

N.E. CHEMCAT is working to build a transparent and sound governance system and strengthening internal controls in order to increase stakeholder trust and enhance corporate value. We have also positioned compliance as our top priority in corporate activities.

Governance System

To conduct transparent and sound corporate management, we need to establish corporate governance that is in line with the true state of the company. The company has put in place a general shareholders' meeting, a board of directors, corporate auditors, and an accounting auditor to ensure appropriate corporate governance.

Activities of the Board of Directors and Corporate Auditors

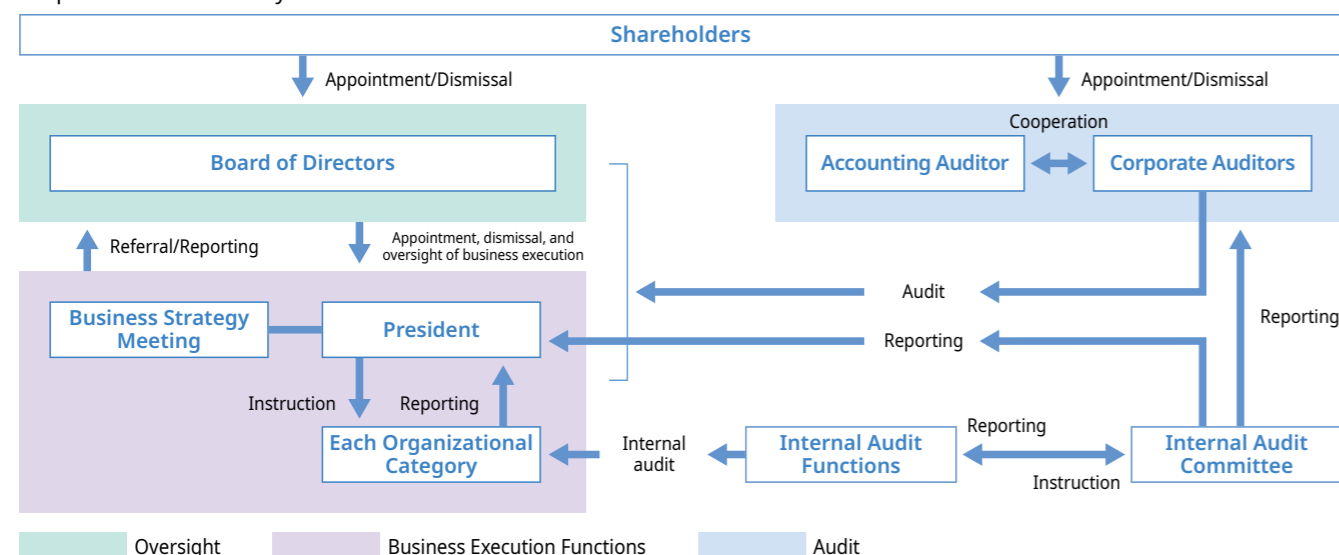
In accordance with the Companies Act and internal regulations, we held seven board of directors' meetings (two of which were held in writing) in FY2023 to discuss important matters and report on the state of business execution.

Corporate auditors also attended the general shareholders' meeting, the board of directors' meetings, and other important meetings to monitor and verify whether resolutions and reports have been made in accordance with laws, the Articles of Incorporation, and internal regulations, and whether appropriate business judgment was exercised in making decisions.

Overview of Directors and Corporate Auditors

Number of directors	6
Number of corporate auditors	3
Number of board of directors' meetings held	7
Number of corporate auditors' liaison meetings held	6

Corporate Governance System Chart



Internal Controls

The company has formulated the Policy on Internal Controls as an effort to establish a system necessary to ensure the appropriateness of business operations as stipulated in the Companies Act. Based on this policy, the company has established a system for appropriate operational controls in terms of business processes, risk management, and compliance.

The company also conducts internal audits on business processes and compliance. Regarding internal audits, the Internal Audit Committee reviews and evaluates the status of the system's development and operation in terms of the appropriateness of the company's important business processes and compliance status.

When conducting internal audits, the company cooperates with external organizations as appropriate, and reports the existence of deficiencies and their causes to the Internal Audit Committee. If deficiencies are found, an issue log is released, and the General Manager of the Corporate Administration Dept. investigates and confirms the implementation of improvements in a timely manner and releases the summarized report to the Internal Audit Committee.

Compliance

We believe that compliance must be addressed to fulfill our required social responsibilities and achieve sustainable growth.

Based on this belief, the company has established the Corporate Guiding Principle and the Code of Conduct to show its commitment to rigorous compliance as a company, and to clarify the items that must be observed by employees, which they must put into practice in their daily work.

In FY2023, there was one non-compliance issue, for which measures were appropriately completed in accordance with our internal rules.

To prevent recurrence, we are also making everyone in the company aware of these incidents and are posting educational activities on the intranet.

Internal Reporting System

The company has established an internal reporting system to promptly collect information on any violation of laws or regulations and to respond to that information as quickly as possible. The division in charge investigates reports and determines whether the report content qualifies as a legal violation or violation of other rules. It then reports the results and the appropriate measures to be taken to the Representative Directors and the standing corporate auditor.

Although there were no internal reports in FY2023, we will continue to promote the system's proper use by raising awareness of the importance of compliance, as well as the role of internal reporting system and how to utilize.

In-house liaison
General Manager of the Corporate Administration Dept.
Outside liaison
The designated law firm

In-House Training

In FY2023, we continuously conducted company-wide compliance training, focusing on the importance of compliance, our compliance system, and the prevention of harassment.

In addition, we regularly published a Compliance Newsletter and conducted awareness-raising activities on the compliance themes such as harassment, safety and environmental laws, competition laws, and internal reporting systems.

Corporate Guiding Principle

Basic attitude towards business activities

We conduct active R&D based on a long-term perspective, establish systems to supply safe and quality products consistently, develop existing businesses and create new businesses in order to resolve social issues.

Environmental initiatives

We position the preservation of global environment as an important mission, and provide products that help resolve environmental issues, as well as take actions to reduce environmental impact throughout our corporate activities.

Enforce safety

We make sure that "Safety is the highest priority," throughout the company. We allocate management resources necessary to ensure safety, and strive to create an accident-free, disaster-free environment by enforcing training upon all persons engaged in our corporate business activities.

Quality improvement

We provide the quality that is satisfactory to our customers, engage the entire company in the quality control systems and conduct continuous quality improvement activities to gain customer trust.

Relationship with stakeholders

We value the dialogues with all stakeholders around us, and aim to be trusted as member of society through achieving accountability and appropriate information disclosure.

Compliance, internal controls

We enforce legal compliance, provide appropriate internal training, and take rigorous attitude against illegal and violating acts, as well as establish an internal controls system with emphasis on the management risks associated with our business activities.

Vibrant working environment

We respect the human rights of our employees and encourage open exchange of opinions and proactive challenges, and create a cheerful working environment that will enable employees to express their characters and diverse human resources to reach their potential.