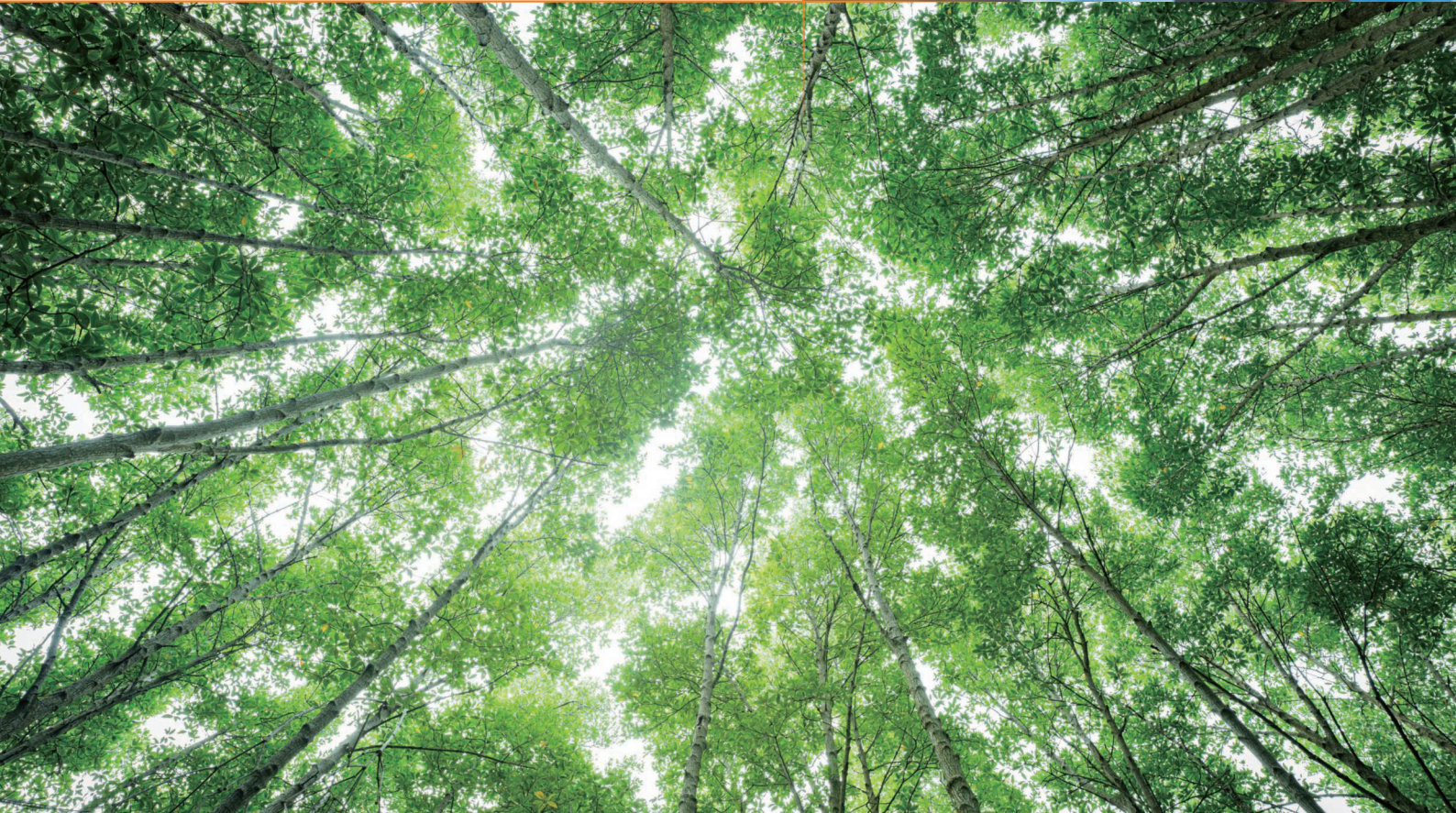




# Koei Chemical Report 2025



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

**KOEI**

SINCE  
1917

## Contents

|    |  |
|----|--|
|    | <b>Introduction</b>  |
| 1  | Contents/Editorial policy  |
| 2  | Corporate Philosophy/Basic Policy on Sustainability/Koei Chemical's policy on SDGs                                 |
| 3  | At a Glance  |
| 5  | Koei Chemical, a Company Committed to Be the One Contributing to the Society                                       |
| 6  | Koei Chemical's Strengths (Core Competence)  |
| 7  | The History of Koei Chemical   |
| 9  | Value Creation Process   |
|    | <b>Message from the President</b>  |
| 11 | Message from the President   |
|    | <b>Growth Strategy</b>   |
| 15 | Review of Previous Corporate Business Plan (FY2022–2024)   |
| 16 | Corporate Business Plan "KX2027: Striving for transformation utilizing knowledge and experience of over 100 years" |
| 20 | Financial and IR Strategies  |
| 21 | Business Strategy: Sales & Marketing Division  |
| 22 | Business Strategy: Research & Development Division   |
| 23 | Business Strategy: Production & Technology Division  |
| 24 | Human Resource Management Strategy   |
| 27 | DX Strategy  |
| 29 | Sustainability Strategy  |
| 33 | Update of Koei Chemical's KPIs   |
| 34 | Initiatives to Reduce Environmental Impact   |
| 35 | Disclosure of Climate Change Response in Line with TCFD Recommendations  |
| 37 | Community Contribution Activities  |
|    | <b>Foundation for Value Creation</b>   |
| 38 | Governance   |
| 41 | Compliance/Risk Management   |
| 43 | Responsible Care   |
| 45 | Respect for Human Rights   |
| 46 | Promotion of Sustainable Procurement and Initiatives for Human Rights Due Diligence                                |
|    | <b>Information</b>   |
| 47 | Financial Data   |
| 49 | Data on Responsible Care   |
| 53 | Human Capital Data   |
| 55 | Third Party Opinions   |
| 56 | Company and Investor Information   |

### 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.

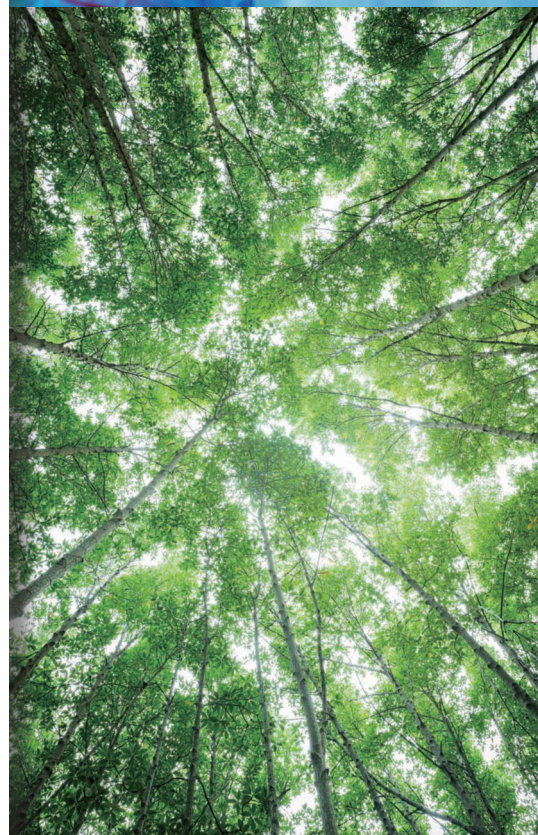
#### Reporting period

April 2024 to March 2025

(Information for April 2025 and later is partially included.)

#### Issuance

October 1, 2025



## 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.

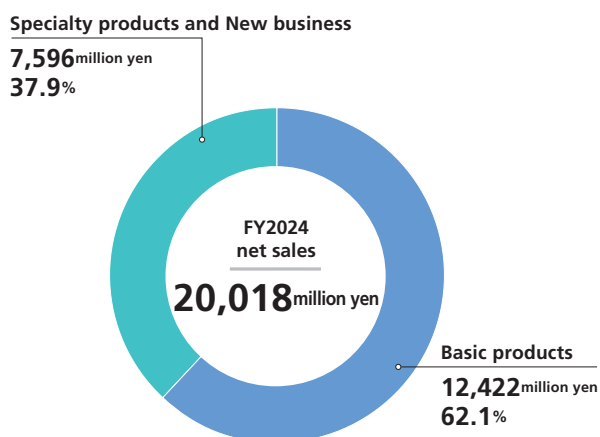
## Koei Chemical's policy on SDGs\*

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

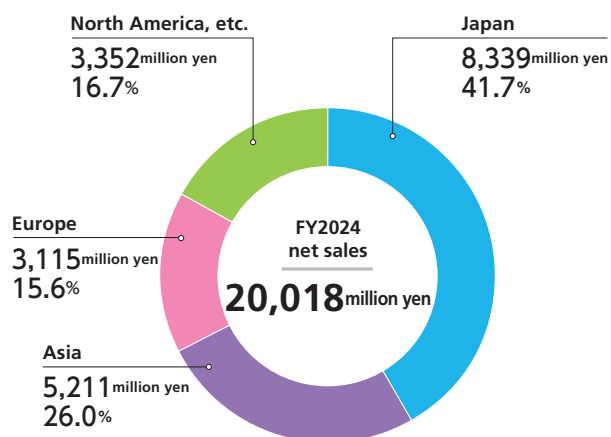


\*Sustainable Development Goals, which are adopted by the United Nations, are globally shared issues to be achieved by 2030.

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.

> **The only synthetic pyridine manufacturer in Japan**

Pyrazines

Main applications

Pyrazinamide, Antituberculosis drug

> **Our CPZ, Pyrazinamide raw material has global No.1 market share.**

Amines

Main applications

Surfactant, Resin Paint, Lubricant Rubber chemicals, CO<sub>2</sub> absorbents, etc.

> **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.



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.

Urethane related products

Main applications

Low-temperature curing systems for paints, inks, and resins



## 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

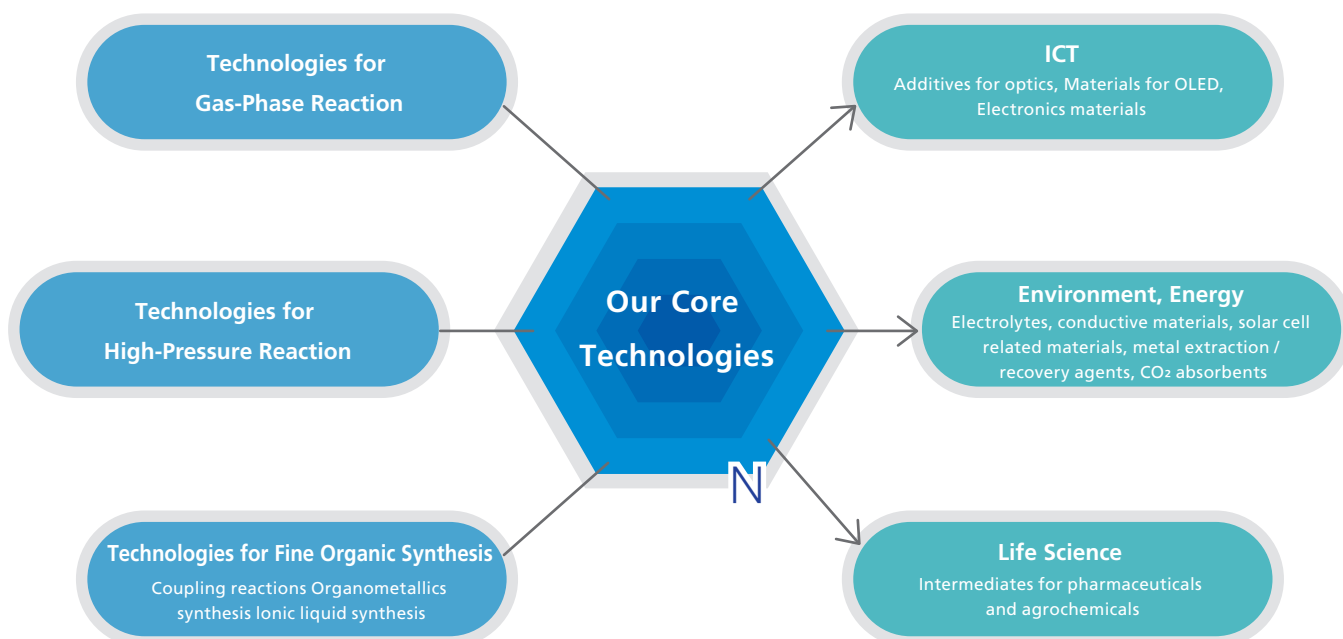
Using various production facilities for fine organic synthesis, high pressure hydrogenation, gas-phase reactions, and more, we construct an efficient manufacturing process and supply it as industrial products. We are ISO9001/14001 certified. We produce and ship all of our products to the highest standard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

The long years of technical expertise that Koei Chemical has developed over 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. In the 1950s, we developed polyhydric alcohols, and in the 1960s, pyridines and amines. In the 1980s, we developed pyrazines, and pharmaceutical and agrochemical intermediates which require advanced technology, and in the 2000s, we developed ionic liquids.

These products are developed and manufactured using core technologies for gas-phase reaction, high-pressure reaction, and fine organic synthesis, and we continue to demonstrate our leadership as a pioneering developer. In particular, our production technologies used for pharmaceutical intermediates like anti-ulcer drugs, antibiotics, and tuberculosis drugs have drawn global attention and are highly evaluated by academics.

We utilize our unique technologies and diverse equipment to supply custom synthesis products in line with customer needs, and develop and supply a wide range of products, including pharmaceutical and agrochemical intermediates and organometallic catalysts, across various fields such as ICT, environment and energy, and life sciences. In recent years, we have also focused on developing CO<sub>2</sub> absorbent amine compounds to contribute to achieving carbon neutrality.

Moving forward, we will continue to leverage our unique technologies cultivated over many years as a research and development-oriented company to meet customer needs while striving to realize a sustainable society.



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, CO<sub>2</sub> emission reduction, paints and automobiles. These products support people's everyday lives in a various of situations throughout society. Moreover, with exports accounting for 58.3% of our total net sales, our products are contributing to people's lives around the world.



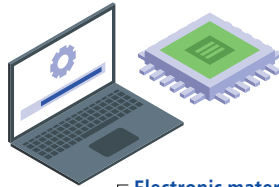
#### Automobile related

- Automotive plastics (polyethylene, polypropylene, etc.)
- Tire cords
- Automotive engine molds
- Electrodeposition coating



#### Battery related

- Electrolytes
- Lithium-ion batteries
- Solid-state batteries



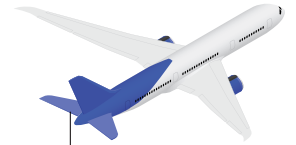
#### Electronic materials related

- Surface treatment agents for semiconductors
- Photoresists
- Polyimide film
- Low dielectric resin
- Aluminum electrolytic capacitors
- Antistatic agents for optical films



#### AI servers

- Low dielectric resin

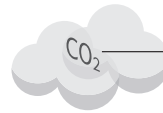


#### Aerospace related

- Aerospace materials

#### Paint and dye related

- Ink ribbons



#### CO<sub>2</sub> emission reduction related

- CO<sub>2</sub> absorbent amine compounds
- CO<sub>2</sub> absorbents for Direct Air Capture (DAC)
- Solar cell resin and conductive paste for solar panels

#### Agrochemicals

- Herbicides, insecticides



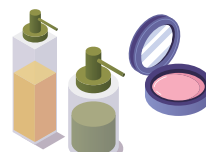
#### Raw materials and intermediates for pharmaceuticals

- Antiulcer drugs
- Antituberculosis agents
- Drugs for treating kidney and heart diseases
- Drugs for treating pneumonia
- Drugs for COVID-19
- Anticoagulants
- Antihypertensive drugs
- Anticancer drugs
- Antibiotics
- Antiarrhythmic drugs
- Diabetes drugs
- Angina drugs



#### Health foods

- Vitamin B3
- Glycine



#### Cosmetics related

- Powder puffs
- Surfactants used in shampoo and conditioner



#### Pharmaceutical for veterinary

- Antibiotics for veterinary
- Antimicrobial agents for veterinary

#### Raw materials for feed additives

- Feed additives

## 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

**1,204 million yen**

In FY2024, R&D expenses amounted to 1,204 million yen, an increase by 75 million yen from 1,129 million yen recorded in FY2023. As an R&D-oriented company, we will continue to allocate our resources by focusing on research and development.

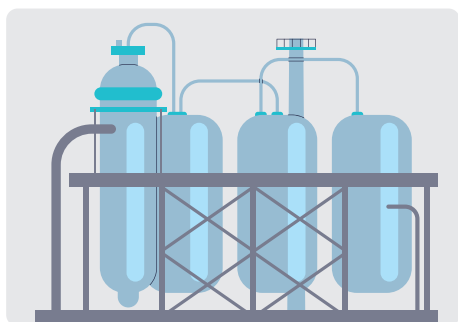
### Number of patents held

Domestic: **67** Overseas: **85**

As of July 2025, the number of domestic patents and overseas patents decreased from last year (69 domestic and 128 overseas) to 67 and 85, respectively. This is the result of a reorganization in line with a review of our business portfolio. Our Research & Development Division has further strengthened its intellectual property and technical investigation functions and will continue to focus on intellectual property management in new research fields such as environmental impact reduction.

## 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

**427**

For the past several years, we have been strengthening our recruitment in line with the startup of the new plant. In this regard, we continue to focus on our recruiting activities to strengthen our organization for supporting functional and R&D departments, in addition to manufacturing departments.

### Composition ratio of female employees

**13.3%**

At the end of March 2025, the percentage of female employees was 13.3%, up from 11.7% last year. We have set a KPI for the percentage of female employees and are aiming for 15% by FY2030. 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 13.8% of all employees, which is higher than the average within the Japanese chemical industry (9.3%). Furthermore, PhD holders account for 23.7% of all researchers, which is higher than the average among domestic companies (4.6%).

(Source) National Institute of Science and Technology Policy of the Ministry of Education, Culture, Sports, Science and Technology, Japanese Science and Technology Indicators 2025 [Research Material-349/2025.8]

### PhD holders

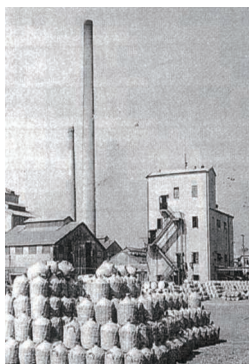
**14 researchers** **9** in other departments

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—

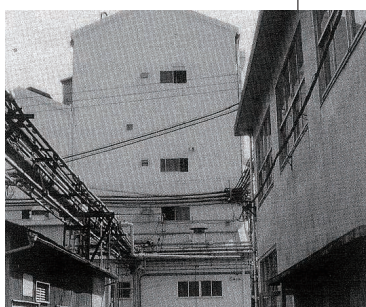
We built the foundation that leads to our business today. We commenced operation of acetic acid production facility in Osaka in 1917 and diversified the product line. In 1934, we started production of Formalin.

- 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.

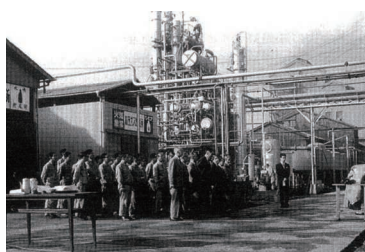
**1950** Commenced m-aminophenol production. Name changed to Koei Chemical Co., Ltd.

**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 Toryo 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.

## 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.

**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 nicotiny 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.

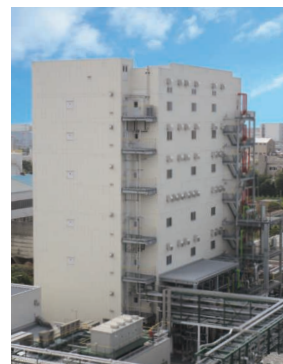
**2016** After the shut down Osaka Plant, we changed the location of the registered head office into Sodegaura-shi in Chiba Prefecture, where we operates Chiba Plant.

**2017** Suspended the production and transferred the business of pentaerythritol.

## 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



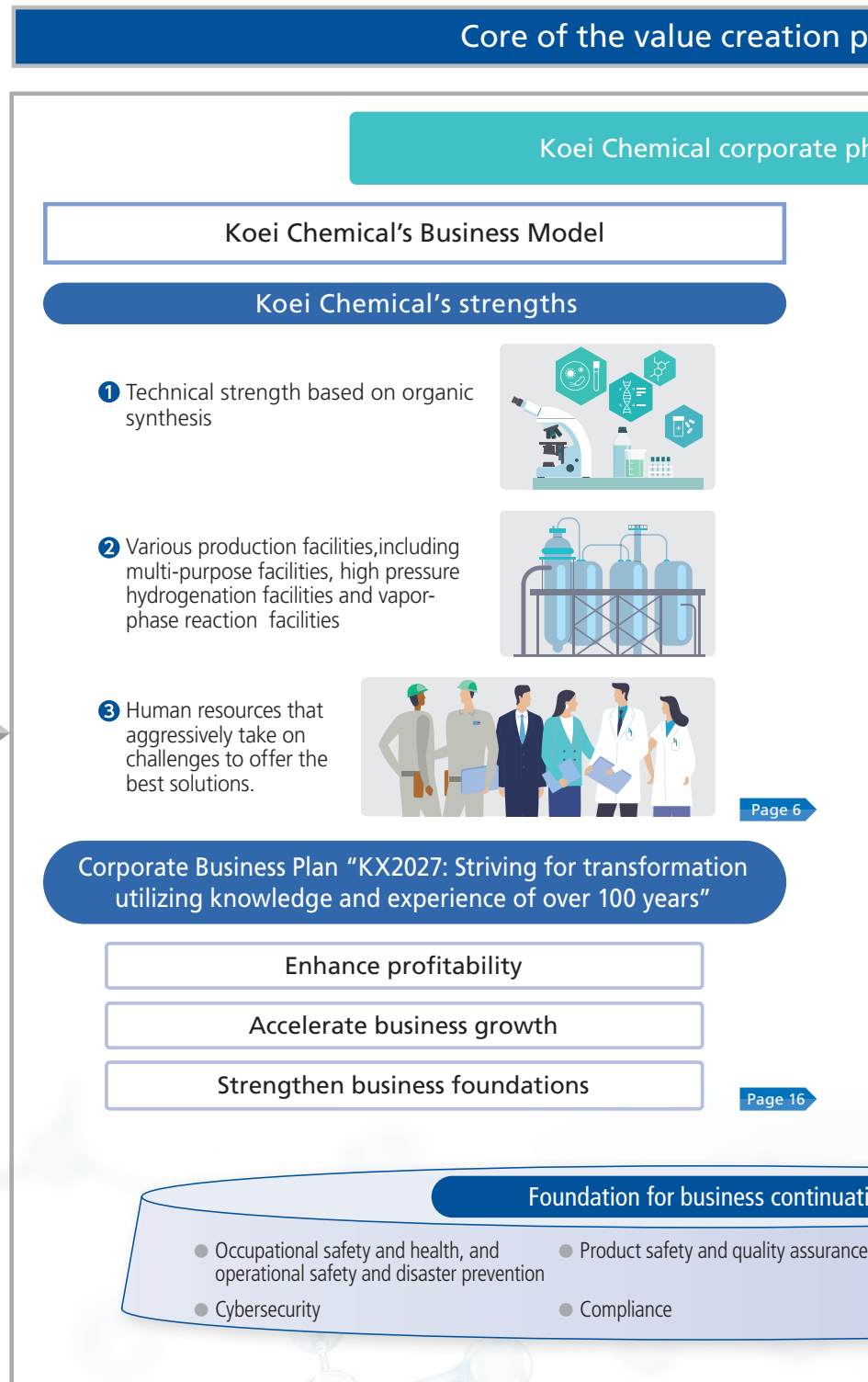
- Commenced operation of a pilot plant.

**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  |                     |
|--|---------------------|
| <b>Financial capital</b>                                 |                     |
| Equity capital   | 21,616 million yen  |
| Equity ratio   | 61.4%               |
| <b>Manufacturing capital</b>                             |                     |
| Multi-purpose facilities                                 | 4 lines             |
| High pressure hydrogenation facilities                   | 5 lines             |
| Gas-phase reaction facilities                            | 3 lines             |
| Formalin production facilities                           | 1 line              |
| Pilot facilities   | 1 line              |
| <b>Intellectual capital</b>                              |                     |
| R&D expenses   | 1,204 million yen   |
| Domestic patents   | 67                  |
| Overseas patents   | 85                  |
| <b>Human capital</b>                                     |                     |
| Number of employees                                      | 427                 |
| (Of which researchers)                                   | 59                  |
| (Of which PhD holders)                                   | 23                  |
| <b>Social capital</b>                                    |                     |
| Relationships of trust with stakeholders                 |                     |
| Joint research with universities and research institutes |                     |
| <b>Natural capital</b>                                   |                     |
| Energy consumption                                       | 16,647kL            |
| Water resources used                                     | 2,704 thousand tons |



Page 6

Page 16

Process

Philosophy

Page 2

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

Page 29

Con

- Respect for human rights
- Anti-corruption

Output

Koei Chemical products

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

Page 3

Economic value (Targets for FY2027)

Net sales  
24.7 billion yen

ROIC  
8%

Operating profit margin  
13%

CCC (Cash Conversion Cycle)  
120 days

Outcome

KOEI Vision 2030

Ideal state of Koei Chemical

Page 16

Net sales  
**30.0 billion yen**

ROIC  
**10%**

CCC  
**100 days**

Social value

CO2 emissions (Scope 1+2)  
**50% reduction** (compared with 2013) by FY2030

**Achieve carbon neutrality** by FY2050  
Effect of products that contribute to emission reduction, such as CO2 absorbents

Percentage of female employees  
15% by FY2030



With the slogan of “Business is an all-out effort,” we will work together to achieve transformation and create corporate value in order to take a leap forward.

**Yasuaki Sasaki**

Representative Director & President

In this April, we began implementing our new Corporate Business Plan, “KX2027: The Challenge for Transformation.” This plan constitutes a vital step toward achieving KOEI Vision 2030, our set of goals for FY2030, and requires us to make a major leap forward. We will advance transformation with all our employees working together, steadfastly pursue management that is conscious of cost of capital and ROIC, contribute to resolving social issues through our business, and aim to enhance our corporate value.

### On assuming the position of President

I am Yasuaki Sasaki, and I took up the post of Representative Director & President in June 2025. I feel an immense sense of responsibility to lead Koei Chemical, a company with over 100 years of history and tradition.

My most important task is to successfully execute our newly formulated Corporate Business Plan, “KX2027: Striving for transformation utilizing knowledge and experience of over 100 years” alongside all our employees, in order to achieve a future in FY2027, when we will celebrate our 110th anniversary, where I can share joy with all our stakeholders and all our employees. And I am determined to build a solid path toward achieving the subsequent “KOEI Vision 2030.”

Until now, I have been involved in operations in various fields within the Sumitomo Chemical Group, including manufacturing, research, sales, planning, and overseas business. I am determined to stand at the forefront of a transformation to unleash the huge potential that Koei Chemical possesses, and guide it onto an unshakable growth trajectory, by using to maximum advantage the broad perspectives I have cultivated through such diverse experiences.

### Our business environment and important tasks

In recent years, against the backdrop of heightened geopolitical risks, moves to review global supply chains have been accelerating. From a risk hedging perspective, many customers have recognized the risk of dependence on a

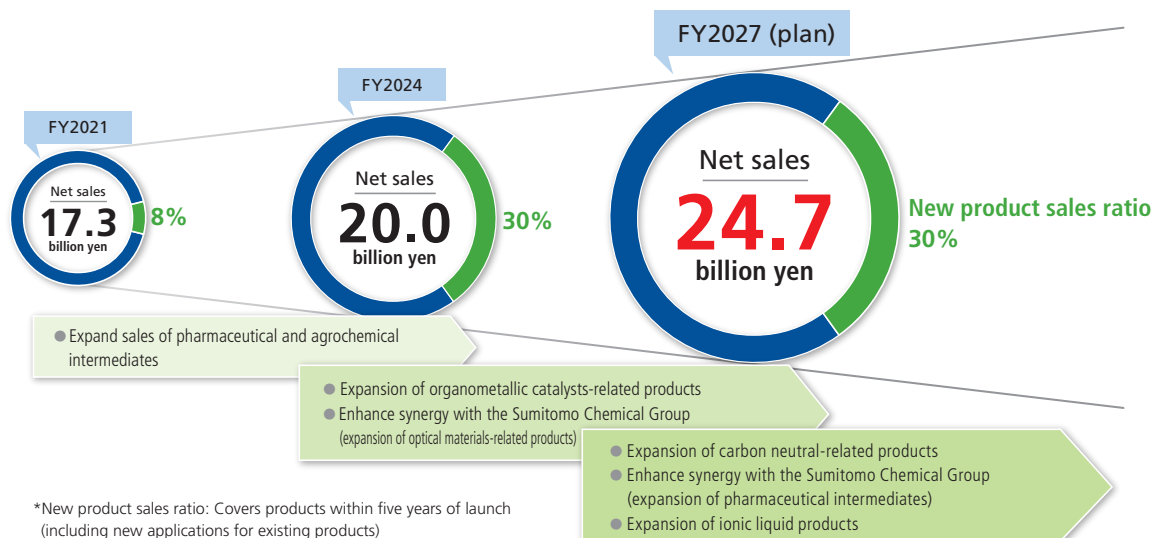
specific country or single company for their procurement, and have come to keenly seek stable domestic procurement sources. This trend represents a significant tailwind for us, as we have reliable manufacturing and development facilities in Japan.

Traditional organic synthesis technology, which forms the foundation of our business, has a history that manufacturing had been shifted to China and India to maintain cost competitiveness. As a result, organic synthesis manufacturers with strong technological capabilities have become precious entities in present-day Japan. I am convinced that this preciousness itself is our great strength and the source of many business opportunities.

Some of our customers are companies pursuing business development in cutting-edge fields, and we are increasingly receiving new inquiries and consultation requests. Based on the solid relationships of trust with numerous customers that we have built over the more than 100 years since our founding, we will sincerely address our customers’ issues and needs, create new business opportunities by proposing optimal solutions that leverage our distinctive technological capabilities, and translate these efforts into our own sustainable growth.

### Review of previous Corporate Business Plan Results of building a foundation for the future and challenges going forward

Before the previous Corporate Business Plan, we made a large-scale investment in multi-purpose plant construction, and



generating profits from this was a major challenge for the previous Corporate Business Plan. In addition to the increased burden of fixed costs from the large-scale investment, we were unable to achieve the anticipated sales due to factors such as delays in the recovery of demand in certain fields related to organometallic catalysts and electronic materials. As a result, we fell significantly short of our targets in terms of profit and loss. For example, our ROIC was just 1%, far below our FY2024 target of 8%.

On the other hand, in line with the basic policies of the previous Corporate Business Plan, we executed various measures, and we were able to steadily advance our action plans. We made steady progress with business growth strategy acceleration by concentrating corporate resources on those such as business development for CO<sub>2</sub> absorbent amine compounds which is one of our growth drivers, and optical materials-related products that leverage synergies with the Sumitomo Chemical Group. As for strengthening business foundations, we steadily advanced digital transformation (DX) through cross-departmental projects. And in the area of enhancement of human resources development, we worked to boost investment in human resources by, for example, overhauling our training system. This overhaul included expanding training up to the third year of employment, providing coaching training, and implementing training for all officers and managerial personnel for the purpose of leveraging diversity. While the results of these initiatives are not yet sufficiently reflected in the performance results, we believe we have built a foundation for growth, including “sowing seeds” for future growth.

The starting point of the current Corporate Business Plan is to build on these results while directly confronting the remaining challenges. The greatest challenge is strengthening profitability, and the key question is how to increase the utilization rate of multi-purpose plants and get profitability enhancement on track. In addition, the basic product plants that have supported our business for many years show signs of deterioration, and rebuilding them has become an urgent task.

We believe that by steadily addressing and overcoming these challenges, we will build a more solid foundation for sustainable growth.

## Aims of the Corporate Business Plan, “KX2027: Striving for transformation utilizing knowledge and experience of over 100 years”

Taking on board the results and remaining issues of the previous Corporate Business Plan, we have begun implementing our current Corporate Business Plan, “KX2027: Striving for transformation utilizing knowledge and experience of over 100 years” from FY2025. The plan sets targets for FY2027 of 24.7 billion yen in net sales, ROIC of 8%, and a score for employee engagement indicators of 4.0. While these are very challenging targets, achieving them is the most important task imposed to me, and I intend to approach them with a strong determination to work alongside all our employees to meet the targets at all costs.

### Rebuilding basic businesses and aiming to enhance profitability

“KX2027: Striving for transformation utilizing knowledge and experience of over 100 years,” comprises three basic policies: “enhance profitability,” “accelerate business growth,” and “strengthen business foundations.”

#### (1) Enhance profitability

|   |                                |                             |
|---|--------------------------------|-----------------------------|
| Expansion of specialty products and new businesses      | Rebuilding of basic businesses | Reviewing product portfolio |
| Correcting our cost structure and streamlining expenses |                                |                             |

#### (2) Accelerate business growth

|   |   |
|---|---|
| Expansion of the organometallic catalyst-related product business | Accelerate development of carbon neutral-related products |
| Enhance synergy with the Sumitomo Chemical Group                  |   |

#### (3) Strengthen business foundations

|                                       |                           |                                  |
|---------------------------------------|---------------------------|----------------------------------|
| Employee engagement transformation EX | Digital transformation DX | Sustainability transformation SX |
|---------------------------------------|---------------------------|----------------------------------|

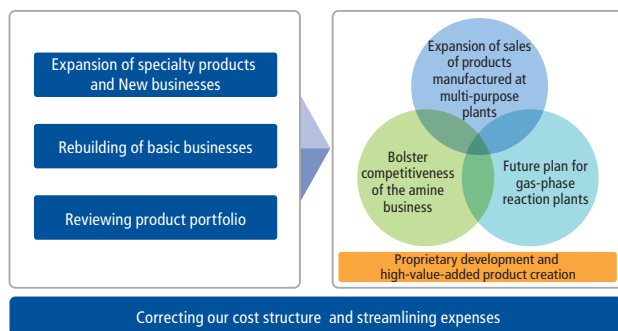
Regarding the first policy, “enhance profitability,” we will be tackling the following priority tasks: expand sales of products manufactured at multi-purpose plants, bolster competitiveness of the amine business, and future plan for gas-phase reaction plants.

## Message from the President

Enhancing profitability of multi-purpose plants, a task remaining from the previous Corporate Business Plan, is a pressing one. To maximize the utilization rate of the four multi-purpose plants and accelerate profit generation, we will respond promptly to customer requests and actively work on introducing new products.

As for bolstering competitiveness of the amine business, we will move forward with rebuilding amine plants, strengthening collaboration with domestic and international manufacturers, and reviewing our product portfolio. In rebuilding the deteriorated amine plants, we will maintain a stable supply of our products to customers and, to maximize investment efficiency, aim to build an optimal production system by collaborating with domestic and international partners, including studying of a business alliance with manufacturers in India. Furthermore, since the market for CO<sub>2</sub> absorbent amine compounds is expected to expand, we will pivot our product portfolio to high-value-added products in order to fundamentally improve the profitability of our amine business.

And regarding future plans for gas-phase reaction plants, we are considering mass production of CO<sub>2</sub> absorbent amine compounds in these plants, and will proceed with reorganization aimed at establishing an optimal production system.



### Lead the future with two growth drivers and Group synergies

As for “accelerating business growth,” we will be focusing on “organometallic catalyst-related products” and “carbon neutral-related products,” which are our medium- to long-term growth drivers.

Organometallic catalysts are essential ingredients for petrochemical products, and we have strengths in manufacturing and developing products that are extremely challenging to produce, earning us high levels of trust from our customers, major petrochemical manufacturers. At present, we are in a difficult situation due to the impact of market trends, but we consider this temporary. Requests for newly developed products are also increasing, and we are convinced that when demand recovers, we can expect to see strong growth from this business as a core business supporting our profitability.

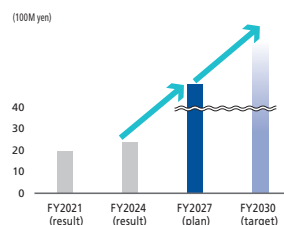
Another one of our medium-to long-term growth drivers, CO<sub>2</sub> absorbent amine compounds, which is within the category of “carbon neutral-related products,” is business to open up a new future for us. While it will take some time until these compounds permeate society, they constitute a vital business that will contribute to realizing a carbon neutral society in 2050. Currently, we are steadily advancing custom product development with many customers. We are also focusing on proprietary development product, with the achievement of direct air

capture (DAC), the recovery of CO<sub>2</sub> from the atmosphere, as a priority target. We will accelerate the development of high-performance CO<sub>2</sub> absorbents and the construction of a supply system by making maximum use of our library of over 100 amine compounds developed over many years and our proprietary organic synthesis technologies.

In addition to these growth drivers, strengthening synergies with the Sumitomo Chemical Group is also a priority task. We will deepen cooperation with Sumitomo Chemical’s Advanced Medical Solutions Sector and contribute to the growth of the entire Group by accelerating new product development through utilization of the unique manufacturing technologies and facilities we possess.

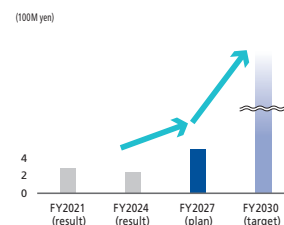
#### Expansion of the organometallic catalyst-related product business

- Expansion of transactions with major customers (expansion of existing product sales and new businesses)
- Strengthening of collaboration with external partners



#### Accelerate development of carbon neutral-related products

- Winning of orders for custom projects in the CCS business
- Entry into the DAC business (including proprietary products)



### Three-pronged transformation (EX, DX, and SX) to support sustainable growth

To “strengthen business foundations,” we will be ramping up our efforts in three priority areas: EX (employee engagement transformation), DX (digital transformation), and SX (sustainability transformation).

First, I will discuss EX. I strongly believe that “a company is built on its people.” Without each employee feeling a sense of fulfillment in their work and perceiving their own value as gained through the performance of their work, a company cannot expect to grow. In the Corporate Business Plan, we have set employee engagement indicators as a management target, and are aiming to increase the FY2022 score of 3.6 to 4.0 or more in FY2027. We will strive to improve engagement by sincerely listening to employees’ voices, creating an environment in which they can learn and grow on their own, and providing opportunities that support each of them in developing their careers.

Next, regarding DX, in manufacturing, R&D, supply chain, and office areas, DX projects have made considerable progress. In addition to these, the “One KOEI Platform,” which facilitates the company-wide sharing of information, has proved to be a highly effective tool that leads to swift decision-making and action. We will be utilizing it further while also focusing on the proactive deployment of AI and the development of digital personnel to drive additional improvements in operational productivity.

Finally, in the third area, SX, our own energy-saving efforts and CO<sub>2</sub> emission reductions are obviously important, but in addition to that, “contributing to customers’ sustainability through our products” is also crucial.

We have determined key performance indicators (KPIs) related to sustainability, and to make our contribution to a

sustainable society more easily understandable, we have newly added “effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents” and “sales of catalyst-related products” to our list of environmental KPIs. We will visualize how much we have contributed to the environment through the products we have supplied and disclose this to our stakeholders.

We started making information disclosures in line with the TCFD recommendations this year, and we will continue to strive for further enhancement of information disclosure and work to resolve social issues through our business with the aim of realizing a sustainable society.

**Strengthen business foundations**

Employee engagement transformation (EX)

Digital transformation (DX)

Sustainability transformation (SX)

- **Employee engagement transformation (EX)**
  - Career development for long-term success
  - Providing opportunities for self-learning and growth
  - Building a rewarding environment
- **Digital transformation (DX)**
  - Expand and make more sophisticated use of the One KOEI Platform
  - AI-driven productivity improvement
  - Development of digital personnel
- **Sustainability transformation (SX)**
  - Promotion of new KPI
  - Responding to TCFD

## Business is an all-out effort: Working together with all employees to create corporate value

As we steadily execute the three basic policies and seek to enhance our corporate value, what I emphasize most is the philosophy that “business is an all-out effort.”

At present, our ROIC is still around 1%, so to break out of this situation and meet the expectations of all our stakeholders, increasing profitability and improving business performance are of paramount importance. And the driving force for this will be the “collective strength of all our employees.”

In a manufacturing company like ours, all departments (research, manufacturing, sales, and administrative) work in close cooperation to deliver a single product to customers. While positions and perspectives may differ among departments, it is important to overcome those barriers and for everyone to work together as one toward the common goal of achieving company-wide objectives. Only when its strength is united can a company achieve great results.

And the foundation for delivering “all-out effort” is an “open workplace.” If employees feel that “speak up is pointless,” ideas for improvement and enthusiasm for taking on new challenges, which should come from the frontlines, will be lost. I believe that ideas and suggestions from individual employees, along the lines of “it would be better if we did it this way,” are the source of innovation. Just issuing top-down instructions is not enough. It is also



critical to sincerely listen to opinions from the field and actively implement good proposals. I am convinced that such interactive communication raises employee motivation and generates vitality throughout the organization.

I myself place importance on actively visiting sites and engaging in direct dialogue with employees. The frontlines contain both hints for growing the business and issues that must be resolved. I want all employees to thrive, and I hope that each individual will take pride in and gain fulfillment from their own work, and give full play to their capabilities. Building an organization in which this is possible is my mission as President, and I believe this is a sure way to enhance corporate value.

## Realizing sustainable growth together with all stakeholders

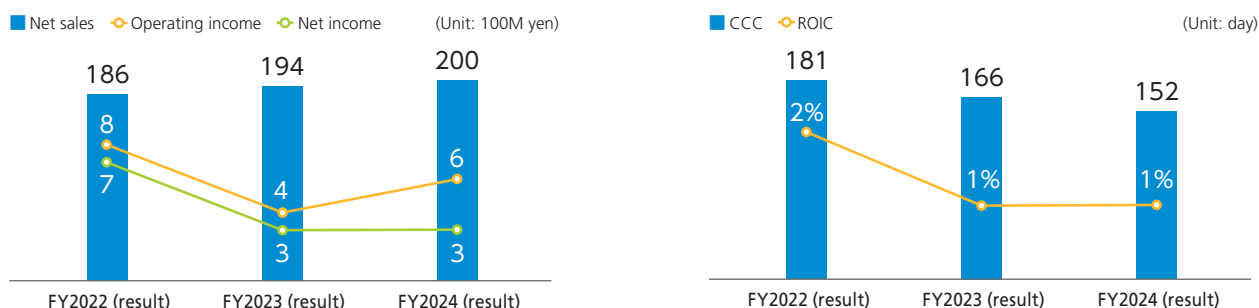
We are able to stay in business thanks to the support of all our stakeholders, including shareholders and investors, business partners, local communities, and employees with their families. We will emphasize dialogue with our stakeholders all above everything else, sincerely reflect their expectations and wishes in our business strategies, and aim to become a company that is trusted and “indispensable to society.”

In FY2027, we will reach the major milestone of our 110th anniversary. In that year of celebration, we will achieve the targets of the current Corporate Business Plan, and build a solid path toward KOEI Vision 2030. To ensure that we can share joy with all our stakeholders, all of us will be working together to drive our transformation forward. In addition, we will provide information on our progress with the execution of the Corporate Business Plan, as well as management-related information, to our stakeholders in a timely manner and with a high level of transparency.

With our history and traditions going back over 100 years, and the technological capabilities and trust we have cultivated during that time as a base, we intend to weave a new story of growth toward the next 100 years.

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

In the previous Corporate Business Plan, we were unable to achieve our initial profit targets. This was due to our inability to achieve anticipated sales in the organometallic catalyst-related product and electronic related material fields owing to delays in demand recovery, as well as an increase in fixed costs resulting from large-scale capital investments made in the past. As a result, although one of our performance targets was to achieve ROIC of 8%, we fell significantly below this target at 1% in FY2024. Meanwhile, the action plan according to the basic policies has steadily progressed.



The challenges that remain from the previous Corporate Business Plan are shown in the table below. We will continue to address these ongoing challenges in the current Corporate Business Plan.

### Challenges from the previous Corporate Business Plan

| Items  | Major contents   |
|--|--|
| <b>1. Accelerate business growth strategy</b>  |  |
| Enhancement of competitiveness and development of high-value added uses for basic businesses | <ul style="list-style-type: none"> <li>● Ensure thorough correcting our cost structure and rationalization with basic products to counter soaring material prices</li> <li>● Reinforce custom CO<sub>2</sub> absorbent amine compound business and in-house development (enter DAC business)</li> </ul>  |
| Expansion of specialty products and new businesses   | <ul style="list-style-type: none"> <li>● Expansion of specialty products and new businesses through maximum use of CM plants</li> <li>● Strengthen development of new organometallic catalyst-related products and rationalize costs</li> <li>● Enhance synergy with the Sumitomo Chemical Group (optical materials-related products, pharmaceutical intermediates, etc.)</li> <li>● Accelerate commercialization of PFAS-free ionic liquids and ionic liquids for dissolving cellulose</li> </ul> |
| Business portfolio sophistication  | <ul style="list-style-type: none"> <li>● Bolster competitiveness of the amine business through rebuilding of amine plants and collaboration with manufacturers in Japan and overseas</li> <li>● Formulate future plan for gas-phase reaction plants (rebuilding of CP plants)</li> </ul>   |
| <b>2. Strengthen business foundations</b>  |  |
| Acceleration of digital transformation (DX)  | <ul style="list-style-type: none"> <li>● Promote sophisticated use of the One KOEI Platform, utilize AI, and enhance development of digital personnel</li> </ul>   |
| Sustainability follow-up (SX)  | <ul style="list-style-type: none"> <li>● Continue with initiatives for carbon neutrality</li> <li>● Promote initiatives to improve KPIs and enhance TCFD-based disclosure</li> </ul>   |
| <b>3. Enhancement of human resources development</b>   |  |
| Improvement of capabilities for mid-career and new employees                                 | <ul style="list-style-type: none"> <li>● Improve employee engagement (fulfilment and challenges)</li> <li>● Strengthen and accelerate development based on new training system</li> </ul>  |

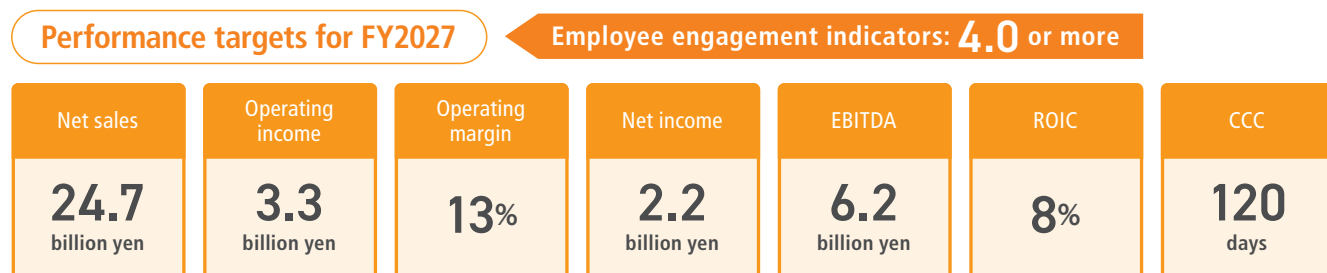
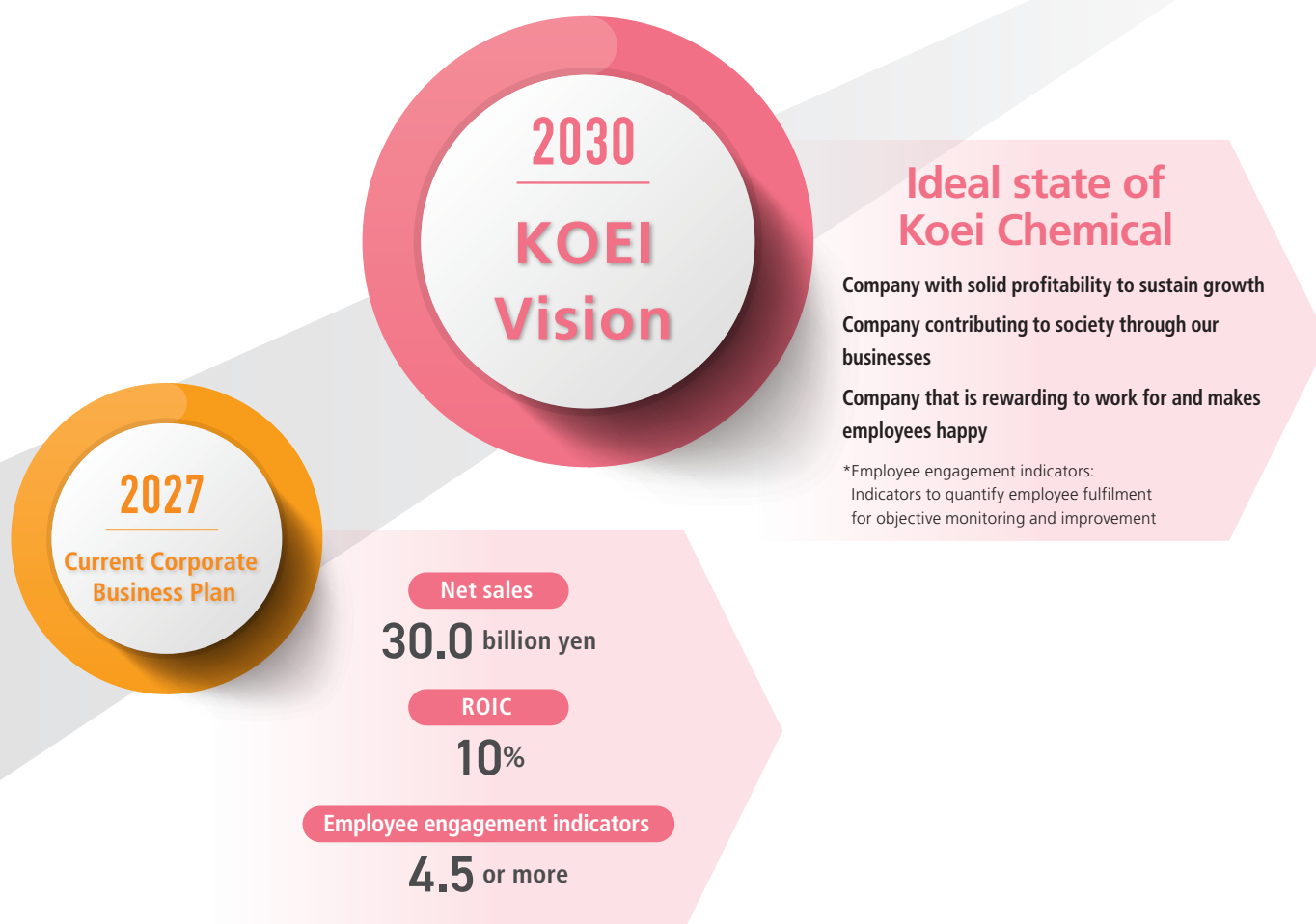
### Initial plan and results in FY2024

|              | Net sales        | Operating income | Operating margin | Net income      | EBITDA          | ROIC | CCC      |
|--------------|------------------|------------------|------------------|-----------------|-----------------|------|----------|
| Initial plan | 21.4 billion yen | 2.1 billion yen  | 10%              | 1.5 billion yen | 5.3 billion yen | 8%   | 151 days |
| Results      | 20.0 billion yen | 0.6 billion yen  | 3%               | 0.3 billion yen | 3.6 billion yen | 1%   | 152 days |

\*ROIC: Return on invested capital  
\*CCC: Cash conversion cycle

The current Corporate Business Plan, “KX2027: Striving for transformation utilizing knowledge and experience of over 100 years,” is a key stage for implementing various measures to achieve KOEI Vision 2030 and for linking these measures to solid results. To drive these results, in addition to solely numerical targets, we have clarified an “ideal state of Koei Chemical” to enable all employees to embrace the vision and cultivate a mindset for independent action.

We have also introduced employee engagement indicators in order to quantify employee fulfillment for objective monitoring and improvement activities.



In FY2027, we are targeting net sales of 24.7 billion yen and operating income of 3.3 billion yen through continued orders in the pharmaceutical and agrochemical intermediates business, as well as expecting a recovery in demand for organometallic catalyst-related products, and the expansion of synergy with the Sumitomo Chemical Group (in optical materials-related products). Moreover, we will aim to maintain the new product sales ratio of 30% and enhance our product portfolio.

Further, while we anticipate growth in our carbon neutral-related products and an increase in pharmaceutical intermediates through synergies with the Sumitomo Chemical Group, as well as an increase in applications for our ionic liquids, we expect these effects to increase significantly from FY2028 onward.

The basic policies of the current Corporate Business Plan are (1) enhance profitability; (2) accelerate business growth; and (3) strengthen business foundations. By engaging in company-wide efforts to promote the specific strategies below, such as reviewing our business portfolio from a profitability and strategy standpoint, we will aim for an operating margin of 13% and ROIC of 8%.

## Basic policies

### 1 Enhance profitability

Expansion of specialty products and new businesses

Rebuilding of basic businesses

Reviewing product portfolio

Correcting our cost structure and Streamlining expenses

### 2 Accelerate business growth

Expansion of the organometallic catalyst-related product business

Accelerate development of carbon neutral-related products

Enhance synergy with the Sumitomo Chemical Group

### 3 Strengthen business foundations

Employee engagement transformation (EX)

Digital transformation (DX)

Sustainability transformation (SX)

Management transformation (MX)

Governance transformation (GX)

### 1 Enhance profitability

We will enhance profitability based on fundamental efforts on correcting our cost structure and streamlining expenses, and work on the expansion of specialty products and new businesses, the rebuilding of basic businesses, and a review of our product portfolio as our priority tasks. Moreover, we will strive to develop proprietary products and create high-value-added products by further refining our unique technologies.

#### Expansion of sales of products manufactured at multi-purpose plants



Our multi-purpose plants (CM I to IV, pilot plant) each have different distinctive qualities. For more complex processes, we can organically integrate these plants to ensure an efficient and flexible supply structure. Through these plants, we will aim to further increase sales of our organometallic catalyst-related products and optical materials-related products.

## Bolster competitiveness of the amine business



We are currently working to optimize our production structure by rebuilding our amine plants and strengthening collaboration with manufacturers in Japan and overseas. Since examinations began in 2017, we have systematically rebuilt our amine plants and expect to have largely completed our restructuring efforts by 2027. We are also continuing to study the potential for a business alliance with local companies in India.

In the amine business, we are accelerating efforts to fundamentally improve the profitability of our existing products, acquire new custom projects, and expand sales of CO<sub>2</sub> absorbent amine compounds.

## Future plan for gas-phase reaction plants



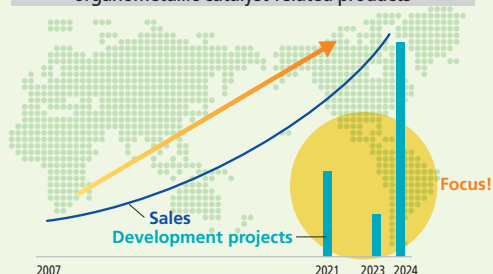
Combining our strengths in gas-phase and amine production technologies, we are diligently considering the mass production of CO<sub>2</sub> absorbent amine compounds. We will actively review our product portfolio, including replacing our existing products with CO<sub>2</sub> absorbent amine compounds in the future, and examine the best ways to build an optimal production structure.

## 2 Accelerate business growth

To accelerate business growth, we have positioned the expansion of organometallic catalyst-related product business, the expansion of the custom carbon neutral-related products business (CO<sub>2</sub> absorbent amine compounds), and the development of Koei's proprietary products as medium- to long-term growth drivers, and will further invest our management resources in these areas. We will also speed up new product development through synergy with the Sumitomo Chemical Group.

### Expansion of the organometallic catalyst-related product business

#### Commercialization and development of organometallic catalyst-related products



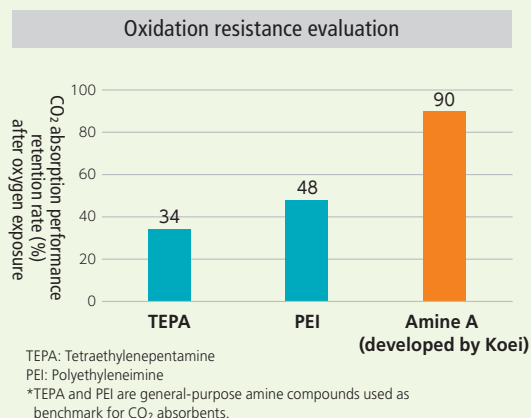
Special container for organometallic catalyst-related products

High-end polyolefin is used in various ways, including as a cutting-edge material for vehicles and semiconductors. We supply the organometallic catalysts that are essential to the manufacture of this high-end polyolefin. We have 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 to further ensure stable delivery of our organometallic catalysts to customers.

The global high-end polyolefin market is expected to achieve sustained growth, and as such we also expect demand for our organometallic catalysts to continue to grow. To date, we have built strong relationships of trust with key domestic and overseas petrochemical manufacturers through the supply of products on a commercial level. Also, we have continually acquired new projects that are next-generation catalysts, and have been advancing the development. By quickly and reliably transforming our development projects into full-scale product supply, we will work to further enhance our product lineup and transition to a highly profitable business model.

### Accelerating the development of carbon neutral-related products

We have positioned CO<sub>2</sub> absorbent amine compounds as one of our growth drivers, and in addition to the custom manufacturing of products developed by other companies, we also focus on the development of Koei’s proprietary products. We have identified amine compounds for direct air capture (DAC), which captures CO<sub>2</sub> directly from the atmosphere, as an important proprietary development target.



DAC materials must have excellent CO<sub>2</sub> absorption and desorption performance and boast high oxidation resistance to oxygen in the air. Using the technologies for fine organic synthesis we have developed over many years alongside our proprietary performance evaluation system, we have successfully developed amine compounds with outstanding oxidation resistance. These amine compounds are expected to prolong the lifespan of CO<sub>2</sub> absorbents for DAC.

We are also actively presenting our achievements externally, such as through displays at exhibitions and articles in industry magazines. Moreover, with the commercialization of successfully developed amine compounds in sight, we have begun providing samples for customer evaluation. Going forward, we will accelerate R&D aimed at commercialization, including development of new CO<sub>2</sub> absorbent amine compounds with excellent absorption and desorption performance.

## 3 Strengthen business foundations

In the current Corporate Business Plan, we will focus on (1) employee engagement transformation (EX); (2) digital transformation (DX); and (3) sustainability transformation (SX). At the same time, we will aim for continuous corporate value improvements through ongoing implementation of the management transformation (MX) and governance transformation (GX) initiatives based on the strong foundations we built in the previous Corporate Business Plan.

|                 |                           |   |   |
|-----------------|---------------------------|---|---|
| Material issues |                           | <b>EX</b><br>Employee engagement transformation | <ul style="list-style-type: none"> <li>● Career development for long-term success</li> <li>● Providing opportunities for self-learning and growth</li> <li>● Building a rewarding environment</li> </ul>      |
|                 |                           | <b>DX</b><br>Digital transformation             | <ul style="list-style-type: none"> <li>● Expand and make more sophisticated use of the One KOEI Platform</li> <li>● AI-driven productivity improvement</li> <li>● Development of digital personnel</li> </ul> |
|                 |                           | <b>SX</b><br>Sustainability transformation      | <ul style="list-style-type: none"> <li>● Promotion of new KPI</li> <li>● Responding to TCFD</li> </ul>  |
| Continuation    | Management transformation | <b>MX</b>                                       | Promotion of management indicators (ROIC/CCC), enhancement of various IR and PR activities  |
|                 | Governance transformation | <b>GX</b>                                       | Enhancement through strengthening of corporate governance system  |



**Hideo Wada**  
 Director, Senior Managing Executive Officer, in charge of Corporate Planning & Finance Office, Sustainability

### Message from an Officer in Charge of Financial & IR Strategies

To flexibly and appropriately respond to changes in our business environment and enhance our corporate value, we will strengthen company-wide efforts toward realizing management that is conscious of cost of capital.

At present, our cost of capital (WACC) is approximately 7%, and our cost of equity is around 8%. We recognize that to improve capital efficiency, we need to achieve an ROIC that exceeds these levels. Therefore, we have set performance targets for the final year of the current Corporate Business Plan (FY2025-FY2027) of 24.7 billion yen in net sales, an operating margin of 13%, and ROIC of 8%.

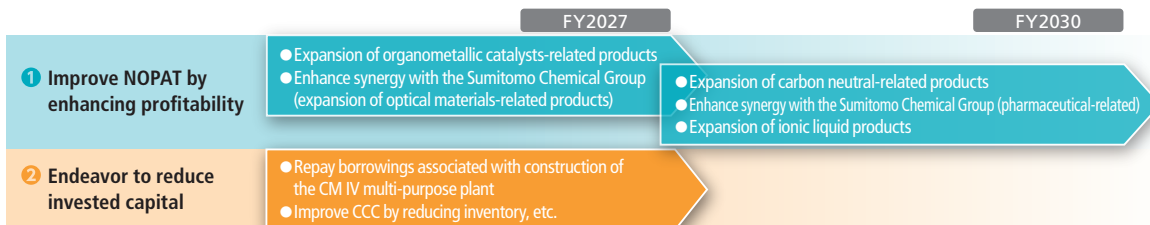
While the performance targets may appear ambitious in light of current profit and ROIC levels, we believe we have the potential to achieve them by pursuing the three basic policies detailed in the current Corporate Business Plan, namely, “enhance profitability,” “accelerate business growth,” and “strengthen business foundations,” to improve earning power and reduce invested capital.

Regarding funding during the three years of the current Corporate Business Plan, we aim to enhance our corporate value and share price by allocating resources efficiently and with consideration for balance, as shown in the charts below (in the “Cash allocation” section).

## 1. Initiatives for realizing management that is conscious of cost of capital

To achieve the performance targets set forth in the current Corporate Business Plan and KOEI Vision 2030, we will strengthen efforts to fundamentally improve the profitability of the entire company and reduce invested capital, thereby improving ROIC.

We aim to attain the performance targets by significantly increasing net sales and operating profit by enhancing the profitability of existing products and growing new businesses such as carbon neutral-related products, while simultaneously reducing invested capital by pursuing management efficiency through reduction of interest-bearing debt and improvement of CCC.



## 2. Cash allocation

In the current Corporate Business Plan, we have determined allocations with consideration for balance between the steady execution of loan repayments associated with construction of the CM IV multi-purpose plant, capital and R&D investment required for business maintenance and growth, and shareholder returns.

### Cash inflows

|                               |                  |
|-------------------------------|------------------|
| Projected operating cash flow | 12.0 billion yen |
| Fund procurement (borrowing)  | 1.5 billion yen  |

### Cash outflows

|                         |  |                 |
|-------------------------|--|-----------------|
| Capital investment      | Rebuilding Amine plants, new product development, human resources-related, DX-related, maintenance and renewal, etc. | 7.5 billion yen |
| R&D                     | Development of new products such as organometallic catalysts and carbon neutral-related products                     |                 |
| Repayment of borrowings | Repay borrowings associated with construction of the CM IV multi-purpose plant, etc.                                 | 4.5 billion yen |
| Shareholder returns     | Provision of shareholder returns through dividends   | 1.5 billion yen |

## 3. Dividend policy

Our policy is to provide returns to shareholders through dividends. Dividends shall be determined by comprehensively considering factors such as securing of long-term and stable profits for shareholders, our business performance, and the enhancement of shareholders’ equity to prepare for future business development. Regarding the payout ratio, the policy is to return approximately 50% of profits to shareholders through dividends as a general rule.

## 4. Strengthening IR

While we have been strengthening IR and PR activities through the publication of the Koei Chemical Report and the holding of quarterly financial results briefings for institutional investors, etc., we aim to increase our share price by better emphasizing our appeal externally in line with the current Corporate Business Plan. For example, we are going to further enhance our website content, explore the possibility of conducting briefings for individual investors, and expand TCFD disclosures.

### Specific initiatives

- Quarterly financial results briefings and Corporate Business Plan briefings
- Meetings with institutional investors
- Enhancement of Koei Chemical Report content
- Enhancement of website content
- Expansion of disclosures in line with TCFD recommendations
- Consideration of possibility of conducting company briefings for individual investors



Katsuhide Ohara  
Executive Officer, General Manager of  
Sales Headquarters

### Message from an Officer in Charge of Sales & Marketing Division

The Sales & Marketing Division tackles its day-to-day activities with the motto of speedy response that maximally leverages our core technologies. With the global situation currently undergoing major changes, flexibility of action and provision of sustainable value have become more important than ever. Under these circumstances, in addition to further business development in the two fields of CO<sub>2</sub> absorbents and organometallic catalysts, which were positioned as growth drivers last year as carbon neutral (CN)-related products, we are advancing the utilization of DX technology and the transformation of our product portfolio. We are also focusing on expanding our functional material and pharmaceutical and agrochemical intermediate businesses, and while maximizing our “responsiveness” and “mobility,” we intend to make steady progress toward the targets of the Corporate Business Plan that we began implementing this fiscal year, and also toward the targets of KOEI Vision 2030 (FY2030: net sales of 30.0 billion yen and ROIC of 10%).

## Sales & Marketing Division strategy

### 1 Expanding new businesses that leverage our core technologies

Based on three core technologies, (1) high-pressure reaction technologies for synthesizing specialty amines, (2) gas-phase reaction technologies for synthesizing pyridines and pyrazines, and (3) precision organic synthesis technologies in our multi-purpose plants, we supply materials and intermediates in diverse fields including life science, environment and energy, and ICT.

Our multi-purpose plants are outfitted with a wide range of equipment, including GL, SUS, hastelloy reactors, and filtration dryers. Utilizing these facilities, we manufacture organometallic catalysts that are extremely sensitive to oxygen and water, pharmaceutical intermediates that require high management standards, and specialty products. In 2022, the CM IV plant, our largest plant, began operation, and in 2023, we installed pilot equipment, working to strengthen our stable supply system and create new businesses. In the area of ionic liquids, which we developed ourselves, we propose products including PFAS-free products, and are also developing new applications such as electrolytic solution and cellulose dissolution applications, in addition to conventional anti-static applications.

### 2 Strengthening growth driver businesses: CO<sub>2</sub> absorbent amine compounds and organometallic catalysts

We are concentrating on CO<sub>2</sub> absorbents and organometallic catalysts as growth drivers for the future. Regarding CO<sub>2</sub> absorbents, we are expanding the business with both custom synthesis and in-house development of amine compounds, and in May 2025 we issued a news release on “CO<sub>2</sub> absorbent amine compounds for DAC with high oxidation resistance.” For organometallic catalysts, we specialize in high-end polyolefin use, and are accumulating experience in manufacturing for major domestic and international companies.

### 3 Business portfolio enhancement

To achieve KOEI Vision 2030, we are aiming to transform our product portfolio and offer high-value-added products. While introducing products to multi-purpose plants and maximizing profitability are our top priorities, we are also giving attention to our conventional gas-phase and high pressure hydrogenation plants, optimizing production systems and exploring potential areas for cooperation with overseas partners. We will also continue working to maximize synergy with the Sumitomo Chemical Group.

#### TOPICS

#### Status of DX initiatives for sales

To bring about “AI-driven productivity improvement,” a pillar of the DX strategy outlined in the Corporate Business Plan, the Sales & Marketing Division is considering adding generative AI to the One KOEI Platform, our company-wide digital infrastructure (for details, please refer to “DX Strategy” on page 27). Among the business issues identified during an AI workshop conducted by the vendor, “information summarization during document preparation” was confirmed, based on the results of investigations, as having the potential to improve productivity if AI were used for it. For example, AI is able to analyze and summarize vast amounts of product-linked sales report data in a short time. Going forward, we plan to enhance and refine information and integrate it with other systems so that generative AI can be utilized for various business operations.



AI workshop with One KOEI Platform vendor



**Toru Uekawa**  
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 the accumulation of innovative and pioneering technologies developed in-house, based on organic synthesis that we have cultivated for over 100 years the more than a century since our foundation. We have consistently launched high-value added and high-performance products that have also earned high global reputation.

The Research & Development Division will proactively take on the challenges of entering new carbon neutral-related fields that leverage the technologies of our basic products (pyridines and amines) to promote accelerated business growth, as well as expanding cutting-edge organic synthesis catalyst-related businesses within specialty products and new businesses (custom synthesis and specialty products). We will contribute to the development of society by providing valuable products and solutions based on such innovative technologies.

## Research & Development Division strategy

### 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 CO<sub>2</sub> absorbents, we are developing proprietary amine compounds for DAC (direct air capture), i.e., the direct capture of atmospheric CO<sub>2</sub>, in addition to being consigned with the industrial production process development of amine compounds developed by other companies. Furthermore, ionic liquids with low environmental impact are also in demand in the market, and to meet such customer needs, we are also advancing the development of "halogen-free ionic liquids."

### 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 and agrochemical intermediates, organometallic catalysts, specialty materials, etc." and "proprietary products." We need to promote cross-functional activities among manufacturing, sales, and R&D to bring these products to market at an early stage. 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 universities including Shinshu 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

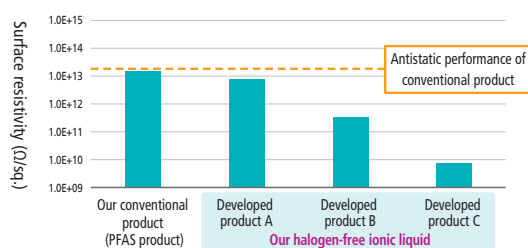
We have been fortifying intellectual property and technology survey functions of our Research & Development Division. We have also been promoting value co-creation through integration with the stage management systems for research and development themes. And this fiscal year, with the aim of developing intellectual property experts, we rotated personnel between research work and intellectual property work.

#### TOPICS

### Development of halogen-free ionic liquids

We manufacture and sell ionic liquids used in antistatic agents for resin films. In recent years, due to concerns in many countries and companies about the harmfulness of PFAS (organofluorine compounds), chlorine, and other halogen compounds to human health and the environment, demand for halogen-free ionic liquids has been increasing. To meet such demand, we moved forward with product development based on our proprietary design know-how and mass production technology, and succeeded in developing a unique halogen-free ionic liquid. Despite not containing halogen compounds, it offers a level of antistatic performance superior to conventional products. We are preparing to provide samples to customers, and aiming to expand our ionic liquid business through early commercialization.

#### Antistatic performance of ionic liquid (effect of addition to acrylic adhesive)



\*1 wt% ionic liquid added to resin  
\*The smaller the surface resistivity, the better the antistatic performance.



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

### Message from an Officer in Charge of Production & Technology Division

The Production & Technology Division works continuously to ensure safe and stable operations, ensure compliance, and promote sustainability, which constitutes our business foundations, in order to earn greater trust from society. To that end, we will further strengthen our business foundations through a production system that can pursue the appeal of manufacturing (Power of Manufacturing = the ability of plants to generate profit) and firmly establish our foundation. And by translating this into production efficiency and streamlining, we will realize the creation of new value, and every member of our division will work together toward achieving the goals of our current Corporate Business Plan while remaining conscious this fiscal year of the 4Cs: “creating new things (Change),” “broadening our scope (Challenge),” “refining and accumulating (Charge),” and “practicing and continuing to nurture (Chiba Culture).”

## Production & Technology Division strategy

### <Strengthening responsible care activities>

#### 1 Continuation of safe (health, safety, security, and disaster prevention) and stable operations

Based on the basic principle of “making safety our first priority,” we will engage in production activities while always being conscious of our own responsibilities. To that end, we will nurture our site culture (safety culture) through daily efforts in small group activities and improvement activities. Furthermore, we will accelerate the execution of plans to replace or rebuild aging facilities, and in order to enhance our business portfolio, we will consider business partnerships with domestic and overseas companies. In addition, we will respond with precision and speed to domestic and international regulatory trends, identify critical risks in facilities, processes, and technologies through risk assessments. And by pursuing continuous improvement, we will secure the safety, trust, and empathy of stakeholders, including employees and local communities.

#### 2 Action for environmental preservation

To reduce environmental impact and contribute to sustainable social development, we will actively advance the establishment of circular processes from raw material delivery through manufacturing, product shipment, and disposal, as well as the introduction of new technologies. Furthermore, we will accelerate efficiency improvements in various operations, including the analysis of accumulated big data using statistical tools, through cross-departmental DX, and will produce difficult-to-manufacture products such as organometallic catalysts and CN-related products using environmentally friendly processes.

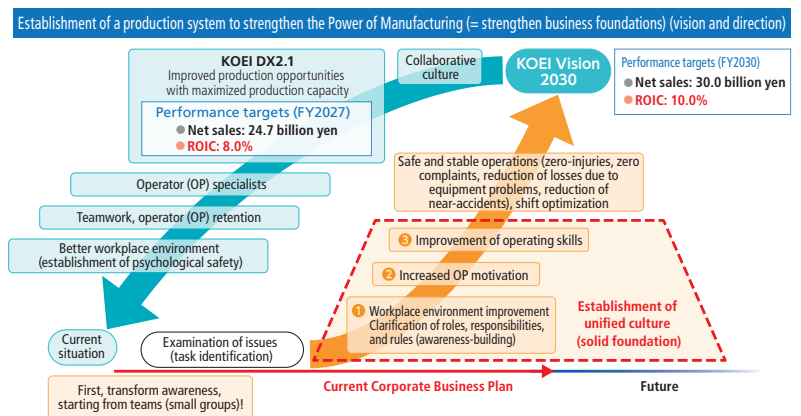
#### 3 Improvement of quality management

To provide products and services with qualities that can satisfy customers, including people who will be performing the next process, and that they can use with confidence, and also to realize better quality, lower costs, and shorter lead times, we will strengthen our one-team approach, a synchronized initiative that transcends departmental boundaries through the integration of manufacturing, sales, and R&D. Through rigorous investigation of the causes of past incidents and the implementation of fundamental countermeasures, we will work to prevent recurrences. And by following the PDCA cycle and enhancing each individual’s quality management awareness through education and training, we will move toward prevention before occurrence and continuously increase customer satisfaction.

### TOPICS

## Establishment of a production system to strengthen the Power of Manufacturing

The Production & Technology Division aims to increase our production capacity, and by ensuring each employee achieves their goals, the confidence of individuals and the organization will be enhanced, leading to the establishment of a production system that can pursue the appeal of manufacturing. To this end, we will have each individual be conscious of “roles, responsibilities, and rules,” foster a favorable workplace environment, translate this into higher motivation and skills, and establish a solid foundation. To realize these goals, we in the manufacturing departments have independently created and began deploying a roadmap for new employee development and operation skill charts for operators. Through these initiatives, we will be rapidly developing personnel and their fundamental skills, as we work toward the realization of KOEI Vision 2030.





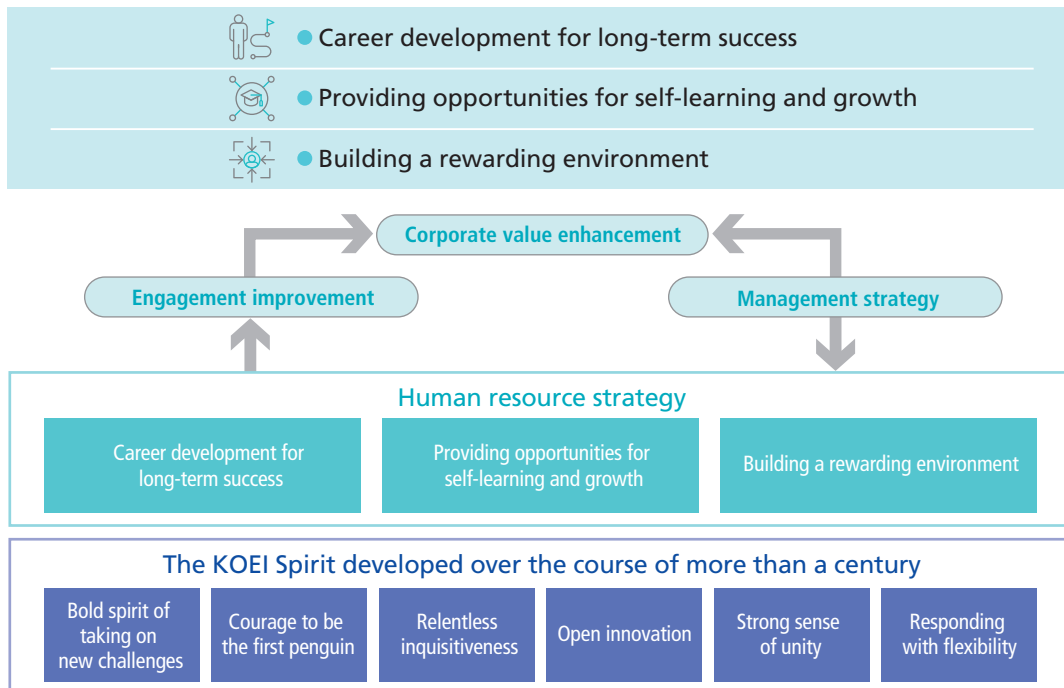
**Takashi Ohata**  
 Managing Executive Officer, in charge of Logistics & Procurement Office, General Affairs & Personnel Office, and Internal Control & Audit Office

### Message from an Officer in Charge of Human Resource Strategy

As part of our efforts to “strengthen business foundations,” one of the basic policies of the current Corporate Business Plan, we have declared the objective of “employee engagement transformation (EX),” and are advancing various initiatives to successfully execute our three human resource strategies: “career development,” “provision of opportunities for personal development,” and “building a rewarding environment.” Of these, we have only just started implementing the first two, but we have already begun the systematic rotation of all employees. Meanwhile, we have performed an S&B (scrap and build) of our training system, and this April we launched our internal university, KOEI MANABIYA, and put Skillnote® (skill management system) into operation. As for the third strategy, to create an open workplace environment, we have expanded the scope of coaching training, which was initially for executives, to include middle managers, and have provided opportunities for all executive and management personnel to learn how to draw out the individual capabilities of each person while being conscious of the presence of diverse personnel around them. We are determined to continue thoroughly implementing corporate management with a focus on “People.”

### Human resource strategy

Since the Company’ 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.” 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.



#### 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”

## Employee awareness survey

From January to February of this year, we conducted our second “employee awareness survey.” At 96%, the response rate was nearly 100%, as it was with the previous survey. Here we present the current state of the Company as revealed by “employee engagement indicators” set as targets in the current Corporate Business Plan, “work-life balance indicators” set as corporate KPIs, and the results of the “employee awareness survey.”

### Status of employee engagement indicators and work-life balance indicators

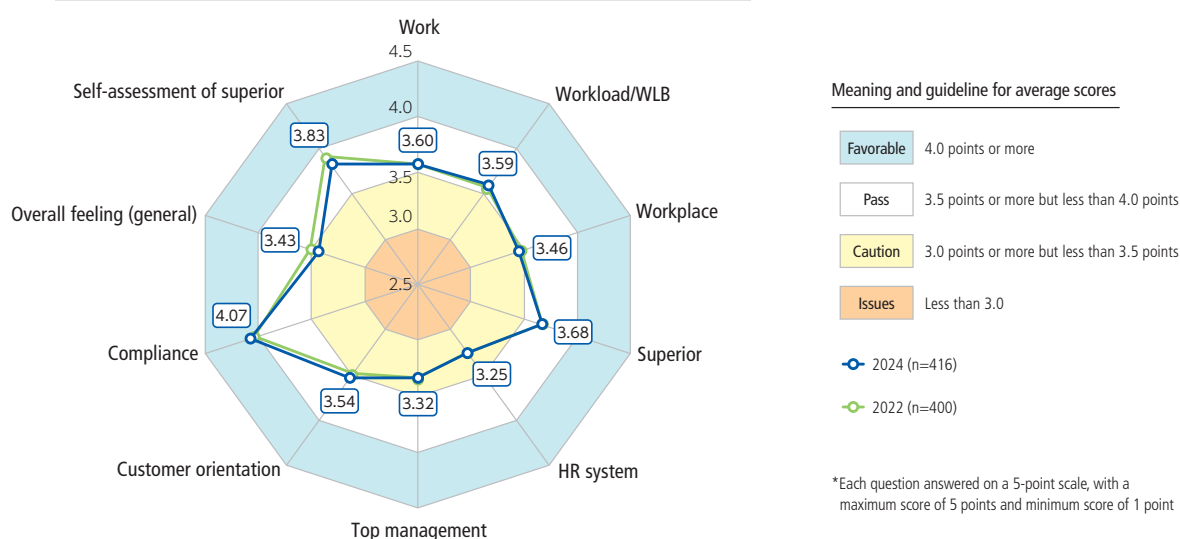
The scores for both indicators were the same as last time (FY2022), and exceeded the pass mark (3.5 points), but the results also indicated that issues (weaknesses) in several categories have not been overcome.

|                                | This time  | Last time  | Target              |  |
|--------------------------------|------------|------------|---------------------|--|
| Employee engagement indicators | 3.6 points | 3.6 points | 4.0 points (FY2027) | Current Corporate Business Plan target |
| Work-life balance indicators   | 3.6 points | 3.6 points | 4.0 points (FY2030) | Koei Chemical KPI                      |

### Comparison with previous results

Scores declined from the previous survey in the categories of “overall feeling (such as pride in working at the Company)” and “workplace (such as the workplace being vibrant).” The score for “customer orientation (the level of our efforts to improve customer satisfaction is high)” increased from the previous survey.

Scores by each category of employee engagement indicators



### About the results

Our strengths as revealed by the survey results are as follows

Strengths

- 1 No major problems are seen in terms of trust between superiors and subordinates
- 2 Understanding of evaluation criteria and evaluation processes has improved, deepening acceptance of evaluations
- 3 Compliance with laws and regulations and rules is favorable
- 4 Appropriate delegation of authority to relevant employees is progressing
- 5 Sexual harassment has further decreased and the situation is improving

In response to the previous survey results, we have been providing “coaching training,” “manager-level employee training (G2 bird’s eye view) sessions,” “study sessions for early development of young employees,” and other programs. In April, we overhauled our training system to support employee growth, and launched KOEI MANABIYA. In addition, we extended the retirement age and raised the upper age limit for re-employment after retirement so that employees can work with a sense of fulfillment until age 70. Going forward, while following the PDCA cycle, we will implement various measures toward the goals of “4.0 or more for engagement indicators” and “4.0 or more for work-life balance indicators,” which are stated in the current Corporate Business Plan or as corporate KPI targets.

## Internal university KOEI MANABIYA

In FY2025, we launched our internal university, KOEI MANABIYA. We have overhauled our previous training system and prepared a curriculum comprising core training, level-specific training, and specialized training, offering an education tailored for various job levels and fields, and this curriculum will provide a platform for each individual's personal development.

Concurrently, we have introduced a skill management system, and will pursue systematic human resource development within the organization through centralized management that visualizes skills, qualifications, education, and work histories.

### KOEI MANABIYA

- Provision of growth opportunities for personal development and self-actualization
- Visualization of personal development through OJT, off-JT, and self-development
- Translating education and training into subsequent behavioral changes

We started coaching training in 2023, and have expanded the scope to include all Executive Officers, General Managers, and Managers. Furthermore, as diversity training for all managerial personnel, we have created opportunities for them to learn how to manage in such a way that they leverage the strengths of individuals while remaining conscious of the presence of various types of personnel around them. We are deepening learning not only about general DE&I but also on how to translate the individuality and abilities of diverse personnel into comprehensive corporate capabilities.



### Results of training

**Training costs** 195,000 yen/year/person (Male: 191,000 yen/year/person, Female: 225,000 yen/year/person)

**Training hours** 28 hours/year/person (Male: 28 hours/year/person, Female: 31 hours/year/person)

### Main training contents

| Core training                                  | Level-specific training   | Specialized training   |
|--|---|--|
| Orientation training for new employees         | Training for promoted employees (managerial personnel, role grades) | Basic technical training for new employees                         |
| Compliance training                            | Coaching training   | Chemical safety simulation training                                |
| Mental health training (line care)             | Training for evaluators   | Safety simulation training room                                    |
| Mental health training (self-care)             | HR, labor & RC management training with Sumitomo Chemical Group     | Technical seminar  |
| Information security training                  |   | Autonomous maintenance operators 1st class (correspondence course) |
| 2nd- and 3rd-year training                     |   | Autonomous maintenance operators 2nd class (correspondence course) |
| Training for increasing ability to take action |   | Sumika Knowledge (online)  |

Please see pages 53 to 54 for data on human capital.

## 1. DX objectives

To further deepen our initiatives (KOEI DX 2.0) to “improve productivity” and “strengthen competitiveness” through digital transformation (DX), a declared objective in our previous Corporate Business Plan, we are now implementing “KOEI DX 2.1,” a company-wide cross-departmental DX initiative. For KOEI DX 2.1, we have determined three pillars for DX activities, as outlined in our current Corporate Business Plan (KX2027). These are “expand and make more sophisticated use of the One KOEI Platform\*,” “AI-driven productivity improvement,” and “development of digital personnel,” and we are pursuing various initiatives for the successful execution of KX2027 and the realization of KOEI Vision 2030.

\*Company-wide information sharing infrastructure built on a cloud-based customer relationship management (CRM) platform

### DX strategy direction

| FY2019   | FY2022   | FY2025                   | FY2028  | FY2030                        |
|--|--|--------------------------|---|-------------------------------|
| KOEI DX1.0   | KOEI DX2.0   | KOEI DX2.1               | KOEI DX3.0  | KOEI Vision 2030              |
| Individual optimization<br>Business efficiency improvement | Total optimization<br>Improve productivity and competitiveness | Deepening of KOEI DX 2.0 | Creation of new businesses<br>Business model transformation | Net sales<br>30.0 billion yen |
|  |  |                          |   | ROIC<br>10.0%                 |

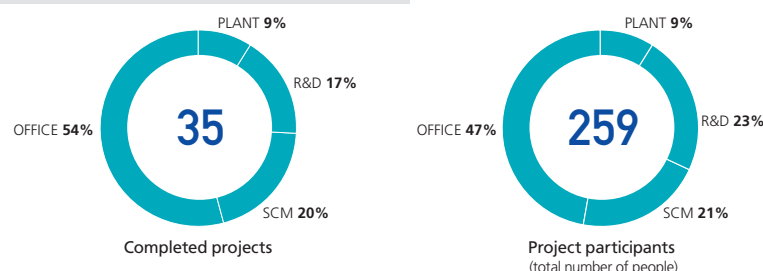
### Three pillars of DX strategy in current Corporate Business Plan

|   |                                    |                                  |
|---|------------------------------------|----------------------------------|
| Expand and make more sophisticated use of the One KOEI Platform | AI-driven productivity improvement | Development of digital personnel |
|---|------------------------------------|----------------------------------|

## 2. Reflection of KOEI DX 2.0

Under KOEI DX 2.0, we pursued DX activities in the fields of PLANT, R&D, SCM, and OFFICE by having selected members across the Company’s departments work on them as their own projects, and as a result of their efforts, 35 DX-related projects were completed, which was a tremendous outcome.

### Overview of KOEI DX 2.0 (pie chart)



### Overview of KOEI DX 2.0 (table)

|    | Field                                      | Program name                                    | Project name   | Status   |
|----|--|---|--|----------|
| 1  | PLANT                                      | Production review and feedback                  | Production capacity optimization                               | Complete |
| 2  |  |   | Capital expenditure optimization                               | Complete |
| 3  |  | Organizational restructuring of plants          | Team optimization  | Complete |
| 4  | R&D  | DX environment development                      | Establishment of a database for research technology succession | Complete |
| 5  |  |   | Renewal of technical document management database              | Complete |
| 6  |  |   | Establishment of a data storage environment (Step 1)           | Complete |
| 7  |  |   | Introduction of TeachMeBiz                                     | Complete |
| 8  |  | Promotion of MI activities                      | Acquisition of in-house MI case studies                        | Complete |
| 9  | Training of R&D engineers                  | Training of data engineers                      | Complete   |          |
| 10 | SCM  | Real-time sharing of information                | Establishment of the One KOEI Platform                         | Complete |
| 11 |  |   | Introduction of a business card management system              | Complete |
| 12 |  |   | Business process optimization (Step 1)                         | Complete |
| 13 |  |   | Business process optimization (Step 2)                         | Complete |
| 14 |  |   | Business process optimization (Step 3)                         | Complete |
| 15 |  |   | Business process optimization (Step 4)                         | Complete |
| 16 |  |   | Introduction of Data Driven Management                         | Complete |
| 17 | OFFICE                                     | Leveling and standardization of operations      | Shift to online performance forecasting operations (Step 1)    | Complete |
| 18 |  |   | Turning tacit knowledge into explicit knowledge (Step 1)       | Complete |
| 19 |  |   | Turning tacit knowledge into explicit knowledge (Step 2)       | Complete |
| 20 |  |   | Transfer of fixed cost management system                       | Complete |
| 21 |  |   | Operational reforms for the Engineering Department             | Complete |
| 22 |  | Promotion of paperless work                     | Shift to paperless work for the RC Committee                   | Complete |
| 23 |  |   | Digitization of fax-related operations (Step 1)                | Complete |
| 24 |  |   | Digitization of fax-related operations (Step 2)                | Complete |
| 25 |  |   | Digitization of fax-related operations (Step 3)                | Complete |
| 26 |  |   | Shift to an electronic approval system                         | Complete |
| 27 |  |   | Reduction of paper output from multifunction devices           | Complete |
| 28 |  |   | In-house development of the One KOEI Platform                  | Complete |
| 29 |  | Digitization of inquiries and requests (Step 1) | Complete   |          |
| 30 |  | Provision of work style options                 | Considering labor management for telework                      | Complete |
| 31 |  |   | Realizing workspaces suited to the DX era (Step 1)             | Complete |
| 32 |  |   | Realizing workspaces suited to the DX era (Step 2)             | Complete |
| 33 |  | Improvement of digital literacy                 | Improvement of Office tool skills (FY2022)                     | Complete |
| 34 | Improvement of Office tool skills (FY2023) |   | Complete   |          |
| 35 | Improvement of Office tool skills (FY2024) |   | Complete   |          |

### 3. KOEI DX 2.1 vision

The goal we aim to achieve through KOEI DX 2.1 activities and the specific initiatives we are pursuing are as follows:

|                |  |
|----------------|--|
| <b>PLANT</b>   | PLANT resilience plan: <b>Double production capacity</b>                                       |
| <b>R&amp;D</b> | <b>Double the number of launched high-profit products</b> through R&D innovation               |
| <b>SCM</b>     | <b>Double sales opportunities</b> through business optimization across the entire supply chain |
| <b>OFFICE</b>  | <b>Halve conventional operations</b> through optimization and create future businesses         |

| KOEI Vision 2030 |                         |
|------------------|-------------------------|
| Net sales        | <b>30.0 billion yen</b> |
| ROIC             | <b>10.0%</b>            |
| CCC              | <b>100 days</b>         |

#### 1 PLANT initiatives

We will improve production efficiency and optimize overall plant operations to double productivity. As initiatives for achieving this, we will actively promote plant digitalization, including automation of plant operations using DCS and optimization of facility management utilizing AI. We will also review processes for overall plant operations and aim for further optimization.

#### 2 R&D initiatives

To double the number of high-profit products launched, we will focus further on data accumulation and utilization, as well as the sharing of intellectual property-related information. Specifically, we will expand use cases for materials informatics (MI), build a research compound database, and link intellectual-property-related information with research themes and product information via the One KOEI Platform.

#### 3 SCM initiatives

To double sales opportunities, we will work on creating new businesses and shortening lead times across the entire supply chain. We believe that further information sharing through the One KOEI Platform and analysis with AI are important for both initiatives. We will also move forward with streamlining business processes related to new product development.

#### 4 OFFICE initiatives

To halve conventional operations, we will standardize operations and eliminate “wasteful” and “uneven” operations. Specifically, we will utilize the One KOEI Platform to advance digitalization for various inquiries and requests, and improve business efficiency with AI. We will establish a structure that enables the time freed up to be used for profit-generating operations.

### 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 Matsuri (DX Best Practices Showcase)” (twice a year in spring and autumn), in which everyone participates, aiming to help foster a mindset to DX.

At the 2025 KOEI Spring Digital Matsuri (DX Best Practices Showcase) held in April 2025, we gave presentations on our shift to in-house development of the One KOEI Platform and use cases from the Engineering Department, as well as on proof of concept (PoC) for generative AI, a new initiative for us. We also invited a lecturer from outside the Company to give a talk on the potential for the “transformation of manufacturing industry through AI utilization and data integration.” Approximately 220 people participated in the event, including people from outside the Company, 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 aim to enhance corporate value through the integrated creation of economic value and social value, sustainable growth, and the realization of a sustainable society, and in our newly formulated Corporate Business Plan (FY2025-FY2027), we have positioned sustainability transformation (SX) as one of the material issues for strengthening business foundations. Since FY2022, we have employed KPIs for monitoring the status of our sustainability initiatives, and have been using them to manage progress, but to further reflect our commitment to strengthening our sustainability activities, we have added four new indicators: "effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents," "sales of catalyst-related products," "percentage of female employees," and "work-life balance indicators." In addition, regarding climate change response in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as a member of the Sumitomo Chemical Group, we have provided the Group with the data required for its disclosure, however, starting this year, we have made the decision to conduct our own independent scenario analyses and to disclose information on our climate change response in line with the TCFD recommendations. We will continue striving to further enhance information disclosure, and work to resolve various social issues through our business.

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

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

\*Diversity, Equity & Inclusion

#### Foundation for business continuation

- Occupational safety and health, and operational safety and disaster prevention
- Product safety and quality assurance
- Respect for human rights
- Cybersecurity
- Compliance
- Anti-corruption

| KPI   | FY2023 result   | FY2024 result   | Change |
|---|-----------------|-----------------|--------|
| CO <sub>2</sub> emissions (Scope 1 + 2)                               | 33% reduction   | 34% reduction   | ↗      |
| Improvement in energy efficiency etc. <sup>*1</sup>                   | 90.6            | 79.8            | ↗      |
| Sales of raw materials and intermediates for crop protection products | 3.1 billion yen | 3.2 billion yen | ↗      |
| Sales of raw materials and intermediates for pharmaceuticals          | 6.7 billion yen | 6.1 billion yen | ↘      |
| Sales of electronic related materials                                 | 4.5 billion yen | 5.0 billion yen | ↗      |
| New product sales ratio   | 26.6%           | 30.3%           | ↗      |
| Cumulative savings from cost rationalization                          | 1.0 billion yen | 1.1 billion yen | ↗      |
| Digital literacy assessment <sup>*2</sup>                             | 2.8             | 3.2             | ↗      |
| Percentage of female new graduate hires                               | 40.0%           | 50.0%           | ↗      |
| Employment rate of persons with disabilities                          | 3.4%            | 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

**CO<sub>2</sub> emissions (Scope 1 + 2)**  
**[Target: 50% reduction compared to FY2013]**

➤ **FY2024 result: 34 % reduction**

**Improvement in energy efficiency, etc.**

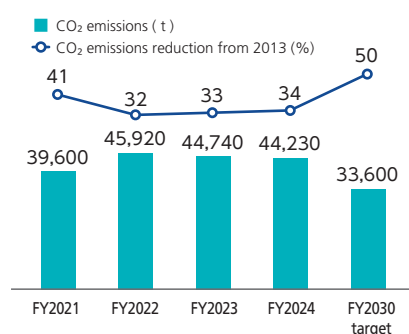
➤ **FY2024 result: 79.8**



The graph below shows trends in CO<sub>2</sub> emissions and improvement in energy efficiency, etc.

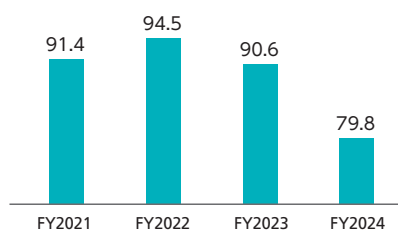
Regarding CO<sub>2</sub> emissions, our emissions in FY2024 were 44,230 t, and while the electricity emission factor deteriorated, we achieved a 34% reduction compared with that in FY2013, due to the effects of a collaborative energy-saving project with Sumitomo Chemical at our Chiba Site and the start of operations of a solar power generation system, etc. Meanwhile, energy efficiency etc. (indexed with FY2020 set at 100) improved significantly compared with our target, to 79.8. Going forward, we will pursue energy-saving and other measures in our aim for further improvements.

CO<sub>2</sub> 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**

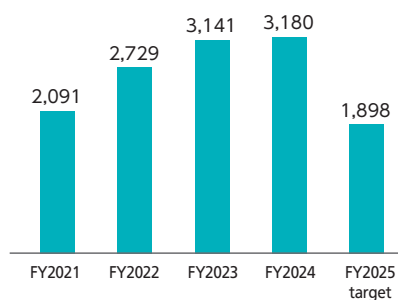
➤ **FY2024 result: 3.2 billion yen**



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 FY2024, these products accounted for 16% of total net sales and increased by 3% year on year, due to solid demand for high-selling agrochemical intermediates. From FY2025 onward we anticipate a temporary decrease in demand for high-selling agrochemical intermediates, but we are endeavoring to contribute to this field through the development of new products and applications, etc.

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



## Contribute to healthcare

### KPI

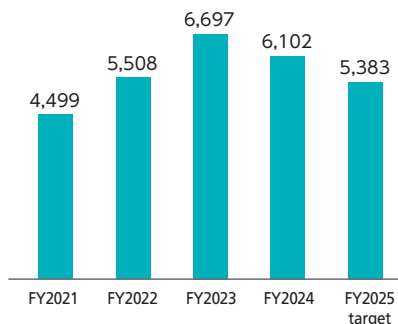
**Sales of pharmaceuticals-related products**

➤ **FY2024 result: 6.1 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.

Sales of raw materials and intermediates for pharmaceuticals (Millions of yen)



## Contribute to ICT

KPI

### Sales of electronic related materials

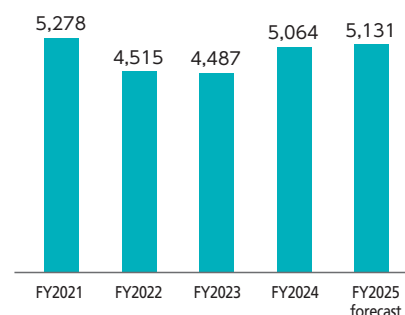
➤FY2024 result: **5.0 billion yen**



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 FY2024, these products accounted for 25% of total net sales and increased by 11% year on year. From FY2025 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 (Millions of yen)



## Advance innovation

KPI

### New product sales ratio

➤FY2024 result: **30.3%**

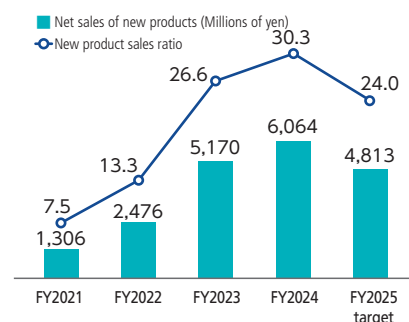
### Cumulative savings from cost rationalization

➤FY2024 result: **1.1 billion yen**

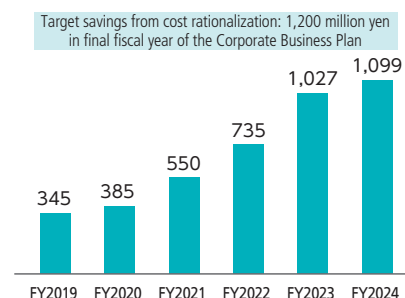


The trends in the new product sales proportion and the cumulative savings from cost rationalization are shown in the graphs. Both KPIs are improving steadily through expanded sales of agrochemical intermediates and optical materials-related products, etc. We will continue to promote the development of applications for existing products and will aim to further enhance the new product sales, in particular, for carbon neutral-related products, optical materials-related products and organometallic catalysts.

New product sales ratio



Cumulative savings from cost rationalization (Millions of yen)



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

Target savings from cost rationalization: 1,200 million yen in final fiscal year of the Corporate Business Plan

### TOPICS

## 2nd Company-wide Innovation Contest held

On August 29, 2025, our Company-wide Innovation Contest took place for the second time at our Chiba Site. We organized this contest for the first time last year, for the purpose of creating a setting for all departments to present their innovation initiatives, in order to accelerate “innovation in all departments: manufacturing, sales, research, and other supporting functional divisions,” as declared in KOEI Vision 2030.

More than 200 employees participated, either at the venue itself or online, and the content of the presentations triggered lively exchanges of opinions that transcended departmental boundaries. As we work to achieve KOEI Vision 2030, we will continue to accelerate innovation in all departments and work to realize a sustainable society through our business.



## Bolster competitiveness leveraging DX

KPI

### Digital literacy assessment

> FY2024 result: **3.2**



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.

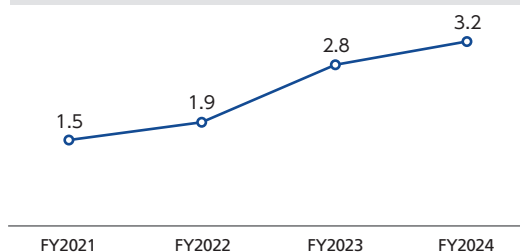
Based on this assessment, our digital literacy score in FY2024 was 3.2 points, an improvement by 0.4 points from the previous year, and we are steadily achieving results. We will aim for sustained improvements in our digital literacy going forward.

#### 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                              | 4.0            |
| 3  | Mindset/corporate culture            | 4.0            | 9  | Ownership of the business operation department     | 4.0            |
| 4  | Promotion/support systems            | 4.0            | 10   | Analysis and assessment of IT assets               | 3.0            |
| 5  | HR Development/secure HR recruitment | 3.0            | 11   | Categorization of IT assets and planning thereof** | 3.0            |
| 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)

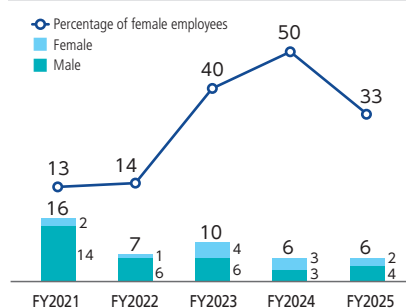
> FY2024 result: **3.4%**



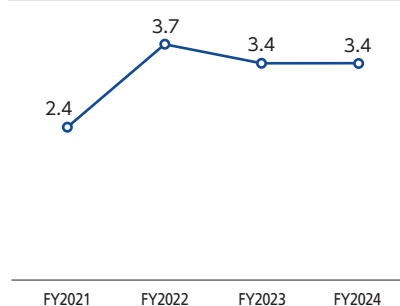
In order to raise the employee retention rate and improve the company-wide percentage of female employees, we are working to first achieve our target for the percentage of female new graduate hires of 20% or more. We were able to exceed the target in FY2023 and FY2024 thanks to the steady activities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

With regard to the employment of people with disabilities, we have endeavored to create and secure job opportunities by offering a wide range of job types.

#### Percentage of female new graduate hires





#### Employment rate of persons with disabilities (%)



# Review of Koei Chemical's KPIs

To further clarify our contributions to the creation of a sustainable society, we conducted a review of our KPIs alongside the formulation of the Corporate Business Plan beginning in FY2025, and set forth the new KPIs outlined below.

| Material issues   | Koei Chemical KPI  |
|---|--|
| <p><b>Material issues for social value creation</b></p>  | <ul style="list-style-type: none"> <li>● <b>Contribute to the environment</b> <ul style="list-style-type: none"> <li>● Climate change mitigation and adaptation</li> <li>● Contribute to recycling resources</li> <li>● Sustainable use of natural capital</li> </ul> </li> <li>● <b>Contribute to the food supply issues</b></li> <li>● <b>Contribute to healthcare</b></li> <li>● <b>Contribute to ICT</b></li> </ul>  |
| <p><b>Material issues for future value creation</b></p>  | <ul style="list-style-type: none"> <li>● <b>Advance innovation</b></li> <li>● <b>Bolster competitiveness leveraging DX</b></li> <li>● <b>Human resources: DE&amp;I*, growth &amp; development, health</b></li> </ul>   |
|   | <ul style="list-style-type: none"> <li>● CO<sub>2</sub> emissions (Scope 1 + 2)<br/>[Target: 50% reduction compared to 2013]</li> <li>● <b>Effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents</b> <span style="background-color: #800080; color: white; padding: 2px;">New</span></li> <li>● <b>Sales of catalyst-related products</b> <span style="background-color: #800080; color: white; padding: 2px;">New</span></li> <li>● Sales of raw materials and intermediates for agrochemicals</li> <li>● Sales of raw materials and intermediates for pharmaceuticals</li> <li>● Sales of electronic related materials</li> <li>● New product sales ratio</li> <li>● <b>Cumulative improvements in variable costs</b> <span style="background-color: #4682B4; color: white; padding: 2px;">Change</span></li> <li>● Digital literacy assessment</li> <li>● <b>Percentage of female employees</b> <span style="background-color: #800080; color: white; padding: 2px;">New</span><br/>[FY2030 target: 15% or more]</li> <li>● <b>Work-life balance indicators</b> <span style="background-color: #800080; color: white; padding: 2px;">New</span><br/>[FY2030 target: 4.0 or more]</li> </ul> |

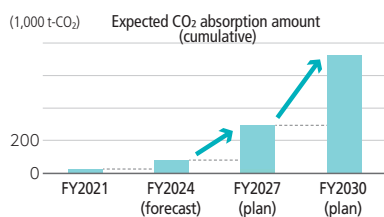
\*Diversity, Equity & Inclusion

An overview of the newly established KPIs is provided below.

## KPIs for environmental contributions

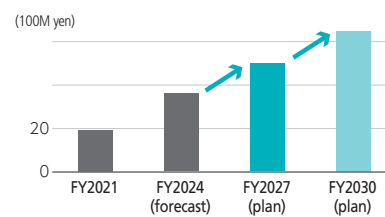
We have established two new KPIs to monitor our environmental contributions. For the “Effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents,” we will visualize the extent of CO<sub>2</sub> reductions as a result of our supply of CO<sub>2</sub> absorbent amine compounds. For the “Sales of catalyst-related products,” we will visualize the extent of our environmental contributions through the efficient manufacture of petrochemical products resulting from our supply of highly functional organometallic catalysts for high-end polyolefin.

Effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents



We will work to reduce our environmental impact through the reduction of CO<sub>2</sub> emissions using our CO<sub>2</sub> absorbent amine compounds and CO<sub>2</sub> reduction initiatives at Chiba site.

Sales of catalyst-related products

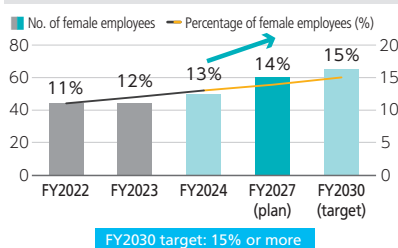


The high-end polyolefin produced using our organometallic catalysts can help reduce energy consumption through vehicle weight reduction and reduce polyolefin waste through thinner packaging materials.

## KPIs for human resources and diversity, equity & inclusion (DE&I)

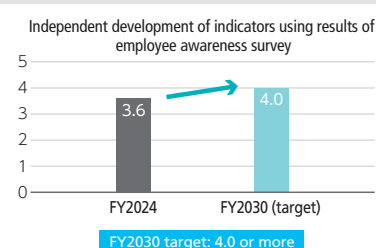
In terms of human resources and DE&I, we have established the “percentage of female employees” and “work-life balance indicators” as new KPIs. In addition to acquiring a more diverse range of human resources through the recruitment of both new graduate hires and experienced hires, we will proactively support employees’ career development to enable them to succeed over the long term and fill them with a sense of fulfillment and motivation.

Percentage of female employees



By establishing the “percentage of female employees” as a new KPI in place of the “percentage of female new graduate hires,” alongside the recruitment of experienced hires, we will aim to acquire a diverse workforce and reduce turnover rates.

Work-life balance indicators



By setting and visualizing work-life balance indicators, we will strengthen the relevant frameworks to enable employees to work with energy over the long-term.

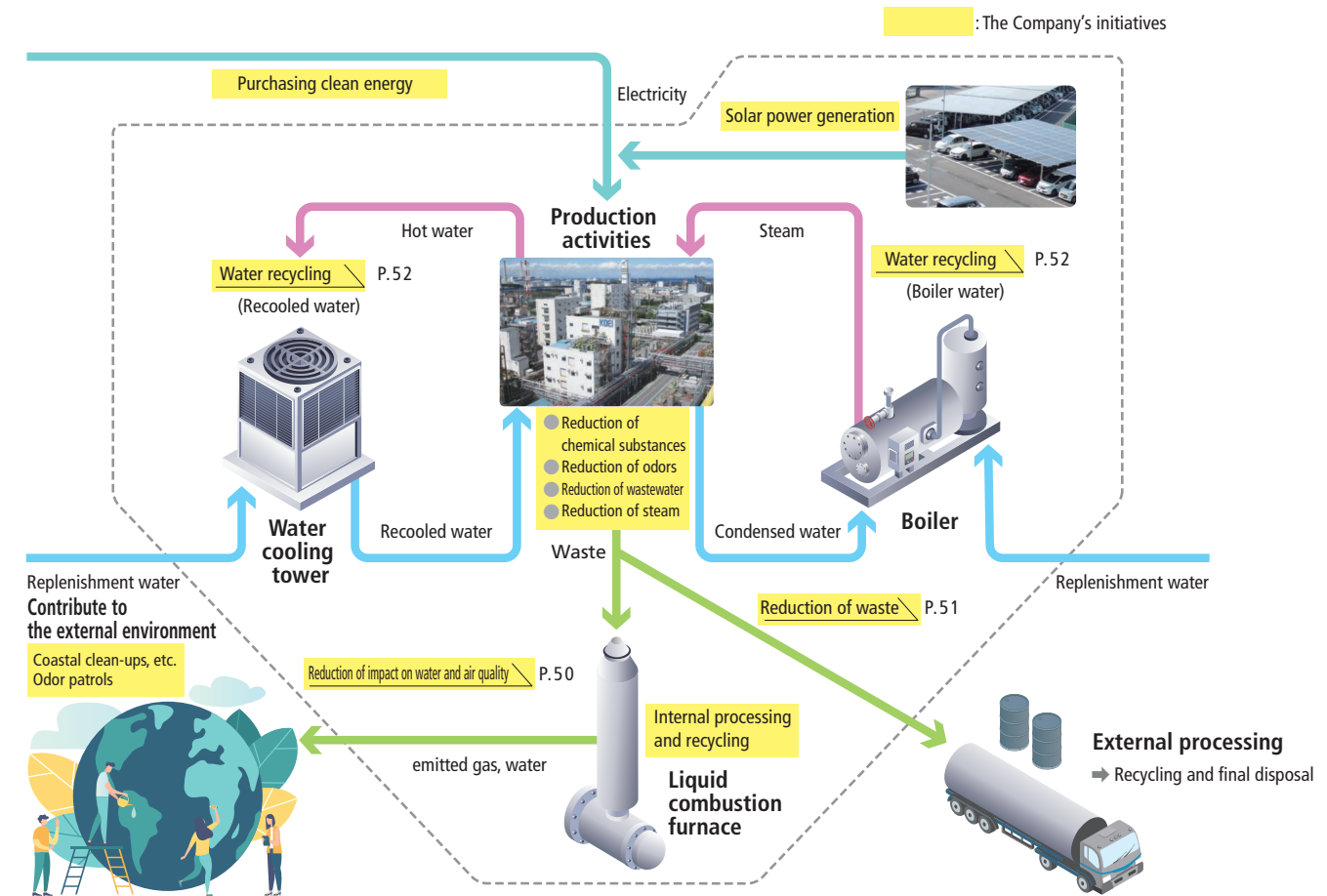
# Initiatives to reduce environmental impact

## 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 Company has a plant located in a coastal industrial zone and has entered into a three-party agreement with Chiba Prefecture and Sodegaura City regarding environmental conservation (water quality, air pollution, VOC, noise, odors, etc.). Through this agreement, we manage our production activities to ensure compliance with agreed values stricter than those required by law.

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.



## Odor patrols

In addition to on-site odor measurements, we conduct odor patrols by employees using their smelling senses in surrounding residential areas twice a day (morning and evening). They conduct these patrols using zero-emission electric vehicles to prevent emissions of atmospheric pollutants and carbon dioxide. Moreover, the electric vehicles are charged using on-site charging facilities using clean energy derived from solar power generation system.



# Disclosure of Climate Change Response in Line with TCFD Recommendations

As a member of the Sumitomo Chemical Group, to date we have provided the Group with the data required for its disclosure in line with TCFD\*1 recommendations. Now, however, we have made the decision to conduct our own independent scenario analyses and to disclose information on our climate change response in line with the TCFD recommendations. Based on the four thematic areas recommended by the TCFD—governance, risk management, strategy, and indicators and targets—, our initiative to climate change-related issues is as below.

## 1. Governance

The Sustainability Promotion Council, which we established as part of the Executive Council, holds discussions on matters related to the formulation and promotion of carbon neutral strategies as key management themes, and reports its findings to the Board of Directors. We have also established the Sustainability Promotion Committee as an advisory body to the Board of Directors, creating a structure that ensures appropriate supervision of the Board of Directors' activities.

## 2. Risk management

We have positioned climate change-related issues as one of major medium- to long-term risks that have the potential to hinder our sustainable growth, and have integrated these issues into our company-wide risk management processes.

## 3. Strategy

### [Scenario analysis]

We analyze both risks and opportunities in two scenarios: a scenario in which a variety of measures are taken to limit average global temperature increase to 1.5°C above the pre-industrial revolution levels, and a scenario in which countermeasures are not taken and temperatures increase by 4°C. Through these analyses, we are examining the potential impacts on our businesses and future action that needs to be taken.

Summary of Koei Chemical's scenario analyses related to climate change

| Scenario                    | Risk/opportunity factors   | Impact on the Company   | Risks | Opportunities | Our response   |
|-----------------------------|--|---|-------|---------------|--|
| Common to all scenarios*2   | Growing demand for disclosure  | <ul style="list-style-type: none"> <li>● Increase in opportunities to acquire ESG investments through enhanced disclosure</li> <li>● Improved rating in stakeholder assessments through disclosure of contribution to reduction of GHG emissions (calculated using life cycle assessments)</li> <li>● Increase in compliance-related costs</li> </ul> | ○     | ○             | <ul style="list-style-type: none"> <li>● Formulation and announcement of roadmap to achieve carbon neutrality</li> <li>● Calculation and disclosure of contribution to reduction of GHG emissions</li> <li>● Promotion of use of Sumitomo Chemical's carbon footprint calculation tool (CFP-TOMO®)</li> <li>● Response to regulatory trends and trends among related institutions</li> </ul>   |
|                             | Increase in demand for products and technologies that contribute to the mitigation of climate change | <ul style="list-style-type: none"> <li>● Increase in demand for products that contribute to reduced GHG emissions</li> <li>● Expansion of future technological development needs for products that contribute to reduced GHG emissions</li> </ul>   |       | ○             | <ul style="list-style-type: none"> <li>● Development of technologies related to CO<sub>2</sub> collection</li> <li>● Effective use of biomass resources</li> <li>● Promotion of use of CO<sub>2</sub>-free hydrogen and ammonia</li> <li>● Reinforcement of custom manufacturing technologies and production systems for lightweight materials, battery materials, and materials for optical products and electronic components, etc.</li> </ul>   |
|                             | Tightening of GHG emissions regulations  | <ul style="list-style-type: none"> <li>● Increase in operational costs due to higher energy taxes, including carbon pricing*3</li> <li>● Decrease in operation of equipment with high energy consumption</li> <li>● Increase in service costs due to increase in renewable energy ratio</li> </ul>  | ○     |               | <ul style="list-style-type: none"> <li>● Switch to high-efficiency equipment and proactive use of government subsidies</li> <li>● Switch to renewable energy</li> <li>● Research on methods to rationalize manufacturing processes</li> <li>● Development and social implementation of GHG collection, separation, and utilization technologies</li> <li>● Installation of GHG removal equipment</li> <li>● Strengthening of collaboration with Sumitomo Chemical for the stable acquisition of clean ammonia</li> </ul> |
| 1.5°C (mitigation) scenario | Increase in raw material costs   | <ul style="list-style-type: none"> <li>● Increase in difficulty in procuring raw materials</li> <li>● Deterioration in profitability of existing businesses</li> </ul>  | ○     |               | <ul style="list-style-type: none"> <li>● Diversification of raw material sources</li> <li>● Examination of use of recycled materials</li> <li>● Examination of internal manufacturing of raw materials with unstable supply</li> <li>● Shift to local production for local consumption</li> </ul>  |
|                             | Increase in demand for products and technologies that adapt to climate change                        | <ul style="list-style-type: none"> <li>● Increase in demand for products and technologies that address climate- and environment-related issues</li> </ul>   |       | ○             | <ul style="list-style-type: none"> <li>● Reinforcement of sales marketing system and new product development system in anticipation of changes in demand in target markets</li> </ul>  |
| 4°C (progress) scenario     | Intensification of weather-related disasters in line with rising temperatures                        | <ul style="list-style-type: none"> <li>● Suspension of operations at plants on seashores and riverbanks</li> <li>● Decline in cost competitiveness of plants due to increase in disaster preparedness expenses</li> <li>● Decrease in demand from decline in agricultural production</li> </ul>   | ○     |               | <ul style="list-style-type: none"> <li>● Risk management and response with a view to business continuation planning</li> <li>● Expansion and diversification of business regions</li> </ul>  |

For a full explanation of our scenario analyses, please see the materials on our website (Detailed explanation of Koei Chemical's scenario analyses related to climate change).

### [Investments to achieve carbon neutrality]

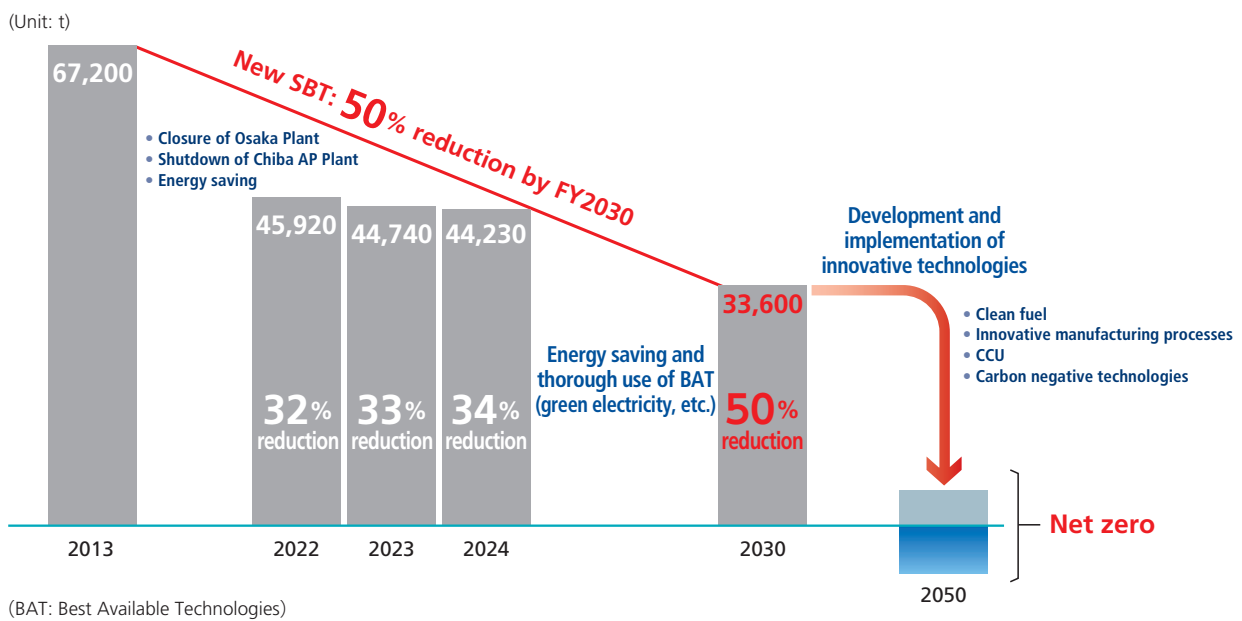
To contribute to a carbon-neutral society, for investments that are expected to affect GHG emissions, from FY2025, we have determined to make investment decisions based on economic indicators using an internal carbon pricing system (10,000 yen/ton).

## 4. Indicators and targets

### [Indicators for climate-related risks]

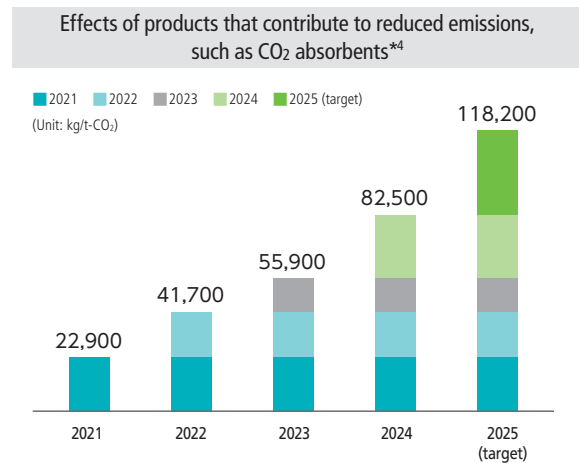
Our target is to reduce GHG emissions (Scope 1 + 2) by 50% by 2030 (compared to FY2013). We will aim to achieve this target through thorough energy-saving initiatives in our manufacturing processes at existing plants and use of the best currently available technologies. As we work toward net-zero emissions by 2050, however, it will be difficult to make significant progress with existing technologies alone. As such, we will continue to examine ways to develop and quickly implement innovative technologies such as carbon-negative technologies and technologies for the collection, effective use, and storage of CO<sub>2</sub> emitted from plants.

#### GHG emissions reduction roadmap (Scope 1 + 2)



### [Indicators for climate-related opportunities]

As indicators for climate-related opportunities, we have determined to calculate and announce the cumulative CO<sub>2</sub> absorption performance of the CO<sub>2</sub> absorbent amine compounds we have launched to market. This was newly established as a target within material issues to be addressed as management priorities in FY2025, and we will work to contribute to the reduction of our environmental impact through our activities. We have a diverse library of more than 100 different types of amine compounds, and in recent years, we have seen an increase in inquiries for amine compounds for CO<sub>2</sub> absorbent materials. Reflecting this trend, regarding “effects of products that contribute to reduced emissions, such as CO<sub>2</sub> absorbents” in FY2024, we have contributed to a cumulative reduction of 82,500 t-CO<sub>2</sub> since FY2021, marking a 26,600 t-CO<sub>2</sub> increase in reduction from FY2023.



\*1 Task Force on Climate-related Financial Disclosures (TCFD): A task force set up by the Financial Stability Board in 2015 in response to a request from the G20 to examine climate-related financial disclosures and the response of the financial sector. The TCFD recommends that companies gauge and disclose information on governance, strategy, risk management, and indicators and targets in relation to climate change-related risks and opportunities.

\*2 Common to all scenarios: Situations that can be expected for both the 1.5°C (mitigation) and 4°C (progress) scenarios.

\*3 In advanced nations, carbon pricing is expected to increase to 140 USD/ton by 2030 and 250 USD/ton by 2050 (according to the World Energy Outlook 2022). Based on this, assuming that the Company's GHG emissions in FY2050 will be at a similar level to FY2023 at approximately 45,000 tons/year (Scope 1 + 2) and that carbon pricing will be at 21,000–37,500 yen/ton-CO<sub>2</sub>, we expect an increase in burden of between approximately 0.95 and 1.69 billion yen/year (\*based on 1 USD = 150 yen).

\*4 Method for calculating effects of products that contribute to reduced GHG emissions, such as CO<sub>2</sub> absorbents: We calculated the typical amine replenishment amount per ton of CO<sub>2</sub> for monoethanolamine (MEA), a typical example of a CO<sub>2</sub> absorbent, from the product volume we supplied to market.

# Community Contribution Activities

## Community contribution activities

### Held Science Classes for elementary school students



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

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 children participated in chemistry.

### Support for volunteer collection activities in Sodegaura City



We support volunteer collection activities hosted by the Sodegaura City Social Welfare Council.

The collected bottle caps and used stamps, for example, are transformed into money through the Sodegaura City Volunteer Center and donated to various welfare organizations.

In recognition of our many years of donations, we received a thank-you letter from the Sodegaura City Social Welfare Council.

### 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.

### Participation in littering prevention activities at Nagaura Station



We participated in littering prevention activities at Nagaura Station hosted by Sodegaura City and picked up litter around the Station alongside individuals from Sodegaura City Hall and nearby companies as an environmental beautification activity.

### Participation in Sodegaura City satoyama conservation activities



We participated in satoyama conservation activities hosted by Sodegaura City, planting seedlings, removing trash, and cutting undergrowth.

A total of approximately 90 people are expected to participate in these activities this year, across a total of eight sessions.

### Donations to food banks



Through the Sodegaura City Social Welfare Council, when updating our emergency rations, we donate previous rations that are close to their use by dates to Food Bank Chiba.

The food we donate is used at homes, facilities, and regional activities in Sodegaura City and Chiba Prefecture that are in need.

## TOPICS

### Initiatives at the Salad Bowl Farm—Donations of vegetables to children's cafeterias

The Company operates the Salad Bowl Farm as an initiative to further promote the employment of persons with disabilities in the vicinity area. Farm management operations are outsourced to KGS Co., Ltd., a subsidiary established in October 2023, and the farm manager and employees with disabilities work together to grow vegetables. Among others, the farm grows zucchinis, turnips, Japanese mustard spinach, and potatoes, and although the harvested vegetables were shared among employees to date, they have been donated to children's cafeterias in Sodegaura City that provide food support for single-parent households since FY2024. The vegetables we donate are served to the children in soups and other dishes.



List of Directors and Executive Officers (As of October 1, 2025)



From back left: Katsuhide Ohara, Executive Officer; Akira Oyama, Executive Officer; Masao Shimizu, Director; Akihiko Hamabe, Director; Takashi Ohata, Managing Executive Officer; Toshikazu Ura, Executive Officer; and Toru Uekawa, Executive Officer  
 From front left: Yoko Hatta, Director; Ken Takiguchi, Director; Hideo Wada, Director; Yasuaki Sasaki, Representative Director & President; Keiko Fukahori, Director; Shingo Yoro, Director; and Ryoko Ueda, Director

Skills matrix: Skills and experience expected of Directors and Executive Officers

To achieve the goals set forth in the current Corporate Business Plan (KX2027: Striving for transformation utilizing knowledge and experience of over 100 years), we have identified nine areas of skill and experience expected of our Directors and Executive Officers. The skills matrix encompasses basic management oversight skills and visualizes the most important balance of skills.

| Name/attribute  |   |  | Corporate management | Business strategy/marketing | Technology/research | Internationality | ESG/sustainability | Finance/accounting | Human resources and labor affairs | Legal affairs/compliance | Other specialist expertise     |
|-----------------|---|--|----------------------|-----------------------------|---------------------|------------------|--------------------|--------------------|-----------------------------------|--------------------------|--------------------------------|
| Yasuaki Sasaki  | Representative Director & President                     |  | ●                    |                             |                     | ●                |                    |                    | ●                                 |                          |                                |
| Hideo Wada      | Director/Senior Managing Executive Officer              | In charge of Corporate Planning & Finance Office, Sustainability   |                      | ●                           |                     | ●                |                    | ●                  |                                   |                          |                                |
| Keiko Fukahori  | Director  |  |                      | ●                           | ●                   |                  | ●                  |                    |                                   |                          |                                |
| Masao Shimizu   | Director  |  |                      |                             |                     | ●                |                    |                    | ●                                 |                          |                                |
| Ryoko Ueda      | Director  |  |                      |                             |                     | ●                | ●                  | ●                  |                                   |                          | ●<br>Corporate governance      |
| Akihiko Hamabe  | Director/Full-time Audit & Supervisory Committee Member |  |                      |                             |                     |                  |                    | ●                  |                                   | ●                        |                                |
| Ken Takiguchi   | Director/Audit & Supervisory Committee Member           |  | ●                    |                             |                     |                  |                    | ●                  |                                   |                          |                                |
| Shingo Yoro     | Director/Audit & Supervisory Committee Member           |  |                      |                             |                     |                  |                    |                    |                                   | ●                        |                                |
| Yoko Hatta      | Director/Audit & Supervisory Committee Member           |  |                      |                             |                     | ●                |                    | ●                  |                                   |                          | ●<br>International tax affairs |
| Takashi Ohata   | Managing Executive Officer                              | In charge of Logistics & Procurement Office, General Affairs & Personnel Office, and Internal Control & Audit Office |                      |                             |                     | ●                |                    |                    | ●                                 | ●                        |                                |
| Akira Oyama     | Executive Officer                                       | General Manager of Production & Technology Division  |                      |                             | ●                   |                  | ●                  |                    |                                   |                          |                                |
| Toshikazu Ura   | Executive Officer                                       | Deputy General Manager of Production & Technology Division   |                      |                             | ●                   |                  | ●                  |                    |                                   |                          |                                |
| Katsuhide Ohara | Executive Officer                                       | General Manager of Sales Headquarters  |                      | ●                           | ●                   | ●                |                    |                    |                                   |                          |                                |
| Toru Uekawa     | Executive Officer                                       | General Manager of Research & Development Division   |                      |                             | ●                   |                  | ●                  |                    |                                   |                          | ●<br>Intellectual property     |

Definition of each skill

| Items                             | Definition   |
|-----------------------------------|--|
| Corporate management              | Formulation of long-term management visions, short-, medium-, and long-term management plans, and decision making in line with environmental changes                       |
| Business strategy/marketing       | Formulation and implementation of business and marketing strategies  |
| Technology/research               | Creation of new businesses through research and development activities from a medium- to long-term viewpoint, and sophistication of production and technological processes |
| Internationality                  | Strategy formulation and decision making from a global perspective   |
| ESG/sustainability                | Sustainability initiatives in line with social issues and social demands   |
| Finance/accounting                | Monitoring of performance and implementation of finance measures such as capital policies, investment plans, and funding   |
| Human resources and labor affairs | Formulation and implementation of human resource strategies and measures to improve engagement   |
| Legal affairs/compliance          | Creation and monitoring of management framework for legal affairs and compliance risks   |

## Responding to stakeholder expectations through continued advancement of corporate governance structure

### 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.

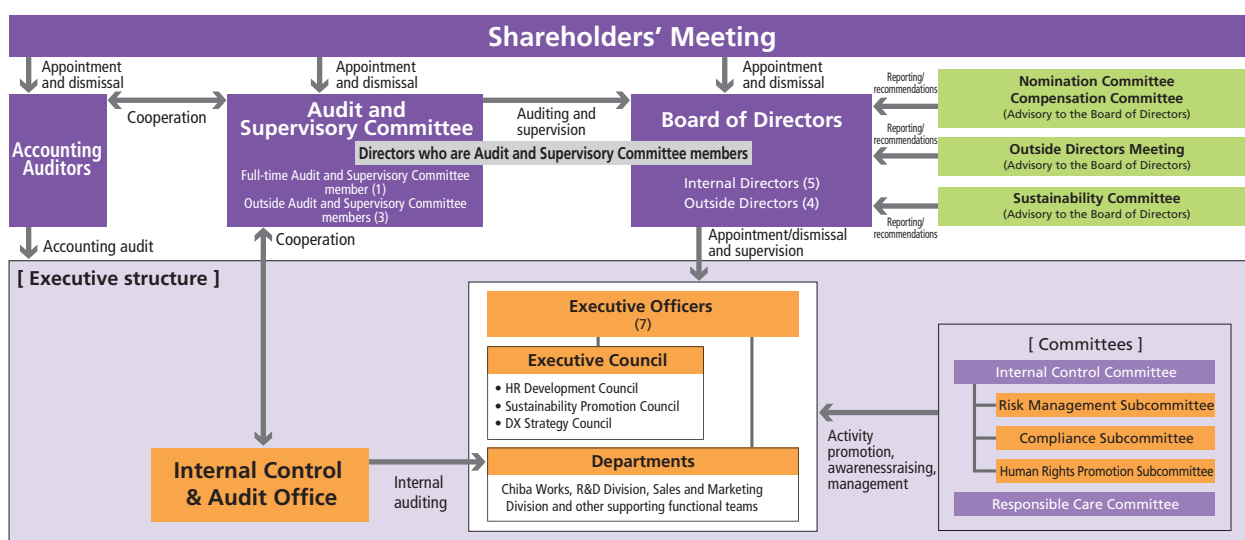
- In addition to respecting the rights of shareholders, we will strive to establish an environment that will realize the smooth exercise by shareholders of those rights and to ensure substantive equality of shareholders.
- We recognize that working together with our many different stakeholders, including 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-longterm 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.



#### Comments from Outside Director

Outside Director (Audit & Supervisory Committee Member) **Yoko Hatta**

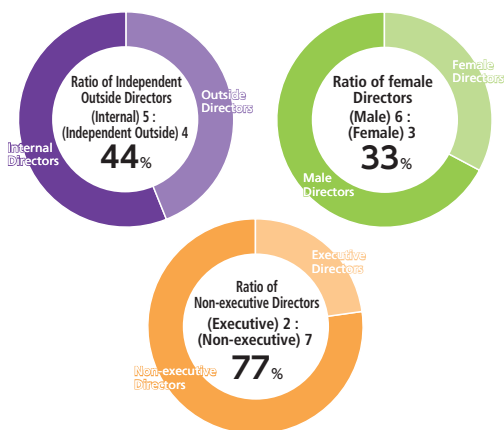
To date, we have focused on building a governance structure on par with companies listed on the Prime Market to drive our sustainable development, earn the trust of our stakeholders, and bring joy to our employees. Under our new structure, while carrying forward these efforts, we will place further emphasis on safety-first initiatives, strict compliance, and quality assurance. We will invest in our human capital through KOEI MANABIYA, and by committing ourselves to this new path, I have no doubt that the new structure will become embedded as part of the Company. As an Outside Director, I will continue to relay feedback from our external stakeholders and provide input that may be difficult for internal members to offer, both of which are essential to thorough governance.



## 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, Directors were elected at the 164th Ordinary General Meeting of Shareholders. With this move, the Board of Directors now comprises of five 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 achievement of targets of the Corporate Business Plan FY2025–FY2027, “KX2027: Striving for transformation utilizing knowledge and experience of over 100 years,” and ensures diversity, in terms of gender and professional background.



## 2 Status of the Board of Directors and Executive Council

The Board of Directors was held 13 times in FY2024. At these meetings, the Board of Directors held discussions on matters related to the General Meeting of Shareholders, officers, organizations and human resources, accounting and finance, dividends of surplus, and business policies and business plans, as well as other important matters related to business execution, and reports were given on the status of business execution.

In terms of business execution, we have introduced an Executive Officer structure to speed up management decisions and clarify roles and responsibilities, which in turn has helped to enhance the flexibility of our business execution. The Executive Council consists of Executive Officers and in principle meets once a month, deliberating on important matters defined by internal regulations and other important issues for business execution. Discussions are held on the appropriateness of the above business execution activities from a management standpoint to support the execution of operations.

The Internal Control Committee meets regularly and as necessary to oversee business execution from a legal compliance, legitimacy and risk management perspective. Moreover, the Internal Control Committee and Responsible Care Committee meet several times a year to oversee business execution and ensure that corporate management considers production and logistics, as well as safety, health, the environment, and quality.

## 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. In the FY2024 evaluation, Directors suggested that, in order to revitalize meetings through more active discussions, there should be a greater number of discussions centered on the Company's medium- to long-term approaches, issues, business portfolio, and targets and strategies. As a result, we have determined to increase opportunities for discussions among Directors.

Going forward, we will aim to further improve the effectiveness of the Board of Directors through these discussions and in turn strengthen the Board's corporate governance functions. In this manner, we will appropriately reflect the opinions of stakeholders, including minority shareholders, in the Board of Directors.

## 4 Voluntary advisory bodies

Figures in parentheses show a number of meetings held in FY2024.

### Nomination Committee (3)/Compensation Committee (1)

The Nomination committee and the Compensation committee consist of two independent Outside Directors and the Representative Director and President. The Nomination Committee provides advice on nomination proposals 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.

### Outside Directors Meeting (1)

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 results 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.

In principle, the committee meets once a year, and additional meetings are held as necessary.

### Sustainability Committee (2)

The Sustainability Committee consists of diverse members, including Outside Directors and part-time Directors, and it raise enhances the effectiveness of sustainability promotion activities by debating, deliberating, and supervising while incorporating various stakeholders' viewpoints.

In principle, the committee meets twice a year, and additional meetings are held as necessary.

### Comments from Outside Director

Outside Director **Ryoko Ueda**

Koei Chemical is working to create a robust structure that conforms to the Corporate Governance Code. In addition to our ratio of Outside Directors and utilization of female Directors, we are promoting management that emphasizes substantive corporate governance through the establishment of the Sustainability Committee and various other committees.

The chemical industry is a key part of global supply chains, and it is essential that we construct a governance system based on global standards in order to respond to, and support sustainability issues. We are steadily moving forward with the required initiatives to improve our corporate value over the medium-to long-term, and we look forward to the ongoing support of our shareholders.



## 1 Internal control, compliance, and risk management promotion systems

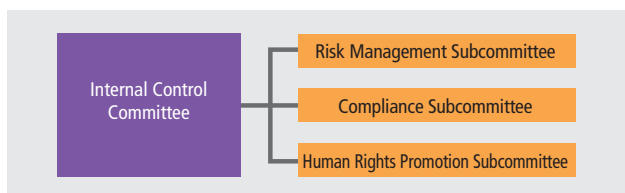
### Internal control promotion system

We have formulated a Basic Policy on the Establishment of an Internal Control System, and have set up the Internal Control Committee to enhance our internal control system. The Committee is chaired by the President and the Full-time Audit and Supervisory Committee Member serves as an observer. In principle, the Committee meets regularly four times a year, and additional meetings are held as necessary.

Centered around the Internal Control Committee, we deliberate on various measures based on the above Basic Policy and monitors their implementation.

We have also set up the Risk Management Subcommittee, the Compliance Subcommittee, and the Human Rights Promotion Subcommittee to hold discussions over individual response policies to each of these measures.

Moreover, in order to monitor internal controls, we conduct internal audits through the Internal Control & Audit Office, which is independent from business execution departments. The results of these audits are reported to the Board of Directors, the Internal Control Committee, and the Audit and Supervisory Committee.



### Compliance promotion system

The Internal Control Committee has established the Koei Chemical Charter for Business Conduct (Compliance Manual) and conducts investigations in case that there is a risk of a compliance violation. If a violation is recognized, the Internal Control Committee aims to resolve the situation, establishes

measures to handle and control the situation, prevents recurrence and improves the compliance system, and reports to the managers of the relevant departments. Then, the company will make recommendations or instructions, including disciplinary actions or transfers related to personnel matters. 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.

The Human Rights Promotion Subcommittee works to ensure respect for the basic human rights of all people. It educates employees on the importance of eliminating unfair discrimination based on an individual's social standing or employment type, for example, as well as harassment and other acts that undermine an individual's dignity. It also works to promote correct understanding of the Buraku discrimination issue, which is a national responsibility and concern to be resolved.

### 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 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.

## 2 Compliance

### Compliance policy

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 employees, 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 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 up-dated when required to ensure that it continues to respond to changes in social requirements, laws, and regulations.

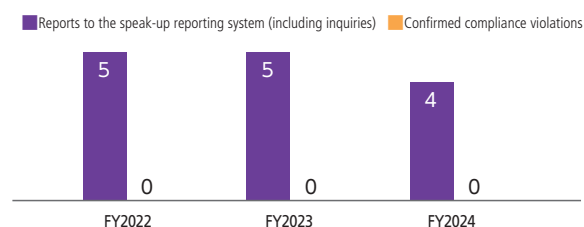


### Speak-up reporting system

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 consulters, 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.

The number of reports to the speak-up reporting system (including inquiries) and confirmed compliance violations in recent years are as follows.

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 (100% attendance rate in FY2024), 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.



## 3 Risk Management

### Risk management policy

In addition to establishing individual regulations for each of the various risks surrounding the Company, we make every effort to minimize risks through careful, multifaceted considerations when making management decisions, and utilize the results of Board of Director discussions in the decision-making process. In particular, with our risk management regulations, and at the Internal Control Committee and the Responsible Care Committee that have been established based on these regulations, we regularly identify, assess, and work to prevent overall management risks for the Company and the Group, such as risks associated with production, logistics, safety, health, the environment, and quality. To prepare for the event that a risk does materialize, we have created various rules and regulations for response measures in times of emergency. Going forward, we will continue to review these processes as necessary in an appropriate and timely manner.

### Development of BCP management system

Koei Chemical has established a BCP 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 largescale 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.

Every year we hold company-wide BCP exercises to enhance the level of our BCP management system and improve the effectiveness of our BCP.

### 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

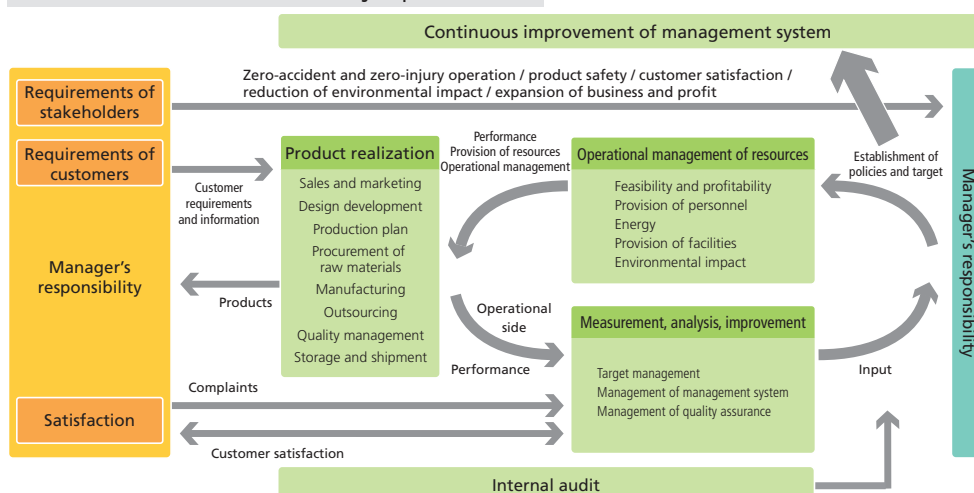
We declared the implementation of Responsible Care in 1995. Having recognized this policy, officers and employees are making continuous efforts to improve the management system in compliance with laws and regulations. In addition, an officer who is in charge of safety, the environment, and product quality 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 decision-making 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 dangerous points and the improvement thereof, and the promotion of Hiyari-Hatto (near-accident situations) prevention activities, risk detection, and 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 order to ensure that safety is positioned as the first and foremost.



Disaster training



Disaster training

## Chemicals safety

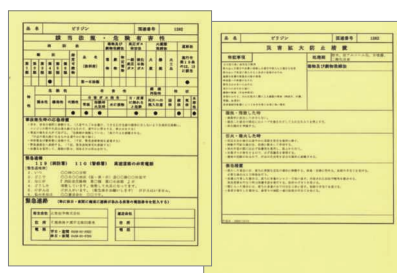
We have prepared GHS-compliant safety data sheets (SDS) and product labels for all products to display and provide users with necessary information on dangers and hazards. Providing SDS and labels is a statutory obligation in Japan and overseas, with which we appropriately comply according to the destination 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 safe handling 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 wearing and 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 49 to 52 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 respecting human rights.



### Initiatives to develop an open workplace

We believe it is essential to develop an open workplace if we are to achieve the goals of the Corporate Business Plan and Koei Vision 2030. In FY2024, the theme for Compliance Promotion Month was to develop a workplace culture that facilitates free and open discussions regardless of seniority and that enables the proactive exchange of strict yet constructive feedback, and employees from each workplace engaged in the relevant discussions. Opinions from the Compliance Promotion Month was relayed to all officers and employees through compliance training, where we informed the importance of developing open workplace. Through the creation of environments where there is mutual respect and opportunity for free and open discussion in day-to-day operations, we will strive to create more rewarding workplace environments.



As a member of the Sumitomo Chemical Group, we strive to create relationships of mutual development and trust with our suppliers. In addition to conducting fair and impartial transactions, we also engage in procurement activities based on our Basic Sustainable Procurement Policy, which shows our commitment to respecting human rights and prioritizing compliance.

### 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**

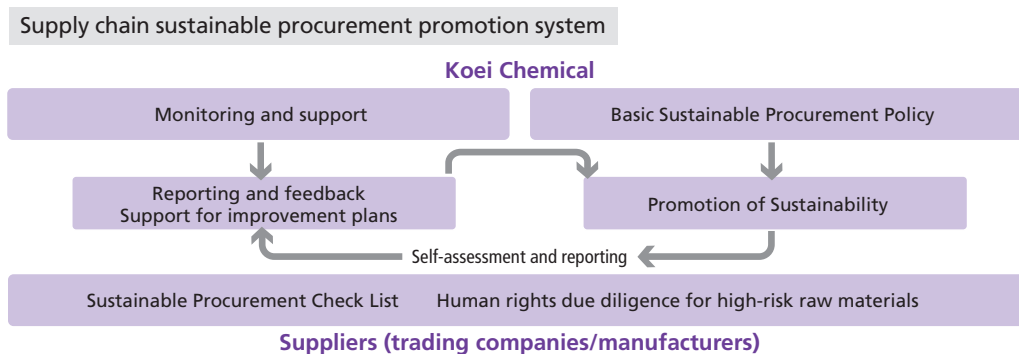
We are aware of the risk of negative impact on human rights potentially arising from transactions involving high-risk raw materials (such as tantalum, tin, gold, tungsten, cobalt, etc.), and engage in responsible procurement.

### Promotion of sustainable procurement

We distribute our Supplier Code of Conduct, which includes human rights clauses, to all our major suppliers, and strive to promote broad understanding of our policies and approach to sustainable procurement. Moreover, by having our suppliers submit self-assessments through a Sustainable Procurement Check Sheet, we conduct due diligence on the status of compliance.

The Sustainable Procurement Check Sheet comprises the categories below.

1. Legal compliance and ethics
2. Society and respect for human rights
3. Safety and health activities
4. Environment



### Initiatives for high-risk raw materials

Based on the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials, we conduct appropriate human rights due diligence on suppliers of goods including high-risk raw materials that could cause a negative impact on human rights in the supply chain.

We also request our suppliers to conduct research on the four new minerals added in April 2025 (copper, graphite, lithium, and nickel) independently, showing our commitment to identifying and assessing potential human rights risks.

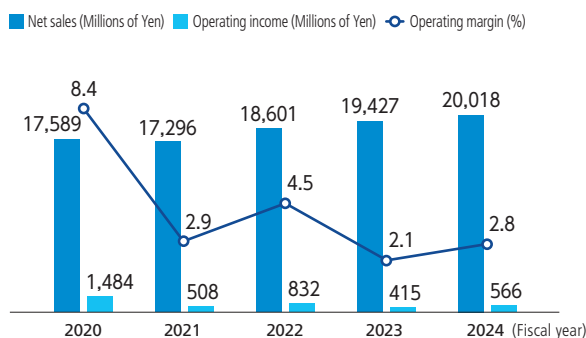
### Release of the Declaration of Partnership Building and submission of White Logistics voluntary action declaration

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.

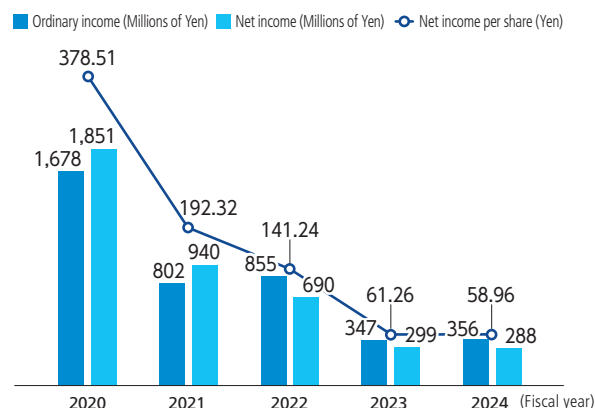
Furthermore, in August 2024, we also endorsed the purpose of the White Logistics movement being advocated by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and submitted a voluntary action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

## Net sales/Operating income/Operating margin



Net sales increased due to favorable results of selling price revisions and effects of foreign exchange rates, in addition to increased sales of agrochemicals related products for North America. Operating income increased due to an increase in shipments of catalyst related products, etc., in addition to favorable results of selling price revisions and effects of foreign exchange rates, despite soaring raw material prices, an increase in the cost of manufacturing, and other negative factors. The operating margin was 2.8%.

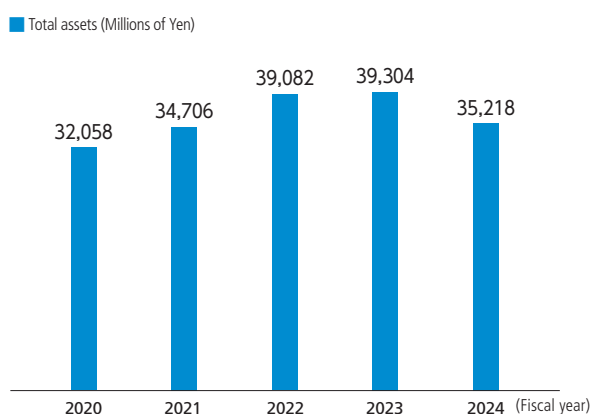
## Ordinary income/Net income/Net income per share



Ordinary income remained only slightly higher due to a rise in non-operating expenses, such as an increase in interest expenses and the effects of foreign exchange rates.

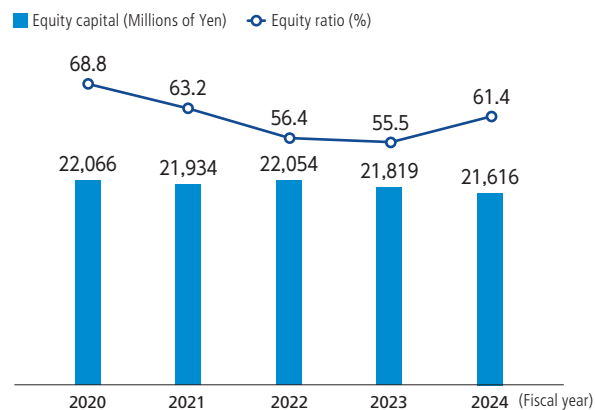
Net income decreased due to a decline in extraordinary income compared to FY2023, such as a decrease in gains on sale of securities. Net income per share was 58.96 yen.

## Total assets



Total assets decreased, mainly due to the ongoing depreciation of fixed assets and decreases in accounts receivable and inventories.

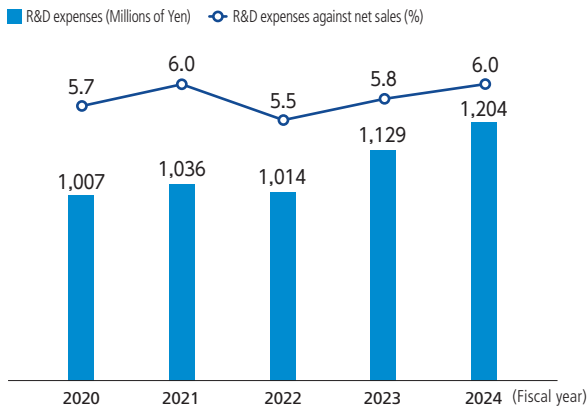
## Equity capital/Equity ratio



Equity capital amounted to 21,616 million yen, mainly due to the recording of net income and dividend payments. Equity ratio ratio decreased from 55.5% at the end of FY2023 to 61.4%.

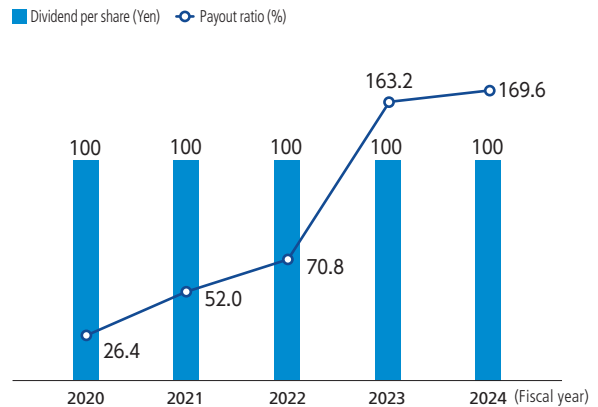
|                      |                   | 2020   | 2021   | 2022   | 2023   | 2024 (Fiscal year) |
|----------------------|-------------------|--------|--------|--------|--------|--------------------|
| Net sales            | (Millions of Yen) | 17,589 | 17,296 | 18,601 | 19,427 | 20,018             |
| Operating income     | (Millions of Yen) | 1,484  | 508    | 832    | 415    | 566                |
| Operating margin     | (%)               | 8.4    | 2.9    | 4.5    | 2.1    | 2.8                |
| Ordinary profit      | (Millions of Yen) | 1,678  | 802    | 855    | 347    | 356                |
| Net income           | (Millions of Yen) | 1,851  | 940    | 690    | 299    | 288                |
| Net income per share | (Yen)             | 378.51 | 192.32 | 141.24 | 61.26  | 58.96              |
| Total assets         | (Millions of Yen) | 32,058 | 34,706 | 39,082 | 39,304 | 35,218             |
| Equity capital       | (Millions of Yen) | 22,066 | 21,934 | 22,054 | 21,819 | 21,616             |
| Equity ratio         | (%)               | 68.8   | 63.2   | 56.4   | 55.5   | 61.4               |

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



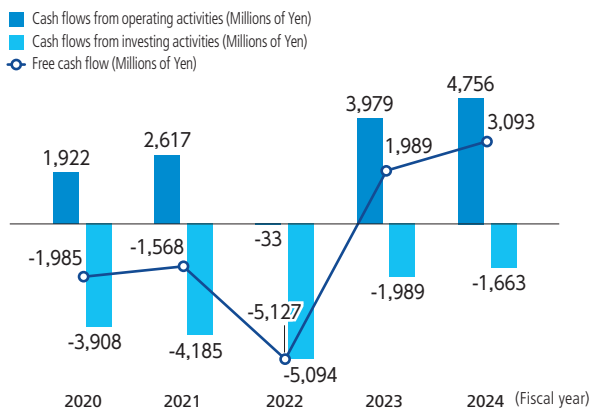
R&D expenses amounted to 1,204 million yen, mainly due to an increase in depreciation costs for the pilot plant that became operational in FY2023.

### Dividend per share/Payout ratio



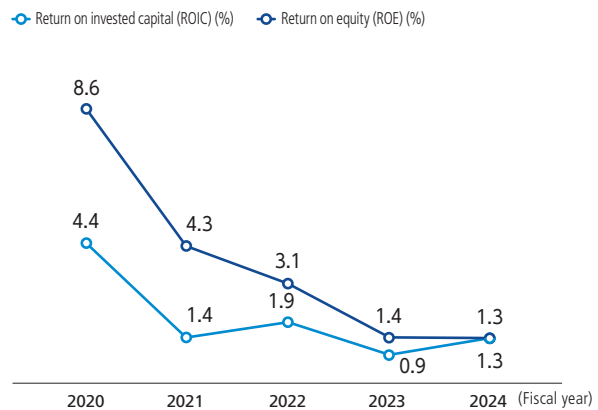
Although net income decreased in FY2024 compared to that in FY2023, an annual dividend of 100 yen per share was provided, considering the importance of maintaining stable dividends. The payout ratio was 169.6%.

### Cash flows



Cash flows from operating activities increased, mainly due to progress with the collection of accounts receivable and ensuing improvements in working capital. 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 3,093 million yen.

### ROIC/ROE



Although ROE declined over the previous year due to a deterioration in net income in FY2024, ROIC increased year on year due to a decrease in invested capital associated with a decline in interest-bearing debt.

|                                      |                   | 2020   | 2021   | 2022   | 2023   | 2024(Fiscal year) |
|--------------------------------------|-------------------|--------|--------|--------|--------|-------------------|
| R&D expenses                         | (Millions of Yen) | 1,007  | 1,036  | 1,014  | 1,129  | 1,204             |
| R&D expenses against net sales       | (%)               | 5.7    | 6.0    | 5.5    | 5.8    | 6.0               |
| Dividend per share                   | (Yen)             | 100    | 100    | 100    | 100    | 100               |
| Payout ratio                         | (%)               | 26.4   | 52.0   | 70.8   | 163.2  | 169.6             |
| Cash flows from operating activities | (Millions of Yen) | 1,922  | 2,617  | -33    | 3,979  | 4,756             |
| Cash flows from investing activities | (Millions of Yen) | -3,908 | -4,185 | -5,094 | -1,989 | -1,663            |
| Free cash flow                       | (Millions of Yen) | -1,985 | -1,568 | -5,127 | 1,989  | 3,093             |
| Return on invested capital (ROIC)    | (%)               | 4.4    | 1.4    | 1.9    | 0.9    | 1.3               |
| Return on equity (ROE)               | (%)               | 8.6    | 4.3    | 3.1    | 1.4    | 1.3               |

## 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 (FY2024)

| Environmental preservation cost     |  | (Unit: Millions of yen) |       |
|-------------------------------------|--|-------------------------|-------|
| Category                            | Major items  | Investment              | Cost  |
| ① Business area cost<br>(Breakdown) | Environmental measure cost   | 54                      | 1,192 |
|                                     | Global environment preservation cost   | 32                      | 766   |
|                                     | Resource saving, efficient water use, rainwater use, disposal, reduction, elimination, and recycling of industrial waste | 16                      | 203   |
|                                     | Resource circulation cost  | 6                       | 223   |
| 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                       | 122   |
| ④ R&D cost                          | R&D for products that contribute to environmental preservation   | 18                      | 131   |
| ⑤ Social activity cost              | Greening, beautification, levy on pollution load, support of environmental activities performed by local communities     | 2                       | 3     |
| ⑥ Environmental deterioration cost  | Land pollution, restoration of the natural environment to its original state   | 0                       | 0     |
| Total                               |  | 74                      | 1,448 |

### Economic effect of environmental preservation measures

| Economic effect of environmental preservation measures |        | (Unit: Millions of yen) |
|--|--------|-------------------------|
| Details of effects                                     | Amount |                         |
| ① Effects of recycling activities                      | 412    |                         |
| ② Effects of resource saving                           | 266    |                         |
| ③ Effects of energy saving                             | 45     |                         |
| Total  | 723    |                         |

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

Scope of calculations: Koei Chemical alone

Period covered: FY2024 (April 1, 2024 to March 31, 2025)

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

|  | Emissions |        |        |
|--|-----------|--------|--------|
|  | FY2022    | FY2023 | FY2024 |
| Scope 1 (fuel and waste oil combustion)                            | 29,657    | 29,660 | 33,295 |
| Scope 2 (Use of electricity and steam supplied by other companies) | 16,263    | 15,076 | 10,935 |

- For Scope 1, direct CO<sub>2</sub> emissions associated with combustion of fuel, waste oil, etc. are calculated.
- For Scope 2, indirect CO<sub>2</sub> emissions associated with use of electricity and steam supplied by other companies are calculated.
- Scope 1 and 2 CO<sub>2</sub> emissions have been calculated based on the calculation standards in the Act on Rationalizing Energy Use and Shift to Non-fossil Energy, and the Act on Promotion of Global Warming Countermeasures.

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

### GHG emissions Scope 3

| categories   | Emissions |        |        |
|--|-----------|--------|--------|
|  | FY2022    | FY2023 | FY2024 |
| 1. Purchased products and services                                 | 44,618    | 48,340 | 53,866 |
| 3. Fuel and energy-related activities not included in Scope 1 or 2 | 7,288     | 7,388  | 7,004  |
| 4. Transportation and distribution (upstream)                      | 2,343     | 2,529  | 3,243  |
| 5. Waste from business   | 1,630     | 902    | 926    |

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

## Renewable energy usage

|  |                | (Unit: kWh) |        |         |
|--|----------------|-------------|--------|---------|
|  |                | FY2022      | FY2023 | FY2024  |
| Solar power<br>(in-house power generation) | Warehouse roof | 24,320      | 26,850 | 23,340  |
|  | On-site PPA*   | -           | -      | 375,210 |

\*Power generated through solar power generation panels installed on parking car ports. In operation since April 2024.

## Possession of equipment related to PCB and fluorocarbons

|  |                        | FY2022 | FY2023 | FY2024 |
|--|------------------------|--------|--------|--------|
| 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                    | 4      | 4      | 12     |

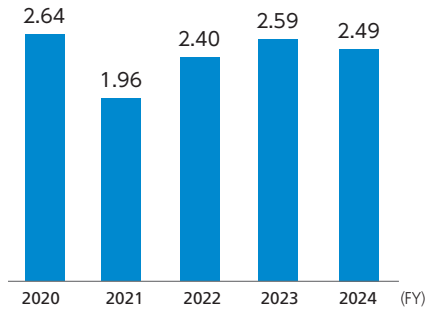
\*The numbers cover business-use freezers and air conditioning facilities incorporated in the production process.

## PRTR reports

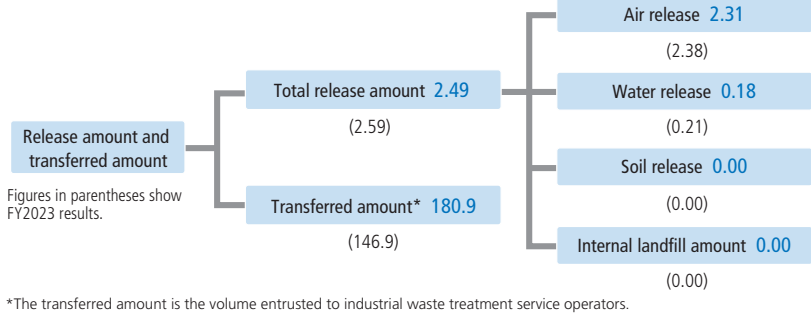
The PRTR system is prescribed in Article 5 of the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (generally known as the "PRTR Act"), which took effect in March 2000.

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.

Trend of total release amount [t / year]



Actual release amount and transferred amount for FY2024 (tons/year)



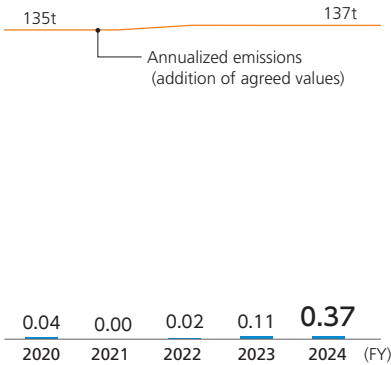
\*The transferred amount is the volume entrusted to industrial waste treatment service operators.

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

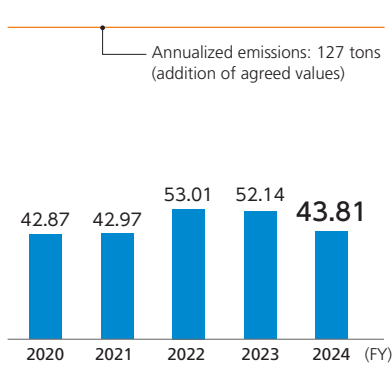
The environmental impact on air and water areas is as follows.

For SOx, the volume detected through annual analysis is small and significantly 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.

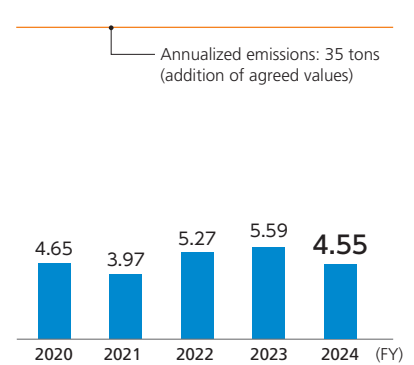
Trend of SOx emission(t)



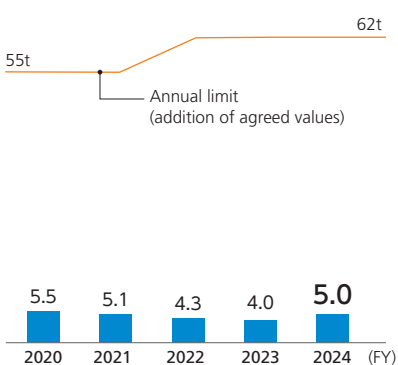
Trend of NOx emission [t / year]



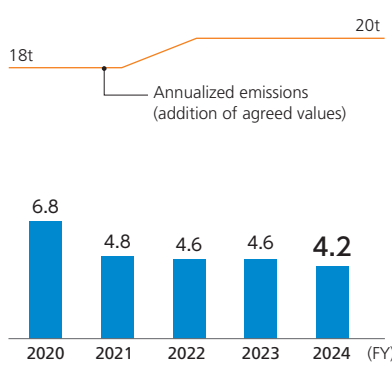
Trend of dust emission (t)



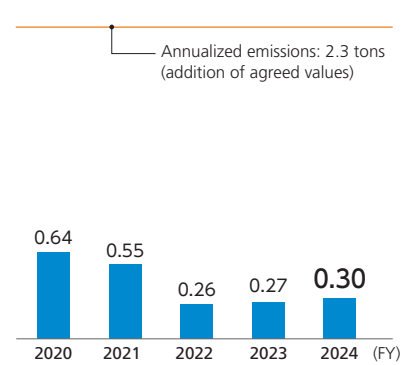
Trend of COD emission (t)



Trend of nitrogen emission (t)



Trend of phosphorus emission (t)



## 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 FY2024 is shown in the following chart.

We entrust the treatment of industrial waste to certified treatment service operators as much as possible, and after the waste is transferred, we use the electronic manifest system to confirm completion of disposal.

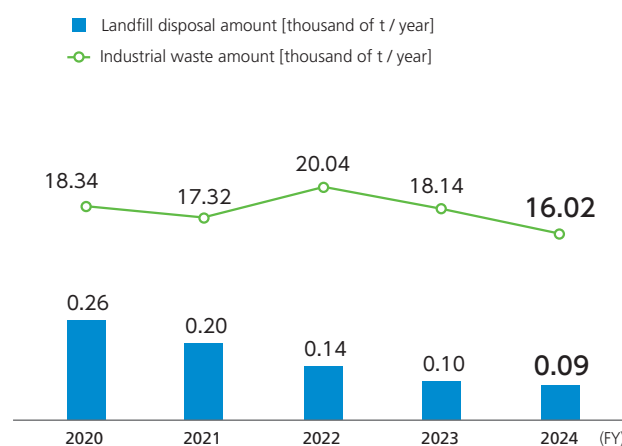
| Actual results for FY2024 |  |   |
|---------------------------|--|---|
| Targets of initiatives    | Actual results   |   |
| Zero emissions            | Through business activities: <ul style="list-style-type: none"> <li>Reduction of industrial waste amount</li> <li>Reduction of landfill disposal amount</li> </ul> | Through business activities: <ul style="list-style-type: none"> <li>Waste amount: 16,019 tons (18,143 tons for the previous fiscal year, down by 12%)</li> <li>Landfill disposal amount: 85 tons (96 tons for the previous fiscal year, down by 11%)</li> </ul> |
|                           | Promotion of recycling <ul style="list-style-type: none"> <li>Increase of effective usage rate</li> </ul>  | <ul style="list-style-type: none"> <li>Recycling amount: 6,517 tons</li> <li>Recycling rate: 41% (7,257 tons for the previous fiscal year, recycling rate: 40%)</li> </ul>  |

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

To reduce industrial waste, we are working to reduce per-unit waste and convert the waste into valuable materials as necessary. We will make continuous efforts to promote the reduction of our environmental impact by cutting the industrial waste and 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](https://www.koeichem.com/en/company/rc.html)).

Trend of industrial waste by fiscal year



## Hazardous\* and non-hazardous waste (FY2024)

(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/Recycle      | Thermal recycled |                              |
| Non-hazardous waste | 0.21                       | 0                          | 0                | 0                  | 0     | 0.21                       | 0                     | 0.001              | 0.13                | 0.04             | 0.04                         |
| Hazardous waste     | 15.8                       | 0                          | 5.14             | 9.40               | 0     | 1.27                       | 0                     | 0.020              | 0.23                | 0.98             | 0.05                         |

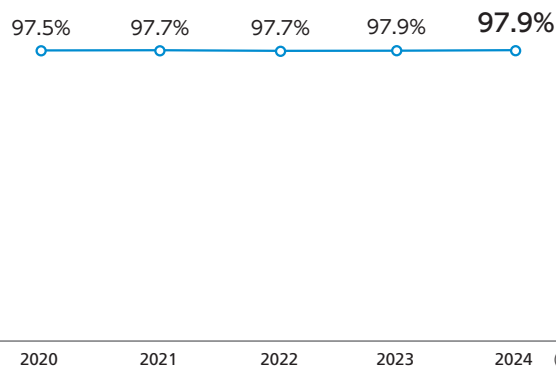
\*Waste oil (including waste organic solvents), waste alkali, and waste acid

## Water resources

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

|                                 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---------------------------------|--------|--------|--------|--------|--------|
| Total amount of water discharge | 2,864  | 2,004  | 1,858  | 1,695  | 2,406  |
| Water usage                     | 3,406  | 2,458  | 2,353  | 2,175  | 2,704  |
| Industrial water                | 489    | 400    | 442    | 428    | 448    |
| Drinking water                  | 14     | 14     | 13     | 13     | 12     |
| Seawater                        | 2,904  | 2,045  | 1,898  | 1,735  | 2,244  |

Trend of water recycling rate



\*Seawater usage is not included in the recycling rate calculation.

\*We have changed from listing recycling rates for each type of equipment to recycling rates for Chiba Site as a whole.

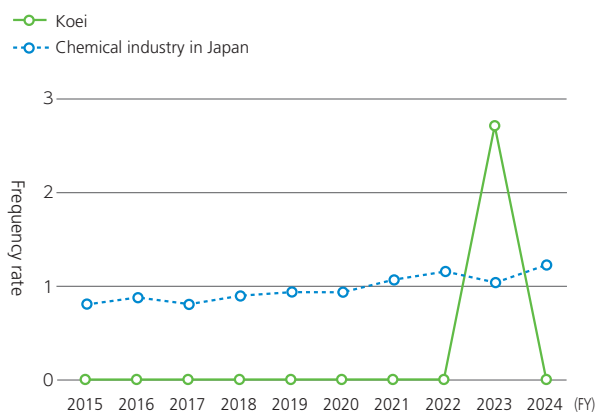
## Safety and health data

With regard to work-related accidents, there were no industrial accidents in FY2024 (January to December).

The number of zero-injury days became 541 days (as of March 31, 2025), and we will continue various safety activities using both hardware and software to ensure the continuation of zero-injury days.

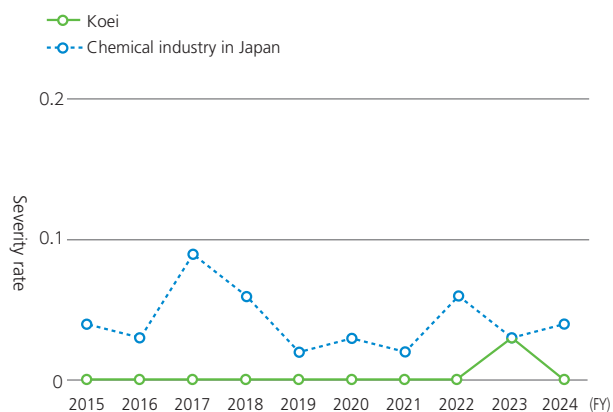
Despite being minor, injuries occurred. As such, we conduct RC zero-accident audits to find the cause and implement additional measures, while making efforts to undertake horizontal deployment on the prevention of the occurrence of similar injuries to achieve zero-injuries.

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.

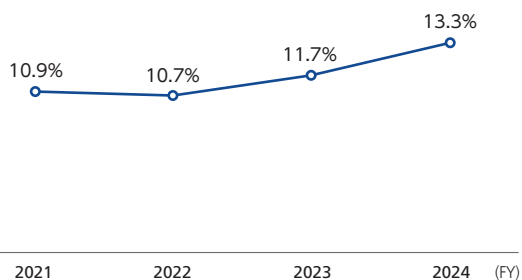
## Acquisition of management system certifications

| Standard                    | Applicable location                                 | Certificate number | Acquisition 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) |

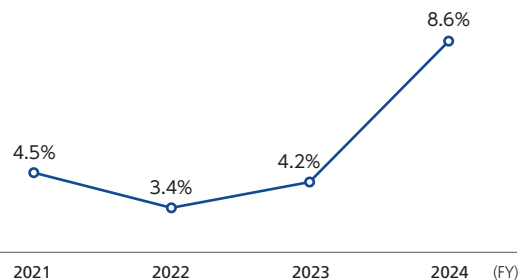
## Human capital

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.

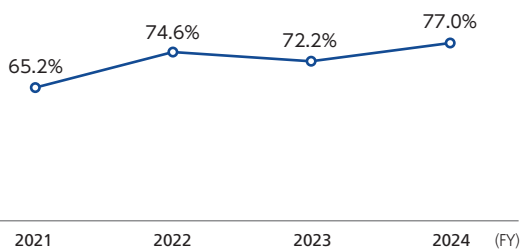
Percentage of female employees (all personnel)



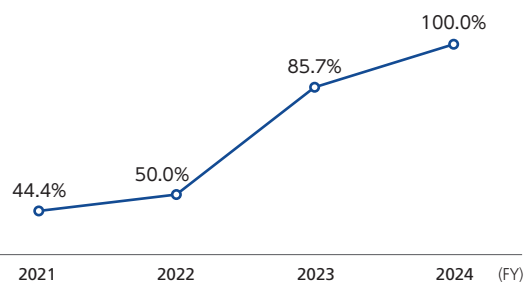
Percentage of female employees (managerial personnel)



Percentage of paid leave taken (all personnel)



Percentage of male childcare leave taken



Ratio of competition in hiring (by gender)

(Unit: times)

| FY2023 |        |         | FY2024 |        |         |
|--------|--------|---------|--------|--------|---------|
| Male   | Female | Overall | Male   | Female | Overall |
| 7.3    | 4.7    | 6.6     | 16.2   | 6.0    | 13.0    |

Percentage of female employees in each grade

(Unit: %)

|                      | FY2023 (end of March) |        | FY2024 (end of March) |        |
|----------------------|-----------------------|--------|-----------------------|--------|
|                      | Male                  | Female | Male                  | Female |
| All personnel        | 88.3                  | 11.7   | 86.7                  | 13.3   |
| Managerial personnel | 95.8                  | 4.2    | 91.4                  | 8.6    |
| General personnel    | 85.8                  | 14.2   | 84.6                  | 15.4   |
| Reemployment/other   | 89.3                  | 10.7   | 89.7                  | 10.3   |

Average overtime hours by employment management category (by gender)

(Unit: hours/person per month)

|                    | FY2023 |        |         | FY2024 |        |         |
|--------------------|--------|--------|---------|--------|--------|---------|
|                    | Male   | Female | Overall | Male   | Female | Overall |
| All personnel      | 21.7   | 14.2   | 20.7    | 21.6   | 12.1   | 20.2    |
| General personnel  | 22.3   | 15.2   | 21.3    | 22.1   | 12.6   | 20.7    |
| Reemployment/other | 8.8    | 1.3    | 7.0     | 6.6    | 2.1    | 5.8     |

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

(Unit: %)

|                      | 2023 (calendar year) |        |         | 2024 (calendar year) |        |         |
|----------------------|----------------------|--------|---------|----------------------|--------|---------|
|                      | Male                 | Female | Overall | Male                 | Female | Overall |
| All personnel        | 72.9                 | 67.1   | 72.2    | 77.6                 | 73.0   | 77.0    |
| Managerial personnel | 56.0                 | 50.6   | 55.7    | 60.4                 | 56.2   | 60.0    |
| General personnel    | 79.0                 | 65.6   | 77.2    | 85.3                 | 73.8   | 83.7    |
| Reemployment/other   | 79.4                 | 100.0  | 81.7    | 77.9                 | 100.0  | 81.5    |

### Average years of service (by gender)

(Unit: years)

|                      | FY2023 |        |         | Overall |        |         |
|----------------------|--------|--------|---------|---------|--------|---------|
|                      | Male   | Female | Overall | Male    | Female | Overall |
| All personnel        | 16.3   | 12.1   | 15.8    | 15.2    | 10.4   | 14.6    |
| Managerial personnel | 22.9   | 25.5   | 23.0    | 22.5    | 20.7   | 22.3    |
| General personnel    | 12.3   | 10.3   | 12.0    | 12.6    | 8.8    | 12.0    |
| Reemployment/other   | 33.8   | 19.7   | 32.3    | 13.5    | 3.3    | 12.5    |

### Continuous employment rate after approximately 10 fiscal years (retention rate by gender)

(Unit: %)

| FY2023 |        |         | FY2024 |        |         |
|--------|--------|---------|--------|--------|---------|
| Male   | Female | Overall | Male   | Female | Overall |
| 91.7   | 100.0  | 92.3    | 81.8   | 0.0    | 75.0    |

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

|                                | FY2023   |        | FY2024   |          |
|--------------------------------|----------|--------|----------|----------|
|                                | Male     | Female | Male     | Female   |
| Number of applicable employees | 7        | -*     | 5        | 1        |
| Percentage of taken            | 85.7%    | -      | 100.0%   | 100.0%   |
| Number of days taken           | 416 days | -      | 643 days | 225 days |

\*There were no applicable employees in FY2023.

### Difference in wages between male and female employees

(Unit: %)

| FY2023      |                               |                                      | FY2024      |                               |                                      |
|-------------|-------------------------------|--------------------------------------|-------------|-------------------------------|--------------------------------------|
| All workers | Of which full-time workers    | Of which part-time workers           | All workers | Of which full-time workers    | Of which part-time workers           |
| 78.9        | 80.2                          | 47.1                                 | 79.5        | 80.7                          | 42.8                                 |
|             | Of which managerial personnel | Of which reemployed after retirement |             | Of which managerial personnel | Of which reemployed after retirement |
|             | 101.5                         | 49.7                                 |             | 92.7                          | 46.4                                 |
|             | Of which general personnel    | Of which temporary workers           |             | Of which general personnel    | Of which temporary workers           |
|             | 85.9                          | 180.5                                |             | 82.8                          | 76.1                                 |

\*The above shows the percentage of female employees' wages in relation to male employees' wages. The wage system is based on the significance of the employee's role. There is no difference in base wage between male employees and female employees when the significance of the role is equivalent.

### Results of job or employment status changes

(Unit: person)

|                               | FY2023 |        | FY2024 |        |
|-------------------------------|--------|--------|--------|--------|
|                               | Male   | Female | Male   | Female |
| Promotion exams               | 14     | 3      | 14     | 5      |
| Temporary workers → Employees | 0      | 1      | 0      | 0      |

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

(Unit: person)

| Recruitment       | FY2023 |        |       | FY2024 |        |       |
|-------------------|--------|--------|-------|--------|--------|-------|
|                   | Male   | Female | Total | Male   | Female | Total |
| Reemployment*     | 0      | 0      | 0     | 0      | 0      | 0     |
| Experienced hires | 10     | 3      | 13    | 4      | 4      | 8     |

\*Excluding reemployed after retirement

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

(Unit: %)

|  | FY2023 |        |         | FY2024 |        |         |
|--|--------|--------|---------|--------|--------|---------|
|  | Male   | Female | Overall | Male   | Female | Overall |
| Turnover rate                            | 3.2    | 4.1    | 3.3     | 4.0    | 3.7    | 4.0     |
| For personal reasons                     | 2.1    | 4.1    | 2.4     | 4.0    | 3.7    | 4.0     |
| Expiration of contracted employment term | 0.8    | 0.0    | 0.7     | 0.0    | 0.0    | 0.0     |
| Expiration of contract term              | 0.3    | 0.0    | 0.2     | 0.0    | 0.0    | 0.0     |

### Number of foreign hires

(Unit: person)

| FY2023 |        |       | FY2024 |        |       |
|--------|--------|-------|--------|--------|-------|
| Male   | Female | Total | Male   | Female | Total |
| 0      | 1      | 1     | 0      | 0      | 0     |

### Rate of experienced hires in managerial positions

(Unit: %)

| FY2023 | FY2024 |
|--------|--------|
| 29.5   | 30.4   |

### Rate of employees taking regular health checks and stress checks

(Unit: %)

|                       | FY2023 | FY2024 |
|-----------------------|--------|--------|
| Regular health checks | 100.0  | 100.0  |
| Stress checks         | 97.4   | 97.5   |

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 2025 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, Moriama 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 2025, Koei Chemical Company, Limited ("Koei Chemical"), has summarized its unique initiatives for improving corporate value, comprehensively covering its business strengths, growth strategies, corporate governance system, environmental and social initiatives, and other topics. I will list my third party opinions below from the viewpoint of researching lasting corporate management and CSR accounting, which aims to quantify CSR activities.

**Points to be commended**

As for the points to be commended in this fiscal year's report, the Company has outlined its targets to contribute to the resolution of social issues through its businesses, and systematically summarized its efforts to combine business and sustainability strategies that aim for corporate value improvements while referring to the new Corporate Business Plan, "KX2027: Striving for transformation utilizing knowledge and experience of over 100 years" which began in April 2025 (Pages 20–23). This fiscal year's report also played an important role in shifting from a review of the previous Corporate Business Plan to the current Corporate Business Plan, which is key to the value creation process (Pages 15–19). It is also remarkable that the report's narrative of describing the economic value and social value creation process—from "performance report" to efforts to "enhance profitability," "accelerate business growth," and "strengthen business foundations"—which is entirely different from conventional CSR reports and sustainability reports. In addition, the status of the Company's three-pronged reform: "Employee Engagement transformation (EX)," "Digital Transformation (DX)," and "Sustainability Transformation (SX)," which supports the sustainable growth, is essential to strengthen future business foundations (Pages 24–32). In particular, I highly evaluate that the report connected the series of sections starting with "Message from the President" that is essential for purpose-driven management, to "Human Resource Strategies as the Growth Strategies," with the strengthening of its business foundations related to its priority initiatives of human resource development and engagement improvement (Pages 9–10, 24–26). In

addition to these, the report also includes substantial descriptions that show the Company's commitment to a sustainable society, such as its review of KPIs related to the environment, human resources, and DE&I, as well as "Disclosure of Climate Change Response in Line with TCFD Recommendations." These efforts are expected to improve the quality of information disclosed (Pages 33 and 35–36). To summarize the above, employees are united to "enhance profitability" and "accelerate business growth" to improve economic value, while complementing and supporting these initiatives by "strengthening business foundations" to enhance social value and contribute to corporate value improvement. The Company's approach to improving corporate value based on these three basic policies is one of the biggest feature of this fiscal year's report.

**Points to be improved**

When generating information that contributes to improving corporate value, the critical key is to (1) examine from what perspective the objective (target) of the information should be defined; and (2) how to structure the process of producing such information. The Company's report successfully described the corporate value improvement process through collaboration of economic value derived from core competence and business strategies with social value calculated from the Company's environmental and social initiatives. My proposal for creating an even more complete integrated report is to further develop the information generation process, such as extending measurability and verifiability of information that can form corporate value toward objectivity and reliability of said information, while considering stakeholder needs. Lastly, I look forward to the Company sharing its future direction (objectives/targets) with all employees following proactive dialogue with its stakeholders, which is one of its management targets, and further improving its information generation process by linking economic value and social value, both of which contribute to improving corporate value. I hope such efforts will lead to the creation of an integrated report that contributes to improving corporate value.

**Response to Third Party Opinions**



Takashi Ohata  
Managing Executive Officer  
In charge of Logistics & Procurement Office, General Affairs & Personnel Office, and Internal Control & Audit Office

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

This time we received high praise for the narrative that describes the economic value and social value creation process, which set the report apart from previous reports. We were also commended for connecting the series of sections starting with "Message from the President" to "Human Resource Strategies as the Growth Strategies" with the strengthening of business foundations related to the Company's priority initiatives of human resource development and engagement improvement. I appreciate his praise for our report.

Dr. Bai also mentioned that he looks forward to us further advancing our corporate value improvement process by collaborating economic value with social value. Going forward, in addition to sharing the Company's future direction with all employees based on proactive dialogue with stakeholders, we will make efforts to create a report that further enhances our corporate value.

(As of March 31, 2025)

### 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>  
 Year of establishment: 1917  
 Capital: 2,343 million Yen  
 Number of employees: 427  
 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 ..... 3,014

### Board of Directors and Senior Management

(As of October 1, 2025)

|   |                       |                            |                        |
|---|-----------------------|----------------------------|------------------------|
| Representative Director & President                     | <b>Yasuaki Sasaki</b> | Managing Executive Officer | <b>Takashi Ohata</b>   |
| Director/Senior Managing Executive Officer              | <b>Hideo Wada</b>     | Executive Officer          | <b>Akira Oyama</b>     |
| Director  | <b>Keiko Fukahori</b> | Executive Officer          | <b>Toshikazu Ura</b>   |
| Director  | <b>Masao Shimizu</b>  | Executive Officer          | <b>Katsuhide Ohara</b> |
| Outside Director  | <b>Ryoko Ueda</b>     | Executive Officer          | <b>Toru Uekawa</b>     |
| Director (Audit & Supervisory Committee Member)         | <b>Akihiko Hamabe</b> |                            |                        |
| Outside Director (Audit & Supervisory Committee Member) | <b>Ken Takiguchi</b>  |                            |                        |
| Outside Director (Audit & Supervisory Committee Member) | <b>Shingo Yoro</b>    |                            |                        |
| Outside Director (Audit & Supervisory Committee Member) | <b>Yoko Hatta</b>     |                            |                        |

### 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

### 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                           | 79                              | 1.62                   |
| Shigeharu Sakamoto                      | 55                              | 1.13                   |
| Koei Chemical Employee Shareholder Plan | 46                              | 0.95                   |
| Maruishi Chemical Trading Co., Ltd.     | 33                              | 0.69                   |
| Koji Yamasaki                           | 30                              | 0.61                   |
| MSIP·CLIENT·SECURITIES                  | 28                              | 0.59                   |
| Fumio Takaishi                          | 24                              | 0.50                   |

Notes: 1. Shareholding ratio is calculated excluding treasury stock (8,980 shares).  
 2. We have rounded down the number of shares to the nearest thousand and rounded the percentage of total shares held to two decimal places.



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  
<https://www.koeichem.com/en.html>