



## Kenichi Nishiie

Chair of the Board of Directors

At its meeting on September 26, 2022, the Board of Directors expressed its approval of the tender offer for the Company's shares from a consortium of companies led by Bain Capital (hereinafter, the "New Partners"). It also resolved to recommend that our shareholders apply for the tender offer. Upon completion of the tender offer and a series of related transactions, the Company will separate from the Hitachi Group, and its common stock will be delisted.

At such an important time as this for the Group, the role of the Board of Directors is even more important. The current Board of Directors is composed of Directors who have a wealth of experience as directors of the Company and can direct and advise based on their deep understanding of the Company. The Board of Directors also recognize the importance of further strengthening corporate governance in order to increase corporate value. It seeks to do that by effectively implementing the supervisory and executive functions of management and building an organizational structure that balances the two.

In addition, we express our deepest apologies once again to shareholders and other stakeholders for the significant inconvenience caused by the quality assurance issues. The Company's executive component is improving and strengthening the quality assurance organizational structure, which includes its composition, operation, and audits, and we will closely monitor its progress and effectiveness.

To reliably execute the Group's efforts, including those described above, it critical to ensure that the Board of Directors have the ability to execute. At

the May 2022 meeting of the Board of Directors, the Board discussed and evaluated its effectiveness based on the evaluation and opinions of each Director obtained from surveys and interviews carried out in FY2021. The results confirmed that the Board is able to set agendas appropriately and deepen discussions on the direction of strategies, as well as that advanced reviews are being carried out for important matters. On the other hand, the Board recognized that there is room for further improvement on setting Company direction amid changing market and business environments, deliberating management strategies and setting processes for supervision of their execution, establishing a systematic risk management framework and supervision of its operation, and obtaining diversity in the Directors' skills. We also conducted an evaluation of the effectiveness of the Audit Committee, and confirmed its overall effectiveness. We thus note these evaluations in this Integrated Report from this fiscal year.

Going forward, we will continue to increase the effectiveness of the Board of Directors and the Audit Committee, improving and strengthening the Company based on evaluation results.

We, the Board of Directors, fully support the Group in its efforts to accelerate transformation and growth as a materials company that "leads sustainability by high performance" and further enhance its corporate value. We look forward to your continued support.