been committed to the improvement of productivity and strengthening of competitiveness as our digital transformation (DX) objectives, we have formed a company-wide cross-departmental taskforce (DX Strategy Team) as a step toward achieving those objectives. We have also established the vision for each field, namely the production plants (PLANT), R&D, SCM and back-office divisions (OFFICE), which are forming our DX strategy in the Mid-term Corporate Business Plan. Furthermore, we have positioned DX activities based on such strategy as “KOEI DX 2.0”, and are promoting initiatives across the entire Company in a unified effort aimed at achieving the Corporate Business Plan goals through digital transformation.



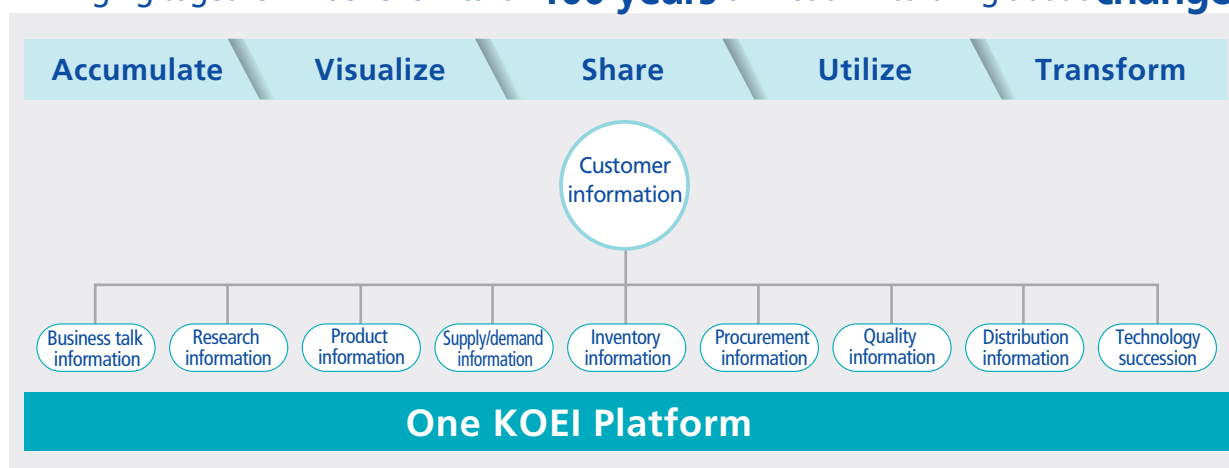
2. Establishment of the One KOEI Platform

As one of the core initiatives of KOEI DX 2.0, we have established a platform (One KOEI Platform) to digitally integrate and share our technology, knowledge and experience that we have accumulated for over 100 years throughout the Company.

The vision of the One KOEI Platform is to consolidate and centrally manage as much as possible many of the functions, databases and workflows of existing systems that have been individually optimized. This will allow all information and communication within the Company to be visualized and shared, which we expect to drastically improve the speed of our decision making process.

• • • • •

“Bringing together” Koei Chemical’s “100 years of wisdom” to bring about **change**



3. Status of KOEI DX 2.0 initiatives

Under KOEI DX 2.0, we are promoting DX activities by launching projects from various perspectives in the fields of PLANT, R&D, SCM, and OFFICE. These projects are led by selected members across the Company’s departments, who are working on them as their own projects. As of July 31, 2024, we have completed 20 projects out of launched 35 projects.

① PLANT

We are working to strengthen the review and feedback for each production, and have developed and started to use various formats as a preparatory step for our digitalization. We are also continuing our efforts from FY2023 to optimize business processes and rules throughout our plants.

② R&D

On the One KOEI Platform, we have compiled and established a database of various information related to the research technology that we have accumulated to date. In addition to achieving streamlined manufacturing processes by analyzing plant operation data using materials informatics (MI), we are also making efforts to train data engineers using experimental data.

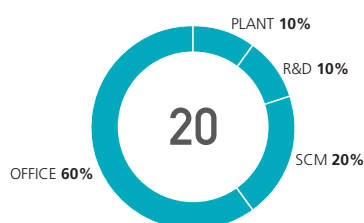
3 SCM

By consolidating and centralizing the existing sales activity support (SFA) and marketing activity support (MA) tools on the One KOEI Platform, we are now able to share highly accurate information in real time basis. Going forward, we will continue to further expand and make more sophisticated use of the One KOEI Platform.

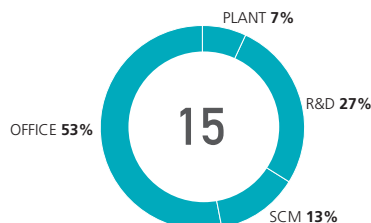
4 OFFICE

We are working to transfer from existing systems to the One KOEI Platform in order to promote the standardization and leveling of operations. Moreover, as part of efforts to improve the digital literacy of all employees, we have continued to create curriculums using e-learning services and to conduct training to enhance Office tool skills, as we did in FY2023.

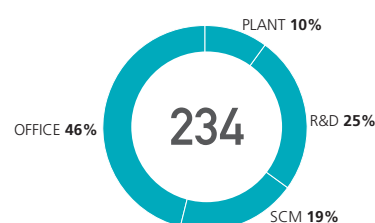
Completed projects



Projects in progress/in preparation



Project participants (total number of people)



Overview of KOEI DX 2.0

	Field	Program name	Project name	Status
1	PLANT	Production review and feedback	Production capacity optimization	Complete
2			Capital expenditure optimization	Complete
3	R&D	DX environment development	Establishment of a database for research technology succession	Complete
4			Introduction of TeachMeBiz	Complete
5	SCM	Real-time sharing of information	Establishment of the One KOEI Platform	Complete
6			Introduction of a business card management system	Complete
7			Business process optimization (Step 1)	Complete
8			Business process optimization (Step 2)	Complete
9	OFFICE	Leveling and standardization of operations	Shift to online performance forecasting operations (Step 1)	Complete
10			Turning tacit knowledge into explicit knowledge (Step 1)	Complete
11		Promotion of paperless work	Shift to paperless work for the RC Committee	Complete
12			Digitization of fax-related operations (Step 1)	Complete
13			Digitization of fax-related operations (Step 2)	Complete
14			Digitization of fax-related operations (Step 3)	Complete
15			Shift to an electronic approval system	Complete
16			Reduction of paper output from multifunction devices	Complete
17		Provision of work style options	Considering labor management for telework	Complete
18			Realizing work spaces suited to the DX era (Step 1)	Complete
19		Improvement of digital literacy	Improvement of Office tool skills (FY2022)	Complete
20			Improvement of Office tool skills (FY2023)	Complete
1	PLANT	Organizational restructuring of plants	Team optimization	In progress
2	R&D	Promotion of MI activities	Acquisition of in-house MI case studies	In progress
3		Training of R&D engineers	Training of data engineers	In progress
4		DX environment development	Renewal of technical document management database	In progress
5	SCM	Real-time sharing of information	Establishment of a data storage environment (Step 1)	In progress
6			Business process optimization (Step 3)	In progress
7		Improvement of information accuracy	Introduction of Data Driven Management	In progress
8	OFFICE	Leveling and standardization of operations	Turning tacit knowledge into explicit knowledge (Step 2)	In preparation
9			Transfer of fixed cost management system	In preparation
10			Operational reforms for the Engineering Department	In preparation
11		Promotion of paperless work	In-house development of the One KOEI Platform	In progress
12			Digitization of inquiries and requests (Step 1)	In preparation
13			Reduction of paper output from multifunction devices (Step 2)	In preparation
14		Provision of work style options	Realizing work spaces suited to the DX era (Step 2)	In progress
15		Improvement of digital literacy	Improvement of Office tool skills (FY2024)	In preparation

4. Taking root of DX activities

In order to make DX activities a company-wide and continuous effort, we regularly hold an internal event called “Koei Digital Festival” (twice a year in spring and autumn), in which everyone participates, aiming to help foster a mindset to DX.

At the 2024 Koei Spring Digital Festival held in April 2024, we gave presentations on the activities being carried out in each field, with a focus on specific examples of the One KOEI Platform utilization. We also invited a lecturer from outside the Company to give a talk on the theme of “Examples of reform in the manufacturing industry.” Approximately 260 people participated in the event, including outside directors and Sumitomo Chemical representatives, resulting in lively Q&A sessions after each presentation.







Hideo Wada

Director, Managing Executive Officer, in charge of Corporate Planning & Finance Office, Sustainability

Koei Chemical's Approaches to Sustainability

We have positioned sustainability as a key management issue and, in our current Corporate Mid-term Business Plan (FY2022–2024), we have set sustainability transformation as one of our measures to strengthen business foundations. To ensure appropriate governance, the Board of Directors and its advisory body, the Sustainability Committee, also report on performance and engage in discussions on matters such as the implementation and strengthening of specific measures. Regarding each of the KPIs set by the Company (disclosed since FY2022), we will continue working on core targets such as 50% reduction of CO₂ emissions by FY2030 (compared to FY2013). However, as we formulate the new Corporate Mid-term Business Plan for FY2025–2027, we are also considering revise of our KPI items into those which are more appropriate for strengthening our sustainability activities and reflecting them in our measures, considering how to respond to and reflect new issues such as the TCFD in the new Corporate Business Plan. Moreover, to further strengthening the development and sales of carbon neutral-related products, we will also continue efforts in coordination with the policies and activities of the Sumitomo Chemical Group, such as expanding diversity by hiring more handicapped persons, and gender-free employment and human resource management resulting in increase in the percentage of women in managerial positions as well as progressing comprehensive disclosure on matters related to human capital.

Material issues to be addressed as management priorities and Koei Chemical's KPIs

Material issues	KPI
Material issues for social value creation 	Contribute to the environment <ul style="list-style-type: none">CO₂ emissions (Scope 1 + 2) (Target: 50% reduction compared with 2013)Improvement in energy efficiency etc. Contribute to the food supply <ul style="list-style-type: none">Sales of raw materials and intermediates for crop protection products Contribute to healthcare <ul style="list-style-type: none">Sales of raw materials and intermediates for pharmaceuticals Contribute to ICT <ul style="list-style-type: none">Sales of electronic related materials
Material issues for future value creation 	Advance innovation <ul style="list-style-type: none">New product sales ratioCumulative savings from cost rationalization Bolster competitiveness leveraging DX <ul style="list-style-type: none">Digital literacy assessment Human resources: DE&I*, growth & development, health <ul style="list-style-type: none">Percentage of female new graduate hires (Target: 20% or more)Employment rate of persons with disabilities (Target: 2.5% or more)

*Diversity, Equity & Inclusion

Foundation for business continuation			
<ul style="list-style-type: none"> Occupational safety and health, and operational safety and disaster prevention Product safety and quality assurance Respect for human rights Cybersecurity Compliance Anti-corruption 			
KPI	FY2022 result	FY2023 result	change
CO ₂ emissions (Scope 1 + 2)	32% reduction	33% reduction	↗
Improvement in energy efficiency etc.* ¹	94.5	90.6	↗
Sales of raw materials and intermediates for crop protection products	2.7 billion yen	3.1 billion yen	↗
Sales of raw materials and intermediates for pharmaceuticals	5.5 billion yen	6.7 billion yen	↗
Sales of electronic related materials	4.5 billion yen	4.5 billion yen	→
New product sales ratio	13.3%	26.6%	↗
Cumulative savings from cost rationalization	0.7 billion yen	1.0 billion yen	↗
Digital literacy assessment* ²	1.9	2.8	↗
Percentage of female new graduate hires	14.3%	40.0%	↗
Employment rate of persons with disabilities	3.7%	3.4%	↘

*1 The calculation method has been changed since FY2023. Energy consumption per net sales has been indexed with the FY2020 result as 100.

*2 The level of the Company's digital literacy is determined by assessing 12 items on six levels based on the DX Promotion Index of the Ministry of Economy, Trade and Industry.

Contribute to the environment

- Climate change mitigation and adaptation
- Contribute to recycling resources
- Sustainable use of natural capital

KPI

CO₂ emissions (Scope 1 + 2)
[Target: 50% reduction compared with 2013]

➤ **FY2023 result: 33% reduction**

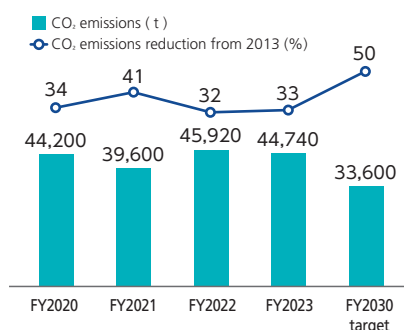
Improvement in energy efficiency etc.

➤ **FY2023 result: 90.6**



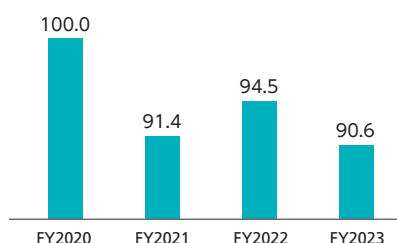
The graph below shows trends in CO₂ emissions and improvement in energy efficiency, etc. As of FY2023, we had achieved a 33% reduction in CO₂ emissions compared with that in FY2013. Though we achieved a 41% reduction in FY2021 compared to FY2013 result, this was due to the extraordinary circumstance of shut-down maintenance having been performed twice in that year. Improvement in energy efficiency, etc. has been changed to be based on net sales per unit from this report (indexed with FY2020 set at 100), and there is an improvement compared to the previous fiscal year. Going forward, we will pursue energy-saving and other measures in our aim for further improvements.

CO₂ emissions



Rate of Improvement in energy efficiency etc.

● Energy consumption per net sales has been indexed with the FY2020 result as 100.



Contribute to the food supply

KPI

Sales of raw materials and intermediates for pharmaceuticals

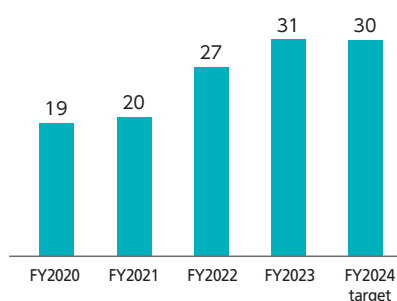
➤ **FY2023 result: 3.1 billion yen**



Our basic products, including amines and pyridines, are used as raw materials and intermediates for crop protection products. We deliver these products to manufacturers in Japan and overseas.

In FY2023, these products accounted for 16% of total net sales and increased by 15% year from the previous. This is mainly attributable to an increase in demand for agrochemical intermediates for North America, and net sales are expected to stay constant from FY2024.

Sales of raw materials and intermediates for crop protection products (100M yen)



Contribute to healthcare

KPI

Sales of raw materials and intermediates for pharmaceuticals

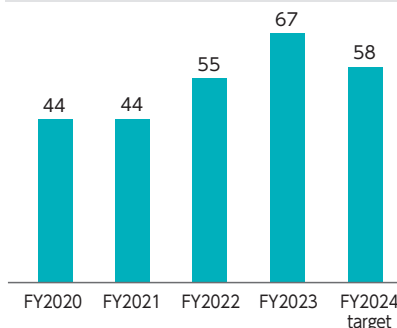
➤ **FY2023 result: 6.7 billion yen**



For many years, we have delivered antituberculosis drug intermediates and other pharmaceutical intermediates, and core products, including amines and pyridines, to pharmaceutical manufacturers in Japan and overseas.

In FY2023, these products accounted for 34% of total net sales and increased 22% year from the previous year. This is mainly attributable to an increase in sales of antituberculosis drug intermediates and large-volume pharmaceutical intermediates, and sales are expected to stay constant from FY2024.

Sales of raw materials and intermediates for pharmaceuticals (100M yen)



Contribute to ICT

KPI

Sales of electronic related materials

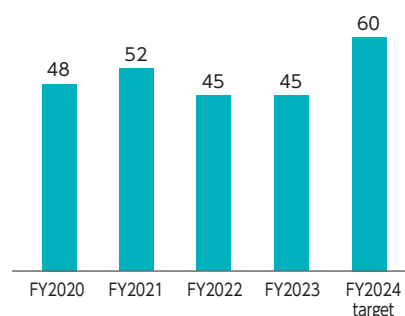
➤FY2023 result: **4.5 billion yen**



The electronic related materials category comprises of semiconductor-related products, ionic liquid products and optical materials-related products. Despite major fluctuations in demand, this category is expected to grow steadily in overall.

In FY2023, these products accounted for 23% of total net sales, and results were flat year on year with an 1% decrease. From FY2024 and onward, we are aiming for further enhancement of optical materials-related products through a recovery in demand of ICT-related products and strengthening of collaboration with the Sumitomo Chemical Group. We expect to see medium- to long-term growth.

Sales of electronic related materials (100M yen)



Advance innovation

KPI

New product sales ratio

➤FY2023 result: **26.6%**

Cumulative savings from cost rationalization

➤FY2023 result: **1.0 billion yen**

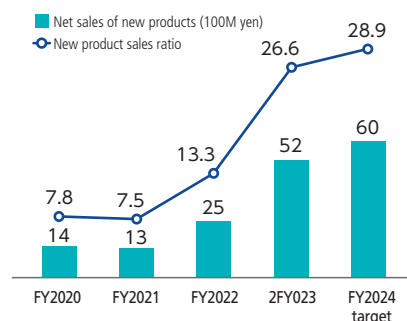


The trends in the new product sales proportion and the cumulative savings from cost rationalization are shown in the graphs below.

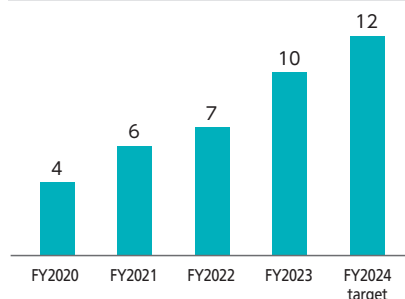
The new product sales proportion is growing steadily due to factors including sales expansion of large-volume pharmaceutical intermediates and agrochemical intermediates. We will continue to promote the development of applications for existing products and will aim to further enhance the new product sales proportion, in particular, for carbon neutral-related products, optical materials-related products and organometallic catalysts.

Furthermore, in terms of savings from cost rationalization, we will continue to promote the cost rationalization of existing products.

New product sales ratio



Cumulative savings from cost rationalization (100M yen)



*Definition of new products: Products marketed within past five years

TOPICS

Received medal in two consecutive years for EcoVadis sustainability survey

In the sustainability assessment conducted by EcoVadis, the Company received the Gold rating, corresponding to the top 5% of assessed companies in 2023, and the Silver rating, corresponding to the top 15% in 2024.

In 2024, although the Company received a high rating in the environment category as in the previous year, it did not achieve the Gold rating. Nevertheless, we will continue to strengthen our initiatives also in categories other than the environment in an effort to achieve a more balanced assessment.

We will continue to contribute to realization of the sustainable society through our business as well as to achieve sustainable growth to meet expectations of our stakeholders.



Bolster competitiveness leveraging DX

KPI

Digital literacy assessment

➤ **FY2023 result: 2.8**



To measure the level of the Company's digital literacy, we use a proprietary 5-point scale to assess total of 12 items, divided into (1) six items concerning ideal approaches to business management and systems for promoting DX, and (2) six items concerning Development of IT systems as a foundation for achieving DX.

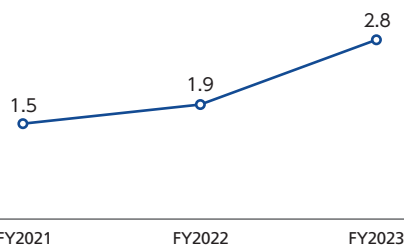
Based on this assessment, our digital literacy score in FY2023 was 2.8 points, an improvement by 0.9 points from the previous year, and we are steadily achieving results. We will aim for sustained improvements in our digital literacy going forward.

Self-assessment

Ideal approaches to business management and systems for promoting DX			Development of IT systems as a foundation for achieving DX		
No.	Evaluation items	Selfassessment	No.	Evaluation items	Selfassessment
1	Strategies and visions*	3.0	7	Governance/systems	3.0
2	Commitment by business management	4.0	8	Secure HR recruitment	3.0
3	Mindset/corporate culture	3.0	9	Ownership of the business operation department	3.0
4	Promotion/support systems	4.0	10	Analysis and assessment of IT assets	2.0
5	HR Development/secure HR recruitment	3.0	11	Categorization of IT assets and planning thereof**	2.0
6	Reflection of outcomes in business	4.0	12	Ability to follow up on changes	2.0

*No.1 is the average value evaluated by subdividing into two items and **No.11 into four items. Rounded to two decimal place.

Digital literacy level points



Human resources: diversity, equity & inclusion, growth & development, health

KPI

Percentage of female new graduate hires (Target: 20% or more)

➤ **FY2024 result: 50.0%**

Employment rate for persons with disabilities (Target: 2.5% or more)

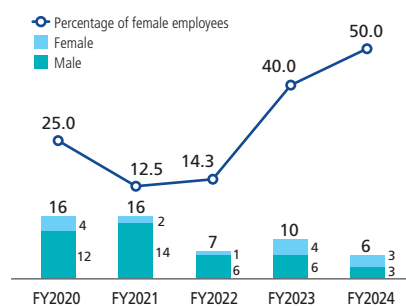
➤ **FY2023 result: 3.4%**



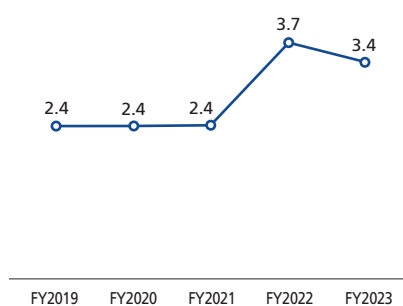
In order to raise the employee retention rate and increase the company-wide percentage of female employees, we are working to first achieve our target for the percentage of female new graduate hires of 20% or more. We were able to exceed the target in FY2023 and FY2024 thanks to the steady activities of female employees such as school visits. We will continue to make strenuous efforts to build a company and systems that is gender-free.

With regard to the employment of handicapped persons, we have endeavored to create and secure job opportunities to offer a wide range of job types by the opening of the Salad Bowl Farm in FY2022.

Percentage of female new graduate hires



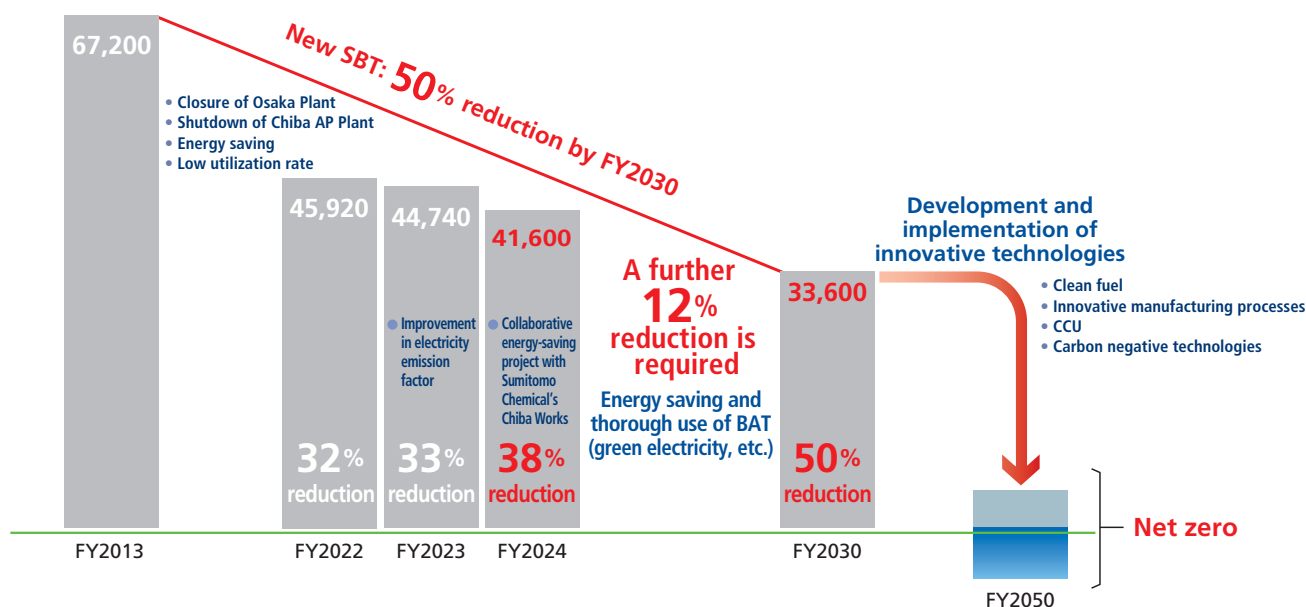
Employment rate of persons with disabilities (%)



Initiatives for carbon neutrality and climate change

To prevent global warming, the world needs to reduce the emission of CO₂ and other greenhouse gases. In order to achieve carbon net zero by 2050, our target is a 50% reduction in CO₂ emissions by FY2030 compared with the level in FY2013. The figure below shows the Company's roadmap for carbon neutrality.

(Unit: t)



(BAT: Best Available Technologies)

We have effectively reduced our CO₂ emissions through our efforts to date to promote energy conservation through improvements in production processes and the collection and utilization of exhaust heat and centralize our production bases with shifting to high-value-added products through a review of the business portfolio. Our target in FY2024 is to achieve a 38% reduction compared to the level in FY2013, including the effects of a collaborative energy-saving project with Sumitomo Chemical at our Chiba Site and the start of operations of a solar power generation system. Our main planned initiatives are as outlined below.

Main planned initiatives in the future

- Disclosure of climate-related information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Development of businesses that contribute to reducing our environmental impact
- Additionally, continue to promote energy saving through other means such as improvements in productivity

TOPICS

Recent developments at Salad Bowl Farm

The Company operates the Salad Bowl Farm as an initiative to further promote the employment of handicapped persons in the vicinity area. Farm management operations have been outsourced to KGS Co., Ltd., a subsidiary established in October 2023. The farm manager and staff of handicapped persons are currently working together to grow vegetables. Recently, they have been growing komatsuna (Japanese mustard spinach), edible flowers, and edamame, and distributed the harvested vegetables to employees, which activities has received favorable feedback. We will continue to aim for the realization of a sustainable society through the employment of diverse human resources going forward.

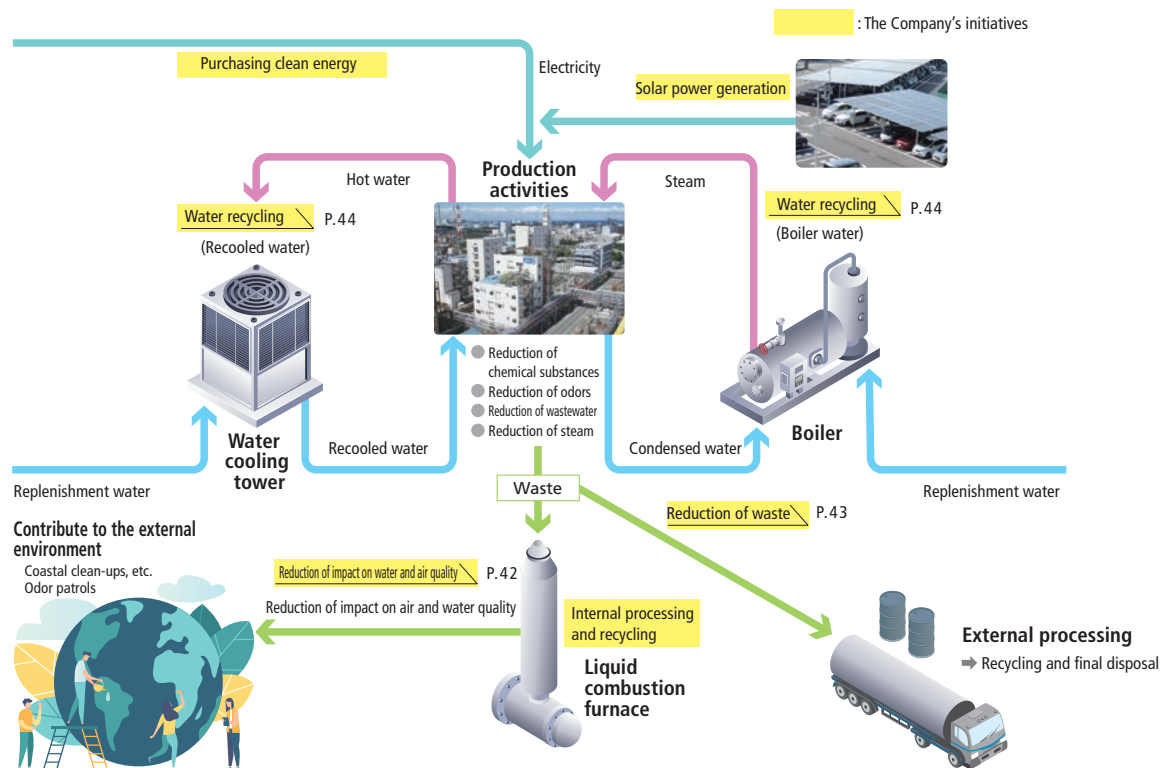


Initiatives to reduce environmental impact

We have set goals for environmental conservation, climate change response and risk reduction as part of our Responsible Care goals, and each department is conducting activities to reduce our environmental impact.

The area where the Company is located is a coastal industrial zone, and as a designated specific factory, the Company has entered into a three-party agreement with Chiba Prefecture and Sodegaura City regarding environmental conservation (water quality, air pollution, VOC, noise, odors, etc.) by setting control values stricter than legal requirements. We manage our production activities to ensure compliance with these values set in the agreement to reduce the environmental impact to the entire vicinity area.

Although the use of utilities and chemical substances is essential for the production of chemical substances, we conduct activities to reduce environmental impact at every stage of production, from procurement to disposal, including the recovery and recycling of steam and solvents used, odor reduction through scrubbers, and process modification to improve yields and reduce waste.



Engagement with local communities

Held science classes for elementary school students

We held science classes for fourth-grade students of Nagaura Elementary School in Sodegaura City this year as well.

The class focused on hands-on experiences, such as making slime and bouncy balls, liquid nitrogen experiments, and static electricity experiments.

The classes seemed to attract interest of the participated children in chemistry.



Sponsored the Sodegaura City Youth Baseball Spring Tournament

We sponsored the Sodegaura City Youth Baseball Spring Tournament as the Koei Chemical Banner Tournament.

We will continue this sponsorship to support the children's healthy and energetic growth.



Participated in Sodegaura City satoyama volunteer activities

We resumed participation in the Satoyama (mountains in the vicinity of rural settlements) conservation activities organized by Sodegaura City as the COVID-19 pandemic subsided.

A total of approximately 100 people are expected to participate this year in activities such as removing garbage and cutting undergrowth.



**Ryoko Ueda**

Outside Director

Ms. Ueda started her career in 2001 when she joined Mizuho Securities, after which she worked at companies such as Japan Investor Relations and Investor Support, Inc. Since 2020, she has served as an outside director at several companies and is also teaching as a university professor. She was appointed as a director of the Company in 2024.

Keiko Fukahori

Director

Ms. Fukahori joined the Company in 1981. She started her career at a research laboratory, worked in the Technology Department, and has held positions including General Manager of Logistics & Procurement Office, Deputy General Manager of the Chiba Plant, and General Manager of Research & Development Division. She was appointed as director in 2019.

Yoko Hatta

Outside Director, Audit & Supervisory Committee Member

Ms. Hatta began her career in 1988 when she joined Peat Marwick Main & Co. (currently KPMG LLP New York Office). Since 2015, she has served as an outside director at several companies. She was appointed as Director and Audit & Supervisory Committee Member of the Company in 2022.

Refining the Koei brand leading to sustainability of the Company

Q. Please tell us about your impression of Koei Chemical and the Company's appealing points.

(Fukahori) With a history spanning over 100 years, the Company possesses technologies and experience that have been accumulated to date and inherited from predecessors and accumulated to every single employee. I believe that the Company's strength lies in the diligent and down-to-earth culture where we use such expertise conscientiously in our manufacturing operations. On the other hand, the Company may have a tendency to take a bit long time to take on new challenges. Now, we may need to start taking action at a quicker pace.

(Hatta) two years have passed since I was appointed as an outside director. In my view, the Company's employees have a wealth of knowledge about its proprietary

products, and are offering products that only Koei Chemical is capable of producing. That said, while the Company's manufacturing operations are solid, there may be a remaining room to be further tackled when it comes to perceive customer's standpoint more.

(Ueda) I only started my position this year, and although I am yet to gain full insight into the inner workings of the Company, my impression so far is that Koei Chemical is a company that takes pride in its technical capabilities. I think the quality of information disclosure, including disclosure in the Koei Chemical Report and on the company website, is high. These disclosures convey to me the Company's commitment to higher standards, including its governance initiatives.

(Hatta) In my opinion, our disclosure level is aimed to be the one for the prime market, in part due to strong leadership from the top.

Q. What are your thoughts on governance at Koei Chemical?

(Hatta) At the Board of Directors, we have received appropriate responses to the questions we have raised from the perspective of risk management at each meeting. In that sense, I believe that its risk governance is very effective. Moreover, although listed on the Standard Market, the Company makes a considerable amount of disclosure, which makes me believe that it is taking effective governance measures.

(Ueda) I believe that the Company is carrying out initiatives that go beyond those required by the Corporate Governance Code and other guidelines. As companies cannot disclose false information when making disclosures, we can see that the Company is making sincere efforts.

(Fukahori) The Company began to proactively disclose information amid the trend shift from an era where it was enough to simply comply with the law to one where it is required to fulfill its responsibilities as a manufacturer. I believe that such trend have formed current Koei Chemical existing today.

(Hatta) The direction of proactive disclosure is clearly shown in Board of Director meetings.

Q. Although each of you hold different positions, please tell us your thoughts about the roles expected from you as a director.

(Hatta) I consider that outside directors have a unique role to perform. For example, I think it can be difficult for an internal director to speak out about something outside their area of expertise. In such situations, I try to speak out as an outside director. Also, when progress seems slow, I try to voice my opinion in a proactive manner, since comments from an outside director can sometimes help speeding up progress of the issues.

(Ueda) The most important role of outside directors is to preserve and enhance corporate value. To these ends, I hope to contribute to both defensive and offensive governances. Since Koei Chemical has a parent company, from the perspective of minority shareholders and other stakeholders, I think there are both benefits and concerns to being part of a Group. In terms of Koei Chemical's corporate value, as an independent outside director, I must take into consideration whether a disciplined relationship has been built with the parent company. To do so, it is necessary to look at risks that are difficult to notice internally from a variety of perspectives. It is important that Koei Chemical plays its role within the Group and collaborates with the Sumitomo Chemical Group to create value.

(Fukahori) Last year, my position changed after I left my executive role and that is giving me more opportunities to

be aware of how Koei Chemical is viewed from the public. My recognition is that my role is to convey my opinions from both external and internal perspectives that I grasped. I plan to offer insights from a different perspective than that of an executive officer.

Q. Please tell us about your expectations and the issues faced by Koei Chemical in terms of sustainability, utilization of human resources, and women's empowerment.

(Fukahori) Koei Chemical engages in sustainability promotion activities by setting KPIs and material issues to be addressed as management priorities in the current Corporate Business Plan. I recognize that society is demanding higher standards in areas such as climate change and human capital these days and I believe it important for the Company to take action in light of the demands of society.

(Hatta) While I believe that the Company is making a very strenuous effort toward sustainability, I feel that there may be difficulties in actually putting some items into practice, particularly in terms of increasing the number of female employees and so forth. With regard to promoting women's empowerment, I myself have a wide range of experience, but Koei Chemical is the first company in my career to have internal female executives and, therefore, I believe that the company has a solid foundation regarding this matter.

(Ueda) I want to hold discussions by considering "for whom the sustainability promotion is" and "for what purposes". Sustainability serves as the basics for a company to continue its business operations into the future in a sustainable manner, and making contributions to society leads to enhanced corporate value. This is the reason Koei





Chemical needs to incorporate sustainability into its strategies. With the global environment undergoing significant changes, it is essential to have agile, flexible, and robust management capabilities and resilience.

(Fukahori) I feel it is also important to think about how to communicate to employees about for whom sustainability initiatives are. For example, even if we say we want to increase the percentage of female employees across the entire Company, employees tend not to view it as a personal concern. For the Company to continue its business operations while facing a labor shortage, it will need to mechanize manual labor and make the workplace more accessible to women and seniors. As companies also need diversity from the perspective of business continuity, I would like all employees to understand this as a matter that applies to each of them personally.

(Hatta) Japan's manufacturing industry in particular has not been very successful in preparing a comfortable working environment for women. I think the most advanced companies are those where, no matter when someone takes time off work, someone else can always make up such absent workload. This not only applies to women but also to men's working environments as well. Going forward, it will become increasingly important to visualize work operations to make it possible for anyone to take over.

(Ueda) Organizations need to be carefully paid attention to fine needs when it comes to utilizing women's capabilities. Fortunately, the Company has Director Fukahori, who has experience in having lead research and development. This gives it a proven track record and the foundation to achieve breakthroughs. I think the Company has an excellent corporate culture, which enables it to build trustful relationship between employees and the Company.

(Fukahori) The shortage of female employees is a challenge that the Company needs to address. I think it

needs to develop human resources through a long-term plan spanning 10 to 20 years. I want Koei Chemical to be a company where new employees want to work for a long time. Securing human resources is a very important task for assuring corporate sustainable growth.

Q. Please tell us about the issues and your expectations for Koei Chemical in achieving sustainable growth going forward.

(Ueda) I expect Koei Chemical to achieve sustainable growth over the medium to long term, and I intend to contribute to Koei's achieving this goal. As dialogue with stakeholders is a key to achieving this, I expect the Company to continue engaging in dialogue with both internal and external stakeholders.

(Hatta) All employees are proud of Koei Chemical's technical capabilities. The Company possesses technologies that brighten up society and assets that enable the Company to grow, such as CO₂ absorbent amine compounds. I would like to see further growth in these areas. I also believe that a company's flexibility stems from diversity. Having diverse opinions means that there are no stereotypes or preconceptions. Then, I hope that Koei Chemical will aim to create innovations that exceed those of the past.

(Fukahori) Finally, a word of encouragement to my juniors. I look forward to seeing you refine the Koei brand further. The employees take pride in the Company's technologies and are committed to them. It is a very narrow field but our presence is well-known to connoisseur in the industry. In my view, this is the very essence of Koei Chemical. I hope that you work to refine this Koei brand and ensure that its presence continues for the next 100 years.



List of directors (As of October 1, 2024)



Ray Nishimoto
Representative Director &
President



Hideo Wada
Director/
Managing Executive Officer



Akihiko Egawa
Director/
Managing Executive Officer



Keiko Fukahori
Director



Masao Shimizu
Director



Ryoko Ueda
Director (Outside)



Akihiko Hamabe
Director
Audit & Supervisory Committee
Member



Ken Takiguchi
Director
Audit & Supervisory Committee
Member(Outside)



Shingo Yoro
Director
Audit & Supervisory Committee
Member(Outside)



Yoko Hatta
Director
Audit & Supervisory
Committee Member (Outside)

Skill matrix

position	name	in charge	corporate management	Business strategy/ marketing	Technology/ research	internationality	ESG/ sustainability	Finance/ accounting	Human resources and labor affairs	Legal affairs/ compliance
Representative Director & President	Ray Nishimoto		○	○		○	○			
Director/Managing Executive Officer	Hideo Wada	In charge of Sustainability Officer, Corporate Planning and Finance Office		○		○		○		
Director/Managing Executive Officer	Akihiko Egawa	In charge of Sales/Marketing Department, logistics/sales Department Sales headquarters		○	○	○				
Director	Keiko Fukahori			○	○		○			
Director	Masao Shimizu					○			○	
Director (Outside)	Ryoko Ueda					○	○	○		
Director Audit & Supervisory Committee Member	Akihiko Hamabe							○		○
Director Audit & Supervisory Committee Member (Outside)	Ken Takiguchi		○					○		
Director Audit & Supervisory Committee Member (Outside)	Shingo Yoro									○
Director Audit & Supervisory Committee Member (Outside)	Yoko Hatta					○		○		
Managing Executive Officer	Noriyasu Sakamoto	General Manager of Research & Development Division		○	○		○			
Executive Officer	Takashi Ohata	In charge of Internal Control & Audit Office, General Affairs & Human Resources Office				○			○	○
Executive Officer	Akira Oyama	General Manager of Production & Technology Division			○		○			
Executive Officer	Toshikazu Ura	General Manager of Production & Technology Division			○		○			
Executive Officer	Katsuhide Ohara	General Manager of Sales Headquarters		○	○	○				

In order to respond to the expectations of stakeholders, we strive to establish and operate an effective corporate governance system and continuously strengthen and improve the system.

Initiatives to strengthen the corporate governance system

2015	Nomination Committee/Compensation Committee established.	2020	Number of Directors/Audit and Supervisory Committee Members is increased from three to four.
	Introduced an effectiveness evaluation of the Board of Directors.	2021	Introduced an Executive Officer structure, making 1/3 of Board consisting of the Independent and Outside Directors.
2016	Transformed the structure into a company with an Audit and Supervisory Committee.	2022	Established the Sustainability Committee as an advisory body to the Board of Directors
2019	First female director appointed.	2023	Changed policy partially for determining individual compensation for bonuses for directors and officers.
	Established an Outside Directors Meeting system.		

Basic policy on corporate governance

In the expectation of fair corporate activities, Koei positions compliance as a critical core of management. In terms of our business management system, we have established the Board of Directors and the Audit & Supervisory Committee, as well as the Management Committee, Internal Control Committee, and other necessary committees, which are intended to supplement and

reinforce the function of the Board of Directors. Our businesses are being operated under the supervision of these organizations. We also endeavor to enhance corporate value through efficient management in pursuit of the best possible corporate governance, and continue to engage in measures to strengthen and enhance corporate governance in line with the following policies.

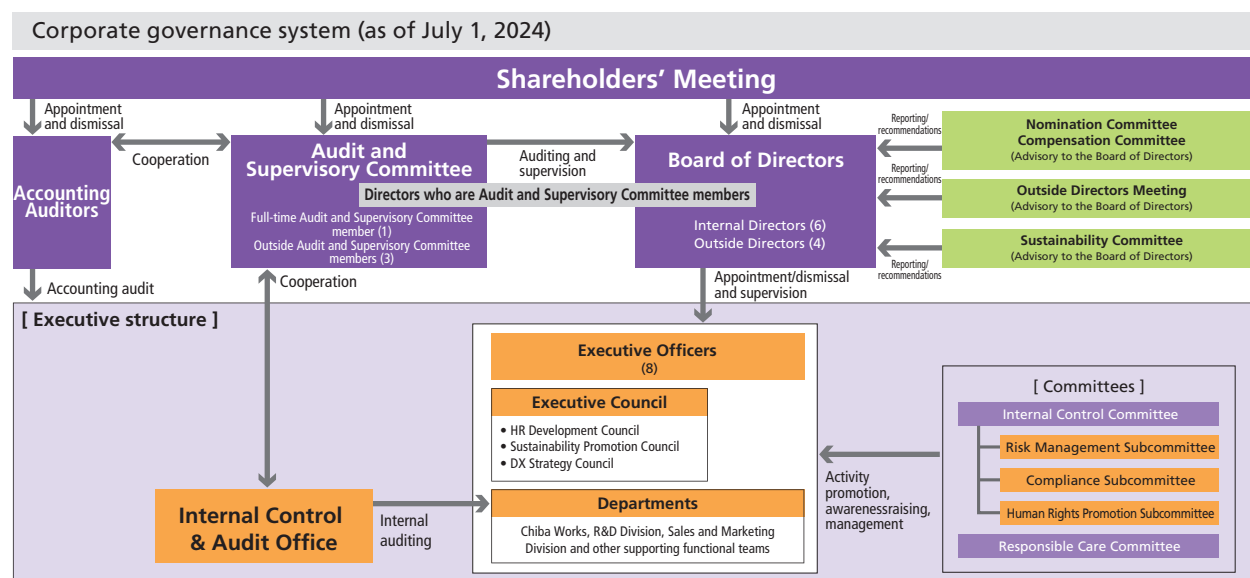
- In addition to respecting the rights of shareholders, we will strive to establish an environment that will realize the smooth exercise by shareholders of those rights and to ensure substantive equality of shareholders.
- We recognize that working together with our many different stakeholders, including employees, customers, business partners, creditors, and local communities, is essential to the sustainable growth of the company, and, in addition to actively fulfilling our corporate social responsibilities, we will strive to foster a corporate culture that will be trusted by society.
- As part of our establishment of platforms for constructive dialogue with our stakeholders, we will indicate highly reliable and appropriate management policies and business strategies that are based on changing social and economic circumstances. The Board of Directors will also execute its roles and missions appropriately, including conducting highly effective supervision of the execution of operations.
- We will strive for constructive dialogue with stakeholders, with whom we share a recognition of the company's sustainable growth and the mid-to-long-term enhancement of corporate value.

Corporate governance system

In accordance with the resolution passed at the 155th Ordinary General Meeting of Shareholders held on June 24, 2016, Koei Chemical transitioned from a company with a board of corporate auditors to a company with an audit & supervisory committee. By establishing the Audit & Supervisory Committee, the majority of which are outside directors, and through the appointment of several outside

directors, the supervisory function of the Board of Directors has been further strengthened, leading to the further enhancement of our corporate governance system.

In addition, in order to further strengthen the supervisory function, four outside directors are registered as Independent Officers with the Tokyo Stock Exchange.



Strengthening of corporate governance system

On April 1, 2022, Koei launched its new Corporate Business Plan FY2022–FY2024, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years.” In our efforts to realize our corporate philosophy within the initiatives designed to achieve that plan, we have undertaken a further review of our corporate governance system, which included making changes to the composition of the Board of Directors, and enhancing the Sustainability Committee and the Internal Control Committee. We will continue to examine the status of our corporate governance as required, based on social trends and other developments, and implement and improve our policies timely and in an appropriate manner.

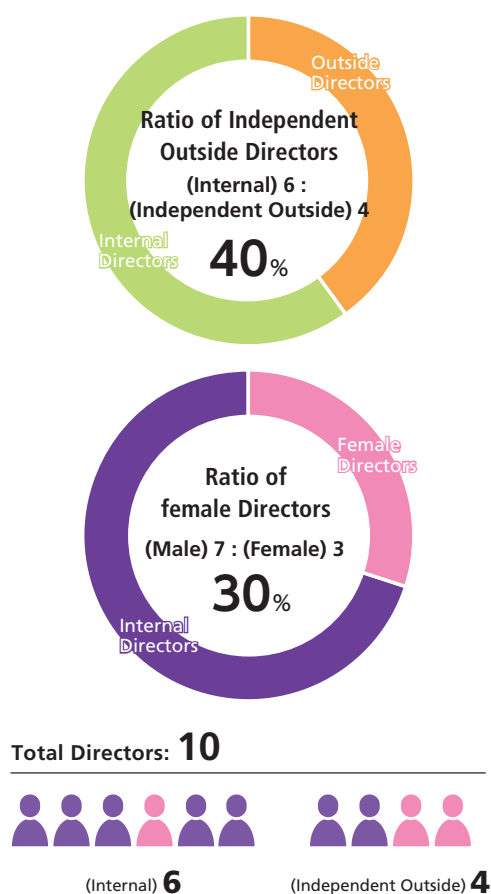
[1] Composition of Board of Directors

With the objective of building a corporate governance system that strengthens the supervisory function of the Board of Directors and heightens its independence from controlling shareholders, four Outside Directors were elected at the 163rd Ordinary General Meeting of Shareholders. With this move, the Board of Directors now comprises of six Internal Directors and four Independent Outside Directors.

The Board of Directors’ composition maintains a balance of Directors who possess the knowledge, experience, and skills necessary for the realization of the Corporate Business Plan FY2022–FY2024, “KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years,” and ensures diversity, in terms of gender and professional background.

[2] Voluntary advisory bodies

The Company has established the Nomination Committee, Compensation Committee, Sustainability Committee and



the Outside Directors Meeting system as voluntary advisory bodies to strengthen the supervisory functions of the Board of Directors.

The Nomination Committee and Compensation Committee consist solely of two Independent Outside Directors and the Representative Director & President. The Nomination Committee provides advice on the nomination proposals for candidates for Directors, candidates for Directors who are Audit and Supervisory Committee members, and candidates for Executive Officers. The Compensation Committee provides advice on the compensation, bonuses, and other treatment systems for Directors and Executive Officers. In principle, the committee meets once a year, and additional meetings are held as necessary. In FY2023, the Nomination Committee was held three times and the Compensation Committee was held once.

In principle, the Sustainability Committee meets twice a year to strengthen the system for establishing important policies aimed at improving corporate value from the perspective of sustainability. The Committee consists of diverse members, including Outside Directors and part-time Directors, and it enhances the effectiveness of sustainability promotion activities by debating, deliberating and supervising while incorporating various stakeholders’ viewpoints.

In addition, the Outside Directors Meeting is held once a year in principle. The Meeting consists solely of Independent Outside Directors who have been notified as independent officers to Tokyo Stock Exchange, Inc., and its objective is to ensure the fairness and transparency of transactions with the Company’s parent company Group and to contribute to the protection of the interests of the Company’s minority shareholders. The Board of Directors consults with the Outside Directors Meeting on matters that should be deliberated and resolved by the Board of Directors in accordance with the Board of Directors Regulations, if such matters include transactions between the parent company Group and the Company or other instances where there is a substantive conflict of interest between the parent company Group and the Company. Upon receipt of the consultation, the Meeting promptly deliberates on the matter from the perspective of protecting the interests of minority shareholders, resolves its opinion as the Outside Directors Meeting, and reports the result thereof to the Board of Directors. The above interests of minority shareholders are protected through the obligation of the Board of Directors to respect the contents of such reports.

[3] Effectiveness evaluation of the Board of Directors

The Company conducts an effectiveness evaluation of the Board of Directors covering all Directors, and evaluates the scale and member composition of the Board of Directors, its operational status, the status of deliberations and reports, and its supervisory functions. The evaluation results for FY2023 showed an improvement compared to the evaluation for the previous year, particularly in the quality and quantity of Board of Directors meeting materials, and the results indicated that more substantial deliberations were made possible through more efficient operations of the Board of Directors.

Going forward, we will create opportunities to also discuss the medium- to long-term approaches Company is aiming for, the issues it needs to address, and its business portfolio, and work to further strengthen the corporate governance system through the Board of Directors. In this manner, we will appropriately reflect the opinions of stakeholders, including minority shareholders, in the Board of Directors.

Compliance

In our corporate philosophy, not only do we aim to grow our business and contribute to the development of society by providing valuable products and developing innovative technology, but we also declare that we will earn the trust of society and pursue our business activities through the actions of all officers and personnel, placing prime importance on credibility and integrity. The observation of laws, regulations and social ethics (compliance) is a prerequisite for achieving these aims. In that respect, Koei positions compliance as the most critical core of management.

To achieve the thorough implementation of compliance by all officers and personnel, we have established the Koei Chemical Charter for Business Conduct (Compliance Manual). This Compliance Manual sets forth the various rules to be observed by officers, employees, temporary assignees, contract employees, temporary workers, and all other persons

engaged in Koei's business activities under Koei's control and supervision for the observation of laws and ordinances, company regulations, and social ethics. It also indicates the standards that officers and personnel should maintain and unwritten ethical standards in the form of conduct guidelines along 26 key themes. The Compliance Manual is updated when required to ensure that it continues to respond to changes in social requirements, laws, and regulations.

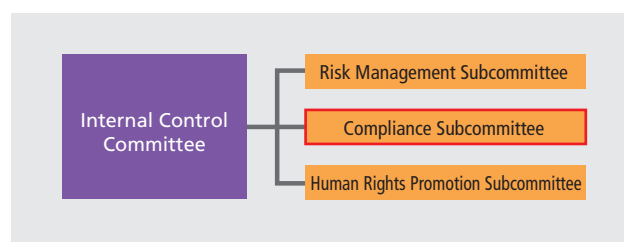


Compliance promotion system

We have established an Internal Control Committee as an organization to promote compliance. The Committee, chaired by the President, establishes the Charter for Business Conduct based on compliance and conducts an investigation in case that there is a risk of compliance violations. If compliance violations are found, the Internal Control Committee establishes measures to handle and control the situation, prevents recurrence and improves the compliance system, and gives recommendations or instructions including personnel actions or reassignment. In this manner, we are promoting compliance.

The Compliance Subcommittee, a subcommittee of the Internal Control Committee, proposes policies for handling

compliance risks and makes sure that they are disseminated throughout the Company, as well as supports compliance in each line.



Speak-up reporting system

We have established a whistle-blowing hotline that allows officers and personnel to report compliance violations or the risk thereof if they detect the occurrence inside Koei Chemical or an affiliated company (speak-up reporting system). We use sufficient caution with respect to the privacy of whistleblowers and consultants, and have arrangements

in place to ensure that they will never be treated disadvantageously on the grounds of having made a report/consultation under this system. We have also set up an external whistle-blowing hotline (external attorney) in addition to the internal hotline to make the speak-up reporting system easier to use. We also educate personnel about the system.

Compliance education

We are placing efforts into compliance education with the objective of fostering a consciousness of compliance among all officers and personnel. In addition to compliance training held every year for all officers and personnel, we have also established Compliance Promotion Month, during which everyone participates in the identification of compliance risks that are peculiar to each division and proposes countermeasures to those risks. As part of our careful approach to employee education, we incorporate a compliance curriculum into new employee training and position-specific training. In particular, to ensure compliance with the Subcontractors Act and the Antimonopoly Act, we are working to improve the level of knowledge through external training, in addition to internal training.

In addition, to raise awareness of compliance-related issues among all officers and personnel, compliance awareness posters are displayed, and a "Compliance News" column is published in the Company's newsletter. This column uses illustrations and text to provide easy-to-understand explanations and commentary on the details and preventive measures of compliance risks that are common to the whole Company, including topical issues and issues that could arise in familiar surroundings.

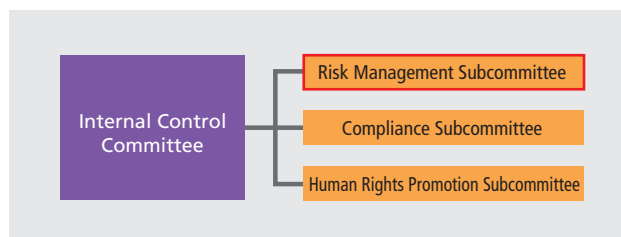


Risk management promotion system

We identify various risks that may hinder our sustainable business at an early stage and appropriately respond to them, and also have in place and operate a risk management system to respond to risks that have materialized.

The Internal Control Committee has been established as an organization that governs risk management, which is chaired by the Representative Director & President. The Committee manages risks in seven categories as comprehensive risks: accident and disaster risks, information security risks, legal violation and compliance risks, tax and financial risks, personnel and labor risks, business risks, and political and social risks. The Committee identifies critical risks on a regular basis, establishes risk management policies and action plans, and then supervises,

evaluates, and manages the status of each department's efforts. In addition, the Risk Management Subcommittee has been established as a subcommittee of the Internal Control Committee, to deliberate on policies for handling individual risks.



Development of BCP management system

Koei Chemical has established a BCP (Business Continuity Plan) basic plan and developed a BCP management system for the purpose of ensuring that our customers' and our businesses will continue by taking appropriate measures to provide our customers with a stable supply of products in the event that the supply of our products may be disrupted or our business activities may be seriously hindered due to various unforeseen circumstances and human or physical damages including large-scale disasters, pandemics, and raw materials disruptions.

In the event of possible occurrence of a BCP event that may make business continuity difficult, the BCP Steering Committee comprised of members of the Executive Council shall determine whether to activate the BCP. When the BCP is activated, the BCP Steering Committee shall ensure that our business will continue by directing and supervising each department to facilitate recovery plans.

Main risks and countermeasures

We assume various potential risks to business continuity and develop countermeasures to address them and to be prepared. The main risks we assumed are as listed in the table below.

Risk item	Risk countermeasures
① Accidents/disasters	We perform regular inspections of all equipment in our efforts to thoroughly ensure safe and stable operations and minimize the latent risks of production equipment stoppages and accidents caused by equipment. Furthermore, in preparation for the occurrence of large-scale disasters, we strive to minimize risks through measures such as formulating basic BCPs and conducting drills.
② Exchange rate fluctuations	We work to hedge against short-term risks through use of currency exchange contracts. We also purchase raw materials using foreign currency, thereby reducing vulnerability against exchange rate fluctuation.
③ Environmental problems such as climate change	We regard the addressing of environmental problems such as climate change as a material issue in management, and we actively engage in initiatives such as reducing greenhouse gas emissions.
④ Information security	We implement various security measures to the information systems and networks that are the foundation of our business activities, and strive to reinforce our security and bolster our information management systems.
⑤ Fluctuations in costs of raw materials and fuels, etc.	We keep a close eye on trends in the prices of our primary raw materials, and carry out appropriate reviews of manufacturing costs while striving to set appropriate prices.
⑥ Country risks	To deal with country risks for procurement sources of our raw materials such as China, we promote multiple purchasing and regularly collect information in our efforts to reduce risks.
⑦ Spread of infectious diseases	We strive to prevent the spread of infectious diseases by use of the guidelines linked to actual conditions of the spread and by revising our response manuals as necessary.

The global chemical industry is working voluntarily to protect environment, safety and health through every process from the development of chemical substances, their manufacture, distribution and use to final consumption and disposal, as well as engaging in communication with the public by openly disclosing performance. These initiatives are known as “Responsible Care.” As a member company of the Japan Chemical Industry Association (JCIA) working for responsible care, we have formulated the Policy on Responsible Care Activities (Safety, Health, Environment and Quality). We aim to further promote safety, health, environment, and quality throughout the life cycle of our products under this policy.

Policy on Responsible Care Activities (Safety, Health, Environment and Quality) (Revised on April 1st, 2022)

Koei Chemical’s core philosophy is as follows; “We aggressively act to grow our business by mobilizing all the available intelligence and energy with prime importance on credibility and integrity.” “We shall contribute to the development of society through providing valuable products, solutions and innovative technology.”

In accordance with this core philosophy, we will work on the following matters regarding safety, health, environment and quality as our top priorities in order to contribute to the sustainable development of society and our own growth.

1	We will maintain safe and stable operations by realizing zero-accident, zero-injury performance and “Making safety our first priority.”
2	We will ensure the safety of our employees, neighboring communities, and other stakeholders through risk-based continual improvement of our performance in occupational safety and health, industrial safety and disaster prevention, and other related areas, as well as the security of our facilities, processes and technologies.
3	We will work to ensure environmental and human health and safety throughout the life cycle of our products by promoting continual improvement in chemicals safety and product stewardship across the supply chain, and enhancing our chemicals management system.
4	We will work to protect the environment through continual improvement of our environmental performance throughout the life cycle of our products, from development to disposal, and address climate change and related issues.
5	We will supply high-quality products and services that satisfy customers’ needs and ensure safety in their use.
6	We will not only comply with all domestic and international laws, regulations, and ordinances, but also work to use best practices through our voluntary initiatives.
7	We will disclose information and engage in dialogue with society to ensure that we meet society’s expectations, respond to its interests, and remain accountable to the same.
8	We will contribute to sustainable development of society by improving our performance, expanding business opportunities, as well as developing and providing innovative technologies and other solutions to address social challenges.

Efforts for responsible care activities

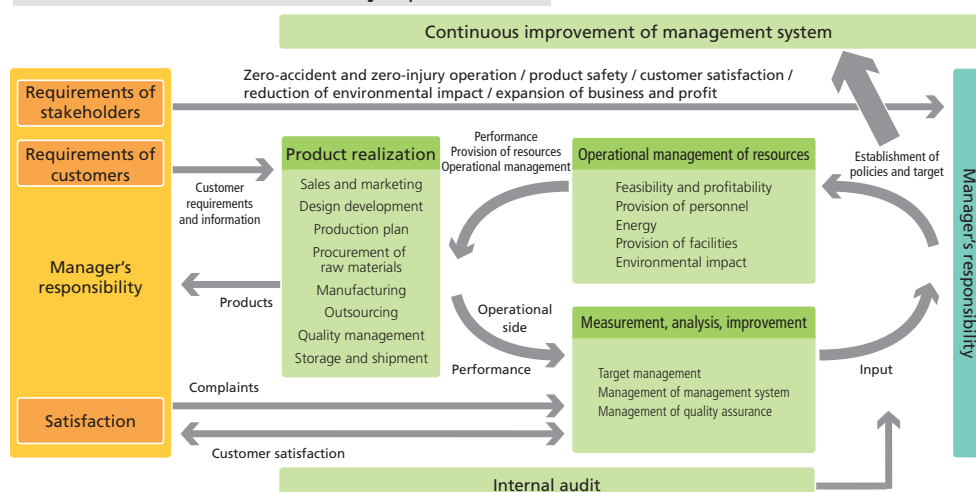
We declared the implementation of Responsible Care in 1995. Having recognized this policy, officers and employees are making continuous efforts to improve the management system in compliance with laws and regulations. In addition, an officer who is in charge of safety, the environment, and product quality oversees all the duties regarding safety and health, environmental protection, security and disaster prevention, quality assurance, and chemical safety.

We have established the Responsible Care Committee, which is chaired by the President, as the supreme decisionmaking organization that promotes Responsible Care activities. The Responsible Care Committee meetings are

held twice a year. The Committee reviews the results of activities performed during the previous fiscal year and approves plans to be implemented for the current fiscal year to ensure continuous improvement of the management system. In addition, we perform internal audits on a regular and as-needed basis to check the effectiveness of the activities.

We have acquired ISO certification, which is the international standard relating to environmental and quality management systems, as one of the tools to promote Responsible Care activities. We also focus on the overall improvement of system performance.

Cross correlation chart of major processes



Safety, security and disaster prevention

Based on the basic principle of “making safety our first priority,” we strive to ensure worker safety and health with the aim of making safety and stable operation our strength.

More specifically, we perform activities to periodically discuss and consider issues regarding safety and health, and determine measures mainly through the Safety and Health Committee and the safety and environment promotion members’ meeting.

In addition, we perform safety activities by organizing various campaigns with the aim of eliminating both minor and major disasters. During the campaign period, fault and operational concern finding, the identification of danger-

ous points and the improvement thereof, the promotion of Hi-yari-Hatto (near-accident situations) prevention activities, risk detection, and the promotion of the pointing and calling method are conducted by safety and environment promotion members, which are representatives appointed from each workplace.

The President and the Executive Officer of Chiba Site, inspect the relevant workplace and are actively involved in various initiatives such as ensuring Japanese 5S methodology, raising safety awareness, and eliminating safety issues. In this manner, ensuring safety is positioned as the first and foremost.



Safety workshop



Disaster training

Chemicals safety

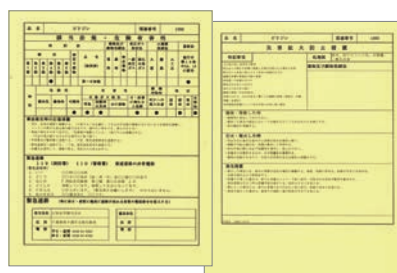
We have prepared GHS-compliant safety data sheets (SDS) and product labels for all products to display and provide users with necessary information on dangers and hazards. Providing SDS and labels is a statutory obligation in Japan and overseas, with which we appropriately comply according to the destination of our products, including compliance with the CLP and China GHS. In addition, we ask logistics traders who transport our products to carry a card that contains information on emergency handling and contact (yellow card) to ensure logistics safety.

Chemicals need to be well-managed depending on risks. Risk assessment is a method to identify potential dangers and hazards in the workplace, and reduce or remove them.

We identify dangers and hazards of the substances that we handle at the phase of research and experimentation with reference to literature study and tests. For substances produced commercially in a plant, various assessments through the evaluation of the magnitude of risks of chemicals and facilities are required. The data are examined, including procedures, etc. for handling hazards and compliance with laws, by Chiba Research Laboratory and Chiba Site in an integrated manner. Through this process, we confirm that measures are being taken to reduce risk. Employees are provided with protective equipment necessary for handling chemical substances, and a person in charge of managing protective equipment is appointed for each department to ensure appropriate management.



Product label



Yellow card

Quality assurance

We have built our quality assurance system in accordance with our basic policy of “supplying high-quality products and services that satisfy customers’ needs and ensure safety in their use.” In order to satisfy our customers, we consider it important to deliver products that meet customer demands with quality that provides customer satisfaction in a timely manner. To this end, quality assurance activities are promoted at each stage through the concerted efforts of divisions including sales, design/development, purchasing, production, quality assurance and logistics.

Quality incidents and quality-related fraud are serious matters that can damage our public credibility. To prevent such incidents from occurring, we perform annual ISO internal audits, receive ISO external examinations, and conduct investigations of internal compliance risks to examine whether there are no issues with the quality integrity of our products to confirm that no quality incidents are occurring.

Please see pages 41 to 44 for detailed data on Responsible Care.

Respect for Human Rights

Koei Chemical has put in place this Human Rights Policy ("Policy") to demonstrate its commitment to international standards on human rights. All officers and employees ("Personnel") of Koei Chemical will uphold this Policy.

Our Position on Human Rights

(1) Compliance with Standards, Laws and Regulations

We support and respect international standards on human rights, such as the Universal Declaration of Human Rights and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and promote respect for human rights. We comply with applicable laws and regulations in countries and regions where we operate, and where local laws and regulations conflict with international standards, we will seek ways to honor the principles of internationally recognized human rights.

(2) Respect for Human Rights in Our Business Activities

We do not discriminate against individuals based on employment status, age, sex, ethnic or social origin, ancestry, nationality, disability, religion, beliefs, marital status, or any other status. We do not tolerate any form of harassment, including sexual

harassment or workplace bullying. We also respect fundamental labor rights including freedom of association and the right to collective bargaining, and prohibit forced labor or child labor.

We are committed to respecting human rights in our business activities and also strive to avoid contributing to infringement of human rights. In order to prevent and mitigate human rights risks related to our business activities, we will take necessary measures, including ensuring compliance with the Compliance Manual (the Koei Chemical Code of Business Conduct) and other relevant policies and guidelines. We are also committed to understanding our impact on local communities and aim for harmonious coexistence with these communities. We expect our business partners, including our suppliers, and other relevant stakeholders to act in line with the principles in this Policy, and we will seek ways to work with them to promote respect for human rights.

Our Approach to Human Rights Issues

(1) Providing Education and Raising Awareness

We will provide appropriate education and training to our Personnel so that this Policy is understood and effectively implemented.

(2) Human Rights Due Diligence

We will identify adverse human rights impacts, and seek to prevent or mitigate such impacts through our human rights due diligence framework.

(3) Responding to Identified Human Rights Impacts

We will engage with relevant stakeholders in order to address actual or potential adverse human rights impacts.

(4) Remedy

Where we identify that we have caused or contributed to adverse human rights impacts, we will endeavor to remediate such impacts through appropriate processes.

(5) Grievance Mechanisms

We have grievance mechanisms in place in the form of the Speak-Up Reporting System (whistle-blowing channels) in order to address concerns about activities that may adversely impact human rights or any other concerns raised about our business activities. These channels are available for anyone having involvement in Koei Chemical's business activities, including their business partners as well as Koei Chemical Personnel and their families. We will continuously seek to optimize our grievance mechanisms.

(6) Disclosure

We will report on our efforts to respect human rights through our website, CSR Report, and other relevant channels.

Sustainability awareness-raising activities

The Company informs employees about international days set by organizations such as the United Nations, including the International Human Rights Day, International Day for Tolerance, and World Environment Day, by posting them on the corporate portal site (image on the right). The purpose of this is to make every single employee aware of the problems and issues in society, and to provide opportunities to consider how he or she can contribute to a sustainable society, including supporting respect for human rights in their daily work. We will continue to work toward contributing to the achievement of a sustainable society, including addressing human rights.



Initiatives for human rights in the supply chain

We conduct procurement activities based on Sumitomo Chemical Group Human Rights Policy and Policy for Responsible Procurement of Minerals/Raw Materials. We define raw materials that involve a high risk of causing a negative impact on human rights in the supply chain (including Tantalum, Tin, Gold, Tungsten, Cobalt, etc.) as high-risk raw materials, and conduct appropriate human rights due diligence on suppliers of high-risk raw materials.

Under the current circumstances in which procurement activities are required to place greater emphasis than ever before on sustainability-related factors such as the natural environment, labor environment and human rights through business activities, we have developed a Basic Sustainable Procurement Policy to promote sustainability and respect

for human rights throughout the supply chain (January 2024).

We are currently in the process of concluding an Agreement on Respect for Human Rights in the Supply Chain with major suppliers in Japan, giving priority to those with a higher degree of impact on the Company's business. The agreement requires suppliers to comply with the Sumitomo Chemical Group Supplier Code of Conduct, which includes human rights clauses.

We plan to gradually conclude similar agreements with major overseas suppliers as the next step.

We will promote these initiatives with the understanding and cooperation of our suppliers who are important partners to us.

Basic Sustainable Procurement Policy

1. Fair and equitable transactions

We will strive to create fair transaction opportunities and conduct transactions in a transparent manner, based on a spirit of fair and free competition.

2. Selection of suppliers

We comprehensively consider factors such as a stable management foundation, quality, price, sustainable supply systems, technological development, and consideration for the environment, safety, and health in the selection of suppliers. We will also strive to prioritize procurement from suppliers that are committed to sustainability, with the aim of fulfilling our social responsibility and building sound relationships with stakeholders.

3. Mutual growth

We strive to maintain sound business relationships with our suppliers and aim for mutual growth.

4. Compliance with laws and regulations, confidentiality

We comply with the applicable laws, regulations, and internal regulations, and thoroughly prevent the unauthorized acquisition and leakage of information related to the Company and its suppliers.

5. Responsible procurement of minerals and raw materials

We are aware of the risk of negative impact on human rights potentially arising from transactions involving high-risk raw materials (such as tantalum, tin, gold, tungsten, cobalt, etc.), and engage in responsible procurement.

Release of the Declaration of Partnership Building and submission of White Logistics voluntary action declaration

In May 2024, the Company endorsed the purpose of the Promotion Council for Partnership Building to Lead the Future, which is promoted by organizations including the Cabinet Office and the Small and Medium Enterprise Agency, and released the Declaration of Partnership Building.

The Declaration of Partnership Building is an official declaration that a business aims to build relationships of co-existence and mutual prosperity with suppliers while working to grow and enhance added value throughout the entire supply chain.

The declaration is mainly centered on the following two initiatives.

1. Co-existence and mutual prosperity throughout the supply chain and new collaboration transcending scale, affiliations, etc.

(Collaborating with partners such as companies and universities, solving social issues including the achievement of carbon neutrality)

2. Compliance with desirable business practices with the parent company and subcontractors

(Pricing methods, payment conditions, etc.)

Furthermore, in August 2024, we also endorsed the purpose of the White Logistics movement being advocated by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and submitted a voluntary action declaration.

The purpose of the White Logistics movement is to achieve a more "white (i.e. possessing moral integrity)," comfortable working environment, even for women and drivers in their 60s, through addressing the increasingly serious shortage of truck drivers and improving productivity and logistics efficiency in truck transportation.

Going forward, our aim is to continue to engage in sustainable business activities with the understanding and cooperation of our stakeholders.



Environmental accounting report

We have introduced environmental accounting since FY2000 to quantitatively and continuously monitor investments, costs, and effects related to environmental preservation and appropriately evaluate them. This information has also been released as a Group company in the Sumitomo Chemical Sustainability Data Book.

The purpose of environmental accounting is to enhance the efficiency of activities by quantifying the resources invested in environmental preservation, make decisions on environmental measures from a medium- to long-term perspective, and disclose information.

Environmental accounting (FY2023)

Environmental preservation cost

(Unit: Millions of yen)

Category	Major items	Investment	Cost
① Business area cost (Breakdown)		96	1,182
Environmental measure cost	Prevention of air pollution, water pollution, land pollution, etc.	18	774
Global environment preservation cost	Prevention of global warming, energy saving, etc.	31	178
Resource circulation cost	Resource saving, efficient water use, rainwater use, disposal, reduction, elimination, and recycling of industrial waste	48	230
② Upstream/downstream cost	Green purchasing, recycling of products, etc., recycling of containers and packaging materials, etc.	0	0
③ Administration activity cost	Environmental training, monitoring and measurement of environmental impacts, ISO14001 maintenance and management	0	109
④ R&D cost	R&D for products that contribute to environmental preservation	0	84
⑤ Social activity cost	Greening, beautification, levy on pollution load, support of environmental activities performed by local communities	2	2
⑥ Environmental deterioration cost	Land pollution, restoration of the natural environment to its original state	0	0
Total		98	1,379

Note: Cost amounts are the sum of depreciation costs, repair costs, labor costs, material and service costs and business consignment expenses, etc.

Economic effect of environmental preservation measures

(Unit: Millions of yen)

Details of effects	Amount
① Effects of recycling activities	353
② Effects of resource saving	270
③ Effects of energy saving	94
Total	717

Scope of calculations: Koei Chemical alone

Period covered: FY2023 (April 1, 2023 to March 31, 2024)

Preconditions of calculation: ● Calculations are based on the Ministry of the Environment's Guidelines.

● Costs are calculated based on actual results.

● Economic benefits are only actual benefits. The deemed benefits are not included.

GHG emissions

GHG emissions Scopes 1 and 2

(Unit: ton-CO₂e)

	Emissions		
	FY2021	FY2022	FY2023
Scope 1 (fuel and waste oil combustion)	28,788	29,657	29,660
Scope 2 (Use of electricity and steam supplied by other companies)	10,794	16,263	15,076

- For Scope 1, direct CO₂ emissions associated with combustion of fuel, waste oil, etc. are calculated.
- For Scope 2, indirect CO₂ emissions associated with use of electricity and steam supplied by other companies are calculated.

GHG emissions Scope 3

(Unit: ton-CO₂e)

categories	Emissions		
	FY2021	FY2022	FY2023
1. Purchased products and services	42,591	44,618	48,340
3. Fuel and energy-related activities not included in Scope 1 or 2	6,939	7,288	7,388
4. Transportation and distribution (upstream)	2,478	2,343	2,529
5. Waste from business	1,229	1,630	902

- For Scope 3, indirect GHG emissions associated with supply chain corporate activities are calculated.
- The above four categories are covered in the calculation.

Note: Scope 1, 2, and 3 greenhouse gas emissions are covered by third-party guarantee as a domestic Group company of Sumitomo Chemical.

Renewable energy usage

(Unit: kWh)

	FY2021	FY2022	FY2023
Solar power (in-house power generation)	23,700	24,320	26,850

Possession of equipment related to PCB and fluorocarbons

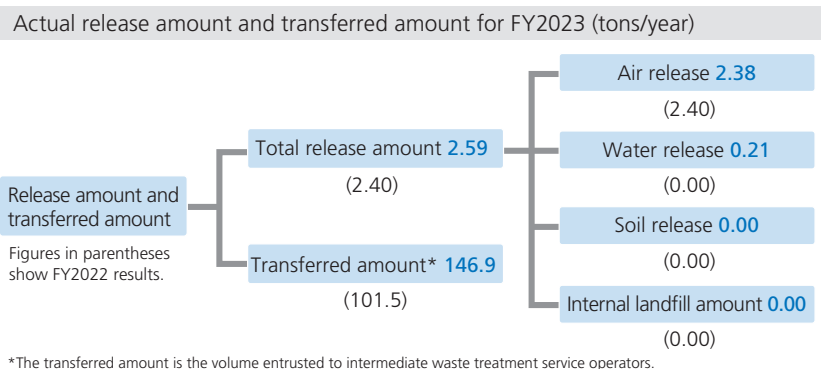
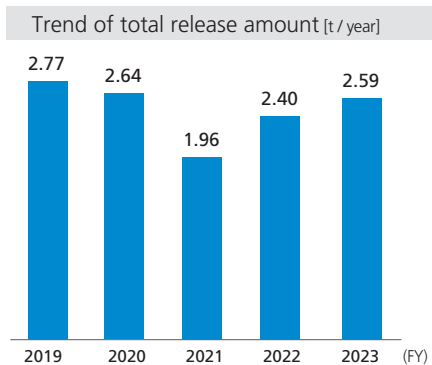
		FY2021	FY2022	FY2023
PCB-containing equipment pieces	Small-amount PCB	0	0	0
	High-concentration PCB	0	0	0
Freezers that use fluorocarbons as coolants*	CFC	0	0	0
	HCFC	1	1	1
	HFC	2	4	4

*The numbers cover business-use freezers and air conditioning facilities incorporated in the production process.

PRTR reports

The PRTR system is prescribed in Article 5 of the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (generally known as the "PRTR Act"), which took effect in March 2000.

PRTR (Pollutant Release and Transfer Register) is a system for identifying, compiling and publicly disclosing information on what amount of chemical substances specified by government ordinance have been emitted into the environment or have been transferred off-site with waste.

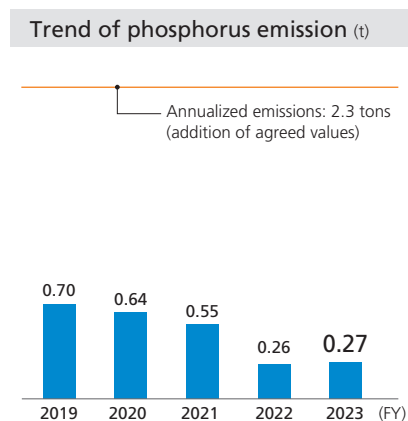
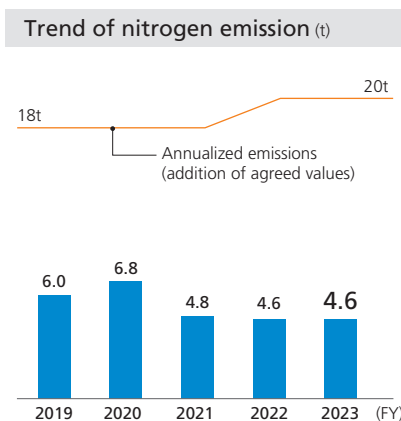
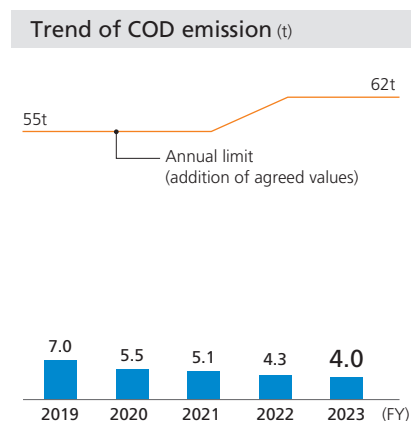
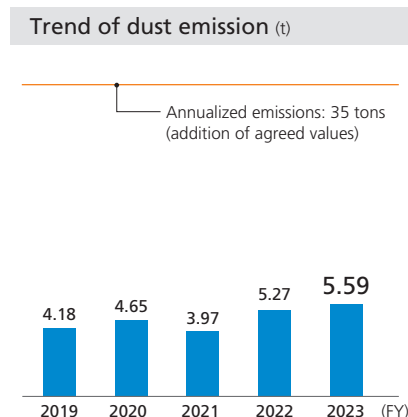
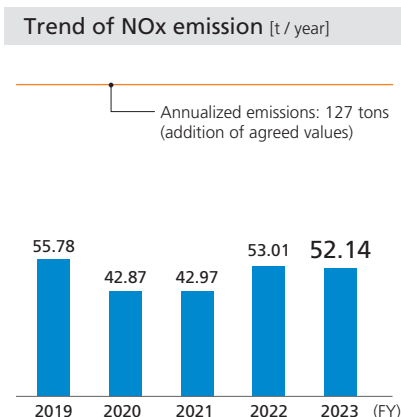
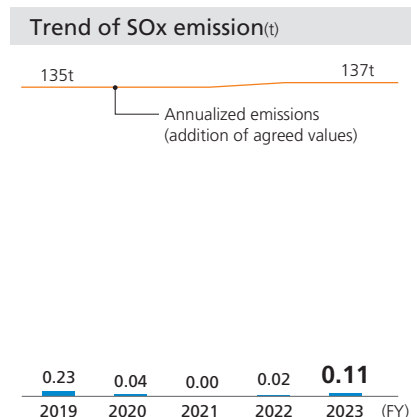


Air release of SOx, NOx, and dust Water release of COD, nitrogen, and phosphorus

The environmental impact on air and water areas is as follows.

For SOx, the volume detected through annual analysis is small and lower than the emission standards.

We have set agreed values which are stricter than the requirements under laws with local communities. Appropriate control is performed based on the agreed values.



Efforts to reduce industrial waste

Regarding waste generated through business activities, we actively promote the “3Rs” (reduce, reuse and recycle) to reduce the environmental impact.

The volume of waste discharged for FY2023 is shown in the following chart.

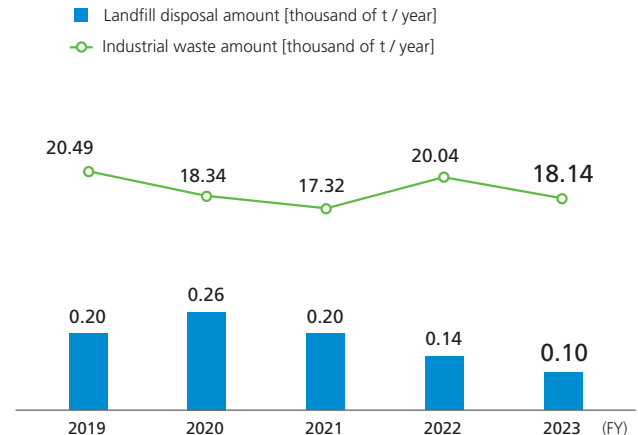
The volume of industrial waste generated decreased by 9% compared to the previous fiscal year, and the recycle rate was 40%. We will make continuous efforts to reduce environmental impact through recycling, such as a method of using incineration residues as cement materials.

Actual results for FY2023	
Targets of initiatives	Actual results
<div>Zero emissions</div> <div>Through business activities:</div> <ul style="list-style-type: none"> Reduction of industrial waste amount Reduction of landfill disposal amount 	<div>Through business activities:</div> <ul style="list-style-type: none"> Waste amount: 18,143 tons (20,037 tons for the previous fiscal year, down by 9%) Landfill disposal amount: 96 tons (144 tons for the previous fiscal year, down by 33%)
<div>Promotion of recycling</div> <ul style="list-style-type: none"> Increase of effective usage rate 	<ul style="list-style-type: none"> Recycling amount: 7,257 tons Recycling rate: 40% (7,338 tons for the previous fiscal year, recycling rate: 37%)

The industrial waste amount generated and the landfill disposal amount fluctuate with the change of production items.

We will make continuous efforts to promote the reduction of environmental impact by cutting not only the industrial waste amount but also the landfill disposal amount. We have disclosed information on the maintenance and management of industrial waste facilities (incinerators) on our website since 2011 in accordance with the Enforcement Regulations of the Waste Management Law
(URL: <https://www.koeichem.com/en/company/rc.html>).

Trend of industrial waste by fiscal year



Hazardous* and non-hazardous waste (FY2023)

(Unit: Thousand tons)

	Industrial waste generated	Internally recycled		Internally reduced		Industrial waste taken out	Internally landfilled	Externally reduced	Externally recycled		Externally Reused/landfilled
		Reused/landfilled/Recycled	Thermal recycled	Incinerated	Other				Reused/Recycled	Thermal recycled	
Non-hazardous waste	0.25	0	0	0	0	0.25	0	0.001	0.17	0.05	0.03
Hazardous waste	17.9	0	5.07	10.8	0	2.03	0	0.003	0.43	1.54	0.07

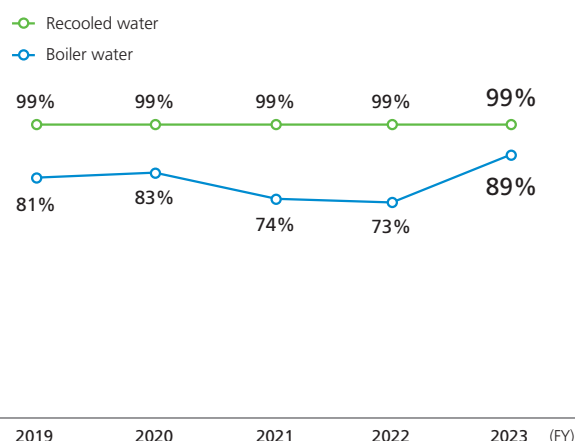
*Waste oil (including waste organic solvents), waste alkali, and waste acid

Water resources

Water usage / Total amount of water discharge (thousand of tons)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total amount of water discharge	2,601	2,864	2,004	1,858	1,695
Water usage	3,154	3,406	2,458	2,353	2,175
Industrial water	512	489	400	442	428
Drinking water	14	14	14	13	13
Seawater	2,628	2,904	2,045	1,898	1,735

Trend of water recycling rate



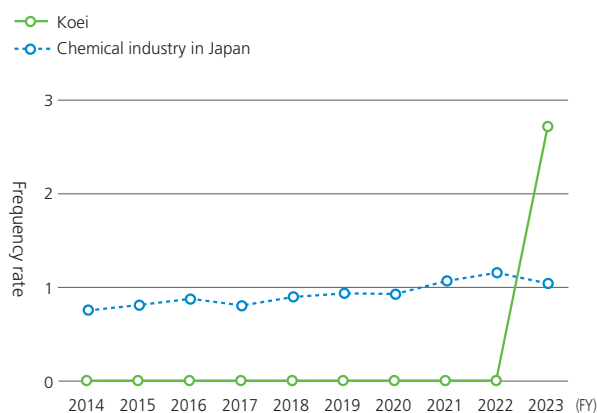
Safety and health data

With regard to work-related accidents, there were two industrial injuries in FY2023 (January to December). Both were injuries such as lower-back pain caused by unreasonable posture and movement. We are working on recurrence prevention by encouraging self-management through educating workers on heavy materials handling operations and conducting radio exercises before starting work every morning to prevent lower-back pain.

The number of zero-injury day were 146 days (as of March 31, 2024), and we have made a new start in our efforts to maintain zero injuries. We will continue our daily safety activities.

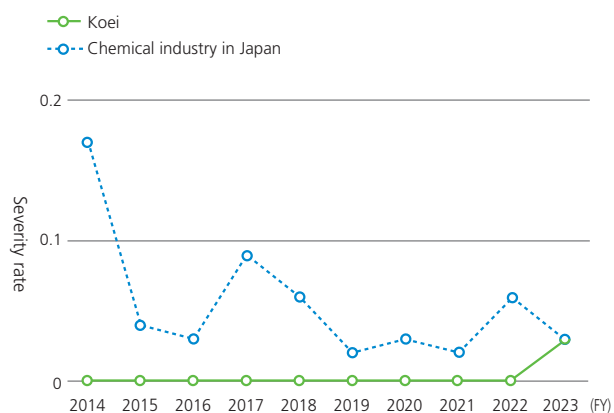
Despite being minor, injuries occurred. We conduct RC zero-accident audits even on minor injuries to find the cause and implement additional measures, while making efforts to undertake horizontal deployment on the prevention of the occurrence of similar injuries to achieve zero-injuries.

Frequency Rates of Industrial Injuries



$$\text{Frequency rate} = \frac{\text{Number of industrial injury casualties}}{\text{Total actual working hours (million hours)}}$$

Severity Rates of Industrial Injuries



$$\text{Severity rate} = \frac{\text{Total number of working days lost}}{\text{Total actual working hours (thousand hours)}}$$

*The calculations of frequency rates of industrial injuries and severity rates of industrial injuries have been changed to the calendar year.

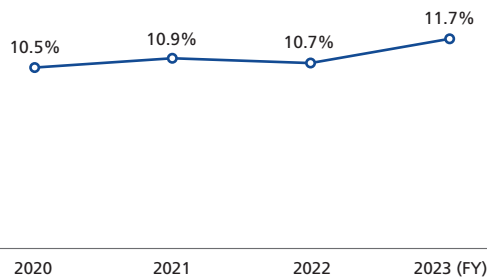
Acquisition of management system certifications

Standard	Applicable location	Certificate number	Certification date	Expiration date	Certification body
ISO9001:2015 (Quality)	Chiba Plant, Research Laboratory, Tokyo Head Office	JCQA-1810	July 26, 1996	March 11, 2026	Japan Chemical Quality Assurance Ltd. (JCQA)
ISO14001:2015 (Environment)	Chiba Plant, Research Laboratory, Tokyo Head Office	JCQA-E-0969	March 12, 1999	March 11, 2026	Japan Chemical Quality Assurance Ltd. (JCQA)

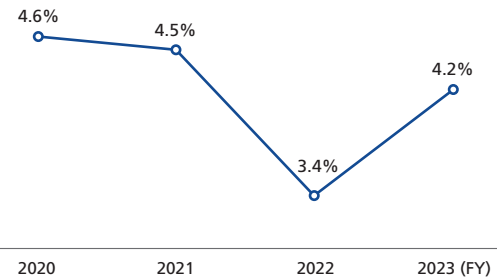
Human capital

We actively disclose human capital data through means such as this report, our annual securities report, and our website. Human resources are important for the attainment of the KOEI Vision 2030, and we are developing human resource strategies to enhance the engagement of every single employee. We will continue to aim to be a company where every single employee feels motivated and happy in their work.

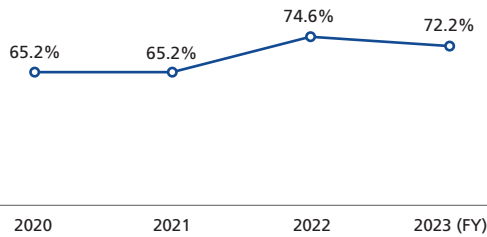
Percentage of female employees



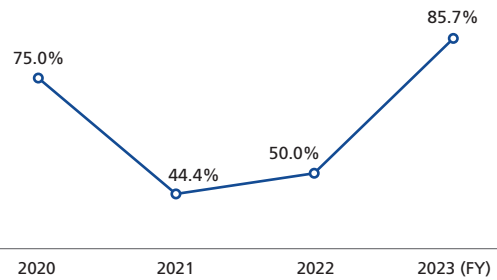
Percentage of female managers



Percentage of paid leave taken



Percentage of male childcare leave taken



Ratio of competition in hiring (by gender)

	Overall ratio of competition	Male ratio of competition	Female ratio of competition
FY2022	7.0 times	7.3 times	6.4 times
FY2023	6.6 times	7.3 times	4.7 times

Percentage of female employees in each grade

	FY2022 (end of March)		FY2023 (end of March)	
	Male	Female	Male	Female
All personnel	89.3%	10.7%	88.3%	11.7%
Managerial personnel	96.6%	3.4%	95.8%	4.2%
General personnel	87.4%	12.6%	85.8%	14.2%
Reemployment/other	85.7%	14.3%	89.3%	10.7%

Average overtime hours by employment management category (by gender)

(Unit: hours/person per month)

	FY2022			FY2023		
	Male	Female	Overall	Male	Female	Overall
All personnel	21.7	12.8	20.4	21.7	14.2	20.7
General personnel	22.1	13.8	21.0	22.3	15.2	21.3
Reemployment/other	12.3	1.7	9.8	8.8	1.3	7.0

Percentage of paid leave taken by employment management category (by gender)

	2022 (calendar year)			2023 (calendar year)		
	Male	Female	Overall	Male	Female	Overall
All personnel	75.3%	69.6%	74.6%	72.9%	67.1%	72.2%
Managerial personnel	56.3%	43.1%	55.8%	56.0%	50.6%	55.7%
General personnel	81.9%	70.8%	80.4%	79.0%	65.6%	77.2%
Reemployment/other	82.2%	85.6%	82.7%	79.4%	100.0%	81.7%

Average years of service (by gender)

	FY2022			FY2023		
	Male	Female	Overall	Male	Female	Overall
All personnel	16.3 years	12.8 years	16.0 years	16.3 years	12.1 years	15.8 years
Managerial personnel	22.8 years	31.7 years	23.1 years	22.9 years	25.5 years	23.0 years
General personnel	12.2 years	11.1 years	12.1 years	12.3 years	10.3 years	12.0 years
Reemployment/other	37.4 years	14.3 years	34.1 years	33.8 years	19.7 years	32.3 years

Retention rate after hiring for around 10 fiscal years (by gender)

FY2022			FY2023		
Male	Female	Overall	Male	Female	Overall
76.2%	66.7%	75.0%	91.7%	100.0%	92.3%

Percentage of childcare leave taken and number of days taken (by gender)

	FY2022		FY2023	
	Male	Female	Male	Female*
Number of applicable employees	8	1	7	—
Percentage of taken	50.0%	100.0%	85.7%	—
Number of days taken	293 days	193 days	416 days	—

*There were no applicable female employees in FY2023.

Difference in wages between men and women

FY2022			FY2023		
All workers	Of which full-time workers	Of which part-time workers	All workers	Of which full-time workers	Of which part-time workers
81.2%	85.1%	38.7%	78.9%	80.2%	47.1%
	Of which managerial personnel	Of which reemployed after retirement		Of which managerial personnel	Of which reemployed after retirement
	103.3%	45.9%		101.5%	49.7%
	Of which general personnel	Of which temporary workers		Of which general personnel	Of which temporary workers
	92.1%	159.1%		85.9%	180.5%

Results of job or employment status changes

	FY2022			FY2023		
	Male	Female	Total	Male	Female	Total
Promotion exams	9	1	10	14	3	17
Temporary workers ⇒ Employees	0	0	0	0	1	1

Reemployment or mid-career hiring by gender (30 years and older)

Recruitment	FY2022			FY2023		
	Male	Female	Total	Male	Female	Total
Reemployment*	0	0	0	0	0	0
Mid-career hiring	4	2	6	10	3	13

*Excluding reemployed after retirement

Turnover rate (denominator = personnel at beginning of the period)

	FY2022			FY2023		
	Male	Female	Overall	Male	Female	Overall
Turnover rate	3.3%	4.3%	3.4%	3.2%	4.1%	3.3%
For personal reasons	2.2%	4.3%	2.4%	2.1%	4.1%	2.4%
Expiration of contracted employment term	1.1%	0%	1.0%	0.8%	0%	0.7%
Expiration of contract term	0%	0%	0%	0.3%	0%	0.2%

Number of foreign hires

FY2022			FY2023		
Male	Female	Total	Male	Female	Total
1	0	1	0	1	1

Note: 5 in total as of March 31, 2024

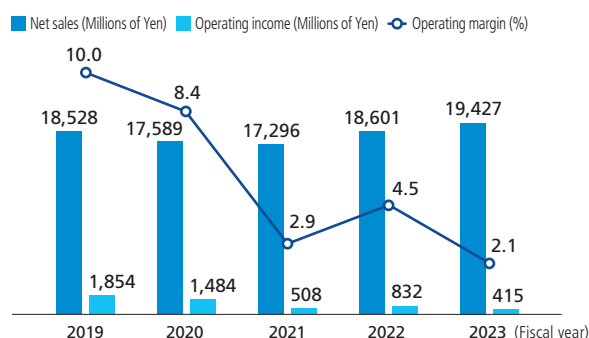
Rate of experienced hires in managerial positions

FY2022	FY2023
29.5%	29.5%

Rate of abnormal findings in the fall FY2023 health examination

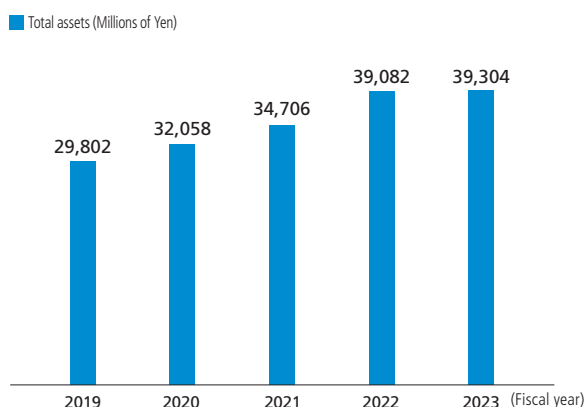
Rate of abnormal findings (company-wide): 60.3%

Net sales/Operating income/Operating margin



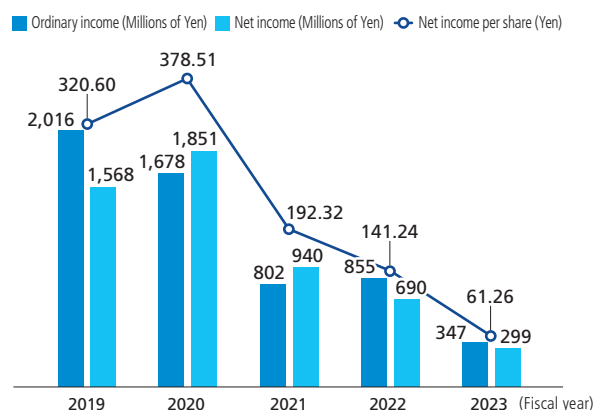
Net sales increased due to increased sales of agrochemicals related products for North America and the effect of foreign exchange rates, despite sluggish demand for catalyst related products. Despite factors such as the effect of foreign exchange rates, favorable results of selling price adjustments, and subsidies for rising electricity and gas prices, operating income decreased due to the factors for lower profits such as increased depreciation costs from the fine product manufacturing facility that began operation in FY2022 and the pilot plant that began operation in FY2023, as well as an increase in fixed cost burden due to a decrease in inventories. The operating margin was 2.1%.

Total assets



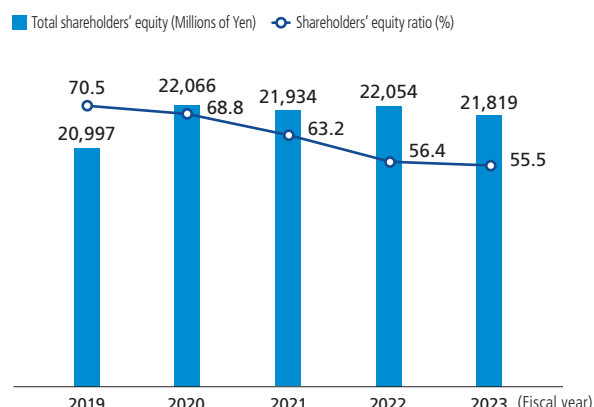
Total assets increased due to factors including an increase in property, plant and equipment resulting from the acquisition of a company dormitory for single employees (leased assets) and the construction of a new pilot plant, as well as an increase in accounts receivable.

Ordinary income/Net income/Net income per share



Ordinary income and net income decreased more than operating income did. This is because of the foreign exchange gain/loss, which was a gain in FY2022, turned into a loss in FY2023. Net income per share was 61.26 yen.

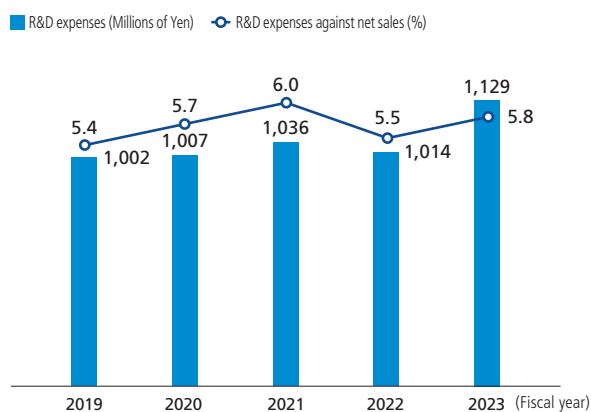
Total shareholders' equity/Shareholders' equity ratio



Total shareholders' equity amounted to 21,819 million yen, mainly due to the recording of net income and dividend payments. The shareholders' equity ratio decreased from 56.4% at the end of FY2022 to 55.5%.

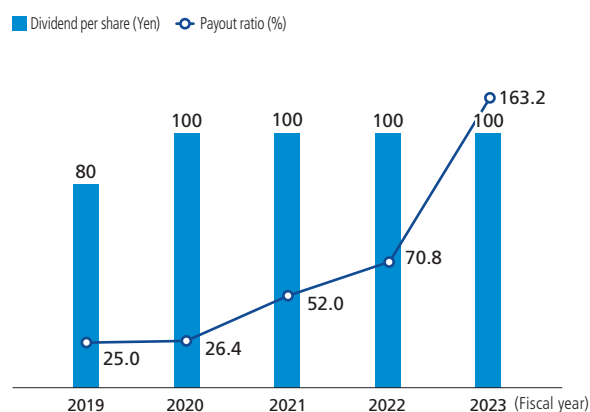
		2019	2020	2021	2022	2023 (Fiscal year)
Net sales	(Millions of Yen)	18,528	17,589	17,296	18,601	19,427
Operating income	(Millions of Yen)	1,854	1,484	508	832	415
Operating margin	(%)	10.0	8.4	2.9	4.5	2.1
Ordinary profit	(Millions of Yen)	2,016	1,678	802	855	347
Net income	(Millions of Yen)	1,568	1,851	940	690	299
Net income per share	(Yen)	320.60	378.51	192.32	141.24	61.26
Total assets	(Millions of Yen)	29,802	32,058	34,706	39,082	39,304
Total shareholders' equity	(Millions of Yen)	20,997	22,066	21,934	22,054	21,819
Shareholders' equity ratio	(%)	70.5	68.8	63.2	56.4	55.5

R&D expenses/R&D expenses against net sales



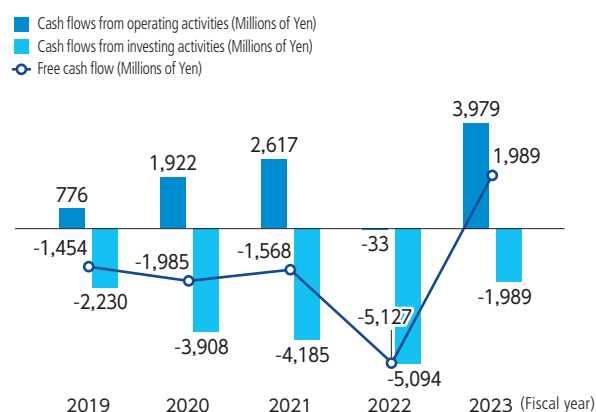
R&D expenses amounted to 1,129 million yen, mainly due to an increase in depreciation costs for the pilot plant that became operational in FY2023.

Dividend per share/Payout ratio



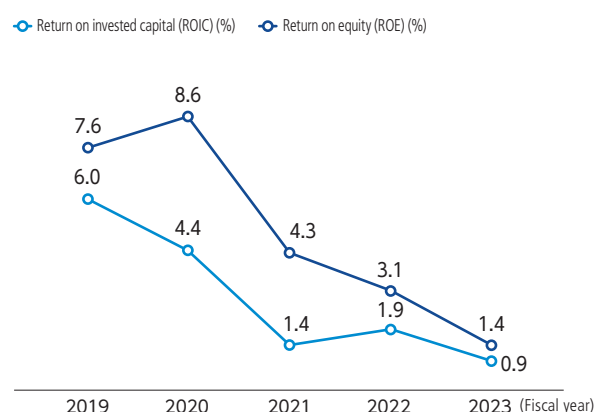
Although profits decreased in FY2023 compared to that in FY2022, an annual dividend of 100 yen per share was provided, considering the importance of maintaining stable dividends. The payout ratio was 163.2%.

Cash flows



Cash flows from operating activities improved significantly due to an improvement in working capital due to factors including an inventory reduction, and a refund of consumption tax related to the construction costs of the CM IV plant completed in FY2022. In addition, in cash flows from investing activities, expenditure remained at a low level as large-scale investments are ended so far. As a result, free cash flow amounted to an inflow of 1,989 million yen.

ROIC/ROE



Both ROIC and ROE were lower than those in FY2022 due to the decline in profit during FY2023.

	2019	2020	2021	2022	2023(Fiscal year)
R&D expenses (Millions of Yen)	1,002	1,007	1,036	1,014	1,129
R&D expenses against net sales (%)	5.4	5.7	6.0	5.5	5.8
Dividend per share (Yen)	80	100	100	100	100
Payout ratio (%)	25.0	26.4	52.0	70.8	163.2
Cash flows from operating activities (Millions of Yen)	776	1,922	2,617	-33	3,979
Cash flows from investing activities (Millions of Yen)	-2,230	-3,908	-4,185	-5,094	-1,989
Free cash flow (Millions of Yen)	-1,454	-1,985	-1,568	-5,127	1,989
Return on invested capital (ROIC) (%)	6.0	4.4	1.4	1.9	0.9
Return on equity (ROE) (%)	7.6	8.6	4.3	3.1	1.4

Dr. Kazuhiro Bai, Professor in the Faculty of Economics and Business Administration/Graduate School of Economics and Business Administration at Reitaku University, and Visiting Professor in the College of Business & Graduate School of Business at Rikkyo University, read the Koei Chemical Report 2024 and offered his opinions.



Dr. Kazuhiro Bai

Professor, Faculty of Economics and Business Administration/Graduate School of Economics and Business Administration, Reitaku University; Visiting Professor, College of Business & Graduate School of Business, Rikkyo University
Ph.D. (Business Administration)

Profile

Serving at Reitaku University since 2024; having served as Specially Appointed Professor in the College of Business & Graduate School of Business, Rikkyo University. Visiting professor in the Business Administration Program of Bond University (Australia) in 2008. His works include *Outlook of CSR Accounting*, Moriyama Shoten; *Introducing CSR Accounting*, Japanese Standards Association; *First Step to CSR Management for Corporate Employees*, co-author, Dai-ichi Hoki; "Deployment of Financial Reporting Theory based on Global Governance"; *CSR Management Control*; *Essentials for a Going Concern: Five Principles to Overcome Environmental Change*; *Corporate Ethics and Sustainability of Society*, co-author, Reitaku University Press, and many more.

In the Koei Chemical Report, Koei Chemical Company, Limited ("Koei Chemical") has summarized its unique initiatives for promoting sustainability from April 2023 to March 2024 in its aim to achieve the SDGs through various businesses. I will list below my outside party opinions from the viewpoint of researching lasting corporate management and CSR accounting, which aims to quantify CSR activities.

Points to be commended

In evaluating this report, I focused on the perspectives used in organizing the Company's unique initiatives for promoting sustainability over the course of the fiscal year. The report outlines these initiatives based on the five goals of the Basic Policy on Sustainability for "being guided by our corporate philosophy, contributing to the establishment of a sustainable society through business" (Page 2) and presents the results of implementing this sustainable, purpose-driven management. The message from the President (Pages 11–12) play an important role with regard to the implementation of purpose-driven management. Koei Chemical has put this policy of "contributing to the establishment of a sustainable society through business" as a narrative form through the message from the President, and has applied its ingenuity in various ways to sustainable efforts based on this narrative. Specifically, it is worth noting how the "narrative" set forth in the message from the President was extended toward the direction of the next Corporate Business Plan (Pages 13–14), material issues to be addressed for sustainable value creation (Pages 15–28), and then increasing corporate value through even closer communication with stakeholders (Pages 29–40). To summarize the above, the report derived the Company's materiality (material issues) through a narrative chain from corporate philosophy to basic policies to Corporate Business Plan "KX2.0: Striving for transformation utilizing knowledge and experience of over 100 years" and then reflected it in the Company's business growth strategies for increasing

corporate value. I find this process of expanding "narrative" stance, connecting it to purpose-driven management, and tackling the SDGs issues to be highly commendable. Furthermore, company information has been organized by skillfully combining financial information (Pages 3 and 47–48) related to the corporate value improvement, material information presented as non-financial information (Pages 7–8 and 41–46), and quantitative information and descriptive information related to the promotion of sustainability. The report has been designed with an eye toward contributing to the evaluation of the Company's value.

Points to be improved

The report presents various sustainable initiatives that further increase the value of the Company, and I recognize these efforts to have reached a certain level of quality. For this reason, I would like to discuss further developments related to the aforementioned content in which I would hope to see improvement. The significance of reports created by companies lies in the degree to which the information presented within them resonates with stakeholders. For the contents of this report to resonate with stakeholders, not only must the entire Company work as one to promote sustainability, but it is also important to develop a structure that fosters greater closeness with society as a whole. This is where a narrative that conveys the Company's philosophy plays a significant role. Companies must constantly strive to develop methods for generating and conveying a narrative that properly conveys their passion through these reports. Every year, Koei Chemical has been working to improve and refine its report, and it is my hope that it will continue to take on the challenges of generating and sharing highly reliable information in narrative form through dialog with stakeholders, producing a report that further enhances the Company's value.

Response to Third Party Opinions

I deeply appreciate Dr. Kazuhiro Bai's valuable remarks.

Dr. Bai has commended this year's report as being one which shares, in an easy to understand way, how our materiality (material issues) were derived from our corporate philosophy and our Corporate Business Plan, how they are reflected in our business growth strategies for increasing our corporate value, and how, through our sustainability activities, we are connecting these initiatives to the implementation of our Basic Policy on Sustainability of "contributing to the establishment of a sustainable society through business." I appreciate his praise for our report.

Dr. Bai provided us with valuable feedback, pointing out that not only must we work as one within the Company to promote sustainability, but it is also important to apply our ingenuity and make improvements in sharing information, so we can cultivate greater closeness with society as a whole. We will make further efforts to enrich our dialogue with stakeholders and to create a report that further enhances our corporate value.



Takashi Ohata
Executive Officer, in charge of General Affairs & Personnel Office, and Internal Control & Audit Office

(As of October 1, 2024)

Corporate data

Company name:	KOEI CHEMICAL COMPANY, LIMITED
Location of head office:	1-8, Nihonbashi-Koamicho, Chuo-ku, Tokyo 103-0016, Japan
URL:	https://www.koeichem.com/en.html
Date of establishment:	June, 1917
Capital	2,343 million Yen
Number of employees:	420
Business description:	Manufacture and sales of raw materials and intermediates for pharmaceutical/agrochemical products, paints, dyes, and various synthetic resins, etc.

Stock Information

Fiscal year-end:	March 31
Ordinary general meeting of shareholders:	Held in June
Stock Data:	Authorized number of shares 16,000,000 Issued number of shares 4,900,000 Number of shareholders 3,085

Board of Directors and Senior Management

(As of October 1, 2024)

Representative Director & President	Ray Nishimoto	Executive Officer	Noriyasu Sakamoto
Director/ Managing Executive Officer	Hideo Wada	Executive Officer	Takashi Ohhata
Director/ Managing Executive Officer	Akihiko Egawa	Executive Officer	Akira Oyama
Director	Keiko Fukahori	Executive Officer	Toshikazu Ura
Director	Masao Shimizu	Executive Officer	Katsuhide Ohara
Director (Outside)	Ryoko Ueda		
Director Audit & Supervisory Committee Member	Akihiko Hamabe		
Director Audit & Supervisory Committee Member (Outside)	Ken Takiguchi		
Director Audit & Supervisory Committee Member (Outside)	Shingo Yoro		
Director Audit & Supervisory Committee Member (Outside)	Yoko Hatta		

Business locations

Branch Offices, etc.	Tokyo head office 1-8, Nihonbashi-Koamicho, Chuo-ku, Tokyo 103-0016, Japan TEL 81(3)6837-9300 FAX 81(3)6837-9307 Sales & Marketing: TEL 81(3)6837-9290 FAX 81(3)6837-9310 Chiba Site (Chiba Plant / Chiba Research Laboratory) 25, Kitasode, Sodegaura-shi, Chiba 299-0266, Japan TEL: 81(438)63-5511 FAX: 81(438)63-5546 Brussels Representative Office c/o Sumitomo Chemical Europe S.A./N.V. Woluwelaan 57, B-1830 Machelen, Belgium
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Major Shareholders

Name	Number of shares (in thousands)	% of total shares held
Sumitomo Chemical Co., Ltd.	2,731	55.84
Kinkisangyou Shinkumi Bank	240	4.91
Osamu Taneda	103	2.11
Gakuji Ooshio	71	1.46
Shigeharu Sakamoto	50	1.02
Masahiro Iso	43	0.90
Koei Chemical Employee Shareholder Plan	41	0.85
Maruishi Chemical Trading Co., Ltd.	33	0.69
Koji Yamasaki	28	0.57
Takuro Ishibashi	23	0.47

Note: Shareholding ratio is calculated excluding treasury stock (8,883 shares).

Introduction

Message from the President

Growth Strategy

Foundation for Value Creation

Information

Bringing 100 years of technology and trust,
now and to the future



KOEI CHEMICAL CO., LTD.

General Affairs and Human Resources Office

1-8, Nihonbashi-Koamicho, Chuo-ku, Tokyo 103-0016, Japan
TEL 81(3)6837-9300 FAX 81(3)6837-9307
Sales & Marketing: TEL 81(3)6837-9290 FAX 81(3)6837-9310
<https://www.koeichem.com/en.html>