Basic Policy on Corporate Governance

CHAPTER I. GENERAL PROVISIONS

(Purpose)

Article 1. We have established this basic policy for the purpose of providing a basic approach to and framework for corporate governance under transparent and fair management system.

(Approach to Corporate Governance)

Article 2. We shall, based on the corporate philosophy of the Group, vision, values, code of conduct, our commitment and this basic policy established by the Board of Directors, develop trust with all stakeholders related to the Company and its subsidiaries (hereinafter, the "Group"), such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.

2. Among the governance systems under the Companies Act, we have chosen to be a Company with a Nominating Committee, etc., and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.

3. We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

CHAPTER II. BASIC APPROACH TO MANAGEMENT OF THE GROUP

(Addressing Sustainability Issues)

Article 3. We recognize that addressing sustainability issues is essential in order to improve the corporate value of the Group from a medium- to long-term viewpoint. We aim to simultaneously ensure our contribution to the creation of a sustainable society and the improvement of corporate value from a medium- to long-term viewpoint by actively working to resolve social issues through means such as promoting the recycling of waste and resources and energy conservation in our global business activities.

2. The Group shall address sustainability issues in an appropriate manner based on Sustainability Policy determined separately.

(Management Policy)

Article 4. We shall establish and disclose the Group's medium- to long-term management policy, which includes management goals and the strategy to achieve such goals.

(Group Governance)

Article 5. As the core company of the Group, we will establish systems to appropriately manage and control the Group (hereinafter, "Group Governance"), promote business activities based on the medium- to long-term management policy and improve the corporate value of the entire Group.

2. As an integrated business entity that supplies basic materials and components essential to the world and is involved in recycling and renewable energy businesses, the Group will pursue an appropriate business portfolio and management structure that is commensurate with its Group Governance capabilities.

(Capital Policy)

Article 6. The Company's basic policy on capital policy shall be as follows:

(1) Maintain and improve capital efficiency over the medium- to long-term by building a business portfolio that generates returns exceeding capital costs;

(2) Maintain financial soundness by securing appropriate funds for growth investments such as research and development activities, capital investment, and mergers and acquisitions and structuring a sound balance sheet; and

(3) Provide appropriate and sustainable returns to shareholders from a medium- to long-term perspective. Returns to shareholders will be provided through a combination of stable dividends, timely share buybacks, and increased dividends

(Strategic Share Holdings)

Article 7. The Company's basic policy on shares acquired for other than pure investment (hereinafter, "Shares in the Form of Strategic Share Holdings") shall be as follows:

(1) The Company shall not acquire or hold Shares in the Form of Strategic Share Holdings unless doing so is necessary for the purpose of its business strategy.

(2) With regard to the Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of Strategic Share Holdings if it is not deemed to be necessary to hold such shares.

(3) In exercising the voting rights attached to any Shares in the Form of Strategic Share Holdings, the Company will examine relevant proposals and decide whether to vote for or against it from the perspective of improving the corporate value of the Company and issuing company over the medium- to long-term viewpoint.

(Collaboration with Stakeholders)

Article 8. The Company recognizes that not only discussions with shareholders and investors, but also appropriate collaboration with stakeholders, such as employees, customers, client or supplier companies, creditors, and local communities, is essential in order to improve the corporate value of the Group from a medium- to long-term viewpoint, and shall appropriately collaborate with stakeholders through timely and appropriate disclosure of corporate information and continuous communication.

(Corporate Information)

Article 9. The Company shall disclose its corporate information in a timely and appropriate manner in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations as well as the rules established by the relevant financial instruments exchange, etc. In addition, the Company shall give due consideration to other voluntary disclosures so that such disclosures will be conducted appropriately.

2. The Company shall establish regulations for the management of insider information, and appropriately manage insider information. In addition, the Company shall prevent insider trading in advance by calling the attention of the Group's employees to insider trading on a periodic basis and also, for example, by providing in-house education as necessary.

(Promoting Diversity, Equity & Inclusion)

Article 10. Based on the belief that employees are the source of new values and the Group's sustainable growth, we aim to maximize organizational performance by creating workplace environments in which team members with diversity in every respect, including race, religion, gender, sexual orientation and gender identity, age, disability, nationality, national origin, social origin, and professional background, can coexist, and recognize one another in an equitable manner, and actively demonstrate their individual abilities at their very best.

(Internal Reporting System)

Article 11. The Company shall establish reporting rules (including matters on the protection of confidentiality and prohibition of the disadvantageous treatment of informants) to be followed by employees, etc. of the Group in the event of an inappropriate case such as violation of laws, regulations, or internal rules, as well as endeavor to develop appropriate systems for internal reporting by, for example, establishing an internal reporting desk.

CHAPTER III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

(Communication with Shareholders and Investors)

Article 12. The Company shall engage in constructive communication with shareholders and investors as follows:

(1) The Chief Executive Officer and the Chief Financial Officer shall supervise communication with shareholders and investors in general and endeavor to realize constructive communication;

(2) The members of management, as well as the Investor Relations Dept. and other internal relevant departments, shall cooperate to deal with matters concerning communication with shareholders and investors, based on appointment by the Chief Executive Officer and the Chief Financial Officer.

(3) With the aim of enhancing communication with shareholders and investors, the Company shall hold a variety of briefings on its management strategy, business content, products, regional strategies, and performance, etc., in addition to the General Meeting of Shareholders and individual discussions. Also, the Company shall collect and analyze opinions, etc. of shareholders and investors obtained through communication, and provide feedback to the Board of Directors and the members of management.

(Ensuring Shareholders' Rights and Equality)

Article 13. We shall endeavor to ensure equality among shareholders and create an environment in which all shareholders, including minority and foreign shareholders, can exercise their rights appropriately.

(General Meeting of Shareholders)

Article 14. We recognize that the General Meeting of Shareholders is a forum for communication between the

Company and shareholders, and shall endeavor to create an appropriate environment for the exercise of rights at General Meetings of Shareholders.

CHAPTER IV. BOARD OF DIRECTORS

(Functions and Duties of the Board of Directors)

Article 15. Functions and duties of the Board of Directors shall be as follows:

(1) Upon delegation by shareholders, the Board of Directors shall offer the direction of its management and make an effort to enhance the Group's medium- to long-term corporate value by, for example, engaging in freewheeling and constructive discussion on management policies and management reforms;

(2) The Board of Directors shall determine matters that may have a serious impact on the management, such as management policies and management reforms in accordance with the provisions of laws, the Articles of Incorporation and the Board of Directors Rules;

(3) The Board of Directors shall accelerate decision-making in business execution by delegating the authority over business execution to an appropriate extent to Executive Officers in accordance with the provisions of the Board of Directors Rules, etc. so that Executive Officers may assume the responsibility and authority to make decisions and execute business in response to changes in the business environment; and

(4) The state of Group Governance and the progress of the execution of duties including the progress of the management strategy shall be reported by Executive Officers to and supervised by the Board of Directors on a periodic basis.

(Composition of the Board of Directors)

Article 16. The Board of Directors shall consist of an appropriate number of Directors (but not more than twelve (12) Directors, as provided for in the Articles of Incorporation) to enable the Board of Directors to fulfill its functions most effectively and efficiently. In addition, a majority of the Directors on the Board of Directors shall be Independent Outside Directors.

2. The Board of Directors shall consist of diverse Directors with a high degree of expertise and insight into management, finance and accounting, sales and marketing, production engineering, research and development, legal affairs, internationality and other aspects to ensure a well-balanced combination of knowledge, experience and ability necessary to fulfill their functions and duties effectively as a whole.

(Analysis and Evaluation of the Effectiveness of the Board of Directors)

Article 17. The Board of Directors shall analyze and evaluate the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis, and disclose a summary of the results, and implement measures to improve the effectiveness.

(Chair of Board of Directors Meetings)

Article 18. The Company shall appoint the Chair of Board of Directors Meetings by resolution of the Board of Directors. The Chair of Board of Directors Meetings shall not concurrently serve as an Executive Officer. The Chair

of Board of Directors Meetings shall select the agenda items of the Board of Directors Meetings, and endeavor to ensure high-quality deliberations, effective and efficient operation through fostering a spirit of respect for freewheeling and constructive discussion and opinion exchange, including the raising of questions by Outside Directors. In addition, the Chair takes the initiative in analyzing, evaluating and improving the effectiveness of the Board of Directors in order to enhance the effectiveness of the Board of Directors.

(Chairperson)

Article 19. The Company may appoint one (1) Chairperson by resolution of the Board of Directors.

CHAPTER V. DIRECTORS AND EXECUTIVE OFFICERS

(Functions and Duties of Directors)

Article 20. Directors shall be aware of their fiduciary duties to shareholders and endeavor to improve the Group's corporate value from a medium- to long-term viewpoint while ensuring constructive communication with shareholders and investors and other appropriate collaboration with stakeholders.

(Policy for Nomination of Candidates for Director and Dismissal of Directors)

Article 21. The policy for the nomination of candidates for Director and Dismissal of Directors shall be as specified in Exhibit 1.

(Concurrent Post of Directors)

Article 22. In the event that a Director concurrently serves as an officer, etc. of companies other than the Company ("another company's officer"), the Director shall limit his/her services in the concurrent positions to the extent that they do not interfere with the fulfillment of his/her functions and duties as a Director of the Company. In the event that a Director assumes office as another company's officer, such Director is required to follow the prescribed procedures.

(Functions of Outside Directors)

Article 23. Outside Directors mean the Outside Directors defined in Article 2, item (xv) of the Companies Act.

2. Outside Directors shall play a role in supervising the appropriateness of the execution of duties by Directors and Executive Officers from an objective standpoint, and enhancing the management supervisory functions of the Board of Directors through providing a diverse range of values regarding the management of the Company based on expert knowledge as well as through experience that differs from that of officers who advanced internally.

(Standards for Independence of Independent Outside Directors)

Article 24. The standards for the independence of Independent Outside Directors shall be as specified in Exhibit 2. Such standards for independence shall not preclude a person who does not satisfy them from being appointed as an Outside Director.

2. Among Outside Directors, those who fulfill the standards for independence shall be notified to Tokyo Stock

Exchange, Inc., as Independent Outside Directors.

(Meetings of Outside Directors)

Article 25. By exchanging information and sharing awareness on a wide range of matters not limited to the agenda items of the Board of Directors meetings, Outside Directors may convene and hold meetings consisting solely of Outside Directors as necessary for the purpose of fulfilling their management supervisory functions appropriately.

2. When holding a meeting as prescribed in the preceding paragraph, Outside Directors may request that officers who advanced internally, etc. provide necessary information and explanations.

(Support System for Directors)

Article 26. Directors shall collect information to fulfill their functions and duties effectively.

2. The Company shall develop the following systems to ensure that the collection of information by Directors is facilitated and that the provision of necessary information to Directors is implemented properly:

(1) Establish a secretariat that supports activities necessary for supervision over business execution and activities necessary for the appropriate operation of the Board of Directors, the Nomination Committee, the Audit Committee, the Remuneration Committee and Outside Directors' informal meetings, etc. under the instructions of the Board of Directors;

(2) Develop a system that enables each Director to access, to a reasonable extent, materials and data related to important committees pertaining to management, such as the Strategic Management Committee, in order to appropriately supervise business execution;

(3) Develop a system in which Executive Officers directly report the progress of the execution of their duties to the Board of Directors on a periodic basis or in a timely manner at the request of Directors; and

(4) Develop a system that enables the Board of Directors to obtain the assistance of outside experts, such as lawyers and certified public accountants, as necessary, and bear the necessary costs and expenses.

(Policy on Training for Directors)

Article 27. We will provide Directors with opportunities for training by outside experts, etc. as necessary so that they can acquire the knowledge to carry out their functions and duties (including legal responsibilities) at the time of and after their assumption of office. We will provide Outside Directors with the opportunity to obtain a deeper understanding of the Group’s business, finance, organization, etc. Any costs and expenses for the foregoing shall be borne by the Company.

(Functions and Duties of Executive Officers)

Article 28. Executive Officers shall execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors.

(Policy on Election and Dismissal of Executive Officers)

Article 29. The policy on the election and dismissal of Executive Officers shall be as specified in Exhibit 3.

(Succession Planning for the Chief Executive Officer)

Article 30. The Board of Directors shall oversee the systematic development of successor candidates for the Chief Executive Officer (hereinafter, "Successor Candidates") in order to develop the next generation of human resources who will be responsible for management.

2. The Nomination Committee shall deliberate on Successor Candidates and their succession planning and oversee the development of Successor Candidates so that they are developed appropriately. In addition to this, the Nomination Committee deliberates on candidates for the next Chief Executive Officer in response to the inquiries from the Board of Directors and reports back to the Board.

(Remuneration for Directors and Executive Officers)

Article 31. The policy on determining the remuneration for Directors and Executive Officers shall be as specified in Exhibit 4.

(Transactions between Related Parties and Conflict-of-Interest Transactions)

Article 32. With respect to competitive transactions between the Company and Directors / Executive Officers and conflict-of-interest transactions between the Company and Directors / Executive Officers, the Company will conduct advance deliberations and make reports on the actual results of approved transactions (if any) at the Board of Directors Meetings, in accordance with the provisions of laws and internal rules such as the Board of Directors Rules. Further, any transaction between the Company and any major shareholder over a certain amount shall be deliberated at the Board of Directors Meeting in advance, in accordance with the provisions of the Board of Directors Rules.

CHAPTER VI. COMMITTEES

(Nomination Committee)

Article 33. The Nomination Committee shall determine the policy for the nomination of candidates for Director and Dismissal of Directors, and the content of proposals concerning the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, etc. In addition, the Nomination Committee shall review and respond to inquiries from the Board of Directors concerning the election and dismissal, etc. of Executive Officers.

2. Majority of the Nomination Committee members shall be Independent Outside Directors.

3. The Chair of the Nomination Committee shall be performed by an Independent Outside Director.

(Audit Committee)

Article 34. The Audit Committee shall audit the legality and validity of the duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Audit Committee member selected by the Audit Committee.

2. Majority of the Audit Committee members shall be Independent Outside Directors.

3. The Chair of the Audit Committee shall be performed by an Independent Outside Director.

4. The Audit Committee shall approve internal audit plans of the department in charge of internal audits, and give instructions to the department in charge of internal audits when necessary for the performance of duties.

5. The Audit Committee shall endeavor to improve the effectiveness of audits conducted by the Audit Committee, internal audits and accounting audits, by closely cooperating with the department in charge of internal audits and the accounting auditor, such as by regularly receiving reports on audit results.
6. The Audit Committee shall establish an independent internal reporting desk.

(Remuneration Committee)

Article 35. The Remuneration Committee shall establish policies for determining the individual remuneration for Directors and Executive Officers, and determine the individual remuneration to be received by Directors and Executive Officers based on such policies.
2. Majority of the Remuneration Committee members shall be Independent Outside Directors.
3. The Chair of the Remuneration Committee shall be performed by an Independent Outside Director.

CHAPTER VII. REVISION OR ABOLITION

(Revision or Abolition)

Article 36. This policy shall be established, revised or abolished by resolution of the Board of Directors; provided, however, that the matters to be exclusively determined by the Nomination Committee, the Audit Committee, or the Remuneration Committee shall be subject to the decision of the relevant committee.

[History]

Established on April 1, 2020
Revised on November 1, 2020
Revised on December 1, 2021
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Revised on June 23, 2026

Exhibit 1

Policy for Nomination of Candidates for Director and Dismissal of Directors

Our basic approach to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities. In particular, the Nomination Committee will consider candidates for Outside Directors to ensure that they comprise individuals who possess experience and knowledge in corporate management (business similar to or different from the Group's business, etc.) and organizational management, and individuals who possess broad and advanced expert knowledge and extensive experience in relation to finance and accounting, legal affairs, production engineering, research and development, sales and marketing, or international relations, etc.

In light of the basic policy on the structure mentioned above, the Nomination Committee will nominate and select individuals who satisfy the following requirements as candidates for Directors, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and law-abiding spirit; and
- An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.

Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:

- An individual who has no material interest in the Group and who can remain independent (the standards for independence of Independent Outside Directors shall be as specified in Exhibit 2).

The specific selection of personnel shall be decided after deliberation by the Nomination Committee.

If a Director falls under any of the following events, the Nomination Committee may determine the content of the proposal to be presented to the General Meeting of Shareholders for the dismissal of such Director.

- When there is a serious violation of laws and regulations or the Articles of Incorporation by a Director;
- When a Director commits serious misconduct in the performance of his/her duties;
- When there is a lack of the judgmental capacity that a Director should have or when the capacity to reason is notably inadequate; or
- When a Director will likely be unable to attend the Board of Directors meetings for a considerably long period of time.

Exhibit 2

Standards for Independence of Independent Outside Directors

The Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below in addition to meeting the standards for independence established by Tokyo Stock Exchange, Inc.:

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:
   (1) An executive or non-executive Director (excluding Outside Director) of the Company; or
   (2) An executive or non-executive Director of the Company's subsidiary.

2. An individual who falls under any of items (1) through (5) below:
   (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
   (2) A person who received, as a professional or consultant, etc., consideration of not less than 10 million yen from the Company in the previous fiscal year, excluding his/her consideration as a Director;
   (3) An executive of an organization that received a donation of not less than 10 million yen from the Company in the previous fiscal year;
   (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
   (5) The Company's Accounting Auditor or its employee, etc.

3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years:

4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or

5. A person whose term of office as the Company's Outside Director is more than eight (8) years.

Exhibit 3

Policy for Election and Dismissal of Executive Officers

In electing Executive Officers responsible for the execution of business tasks, the Nomination Committee will elect individuals who satisfy the following requirements, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and law-abiding spirit; and
- An individual well-versed in management and the business activities of the Group.

In relation to the election process, the Chief Executive Officer will first draft a proposal for the election of Executive Officers after consulting with relevant officers as necessary. The Chief Executive Officer will then submit a proposal for the election of Executive Officers to the Board of Directors based on the deliberations and responses to inquiries at the Nomination Committee meeting, and Executive Officers will be elected by resolution of the Board of Directors based on a comprehensive review of the candidates' personal history, achievements, specialist knowledge, and other capabilities.

In addition, if any event occurs that makes an Executive Officer highly ineligible in light of these standards, the Executive Officer shall be dismissed by resolution of the Board of Directors following a review by the Nomination Committee.

Exhibit 4

Policy on Determining Remuneration for Directors and Executive Officers

With the aim of creating an attractive remuneration system for outstanding management personnel that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders including shareholders, the Company shall establish the following policy on determining remuneration for Directors and Executive Officers (hereinafter, "Officers"):

1. A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
2. The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
3. As for the remuneration for Executive Officers, in order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. As for the remuneration for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), in principle, only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers. However, Directors, who serve as Chair of the Board of Directors or Chair of each committee shall be paid an allowance in addition to their basic remuneration in consideration of their responsibilities.
4. An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

$$*\text{TSR} = \frac{\text{Average closing price of the stock on each day in March of the current year} + \text{Total amount of dividends per share in the current fiscal year}}{\text{Average closing price of the stock on each day in March of the previous year}}$$

5. A medium- to long-term incentive shall be stock-based compensation that enables Executive Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
6. The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
7. Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.