

SANYO CHEMICAL GROUP  
**SUSTAINABILITY**  
**REPORT**  
**2025**

For the year ended March 31, 2025

"Performance" Through Chemistry



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\* This page is not included in the main body of this PDF report because it links to the same content as Diversity, Equity & Inclusion (DEI).

# Editorial Policy

## Overview of Reports from the Sanyo Chemical Group

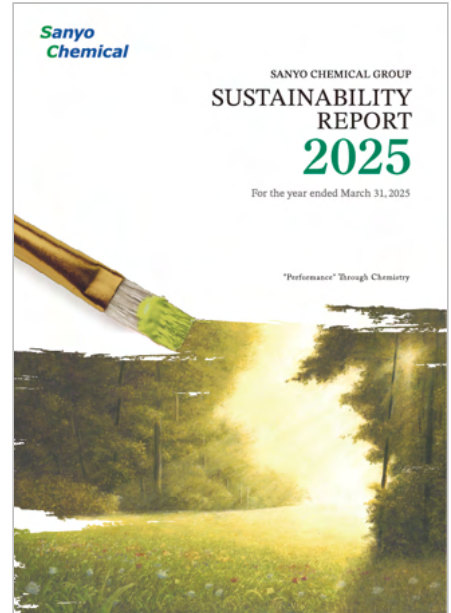
The Sanyo Chemical Group issues annual reports on the following subjects in order to give stakeholders an overview of the Sanyo Chemical Group.



Short, medium, and long term strategies



Financial data (detailed)



Comprehensive ESG information

Our Integrated Reports cover mostly short, medium, and long term strategies. Our Securities Reports provide finance and accounting information as required by law. Lastly, our Sustainability Reports attempt to provide comprehensive ESG-related disclosures.

We also use our corporate website to disclose corporate information in a timely manner, in addition to making available archives of our integrated reports, securities reports (Japanese only), and sustainability reports.

Note: Integrated Report 2025 is set for release on November 28, 2025.

» [Corporate website](#)

## Reporting Period

This report covers FY2024 (April 2024 to March 2025), but includes content through June 2025 for management-related matters that have made significant progress, including organizational and policy changes. Numerical data concerning ESG covers the period from April 2024 to March 2025.

However, Sanyo Kasei (Thailand) Ltd. uses a fiscal year from January 1, 2024 to December 31, 2024, the same as its reporting period.

## Scope

Reporting covers primarily companies in the Sanyo Chemical Group.  
(shares the same scope as the Securities Report)

Sanyo Chemical Industries, Ltd.

### DOMESTIC SUBSIDIARIES AND AFFILIATES

○SDP Global Co., Ltd. <sup>\*1</sup>

○SAN NOPCO LIMITED

○San Chemical Co., Ltd.

○San-Apro Ltd.

○San-Petrochemicals Co., Ltd.

○Sanyo Chemical Logistics Co., Ltd.

○Shiohama Chemicals Warehouse Co., Ltd.

FUJIFILM Sanyo Chemical Healthcare Corporation

### OVERSEAS BASES

Sanyo Kasei (Nantong) Co., Ltd. <sup>\*2</sup>

Sanyo Chemical (Shanghai) Trading Co., Ltd.

San Nopco (Shanghai) Trading Co., Ltd.

DaXiang International Trading (Shanghai) Co., Ltd.

Sanyo Kasei Korea, Ltd.

Sanyo Chemical Manufacturing Korea, Ltd.

San Nopco (Korea) Limited

Sanyo Chemical America Incorporated.

○Sanyo Chemical Texas Industries, LLC

Sunrise Chemical LLC

○Sanyo Kasei (Thailand) Ltd.

SDP GLOBAL (MALAYSIA) SDN. BHD. <sup>\*2</sup>

SANYO KASEI (TAIWAN) LTD.

○Businesses covered by this report

Notes are indicated when the scope of aggregation is different.

<sup>\*1</sup> The Company decided to withdraw from the business in March 2024, and was absorbed by Sanyo Chemical Industries, Ltd. on April 1, 2025.

<sup>\*2</sup> The Company will be dissolved due to a decision to withdraw from the business.

Note: San-Dia Polymers (Nantong) Co., Ltd. has been excluded from the scope of consolidation as all equity interests have been transferred. However, data for FY2024 is being collected and is therefore included in the data range.

## Management Involvement in the Production of This Report and the Sustainability Website

There is an interview with Akinori Higuchi, Representative Director, President and CEO. There is also a message from Director in charge of Sustainability, Hiroyuki Susaki. The publication of this report and the launch of the sustainability website have been reported to and approved by the Management Council.

## Inquiries Concerning This Report

Responsible Care Department, Sanyo Chemical Industries, Ltd. : E-Mail [csr@sanyo-chemical.group](mailto:csr@sanyo-chemical.group)

## Guidelines Referenced

GRI Sustainability Reporting Standards

ISO26000 : 2010 (Guidance on Social Responsibility)

## Published

November 2025

Scheduled publication: November 2026, Previous publication: October 2024

Published once a year

## Corrections and Revisions

GHG-related data and GHG emissions data by scope (Scope 1) in ESG Performance Data (Environment) have been revised retroactively for periods up to FY2022. Additionally, Scope 3 Cat 5 GHG emissions data by scope for FY2023 has been revised.

For details, please refer to the notes on the relevant pages.

### Cover Design for this Sustainability Report

We use the artwork of Paralym Art, which is operated by the Shougaisha Jiritsu Suishin Kikou Association.

Title Breath of Life

Artist Name cocoa float

Paralym Art is an activity that promotes the social participation and economic independence of people with disabilities through artistic expression.

We support the independence of artists with disabilities as an official partner of Paralym Art.





# Message from the President

Working to achieve sustainable growth  
while carrying out our Company Mission:  
"Establish a better society through our corporate activities."

Akinori Higuchi  
Representative Director, President, and CEO



In March 2022, we, the Sanyo Chemical Group announced our long-term management policy, WakuWaku Explosion 2030, which envisions a future where the Company achieves growth by contributing to social sustainability. This will see us commit to making "Sanyo contributions" in three areas: the Environment, People and Quality of Life and Diversity.

"WakuWaku" is a Japanese word that means positive, bright, up-lifting feeling inspired by inner motivations and/or own wills.

[» Sanyo Contributions](#)

## Sanyo Contributions

### Supporting the Environment

We aim to contribute to carbon neutrality by utilizing our "Surfactant-based interface control technology" and providing products that only a chemical company can offer. In addition to focusing on expanding sales of competitive Environmental Performance Chemicals and developing new businesses, we have also managed to reduce the CO<sub>2</sub> emissions from our own facilities by roughly half in FY2024 compared to FY2013. In the future, we plan to consolidate and streamline facilities across our Group and transition to the latest equipment, which will enable us to further reduce energy consumption and CO<sub>2</sub> emissions in the medium to long term.

### Supporting People and Quality of Life

It is said that we live in a time when many will live to be 100. While that may be true, it is a problem that healthy life expectancy is often many years short of this. We develop new products that are mainly for medical and pharmaceutical applications, in addition to agricultural materials. One such product, our newly developed functional protein Silk-Elastin, is slated to soon begin being supplied to medical facilities. As it shows excellent promise for wound treatment, we expect it will help extend healthy life expectancy.

### Supporting Diversity

To support our two businesses that contribute to improving the environment and quality of life, we believe we need the power that diversity generates. We understand that the power generated by a diverse group of people, regardless of gender, nationality, age, or disability, is essential for the future growth of the Sanyo Chemical Group.

## Actions to Take Now for Sustainable Growth

### Safe and secure factories

We are currently planning to consolidate and replace production equipment across our Group with the latest equipment. Our aim is to improve production efficiency and create factories where everyone can work safely and securely. In addition, since operations-related efforts are also essential to ensure safe factories, we have been inviting professors specializing in safety from Okayama University since FY2023 to provide training to production department employees. At the same time, the Safety Education Center is engaged in training plant leaders.

### Digital transformation

Ahead of our equipment consolidation, we are also engaging in digital transformation (DX). We are now reviewing all internal business processes and introducing digital transformation (DX) as part of the strategy described in our New Medium-Term Management Plan 2025, and it is encouraging to see the younger generation already using AI in a variety of areas of their works.

## I To Our Stakeholders

We currently provide a variety of opportunities for communication with stakeholders, including dialogue with institutional investors, surveys of individual shareholders, research laboratory tours, and interviews with local residents. Currently, these matters are reported to the Board of Directors or the Management Council as they arise, but in addition to these ad hoc reports, we plan to provide summaries to the Board of Directors on an annual basis and disclose them to our stakeholders.

By achieving sustainable growth, we will return profits and products to our employees, shareholders, and other stakeholders, and put our Company Mission, "Establish a better society through our corporate activities," into practice.

We appreciate your understanding and cooperation in these efforts, and would be grateful if you could share your feedback you may have with us.

September, 2025

Representative Director, President, and  
CEO

A handwritten signature in black ink, appearing to read "A. Higuchi".

# Message from the Director in Charge of Sustainability

## Sanyo Chemical's Sustainable Management



Director, Managing Executive Officer  
In charge of Sustainability and  
Corporate Strategy

Hiroyuki Susaki

Since our founding, the Sanyo Chemical Group has been carrying out corporate activities based on our Company Mission, “Establish a better society through our corporate activities.” As a result, we take pride in contributing to the “establishment of a better society” by developing a wide range of products that make society and people’s lives more comfortable and convenient through the chemical technology we have cultivated.

However, we must also acknowledge that much of the deterioration of the global environment and the widening of social disparities at present has been caused by past corporate activities.

We are also aware of the need to transform the conventional decision-making mechanisms and personnel systems of our Group to be more transparent and contribute to improving employee engagement.

Our Group formulated the “Basic Policy on Sustainability” in FY2022, clarifying the new management stance of our Group to “aim for sustainable growth into the future by enhancing both social and economic value in cooperation with stakeholders.”

## Role of the Sustainable Management Committee

Until last fiscal year, our Group had a Sustainable Management Committee, which reported directly to the Board of Directors and was chaired by the President and a CSR Promotion Management Committee, which reported directly to the Management Council and was chaired by the General Manager of the Responsible Care Division.

In FY2025, we reorganized our various committees to improve their operational effectiveness, and integrated the CSR Promotion Management Committee into the Sustainable Management Committee. The Management Council is the highest decision-making body for business execution, and the Sustainable Management Committee now reports directly to the Management Council. I serve as the committee’s chairperson as the person in charge of sustainability.

Committee members comprise department heads from each function and persons appointed by a chairperson with diversity in mind, and will engage in highly specialized discussions and policy reviews. The Sustainable Management Committee examines processes for creating social and economic value for the sustainable growth of the entire Group. In particular, it deliberates and decides on policies and company-wide measures for addressing material issues (materialities) that require priority attention in relation to the environment, society, and governance, and implements these measures in relevant departments.

## Recognition of Importance of Roles and Responsibilities One Must Fulfill

We must avoid “greenwashing,” which means placing too much emphasis on “appearance” — how we present ourselves to the outside world or how we are perceived from the outside — at the expense of the effectiveness and substance of our activities.

Furthermore, a company cannot survive if it conducts environmental activities that lack economic rationality.

In our sustainability initiatives, we always emphasize practicality and substance, ensuring that they are not merely superficial. The Sustainable Management Committee continuously evaluates and confirms these initiatives, and prompt corrective action whenever any are deemed inappropriate or insufficient. We also disclose our progress to the public as appropriate.

## Formulation of Human Rights Policy and Subsequent Initiatives

In March 2023, we formulated and disclosed our “Human Rights Policy” to ensure that our Group does not directly commit human rights violations, nor overlook indirect involvement in light of various human rights issues being globally recognized, in the course of promoting management based on the “Basic Policy on Sustainability.”

In the “Human Rights Policy,” we have identified three significant issues in the “6. Identification of Human Rights Risks.” Of these, we have specifically promoted “health management” and the “elimination of harassment” in regard to “employee safety and health,” which is our most pressing issue.

As one measure aimed at “elimination of harassment,” we held study sessions throughout the Group that included group discussions.

In addition, we have enhanced contact points of internal whistleblowing and consultation for harassment both internally and externally.

We aim to realize a company where all employees can work without stress and with peace of mind at an early stage by raising awareness among officers and employees through the implementation of such study sessions and by establishing an environment that makes it easy to report and consult.

Please refer to the “Respect for Human Rights” section under “Social” on our sustainability website to see the status of efforts to address the other two prominent issues identified in “6. Identification of Human Rights Risks” under the “Human Rights Policy”, namely “Labor in the Supply Chain” and “Human Rights Risks Due to Geopolitical Situations and Conflict Impacts.”

» [Respect for Human Rights](#)

## What We Currently Focus on the Most

All six of our Group's material issues (materialities) are important issues that we should focus on. However, I would like to highlight the following two points to prepare for new businesses that will lead to a new growth path.

The first is the development of products that contribute to improving quality of life (QOL).

With the goal of enhancing both the economic and social value we provide, we are currently focusing our efforts on the seamless commercialization of Silk-Elastin®, which is a wound treatment and meniscus repair material with a new healing mechanism, as well as electronic noses and extracellular vesicle (exosome) purification kits.

In particular, we aim to proceed with early commercialization of silk-elastin based on its extremely high effectiveness shown as a result of physician-led clinical trials.

The second is the development of products that contribute to carbon neutrality. Specifically, we are working on developing an additive for lubricant additive (ACLUBE)-based E-Axle oil for electric vehicles, which has traditionally helped improve fuel efficiency in gas-powered vehicles, and on launching new products for peptide agriculture.

The development, manufacture, and sale of conventional chemical products that contribute to the comfort and convenience of society and people's lives will remain the foundation of our Group's business for the time being. Going forward, in addition to our conventional chemical product business, I strongly feel that it is necessary to steadily establish new businesses that reduce the environmental impact and contribute to the realization of a sustainable society and link them to a new growth path.

In creating this sustainability website, we focused on providing comprehensive information about major Sanyo Chemical products that contribute to quality of life and or carbon neutrality. For products that contribute to carbon neutrality. We disclose the CO<sub>2</sub> reduction contributions of these products as well as the basis for our calculations in the "Supporting the Environment" section. Please have a look.

## Promotion of Stakeholder Communication

As stated in our Group's "Basic Policy on Sustainability," collaboration with stakeholders is an indispensable element for our Group to aim for sustainable growth into the future. In addition, in order for our Group to collaborate with stakeholders, it is necessary for them to understand the overall picture of our sustainable management.

"Understanding the overall picture" refers not only to understanding what we are doing, but also to understanding the way of thinking and basic policies behind it, and we believe that communication that achieves such objectives is important.

As a general rule, this sustainability website on our corporate website is also updated annually based on these above principles. We hope that our stakeholders will share our perspective as much as possible.

## What We Aim to Realize from Now on

In FY2024, our Group withdrew from our low-profit superabsorbent polymer business and manufacturing business in China.

This withdrawal resolved a long-standing issue for our Group, marked a major step forward in restructuring, and created an environment more conducive to improving profitability.

Although these structural reforms will reduce our Group's sales, we will shift management resources from these low-profit businesses to the development, manufacture, and sales of higher-profit products and new products that constitute new businesses that will lead to the new growth path.

Through this portfolio transformation, our Group aims to become a highly profitable company as manufacturer of performance chemicals with unique functions, albeit on a smaller scale. We believe that this is the path we must take for sustainable success.

## Our Request for Your Understanding and Cooperation

Our Group has been and will continue to contribute to the realization of a sustainable society through a wide range of products created using our unique technologies that we have cultivated. We believe that this contribution will ultimately lead to our Group's own sustainability efforts. We would like to convey this to all of our stakeholders and gain their understanding.

We would be truly delighted if you could take your time to explore our sustainability website in its entirety and gain a deeper understanding of our Group's initiatives

We look forward to your understanding and support of our Group in the future as well.

Director, Managing Executive Officer  
In charge of Sustainability and  
Corporate Strategy





# Sustainability Management

All of the Sanyo Chemical Group's approach and initiatives for sustainability are based on the Company Mission of "Establish a better society through our corporate activities," which has been cherished since its establishment in 1955. This Company Mission expresses the spirit of achieving sustainable coexistence between us and society through corporate activities, and is the foundation of all our activities.

## Basic Policy

In FY2022, we clarified our vision for the future of our corporate activities, which we have put into practice based on our Company Mission since our founding, in the form of our Basic Policy on Sustainability.

### Basic Policy on Sustainability

Based on the Company Mission, "Establish a better society through our corporate activities," which has been cherished since our establishment, the Sanyo Chemical Group will realize sustainable growth toward the future by enhancing both economic and social values in close cooperation with stakeholders.

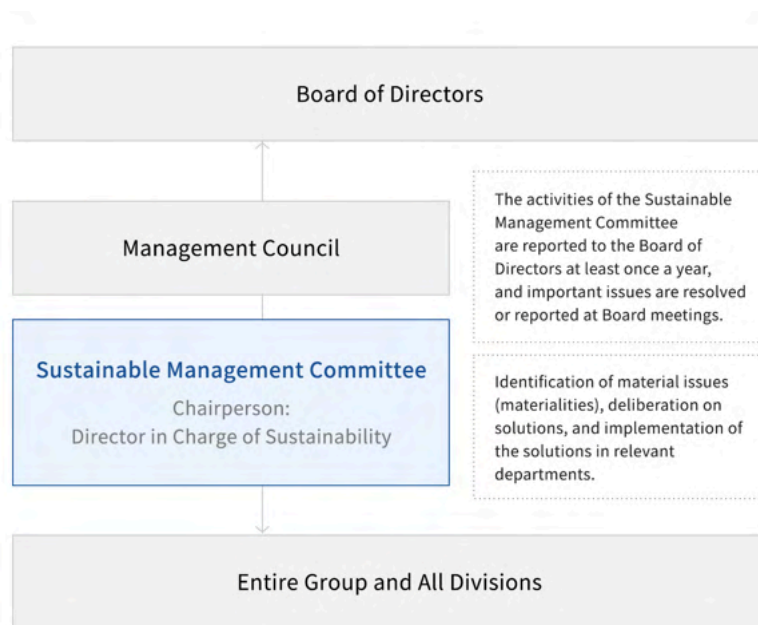
## Promotion System

We position sustainable management as a high-level concept of corporate social responsibility (CSR).

To date, we have established the Sustainable Management Committee, which reports to the Board of Directors, and the CSR Promotion Management Committee, which reports to the Management Council, as conference bodies for deliberating on sustainability measures.

In FY2025, the two committees were merged into a single Sustainable Management Committee, which will report to the Management Council.

The new Sustainable Management Committee, chaired by the Director in charge of Sustainability, will organize the Company's various sustainability measures based on material issues (materialities) while identifying areas of focus and strengthening efforts in those areas.



## Sustainable Management Committee

The Sustainable Management Committee examines processes of creating economic and social value for the sustainable growth of the Group. In particular, with regard to the environment, society, and governance, it is responsible for deliberating and deciding on policies and company-wide measures for resolving material issues (materialities) that should be prioritized, and for implementing those measures in relevant departments. The Management Council regularly receives reports and conducts monitoring.

### [Sustainable Management Committee]

Chairperson	Director in Charge of Sustainability
Committee Member	12 people Full-time Directors, including the President Nominee for Chairperson
Observer	Full-time Auditors
Secretariat	Nominee for Chairperson.

### [Purpose]

We will work with stakeholders to improve both our economic value and social value in order to grow sustainably as a company.

### [Meetings]

In principle, four times a year

### [Role]

- (1) In order to increase both economic and social value, the committee will identify material issues (materialities) that require priority attention in relation to the environment, society, and governance (ESG), deliberate on policies and company-wide measures to resolve them, and implement these measures in relevant departments.
- (2) Review the plan, progress, and results of the above measures, and deliberate and decide on improvements and corrections.
- (3) In addition, from an ESG perspective, it will deliberate and decide on initiatives needed to foster sustainable growth for the Group and realize social sustainability.
- (4) In order to appropriately communicate information about our sustainable management to stakeholders, we will deliberate and decide on the content of important external publications, including those related to sustainability.

## CSR Guidelines

We have comprehensively summarized how the Group addresses social issues and have established nine CSR Guidelines.

Items of CSR Guidelines	Content of guidelines
1. Safety and Accident Prevention	We will prioritize safety and accident prevention in all business activities. We will continue to operate without accidents or injuries, contributing to the safety of society, and strive to protect the safety and health of all individuals engaged in work, and to create a comfortable working environment.
2. Compliance	All Directors and employees of the Group will thoroughly take actions with an awareness of the questions listed in the Advice on Compliance, such as “Is this an act that we can be proud of in society?”
3. Reduction of Environmental Impact	We will voluntarily and steadily implement effective measures to reduce emissions of greenhouse gases, plastics, industrial waste, and other materials. In particular, in order to reduce greenhouse gas emissions, we will actively promote energy conservation and switch to renewable energy.
4. Product Development	By combining the strengths we have cultivated and newly acquired with external knowledge, we will aim to develop products that are useful to society that are compatible with the “realization of a sustainable global environment” and the “improvement of convenience and comfort.”
5. Sustainable Purchasing	We will establish a separate Sustainable Purchasing Policy and steadily implement it to contribute to achieving a sustainable global environment throughout the entire supply chain, including business partners, and to avoid complicity in human rights violations.
6. Product Safety and Quality Reliability	To ensure proper safety throughout the product lifecycle, from development, manufacturing, use and disposal, we will provide accurate product information to external parties. In addition, to improve the reliability of product quality, we will conduct strict quality control internally.
7. DEI and Human Resource Development	We will respect the diversity, personality and individuality of our employees and ensure a safe and comfortable work environment. Furthermore, we will cultivate human resources who demonstrate autonomy and creativity on top of achieving relaxation, abundance, and physical and mental health, leading to self-fulfillment. We will eliminate harassment and strive to respect human rights in the workplace.
8. Dialogue with Stakeholders	We will proactively and fairly disclose our financial and non-financial information and promote dialogue with our stakeholders, including customers, shareholders, investors, business partners, local communities, governments, mass media, and employees, in order to ensure that they accurately recognize the corporate value of the Group and to understand their expectations and evaluations of the Group and reflect them in our corporate activities.
9. Social Contribution Activities	With the aim of promoting science and technology, art, culture, education, and welfare, we will voluntarily and continuously engage in activities that contribute to education and research institutions, medical institutions, local communities, NPOs, NGOs, and other organizations.

## Metrics and Targets

We believe that identifying and prioritizing medium- to long-term themes is the quickest way to create value for all stakeholders, and have therefore identified material issues (materialities).

We will address issues across four areas—environment, society, life/living, and governance—while working to “Inspire WakuWaku<sup>\*</sup> feeling from all stakeholders,” “Co-create environmental, social and economic values with stakeholders,” and “Facilitate every employee’s value creation.”

<sup>\*</sup> The Japanese word which expresses positive, bright, uplifting feeling inspired by inner motivations and/or own wills.

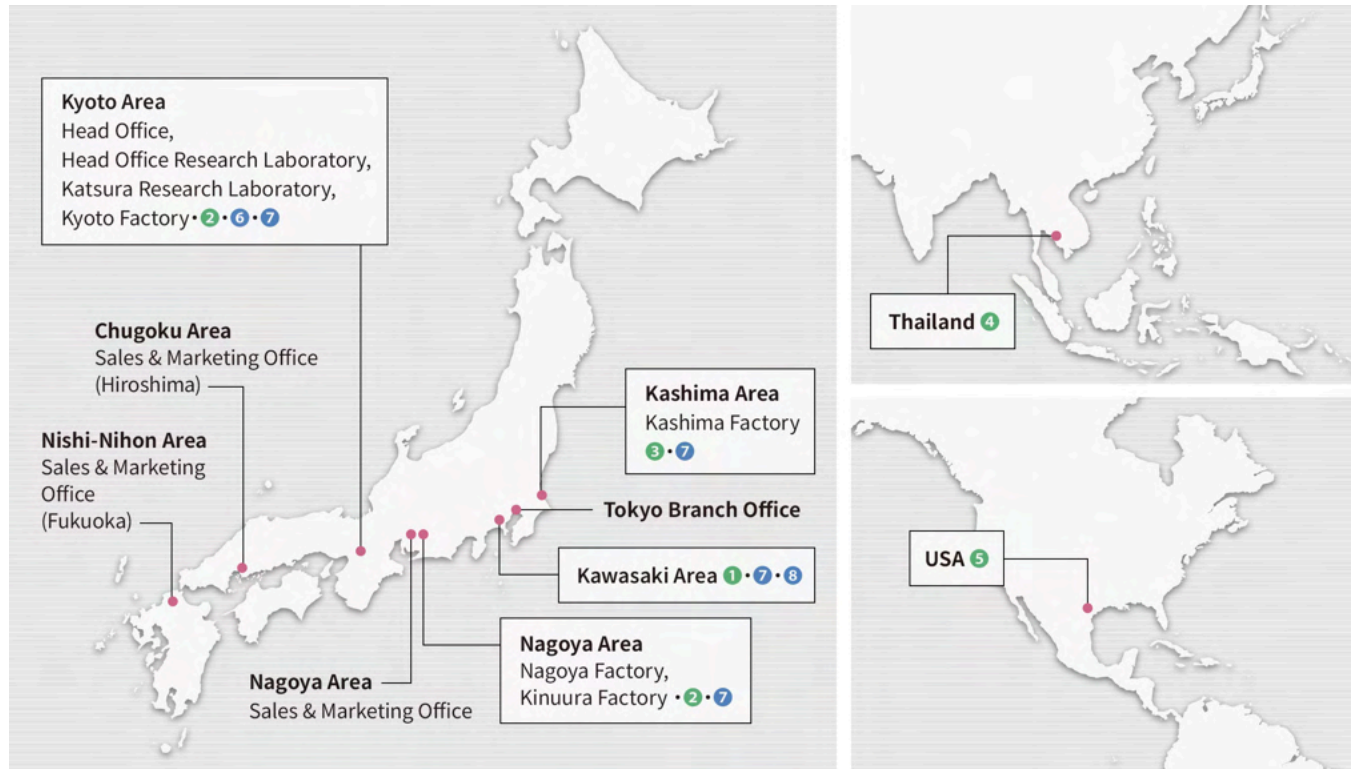
» [Sanyo Chemical Group Material Issues](#)

## Supported Initiatives

Initiative	Target/description	Organizer
UN Global Compact	Human rights, labor, environment, and anti-corruption	UN
Responsible Care Global Charter	Responsible care	International Council of Chemical Associations (ICCA)
Task Force on Climate-related Financial Disclosures (TCFD)	Climate change	Task Force on Climate-related Financial Disclosures
Challenge Zero	Climate change	Keidanren (Japan Business Federation)
GX League	Green transformation	Ministry of Economy, Trade and Industry
Keidanren Initiative for Biodiversity Conservation	Biodiversity	Keidanren (Japan Business Federation)
Ikuboss Corporate Alliance	Work style reform	NPO Fathering Japan
“Declaration on Action” by a group of male leaders who accelerate “A Society in which Women Shine”	Promotion of women’s empowerment	Cabinet Office
Keidanren aims to achieve a 30% ratio of female executives by 2030 with the “Challenge Initiatives for 30% of Executives to be Women by 2030”	Promotion of women’s empowerment	Keidanren (Japan Business Federation)
Business for Marriage Equality	LGBTQ	Marriage For All Japan : Freedom of Marriage for All, Lawyers for LGBT & Allies Network and NPO Nijiirō Diversity

## ISO Acquisition Status

The Environmental Management System (ISO14001) was obtained by Sanyo Chemical and our domestic subsidiaries and affiliates from 1999 to 2001 and maintained for about 20 years. However, as the Company has established a system to build a management system in line with ISO requirements and continuously promote improvements internally, it was determined that the system could be sufficiently operated in-house, leading to the decision to relinquish domestic certification in FY2020. However, our overseas subsidiaries and affiliates will continue to maintain this certification. In addition, our quality management system (ISO9001) has been certified both in Japan and overseas. The Biotechnology & Medical Division has obtained ISO13485 (Medical Devices and In-vitro Diagnostic Medical Products) certification, a quality management system specialized for pharmaceuticals.



	Location	Facility	Year of establishment (operation)	ISO14001		ISO9001	
				Year acquired	Certification authority	Year acquired	Certification authority
Production Base	-	Kashima Factory, Sanyo Chemical Industries, Ltd.	1977	-	-	1997	JCQA
	-	Kyoto Factory, Sanyo Chemical Industries, Ltd.	1949	-	-	1999	JCQA
	-	Nagoya Factory, Sanyo Chemical Industries, Ltd.	1969	-	-	1998	JCQA
	-	Kinuura Factory, Sanyo Chemical Industries, Ltd.	2010	-	-	2010	JCQA
	(1)	San Chemical Co., Ltd.	1982	-	-	2000	JCQA
	(2)	SAN NOPCO LIMITED	1966	-	-	2000	JCQA
	(3)	San-Petrochemicals Co., Ltd.	1977	-	-	-	-
	(4)	Sanyo Kasei (Thailand) Ltd.	1997	2009	TICA/J-VAC	2004	TICA/J-VAC
	(5)	Sanyo Chemical Texas Industries, LLC	2005	-	-	-	-
Non-production Base	(6)	San-Apro Ltd.	1966	-	-	2003	JCQA
	(7)	Sanyo Chemical Logistics Co., Ltd.	2020	-	-	-	-
	(8)	Shiohama Chemicals Warehouse Co., Ltd.	1983	-	-	-	-

Note: The four Sanyo Chemical factories and domestic subsidiaries and affiliates (1) through (3) discontinued their ISO14001 certification in FY2020.

(3) San-Petrochemicals Co., Ltd. also discontinued its ISO9001 certification in FY2020.



# Sanyo Chemical Group Material Issues

## Approach to Materiality Identification

The definition of material issues; important issues that have a significant impact on the medium-to-long-term value creation of Sanyo Chemical Group.

The Sanyo Chemical Group defines materiality as “important issues that have a significant impact on the medium- to long-term value creation of the Sanyo Chemical Group.” We believe that it is necessary to identify materiality in order to continue to create value with the intention of satisfying all stakeholders defined by the Group. To create value for all stakeholders, we have identified materiality by following the process 1 to 4 below, considering that identifying and prioritizing medium- to long-term themes is the shortest route to value creation.

### Process 1. Identification of issues

Issues have been selected with reference to various guidelines, such as the SASB Standards for the chemical industry, the GRI Guidelines, the Sustainable Development Goals (SDGs), and the World Economic Forum (WEF) core metrics, as well as communication with stakeholders and a questionnaire on our company mission for all employees and officers.

### Process 2. Prioritization of the issues and creation of the materiality matrix

The identified issues have been prioritized through dialogue with major shareholders and employees about their impacts on our corporate identity and finance, opportunities to create innovation, and the Sanyo Chemical Group’s uniqueness. The issues were then plotted on a matrix with management and business perspectives placed on the horizontal axis and expectations and contributions to resolving social and environmental issues placed on the vertical axis.

### Process 3. Identification of material issues

With a focus on the upper right area of the materiality matrix, six material issues have been identified, with issues related to the Environment field and the Life field as material issues on the business domain and issues related to the Society field and the Governance field as material issues on the management domain. (The Life field has been separated from the conventional ESG portfolio and categorized as a symbol of expectations and contributions to the improvement of QOL.)

### Process 4. Validation of the material issues and board approval


The material issues have been validated through deliberations at the Sustainable Management Committee, and have been approved by the Board of Directors. The issues will be reviewed according to changes in the business environment that may occur in the future.

## Recognition of the Future Business Environment

- Resource and energy prices are expected to remain high due to the worsening situation in Russia and Ukraine as well as the Middle East. The increased use of electricity and water resources due to the spread of AI will also move society further toward environmental improvement and carbon neutrality.
- The declining birthrate and aging population are not just issues in developed countries but also global issues. From a societal perspective, there is a growing need for longevity and health industries, while companies need to address a decline in the productive population.
- As values become more diverse, the pace of change in business is accelerating, and independent businesses and various networks are actively being created. This leads to the decline of some industries. There are concerns that traditional and local industries will fade due to a lack of successors.
- Due to recent quality compliance issues, society is looking at companies more strictly, making it essential for companies to strengthen their risk management systems and corporate governance. They are also expected to make appropriate disclosures in response to stakeholder requests.

## Sanyo Chemical Group Material Issues


### Material Issues on the Business Domain

Classification			Opportunities and risks (○ opportunity / ● risk)	Our approach (goal) / 【KPI (achievement)】	Related page
E	CN	Achieve carbon neutrality as Interface Innovator	<ul style="list-style-type: none"> <li>○ Demand shift to materials suitable for decarbonization</li> <li>○ Accelerated transition to a circular economy and the emergence of innovative technologies for a decarbonized society</li> <li>● Deteriorating business performance due to stricter regulations caused by policies such as carbon pricing to combat climate change</li> </ul>	Contribute to carbon neutrality through the interface control technology	<a href="#">Message from the President</a> 
L	QOL	Improve QOL by performance through chemistry	<ul style="list-style-type: none"> <li>○ Growing needs for preventive medical care and health promotion</li> <li>● Deteriorating business performance due to insufficient response to social needs</li> </ul>	Create value in the medical field through new technologies Create new value closely linked to people's lives	

CN Carbon Neutrality
 QOL Quality of Life

## Material Issues on the Management Domain

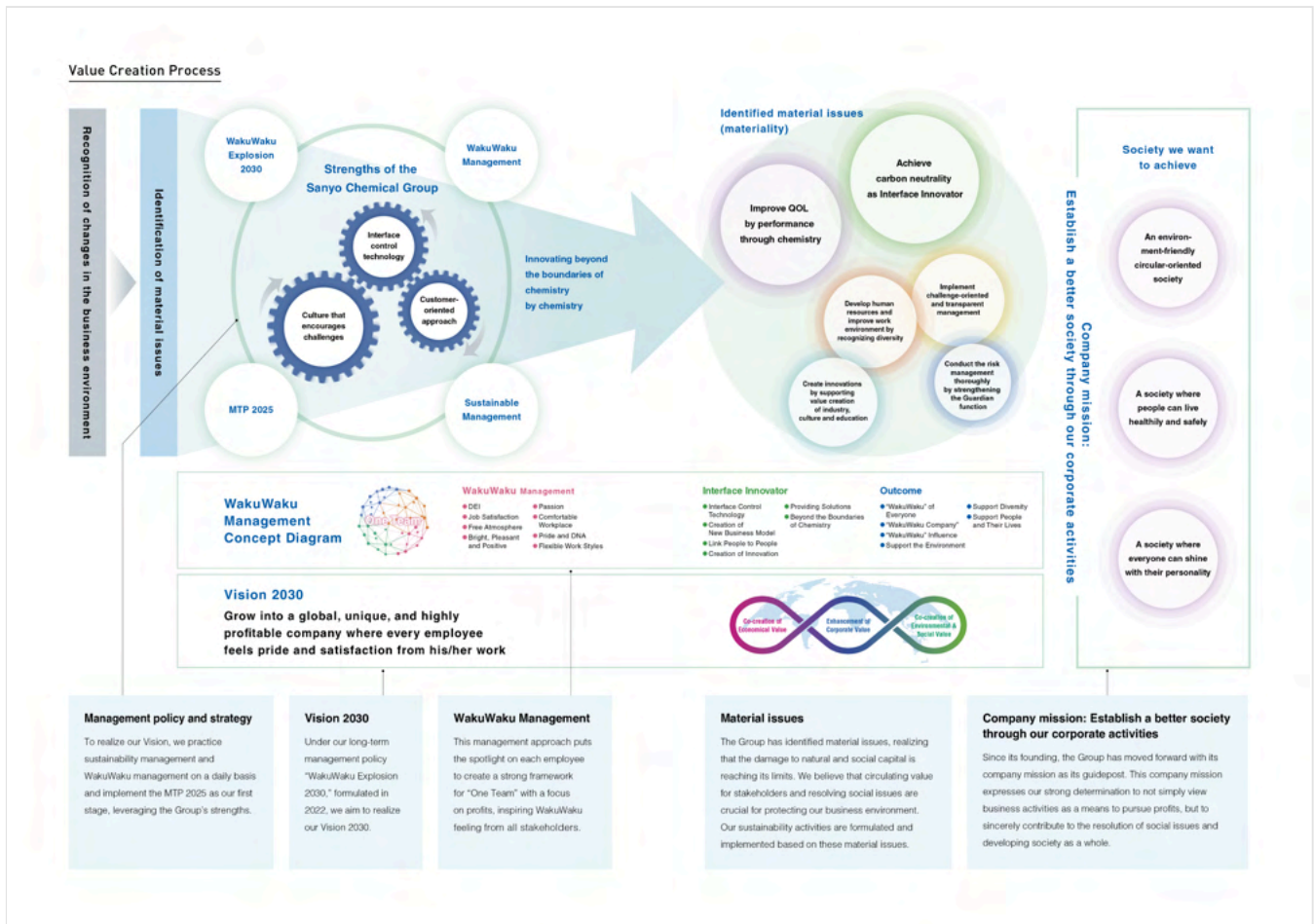
Classification			Opportunities and risks (○ opportunity / ● risk)	Our approach (goal) / 【KPI (achievement)】	Related page
S	IN	Create innovation by supporting the value creation of industry, culture and education	<ul style="list-style-type: none"> <li>○ Coexistence with the local community and the creation of business opportunities through interdisciplinary communication</li> <li>● Deteriorating business performance due to a decline in Japan's competitiveness and market shrinkage caused by decreasing chemical capabilities and ailing local industry</li> </ul>	<b>Challenge beyond the boundaries of chemistry with our chemical capabilities</b> <ul style="list-style-type: none"> <li>• Utilize the matching platform “UQ Chem” services to connect distinctive chemicals with untapped needs</li> <li>• Support various traditional Kyoto industries through technical and financial contributions (Sanyo Chemical Foundation for Social Contribution)</li> <li>• Promote collaboration and alliances with different fields and investment on startups</li> <li>• Promote DX and MI</li> <li>• Carry out on-site chemical classes at elementary and junior high schools</li> <li>• Participate in the Kyoto beyond SDGs Consortium with Kyoto University</li> </ul>	-
	HC	Develop human resources and improve work environment by recognizing diversity	<ul style="list-style-type: none"> <li>○ New value creation through diversification</li> <li>○ Improved employee engagement through workplace culture reform</li> <li>● Decreased employee engagement due to insufficient response to diversifying values and work styles, and difficulty in personnel acquisition and personnel outflow</li> </ul>	<b>Diversity, equity &amp; inclusion (DEI): Facilitate culture, which all employees can be excited (“WakuWaku”)</b> <ul style="list-style-type: none"> <li>• Promote women's empowerment Female manager ratio: 6% or more by FY2025 (FY2024: 5.0%)</li> <li>• Promote LGBTQ understanding</li> <li>• Make the Ikuboss declaration and join the Ikuboss Corporate Alliance [Ratio of male childcare leave takers: 100% by FY2025 (FY2024: 92.5%)]</li> <li>• Promote health and productivity management</li> <li>• Enhance communication between management and employees: Morning meeting (lecture to all employees), Training camp (discussion with general managers), Dojo (handing down to executive assistants, etc.), and Salon (dialogue with mid-level and young employees, etc.)</li> <li>• Create a work environment where employees with disabilities can work [Employment rate of people with disabilities: 2.7% or more by FY2026 (2.5% as of June 1, 2025)]</li> </ul>	<a href="#">» Diversity, Equity &amp; Inclusion (DEI)</a> <a href="#">» Work Style Reform</a> <a href="#">» Health and Productivity Management</a>

Classification			Opportunities and risks (○ opportunity / ● risk)	Our approach (goal) / 【KPI (achievement)】	Related page
G	RM	Conduct the risk management thoroughly by strengthening the Guardian function	<ul style="list-style-type: none"> <li>○ Improved business performance through stable supply of high-quality products</li> <li>○ Improved corporate value through the gaining of stakeholder trust</li> <li>● Business continuity risks, unexpected losses, and loss of credibility due to internal control failure</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen quality governance by isolating quality assurance from production</li> <li>• Establish a management system for significant risks that may be critical to corporate value</li> <li>• Strengthen the legal compliance system</li> <li>• Strengthen the safe and healthy system by using the safety education center</li> </ul>	<a href="#">» Risk Management</a>
	TM	Implement challenge-oriented and transparent management	<ul style="list-style-type: none"> <li>○ Improved corporate value through the gaining of stakeholder trust</li> <li>● Decline in corporate credibility and value due to corporate governance failure</li> </ul>	<ul style="list-style-type: none"> <li>• Promote WakuWaku Management: Put the spotlight on each employee to create a strong framework for “One Team” with a focus on profits, inspiring WakuWaku feeling from all stakeholders</li> <li>• Diversify directors [Raise the female ratio to 30% or more (22.2% as of June 20, 2025)] [Ratio of independent outside directors: 1/3 or more of the Board of Directors (3/9 as of June 20, 2025)]</li> <li>• Enhance disclosure of non-financial information and corporate governance</li> <li>• Enhance dialogue with shareholders, investors, employees, and other stakeholders</li> <li>• Strengthen sustainable management</li> </ul>	<a href="#">Management Policy and Management Approach</a>  <a href="#">» Corporate Governance</a>

IN Innovation
 HC Human Capital
 RM Risk Management
 TM Transparent Management



# Sanyo Chemical Group Value Creation Process



Note: MTP 2025 indicates the New Medium-Term Management Plan 2025.

# Communication with Stakeholders

## Policy

In order to meet the expectations of and build relationships of trust and cooperation with our customers, suppliers, shareholders, investors, local communities, employees, and other stakeholders, the Sanyo Chemical Group strives to ensure that these stakeholders have an accurate view of the Group's corporate value.

We proactively disclose financial and non-financial information of the Group in a fair manner, and promote dialogue so that we can understand the expectations and evaluations of the Group from the viewpoint of our stakeholders and reflect them in our corporate activities.

In February 2025, we announced our "Multi-Stakeholder Policies." We will strive to provide continuous returns to our employees and give consideration to business partners that adhere to our Partnership Building Declaration.



» [Multi-Stakeholder Policies \(Japanese only\)](#)

### Dialogue with stakeholders

Main stakeholders	Communication policy and attitude	Main communication opportunities
Customers	We aim to improve customer satisfaction by offering safe and secure products that meet the needs of customers, and by responding promptly, appropriately, and wholeheartedly to their opinions and requests.	<ul style="list-style-type: none"> <li>• Direct communication through sales activities including exhibition sales</li> <li>• Inquiries by phone or via the website</li> <li>• Responding to customers' green procurement, etc.</li> <li>• Dissemination of information on initiatives for new products, new technologies, and new business fields</li> <li>• Communication of corporate information and ESG information</li> </ul>
Suppliers	We work on sustainable procurement with cooperation from suppliers, and maintain long-term trust based on fair and impartial transactions.	<ul style="list-style-type: none"> <li>• Direct communication through procurement activities</li> <li>• CSR questionnaires</li> <li>• Meetings to exchange opinions with suppliers</li> </ul>
Shareholders and investors	We disclose information about the Group in a timely, appropriate, and fair manner to help shareholders and investors correctly understand and recognize the corporate value of the Group.	<ul style="list-style-type: none"> <li>• Seminars for institutional investors and analysts, and response to interviews</li> <li>• Seminars for individual investors</li> <li>• General meetings of shareholders</li> <li>• Research facility tours</li> <li>• Shareholder questionnaires</li> <li>• Timely communication of corporate information and ESG information</li> </ul>
Local communities	We deepen communication with local communities to help people understand the activities of the Sanyo Chemical Group and ensure harmony with such communities.	<ul style="list-style-type: none"> <li>• Social contribution activities, such as sponsoring events and supporting schools</li> <li>• Cooperation for disaster prevention and traffic safety</li> <li>• Contribution</li> <li>• Creating jobs in our business regions</li> </ul>
Employees	We aim to create a workplace where every employee feels pride and satisfaction in his/her work.	<ul style="list-style-type: none"> <li>• Various education and training programs, talks with the management, interviews</li> <li>• Personnel systems, such as workstyles and health management</li> <li>• In-house newsletters and Intranet</li> <li>• Whistleblowing contact point (hotline)</li> <li>• Dialogue with the labor union</li> </ul>

» [ESG Data > Social | Communication > Dialogue with stakeholders](#)

## Major Participating Organizations

Organization name	Position, qualification, etc.
<a href="#">Keidanren (Japan Business Federation)</a> 	Officer
<a href="#">Japan Chemical Industry Association</a> 	Committee member
<a href="#">Japan Surfactant Industry Association</a> 	Chairman
<a href="#">Japan Urethane Raw Materials Association</a> 	Director
<a href="#">Kyoto Model Forest Association</a> 	Director
<a href="#">Roundtable on Sustainable Palm Oil (RSPO)</a> 	RSPO member
<a href="#">Global Compact Network Japan (GCNJ)</a> 	Member

# Supporting the Environment

## Supporting the Environment

## Environmental Performance Chemicals

### Environmental Performance Chemicals

By offering performance chemical products that meet environmental needs, we are contributing to the realization of a sustainable society.

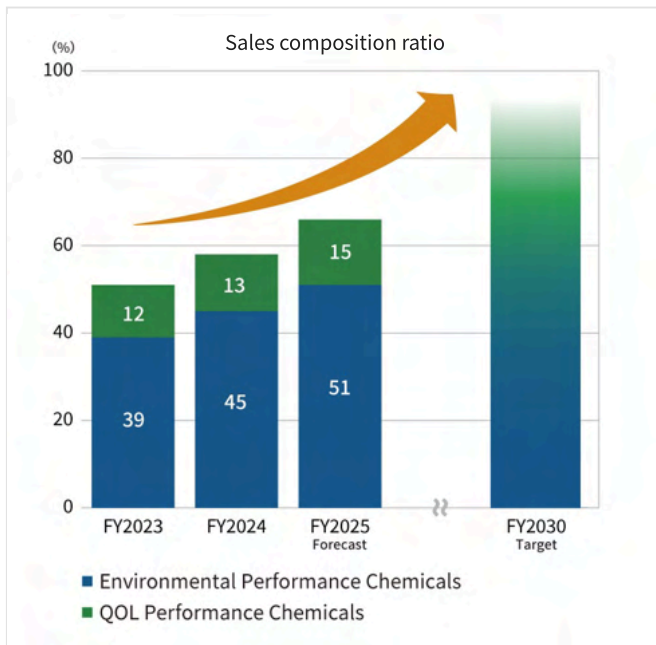
Areas of Contribution	Classification	Main corresponding product groups
Climate change	GHG emissions reduction	<u>Lubricant additives, sizing agents for carbon fibers, electrolytes for aluminum electrolytic capacitors</u>
	Energy conservation, renewable energy	Toner resins
Reduction of Environmental Impact	Water saving, removal of hazardous substances, etc.	Polymer flocculants for wastewater/sewage treatment Organic coagulants Heavy metal fixing agents for fly ash Biodegradable lubricant base
	Air pollution prevention (VOC reduction, etc.)	Reactive hot-melt adhesive Dispersants for flue gas purification catalysts Raw materials for water-expanded (non-CFC) polyurethane foam Non-solvent type acrylic pressure-sensitive adhesives Solvent-less UV/EB curing monomers
	Measures against marine pollution (including microplastics), etc.	-
	Waste reduction	Resin modifier
Resource recycling	Utilization of reused or recycled materials	<u>Toner resins containing recycled PET resin</u> 🇯🇵 (Japanese only)
	Utilization of renewable materials	<u>A highly functional textile containing wood powder</u> 🇯🇵
	Raw materials and products for upcycling	-



## Overview of Environmental Performance Chemicals

In our Medium-Term Management Plan 2025, we plan to make aggressive capital investments in products that contribute to carbon neutrality and improve quality of life, positioning them as high-value-added products.

Among these, we have defined Environmental Performance Chemicals as products and technologies that help address social issues in one of the three areas of contribution —"climate change," "reduction of environmental impact," or "resource circulation"—and have set specific targets or each.



### Capital Investment in Environmental Performance Chemicals

Classification product groups	2021	2022	2023	2024	2025...(FY)
Chemicals for special fibers				Installation in Kashima (700 million yen in FY2024)	
Chemicals for special electronic parts			Expansion in Nagoya (400 million yen in FY2023)		
Lubricant additives	Expansion in China (300 million yen in FY2021), Installation in Korea (2,400 million yen in FY2021) Planned expansion in Kashima and Kyoto (800 million yen in FY2025)				

## A New Growth Path: Creating Next-Generation Businesses

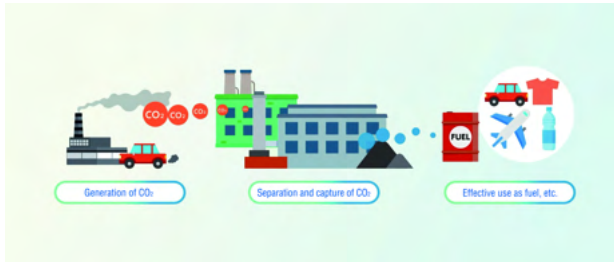
Our New Medium-Term Management Plan 2025 focuses on creating next-generation businesses that will lead to a new growth path toward 2030, with the aim of quickly commercializing them.

### Carbon Recycling (CCU)

We have accumulated know-how in the design and manufacture of ionic liquids over many years through our main business of electrolytes for aluminum electrolytic capacitors. Currently, we are considering how to apply our ionic liquid technology to the systems that can efficiently capture and utilize CO<sub>2</sub> (CCU: Carbon dioxide Capture and Utilization). CCU is expected to play a key role in sustaining the use of fossil fuels and the current industrial processes while controlling greenhouse gas emissions, which contribute to climate change. It is also expected to achieve negative emissions of CO<sub>2</sub> when combined with renewable energy.

We aim to apply our technology to the separation of CO<sub>2</sub> from the air, which is attracting attention as a negative emission technology, as well as from flue gas through consortium activities involving engineering partners, municipalities, and other chemical manufacturers, without being bound by the existing business framework.

#### CCU processes



### A High-performance Textile, MOC-TEX

SAN NOPCO LIMITED, a subsidiary, has developed MOC-TEX, a high-performance textile made by upcycling unused domestic timber such as thinned wood. It has a warm, wood-like texture and a luxurious, supple feel similar to genuine leather. Containing approximately 60% to 80% bio-based aqueous polyurethane resin made in part from domestically produced wood, it contributes to achieving carbon neutrality.

#### Examples of products using high-performance textiles



#### (Usage Examples)

##### Headrest Cover (Japanese Only)



# Supporting the Environment

## Supporting the Environment

## Environmental Performance Chemicals

Sanyo Chemical Group contributes to realizing social sustainability by offering performance chemicals that address environmental needs.

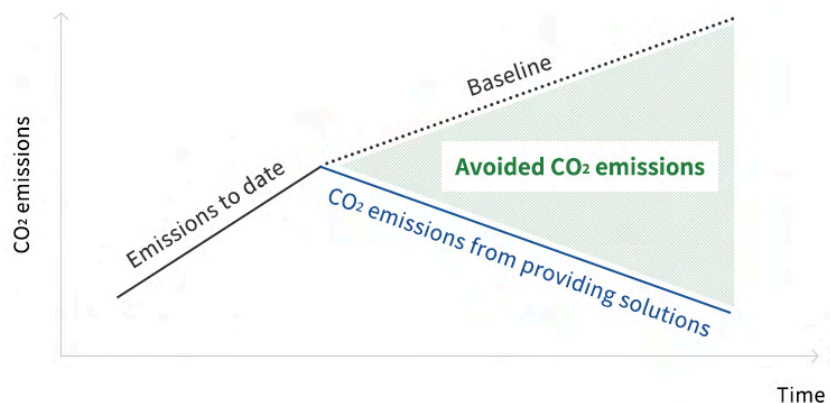
### Avoided CO<sub>2</sub> Emissions

Generally calculated as follows, avoided CO<sub>2</sub> emission quantifies the contribution of products and services to mitigating climate change throughout society by measuring the difference in CO<sub>2</sub> emissions between conventional and new products and services.

**Formula for calculating avoided CO<sub>2</sub> emissions:**  
 $(\text{CO}_2 \text{ emissions from conventional products} - \text{CO}_2 \text{ emissions from new products}) \times \text{quantity (e.g., sales volume, production volume, or shipment volume)}$ .

- As the formula for calculating avoided CO<sub>2</sub> emissions includes factors such as product and service sales volume, avoided CO<sub>2</sub> emissions are considered to be an indicator correlated with sales and a company's production capacity.
- Rules regarding calculation methods and disclosure are currently under discussion, and are mainly based on the "Guidance on Avoided Emissions" issued by the World Business Council for Sustainable Development (WBCSD) and on initiatives by industry groups and others. However, the establishment of international standards for calculation methods is still in progress. Going forward, we will review our avoided CO<sub>2</sub> emissions calculations in line with any changes to calculation methods that may be standardized in the future, such as when they differ from the methods we currently use or when they are revised.

#### Conceptual diagram of avoided CO<sub>2</sub> emissions



\* (Source) WBCSD/Net Zero Initiative 「Guidance on Avoided Emissions: Helping business drive innovations and scale solutions towards Net Zero」 (2023)

### Use-Phase CO<sub>2</sub> Reduction Strategy

We classify our main products that contribute to avoided CO<sub>2</sub> emissions into two categories: "direct contribution" and "indirect contribution," and calculate the impact of avoided CO<sub>2</sub> emissions at the usage and disposal stages of a product's life cycle. Our definitions of "direct contribution" and "indirect contribution" are as follows:

- Direct contribution : Our products contributing to avoided CO<sub>2</sub> emissions through their own performance, directly reducing CO<sub>2</sub> emissions.
- Indirect contribution : Our products contributing to avoided CO<sub>2</sub> emissions indirectly, by being incorporated into customers' products or equipment that themselves reduce CO<sub>2</sub> emissions.

#### Examples of Major Environmental Performance Chemicals

Category	Example products	Key areas of contribution
Direct contribution	ACLUBE (Lubricant additives)	Contribution to automobile fuel efficiency
	SANELEK (Chemicals for special electronic parts)	Contribution to curbing capacitor overproduction by extending capacitor service life
Indirect contribution	CHEMITYLEN (Chemicals for special fibers)	Contribution to renewable energy (wind power, etc.) proliferation

## Product Life Stages Subject to Emissions Reduction



### Supplementary information

- When calculating avoided CO<sub>2</sub> emissions, we exclude the procurement and manufacturing stages because there is little difference compared to our existing products, and calculate it based on the impact at the use and disposal stages.
- When calculating avoided CO<sub>2</sub> emissions, we use actual or forecast values and publicly available information whenever possible. However, when such information is difficult to obtain, we base our calculations on assumptions and scenarios.
- The disclosed information, including calculation approaches and formulas, is reviewed by external experts.

### Guidelines referenced

- WBCSD/Net Zero Initiative 「Guidance on Avoided Emissions: Helping business drive innovations and scale solutions towards Net Zero」 (2023)
- Guidelines-Accounting For And Reporting Greenhouse Gas (GHG) Emissions Avoided Along The Value Chain, Japan Chemical Industry Association

## Lubricating Oil Additives, ACLUBE Products

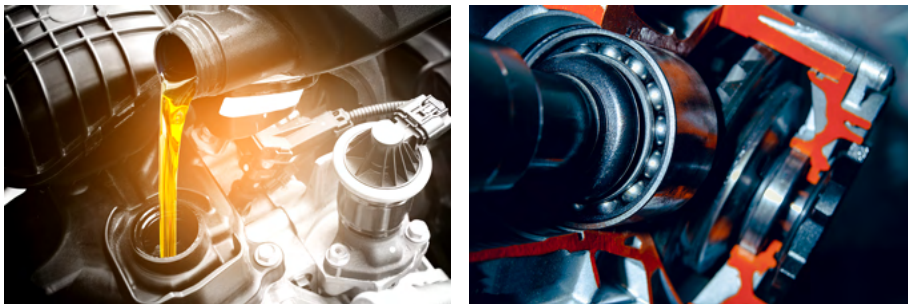
ACLUBE is added to lubricating oils as a viscosity index improver, which is essential for reducing friction and ensuring the smooth operation of machinery.

Since liquids generally become less viscous at high temperatures and more viscous at low temperatures, viscosity index improvers that suppress these fluctuations significantly influence the performance of lubricating oils used over a wide temperature range (approximately -30°C to 150°C).

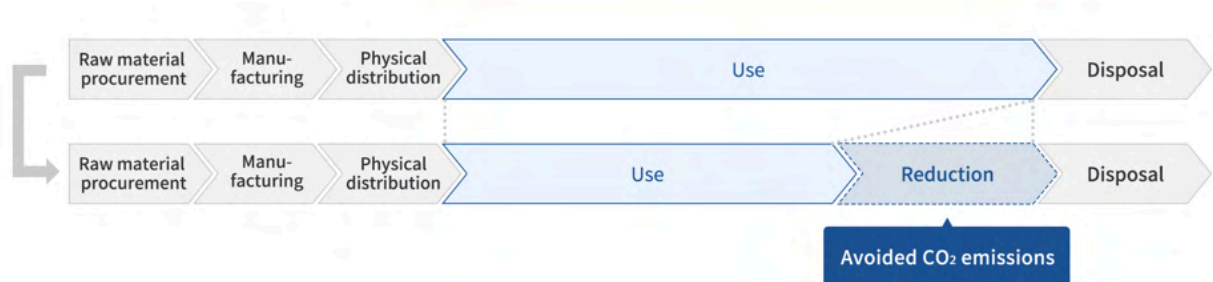
The main component of viscosity index improvers is oil-soluble polymers that expand their molecular chains at high temperatures to prevent viscosity reduction and contract them at low temperatures to avoid viscosity increase. This enables lubricating oils to both improve fuel efficiency and protect engines.

Our ACLUBE is a viscosity index improver that primarily comprises methacrylate-based polymers. When blended appropriately with base oil, ACLUBE enables the formulation of lubricants with excellent viscosity characteristics. ACLUBE is used in a wide range of applications, including automotive engine oils and transmission fluids. It also contributes to conserving energy and reducing CO<sub>2</sub> emissions, thereby helping to resolve energy issues and address climate change.

» [Sanyo Chemical Products & Technologies \(Japanese only\)](#)



## Product Life Stages Subject to Emissions Reduction



$$\text{Avoided CO}_2 \text{ emissions} = \text{Avoided CO}_2 \text{ emissions per 1 kg of product}^{*1} \times \text{sales volume}^{*2}$$

## Requirements

- Conventional fuel economy: 13.13km/L (2023 Annual Report of Automobile Fuel Consumption Statistics, Ministry of Land, Infrastructure, Transport and Tourism)
- Fuel consumption reduction: 0.5-1.1% (values may vary depending on application)
- Amount of this product added to lubricating oil: 12%

\*2 Annual sales volume of applicable products (tons/year)

**Avoided CO<sub>2</sub> emissions (based on WBCSD Guidance) = approx. 770,000 tons CO<sub>2</sub>/year**

SANELEK is a high-performance electrolyte for aluminum electrolytic capacitors. It uses a proprietary amidine compound for electrolyte to achieve high reliability and a long lifespan.

Capacitors are used in electronic control devices in automobiles and other applications to stabilize circuit operation by regulating current and voltage. They also serve as rechargeable power sources that store and release electricity. Aluminum electrolytic capacitors, which can store large amounts of electricity in a small space, are key components of electronic circuits used in many household appliances and digital products. Due to the demand for longer lifespans and lower impedance, high-performance electrolytes have become indispensable.

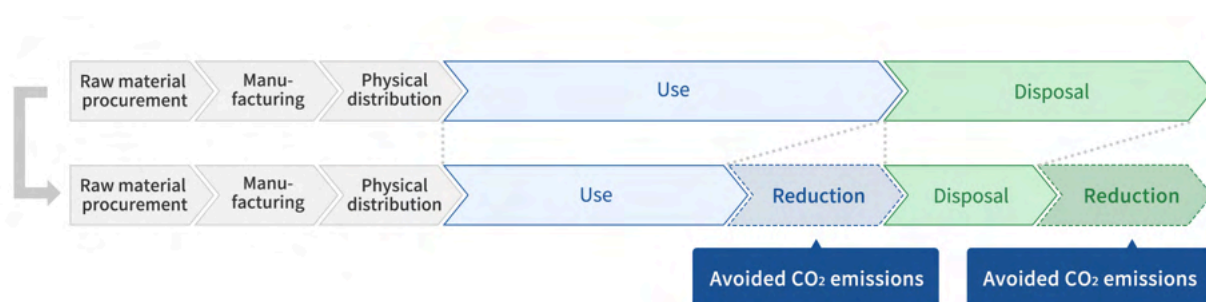
SANELEK achieves high electrical conductivity over a wide temperature range and excellent long-term stability at high temperatures, contributing to smaller and longer-lasting capacitors.

» [Sanyo Chemical Products & Technologies \(Japanese only\)](#)

» SANYO CHEMICAL MAGAZINE (Japanese only) 



## Product Life Stages Subject to Emissions Reduction





## Avoided CO<sub>2</sub> Emissions

### Calculation formula

$$\text{Avoided CO}_2 \text{ emissions} = \text{Suppressing of capacitor overproduction by extending capacitor service life}^{*1} \\ \times \text{Number of capacitors produced using our products}^{*2} \\ \times \text{CO}_2 \text{ emissions during capacitor production}^{*3}$$

\*1 Mechanism for suppressing overproduction

Since SANELEK can be used in high-temperature (125°C guaranteed) capacitors, its product life is approximately four times longer than that of conventional electrolytes based on tertiary amine-derived salt used in low-temperature (105°C guaranteed) capacitors (estimated based on the 10°C doubling rule)

\*2 Number of capacitors produced using SANELEK: 21.5 billion capacitors

(Converted and calculated based on research data from market research companies and our market information)

\*3 Database values are used

### Calculation results

**Avoided CO<sub>2</sub> emissions (based on WBCSD Guidance) = approx. 130,000 t-CO<sub>2</sub>/year**

## Chemicals for Special Fibers, CHEMITYLEN Products

CHEMITYLEN is a chemical agent that bundles carbon fiber (CF) together for easier handling.

Carbon fiber is characterized by its strength and lightness, with a strength per unit weight about 10 times that of steel and roughly seven times more resistant to deformation. In addition to being resistant to expansion and rust, it offers many advantages that include durability against chemicals and heat and excellent X-ray permeability. It was first used on sports fields in the 1970s and has since expanded into various fields as a substitute for metal, including industrial applications in the 1990s and the aerospace and energy fields in the 2000s and onward.

However, carbon fiber is formed from individual fibers only a few micrometers in diameter, making it prone to breaking when used alone. Therefore, it is necessary to bundle thousands to tens of thousands of these fibers into thick threads, and the carbon fiber sizing agent CHEMITYLEN binds each individual carbon fiber in this process. This chemical agent enhances the strength and rigidity of carbon fiber, indirectly contributing to applications such as wind power generation equipment and lightweight transportation vehicles.

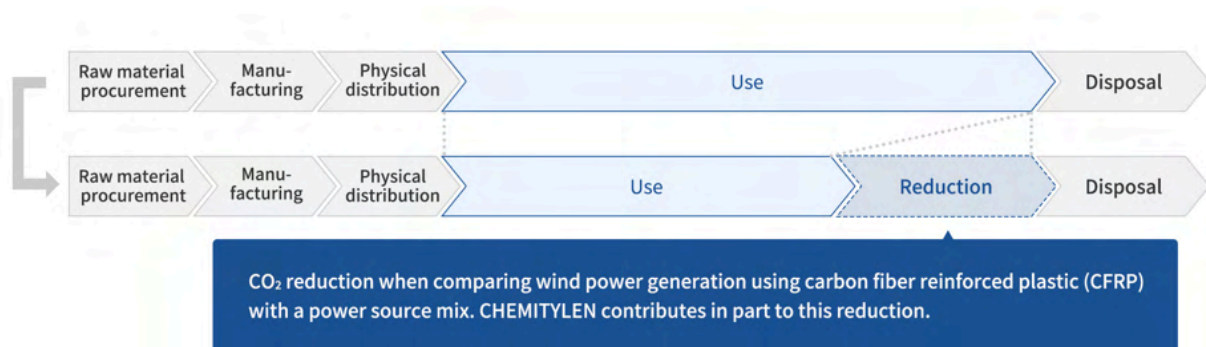
» [Sanyo Chemical Products & Technologies](#)



Carbon fibers (CF)



## Product Life Stages Subject to Emissions Reduction





## Avoided CO<sub>2</sub> Emissions

### Calculation formula

$$\text{Avoided CO}_2 \text{ emissions} = \text{CO}_2 \text{ reduction effect per wind turbine}^{*1} \times \text{contribution rate}^{*2}$$

\*1 "CO<sub>2</sub> reduction effect per wind turbine" refers to the reduction that wind turbines using CFRP achieve over a power source mix (Carbon Fiber Sustainability Vision 2050, Japan Chemical Fibers Association)

\*2 The number of wind turbines calculated from the sales volume of CHEMITYLEN used in CFRP for wind turbines. (Converted and calculated based on research data from market research companies and our market information)

### Calculation formula

$$\text{Avoided CO}_2 \text{ emissions} = \text{approx. 13 million t-CO}_2/\text{year}$$

CHEMITYLEN contributes in part to reducing CO<sub>2</sub> emissions through the use of CFRP in wind power generation.

# Supporting People and Quality of Life

## Supporting People and Quality of Life

## QOL Performance Chemicals

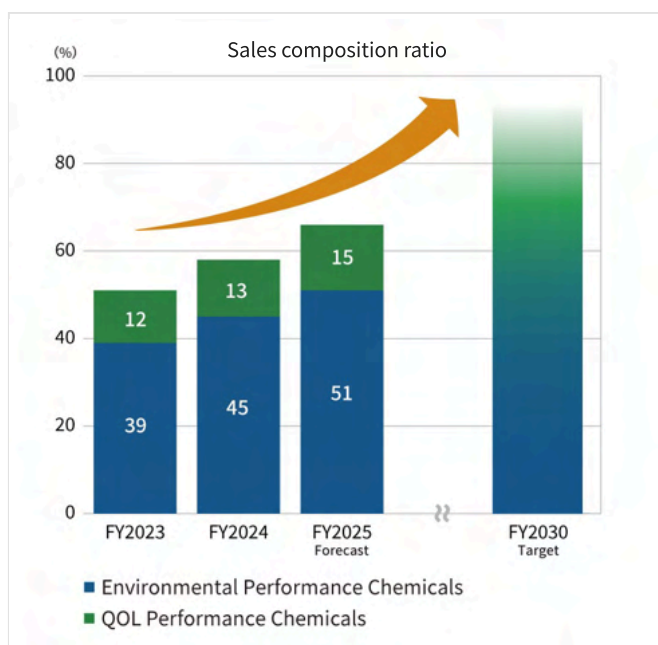
### QOL Performance Chemicals

We offer products that contribute to better quality of life, supporting people and their everyday living and helping to realize a comfortable society.

Area	Area of contribution	Category	Main corresponding product groups
QOL Performance Chemicals	Contribution to healthcare	Medical treatment	Wound treatment materials (medical devices), hemostatic agents (medical devices), potting resins for artificial kidneys
		Screenings	Clinical test reagents (in vitro diagnostic reagents)
		Medicines, etc.	Enteric coating agents (pharmaceutical additives), active ingredients for bowel cleansing formulations (pharmaceuticals)
		Infection	Antibacterial agents (pharmaceuticals)
		R&D	<u>Functional proteins and extracellular (Japanese only)</u> , <u>vesicle purification kits (Biomedical, Japanese only)</u>
	Contribution to solving food security	Stable supply	<u>Peptides for Agriculture (Japanese only)</u> , land-based aquaculture peptides
	Contribution to a comfortable life	Improvement of safety	Flame retardants, <u>antistatic agents (Japanese only)</u>
		Improvement of convenience	<u>Electronic noses (Japanese only)</u> , ingredients for household detergents
		Improvement of quality	Memory foam, <u>ingredients for cosmetics (Japanese only)</u>

### Overview of QOL Performance Chemicals

In our New Medium-Term Management Plan 2025, we have positioned products that contribute to carbon neutrality and improved quality of life as high value-added products, and are planning aggressive capital investment for FY2021-FY2025. QOL Performance Chemicals support one of three areas of contribution—"healthcare," "food security," and "a comfortable life"—and targets have been set for each product.



## Capital Investment in QOL Performance Chemicals

Classification product groups	2021	2022	2023	2024	2025...(FY)
Permanent antistatic agents		Installation in Thailand (3,400 million yen in FY2022)			
Medical and pharmaceutical products				Expansion in Nagoya (100 million yen in FY2024), Expansion in Kyoto (300 million yen in FY2024)	

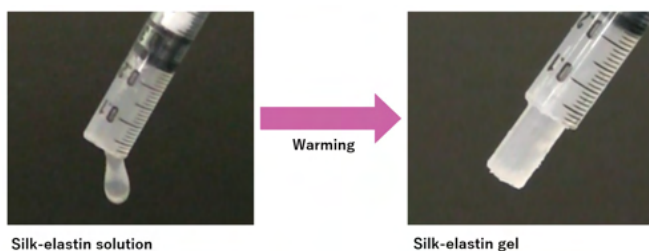
## A New Growth Path: Creating Next-Generation Businesses

Our New Medium-Term Management Plan 2025 focuses on creating next-generation businesses that will lead to a new growth path toward 2030, with the aim of quickly commercializing them.

### Functional Protein, Silk-Elastin

**Silk-Elastin, a regenerative medical material that creates an environment for repair and regeneration of biological tissue**

Silk-Elastin is a functional protein created using gene recombination technology. Featuring a high affinity with human cells, it creates an environment for cell proliferation that promotes the repair and regeneration of biological tissues. In treating chronic wounds (like diabetic foot ulcers) and acute wounds (like burns), medical professionals have seen good results even in cases where standard treatments were unlikely to work. Clinical trial findings on meniscus regeneration and wound treatment were also published in Scientific Reports. We obtained regulatory approval for Silk-Elastin as a new wound treatment material in May 2025 and plan to commence sales by the end of FY2025.



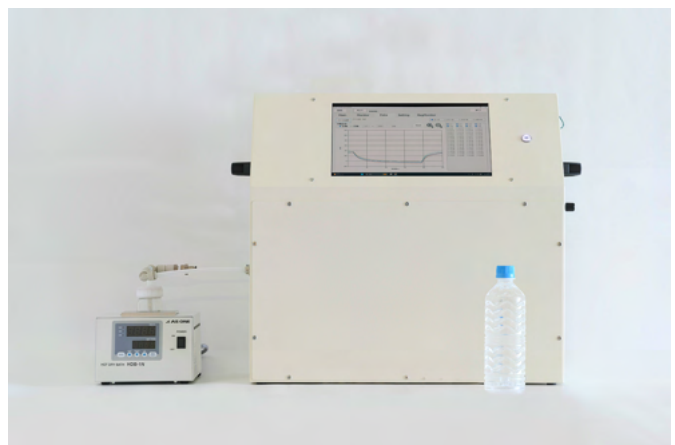
#### Expected market and future potential

The global market for Silk-Elastin for meniscus regeneration applications is expected to be worth over 100 billion yen, with the U.S. accounting for more than half of this total. We plan to first establish a track record in wound treatment applications, and then develop Silk-Elastin into a pillar of our business by 2030 for meniscus regeneration applications, for which there is a large market.

### Electronic Nose, FlavoTone



FlavoTone, Type-A



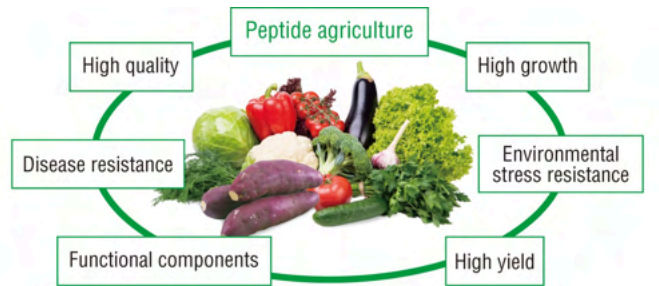
FlavoTone, Type-G

In November 2023, we launched FlavoTone an electric nose that can visualize complex and diverse odors using a mechanism similar to human olfaction. Since it can visualize both specific odors and complex odors, it offers solutions such as odor-based quality control, characteristic comparison, and monitoring. It is also equipped with an application that uses machine learning to analyze the obtained data, enabling output tailored to needs and applications, such as quality control, characteristic comparison, and monitoring. The FlavoTone Business Promotion Dept. has received inquiries about joint research from various parties, and we aim to achieve an operating profit of 1 billion yen by 2030.

Peptide Agriculture

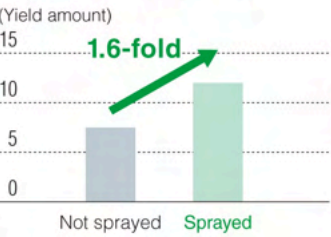
We are involved in R&D on agricultural peptides\* that allow plants to express properties they naturally lack, and that can bring out various plant functions more easily and safely than with conventional breeding. By improving plant resistance to stress caused by climate change and other factors, the yield and quality of agricultural crops are expected to improve. We will actively establish new peptide agriculture and provide agricultural support.

\* Peptides play a key role in plant metabolism and information transmission between tissues, and are essential components for adapting to the growing environment and improving resistance.



Increasing cucumber yield 1.6-fold

Evaluation of peptide spray



Research and demonstration testing in Shintomi Town, Miyazaki Prefecture

# Supporting People and Quality of Life

## Supporting People and Quality of Life

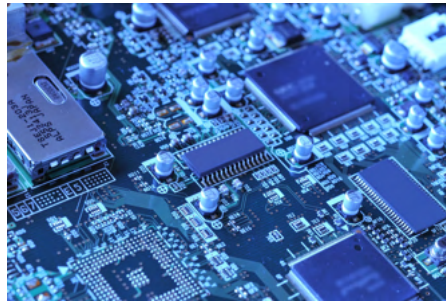
## QOL Performance Chemicals

Sanyo Chemical Group contributes to realizing social sustainability by providing products that help extend healthy life expectancy.

### Permanent Antistatic Agents, PELESTAT and PELECTRON Products

Permanent antistatic agents are used in a wide range of applications to prevent various problems caused by static electricity (destruction of electronic circuits, malfunction of electrical appliances, adhesion of dust) and accidents (fires, explosions). With the advent of our highly sophisticated information-based society, demand is on the rise for applications such as semiconductor transport trays and packaging for electronic devices and precision parts.

In 2022, we started production at the Rayong Factory of our affiliate company, Sanyo Kasei (Thailand) Ltd., with the aim of strengthening our competitiveness and developing new applications.



### Medical and Pharmaceutical Products

#### Hemostatic Agents

A medical device used to stop bleeding during cardiovascular surgery.

>> [Click](#) for information about our medical devices (Japanese only)





## | Active Ingredients for Bowel Cleansing Formulations

An active pharmaceutical ingredient used in colon examinations and surgeries.

» [Click](#) for information about our pharmaceuticals (Japanese only)



## | Diagnostic Agents Used during External Examinations for Ulcerative Colitis

In vitro diagnostic reagent used to screen for inflammatory bowel disease

» [Click](#) for information about our in vitro diagnostic reagents (Japanese only)



## | Antibacterial Agents for Medical and Public Sanitation

Pharmaceutical ingredients designated for manufacturing use only, for the exclusive production of antibacterial and disinfectant formulations.

» [Click](#) for information about our pharmaceuticals (Japanese only)





## I Agents for Manufacturing, and Pharmaceutical Excipients

Active pharmaceutical ingredients and excipients intended exclusively for use in the manufacture of various formulations.

» [Click](#) for information about our pharmaceuticals (Japanese only)

Depending on their efficacy, pharmaceuticals are formulated in various forms that include oral, topical (for use on the skin or mucous membranes), and injectable (for direct administration into blood vessels). Most pharmaceuticals consist of active pharmaceutical ingredients (APIs) and excipients. Excipients maintain pharmaceutical stability and safety and can have various effects according to their intended purposes, which include improving penetration or ease of application (humectants, moisture-permeable agents, plasticizers), enhancing solubility (compatibilizer), and facilitating molding or retention (thickeners). Enteric coating agents are one of the major product groups of pharmaceutical excipients.



# Environmental Management

As a member of the Responsible Care Committee of the Japan Chemical Industry Association (former the Japan Responsible Care Council), Sanyo Chemical Group has established a Management Policies Concerning Responsible Care (RC) and conducts RC activities. We are also engaged in environmental management efforts in line with an Environmental Action Plan that includes priority actions and targets.

» [Management Policies Concerning Responsible Care \(RC\)](#)



## Policy

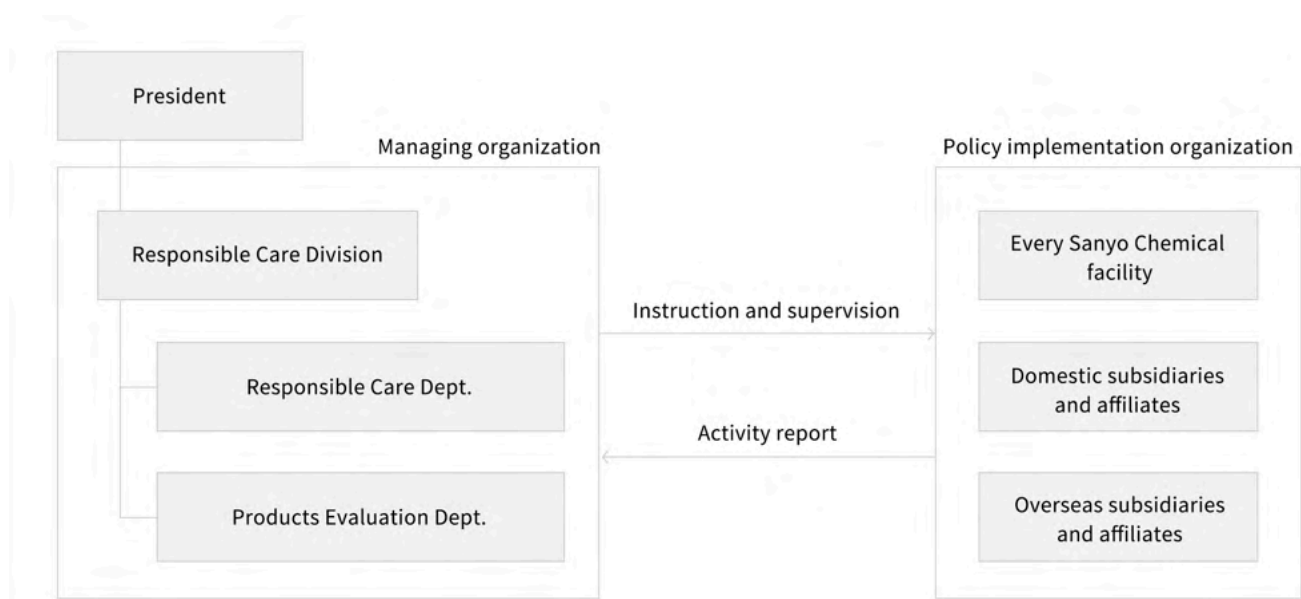
The policy adds “We will strive for perfection in safety and harmony with the environment, which is the first required mission in the society” to our Company Mission and “We shall proactively take initiatives to conserve the environment and prevent accidents and disasters as crucial requirements for the sustainability and activity of our business” to our Code of Corporate Ethics.

We are also taking concrete actions in line with our CSR Guidelines, which call for reducing environmental impact, realizing the sustainable global environment and improving convenience and comfort as a focus of product development, and conducting sustainable purchasing.

» [Company Mission \(full text\)](#)

» [CSR Guidelines](#)

## Management System



The Responsible Care Dept. of the Responsible Care Division oversees all environmental conservation activities, while the Products Evaluation Dept. is in charge of chemical and product safety activities and certain logistics safety activities. We had used the environmental management system (ISO14001) as a tool for RC activities promotion. However, as the Company has internally established a system to build a management system according to ISO requirements and continuously promote improvements, we have determined that we can operate the system sufficiently on our own, and we relinquished ISO14001 certification for all of our domestic facilities in FY2020. For our overseas facilities, we continue to maintain ISO14001 certification. In addition, our quality management system (ISO9001) has been certified both in Japan and overseas (San-Petrochemicals Co., Ltd. also relinquished its ISO9001 certification in FY2020).

We will also continue our safety, health, environment, and security audits of domestic and overseas factories and laboratories, which are conducted during annual site visits (remote audits are conducted for certain overseas sites).

## Environmental Action Plan

### Environmental Action Plan 21-24

Themes	FY2019 (base year) results	FY2024 results	FY2024 (final year) targets		Assessment
			Targets	Reduction rate target compared to base year	
(1) GHG emissions (10,000 tons)	31.1 Domestic: 17.6 Overseas: 13.5	15.9 Domestic: 10.6 Overseas: 5.3	29.5 or less	5% or above	Achieved
(2) Energy consumption (10,000 kL)	14.7 Domestic: 9.0 Overseas: 5.7	7.7 Domestic: 5.7 Overseas: 2.0	14.0 or less	5% or above	Achieved
(3) Water consumption (1,000 m <sup>3</sup> )	4,354	3,732	4,136 or less	5% or above	Achieved
(4) Waste generated (10,000 tons)	4.8	3.2	3.6 or less	—	Achieved
(5) VOC <sup>*1</sup> emissions (tons)	112 Domestic: 89 Overseas: 22	43 Domestic: 39 Overseas: 4	90 or less Domestic: 80 or less Overseas: 10 or less	19.7% or above	Achieved

\*1 VOC: Total atmospheric emission of substances subject to the PRTR Law, and PRTR substances specified by the Japan Chemical Industry Association

Scope: All of Sanyo Chemical facilities, all of the domestic subsidiaries & affiliates, and overseas subsidiaries & affiliates that have production bases<sup>\*2</sup>

\*2 Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; San-Dia Polymers (Nantong) Co., Ltd.

### Environmental Action Plan 25-29

Environmental Action Plan 21-24 has been completed, and all targets for FY2024 have been achieved.

We have set themes and targets for Environmental Action Plan 25-29, which covers FY2025 to FY2029.

Energy targets have been revised from total consumption to energy consumption per unit, to drive further improvements in energy efficiency.

Themes	FY2024 (base year) results	FY2025 targets	FY2029 targets	Notes
(1) Improvement of energy consumption per unit	—	1% decrease	5% decrease	Energy consumption per unit of production
(2) Reduction of CO <sub>2</sub> emissions (10,000 tons)	15.9 (10.7) <sup>*2</sup> Domestic: 10.6 Overseas: 5.3	11.2 or less	10.7 or less	Set based on production volume plan
(3) Reduction of water usage (1,000 m <sup>3</sup> )	3,730 (3,480) <sup>*2</sup> Domestic: 3,290 Overseas: 440	3,430 or less	3,290 or less	1% annual decrease
(4) Reduction of waste generated (10,000 tons)	3.2 (3.1) <sup>*2</sup>	3.1 or less	2.9 or less	-
(5) VOC <sup>*1</sup> emissions (tons)	43 Domestic: 39 Overseas: 4	43 or less	43 or less	FY2024 result or less

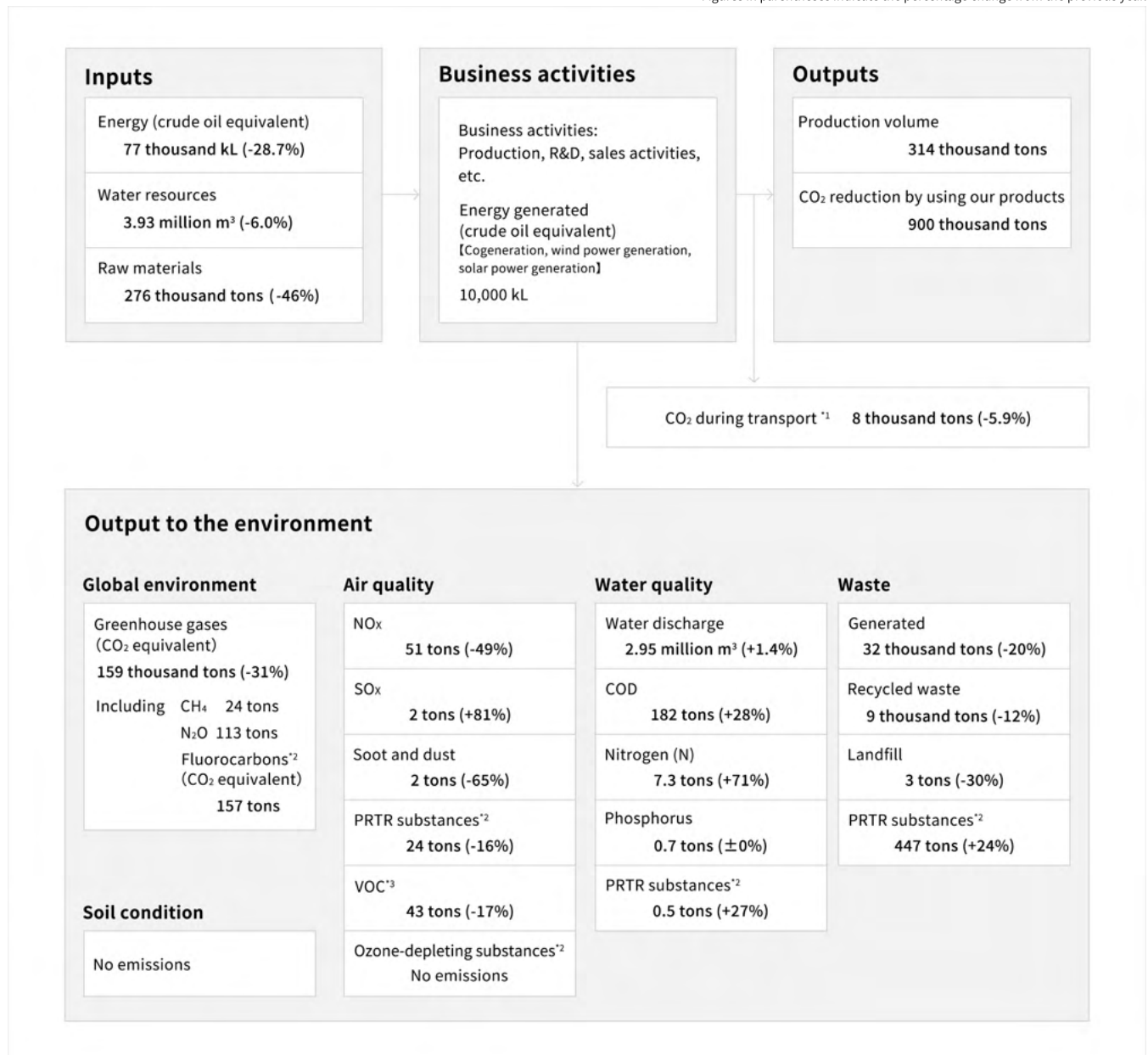
\*1 VOC: Total atmospheric emission of substances subject to the PRTR Law, and PRTR substances specified by the Japan Chemical Industry Association

\*2 Figures in parentheses are actual values for FY2024, excluding the superabsorbent polymer business, from which the Company withdrew in 2024.

## Environmental Impact Overview

FY2024 Material Flow

Figures in parentheses indicate the percentage change from the previous year.



Unless noted, the values shown below are consolidated results for all domestic and overseas facilities

\*1 Total domestic transport of all Sanyo Chemical facilities, SDP Global Co., Ltd., and SAN NOPCO LIMITED

\*2 Total of all Sanyo Chemical facilities and all domestic affiliates/subsidiaries

\*3 Total of all Sanyo Chemical facilities plus domestic affiliates/subsidiaries; Sanyo Kasei (Thailand) Ltd., and San-Dia Polymers (Nantong) Co., Ltd.

## Environmental Management Indicators

### Environmental Accounting (April 1, 2024 to March 31, 2025)

Scope of calculation: Total of all Sanyo Chemical facilities; all domestic affiliates/subsidiaries; Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; San-Dia Polymers (Nantong) Co., Ltd.  
However, Sanyo Kasei (Thailand) Ltd. uses a fiscal year from January 1, 2024 to December 31, 2024, the same as its reporting period.

#### Environmental Conservation Investments and Expenses

##### [Classification according to business activity]

(Unit: million yen)

Classification		Investment* <sup>1</sup>	Expenses* <sup>2</sup>
Facility area expenses	(1) Pollution prevention expenses	235	841
	(2) Global environment conservation expenses	65	549
	(3) Resource circulation expenses	0.4	1,202
Upstream/downstream expenses		0	35
Administrative expenses		0	346
R&D expenses		0	2,331
Social activity expenses		0	191
Environmental remediation expenses		0	0.2
Total		301	5,495

\*1 Investment amounts are based on receiving inspections for the period in question

\*2 Expense amounts include depreciation

##### [Classification according to environmental conservation measures]

(Unit: million yen)

Classification	Investment	Expenses
(1) Global warming measures	65	546
(2) Ozone layer protection measures	0	4
(3) Air-quality conservation measures	153	393
(4) Noise and vibration measures	0	65
(5) Environmental conservation measures for the aquatic, ground, and geologic environments	82	399
(6) Waste and recycling measures	0.4	1,204
(7) Measures for reducing chemical risk and emissions	0	222
(8) Natural environment conservation	0	12
(9) Other	1.1	318
Total	301	3,163

Note: R&D expenses are not classified

##### [Economic impact of environmental conservation measures (monetary units)]

(Unit: million yen)

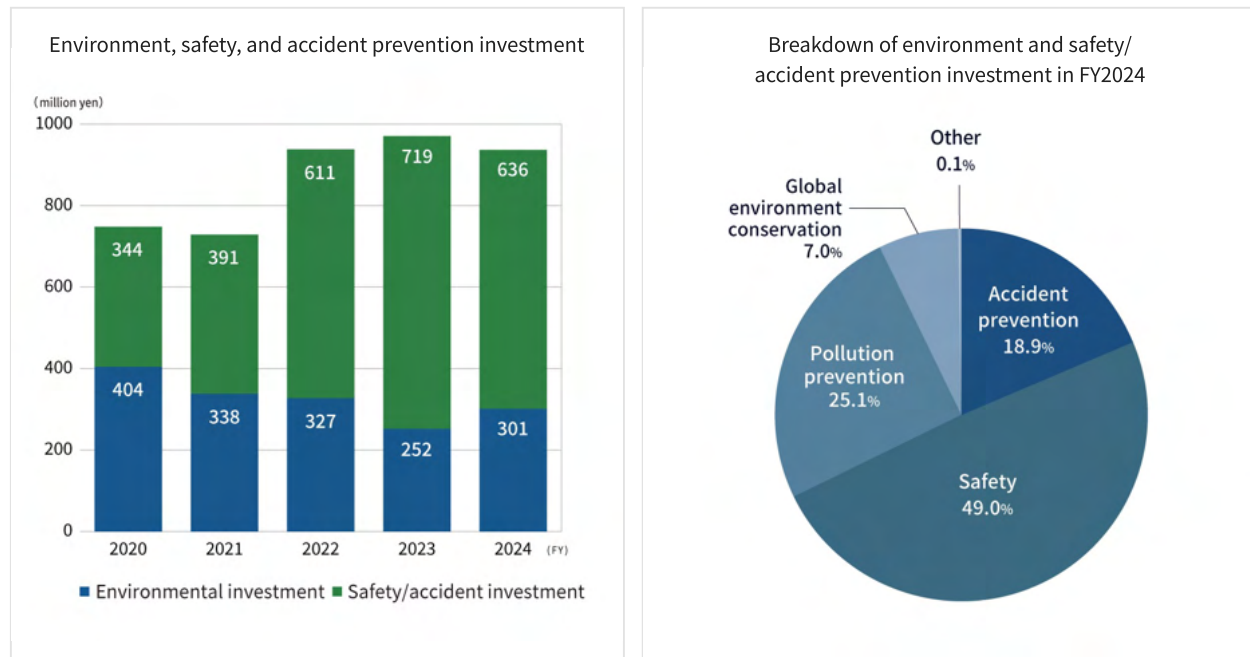
Impact		Amount	Main items
Energy saving		105	Reduction in purchase of electricity and steam by using waste heat and cogeneration, etc.
Resource saving	Waste reduction	78	Reduction in resource consumption and waste generation via process improvements
	Raw material use reduction (yield improvement)	52	Increase in product yield and reduction in process chemicals
	Revenue from recycling	63	Income on sale of waste solvents, used containers, etc.
Total		296	

Note: Includes effects of non-investment measures (e.g., process improvements)

## Environment, Safety, and Accident Prevention Investment

To conserve the environment and ensure safety, we continue to invest in environmental measures as well as in safety and disaster prevention, including industrial accident prevention, earthquake countermeasures, and 3Ds (Dirty, Dangerous, and Demanding jobs) improvements.

In FY2024, environmental investment totaled 301 million yen and safety/accident prevention investment was 636 million yen.



## Compliance Regarding Environmental Matters

There were no pollution complaints, violations of environmental laws or regulations, administrative guidance, and lawsuits at our domestic facilities in FY2024.



# Approach to Climate Change

## GHG Emissions Reduction and Energy Conservation

## Disclosure Based on TCFD Recommendations

### Policy

As a chemical manufacturer, Sanyo Chemical Group is committed to contributing to the carbon neutrality of society as a whole, not only by reducing GHG emissions from its own facilities, but also by developing and providing product lines that help reducing CO<sub>2</sub> emissions. At the same time, we are actively undertaking energy conservation efforts through various measures to reduce energy consumption.

### Targets and Results

We were able to achieve our targets for FY2024, the final fiscal year of Environmental Action Plan 21-24

#### Medium- to Long-Term GHG (Scope 1, Scope 2) Emissions Reduction Targets

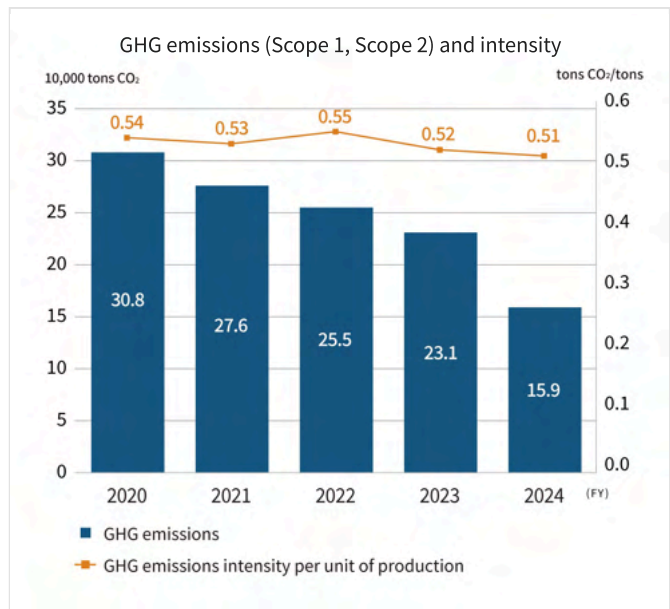
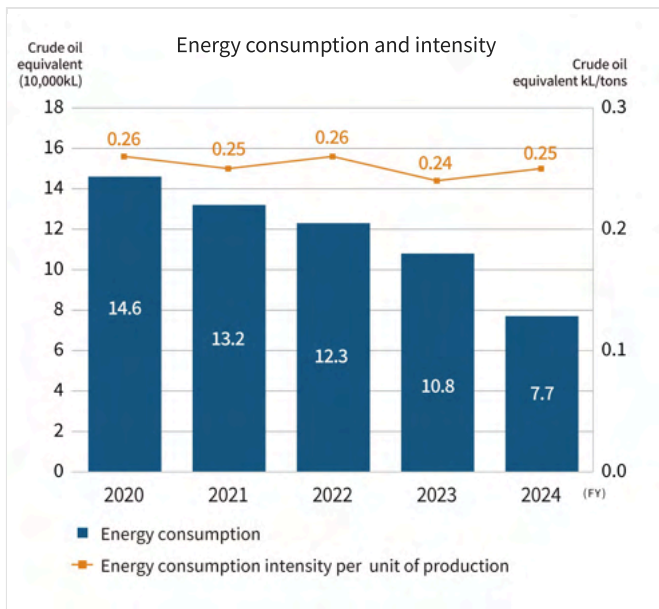
FY	Group targets (CO <sub>2</sub> equivalent)	Notes
2013	309 thousand tons	Base year
2030	154 thousand tons	Interim target (halved comparing to base year)
2050	Carbon Neutral	Final target

#### Environmental Action Plan 21-24

Themes	FY2019 (base year) results	FY2020	FY2021	FY2022	FY2023	FY2024 target	FY2024	Assessment
GHG emissions (10,000 tons)	31.1 Domestic: 17.6 Overseas: 13.5	30.8 Domestic: 15.7 Overseas: 15.1	27.6 Domestic: 15.3 Overseas: 12.3	25.5 Domestic: 14.6 Overseas: 10.9	23.1 Domestic: 12.3 Overseas: 10.8	29.5 or less	15.9 Domestic: 10.6 Overseas: 5.3	Achieved
Percentage reduction (compared to FY2019)	—	1%	11%	18%	26%	5% or above	49%	
Energy consumption in crude oil equivalent (10,000 kL)	14.7 Domestic: 9.0 Overseas: 5.7	14.6 Domestic: 8.1 Overseas: 6.5	13.2 Domestic: 8.1 Overseas: 5.1	12.3 Domestic: 7.8 Overseas: 4.5	10.8 Domestic: 6.5 Overseas: 4.3	14.0 or less	7.7 Domestic: 5.7 Overseas: 2.0	Achieved
Percentage reduction (compared to FY2019)	—	1%	10%	16%	27%	5% or above	48%	

Scope: All of the Sanyo Chemical facilities, all of the domestic subsidiaries & affiliates, and overseas subsidiaries & affiliates that have production bases\*

\* Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd., San-Dia Polymers (Nantong) Co., Ltd.



In FY2024, the Group as a whole reduced its energy consumption in crude oil equivalent to 77,000 kL (57,000 kL domestically and 20,000 kL overseas) through reduced production and the implementation of energy-saving and CO<sub>2</sub> emission reduction measures, a decrease to 52% compared to FY2019. For the same reason, GHG emissions in CO<sub>2</sub> equivalent also came to 159,000 tons (106,000 tons domestically and 53,000 tons overseas), a decrease to 51% relative to FY2019.

» [Climate Change Related Data](#)

## GHG Emissions

Emission/absorption/ reduction contribution classification		GHG type	Volume (CO <sub>2</sub> equivalent)	
			FY2022	FY2024
Environmental impact	Emission	Direct emissions from fuel oil combustion at facilities (Scope 1)	105 thousand tons	69 thousand tons
		Methane (generated from septic tanks)	30 tons	24 tons
		Nitrous oxide (byproduct of combustion)	156 tons	113 tons
		Other GHG (NF <sub>3</sub> , PFC, SF <sub>6</sub> )	No emissions	No emissions
		CFC leakage from chillers and others	241 tons	157 tons
		Indirect emissions from the use of electricity, heat, or steam purchased at facilities (Scope 2) (market basis)	126 thousand tons	89 thousand tons
		Supply chain emissions (Scope 3)	1,911 thousand tons	1,755 thousand tons
Impact reduction	Absorption	Increase in forest CO <sub>2</sub> absorption (due to tree thinning project)	20 tons	13 tons
	Reduction contribution	CO <sub>2</sub> reduction by users using our products that contribute to reducing CO <sub>2</sub> emissions	540 thousand tons	900 thousand tons <sup>*</sup>

<sup>\*</sup> Target products were reviewed in FY2024. For details, see » [Supporting the Environment | Environmental Performance Chemicals](#)

The GHG emitted from our facilities other than CO<sub>2</sub> consist of methane from septic tanks, nitrous oxide as a combustion byproduct, and CFCs leaked from chillers and other equipment, etc. in FY2024 (294 tons of CO<sub>2</sub> equivalent in total). These non-CO<sub>2</sub> GHG emissions are negligible at 0.22% of Scope 1, Scope 2 emissions, with CO<sub>2</sub> emissions accounting for almost all supply chain emissions, including Scope 3 emissions.

» [GHG Emissions Data by Scope](#)

## Fluorocarbons

Our domestic facilities own approximately 800 commercial air conditioners and chillers that use fluorocarbons. These units require equipment inspections and reporting of the volume of fluorocarbons leaked, and we conduct these inspections every year according to the Fluorocarbon Emissions Control Act. Total fluorocarbon leakage volume in FY2024 was 82 kg (including 0 kg of ozone-depleting fluorocarbons), which is equivalent to 157 tons of CO<sub>2</sub> as a GHG. This is a decrease of 84 tons year on year.

In June 2025, we received the highest rating of A from the Japan Refrigerants and Environment Conservation Organization (JRECO) for our initiatives under the Fluorocarbon Emissions Control Act.



## Measures to Achieve Carbon Neutrality

Since most of the GHG emitted from our Group's facilities is CO<sub>2</sub>, we seek to achieve carbon neutrality throughout the supply chain by focusing on efficient energy usage by building and operating an energy management system and energy conversion (fossil fuels to solar power and hydrogen) for Scope 1, Scope 2 emissions; on the use of low-GHG raw materials (bio-based materials and other raw materials that contribute to carbon neutrality) for Scope 3 emissions; on energy-saving effects, reduction of GHG emissions, and resource saving effects when using our products; and on developing technologies for CCU (Carbon Dioxide Capture and Utilization). The New Medium-Term Management Plan calls for implementing a "Monozukuri Transformation," a series of business process reforms throughout the supply chain that will involve digital transformation (DX). This effort will involve promoting initiatives that lead to carbon neutrality, such as a fundamental re-examination of production processes and the use of low-GHG raw materials.

» [Disclosure Based on TCFD Recommendations](#)

### Products made with bio-based materials

Bio-based materials are increasingly replacing petrochemical feedstock as a more renewable and sustainable material. For its part, Sanyo Chemical Group has developed raw materials for sunscreen formulations derived from rice bran and a highly functional textile containing wood powder. We will continue to develop bio-based high-performance products that contribute to reducing our environmental impact.

### Installation of solar panels at Sanyo Kasei (Thailand) Ltd.'s factory

Sanyo Kasei (Thailand) Ltd. has completed a ground-mounted solar power plant project in collaboration with an electric power company. It provides 5,000 square meters of land for the installation of solar panels, with a total generation capacity of 889 kW. Grid connection (power transmission) was made began on December 1, 2024.



» [Sanyo Contributions > Environmental Performance Chemicals](#)

## Supported Initiatives

Initiative	Sponsoring organization
TCFD	Task Force on Climate-related Financial Disclosures
Challenge Zero	Keidanren (Japan Business Federation)
GX League	Ministry of Economy, Trade and Industry
Kyoto's Challenge to Net-Zero by 2050	Kyoto City

# Approach to Climate Change

## GHG Emissions Reduction and Energy Conservation

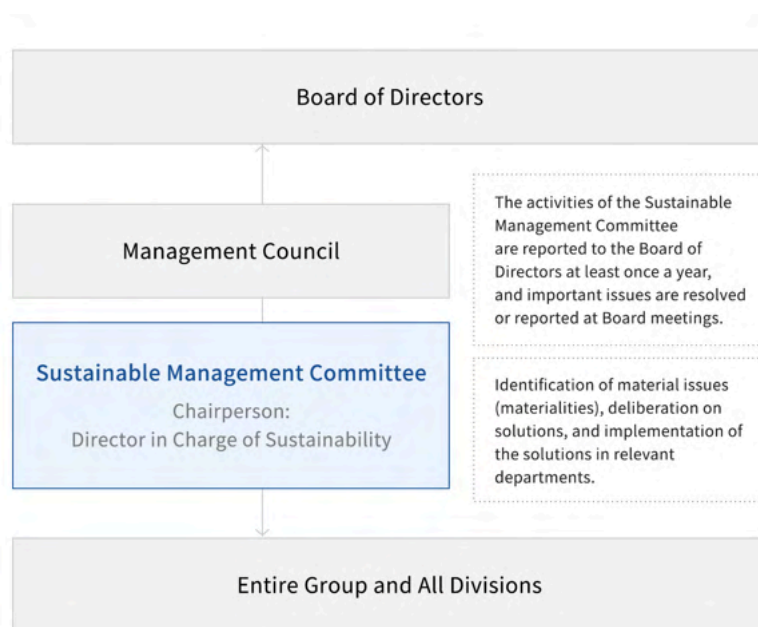
## Disclosure Based on TCFD Recommendations

In December 2021, Sanyo Chemical Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are working to disclose information appropriately in line with the four areas of disclosure recommendations of the TCFD: governance, strategy (transition plan, scenarios), risk management, and metrics and targets. We also assess the impact of climate change risks and opportunities on related financial indicators over time and reflect this in our management strategies.

Based on government policy, we have steadily reduced our CO<sub>2</sub> emissions since FY2017. Our sustainability action plan aims to reduce CO<sub>2</sub> emissions by 50% by 2030 (compared to FY2013) and achieve carbon neutrality by 2050, and we are actively working towards this goal across the entire Group. Furthermore, we will contribute to social sustainability and enhance our corporate value by fulfilling our responsibility as a chemical manufacturer to develop products that not only reduce CO<sub>2</sub> emissions within the Group but also help reduce CO<sub>2</sub> emissions throughout the entire supply chain.

### Governance

Climate change governance is part and parcel of sustainability governance. In FY2024, the Sustainable Management Committee met three times and reported on climate change initiatives twice.



### Strategy

When formulating our climate change strategy, we conduct scenario analysis in line with TCFD recommendations. The scenarios selected include a 1.5°C scenario that involves transitioning to a decarbonized society, as well as a 4°C scenario that sees economic growth prioritized globally.

#### Scenario Concept

1.5°C scenario	A decarbonization transition scenario that limits climate change with a 1.5°C rise in global average temperature (Reference) Long-term outlook by the International Energy Agency: "Net Zero Emissions by 2050"
4°C scenario	Economic growth scenario in which the global average temperature rises by 4°C and climate change progresses. (Reference) Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) "SSP5-8.5"

## The kind of world that we anticipate

The kind of world that we anticipate in the 1.5°C scenario	<b>Top priority placed on the realization of a decarbonized society, and implementation of an ambitious climate change policy</b> <ul style="list-style-type: none"> <li>• Significant increase in the carbon tax rate</li> <li>• Prohibition of internal combustion engine (ICE) sales, shift to electric vehicles (EVs)</li> <li>• Decarbonization of energy and raw materials</li> <li>• Mainstreaming of renewable energy</li> <li>• Manufacturing of chemicals from recycled, bio-based, and CO<sub>2</sub>-derived raw materials</li> <li>• Increasingly severe natural disasters</li> </ul>
The kind of world that we anticipate in the 4°C scenario	<b>Fossil fuel-dependent economic growth is our top priority, with no additional climate change measures to be implemented.</b> <ul style="list-style-type: none"> <li>• Increase in demand for fossil energy and raw materials</li> <li>• Active free trade and international investment</li> <li>• Increasingly serious natural disasters due to extreme weather</li> </ul>

## Risk management

We are considering myriad measures that the Group can take in response to the risks and opportunities associated with climate change impact according to various scenarios. Since conducting scenario analysis for FY2022, we have been continuously refining our approach. In FY2024, we conducted quantitative analysis to assess the impact of selected risks and opportunities, taking into account the time frame involved. We have listed the risks and opportunities common to all our businesses, as well as those specific to each business. The timeline classifies the timing of the risks and opportunities that will affect us as short term, medium term, or long term. The monetary impact assessment classifies the degree of impact as high, medium, or low.

### Anticipated climate change factors (common to all businesses)

We anticipate that regulations such as carbon pricing policies aimed at decarbonization will become stricter, and that there will be a shift in demand toward materials suitable for decarbonization. We are exploring opportunities to create new markets by utilizing bio-based resources and sustainable resources. Furthermore, we anticipate the emergence of innovative technologies that will lead to a circular and decarbonized society. We believe that the development of technologies that utilize bio-based and recycled raw materials, as well as the development of low-carbon and highly energy-efficient processes, will ultimately strengthen our competitive advantages while also addressing the risks of relying on conventional production technologies.

In addition, we believe that the use of support measures and subsidies that recognize environmental contributions both domestically and internationally could help drive business transformation, and that appropriately disclosing environment-related information and responding to external evaluations are important.

Extreme weather and natural disasters caused by climate change pose risks that could disrupt supply chains for raw materials and logistics and affect our production systems. However, we will strive to improve our reliability as a company by regularly updating our business continuity plans and rebuilding our logistics networks, while also contributing to society by expanding our range of products related to disaster preparedness, sanitation, and post-disaster recovery.

## Countermeasures Common to all Businesses Concerning the Risks and Opportunities of Climate Change

Classification	Scenario	Climate change classification		Impact of climate change risks	Timeline	Impact assessment	Countermeasure
Risks	1.5°C	Policies and regulations	Raising of carbon tax	Increase in energy procurement costs	Medium to long term	High	• Introducing cogeneration and solar power generation
			Energy conservation and low-carbon regulations	Mandatory use of recycled raw materials	Medium to long term	Medium	• Development of products using recycled raw materials
			Policies	Loss of market share due to changes in export region regulations	Medium term	High	• Early regulatory response in collaboration with external organizations
				Relocation or withdrawal of production bases due to changes in national policy	Short term	High	• Review of production bases
		Technologies	Contribution to the environment	Increase in demand for recyclable products	Medium to long term	High	• Product development using recycled materials
		Market	Market changes	Fragmentation of energy sources and raw materials due to policy divergences among countries	Medium to long term	High	• Market trend risk assessment, business diversification
			Changes in consumer behavior	Changes in demand for low-carbon products	Long term	Low	• Proactive communication with customers
		Reputation	Industry criticism	Capital withdrawal and loss of business due to disregard for environmental issues	Short, medium, long term	High	• Formulation of a management policy that emphasizes environmental friendliness
			Lawsuits	Environmental degradation caused by fossil fuels	Long term	High	• Utilization of bio-based raw materials and clean energy
	4°C	Acute risks	Natural disasters (typhoons, heavy rain, etc.)	Supply chain disruption, damage to company facilities	Short, medium, long term	High	• Building a BCP system (Rainwater prevention measures, emergency preparedness measures for buildings and facilities, multiple sources of raw materials)
		Chronic risks	Natural disasters (Drought, rising temperatures, etc.)	Water intake restrictions due to droughts, etc.	Long term	Low	• Building a BCP system (More efficient water use)

Classification	Scenario	Climate change classification		Impact of climate change risks	Timeline	Impact assessment	Countermeasure
Opportunities	1.5°C	Policies and regulations	Energy conservation and low-carbon regulations	Increased investment costs for energy-saving equipment	Long term	High	• Improvement of production processes and consolidation of production facilities
		Technologies	Contribution to the environment	Increase in ethical consumption due to frugality	Medium term	Medium	• Product development using upcycled materials
		Market	Market changes	Potential for niche markets	Long term	Low	• Product development in collaboration with users
		Reputation	Industry criticism	Rising environmental awareness in the BtoC market	Short term	Low	• Improvement of company image by highlighting SDG initiatives • Improvement of company image by using RSPO-certified materials
			Lawsuits	Requests for transparent disclosure of environmental information	Medium to long term	Low	• Gaining of credibility through appropriate disclosure of environmental information and utilization of external evaluation agencies
	4°C	Acute risks	Natural disasters (typhoons, heavy rain, etc.)	Increased demand for products during natural disasters and severe weather	Short, medium, long term	Low	• Expansion of products related to disaster preparedness, sanitation, and post-disaster recovery
		Chronic risk	Natural disasters (Drought, rising temperatures, etc.)	Changes in lifestyles due to rising average temperatures	Short, medium, long term	Low	• Expansion of our lineup of comprehensive products for living environments

#### Anticipated climate change factors (specific to each business)

With growing environmental awareness throughout society, there are concerns that products with a high environmental impact will not meet with public approval. On the other hand, we believe that actively developing products that contribute significantly to the environment will ultimately enhance corporate value. From the perspective of product life cycles, it is essential to develop and promote environmental performance chemicals that offer superior environmental performance such as high performance, long life, and light weight in order to achieve a carbon-neutral society.

By melding external knowledge with our existing and newly acquired strengths, we aim to develop products that benefit society and that advance global environmental sustainability while improving convenience and comfort.



## Countermeasures Specific to Each Business Concerning the Risks and Opportunities of Climate Change

Classification	Scenario	Climate change classification		Impact of climate change risks	Timeline	Impact assessment	Countermeasure
Risks	1.5°C	Policies and regulations	Energy conservation and low-carbon regulations	Mandatory use of bio-based mass raw materials	Long term	Medium	• Building a circular economy business model
		Technologies	Contribution to the environment	Uncertainty about supply and demand for materials derived from edible sources	Medium term	High	• Establishment of chemical recycling technology for urethane
		Market	Market changes	Increasing demand for certification	Medium term	Low	• Understanding domestic and international market trends
			Changes in consumer behavior	Declining sales of gasoline and hybrid vehicles	Medium to long term	High	• Development of lubricant materials for battery-powered electric vehicles
			Changes in consumer tastes	A shift in values from things to experiences	Long term	High	• Product development that integrates global environmental experience value
		Reputation	Industry criticism	Reduced transactions with global procurement companies	Medium to long term	High	• Realization of local procurement and local production, including with business partners
			Lawsuits	Lawsuits against a chemical production base in an urban area	Medium to long term	High	• Relocation of production bases, including contract manufacturing
	4°C	Acute risks	Natural disasters (typhoons, heavy rain, etc.)	Quality deterioration due to temperature control failure caused by power outages	Short, medium, long term	Low	• Building a BCP system (Backup power supply, abnormality detection system, restart training, etc.)
		Chronic risks	Natural disasters (Drought, rising temperatures, etc.)	Shortage of natural resources	Medium term	Medium	• Combined sales of chemical-based products

Classification	Scenario	Climate change classification		Impact of climate change risks	Timeline	Impact assessment	Countermeasure
Opportunities	1.5°C	Policies and regulations	Introduction and increase of carbon taxes	Proliferation of CCUS Increased demand for products that help avoided CO <sub>2</sub> emissions	Long term	High	<ul style="list-style-type: none"> <li>Development of CCU-related products</li> <li>Development of cutting-edge semiconductor-related products that contribute to energy conservation</li> </ul>
			Energy conservation and low-carbon regulations	Expansion of the market for products that help avoided CO <sub>2</sub> emissions	Medium to long term	Medium	<ul style="list-style-type: none"> <li>Expansion of sales of carbon fiber bundling agents for wind power generation</li> </ul>
			Policies	Flue gas emissions regulations	Long term	High	<ul style="list-style-type: none"> <li>Development of technologies for separating CO<sub>2</sub> from flue gas</li> </ul>
		Technologies	Contribution to the environment	Transition from gasoline vehicles to electric vehicles	Medium term	High	<ul style="list-style-type: none"> <li>Promotion of the development of hybrid capacitors</li> </ul>
		Market	Market changes	Expansion of market for products using bio-based raw materials	Medium term	Medium	<ul style="list-style-type: none"> <li>Expansion of business of bioethanol processing chemicals</li> </ul>
				Expansion of preventive health business and growing need for home medical care	Medium term	Medium	<ul style="list-style-type: none"> <li>Development of products related to digital diagnosis of presymptomatic conditions, and products/ services related to home medical care</li> </ul>
			Changes in consumer behavior	Increasing demand for electric vehicles (promoting the lightweighting of vehicle batteries)	Medium to long term	High	<ul style="list-style-type: none"> <li>Development of organic cathodes for organic cathode secondary batteries that contribute to weight reduction</li> <li>Increased sales of electrolytes due to automobile electrification</li> </ul>
			Changes in consumer tastes	Growing environmental consciousness in the daily necessities market	Medium to long term	Low	<ul style="list-style-type: none"> <li>Development of surfactants using bio-based raw materials</li> </ul>
			Reputation	Requests for transparent disclosure of environmental information	Long term	Low	<ul style="list-style-type: none"> <li>Improvement of reputation through advanced initiatives and information disclosure</li> </ul>
				Criticisms of the petrochemical business	Long term	High	<ul style="list-style-type: none"> <li>Diversification into non-petrochemical businesses</li> </ul>
	4°C	Acute risks	Natural disasters (typhoons, heavy rain, etc.)	Increasing demand for heat-insulating paint	Long term	Low	<ul style="list-style-type: none"> <li>Development of binders for heat-insulating paints</li> </ul>
		Chronic risks	Natural disasters (Drought, rising temperatures, etc.)	Expansion of the market for agricultural products that are resistant to environmental changes	Medium term	Medium	<ul style="list-style-type: none"> <li>Development of products with biostimulant functions that contribute to improving agricultural productivity</li> </ul>
				Increasing demand for water quality improvement due to deteriorating water quality	Short term	Low	<ul style="list-style-type: none"> <li>Development of water quality enhancers</li> </ul>

\*1 The timelines are classified into short-term, medium-term, and long-term periods based on the timing at which risks and opportunities specific to our business characteristics become apparent.

Short term: Less than one year

Medium term: Less than 3 years, but 1 year or more

Long term: 3 years or more

\*2 Degree of monetary impact is classified into high, medium, and low.

High: Impact on profits is 1 billion yen or more

Medium: Impact on profits is from 100 million yen to less than 1 billion yen

Low: Impact on profits is less than 100 million yen

## Indicators and targets

New Medium-Term Management Plan 2025 lays out various indicators and targets for efforts aimed at solving environmental issues.

One of these is an indicator for reducing greenhouse gas emissions (Scopes 1, Scope 2). Along with cogeneration and solar power generation, we will engage in Carbon dioxide Capture and Utilization (CCU) and utilize green hydrogen.

The other indicator is for expanding our lineup of products aimed at contributing to carbon neutrality.

As outlined in our management policy for achieving our vision for 2030, WakuWaku<sup>\*</sup> Explosion 2030, we will work to reduce CO<sub>2</sub> emissions by actively promoting sustainability management through means such as conducting a fundamental review of our business portfolio.

<sup>\*</sup> "WakuWaku" is the Japanese word which express positive, bright, up-lifting feeling inspired by inner motivations and/or own wills.

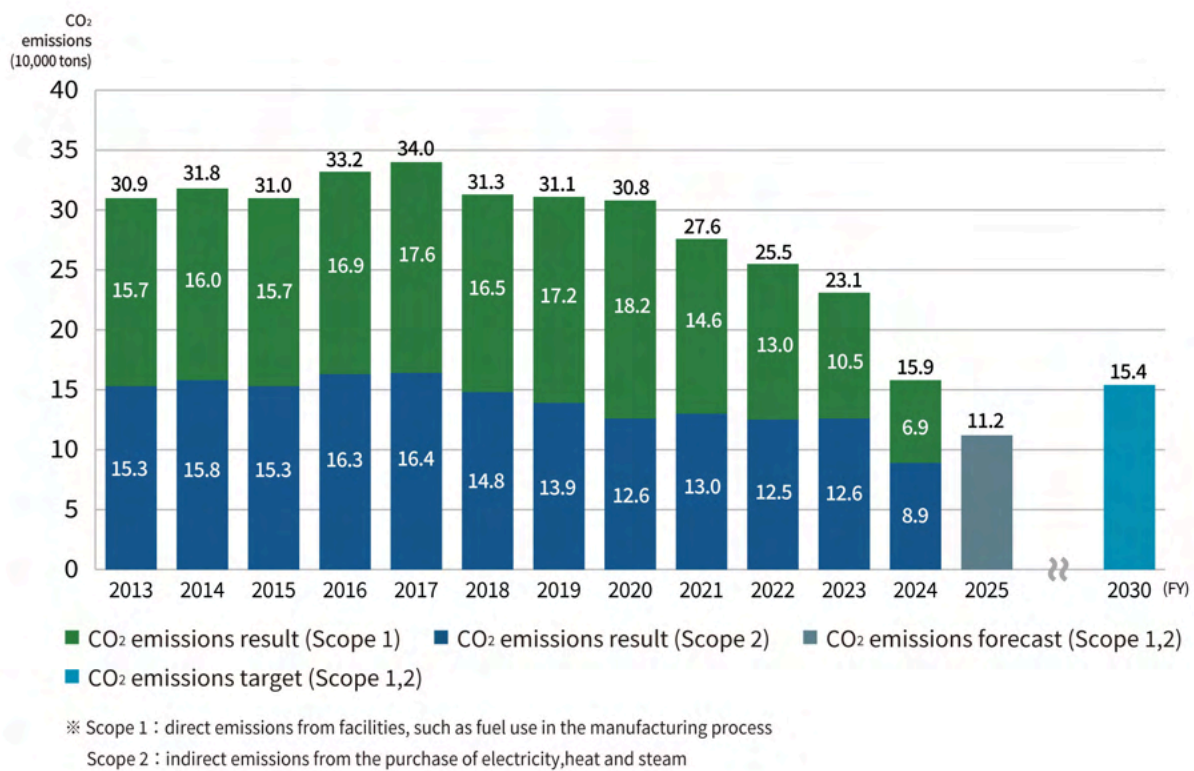
### Scope 1 and Scope 2: CO<sub>2</sub> emissions from facilities

The Group established the Action Policy Concerning the Kyoto Protocol in 2005 when the Kyoto Protocol came into effect, and has since been working to reduce greenhouse gas emissions at each of its domestic facilities by increasing energy usage efficiency, improving production processes, and using alternative fuels.

In FY2018, we implemented a management policy to focus on the sale of high value-added products. This led to our discontinuing the sale of low value-added products, resulting in a decrease in production. As a result of changes in our product mix, our CO<sub>2</sub> emissions per unit of domestic production has begun to decrease. In addition, the decision to withdraw from the superabsorbent polymers business in FY2023 and the resulting significant change in our business portfolio are expected to enable us to significantly reduce CO<sub>2</sub> emissions from our own facilities in FY2024 and beyond, enabling us to achieve our "50% reduction in CO<sub>2</sub> emissions by FY2030 (compared to FY2013)" goal ahead of schedule. The Group will continue to promote initiatives to achieve carbon neutrality by 2050.

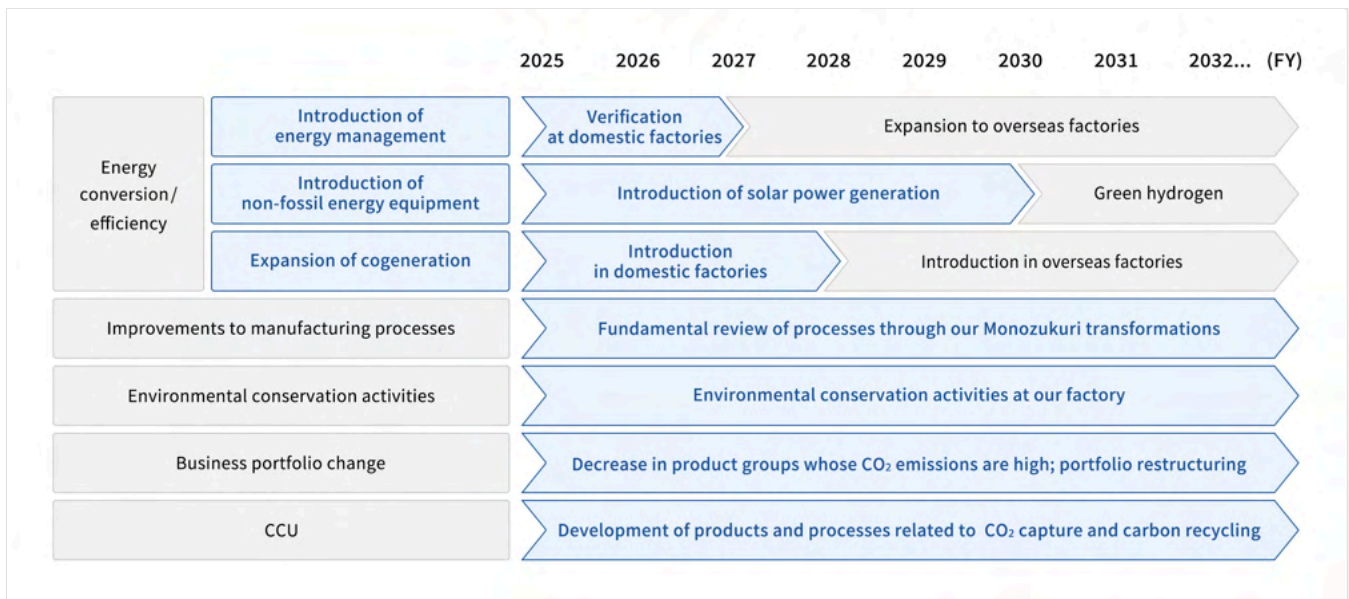
Going forward, we will focus on our Nagoya and Kashima factories, which have the highest CO<sub>2</sub> emissions within the Group. As a measure to reduce CO<sub>2</sub> emissions, we will consider utilizing CCU, switching to energy sources such as hydrogen, and fundamentally reviewing the manufacturing process on a per-product basis.

CO<sub>2</sub> emissions by scope (Scope 1, Scope 2): Results and targets



### Roadmap toward Carbon Neutrality

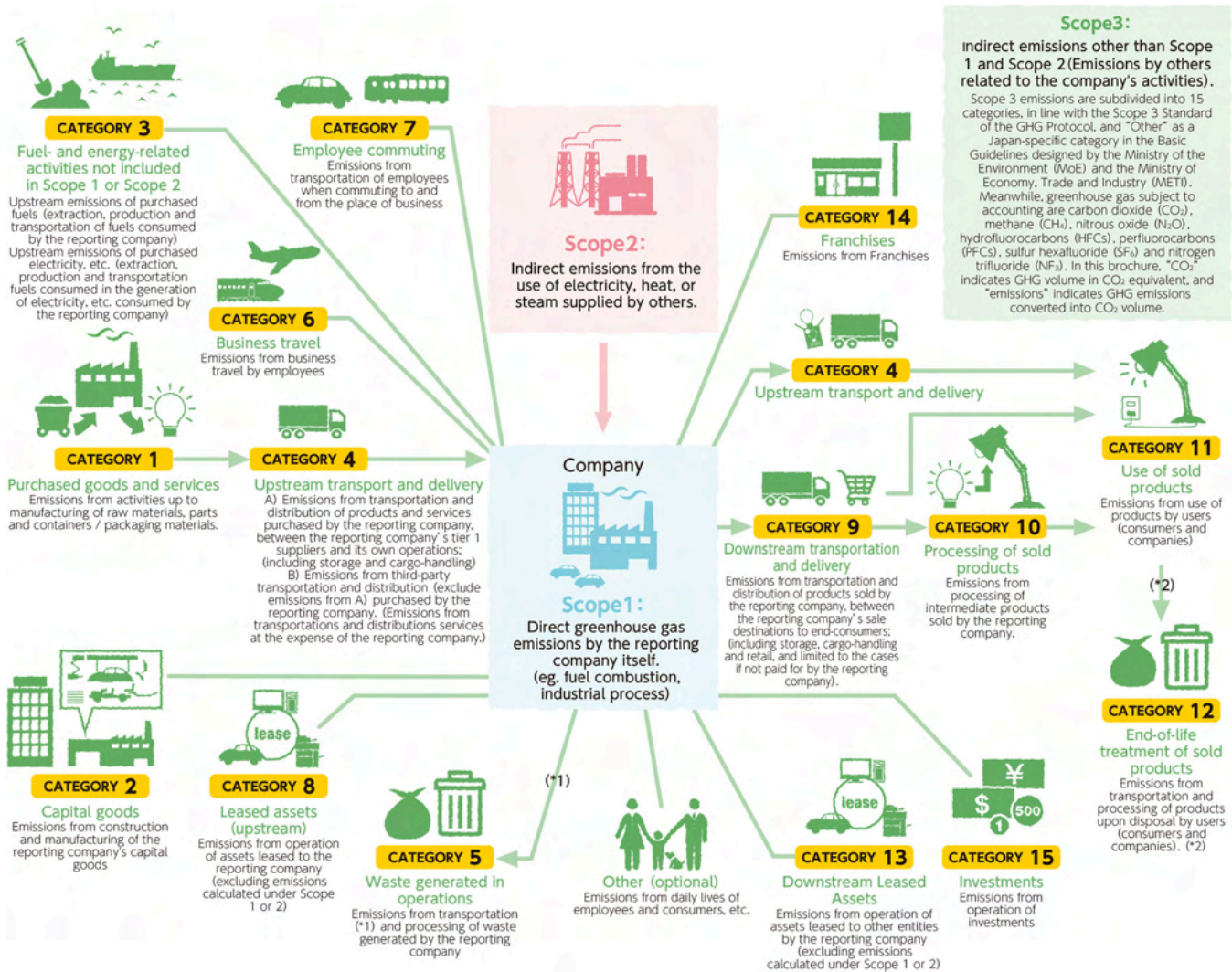
As a measure to reduce GHG emissions, we will engage in energy transition and efficiency (introduce energy management, deploy solar power and green hydrogen production facilities, and expand cogeneration) and review manufacturing processes. We also aim to become “net zero emissions by 2050” by introducing CCU.



### Emissions through the supply chain (Scope 3)

We have calculated direct emissions from fuel use and others (Scope 1), indirect emissions from the use of electricity, heat, and steam supplied by others (Scope 2), and emissions through the supply chain (Scope 3).

In FY2023, emissions from our facilities (Scope 1, Scope 2) were 231 thousand tons, while emissions through the supply chain (Scope 3, Category1~7, 12) were 1,911 thousand tons. CO<sub>2</sub> emissions from purchased raw materials and CO<sub>2</sub> emissions from the disposal of finished products using our products account for 53% and 39% of total Scope 3 emissions\*, respectively.



\*1 Reporting on transportation is optional in both the Scope 3 Standard and the Basic Guidelines.

\*2 Transportation is not included in accounting boundary in the Scope 3 Standard and the Basic Guideline. However, operators may include it in this emissions accounting.

(Source) Minister of the Environment

\* Total Scope 3 emissions: CO<sub>2</sub> emissions from the use, processing, and transportation of our products at and to our customers' sites are not calculated due to the difficulty of collecting the necessary data.

Starting in FY2022, we use a CSR/Sustainable Procurement Self-Assessment Questionnaire formulated by the Global Compact Network Japan to reduce CO<sub>2</sub> emissions through the supply chain.

### Toward the future

The Group will appropriately disclose environmental information and fulfill its accountability to all stakeholders. By recognizing the impact that risks and opportunities from multiple climate change scenarios will have on our business activities, and by preparing countermeasures, we will improve the resilience of our business and continue to conduct business activities in accordance with the Company Mission. In addition to achieving carbon neutrality within our company by 2050, we will also contribute to reducing CO<sub>2</sub> emissions throughout the supply chain and strive to realize social sustainability.



# Water Resources

Sanyo Chemical Group uses water resources in various aspects of chemical product manufacturing.

Recognizing that our Group's business activities share a close connection with water resources, we are committed to saving and making effective use of water, as well as reducing water pollution arising from wastewater emitted outside our facilities.

As a result of assessing water stress using Aqueduct, an assessment tool published by the World Resources Institute (WRI), we confirmed that the risk level at Sanyo Kasei (Thailand) Ltd.'s Rayong Factory was "High." We also confirmed that the risk levels at other domestic and overseas production sites are not at the High or Extremely High levels.

## Policy

We have been working to reduce water withdrawal as a goal of Environmental Action Plan 21-24. From FY2025 onwards, we continue to work towards a reduction target of at least 5% compared to the base year (FY2019).

In order to control the emission of water pollutants, we will prevent leakage within our facilities and monitor the pollutants in wastewater to stay within legal limits.

## System

The Responsible Care Department of the Responsible Care Division serves as the secretariat, and hold environmental action plan promotion meetings from FY2025 to manage the progress of and share information on measures such as water saving implemented at each facility. We will replicate these results at other overseas facilities.

## Water Withdrawal Targets and Results

We were able to achieve our targets for FY2024, the final fiscal year of Environmental Action Plan 21-24.

### Environmental Action Plan 21-24

Environmental Action Plan 21-24	FY2019 (base year)	FY2021	FY2022	FY2023	FY2024	Evaluation	FY2025 (targets)
Water withdrawal (thousand m <sup>3</sup> )	4,354	4,295	4,333	3,973	3,732	Within target level	4,136 or less
Percentage reduction (compared to FY2019)	—	1.3%	0.5%	8.8%	14.3%		5% or above

Scope: All facilities of Sanyo Chemical Industries, Ltd., all domestic subsidiaries & affiliates, and overseas subsidiaries & affiliates that have production sites\*

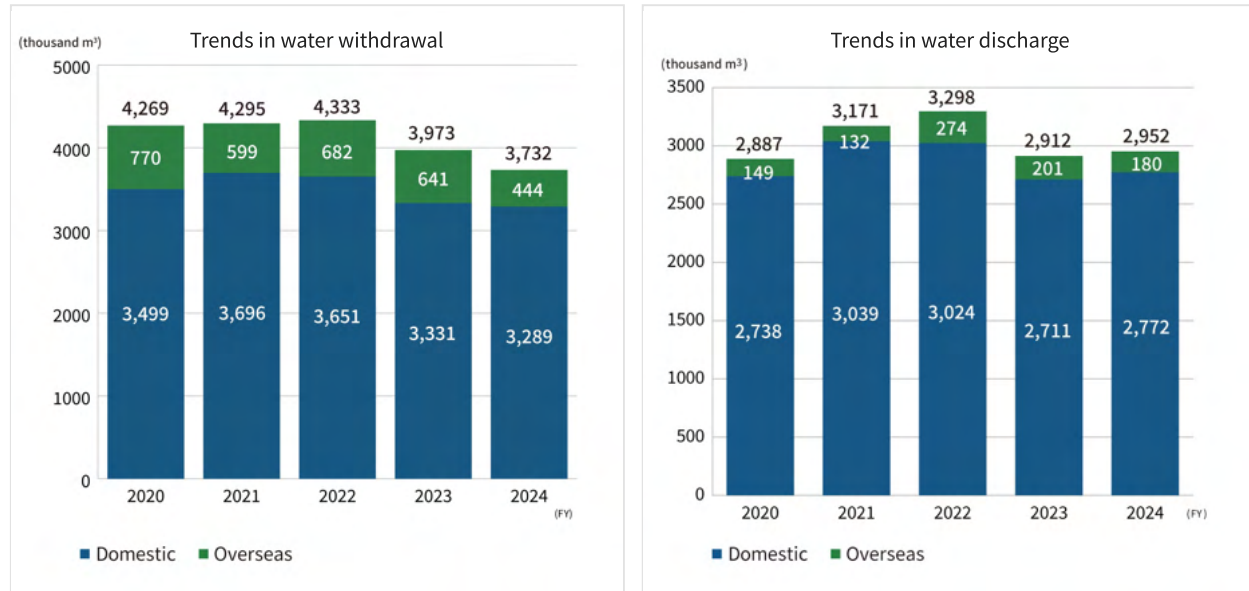
\* Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; San-Dia Polymers (Nantong) Co., Ltd.



## Reduction of Water Withdrawal

Approximately 90% of the water used by our Group is industrial water. Industrial water is mainly used for heating and cooling water, cleaning water, and drainage water used in manufacturing facilities and ancillary facilities. Tap water is used for polymerization water for polymer production and as dilution water for products. It is also used to clean products, intermediates, and manufacturing equipment. No groundwater or seawater is used.

Water withdrawal in FY2024 decreased both in Japan and overseas, totaling 3,733 thousand m<sup>3</sup> (a decrease of 6% year on year). Although our production volume decreased by approximately 23% from the previous fiscal year, the heating and cooling water used in manufacturing facilities and ancillary facilities is not affected by increases or decreases in production volume. As such, it is easy to see the effects of our water conservation and water recycling measures. We will continue to make improvements in this area.



### Breakdown of Water Withdrawal

(unit: thousand m<sup>3</sup>)

	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Water withdrawal total	Domestic and overseas	4,269	4,295	4,333	3,973	3,732
Tap water	Domestic	132	137	139	130	129
	Overseas	263	284	261	204	17
	Total	395	421	400	334	147
Industrial water	Domestic	3,367	3,558	3,513	3,202	3,158
	Overseas	507	315	421	437	427
	Total	3,873	3,874	3,933	3,639	3,585
Surface water (rivers, lakes, marshes, etc.)	Domestic and overseas	0	0	0	0	0
Ground water	Domestic and overseas	0	0	0	0	0
Seawater	Domestic and overseas	0	0	0	0	0

## Water Conservation and Recycling

To the extent possible, we constantly reuse polymerization water for polymer production and cleaning water for products and intermediates. We also reuse steam condensate as water. Each facility establishes our own area of focus for water saving and recycling as part of efforts to reduce water consumption.

## Water Discharge

### Water Discharge by Destination

(unit: thousand m<sup>3</sup>)

	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Water discharge	Domestic	2,738	3,039	3,024	2,711	2,722
	Overseas	149	132	274	201	180
	Total	2,887	3,171	3,298	2,912	2,952
Water discharged into surface waters (rivers, lakes, marshes, etc.)	Domestic	1,688	1,912	1,924	1,671	1,763
Water discharged underground	Domestic	0	0	0	0	0
Marine discharge	Domestic	889	985	955	899	860
Water discharged to third parties (sewage systems, etc.)	Domestic	159	140	144	141	149

## Products that Contribute to Water Resource and Water Environment Conservation

Through a lineup that includes flocculants, organic coagulants, and biodegradable lubricant base oils, we contribute to water saving, water purification, and biodegradability for the effective use of water resources.

» [Sanyo Contributions > Supporting the Environment | Environmental Performance Chemicals](#)

# Resource Circulation and Waste Reduction

## Policy

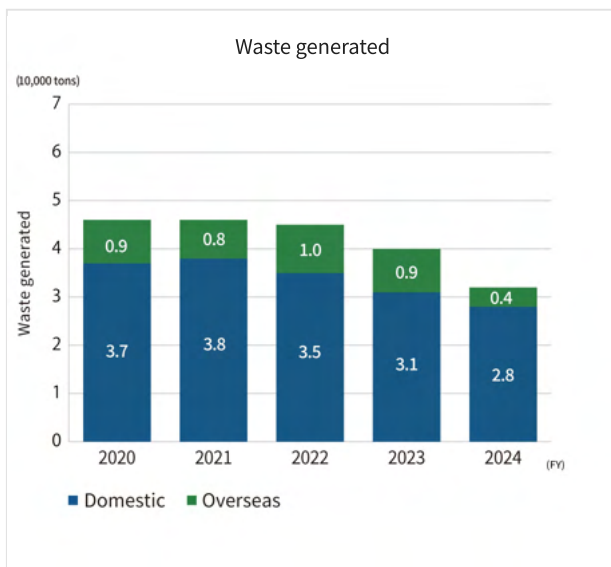
Sanyo Chemical Group will work to bring about a circular economy and strive for social sustainability. Industrial waste such as waste oil, waste acids and alkalis, waste plastics, and scrap metal is generated in the process of manufacturing chemical products, but we are working to effectively utilize resources through the 3Rs (reduce, reuse, recycle). As an important issue for us, we will focus particularly on generating less waste (reduce) as that will lead to less CO<sub>2</sub> emissions during incineration.

## Targets and Results

### Waste Generated

The amount of waste generated in FY2024 was 32,000 tons, achieving the target of 36,000 tons or less set for the end of FY2024. We will continue working to reduce waste to reach our target of 31,000 tons or less by the end of FY2025.

We kept landfill disposal at 0.01% of waste generated. Twelve of all of our 13 facilities had zero landfill disposal.

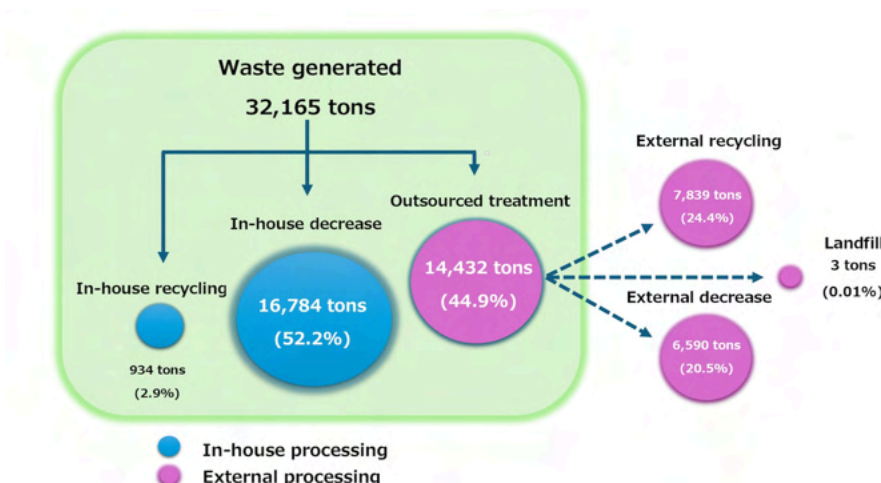


## Material Flow of Waste

Sanyo Chemical Group generates large volumes of waste material that is a mixture of water and organic matter, such as cleaning water for equipment and products, and waste liquids generated during manufacturing processes. As this material is not suitable for recycling, 52.2% of the waste we generate is reduced in weight in-house through incineration and other methods, while 20.5% is reduced off-site.

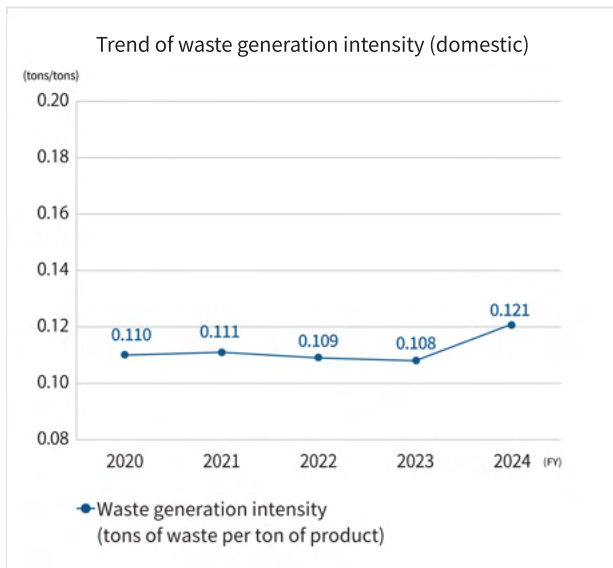
In addition, 27.3% of our waste is recycled either in-house or off-site.

### Material Flow of Waste (FY2024)



## Reducing Waste Generation

Due to a new focus on prioritizing sales of high-value-added products in our management policy, our product mix has changed and waste generation intensity has decreased due to a reduction in the production of products that generate a large amount of waste. Waste generation per unit of production has further declined due to waste generation control measures such as optimizing (reducing) the amount of raw materials used, improving yields, and reviewing the frequency of and methods for cleaning equipment.



## Recycling

In FY2024, 2.9% of waste generated was recycled inside and 24.4% was recycled outside the Company.

(Specific examples)

- Solvents used for cleaning equipment are constantly reused inside the Company.
- Solvents and monomers that are recovered in the production process and that can be recycled are refined and reused.
- Metals, wood, paper, and other materials undergo material recycling outside the Company.
- Some waste plastics undergo material recycling outside the Company. Most undergo thermal recycling.
- Use recycled drums in some areas.

(Percentage of recycled drums purchased: FY2023: 29.6% FY2024: 29.8%)

## Reduction and Recycling of Industrial Waste From Plastic Products

Our Company falls under the category of a high-volume waste producer (250 tons or more per year) as defined in the Act on Promotion of Resource Circulation for Plastics.

Although domestic affiliates are not classified as high-volume waste producers, they are working to reduce waste while sharing information with Sanyo Chemical.

Some of this waste is recycled into raw materials for roadbed materials and plastic products, and most of it are thermally recycled.

### Targets and Results

(Unit: tons)

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024		FY2025 Target
				Target	Results	
Waste generation (Sanyo Chemical)	1,061	959	1,131	1,147	1,377	1,415
Waste generation (domestic subsidiaries and affiliates*)	48	52	33	34	42	41
Total	1,109	1,011	1,164	1,181	1,419	1,456

\* SDP Global Co., Ltd.; San Chemical Co., Ltd.; SAN NOPCO LIMITED; and San-Petrochemicals Co., Ltd.

# Chemical Management

As a chemical company, the Sanyo Chemical Group handles a large number of chemical substances in its business activities. Chemical manufacturers are obligated to strive to minimize the negative impact of chemical substances by taking care of the environment, safety, and health throughout a product's entire life cycle. That includes the development, manufacture, and distribution of products, as well as the use and disposal of sold products.

## Policy

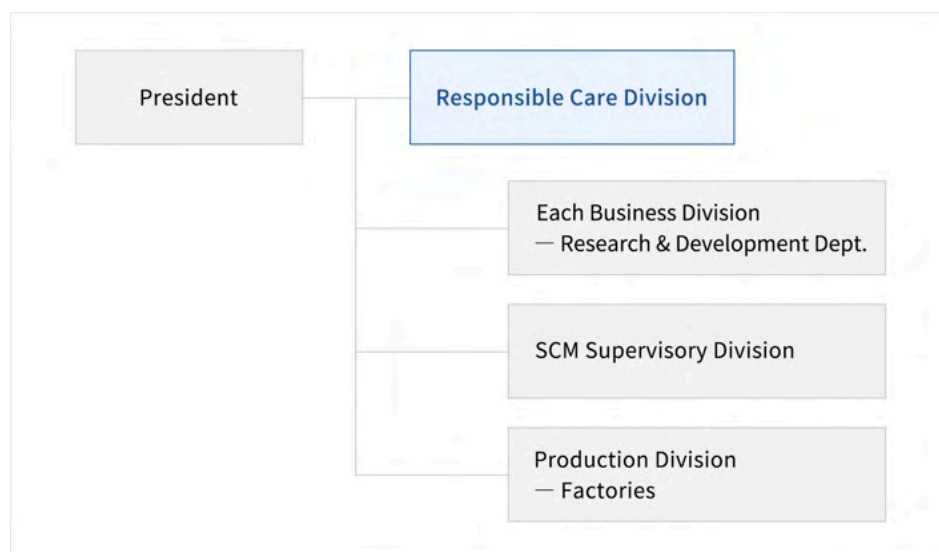
Our chemical substance management regulations stipulate that we will "properly manage chemical substances handled in our business activities in consideration of their impact on the global environment, ecosystems, and human health, as well as trends in domestic and international society, and in compliance with related laws and regulations in Japan and other countries."

This refers to all chemical substances contained in products manufactured at our facilities, the raw materials to produce them, intermediates, recovered materials, and wastes, as well as chemical structure design and process design in research and development.

## Names and Roles of Chemical Management Organizations

The General Manager of the Responsible Care Division serves as the supervisor. Respective divisions collaborate under the leadership of the General Manager to manage chemical substances.

The Production Division manages emissions to the environment arising from the handling of substances in our production activities. Design management related to the composition of manufactured products and manufacturing processes is carried out by the Production Division and the Research & Development Department that belongs to each Business Division.



Division	Primary responsibilities
Responsible Care Division	<ul style="list-style-type: none"> <li>• Confirmation of compliance with laws and regulations in and outside Japan and conformity to industry standards, customers' procurement standards, etc.</li> <li>• Confirmation of proper management in terms of safety/accident prevention, labor safety and health, and environmental safety</li> </ul>
Each Business Division	<ul style="list-style-type: none"> <li>• Manufacturing process design, composition design, and provision of products in accordance with chemical substance management regulations</li> <li>• Collection of information about trends in the industry, customers' procurement standards, etc. and the provision of conforming products</li> <li>• Provision of information about chemical substances to customers</li> </ul>
SCM Supervisory Division	<ul style="list-style-type: none"> <li>• Promotion of green procurement of raw materials (dissemination of information about our procurement standards and acquisition of information about chemical substance management)</li> </ul>
Production Division	<ul style="list-style-type: none"> <li>• Management in accordance with laws and regulations</li> <li>• Collection of safety information about raw materials and products (e.g., SDSs)</li> <li>• Identification of risks during handling, and planning and implementation of risk reduction measures</li> <li>• Calculation (measurement) and reduction of substance discharge and transfer volume during storage and use</li> <li>• Confirmation of impact on chemical substance management due to changes in production conditions</li> </ul>

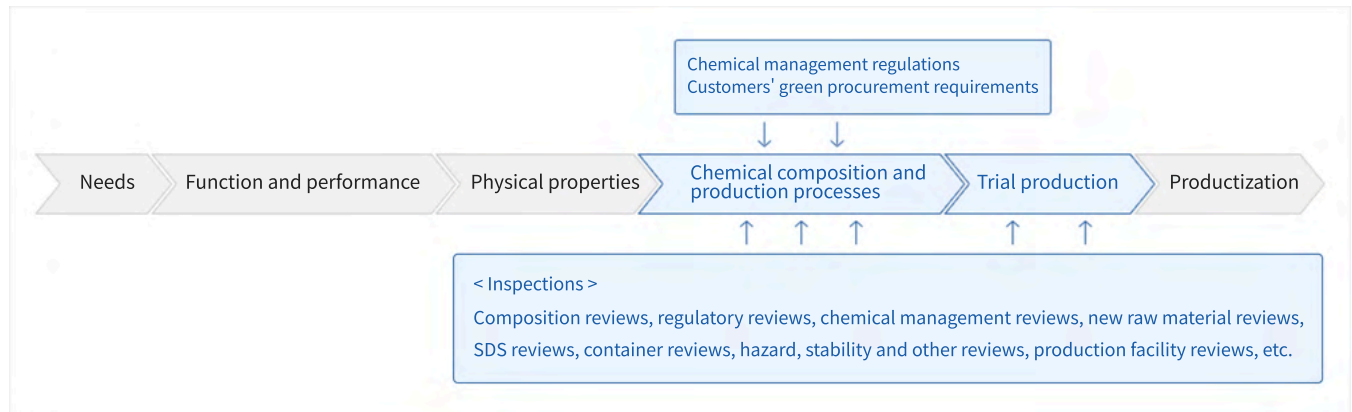
## Safe and Appropriate Handling of Chemical Substances

As the Group handles a wide variety of chemical substances in the course of its business, knowledge of the physical properties and hazards of chemical substances is essential. For the substances we handle, we use SDS (Safety Data Sheet) to educate employees and conduct risk assessments. We encourage employees to obtain relevant qualifications for handling highly hazardous specified chemical substances, organic solvents, poisonous and deleterious substances, and hazardous materials (fire and disaster prevention measures). For example, plant engineers at our factories are required to become licensed hazardous materials engineers (Class A or B, Group 4).

## Design Management

When designing products, we translate the “functions and performance” that meet customer needs into physical and chemical “properties,” and then design the chemical composition necessary to achieve those “properties.” We conduct multifaceted reviews at each stage, from prototyping to productization.

### Inspections prior to launching chemical products



» [Sanyo Contributions > Supporting the Environment | Environmental Performance Chemicals](#)

This page lists products designed with consideration given to preventing pollution and reducing polluting components based on the keywords “solvent-free,” “halogen-free,” “free from harmful substances,” and “environmental residue reduction.”



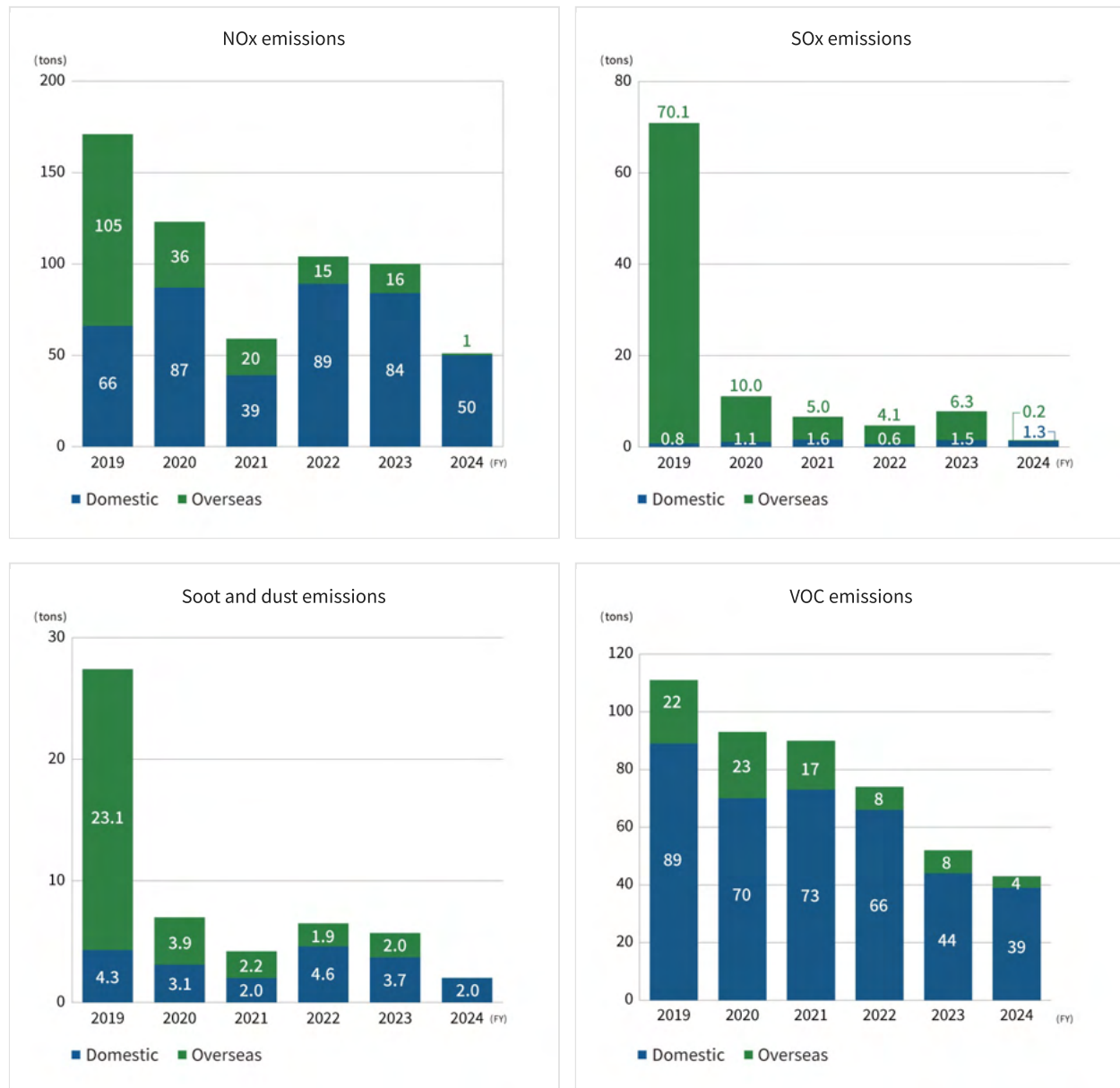
## Discharge Control

In order to reduce the negative impact on the air, water, and soil environment of chemical substances emitted through our production activities, we comply with laws and regulations as well as engage in voluntary emission reduction efforts.

### Air Quality Conservation

Our facilities emit combustion gases (e.g., NO<sub>x</sub>, SO<sub>x</sub>) into the atmosphere due to the use of boilers, cogeneration systems, and incinerators. Our facilities also generate volatile organic compounds (VOCs) through the operation of reaction tanks and storage tanks at plants. We endeavor to reduce the impact on air quality by maintaining and properly operating this equipment along with ancillary exhaust gas treatment equipment.

Our target for VOCs is 80 tons or less in Japan and 10 tons or less overseas by the final fiscal year (FY2024). In FY2024, VOC emissions in Japan totaled 39 tons (down 5 tons from the previous fiscal year) and 4 tons overseas (down 3 tons from the previous fiscal year), for total Group emissions of 43 tons, achieving the FY2024 target. This is a 61% reduction from FY2019 emission volume.



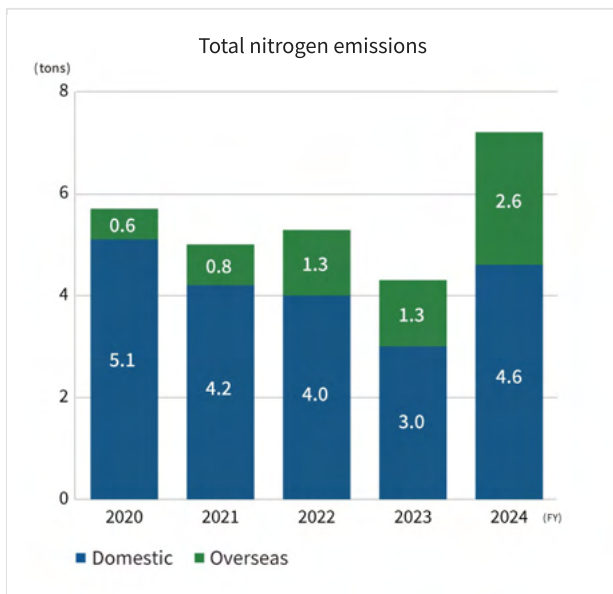
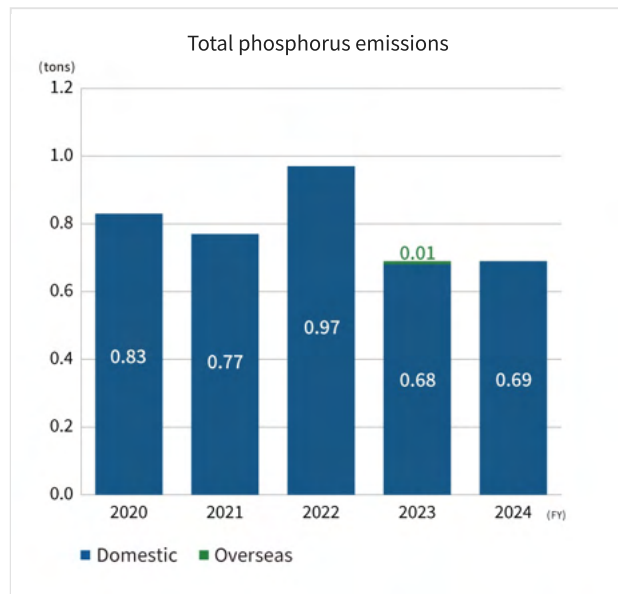
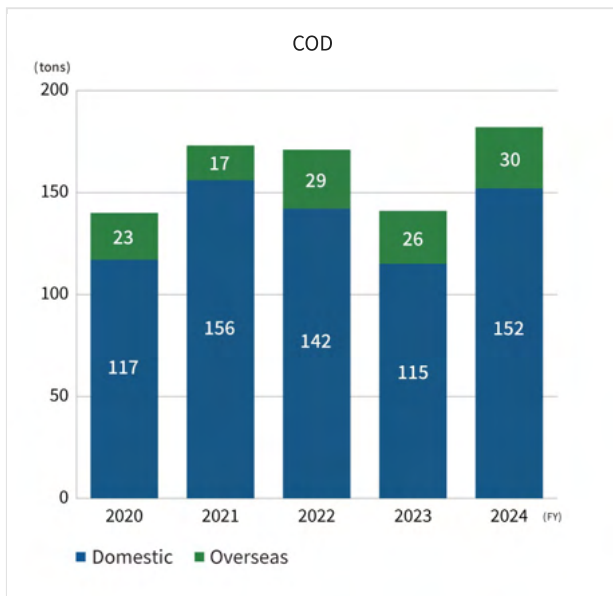
Note 1: The overseas values for NO<sub>x</sub>, SO<sub>x</sub>, and soot and dust in FY2019 were high because abnormal measured values were recorded at SDP GLOBAL (MALAYSIA) SDN. BHD. Equipment and measuring methods have been reviewed, and values have been normal since FY2020.

Note 2: Scope of VOC calculation: All facilities in Japan, as well as Sanyo Kasei (Thailand) Ltd.

## Water Quality Conservation

For the wastewater discharged from the pipes at our facilities, we set voluntary control values that are stricter than the legal effluent control values, and monitor the status of the wastewater to control pollutant concentrations. We endeavor to prevent the discharge of pollutants into aqueous environments by appropriately maintaining equipment, installing containment dikes, and taking measures to prevent leakages at facilities.

» [ESG Data > Environment | Water Resource Related Data](#)



## Soil and Groundwater Environmental Conservation

We do not perform landfill disposal at facilities. Along with monitoring the condition of groundwater using observation wells at facilities, we conduct voluntary soil surveys on company premises during construction work to check for problems on an ongoing basis.

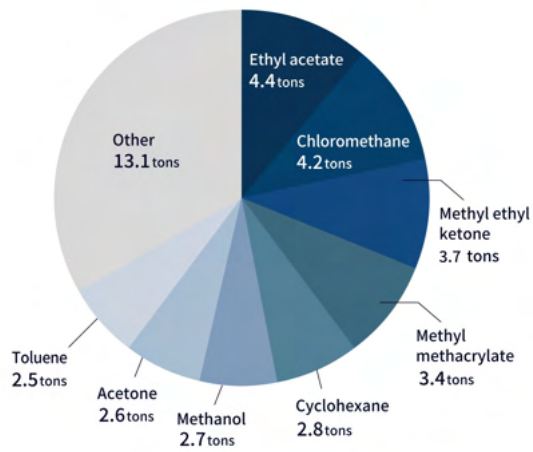
## Compliance with PRTR Law

In addition to substances subject to the PRTR Law, we monitor emissions of VOCs not subject to the Law from our facilities and prioritize them in our efforts to reduce emissions.

From FY2022 to FY2023, we took measures to reduce emissions of chloromethane, which had the highest emission volume among domestically emitted VOCs but for which no effective countermeasures had been in place. Through manufacturing process improvements, we succeeded in reducing our previously excessive input of chloromethane, reducing chloromethane emissions from 17.2 tons in FY2021 to 4.2 tons in FY2024.

Overseas, we will incorporate emission reduction technologies developed in Japan to reduce emissions through combustion and adsorption treatment of exhaust gases.

Breakdown of VOCs (FY2024, domestic)



Release and Transfer of Substances Subject to the PRTR Law (FY2024)

(Unit: tons)

	Substances handled	Volume handled	Atmospheric emissions	Water emissions	Soil emissions	Waste transferred
Sanyo Chemical	99	115,839	20.8	0.5	0	432.0
Domestic subsidiaries and affiliates	56	93,421	3.5	0	0	14.6
Total	113	209,260	24.3	0.5	0	446.6

» [ESG Data > Environment](#) | [Chemical Substance Emission Data](#)

# Biodiversity Initiatives

The Sanyo Chemical Group recognizes that our business activities that manufacture and sell chemicals have a negative impact on biodiversity, such as the consumption of natural capital and the emission of GHGs and hazardous substances, but also have a positive impact by contributing to the reduction and improvement of environmental impact by the products we provide. In our procurement and production activities, we strive to reduce any impact that may indirectly lead to the loss of biodiversity by reducing our use of hazardous substances, using biodegradable materials, and not using endocrine disruptors (environmental hormones). In addition, for genetically modified organisms handled in product development, we ensure biosafety so that organisms do not spread to the environment.

## Policy

We will deepen our understanding and appreciation of conservation of biodiversity and promote activities with due consideration for biodiversity. (From the Management Policy Concerning Responsible Care)

» [Management Policy Concerning Responsible Care \(RC\)](#)

### Action Policy Concerning Biodiversity

With the acknowledgement that business affects biodiversity, our Group will deepen the understanding and acknowledgement of the preservation of biodiversity and promote our activities with consideration for biodiversity.

1. We will develop products in consideration of the environment and contribute to the preservation of biodiversity through the provision and diffusion of those products.
2. In the procurement of materials, raw materials, office supplies, and others, we will give consideration to the preservation of biodiversity.
3. We will reduce the environmental loads, such as the emissions of greenhouse gases, utilization of water resources, and release of chemical substances and waste, from the workplaces so as to alleviate their impact on biodiversity.
4. All of our employees will enhance the understanding and acknowledgement of biodiversity and try to enhance the awareness of the preservation of biodiversity.
5. We will promote efforts in cooperation with the local community.

## System

The biodiversity promotion system is a part of the sustainability promotion system.

» [Sustainability Promotion System](#)

## Awareness-raising and Training

The Sanyo Chemical Forestry Project, which is being carried out by Sanyo Chemical and the SANYO CHEMICAL Foundation for Social Contribution in Wazuka Town, Soraku District, Kyoto Prefecture, involves forest maintenance and nature observation events held about twice a year for employees and their families. By providing opportunities to interact with nature, we aim to raise employees' awareness of biodiversity.

Since 2010, we have incorporated a curriculum on forestation activities into the training of new employees, so that they can experience it at least once after joining the Company. Since the start of the program in 2009, a cumulative total of 2,210 employees have participated, including a cumulative 638 new employees through new-employee training. In addition, we are raising awareness of biodiversity by distributing the in-house newsletter "Forest Maintenance News," which contains basic articles on activities and biodiversity, posted on our intranet.

## Supported Initiatives

In order to fulfill our social responsibilities as a Company, respond to the demands of society, and contribute to the realization of a sustainable society, the Group participates in the following initiatives.

Initiative for the Declaration of Biodiversity by Keidanren, Japan Business Federation



Roundtable on Sustainable Palm Oil (RSPO)



## Efforts Guided by Our Activity Policy

### Contribution Through Products

We develop and market product groups that contribute to reducing the impact on biodiversity in the product life cycle with aspects such as energy saving and energy efficiency improvement, high durability and longevity (resource saving), water conservation, removal of hazardous substances, non-use of hazardous substances, and biodegradability.

Even at the product development stage, when synthesizing proteins using genetically modified organisms (GMOs), we rigorously ensure biosafety so that organisms do not spread into the environment. In the Agri-Nutrition (agriculture) field that we are newly developing, we are exploring ways to deliver essential components for plants (e.g., peptides and amino acids) efficiently to maximize plants' inherent yield and quality potential, thereby reducing the use of fertilizers and pesticides that impose high environmental burdens. Reducing the use of fertilizers and pesticides is expected not only to lower the environmental burdens associated with their manufacturing, but also to mitigate impacts on non-target organisms caused by excessive use.

» [Sanyo Contributions > Environmental Performance Chemicals](#)

### Consideration in Raw Material Procurement

Since our founding in the surfactant industry, we have handled bio-based raw materials such as fats and oils. Afterward, as we expanded into the petrochemical industry, the proportion of bio-based raw materials decreased, but we still use a considerable amount of bio-based raw materials today.

We know whether the raw materials we use are bio-based or not, and the biological species they originate from. We purchase oils and fats, high-end alcohols, and fatty acids (derivatives) derived from oil palm, coconut palm, rapeseed, soybeans, cattle, and pigs. Starting in FY2023, we began procuring palm oil-derived raw materials that have been RSPO-certified as raw materials for cosmetics.

The Group clearly indicates and presents biodiversity conservation and sustainable use in the Sustainable Procurement Guidelines to suppliers for their understanding, and checks the status of suppliers through CSR questionnaires.

### Reduction of Environmental Impact

We are striving to reduce risks to biodiversity through activities to reduce environmental impact in line with our Environmental Action Plan, environmentally friendly chemical composition design of our products, and the provision of compliant products.

### Raising Employee Awareness and Collaborating with Local Communities

We fund to the Forest Creation Fund of the Kyoto Model Forest Association and contribute to the healthy development of forests through a tree thinning project in the Yubune area of Wazuka Town, Soraku District, Kyoto Prefecture. This project, which is being carried out in Kyoto Prefecture where our Head Office is located, contributes to the conservation of organism species, increase in CO<sub>2</sub> absorption by forests, water source cultivation, and flood prevention.

The Sanyo Chemical Forestry Project, which is being carried out in cooperation with the local town of Wazuka and others, aims to raise employee awareness of biodiversity while fostering communication with the local community.

San Chemical Co., Ltd. has been engaged in nature conservation activities through rice cultivation at Futago Tanada (Futago terraced rice fields) in Chiba Prefecture.

In addition, we make annual donations to the Keidanren Nature Conservation Fund through the SANYO CHEMICAL Foundation for Social Contribution to support nature conservation projects by NGOs that contribute to biodiversity.

» [Sanyo Chemical Forestry](#)

# Site Report

## Site Report

### [Sanyo Chemical domestic facilities]

#### I Nagoya Factory

The Nagoya Factory has our largest production capacity and is located in a coastal industrial zone in South Nagoya. The group company SAN NOPCO LIMITED is also located on the site.

Location	31-1, Shinpomachi, Tokai, Aichi
Main products	Thermoplastic polyurethane beads for the interior parts of automobiles (TUB), polyurethane products, base materials for electronic materials, surfactants, specialty chemicals
Started operations	1968
Site area	Approx. 100,000 m <sup>2</sup>
ISO certification	ISO9001: obtained in 1998
Employees	313 (as of March 31, 2025)



INPUT			
Energy	Energy (crude oil equivalent)	23,324	kL
Raw materials	Purchased raw materials and containers	72,410	tons
Water resources	Water withdrawal	2,103	thousand m <sup>3</sup>
	Tap water	40	thousand m <sup>3</sup>
	Industrial water	2,063	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	49,406	tons
Air quality	NOx	45.3	tons
	SOx	1.1	tons
	Soot and dust	1.7	tons
	PRTR substances	5.4	tons
	VOC emissions	12.6	tons
Water quality	Fluorocarbons (CO <sub>2</sub> equivalent)	13	tons
	Water discharge	1,690	thousand m <sup>3</sup>
	COD	9.1	tons
	Phosphorus	0.2	tons
	Nitrogen	1.7	tons
Waste	PRTR substances	0.4	tons
	Outsourced waste treatment	2,542	tons
	External recycling	2,542	tons
	External landfill	0	tons
	Waste plastics	593	tons
Soil condition	PRTR substances	89.3	tons
	No emissions		



## Kinuura Factory

The Kinuura Factory was built for producing alkylene oxide adducts (AOAs) as our third domestic base, following Nagoya Factory and San Chemical Co., Ltd.

Location	4-43, Nitto-cho, Handa, Aichi
Main products	Raw materials for polyurethane foams
Started operations	2010
Site area	Approx. 140,000 m <sup>2</sup>
ISO certification	ISO9001: obtained in 2010
Employees	23 (as of March 31, 2025)



INPUT			
Energy	Energy (crude oil equivalent)	1,150	kL
Raw materials	Purchased raw materials and containers	36,104	tons
Water resources	Water withdrawal	42	thousand m <sup>3</sup>
	Tap water	1	thousand m <sup>3</sup>
	Industrial water	41	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	2,172	tons
Air quality	NOx	0.5	tons
	SOx	0	tons
	Soot and dust	0	tons
	PRTR substances	0.2	tons
	VOC emissions	0.2	tons
	Fluorocarbons (CO <sub>2</sub> equivalent)	0	tons
Water quality	Water discharge	0.7	thousand m <sup>3</sup>
	COD	0	tons
	Phosphorus	0	tons
	Nitrogen	0	tons
	PRTR substances	0	tons
Waste	Outsourced waste treatment	212	tons
	External recycling	212	tons
	External landfill	0	tons
	Waste plastics	0	tons
	PRTR substances	0	tons
Soil condition		No emissions	

## Kashima Factory

Located in industrial park in Ibaraki Prefecture, the Kashima Factory was built in 1976 to serve as Sanyo Chemical's principal production and distribution facility in the Kanto area.

Location	11-1, Sunayama, Kamisu, Ibaraki
Main products	Toner intermediates, toner resins, lubricant additives, permanent antistatic agents, etc.
Started operations	1976
Site area	Approx. 130,000 m <sup>2</sup>
ISO certification	ISO9001: obtained in 1997
Employees	167 (as of March 31, 2025)



INPUT			
Energy	Energy (crude oil equivalent)	14,551	kL
Raw materials	Purchased raw materials and containers	41,168	tons
Water resources	Water withdrawal	654	thousand m <sup>3</sup>
	Tap water	15	thousand m <sup>3</sup>
	Industrial water	639	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	20,883	tons
Air quality	NOx	0.2	tons
	SOx	0	tons
	Soot and dust	0	tons
	PRTR substances	15.2	tons
	VOC emissions	21.1	tons
Water quality	Fluorocarbons (CO <sub>2</sub> equivalent)	136	tons
	Water discharge	734	thousand m <sup>3</sup>
	COD	139	tons
	Phosphorus	0.4	tons
	Nitrogen	2.6	tons
Waste	PRTR substances	0.1	tons
	Outsourced waste treatment	2,838	tons
	External recycling	2,838	tons
	External landfill	0	tons
	Waste plastics	743	tons
Soil condition	PRTR substances	264.9	tons
	No emissions		

## Kyoto Factory

The Kyoto Factory has been in operation since the company's founding.

Location	11-721, Honmachi, Higashiyama-ku, Kyoto
Main products	Lubricant additives, coating and adhesive products, surfactants, medical materials, etc.
Started operations	1949
Site area	Approx. 26,000 m <sup>2</sup> (including the Head Office and Research Laboratory)
ISO certification	ISO9001: obtained in 1999
Employees	109 (as of March 31, 2025)



INPUT			
Energy	Energy (crude oil equivalent)	3,745	kL
Raw materials	Purchased raw materials and containers	21,226	tons
Water resources	Water withdrawal	192	thousand m <sup>3</sup>
	Tap water	35	thousand m <sup>3</sup>
	Industrial water	157	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	6,945	tons
Air quality	NOx	1.3	tons
	SOx	0.1	tons
	Soot and dust	0.1	tons
	PRTR substances	0	tons
	VOC emissions	0	tons
Water quality	Fluorocarbons (CO <sub>2</sub> equivalent)	13	tons
	Water discharge	133	thousand m <sup>3</sup>
	COD	1.3	tons
	Phosphorus	0.0	tons
	Nitrogen	0.1	tons
Waste	PRTR substances	0	tons
	Outsourced waste treatment	3,292	tons
	External recycling	46	tons
	External landfill	0	tons
	Waste plastics	32	tons
Soil condition	PRTR substances	71.9	tons
	No emissions		

## Head Office, Head Office Research Laboratory, Katsura Research Laboratory

Our Head Office and main R&D facility. The research & development departments of SAN NOPCO LIMITED and San-Apro Ltd. are also located here.

Location	Head Office and Head Office Research Laboratory: 11-1, Ikkyo Nomoto-cho, Higashiyama-ku, Kyoto Katsura Research Laboratory: 1-40, Goryo Ohara, Nishikyo-ku, Kyoto
On-site offices	Sanyo Chemical Industries, Ltd. Head Office, Head Office Research Laboratory, Katsura Research Laboratory, SAN NOPCO LIMITED, and San-Apro Ltd.
Employees	Head Office and Head Office Research Laboratory: 473, Katsura Research Laboratory: 106 (as of March 31, 2025)



Head Office, Head Office Research Laboratory



Katsura Research Laboratory


INPUT			
Energy	Energy (crude oil equivalent)	1,456	kL
Water resources	Water withdrawal	16	thousand m <sup>3</sup>
	Tap water	16	thousand m <sup>3</sup>
	Industrial water	0	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	2,741	tons
Air quality	NOx	0	tons
	SOx	0	tons
	Soot and dust	0	tons
	PRTR substances	0.01	tons
	VOC emissions	0.05	tons
	Fluorocarbons (CO <sub>2</sub> equivalent)	8	tons
Water quality	Water discharge	16	thousand m <sup>3</sup>
	COD	0	tons
	Phosphorus	0	tons
	Nitrogen	0	tons
	PRTR substances	0	tons
Waste	Outsourced waste treatment	213	tons
	External recycling	143	tons
	External landfill	0	tons
	Waste plastics	9	tons
	PRTR substances	5.9	tons
Soil condition		No emissions	

## [Domestic Subsidiaries and Affiliates]

### SAN NOPCO LIMITED

In 1966, it was established as a joint venture between Nopco Chemical Company of the United States and Sanyo Chemical Industries, Ltd. of Japan. At present, it is a wholly owned subsidiary of Sanyo Chemical.


Website	<a href="https://www.sannopco.co.jp/eng/">https://www.sannopco.co.jp/eng/</a> 
Location	31-1, Shinpomachi, Tokai, Aichi
Main products	Manufacture and sale of industrial agents for pulp & paper, paints, latex, ceramics, and electronics
Established	1966
ISO certification	ISO9001: obtained in 2000
Employees	81 (as of March 31, 2025)

INPUT			
Energy	Energy (crude oil equivalent)	1,776	kL
Raw materials	Purchased raw materials and containers	18,939	tons
Water resources	Water withdrawal	86	thousand m <sup>3</sup>
	Tap water	2	thousand m <sup>3</sup>
	Industrial water	85	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	4,105	tons
Air quality	NOx	0	tons
	SOx	0	tons
	Soot and dust	0	tons
	PRTR substances	0.6	tons
	VOC emissions	1.6	tons
Water quality	Fluorocarbons (CO <sub>2</sub> equivalent)	1	tons
	Water discharge	72	thousand m <sup>3</sup>
	COD	0	tons
	Phosphorus	0	tons
	Nitrogen	0	tons
Waste	PRTR substances	0	tons
	Outsourced waste treatment	31	tons
	External recycling	5	tons
	External landfill	0	tons
	Waste plastics	21	tons
Soil condition	PRTR substances	3.4	tons
	No emissions		

## San Chemical Co., Ltd.

Jointly established with Nippon Oil Corporation (now ENEOS Corporation) in 1982. As a specialized manufacturer of raw materials for polyurethane foam, polyethylene glycol, etc., it took over the Kawasaki Factory, the Sanyo Chemical Industries, Ltd.'s second AOA factory in Japan, which started operations in 1960.

Website	<a href="http://www.san-chemical.com/">http://www.san-chemical.com/</a> 
Location	Head Office and Kawasaki Factory: 13-2, Chidori-cho, Kawasaki-ku, Kawasaki
Main products	Raw materials for polyurethane foam, raw materials for detergents, perfume and cosmetics, etc.
Established	1982
ISO certification	ISO9001: obtained in 2000
Employees	41 (as of March 31, 2025)

INPUT			
Energy	Energy (crude oil equivalent)	3,455	kL
Raw materials	Purchased raw materials and containers	66,001	tons
Water resources	Water withdrawal	116	thousand m <sup>3</sup>
	Tap water	18	thousand m <sup>3</sup>
	Industrial water	98	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	6,843	tons
Air quality	NOx	0	tons
	SOx	0	tons
	Soot and dust	0	tons
	PRTR substances	0.5	tons
	VOC emissions	0.9	tons
	Fluorocarbons (CO <sub>2</sub> equivalent)	0	tons
Water quality	Water discharge	99	thousand m <sup>3</sup>
	COD	2.1	tons
	Phosphorus	0.0	tons
	Nitrogen	0.2	tons
	PRTR substances	0	tons
Waste	Outsourced waste treatment	1,019	tons
	External recycling	1,019	tons
	External landfill	0	tons
	Waste plastics	12	tons
	PRTR substances	0	tons
Soil condition		No emissions	



## San-Petrochemicals Co., Ltd.

A 50:50 joint venture between Sanyo Chemical and ENEOS Materials Corporation, and a global leading specialized manufacturer of ENB.

Website	<a href="https://www.san-petrochemicals.com/en/">https://www.san-petrochemicals.com/en/</a>
Location	11-2, Sunayama, Kamisu, Ibaraki
Main products	EPDM rubber materials such as ENB (ethylidene norbornene)
Established	1977
Employees	37 (as of March 31, 2025)

INPUT			
Energy	Energy (crude oil equivalent)	4,563	kL
Raw materials	Purchased raw materials and containers	11,863	tons
Water resources	Water withdrawal	48	thousand m <sup>3</sup>
	Tap water	3	thousand m <sup>3</sup>
	Industrial water	45	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	7,354	tons
Air quality	NOx	2.9	tons
	SOx	0.1	tons
	Soot and dust	0.2	tons
	PRTR substances	1.7	tons
	VOC emissions	1.9	tons
Water quality	Fluorocarbons (CO <sub>2</sub> equivalent)	0	tons
	Water discharge	26	thousand m <sup>3</sup>
	COD	0.3	tons
	Phosphorus	0	tons
	Nitrogen	0	tons
Waste	PRTR substances	0	tons
	Outsourced waste treatment	41	tons
	External recycling	41	tons
	External landfill	0	tons
	Waste plastics	8	tons
Soil condition		11.2	tons
		No emissions	

## San-Apro Ltd.

Website	<a href="https://www.san-apro.co.jp/eng/">https://www.san-apro.co.jp/eng/</a>
Location	Research laboratory: 1-40, Goryo Ohara, Nishikyo-ku, Kyoto Sales office : Tokyo
Lines of business	Manufacture and sale of DBU and DBN extremely strong basic organic compounds, urethane catalysts, epoxy resin curing accelerators, photo acid generators, water soluble rust inhibitors, etc.
Established	1966
ISO certification	ISO9001: obtained in 2003
Employees	35 (as of March 31, 2025)

San-Apro researches, develops, and sells products specialized for catalysts. As a fabless company, it does not have an in-house production facility but commissions manufacturing to other companies, including Sanyo Chemical. The company was established in 1966 as a joint venture with U.S.-based Abbott. Later, in 1986, the venture partner changed to U.S.-based Air Products, and the company name was changed to "San-Apro." In 2017, Germany-based Evonik took over the business of Air Products. At present, San-Apro is a 50:50 joint venture of Sanyo Chemical and Evonik.

## Sanyo Chemical Logistics Co., Ltd.

Location	Head Office: 31-1, Shinpomachi, Tokai, Aichi Business offices: Kyoto, Nagoya, Kashima, Kawasaki
Lines of business	Warehousing, shipping, loading and unloading in factories, and forwarding of Sanyo Chemical Group products
Established	2020

Sanyo Chemical Logistics was established in 2020 through the merger of Nagoya Sanyo Warehouse Co., Ltd., which handled product storage and shipping as well as cargo handling on the premises for Sanyo Chemical Group, and Sanyo Transport Co., Ltd., which mainly handled the transportation of Sanyo Chemical products. In FY2025, DHL Supply Chain will take over the Group's domestic logistics functions, which were previously handled by Sanyo Chemical Logistics Co., Ltd., with the aim of achieving efficient and sustainable logistics operations.

## Shiohama Chemicals Warehouse Co., Ltd.

Location	2-2-6 Yako, Kawasaki-ku, Kawasaki, Kanagawa
Lines of business	Warehousing, loading, unloading, and forwarding for hazardous goods
Established	1983

A 50:50 joint venture of Sanyo Chemical and ENEOS Materials Corporation, this warehouse company located near San Chemical Co., Ltd. handles San Chemical products.

## [Overseas Subsidiaries and Affiliates]

### Sanyo Kasei (Thailand) Ltd.

Sanyo Kasei (Thailand) is our base of operations in the ASEAN region.

Website	<a href="https://www.sanyo-kasei.co.th/EN/home.html">https://www.sanyo-kasei.co.th/EN/home.html</a> 
Location	Head Office: Bangkok, Thailand Factory: Rayong, Thailand
Lines of business	Manufacture and sale of textile chemicals, surfactants, papermaking chemicals, paint and ink resins, etc.
Established	1997
ISO	ISO9001: obtained in 2004 ISO14001: obtained in 2009
Employees	93 (as of March 31, 2025)

INPUT			
Energy	Energy (crude oil equivalent)	2,278	kL
Raw materials	Purchased raw materials and containers	6,795	tons
Water resources	Water withdrawal	222	thousand m <sup>3</sup>
	Tap water	0	thousand m <sup>3</sup>
	Industrial water	222	thousand m <sup>3</sup>

OUTPUT to the environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	5,091	tons
Air quality	NOx	0.7	tons
	SOx	0.2	tons
	Soot and dust	0	tons
	VOC emissions	4.1	tons
Water quality	Water discharge	178	thousand m <sup>3</sup>
	COD	30	tons
	Phosphorus	0	tons
	Nitrogen	2.6	tons
Waste	Outsourced waste treatment	3,265	tons
	External recycling	214	tons
	External landfill	0	tons
Soil condition		No emissions	

## Sanyo Chemical Texas Industries, LLC

Sanyo Chemical Texas Industries is a production base for urethane beads for automobile interior parts (upholstery materials) in the United States.

Location	Pasadena, Texas, USA
Lines of business	Manufacture of thermoplastic polyurethane beads
Established	2005
Employees	10 (as of March 31, 2025)

INPUT			
Energy	Energy (crude oil equivalent)	330	kL
Raw materials	Purchased raw materials and containers	1,466	tons
Water resources	Water withdrawal	0.3	thousand m <sup>3</sup>
	Tap water	0.1	thousand m <sup>3</sup>
	Industrial water	0.2	thousand m <sup>3</sup>

OUTPUT to the Environment			
Global environment	GHG (CO <sub>2</sub> equivalent)	642	tons
Air quality	NOx	0	tons
	SOx	0	tons
	Soot and dust	0	tons
Water quality	Water discharge	1.8	thousand m <sup>3</sup>
	COD	0	tons
	Phosphorus	0	tons
	Nitrogen	0	tons
Waste	Outsourced waste treatment	49	tons
	External recycling	46	tons
	External landfill	3	tons
Soil condition		No emissions	

# Respect for Human Rights

The Sanyo Chemical Group considers that there is a foundation for understanding the human rights of each individual and recognizing their individuality and values. This leads to the success of diverse talent. In addition, in order to advance our business activities in various regions of the world, we are required to address human rights issues, including labor-related rights for stakeholders involved in our business activities and throughout our supply chain. Based on this idea, we formulated our Human Rights Policy in March 2023. In the future, we will actively disclose information to reduce human rights risks both internally and externally, and promote initiatives such as human rights due diligence and the establishment of remedy mechanisms.

## Human Rights Policy

### Sanyo Chemical Group Human Rights Policy

#### 1. Basic attitude

As corporate activities become increasingly globalized, companies are expected to take the initiative in eliminating human rights violations from the perspective of creating an inclusive society. The Group will conduct management that respects the human rights of all people and recognizes that its business activities may have a negative impact on human rights. At the same time, we will work with our customers, business partners, suppliers, and government agencies to avoid such negative impacts, thereby gaining recognition from investors, customers, and society at large. We will also cooperate with diverse stakeholders to support the socially vulnerable.

#### 2. Scope of application

This policy applies to all executives and employees of the Sanyo Chemical Group. The Sanyo Chemical Group will continue to encourage its customers, business partners, and suppliers to support this policy and participate in similar initiatives, and will work together to promote initiatives to respect human rights.

#### 3. Responsibility to respect human rights

The Sanyo Chemical Group will fulfill its responsibility to respect human rights by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights that its business activities may cause. If any adverse impact on human rights is caused by our customers, business partners, and suppliers, we will demand them to take appropriate action.

#### 4. Compliance with applicable laws and regulations

The Sanyo Chemical Group will strive to understand internationally recognized human rights norms and the relevant laws and regulations in each country, including those stipulated in the following documents. Where local national laws and regulations are incompatible with internationally recognized human rights norms, we will seek ways to respect the latter.

- International Bill of Human Rights: Universal Declaration of Human Rights and International Covenants on Human Rights (International Covenant on Civil and Political Rights / International Covenant on Economic, Social and Cultural Rights)
- International Labour Organization's (ILO's) Core Labour Standards (child labor, forced labor, freedom of association and the right to collective bargaining, elimination of discrimination in employment, etc.)
- United Nations "Guiding Principles on Business and Human Rights"
- OECD Guidelines for Multinational Enterprises
- United Nations Global Compact (voluntary efforts of companies based on the Ten Principles in the areas of human rights, labor, the environment, and anti-corruption)
- ISO26000 "Guidance on social responsibility"
- Japanese government "Guidelines on Respect for Human Rights in Responsible Supply Chains"
- UK Modern Slavery Act

#### 5. Human rights due diligence

The Sanyo Chemical Group will establish a human rights due diligence system to identify adverse impacts on human rights, conduct preventive surveys and investigations, implement appropriate measures to correct adverse impact, and continue to strive to prevent and mitigate its adverse human rights impact on society.

#### 6. Identification of human rights risks

The Sanyo Chemical Group has identified the following three items as outstanding human rights issues, and will continue to address these issues.

- Labor in the supply chain
- Employee safety and health
- Human rights risks due to the effects of geopolitical situations and conflicts

#### 7. Prevention and mitigation measures

The Sanyo Chemical Group will not engage in discrimination or acts that undermine the dignity of individuals based on factors such as thoughts, creed, age, social status, nationality, birthplace, ethnic group, religion, immigration, gender, sexual orientation, gender identity, pregnancy, poverty, disease, and disability. To that end, we will also strive to understand the issues faced by socially vulnerable people who suffer from discrimination and acts that undermine personal

dignity based on these reasons, and cooperate with various stakeholders such as government agencies, local governments, and social welfare organizations to provide support.

## 8. Corrective and remedial measures

The Sanyo Chemical Group fully recognizes that human rights violations pose a management risk. It will prevent human rights violations and respond fairly and appropriately in the event of any human rights violations. It will not only oppose child labor and forced labor, but will also not use raw materials that are thought to have been produced by child labor or forced labor. It will also establish a whistleblowing contact point that allows anonymous reporting for internal employees, and will take necessary measures while appropriately handling the confidentiality of the whistleblowers and reported information. It will prohibit any disadvantageous treatment or retaliation against whistleblowers, and will ensure their protection.

## 9. Education

The Sanyo Chemical Group will continue to provide appropriate education to ensure that a correct understanding of this policy is permeated both inside and outside the Company, and that it is effectively implemented.

## 10. Information disclosure/engagement

The Sanyo Chemical Group will disclose the status of its efforts regarding Respect for Human Rights. It will also evolve a series of efforts based on this policy through dialogue and consultation with various internal and external stakeholders.

Established: March, 2023

# Human Rights Education and Raising Awareness

In this policy, the Group clearly states in the Human Rights Policy that it will continue to provide appropriate education so that a correct understanding of the Human Rights Policy has been widely disseminated both within and outside the company, and that it is effectively implemented.

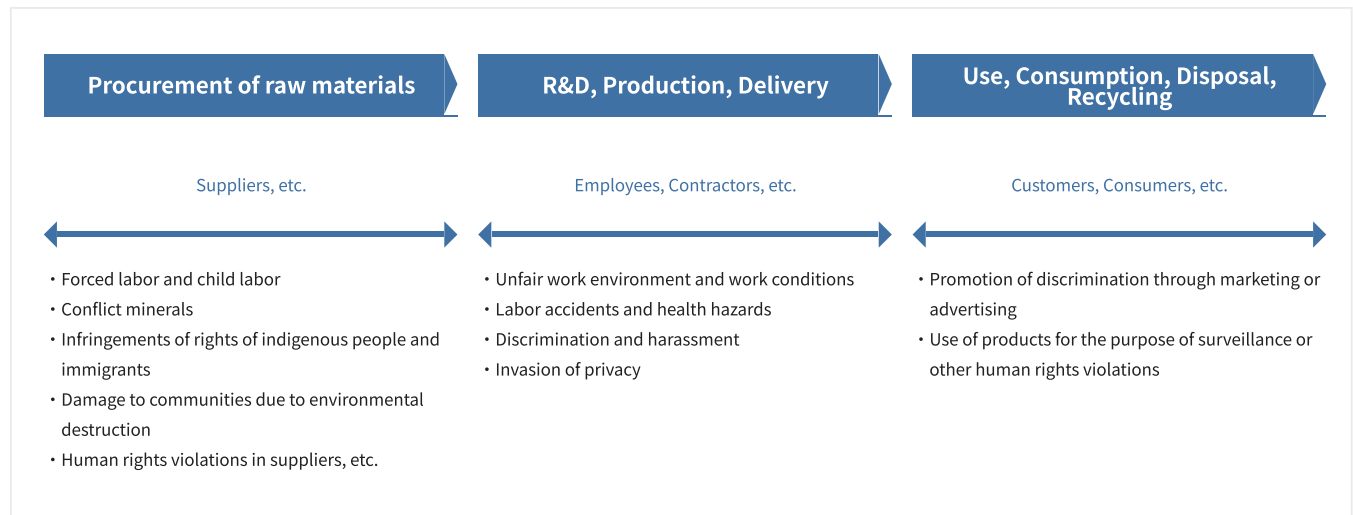
### FY2024 Results

Item	Course/training name	Eligible participants	Instructors	Participants (people)	Total time* (hours)
Human rights / compliance	Harassment Prevention Training	New employees	External experts	25	50
	Corporate Ethics Study Sessions (online training course, group discussion)	Executives / employees	External experts / compliance committee secretariat	1,450	2,900
DEI promotion	Four-company joint lecture: "Building Teams that Leverage Diversity through Psychological Safety - Everyone as a Stakeholder"	Executives / employees	External experts	165	218
	DEI Understanding Training	New employees	People responsible internally	25	25
Women's empowerment	External, Open Training, 21st Century Seminar for Women's Empowerment	Employees (mainly female leaders)	External experts	2	78
	Outside Female Directors Salon	Executives, General Managers, Senior Managers, and equivalent	Outside Directors	117	234
	Seminar to support balancing work and childcare	Employees who have had a child and their leaders, and internal and external partners (optional)	External experts	40	40
	Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	Employees (women suitable for program content)	External experts	7	136.5
LGBTQ	Salon by LGBTQ people	Employees	People responsible internally	7	10.5
	Talk Session on Gender Diversity	Executives / employees	External experts	49	73.5
	Online event: "Thinking about LGBTQ through the manga 'My Brother's Husband'"	Executives / employees	People responsible internally	56	56
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for receiving departments)	Employees	External experts	23	11.5

\* Participants x Hours participated

## Addressing Human Rights Issues Related to “Labor in the Supply Chain”

### Human Rights Issues Anticipated in the Supply Chain



### Consideration of Human Rights in the Supply Chain

Following our signing of the United Nations Global Compact in March 2021, we reviewed our Purchasing Policy and revised it as our Sustainable Purchasing Policy in January 2022. At the same time, we have also revised our Sustainable Procurement Guidelines (available in Japanese and English), which are designed to work with suppliers to achieve a sustainable society, to clearly stipulate consideration for human rights in the supply chain. In addition to posting our Sustainable Purchasing Policy and these guidelines on our website, we attach them to requests for CSR questionnaires to suppliers to ensure they are widely known. We will engage in activities that do not directly or indirectly lead to complicity or promotion of human rights violations through our business activities. Since FY2022, we have been conducting supplier questionnaires for key raw materials based on the “CSR/ Sustainable Procurement Self-Assessment Questionnaire” of the Global Compact Network Japan in an effort to identify serious human rights issues.

	Scope of questionnaire	Percentage of suppliers who responded* (Percentage of purchase amount)
FY2022	Key raw material suppliers	56%
FY2023	Suppliers and distributors of oil and fat raw materials, the main ingredients of surfactant products	9%
FY2024	Suppliers of key raw materials and mineral-based raw materials	74%

\* Cumulative total since FY2022: 81%

In FY2024, we surveyed suppliers of key raw materials and mineral-based raw materials. We plan to complete our survey of almost all suppliers by the end of FY2026. Through a survey conducted in FY2024 based on these guidelines, and feedback related to the survey, we worked to instill the importance of respecting human rights throughout the supply chain.

With a view to reducing risks, we will continue to conduct ongoing evaluations as we solicit and provide feedback.

» [Supply Chain Management](#)

## Addressing Human Rights Issues Related to the “Employee Safety and Health”

The Group conducts a variety of initiatives to prevent harassment, including raising awareness and seminars. We will continually improve our knowledge of and ability to respond to harassment, and will make a firm commitment to “not engaging in nor tolerating harassment, and not being a bystander,” and strive to create “open and communicative workplaces that are safe, pleasant, and free of harassment.”

In addition to the whistleblowing contact points, we have established internal and external hotlines to facilitate consultation, especially on matters related to harassment, and LGBTQ issues.

We conducted a careful investigation of the facts to ensure that the informant does not suffer any disadvantages, and if an issue is confirmed, we implemented guidance and education for the target individuals to make improvements. We also made use of the intranet to raise awareness among all employees.

The Group holds a Corporate Ethics Study Sessions every year. In FY2024, the theme of the session was harassment prevention, with participants watching a mini-drama followed by a group discussion. A total of 1,450 people across the Group (approx. 95% of all employees) participated in the session. We aim to realize a company where all employees can work with peace of mind by raising awareness among executives and employees through the implementation of such study sessions and by establishing an environment that makes it easy to report and consult.



**Harassment Notification / Hotline Consultation (Internal/External)**

Name/description	Classification		Person responsible
Compliance Hotline	Notification	Internal	General Manager of Internal Audit Office
		External	Legal advisor
Sexual Harassment / Maternity Harassment / LGBT (Harassment) Internal Consultation Contact Point	Consultation	Internal	Personnel Dept.
Harassment Consultation Contact Point LGBT Consultation Contact Point	Notification	External	External specialist

» [Whistleblowing System](#)

» [ESG Data > Compliance](#)

## Addressing Human Rights Issues Related to “Human Rights Risks Due to Geopolitical Situations and the Impact of Conflict”

The Russian invasion of Ukraine that began in February 2022 is still uncertain, and many Ukrainians continue to flee the country. The Group has supported and donated to the “Ukraine – Kyiv Kyoto City Network Organization” with the aim of providing living support to Ukrainians living in Kyoto. After much discussion with the city of Kyoto, we accepted two Ukrainian international students in September 2022 (one is still here).

## Labor and Management Relations

### Basic Philosophy

Sanyo Chemical Industries, Ltd. and the Sanyo Chemical Industries Labor Union (hereinafter “labor and management”) confirm the following Basic Philosophy of Labor and Management and have concluded a labor agreement with the aim of realizing them.

#### Basic Philosophy of Labor and Management

Labor and management respect their respective positions and cooperate with each other to maintain employment, maintain and improve working conditions, and promote the sound development of the Company.

Labor and management adhere to the principle of equal equality and work on issues with autonomy and development.

Labor and management work to solve problems through discussion on the basis of mutual trust and understanding.

Labor agreements guarantee that workers have basic labor rights (such as the right to collective bargaining).

### Employment / Labor and Management Relations

Sanyo Chemical employs a union shop system. In Japan, all employees, including domestic subsidiaries and affiliates, except managers, trial employees, part-time employees, and temporary employees, belong to the Sanyo Chemical Industries Labor Union. Regarding overseas subsidiaries and affiliates, transfers from the Company will be treated in the same manner as above (excluding locally hired employees of overseas subsidiaries and affiliates). The proportion of organized employees is 69.6% (as of April 1, 2025).

### Dialogue between Labor and Management

In order to respect each other’s position and build a good relationship between labor and management based on trust, the Company and the labor union hold a labor-management meeting attended by the Company’s management and the labor union’s executive officers once a month (including an expanded labor-management meeting attended by the company’s management including the president twice a year) to share the management situation and opinions and requests from employees. We also hold labor-management meetings at each workplace and labor-management meetings at each function and division on a regular basis.

Based on the strong feelings of both labor and management from the past, we have established a Labor-Management Expert Committee composed of representatives from each division and function of labor and management to discuss and spend a lot of time improving the overall personnel system, including benefits, by introducing widely our own wage revision system, rather than spending a lot of time only in the spring labor offensive. The agenda of the Labor-Management Expert Committee is reported to each labor and management after discussions at the Labor-Management Steering Committee on the Personnel Treatment System, which is held every August. After it is deliberated by the Management Council on the company side and by the Central Executive Committee on the labor union side, it is then deliberated by the union members through the Central Congress or the Central Committee.

Requests for health and safety and the improvement of the working environment are addressed by the Occupational Safety and Health Committee or the Health Committee, which meet once a month at each workplace.

#### Main Contents of Discussions (FY2024)

- Review of wage revision method, conclusion of bonus calculation formula, and increase in base pay

# Safety / Accident Prevention

## Safety / Accident Prevention

Details of a fatal occupational accident on January 15, 2022

## Policy

We will prioritize safety and accident prevention in all business activities. We will continue to operating without accidents or injuries, contributing to the safety of society, and strive to protect the safety and health of all individuals engaged in work at our business sites, including employees and subcontractors, and to create a comfortable working environment.

### Safety Philosophy and Policy

#### Safety Philosophy

We place the highest priority on Safety and Compliance in all our business activities.

#### Safety Policy

Safety comes first.

Recognizing that safety is the foundation of our business activities, and with a strong determination to ensure that no one will be injured or will injure others, we will work on the following as our basic policy.

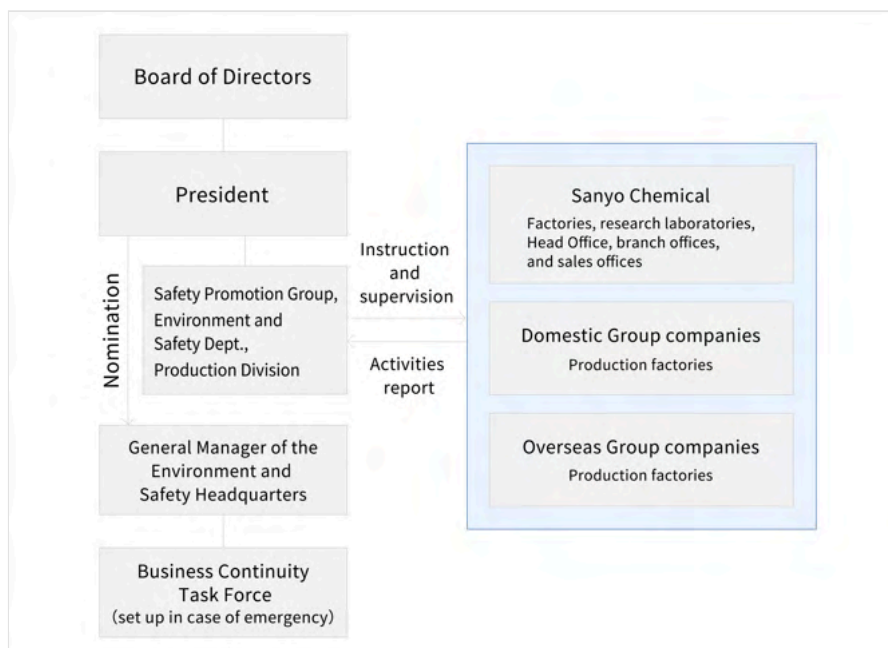
1. Observance of basic safety rules
2. Execution of health and safety activities
3. Improvement of crisis management capabilities

## System

The Sanyo Chemical Group has established an Environment and Safety Group at each factory for occupational safety, health, and accident prevention at each of its production bases. The Environment and Safety Dept.'s Safety Promotion Group directs and supervises all production bases, including research laboratories, the Head Office, branch offices, and sales and marketing offices.

In case of an emergency, a local emergency task force will be established in the region where the emergency has occurred. Should other wide-area disaster such as a large-scale earthquake occur, the Business Continuity (BC) Task Force will be set up at the Head Office to implement support and reconstruction activities on a company-wide level under the control of the General Manager of the Environment and Safety Headquarters designated by the President.

### System Diagram



## Internal Audit on Environment, Safety, and Accident Prevention

The Responsible Care Dept. and the Safety Promotion Group of the Environment and Safety Dept. visit each facility once a year to conduct audits on environment, safety, and accident prevention by targeting factories and research laboratories.

In FY2024, we conducted audits on the status of accident-related information sharing and efforts to implement the autonomous management of chemical substances in response to amendments to laws and regulations related to the Industrial Safety and Health Act.

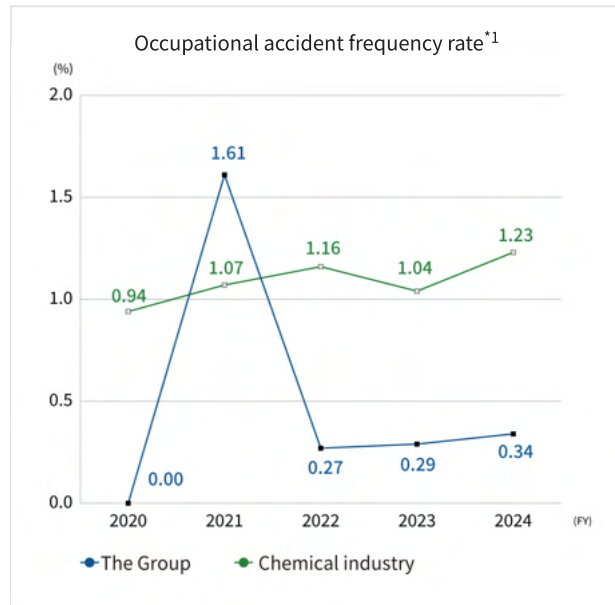
We are also conducting environmental management audits to replace the ISO14001 certification that was returned at our domestic factories.

## Status of Labor Accidents

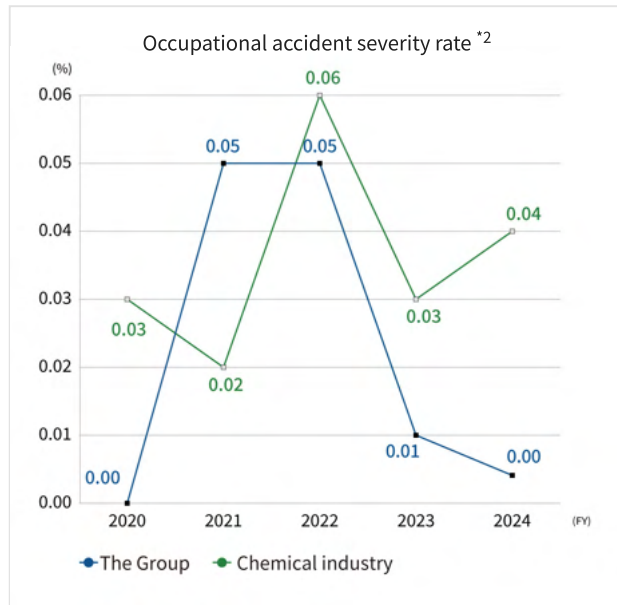
In order to achieve zero labor accidents, our Group is conducting activities under the main themes of risk assessment, creation of a workplace culture in which workers warn each other, thorough implementation of recurrence prevention measures, and achievement of a safer work environment.

There were no serious accidents in FY2024. In addition to one occupational accident involving our employees with lost time and four non-lost time accidents, there was one lost time and three non-lost time accidents among temporary staff and subcontractor employees.

We investigated the causes of each accident and implemented measures to prevent recurrence, replicating them at Group companies both in Japan and overseas.



\*1 Frequency rate = (number of victims suffering accident with lost time) ÷ (total working hours) × 1,000,000  
This value indicates the generation frequency of accident victims per 1 million working hours.



\*2 Severity rate = (labor lost days) ÷ (total working hours) × 1,000  
This value indicates the severity of accidents per 1,000 working hours.

## Safety and Technology Education Center

In 2012, we opened the Safety and Technology Education Center at the Nagoya Factory with the aim of improving safety education and production technology.

At this facility, participants can learn principles and theories by using devices that allow them to experience the danger of labor accidents and that simulate production site equipment. We are also working to improve our educational materials by creating videos of past accidents and disasters that have occurred at our company, as well as introducing a VR program.

We also provide safety training for subcontractor employees in this facility.

### Safety / Technology Education

(unit: people)

		FY2020	FY2021	FY2022	FY2023	FY2024
Participants (people)	Employees (including transfers)	93	168	96	169	153
	Subcontractor employees	12	35	20	141	44
Visitors and guests (people)		19	55	47	109	206
Education time (total hours)		—	—	—	—	3,454

## Risk Assessment

Our Group systematically conducts risk assessments of target chemical substances handled at our factories and research laboratories and takes necessary risk mitigation measures.

While we have traditionally focused on equipment-related measures and established rules, we have also been working to resolve issues in the Production Division with the participation of outside experts since FY2024. To strengthen risk assessment and ultimately improve safety at production sites, we are making a long-term effort to develop human resources who can appropriately identify risks and propose mitigation measures.

In FY2024, we conducted training for production site managers with the aim of improving their process risk assessment skills. We will expand the target participants for this training as part of efforts to continue providing risk assessment training.

## Safety and Accident Prevention Activities

For safe operations and business continuity, we have implemented measures on both the hardware and software perspectives, and have also established response and action plans in the event of any unusual situations, which we regularly practice through training.

### Unusual Situation Handling Training and Emergency Response

In accordance with the annual schedule, we repeatedly conduct training in cooperation with the local communities, such as training for unusual situation handling in the unlikely event of an earthquake, fire, leakage, or other contingencies, and joint training with neighboring factories and local fire brigades. In particular, in recent disaster prevention drills, we are conducting training without using scenarios to enhance practical response capabilities. To prevent the past serious occupational accidents from being forgotten, the “Company-wide Safety Day” was established (held every October), where various events related to safety such as emergency training, evacuation training, emergency contact training, safety patrols, and safety talks are conducted in each region both in Japan and overseas.



Kinuura Factory: Joint drills with Handa Fire Department  
(AED training)



San Chemical Co., Ltd.: Safety patrols



Sanyo Kasei (Thailand) Ltd.: Review of the accident

### Earthquake Countermeasures

Following the Great Hanshin-Awaji Earthquake in 1995, we have continued to implement seismic reinforcement of buildings and production facilities. In addition, since 2007, we have been working on the formulation of a business continuity plan (BCP) and training. Kashima Factory was damaged in the 2011 Great East Japan Earthquake, but it was able to quickly resume operations as a result of BCP training. Based on this disaster experience, we are continuously conducting reviews of BCP training and response manuals.

### Predictive Maintenance and Accident Prevention Measures

We have started predictive maintenance using artificial intelligence (AI) and digital transformation (DX) to measure and monitor the condition of equipment and replace or repair parts at the appropriate timing. We believe that this approach can help to reduce unnecessary part replacements and unexpected issues compared to the method of performing regular maintenance.

Furthermore, a system has been introduced where skilled workers can view and give instructions based on the footage from smart glasses worn by on-site workers from outside factories.

In addition, initiatives at each factory are shared through web communication tools and company-wide announcements at Safety Session to help strengthen accident prevention measures.

# Safety / Accident Prevention

## Safety / Accident Prevention

### Details of a Fatal Occupational Accident on January 15, 2022

The Sanyo Chemical Group, which runs chemical businesses, is well aware that safety is the foundation of its business activities, and has been striving to achieve accident-free/injury-free operation. We sincerely regret the occurrence of a fatal accident in January 2022. We will redouble our efforts to ensure that all our managers and all of the Group's employees go back to the basics and remain committed to occupational safety and health and accident prevention in cooperation with our subcontractors.

## Details of a Fatal Occupational Accident on in January 2022

A fatal occupational accident occurred on the premises of the Nagoya Factory (Tokai City, Aichi Prefecture) of Sanyo Chemical Industries, Ltd. Specifically, an employee of a subcontractor died during preparation for the resumption of production after periodic equipment repairs. We sincerely pray for the peaceful repose of the employee's soul, and extend our heartfelt sympathy to the family of the deceased. We also extend our deepest apologies for the aggravation and distress we have caused to all those concerned.

### Background of the Accident

During the periodic repairs conducted from December 2021 to January 2022, a manhole\* cover of the equipment installed in the building was removed and reinstalled. The cover was not sufficiently tightened when it was reinstalled. In this state, nitrogen was fed in from the day before the accident to prepare for the resumption of production. This caused nitrogen to leak through the gap in the cover, filling the building with nitrogen. The victim passed through the area during this state, thus causing the accident. Since the accident, the Group has been providing full cooperation in the investigation by the relevant authorities.

\* An inspection opening for equipment maintenance, etc., allowing a person to enter and exit

## To Improve Essential Safety

In response to this fatal accident, the Company established an Accident Response Committee to investigate the cause, among other factors. At the same time, we conducted a comprehensive review of the risk of similar accidents occurring at each factory and research laboratory, and took countermeasures. We will continue to invest in safety measures at the factories by carrying out ongoing countermeasure works, such as enhanced ventilation and safety confirmation systems.

To fundamentally improve safety, we are also working to foster a safety-first culture and improve process risk assessment.

In December 2022, we established a Group's Safety philosophy and a Group's Safety policy to ensure the Group's concerted efforts. We have also developed priority measures in the New Medium-term Management Plan 2025. We will certainly work on these.

### Safety Philosophy

We place the highest priority on Safety and Compliance in all our business activities.

### Safety Policy

Safety comes first. Recognizing that safety is the foundation of our business activities, and with a strong determination to ensure that no one will be injured or will injure others, we will work on the following as our basic policy.

1. Observance of basic safety rules
2. Execution of health and safety activities
3. Improvement of crisis management capabilities

### Fostering a Safety-first Mind Led by the Safety Promotion Group

In order to ensure the implementation of the above initiatives, the company-wide Safety Promotion Dept. was newly established as an organization under the direct control of the President in January 2023, incorporating the operations of the former Environmental and Safety Administration Dept. of the Responsible Care Division and the Safety and Technology Education Center of the Production Planning Division. The Safety Promotion Dept. was reorganized into the "Safety Promotion Group," a subordinate organization under the Environment and Safety Dept., in June 2024 after achieving our initial goal. We will continue to foster a safety-first culture by changing safety awareness and deepening and expanding various measures going forward.

### Strengthening Risk Assessment and Developing Human Resources

Although we have been actively engaged in developing equipment-related measures and established rules. We will strengthen risk assessment to mitigate risks. We will make long-term efforts to develop human resources capable of identifying risks and formulating mitigation measures appropriately, thereby improving the capabilities of each workplace.

## | Expanding Safety Education to Employees including Subcontractors

In recent years, increased sensitivity to danger and education on safety behavior have become even more important. The Safety and Technology Education Center at the Nagoya Factory has already provided hazard simulation programs and rank-based training, but we will further enhance safety education. A curriculum suitable for subcontractors, who work alongside us at our business sites, will also be introduced.

## | Assessment of Factory Safety by an External Audit

In order to comprehensively evaluate our safety-related issues and improve safety, we had the Japan Industrial Safety Competency Center, a corporation engaging in specified non-profit activities, conduct a safety assessment in FY2023. We are now working to address the issues identified through the evaluation.



# Quality

As a chemical manufacturer, our Sanyo Chemical Group's mission is to provide products that customers can be confident about using. To this end, we believe it is important to guarantee quality by designing for safety at the design stage and manufacturing products under reliable quality control.

## Policy

"To ensure proper safety throughout the product lifecycle, from development, manufacturing, use and disposal, we will provide accurate product information to external parties. In addition, to improve the reliability of product quality, we will conduct strict quality control internally."

» [CSR Guideline 6 "Product Safety and Quality Reliability"](#)

## Quality Assurance, Quality Control, and Product Liability (PL)

Products produced in the Production Division are tested and inspected by the Inspection Sect. within the Division, and quality determination is made by the Quality Assurance Sect., which is part of the Responsible Care Division and which has staff stationed at each factory. We have also obtained ISO9001 certification for our domestic and overseas factories, and have established and are operating a quality control system that is synergistic with our quality control system.

When a complaint is received or non-conforming product is found at a factory, the Quality Assurance Sect. cooperates with factory personnel to investigate the cause, formulate sweeping countermeasures to prevent recurrence, and share the information with each factory to replicate those Quality-related information.

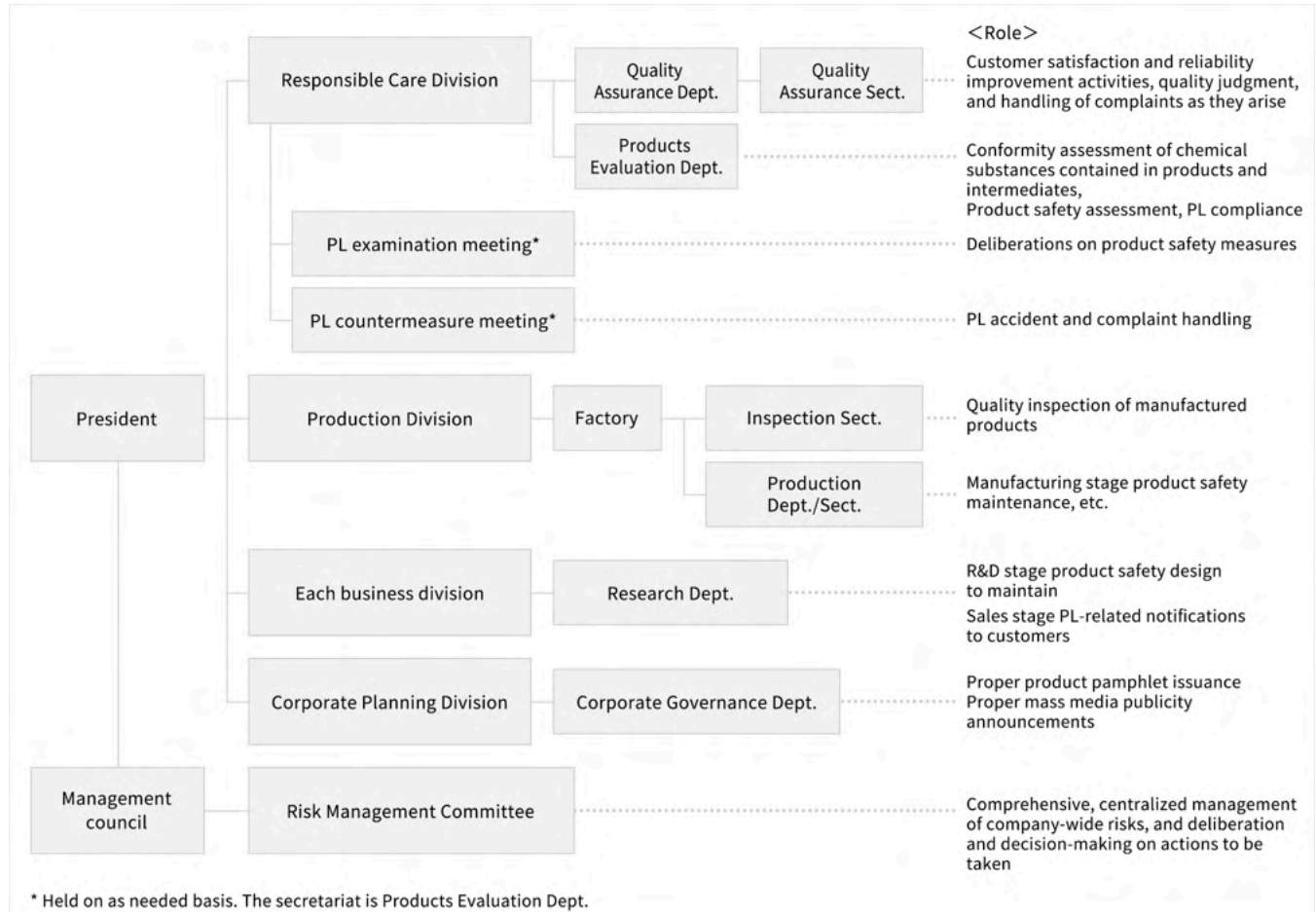
The Products Evaluation Dept. of the Responsible Care Division is a department that specializes in product liability (PL), and conducts product compliance reviews with domestic and international laws and regulations, label and safety data sheet (SDS) reviews, voluntary management of chemical substances, and customer services.

In the event of PL-related deliberations, accidents or complaints, the Products Evaluation Dept. convenes a PL investigative meeting and a PL countermeasure meeting to deal with them accordingly.

In FY2024, there were no PL-related deliberations, accidents, or complaints.

» [Sanyo Chemical Group Sustainability](#) » [Sustainability Management](#) | [ISO Acquisition Status](#)

### System Diagram



## Provision of Information

Through communication with customers, we ascertain their needs with regard to performance, quality, and the environment, and we introduce products and develop new products that meet these needs. We also disseminate appropriate technical and safety information on our products through press releases, press conferences, and exhibitions.

We begin selling new products only after we understand their applications at the customer's site and confirm that they conform to the customer's requirements for green procurement and nonuse of conflict minerals. We also stipulate that chemical substances which meet customers' needs be selected at the product design stage.

» [Product information](#)

» [Resins & functional chemicals website](#)

## Export Control

The export of chemical products may be restricted due to the Export Trade Control Order in Japan, laws/regulations of destination countries, or international treaties. In order to observe those rules, we have incorporated "the Export Stop System" in our order system. When making entry of an order, the system rejects products not registered in "our export control database." The Products Evaluation Dept. closely examines and inputs information into the database serving as the foundation of this system, such as product chemical compositions and their registration status in each country and any restrictions imposed by any laws or regulations. The Risk Management Committee discusses and examines the Group's compliance with laws and regulations in concerned countries and then implements changes as necessary.

## Product Safety, from Design to Delivery

At the product design stage, we design compositions that exclude prohibited substances stipulated by our chemical substance management regulations, as well as prohibited and restricted substances/substances to be reduced that are stipulated by our customers' green procurement standards. After confirming that the designed composition complies with domestic and international laws and regulations and undergoing a safety data sheet (SDS) and label review, we commercialize the relevant products.

When we introduce our product sample, we also submit the SDS at the same time so that the customer can check the technical features and the safe handling methods.

Following the revision of laws related to chemical substances, such as the Chemical Substance Control Law, Industrial Safety and Health Act, PRTR Law, and Poisonous and Deleterious Substances Control Act, we revised the SDS and product label accordingly. The Safety Data Sheet (SDS) can also be downloaded from our website.

To each driver of trucks and tanker trucks that transport our products, we issue a yellow card with first-aid methods and emergency contact information so that they can appropriately respond in case of an accident during transportation.

» [Environment > Chemical Management | Names and Roles of Chemical Management Organizations](#)

» [Product Information | Safety Data Sheet \(SDS\)](#)



SDS



Yellow card



Product label

# Supply Chain Management

The Sanyo Chemical Group is working to strengthen sustainable procurement by working with our business partners across the entire supply chain. Following our signing of the United Nations Global Compact in March 2021, we reviewed our “Purchasing Policy” and revised it as our “Sustainable Purchasing Policy” in January 2022.

## Sustainable Purchasing Policy

1. We conduct procurement activities based on social common sense and corporate ethics in addition to ensuring compliance, and strive to cooperate with our business partners, and build relationships based on trust.
2. We provide fair business opportunities to both domestic and overseas companies and conduct procurement activities from a global perspective.
3. We consider various conditions such as the quality, price, and stable supply of materials and raw materials in procurement activities. Moreover, we make efforts to set appropriate prices and maintain and improve quality in cooperation with our business partners. Simultaneously, we promote green procurement in terms of environmental conservation and chemical substance control.
4. We aim to create a sustainable society throughout the supply chain in conjunction with our business partners to fulfill the corporate social responsibility, including considerations related to the global environment and protection of human rights and the working environment.

## Sustainable Procurement Guidelines

As a tool for working with our business partner to achieve a sustainable society, we have summarized what we would like our business partners to work on in our Sustainable Procurement Guidelines. The Guidelines present concrete actions based on the ten principles of the United Nations Global Compact from seven perspectives: sound corporate management, fair corporate activities, the environment, human rights, labor, quality and safety, and coexistence with local communities.

In addition to posting our Sustainable Purchasing Policy and these Guidelines on our website, we attach them to requests for CSR questionnaires to business partners to ensure they are widely known. CSR questionnaires are conducted annually targeting specific themes and corresponding business partners. In addition, the Sustainable Purchasing Policy and these Guideline are translated into English and made known to the general public in order to support global procurement activities.

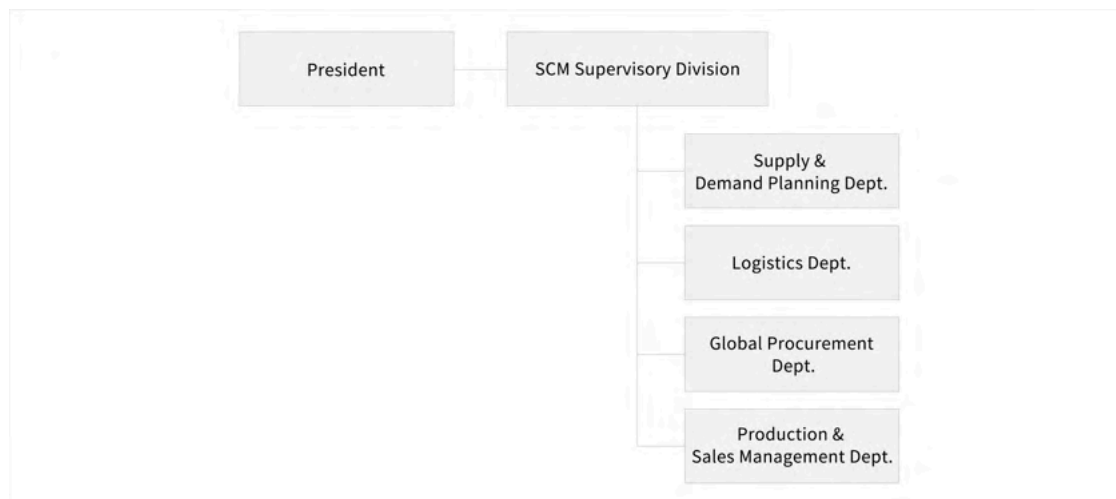
» [Sustainable Procurement Guidelines](#)

» [Respect for Human Rights > Addressing Human Rights Issues Related to “Labor in the Supply Chain”](#)

## Promotion System

In October 2023, we established the SCM Supervisory Division to enhance the value of our entire supply chain by innovating Supply Chain Management (SCM) operations from the overall optimal perspective of the Sanyo Chemical Group and strengthening competitiveness through the creation of customer value. The SCM Supervisory Division consists of the Supply & Demand Planning Dept., the Logistics Dept., the Global Procurement Dept., and the Production & Sales Management Dept., and promotes the creation of a system that reliably delivers the necessary goods to the place where they are needed, when they are needed, in the quantities they need, with high quality and low cost.

### System Diagram



## When Starting Business Transactions





We ask our business partners to submit the following documents when starting business transactions.

Based on their contents, we wish to work together to improve the level of sustainable procurement by understanding and evaluating the status of CSR activities, sustainable procurement, and green procurement promotion of our business partners and holding meetings to exchange views.

In FY2024, we held two meetings to exchange views with our business partners' procurement departments regarding general CSR activities and CSR questionnaires.

Documents required for adoption

Raw material-related

- (1) Raw Material Supply Specifications [Excel](#) 
- (2) Safety Data Sheet (SDS)
- (3) Certification of Specific Chemical Substances (Non-use warranty of RoHS substances) [Excel](#) 
- (4) Investigation Report of Environmental Management and Chemical Substance Management [Excel](#) 
- (5) CSR Questionnaire [Excel](#) 

## CSR Questionnaire

The CSR questionnaire uses the “CSR/ Sustainable Procurement Self-Assessment Questionnaire”(SAQ) of Global Compact Network Japan to quantify the extent to which our business partners meet the requirements of the United Nations Global Compact. For items that do not meet the requirements, a message will be sent to them to urge improvement.

In FY2024, we also surveyed our business partners of key raw materials and mineral-based raw materials (81% of all business partners).

Additionally, since FY2024, we have been seeking to increase survey effectiveness by appointing a third-party organization specializing in ESG evaluation to conduct CSR questionnaires, evaluate responses, and provide feedback. Based on objective and effective feedback, we are now taking appropriate follow-up measures as needed.

We will continue to survey our business partners in FY2025. We plan to complete our questionnaires of almost all business partners by the end of FY2026.

### SAQ Response Results for Key Raw Material Suppliers

(Unit: %)

	FY2022	FY2023	FY2024
Human rights	98	88	79
Labor	98	95	87
Environment	98	90	81
Fair corporate activities	100	89	80
Quality and safety	100	97	94
Information security	98	91	82
Supply chains	97	76	78
Local communities	98	88	78

Note: The results to all 114 questions (out of 5 points) are averaged for each evaluation item and displayed on a 100-point scale.

## RSPO Certification

We joined the Roundtable on Sustainable Palm Oil (RSPO) in 2013, and in January 2023, we obtained RSPO Certification with the Mass Balance (MB) model at our Head Office, the Tokyo Branch Office, and domestic factories (Nagoya Factory, Kashima Factory, and Kyoto Factory). In September 2024, Sanyo Kasei (Thailand) Ltd.'s head office and its Rayong Factory obtained the certification.

As part of our supply chain management, our Group will ask our business partners to procure and use properly managed palm oil. We will also expand the use of certified sustainable palm oil to promote the procurement of sustainable raw materials and the establishment of a responsible supply chain.



## Halal Certification

In 2017, Sanyo Kasei (Thailand) Ltd.'s Rayong Factory obtained Halal certification for industrial surfactants for the first time. Currently, we have six Halal-certified products, including industrial surfactants and ingredients for personal care products.

In February 2025, Sanyo Kasei (Thailand) Ltd. received a Credit Level Award\* from the Central of Islamic Council of Thailand (CICOT), Thailand's Halal certification body. This is the third time the Company has received this award.

\* Credit level award: An award given to companies that undergo a Halal audit and meet 80-90% or more of halal requirements

» [Sanyo Kasei \(Thailand\) Ltd. Newly Obtained Halal Certification for Three Products for Personal Care](#) 



## Conflict Minerals

Our Sustainable Procurement Guidelines states that we will ensure transparency in our supply chain and will not be involved in the procurement of conflict minerals or crimes. We investigate the presence or absence of conflict minerals and the country of origin of the raw materials we procure, and we also require our business partners to do the same. We buy tin compounds, but we do not source them from conflict areas.

## Implementation of a BCP for Raw Material Procurement

We are working to implement a business continuity plan (BCP) for raw material procurement so that we can continue our business in the event of a natural disaster, large fire, terrorist attack, or other such calamity. As part of this effort, we are working with our business partners to procure raw materials from multiple sources, consolidate and streamline similar raw materials, and decentralize the production and supply bases of our business partners.

# Human Resources

## Human Resources (HR) Development

## Diversity, Equity & Inclusion (DEI)

## Work Style Reform

## Health and Productivity Management

## Policy

Based on our Company Mission to “Establish a better society through our corporate activities,” we established our HR Philosophy as “respect diversity and collaboration” in the pursuit of achieving change aimed at realizing our Vision. Based on this philosophy, we will foster job satisfaction and pride in each employee based on our HR Policy, “create an environment in which individual abilities can be maximized.” Specifically, we will develop a grade system that makes better use of capabilities, a compensation system based on competence and roles, and a fair and transparent evaluation system. We will also carry out human resource development while being conscious of the learning that individuals require, which includes strengthening management skills, deepening specialization, and reskilling.

### HR Philosophy

Respect diversity and collaboration

### HR Policy

Create an environment in which individual abilities can be maximized

## Two Pillars of Our Talent Strategy

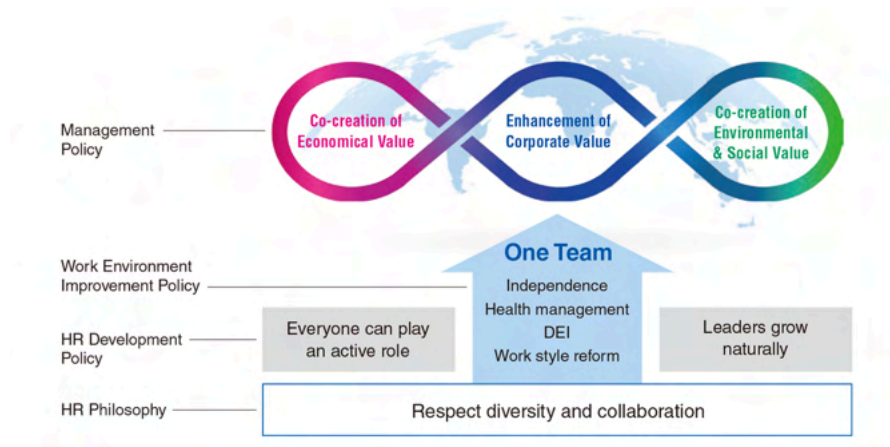
### Human resources (HR) development

- Create a system where everyone can play an active role
- Create an environment where leaders (successors) can naturally develop
- Establish a fair, transparent, and well-balanced performance review system for achieving organizational goals as One Team

### Work environment improvement

- Health and Productivity Management (Health management)
- Diversity, Equity & Inclusion (DEI)
- Open and communicative work environment

Representation of the connection between our HR Philosophy, human capital, and Management Policy





## Slogan

Based on the idea that "each and every diverse employee from all walks of life plays a leading role," we aim to become the kind of company where everyone is noticed, has an opportunity to shine, and can feel a sense of accomplishment. Our slogan "every department is a profit center" expresses this concept. To promote a transformation toward the Vision, we believe it is important for every employee to get excitement from their work.

We will always strive to achieve new targets and value the job satisfaction of each and every employee, including all Group staff (locally hired staff at our overseas facilities), as we work together with all of our stakeholders toward an "an exciting (WakuWaku) future."

## Activities to Support the Transformation

**"Every department is a profit center"**

- Each and every Sanyo Group employee plays a leading role.
- Promoting WakuWaku works by spotlighting everyone.

### Related to Business

#### • Division

Polyurethane,  
Surfactants,  
Functional Materials,  
Performance Polymer,  
Fine Chemical,  
Biotechnology & Medical

- Sales Base Group  
(Tokyo, Nagoya, Hiroshima,  
Fukuoka)

- Research laboratory (Kyoto)

### Headquarters

- Auditing, Secretariat
- Business Planning
- SCM Supervisory, Responsible Care
- Corporate Planning, Digital & Development
- Administration, Personnel

### Subsidiaries & Affiliates

SKT (Thailand)

SST, SCST, DX (Shanghai)

SKK, SNKL, SML (Korea)

SCA (USA)

SNL, SCC, SPCC,  
Sanyo Chemical Logistics,  
SA, Shiohama Chemicals Warehouse,  
FSHC (Japan)

STW (Taiwan)

### Related to Production

- Engineering
- Production (Nagoya, Kinuura,  
Kyoto, Kashima)

**One Team**

## Targets

Under the slogan of "people-oriented management," we have established a system that allows everyone to take on challenges on their own initiative, aiming to be a company where each and every employee can grow with the Company and achieve job satisfaction and happiness. With the aim of further refining our "people-oriented management" in order to ensure that everyone is noticed and promoting change in an exciting way, we will pursue an HR development policy centered on "everyone playing an active role" and "create an environment where leaders (successors) can naturally develop."

### Create a System where Everyone Can Play an Active Role

Measures	Targets & Vision	Target FY
<b>Ensuring that everyone can play an active role</b> In order to provide an environment in which all employees can play an active role irrespective of course (career path), we unified career-track and specialist positions into associate positions in our grade system.	Course unification	Achieved in FY2023
<b>Supporting proactive challenge taking an independent learning</b> <ul style="list-style-type: none"> <li>Improvement of systems for better user-friendliness by incorporating feedback from the front line so that employees can actively use such programs as the Internal Multiple Role System, which allows them to take on challenges for the work they are interested in, and Awards from General Managers to Encourage Challenges, which encourage employees to take on challenges proactively, as well as the Awards from the President, JET, and Training Camp OJT.</li> <li>Ongoing career development training to help employees understand their strengths and weaknesses, strive to increase their value, and envision a career that will continue to grow, as well as internal programs to realize the careers they have planned.</li> <li>Opportunities for employees to acquire diverse and wide-ranging knowledge and experience by actively implementing rotations, both within and between divisions (functions). We also conduct aptitude tests for all employees and align personnel data so that we can rotate employees based on the characteristics of each individual and ensure the right person for the right job.</li> <li>Ongoing training programs such as the Study Abroad System, Overseas Training, and Language Training to develop human resources who can play an active role on the global stage.</li> </ul>	Workplaces full of people with a passion for taking on challenges and achieving growth	FY2027
<b>System for organizational evaluation</b> With the aim of maximizing organizational performance, we introduced a system to evaluate organizations at the department level or above. This system went into operation in FY2024. This will see the setting of organizational targets to achieve the desired state of each organization (an exciting workplace), and create a state in which all members of the organization are taking action toward those organizational targets.	Organizational target achievement rate of 80% or higher	FY2025

### Create an Environment where Leaders (successors) Can Naturally Develop

We aim to create an ideal environment in which candidates for key positions in management or in major businesses and functions are naturally developed. This will involve implementing policies to systematically develop leaders and then watch their careers as they grow into leaders, ultimately creating an environment in which employees will see other leaders and want to practice their leadership skills to become leaders themselves.

Measures	Targets & Vision		Target FY
	FY2023 Results	FY2024 Results	
<b>Systematic leader development</b> <ul style="list-style-type: none"> <li>We regularly hold human resource development meetings to select candidates for future leaders and discuss training plans in order to visualize the requirements that they still need to meet to become leaders.</li> <li>We also provide selective training for prospective leaders to enable them to see the Company from a manager's perspective and acquire the skills to formulate strategies. Individual training plans that include things like job rotations are formulated and implemented together with trainees, while confirming their willingness to participate in the training.</li> <li>Job rotations will be conducted to meet the requirements for leaders.</li> <li>We identify those with leadership aspirations by providing ongoing career development training and having them draw up career plans at a young age.</li> </ul>	A state where every position is filled with prospective leaders  → Conduct 8-month selective training sessions (Participants: 12)	Of the 12 participants in the first phase of the selective training program conducted in FY2023, 11 have been promoted, transferred, or reassigned to new positions. Participants have been selected for the second phase of the program in FY2025.	FY2027

## Work Environment Improvement

Aiming to become a company in which all employees can work in good health and with peace of mind while valuing their individuality, we will promote efforts to reform work styles, diversify human resources, and create a work environment in which all human rights and diverse values are respected and accepted and in which all employees are encouraged to perform active roles.

» [Health and Productivity Management](#)

» [Work Style Reform](#)

» [Diversity, Equity & Inclusion \(DEI\)](#)

## Education and Training System, and Results

We have established a personnel and education system to help employees develop their abilities and nurture a desire to challenge themselves.

With a focus on On the Job Training (OJT), we provide skill and career development education and global human resource development education that includes Off the Job Training (OFF-JT), self-development support such as online English conversation, and “Dojo” forums for executives and employees to hold dialogues.

We have developed a Skills and Training Map, which lays out skills and knowledge required for each job qualification and their respective training programs, as part of an education system aimed at helping employees acquire these skills and knowledge. The system includes online language training programs (for English and Chinese) and e-learning courses for self-development and personal development.

### Education System with Content According to Job Class

Role	(1) Skill improvement and career development			(2) Global human resource development
	Grade-based training	Selective training	Education programs	
Managerial staff	Promotion training Near future forum	Selective Training for Professional Development	New Technical School Law course JET (Job Exchange Training) Career Development Training	Study abroad Overseas training Expatriate staff development program Online English and Chinese conversation lessons
Chief	Promotion training Long-term forum	-		
Assistant chief or lower grade	Promotion training Long-term forum	Trainer training		

## Content of training for skill improvement and career development

Details	Details / Aims	Unit	Main eligible participants	FY2021	FY2022	FY2023	FY2024
Law course	Education on important laws such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.	Participants	Research and production staff	84	68	69	86
	Insider trading regulations	Participants	New and mid-career hires	53	24	39	68
	Contract basics	Participants	All employees	-	97	24	31
	Antimonopoly Act	Participants	All employees	-	30	39	-
	Prevention of disguised contracting	Participants	All employees	-	76	56	-
	Export Trade Control Order	Participants	Sales and research staff	104 (Sales)	85 (Research)	32 (Sales)	56 (Research)
	Non-Disclosure Agreement (NDA)	Participants	All employees	-	53	17	-
	Subcontract Act	Participants	All employees	-	151	224	171
	Copyright	Participants	All employees	-	-	59	-
	Bribery and corruption prevention	Participants	All employees	-	-	-	56
	Trade secrets and the Unfair Competition Prevention Act	Participants	All employees	-	-	-	52
	Quality fraud prevention	Participants	All employees	-	-	-	93
	Supplier bankruptcy and debt collection	Participants	Sales staff	-	-	-	94
	Fundamentals of basic transaction agreements	Participants	All employees	-	-	-	48
Training program for research section	Basic Research Course: Study of basic chemistry required for product design	Course graduates	All employees	38	56	61	51
	R&D Academy: A place to learn about Sanyo Chemical's unique research and development methodology and acquire the skills necessary to become a researcher	Course graduates	All employees	-	-	-	22
Career Development Training	Career Development Introductory Training	Participants	New hires	-	-	12	25
	Career Development Training (Creating a Career Plan)	Participants	Mid-career employees in their 30s	-	-	104	77
	Career Development Supporter Training	Participants	Supervisors of participants in Career Plan Creation Training	-	-	80	32
"Dojo" forums	A variety of informal seminars to hold dialogues between managerial staff and employees	Seminars / participants	All employees	-	26/181	7/64	12/112

## Content of training for global human resource development

(Unit: people)

Name	Details / Aims	FY2020	FY2021	FY2022	FY2023	FY2024
Study abroad	Acquire Management of Technology (MOT) and Master of Business Administration (MBA) degrees at overseas universities	0	0	1	1	0
Overseas training	Language learning, and experience working at business sites at overseas subsidiaries/affiliates	0	0	0	0	0
Canceled this year due to COVID-19						
Expatriate development program	Education for employees newly posted overseas	2	1	1	1	0

## Cost of education per employee

Content	(Unit)	FY2021	FY2022	FY2023	FY2024
Compulsory courses (Promotion/advancement training, etc.)	Cost (thousand yen/person)	-	-	43	30
	Duration (hours/person)	-	-	4.9	4.4
Environment-related courses and qualification courses (Production* and research organizations)	Cost (thousand yen/person)	5	3	4	9

\* Includes locally hired employees of overseas subsidiaries and affiliates

## Commendation Programs

(Unit: awards)

		FY2021	FY2022	FY2023	FY2024
Awards from the President*	Awards are given to events or people that upper management would like to see happen at that point in time. Self-led undertakings are highly commended	31	33	28	1
Awards from General Managers to Encourage Challenges	These are given when General Managers or other upper managers recognize the beginnings of self-led undertakings, innovations, or similar actions (project launches, etc.) in the course of their work	344	522	492	415
INVENTOR OF THE YEAR	Separate from the Patent Award, this award is given for the best patent among all invention patents for that fiscal year	4	5	4	4

\* Commendation criteria changed in FY2024. The number of awards decreased as a result of selecting major themes that have achieved greater results.

### HR development seminars hosted by the labor union

With the goal of developing human resources that are assets of the Company, the labor union plans and holds HR development seminars led by experts and prominent figures. These seminars are attended by union members as well as Managerial staff and executives.

FY	Course/seminar name	Instructors	Eligible participants	Participants	Total time participated* (hours)
2021	GariGarikun's personal growth log — How to create products that are loved by customers	Mr. Masatsugu Suzuki [M. Solutions President (formerly Executive Managing Director and General Manager of Product Development at Akagi Nyugyo Co., Ltd.)]	All employees	120	180
	Innovations in prosthetic leg engineering — Challenge to become the world's fastest 100-meter dasher	Mr. Ken Endo CEO of Xiborg Inc.		130	195
2022	Tying it back to employee and company growth — Organizational design in intercultural communication	Mr. Jeff Berglund [Professor at Kyoto University of Foreign Studies, Kyoto International Tourism Ambassador]	All employees	110	165
	Mind training that changed the Japanese national rugby team members — Leadership that energizes the organization	Ms. Kaori Araki [Visiting Professor at Juntendo University, Chief Consultant at CORAZON Co., Ltd.]		130	195
2023	Creating brains to create safety — How to pay even better attention	Ms. Asami Furuhashi (Safety Brainpower Development Producer)	All employees	140	210
	Advice on work style reform from a University of Tokyo professor — How to relieve one's mental congestion	Mr. Katsuhiro Nishinari Professor at the Research Center for Advanced Science and Technology, The University of Tokyo; Chairperson of the Japanese Society for Eliminating Inefficiencies		140	210
2024	Words encountered in the media world ~How to get people to want to meet you again~	Mr. Daiki Tanaka Freelance announcer	All employees	120	180

\* Number of Participants × hours participated

# Human Resources

**Human Resources (HR)  
Development**

**Diversity, Equity & Inclusion  
(DEI)**

**Work Style Reform**

**Health and Productivity  
Management**

The Sanyo Chemical Group promotes DEI (Diversity, Equity & Inclusion), an initiative to realize a work environment where all employees can play an active role, and where human rights and diverse values are respected and acknowledged. Our goal is to be a company where everyone is satisfied with their job because their individuality is valued and they can work with comfort and peace of mind. Through the active participation of diverse human resources toward creating added value, we will contribute to realizing a sustainable society.



## DEI at Sanyo Chemical

### **Diversity** : Respecting differences

The Company is a very diverse place with respect to age, gender, values, career, education, family background, nationality, and background. We respect and recognize each other's differences, and are committed to building a safe and comfortable work environment for everyone.

### **Equity** : Guaranteeing fair treatment

Equality refers to treating everyone the same without taking individual differences into account.

Equity refers to giving each individual what they need to achieve his or her goals, with an eye to individual differences.

In order to value others' individuality, it is critical to adopt an equity-based mindset and focus on individual differences, rather than an equality-based mindset. To this end, we promote the creation of systems and initiatives that suit the circumstances and environment of each worker.

### **Inclusion** : Increasing others' sense of belonging to an organization

It refers to "recognizing and accepting each other's individuality and working as one." A diverse and equitable organization is not necessarily one in which employees feel a greater sense of belonging. Recognizing that unconscious biases and assumptions can exist, we will work to improve psychological safety within the Company to create an environment where diverse individuals and groups are respected, supported, and valued.



## Targets and Results

Policies	Details/Items	Targets (deadlines)	FY2024 results	Evaluation
Overall DEI promotion	Checking of various initiatives	Received highest award from D&I Award 2024	Certified in FY2024	A
Women's empowerment	(1) Female manager ratio (2) Female director ratio (3) Rate of male employees taking childcare leave	(1) 6% or higher (FY2025) (2) 30% or higher (FY2030) (3) 100% (FY2025)	(1) 5.0% <sup>*1</sup> (2) 25.0% <sup>*1</sup> (3) 92.5% <sup>*2</sup>	(1) B (2) B (3) B
LGBTQ	Raising awareness inside and outside the Company	Received GOLD award from PRIDE Index 2024	Certified in FY2024 (six consecutive years)	A
Employees with disabilities	Employment rate	2.7% (FY2026)	2.41% <sup>*3</sup>	C
Foreign nationals (non-Japanese)	Number of foreign employees hired	2 or more hired every year	3 people	A

**Rating guideline** A: Target achieved B: Steady progress C: Target not achieved despite improvement (or progress) D: Target substantially missed or efforts insufficient

<sup>\*1</sup> As of March 31, 2025

<sup>\*2</sup> Calculated according to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life

<sup>\*3</sup> As of June 1, 2025

## DEI Promotion System

In order to further accelerate the provision of support for a diversity of talent in the Company, the Group has strengthened related internal infrastructure, which includes appointing a dedicated DEI promotion officer.

## Education and Training

### FY2024 Results

Topic	Course/training name	Eligible participants	Instructors	Participants (people)	Total time (hours)
DEI Promotion	Four-company joint lecture : "Building Teams that Leverage Diversity through Psychological Safety - Everyone as a Stakeholder"	Executives / employees	External experts	165	218
	DEI Understanding Training	New employees	Internal staff	25	25
	DEI lecture for learning from case studies at other companies	Executives / employees	External experts	218	317
Women's empowerment	External, Open Training, 21st Century Seminar for Women's Empowerment	Employees (mainly female leaders)	External experts	2	78
	Outside Female Directors Salon	Directors, General Managers, Senior Managers, and equivalent	Outside Directors	117	234
	Seminar to support balancing work and childcare	Employees who have had a child and their leaders, and internal and external partners (optional)	External experts	40	40
	Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	Employees (women suitable for program content)	External experts	7	136.5
LGBTQ	Salon by LGBTQ people	Employees	Internal staff	7	10.5
	Talk Session on Gender Diversity	Executives / employees	External experts	49	73.5
	Online event: "Thinking about LGBTQ through the manga 'My Brother's Husband'"	Executives / employees	Internal staff	56	56
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for receiving departments)	Employees	External experts	23	11.5
Other	Harassment Prevention Training	New employees	External experts	25	50

**Reference: Major Training and Seminars Held until FY2023**

Topic	Course/training name	Eligible participants	Instructors
DEI promotion	Seminar to Better Understand DEI	Executives and employees (compulsory)	External experts
	DEI Training (Development and Management of Diverse Employees)	New management appointees	External experts
	Online Mini Lecture on Unconscious Bias	Executives and employees	Internal staff
	Improving Teamwork for Better Work Performance	Executives and employees	Reknowned authority
	Joint Lecture by Four Companies "Age Diversity from the Perspective of Intergenerational Gaps"	Executives and employees	External experts
Women's empowerment	IkuBOSS Keynote Speech (for executives)	Executives	External experts
	IkuBOSS seminar	Executives and employees	External experts
	Living Proactively in an Age When People Live to 100	Executives and employees	Advisors from other companies
	Internal, Open Training, Women's Network Seminar	Employees (women)	External experts
LGBTQ	Training to Better Understand LGBTQ	Executives and employees	External experts
	LGBTQ Workshop (movie viewing and discussion)	Executives and employees	External experts
	Online Mini Lecture SOGI (Sexual Orientation, Gender Identity)	Executives and employees	Internal staff
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for executives)	Executives	External experts
	Training to Promote Understanding of Employees with Disabilities (for employees)	HR and general affairs staff at each business site (open to all employees)	External experts
	Online Mini Lecture Employees with Disabilities	Executives and employees	Internal staff
Other	Seminar to Support Balancing Work with Nursing Care (Basics)	Executives and employees	External experts
	Seminar to Support Balancing Work with Nursing Care (Management)	Executives and (primarily) managers	External experts
	Online Mini Lecture on Color Universal Design	Executives and employees	Internal staff
	Seminar on In-home Nursing Care	Executives and employees	External experts

## Working to Understand, Embrace, and Take Action toward DEI Promotion

### Diversity Month

Since FY2021, we have designated December as Diversity Month in conjunction with Human Rights Week (annually, from December 4 to 10), and have been holding seminars and events related to DEI to further raise awareness among our executives and employees. In FY2024, we created a multinational menu for the cafeteria and held a lecture on learning from other companies' examples, talk session on gender diversity, and a lecture on the theme of "psychological safety" jointly with four companies (our company and three others), as well as events and exhibitions unique to each workplace.

### Launch of the DEI Promotion Portal Site

With the aim of helping each and every employee understand, embrace, and take action toward DEI, we have launched the DEI Promotion Portal Site for internal use to collect and regularly disseminate information on the Group's efforts to promote DEI.

### Creation of the DEI Ally Network

To better carry out employee-led efforts to DEI promotion activities, the DEI Ally Network has been created in cooperation with volunteers from each workplace in Japan. The network enables employees to regularly meet to share objectives and information and exchange views, as well as to discuss and take steps towards realizing DEI promotion activities tailored to each workplace.

Note: We define "ally" as an inclusive supporter of DEI Promotion, not limited to LGBTQ people.

### Employee Survey

Every three years, we conduct an employee survey concerning DEI to check changes in employee awareness and help us formulate related measures.


## Promoting Women's Empowerment

Since FY2014, the Group has promoted the Women's Empowerment as one of our corporate policies, shifting its focus from supporting continued employment to promoting women's empowerment. We have formulated an action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life, which came into effect in 2016, and are implementing a number of related initiatives.


### FY2024 Targets and results

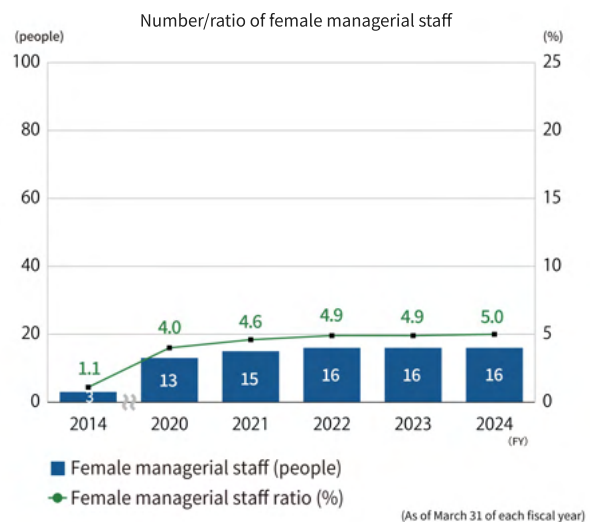
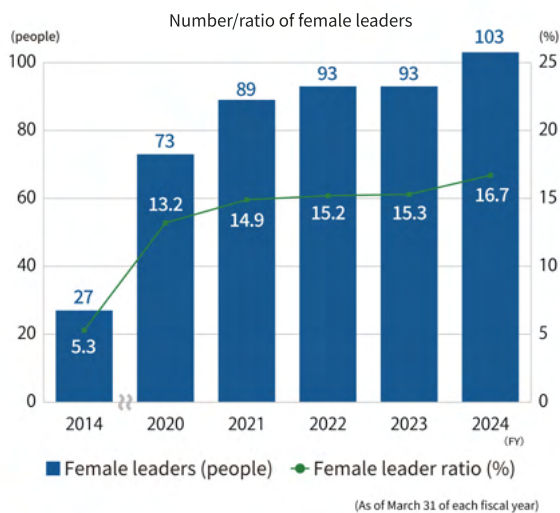
Targets	Results
Survey all employees (following up every three years)	The survey was conducted in January and February 2025, with 1,503 people responding. (Response rate: 96.5%)
Conduct interviews at each workplace regarding the career development of female employees	Conducted group interviews with 117 executives, general managers, senior managers, and equivalent. Based on the results of the interviews, we aim to establish a committee in FY2025 to discuss career development plans and rotation plans for female employees across the Company.
Formulate training plans and rotation plans based on the core work experience of female employees	
Survey employees eligible for taking childcare leave	Conducted individual and group interviews of 28 male employees, approximately half of all male employees who had children in FY2023. Developed countermeasures to address issues.
Plan measures to address the issue of taking 28 days or more of leave in total	To create a corporate culture conducive to employees taking leave, we created a video of a "Seminar to support balancing work and childcare" that has been viewed by a portion of our executives, managerial staff, and employees before the birth of their child. Leading to the full-scale launch in FY2025.

Since March 2017, we have been participating in the Male Leaders Coalition for Empowerment of Women, supported by the Cabinet Office.

[Male Leaders Coalition for Empowerment of Women](#) 

### The 4th Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (April 2024 - March 2026)

» [The 4th Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life \(Japanese only\).pdf](#) 



**Employees Taking Childcare Leave (as of March 31)**

	FY2020	FY2021	FY2022	FY2023	FY2024
Men (people)	40	47	55	61	37
Average number of days taken per person	11	8	16	27	46
Women (people)	17	11	17	10	17
Average number of days taken per person	307	321	350	331	403
Rate of employees returning to work after childcare leave (%)	100	100	100	98.8	100
Retention rate (%)	100	100	100	92.6	96.3

Note: Includes those transfers to Group companies

Average number of days taken per person = Total number of days taken by returning employees in the current fiscal year ÷ Employees returning to work in the current fiscal year

Rate of employees returning to work after childcare leave = Employees returning to work ÷ Employees intending to return to work × 100

Retention rate = Employees returning to work in the previous fiscal year and were employed at the Company as of March 31 of the current fiscal year ÷ Employees returning to work in the previous fiscal year × 100

**Reduced Work Hours for Childcare (as of March 31)**

	FY2020	FY2021	FY2022	FY2023	FY2024
Men (people)	0	0	0	0	1
Women (people)	12	4	6	7	5

Note: Includes those transfers to Group companies

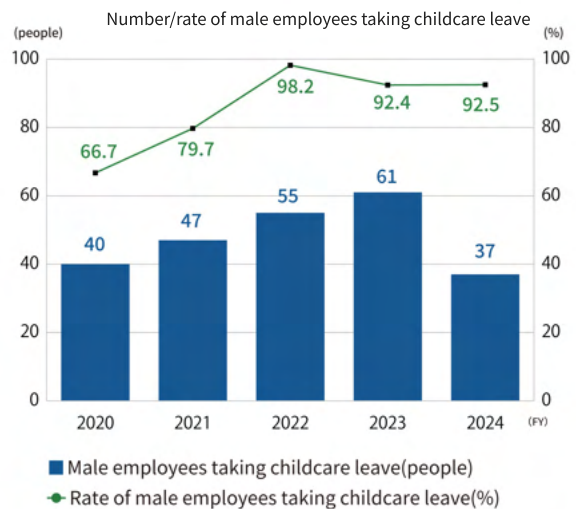
## I Reform of Employee Awareness and Corporate Culture

We hold workshops at executive training camps, training sessions for managerial staff, grade-based training sessions, and networking receptions for people inside and outside the Company. We also allow the use of maiden names within the Company, encourage male employees to take childcare leave, and participate in the IkuBOSS Declaration and IkuBOSS Corporate Alliance.

**Encouragement of Men to Take Childcare Leave**

By eliminating the concept of gender roles for both men and women, we will achieve a good work-life balance for all employees while boosting women's motivation to work. In FY2024, 37 male employees took childcare leave.

Note: In-line with revisions to the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave in October 2022, a total of 28 days of salary is paid to the relevant employee after the start of childcare leave, including postpartum paternity leave, regardless of gender.



Note: The rate of male employees taking childcare leave is calculated according to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life

## Measures to Promote Women's Empowerment

In addition to implementing various measures to create a workplace where both men and women can work comfortably and feel fulfilled, we offer various seminars and training opportunities to motivate women and improve women's skills.

### FY2024 Training

Training	Details	Results
Seminar to support balancing work and childcare	A seminar aimed at helping employees returning from childcare leave and male employees who have become fathers to build a fulfilling career while balancing work and parenting. In addition to encouraging the presence of their partners, whether employed by the Sanyo Chemical or not, and requiring supervisors' participation, videos of the seminar were distributed.	8 women returning to work after childcare leave, 15 men with newborn children, 16 supervisors, 1 internal partner Total of 40 participants
Outside Directors Salon	An exchange of opinions between Outside Director Aya Shirai and executives, general managers, senior managers, and equivalent on the status and challenges of promoting women's empowerment in the workplace in each division.	15 assemblies total 117 participants
Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	The "Program for Innovation in Promoting Women's Empowerment" sees female employees from several companies and female students from Osaka University gather to learn together with the aim of building leadership among women.	3 days 7 participants
External, Open Training, 21st Century Seminar for Women's Empowerment	This seminar, organized by the Japan Institute for Women's Empowerment & Diversity Management, aims to motivate and empower women, and help them build networks outside the Company.	9 seminars total 2 participants

Until FY2023, we also held seminars for managerial staff to develop their subordinates, along with external networking receptions.



Seminar to support balancing work and childcare for those returning to work from childcare leave



21st Century Seminar for Women's Empowerment

### Major Support Systems for Women's Empowerment

Systems / Measures	Details
Subsidy program for babysitter expenses and childcare expenses for sick children	To support a quick return to work from childcare leave and help employees transition from reduced work hours for childcare to full-time work as quickly as possible, we have introduced a subsidy program for babysitting expenses and childcare expenses for sick children.
Handbook to support balancing work and childcare	This handbook, available on the intranet for all employees, summarizes various programs, mainly in-house programs, regarding work styles during pregnancy, after childbirth, and after returning to work.
Review of the performance evaluation system	To ensure fair evaluations, we have done away with evaluation restrictions on employees taking a leave of absence due to childcare or nursing care when evaluating employees with regard to salary increases, promotions, bonuses, and other rewards.
Encouragement of male employees to take childcare leave	To make the workplace environment more comfortable for women, we encourage male employees to take childcare leave (both male and female employees are paid for a total of 28 days from the start of childcare leave)

## Major Systems to Support Continued Employment

Systems / Measures		Details
Childcare leave		Available until the child turns one year old (However, if there are reasons such as not being able to enroll in a nursery school or other facility, the leave is available until the child turns three years old)
Reduced work hours for childcare		Available until a child finishes the 4th grade of elementary school
	Short work hours	May shorten work hours by two hours per day
	Staggered work hours	May shift start and end times by 30 minutes forward or backward

As part of our work style reforms, we have also established a number of other systems aimed at achieving ideal work-life balance, including exemption from overtime work, sick child leave, expanded nursing care leave, and a re-employment request registration system, as well as an hourly paid leave system and super flextime system for all employees.

» [Work Style Reform](#)

## Gender Pay Gap

(Unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024
All workers <sup>*1*2*3</sup>	—	—	68.8	68.9	69.6
Regular employees as a percentage of all employees <sup>*4</sup>	—	—	73.8	72.9	72.9
Part-time and fixed-term workers as a percentage of all workers <sup>*5</sup>	—	—	42.5	46.1	41.8

\*1 Workers include those transfers to subsidiaries and affiliates.

\*2 Calculated based on provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

\*3 In our HR system, there is no gap in wages between men and women in the same position or role.

\*4 Factors contributing to the gap in wages between men and women by position are as follows:

\*5 Includes retiree rehires, part-time workers, and fixed-term contract employees, and excludes dispatched workers. The wage gap in this group is due to the fact that many retiree rehires are men with higher wage levels, including those treated as managers.

Position	Gender wage gap	Factors behind wage gap
Managerial staff	91.3%	The wage gap is due to the fact that men receive higher role allowances and unaccompanied assignment allowances. Reference: The wage gap between men and women for standard wages excluding various allowances is 97.3% (as of March 2025).
Rank-and-file employees	79.8%	Most workers who do shift work, for which shift work allowances are paid, are male. As a result, various allowances (surplus wages) based on family status and other factors such as family allowances and unaccompanied duty allowances are paid more to men. Meanwhile, women stay longer in lower grades due to the past "course" system (the general employment course was abolished in 2017). Reference: The wage gap between men and women for standard wages excluding various allowances is 91.2% (as of March 2024).

## Initiatives to Correct the Gender Wage Gap

As part of efforts to support female employees' development and advancement to higher ranks while increasing the number of female managers and leaders, we will continue to implement various internal and external training programs, establish committees to promote the active participation of diverse talent, and formulate training plans for female employees and rotation plans aimed at expanding their job scope. In this way, we will work on measures to support the development of female employees. We will also make business reforms using IT and AI, as well as work style reforms from a variety of perspectives, in order to achieve balanced work styles for both men and women.

## Promoting a Better Understanding of LGBTQ People

The Sanyo Chemical Group<sup>\*</sup> has been working on initiatives related to LGBTQ members, who are sexual minorities, since 2018.

To create an environment that respects diverse values, in addition to carrying out internal initiatives, we also promote better awareness in society at large by cooperating with and participating in the activities of external organizations.

<sup>\*</sup> Excluding certain countries that have LGBTQ-related regulations under laws (the same applies below for LGBTQ-related policies).

## LGBT Consultation Services

The Group has established both internal and external LGBT consultation services. To enable anyone to seek consultation without worry, we have established a policy to protect the privacy of those seeking consultation and prohibit disadvantageous treatment for having done so.



## Revision of Company Regulations

In July 2019, we reviewed our benefits program and revised systems to accept spouses of either the same or opposite sex (to be eligible for such systems, employees may self report regarding their spouse without official documents).

We have also eliminated the gender field from employment applications, and have standardized uniforms for both men and women (the same work uniforms and lab coats can be chosen regardless of gender). In line with these changes, we revised our company regulations.

## Reform of Employee Awareness and Corporate Culture

We conduct various training programs and events to promote a correct understanding of LGBTQ issues.

### Major Training Programs, etc. in FY2024

Training, etc.	Date	Eligible participants	Details
Thinking about LGBTQ through the manga "My Brother's Husband"	September, 2024	Executives / employees	In collaboration with other companies, an online event was held based on the manga "My Brother's Husband," allowing participants to think about and deepen their understanding of the difficulties faced by LGBTQ people and the prejudices the participants themselves may have.
Talk Session on Gender Diversity	December, 2024	Executives / employees	A panel was held with LGBTQ people and our LGBTQ ally employees to discuss how to create a workplace where everyone can work comfortably, regardless of their sexual orientation.
A small gathering of LGBTQ people	December, 2024	Executives / employees	A small group of participants discussed LGBTQ-related topics and deepened their understanding.
Information session for pride event participants	June, October, 2024	Executives / employees (Pride event participants)	A talk on basic facts about being LGBTQ was given to participants of the pride event.

Since August 2020, we have welcomed Kazue Chan, a YouTuber and an LGBTQ person working to raise awareness about LGBTQ issues, as an employee to work with us on further reforming our corporate culture.



Talk Session on Gender Diversity

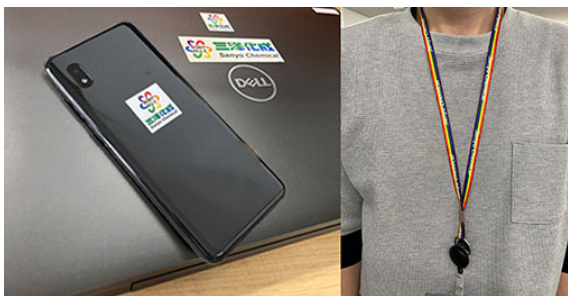


Salon by Kazue-chan

### Become an Ally!

The term "ally" refers to someone who expresses their understanding of LGBTQ people and actively supports them. Declaring oneself an ally sends a strong message of support to LGBTQ people. To enable employees to show that they are allies, we have created goods that can be worn by or attached to the belongings of those who have declared themselves as such.

Currently, we define allies as comprehensive supporters of DEI promotion, not limited to supporters of LGBTQ people.



Goods for indicating ally status in Japan



### All-gender Restrooms

At the Kyoto Head Office, we have installed an all-gender restroom that anyone can use regardless of gender. We are also building all-gender restrooms at other workplaces in the Group. The all-gender restroom at the Kyoto Head Office has three restroom stalls, one of which is a multi-function toilet accessible to wheelchair users.



All-gender restroom

## Participation in External Activities

With the aim of creating a diverse and inclusive society in which all people, including LGBTQ members and other sexual minorities, can live comfortably, we participate in Rainbow Pride events in the regions where our domestic offices are located (Tokyo, Nagoya, Kyoto, Osaka). We also give lectures at high schools and universities, as well as to corporations.



Participation in Rainbow Pride events



On-site lessons

[Cooperation with the “Kyoto where diverse sexualities are respected” Promotion Network \(Japanese only\)](#)

[Kazue-chan YouTube channel: Why we hired a You Tuber \(Japanese only\)](#)

[Web media LGBTQ+ \(Japanese only\)](#)

[Kyoto Bar Association YouTube Channel \(Japanese only\): From the Company, Change Society - Sanyo Chemical Initiatives on LGBTQ Issues | The 51st Gathering to Consider the Constitution and Human Rights 6](#)

## Promoting the Employment and Empowerment of People with Disabilities

The Sanyo Chemical Group aims to create a workplace where everyone, regardless of disability, can work together with their peers and play an active role with peace of mind. To reach this goal, we promote various initiatives. We have established and begun operating a support system for continued employment.

### Employment Rate of Employees with Disabilities (as of June 1)

	FY2020	FY2021	FY2022	FY2023	FY2024
Employment rate (%)	2.17	2.09	2.23	2.06	2.71
Statutory employment rate (%)	2.2	2.3	2.3	2.3	2.5
Employees (people)	26	26	27	26	32

Note: Includes those transfers to Group companies

As of June 1, 2025, Sanyo Chemical employs 28 people with disabilities, for a 2.41% employment rate (the statutory rate is 2.5%)

### Training to Promote Understanding of Employees with Disabilities

"Training to Promote Understanding of Employees with Disabilities" was conducted by external instructors for executives as well as HR and general affairs staff at each facility. A video was also streamed to all employees.

To promote a better understanding of working with members who have disabilities, we have also created an online course (video) that provides basic information about disabilities and explains about reasonable accommodations, and encourage all employees to take the course.

### Support for Continued Employment

We have established a support system that enables members with disabilities and those who work with them to expand their sphere of activity with peace of mind, providing support when they join the Company and follow-up support afterwards, along with conducting periodic interviews.

In addition, we have established the Work Support Consultation Office, an external consultation service to help with concerns caused by disabilities in the workplace and stresses at job sites.

## Promoting Senior Empowerment

Through a reemployment system that allows employees to continue working after retirement, we are expanding opportunities for experienced employee to utilize their wealth of experience and knowledge to engage in a broader range of pursuits as they pass on skills and develop their successors.

### Reemployment of Retired Employees

	FY2020	FY2021	FY2022	FY2023	FY2024
Reemployed people	14	20	20	19	29
Reemployment rate (%)	81	87	100	79	74

Note: Includes those transfers to Group companies

## Promoting the Employment and Empowerment of Global Talents

A diversity of human resources from various cultures is essential to the global business that the Sanyo Chemical Group aspires to. Through efforts such as explaining internal systems, policies, and HR systems; translating internal documents into English; and helping with visa procedures, we are working to create an environment in which employees whose first language is not Japanese can play an active role. We will also continue to actively employ and advance global talents.

### Number of Employees with Non-Japanese Nationality (as of March 31)

	FY2020	FY2021	FY2022	FY2023	FY2024
Non-Japanese employees	12	13	12	11	14

Note: Includes those transfers to Group companies

## External Evaluation

### Received the highest rating of GOLD in the PRIDE Index for the sixth consecutive year

For the sixth consecutive year, the Company received the highest rating of GOLD in PRIDE Index 2024, which evaluates initiatives related to LGBTQ and others.

Developed by the voluntary organization "work with Pride," the PRIDE Index recognizes companies that are making outstanding efforts to disseminate specific initiatives to society, and aims to promote and establish workplaces where LGBTQ and other sexual minorities can work with peace of mind.



### Recognized for the third consecutive year as the Best Workplace, the highest award category in the D&I AWARD.

The D&I AWARD 2024 is a certification system that recognizes companies leading the way in diversity and inclusion. Sanyo Chemical Group, which is actively engaged in DEI, was recognized as a Best Workplace, the highest award, for the third consecutive year. The D&I AWARD, sponsored by JobRainbow Co., Ltd., has four levels of awards awarded according to a score given based on evaluating 100 items comprising five aspects: LGBTQ+, the gender gap, disability, multicultural coexistence, and childcare/nursing care.



### Acquired the 3-star L-boshi (the highest grade)

In March 2022, we acquired the 3-star L-boshi (the highest grade) by the Kyoto Labor Bureau. L-boshi is a system under which the Minister of Health, Labour and Welfare certifies companies that have formulated and submitted action plans based on the Act on the Promotion of Women's Active Engagement in Professional Life and that are in good standing in terms of their implementation. There are three levels of certification, and we received a 3-star certification because we met the criteria for all evaluation items.



### Awarded Kurumin / Platinum Kurumin certification

In August 2017, we received Platinum Kurumin certification from the Kyoto Labor Bureau. Kurumin certification is granted by the Ministry of Health, Labour and Welfare to "companies that support parenting," and Platinum Kurumin certification is awarded to Kurumin certification holders that demonstrate a particularly high level of commitment.

In 2007, we were the first company in Kyoto Prefecture to receive Kurumin certification.



# Human Resources

## Human Resources (HR) Development

## Diversity, Equity & Inclusion (DEI)

## Work Style Reform

## Health and Productivity Management

We are promoting work style reforms from three angles: flexible work styles, operational reforms, and the use of IT and AI. By offering a variety of work styles, we intend to create a work environment in which each employee can achieve results while feeling pride and job satisfaction.

## Promoting a Good Work-life Balance

Based on the concept of “work hard, rest well,” we will promote an ideal work-life balance through flexible work styles. In addition to weekly no-overtime days, we support more flexible work styles with systems such as refreshment leave and memorial leave, an hourly paid leave system, and a super flextime system with no core hours. We also operate a flexible leave system that allows employees to take a leave of absence for personal reasons once during their employment for a maximum of two years at their own will. One employee made use of this system in FY2024.

### Systems to promote good work-life balance

System	Content
Telecommuting System	Telecommuting system for full-time employees (temporary and contract employees may apply at the discretion of their department head), with no restrictions on reasons for use or number of days (starting in FY2019)
Annual Paid Leave Accumulation System (Expired Paid Leave Accumulation System)	The number of days of accumulation is 5 days/year (maximum 40 days). Leave can be taken in full-day, half-day, and hourly increments (starting in FY2018)
Super Flextime System	A flextime system with no core hours that allows for voluntary and planned allocation of working hours. (starting in FY2015)
Hourly Paid Leave System	A system for taking leave in one-hour increments
Flexible Leave System	A system that allows employees to take a leave of absence for personal reasons for up to two years, regardless of the reason (starting in FY2019)
Childcare Support System for Balancing Work	Childcare leave can be taken until the child turns one year old (up to three years for certain reasons. For both male and female employees, paid leave of 28 days is provided beginning at the start of childcare leave). Support includes childcare leave for both male and female employees, reduced work hours for childcare, shortened work hours, staggered work hours, and subsidies for babysitting and sick child care expenses.
Nursing Care Support System for Balancing Work	A total of 365 days of nursing care leave can be taken (the statutory number is 93 days), and workdays can be shortened by up to two hours per day to provide nursing care (as per law) (starting in FY2016)
Internal Multiple Role System	A system that allows employees to voluntarily take on themes they wish to work on in parallel with their existing work (starting in FY2021)

## Improving Employee Engagement

In order to create environments in which employees are motivated and proud of their work and voluntarily demonstrate their abilities while maintaining a high level of willingness to contribute to the Company, we believe it is important to have a thorough dialogue with the executives and other people in various positions within the organization, and we provide many opportunities for such dialogue.

Measures		Targets	Current score	To be achieved by
Dialogue with executives	The executives act as “Dojo” forum owners and invite employees as trainees to join a dialogue once a month for a period of six months to one year. Each Dojos has 6 to 8 participants as trainees, and the theme of the dialogue (what they want to convey to their employees) is left up to the Dojo owner. There were 13 Dojos conducted in FY2025. This system will continue in the future. In addition, the Company continues to hold monthly "morning meetings for all employees," in which executives give a talk to all employees.	Employee engagement (stress check) score of 51 or above	44.8	FY2025
Training Camp OJT	This system sees business divisions or departments (10 to 30 people) spend one or two days discussing the organization's visions, challenges, etc.			
Salon	The system sees managers and executives become salon leaders and engage in dialogue with several employees on R&D, management, etc.			
Group circle	A place where opinions can be freely exchanged without any concern for hierarchy. Another goal of these events is reducing psychological distance felt by improving the quality of relationships between generations.			

Note: Target employees include those transfers to subsidiaries and affiliates.

## Business Innovation

We are promoting greater use of digital technologies, including the following systems, with the aim of enabling flexible work styles that are not bound by time or place, as well as improving productivity.

- A virtual desktop service that allows intranet access from outside the Company
- RPA (Robotic Process Automation) for automating and streamlining routine work
- A Business Intelligence (BI) system for more efficient use of internal information
- A proprietary digital platform powered by generative AI [Sanyo Data Hub, MI (Materials Informatics) for research and development]
- Inventory optimization tool “ZAIKO,” which reduces manual work in planning adjustments and levels workloads

## External Evaluation

### First Best Practice Company in Kyoto Prefecture

In 2016, our company was recognized by the Kyoto Labor Bureau as the first Best Practice Company in Kyoto Prefecture for its proactive efforts to "work style reform."

### Certified with 3.5 stars in “NIKKEI Sustainable Management Survey, Smart Work Edition” (November 2024)

We were certified with 3.5 stars rating in the NIKKEI Sustainable Management Survey, Smart Work Edition, which selects leading companies that aim to maximize their corporate value by accelerating investment in human resources, fully leveraging their talent, generating new innovations and improving productivity.

This survey, conducted by Nikkei Inc. since 2017, targets listed companies and prominent unlisted companies nationwide, and evaluates “Smart Work Management”, which is defined as an initiative to maximize organizational performance through three elements: human resource utilization, human resource investment, and technology utilization, and is evaluated on a five-star scale. We received a grade of S for “Ability to human resource utilization” A++ for “Ability to human resource investment” and A++ for “Ability to technology utilization.”



# Human Resources

Human Resources (HR)  
Development

Diversity, Equity & Inclusion  
(DEI)

Work Style Reform

Health and Productivity  
Management

The Sanyo Chemical Group aims to further improve corporate value by helping all employees be highly motivated and always try new things, creating an exciting (WakuWaku) company. Therefore, it is essential that each and every employee be healthy. We think working while being in a mentally and physically healthy condition makes employees and their families happy, which also leads to company development. Accordingly, we consider not only the individual's role in personal healthcare, but also management's role to participate actively in promoting employees' health. We established the Health Management Declaration in 2018, to actively promote health and productivity management. We are promoting health by striving to improve employees' health literacy through the activities of our Health and Productivity management, creating an environment/system where it is easy for everyone to work. Then, we will truly become an exciting (WakuWaku) company.

## Health Management Declaration

Employees' mental and physical health is the company's most important asset.

Sanyo Chemical Group actively promotes health to realize the richness in both private and company life. Together, we respect the diversity of employees, where each and every employee is able to achieve personal fulfillment by showing their autonomy and creativity, and will continue to contribute to society through the development of our company.

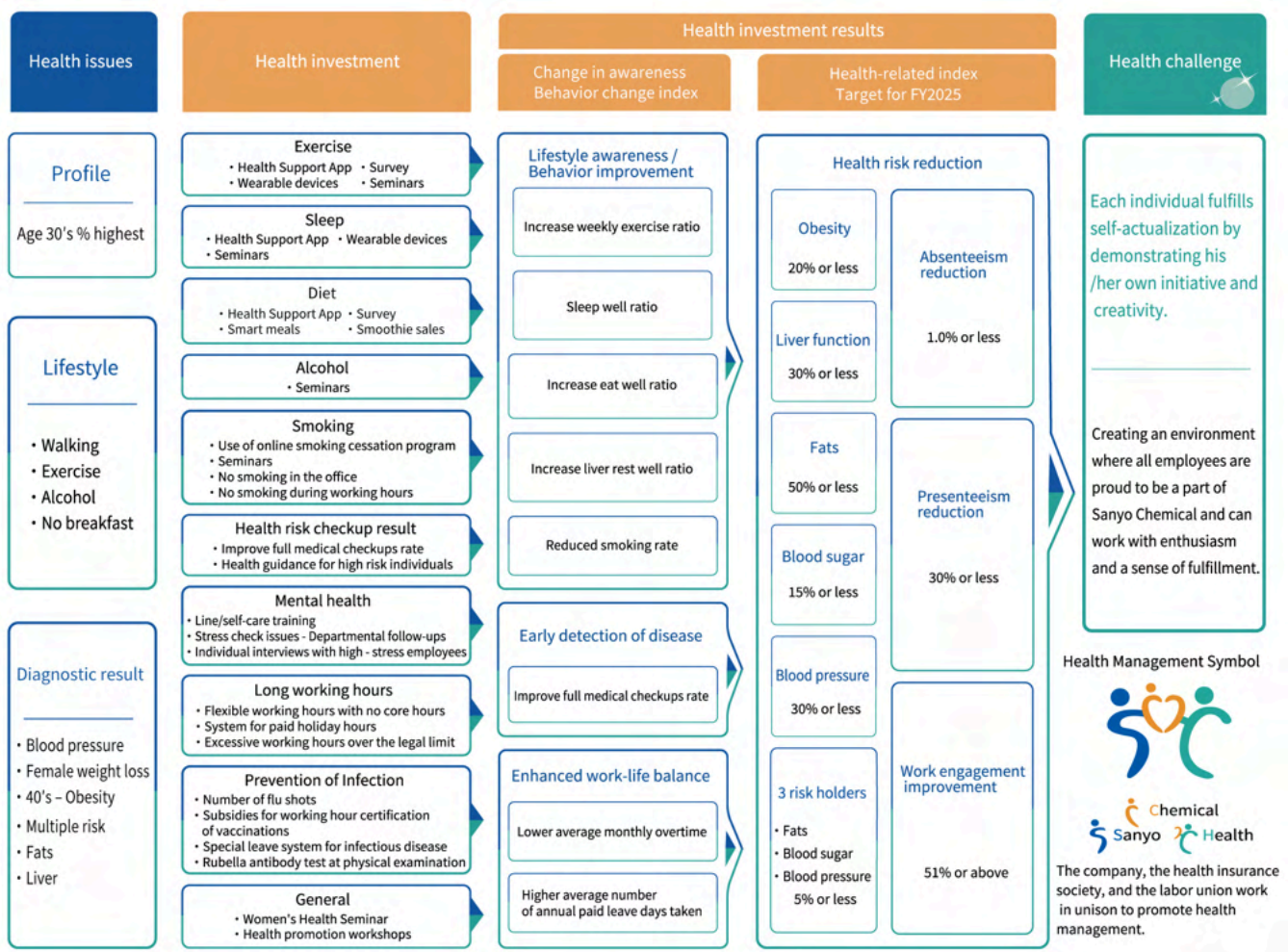
Akinori Higuchi  
Representative Director, President and CEO



## Targets and Results

In FY2020, we created a company-wide Health and Productivity Management Strategy - Map of Initiatives using an external consultant. In the Health and Productivity Management Strategy - Map of Initiatives, we established health investment measures for five health promotion initiatives, set evaluation indicators to verify their effectiveness, and determined target values for FY2025. At the end of FY2021, the health promotion team in each region created a Health and Productivity Management Strategy - Map of Initiatives for each region respectively, based on the company-wide strategy map of initiatives. By planning and implementing not only company-wide measures but also measures unique to each region, we work to make health promotion more prevalent among all employees.

### Health and Productivity Management Strategy - Map of Initiatives



### Action goals for the five initiatives

(unit: %)

Initiatives	Action goals	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Exercise	To have an exercise routine at least once a week	31	50	50	52	52	70 or above
Sleep	To be well rested with sleep	57	66	63	61	59	80 or above
Diet	To have a balanced diet*	-	76	75	79	82	90 or above
Alcohol	To have two or more alcohol-free days per week	75	75	76	77	79	90 or above
Smoking	Not to smoke (Smoking rate reduction)	77	82	83	84	82	90 or above

\* Item added in 2021.

**Checkups and Guidance**

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Rate of regular health checkups	100	100	100	100	100	100
Rate of full medical checkups	68	89	96	88	93	100
Rate of specific health guidance	80	94	95	98	98 or above	100

**Lifestyle-related Disease Risk Retention Rate (health checkup results)**

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Obesity	26	25	25	25	27	20 or less
Liver function	34	31	34	33	33	30 or less
Fats	57	55	56	55	54	50 or less
Blood sugar	17	21	17	20	26	15 or less
Blood pressure	37	34	29	33	33	30 or less
Triple risk holders (fats, blood sugar, blood pressure)	8	8	5	7	8	5 or less

## Health Management Evaluation Indexes

To verify the effectiveness of health investment measures, we have started measuring presenteeism and work engagement in addition to absenteeism since FY2021. We are actively developing health investment measures that will lead to improved productivity and job satisfaction, and ultimately resolve management issues.

**Absenteeism**

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Personal injury/sickness absence rate (%)	1.5	1.8	1.9	1.3	1.6	1.0 or less

Note: A condition in which the employee cannot perform duties due to absence from work, leave of absence, or other reasons.  
Measured by the number of employees on sick leave who are absent for more than one month.

**Presenteeism**

	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Labor productivity loss rate (%)	37.5	36.6	36.4	35.8	30 or less

Note: A condition in which the employee is present at work but is not able to work sufficiently due to mental or physical health problems.  
Measured by the WHO Health and Labor Performance Questionnaire.

**Work engagement**

	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Self-motivated behavior and positive feelings toward work (deviation value)	49.7	50.1	49.6	49.7	51 or above

Note: A state of mind that is positive and full of accomplishment, vitality, enthusiasm, and immersion in one's work.  
Measured by a proprietary survey instrument using eight items that correlate well with the Utrecht Work Engagement Scale.



## Progress in Health Promotion Activities

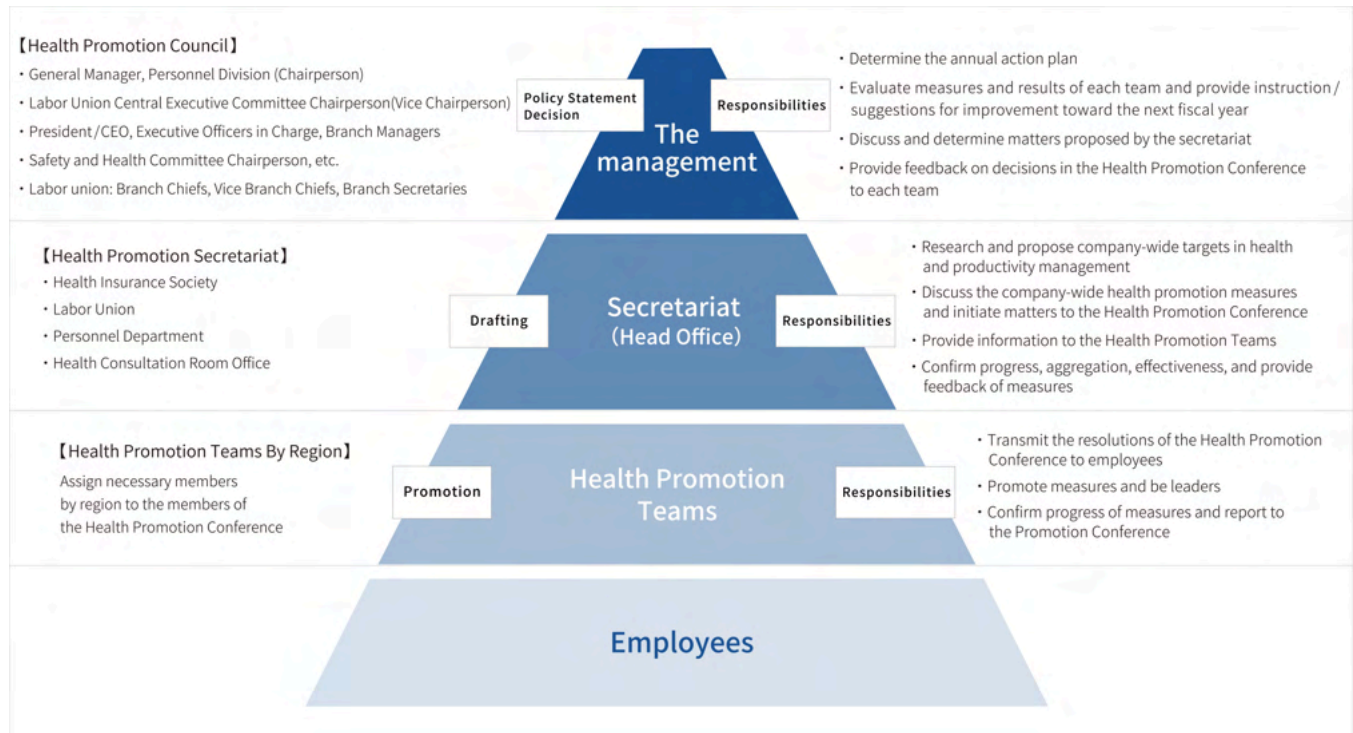
September 2018	Health Management Declaration	-
July 2020	Held the First Health Promotion Conference	Inauguration of Health Promotion System and sharing of health issues
January 2021	Held the 2nd Health Promotion Conference	Shared Interim Report on Health Promotion Activities and health scoring report
June 2021	Held the 3rd Health Promotion Conference	Report on Health Promotion Activities FY2020 and Confirmation of Initiatives for FY2021 Shared the Group's health issues based on analysis of health checkup data over time
October 2021	Released a company-wide Health and Productivity Management Strategy Map	-
December 2021	Held the 4th Health Promotion Conference	Shared FY2021 Interim Report on Health Promotion Activities and the Group's Health and Productivity Management Strategy Map
	Held Health Management Workshop	Regional health promotion team representatives participated
May-June 2022	Held Regional Health Promotion Workshops	Regional health promotion team member participated
June 2022	Held the 5th Health Promotion Conference	Reported on Health Promotion Activities FY2021 and sharing of each region health promotion team's Declaration of Activities
August 2022	Held a health management workshop for the management	Shared the Group's management issues for the management
December 2022	Held the 6th Health Promotion Conference	Interim Report on Health Promotion Activities 2022
	Held Health Management Workshop	The management and regional health promotion team representatives participated
June 2023	Held the 7th Health Promotion Conference	Reported on Health Promotion Activities for FY2022 and shared regional health promotion team's Declaration of Activities
July 2023	Held Regional Health Management Workshops	Regional health promotion team members participated
December 2023	Held the 8th Health Promotion Conference	Shared FY2023 Interim Report on Health Promotion Activities
December 2023	Held Health Management Workshop	Regional health promotion team representatives participated
June 2024	Held the 9th Health Promotion Conference	Reported on Health Promotion Activities for FY2023 and shared regional health promotion team's Declaration of Activities
December 2024	Held the 10th Health Promotion Conference	Shared FY2024 Interim Report on Health Promotion Activities

## Organizational Structure and Roles

Since FY2020, the Health Promotion Council, which includes , the president, and senior management, has deliberated and decided on policies and initiatives, while the Health Promotion Teams, which include employees from each region, have been promoting awareness and penetration of health and productivity management among employees and implementing specific measures in their respective regions. The Company, the labor union, and the Health Insurance Society work in unison to promote company-wide health management.



Health Promotion Conference



## Education / Training

### Panel Discussion Held

A panel discussion was held in conjunction with the 50th anniversary ceremony of Sanyo Chemical Industries's Health Insurance Society.

Under the title "Enabling every employee to take their health seriously," six people, including the president and representatives from the Company, labor union, and Health Insurance Society, took the stage to express their passion for promoting health management. Going forward, we will promote health management by not only following up on Health checkup results but also paying close attention to mental health.

【第63号】健康通信  
健康推進会議事務局  
2024年8月

### パネルディスカッション 「社員一人ひとりが自身の健康に真剣に向き合うために」

#### <パネリスト>

樋口さん (代表取締役社長)  
奥さん (取締役常務執行役員 前 健保理事長)  
高瀬さん (健保理事長、人事本部長)  
藤村さん (前 労組中央執行委員長)  
古賀さん (三洋ロジ社長 前 健保常務理事)  
筒井さん (健保常務理事)  
桜又 様 SOMPOヘルスサポート (株)

#### ①健康経営推進にあたり、 これから力を入れていきたいことは？



樋口さん

健康診断の数値を解析して健康増進に取り組んでいくことは継続していく。これに加えて、心身の心の部分の健康になろうというアプローチをしていきたい。(ワークエンゲージメント、ウェルビーイングの向上)



藤村さん

労働組合としては、従業員が最も活躍できる環境づくりに、より力を入れていきたい。会社、労組、健保の三位一体で、地道に継続して取り組み、従業員が心身ともに健康に働けることを目指したい。(職場のコミュニケーションの向上)



高瀬さん

心身ともに健康となるために一人ひとりが意識していける施策をしていきたい。また、人事では、心の健康度をいろいろな視点で現状把握していくために、調査ヒアリングに力を入れていきたい。(心身相関の理解、フェイスtoフェイスの取組)

#### ②従業員一人ひとりに期待すること



奥さん

まず経営陣がきちんと参画すること。徐々に浸透してきた。心の健康は、簡単ではないが、取り組んでいきたい。5つの取り組みの中で、去年は禁煙、今年はいよいよ適正飲酒に取り組む。この活動により、一人ひとり個人の認識が芽生えていけばいいと思う。



古賀さん

病は気から。お互いがお互いに絡み合うこと理解しあうことが少なくなっているので、これを一步乗り越えることが重要。気になったら、まず声かけをしていくこと。

健康推進活動をきっかけにして、社員一人ひとりが考えて、自身の課題に取り組んでいく。一人ひとりの行動が風土を作り、これがひいては企業そのものの成長につながっていく。パネリストの方々の熱い思いとともに、自身が真剣に健康に向き合うことが大事であることを気づかせてくれるパネルディスカッションとなりました。



## Various Seminars

### Improvement of Health Literacy

We have held regular online health seminars and have provided information since FY2020 to increase employees' health literacy and encourage behavioral changes toward better health. In addition to the five themes set as action goals, these seminars also cover measures to remedy stiff shoulders and lower back pain, which were topics of high interest in a questionnaire survey of employees. Moreover, to provide information that deepens understanding of the necessity of cancer screening, a seminar on cancer is also held. The seminars have received high levels of satisfaction from the employees who participated in them. Since FY2022, the seminars have been recorded and streamed online to provide more employees with the opportunity to view the seminars.

【第66号】健康通信  
健康推進会議事務局  
2024年11月

**健康への影響とアルコール量**

お酒を飲まない日を週2回以上つくる  
ことが大切!!

生活習慣の リスクを高める飲酒量	男性	女性
【多量飲酒】 ・健康への悪影響 ・生産性の低下など仕事への影響	40g/日	20g/日
	60g/日	

**純アルコール量 = 飲酒量 × アルコール度数 × 0.8 (比重)**  
 お酒に含まれるアルコールの量      お酒の濃さ

▼純アルコール量20g▼

ビール (5%)	日本酒 (15%)	ウイスキー (43%)	ワイン (12%)	酎ハイ (7%)	焼酎 (25%)
中瓶1本 500ml	1合 180ml	ダブル1杯 60ml	グラス2杯弱 200ml	缶1本 350ml	グラス1/2杯 100ml

【第66号】健康通信  
健康推進会議事務局  
2024年11月

**疾患別の発症リスクと飲酒量(純アルコール量)**

	男性	女性
脳出血	150g/週	少しの飲酒でも
脳梗塞	300g/週	75g/週
高血圧	少しの飲酒でも	
胃がん	少しの飲酒でも	150g/週
大腸がん	150g/週	
乳がん	—	100g/週

**まとめ**

- アルコール度数ではなく、「純アルコール量」を意識する
- 肝臓にも週に数回の休暇を! 曜日を決めることが重要!
- ノンアルコールは飲んでもOK
- お酒を飲む時は、水分補給を忘れずに!
- 健康課題に合わせたおつまみを選ぶ
- 自分の体、周りの人にあったお酒の飲み方を!

Responsible drinking seminar content

Retention period (fiscal years)	Seminar contents	Number of participants (persons)	Total time* (hours)	Understanding (%)	Satisfaction (%)
FY2020	Responsible Drinking Seminar	Approx.160	Approx.160	98	95
FY2021	Sleep Seminar	Approx.220	Approx.220	91	85
	Cancer Seminar	Approx.200	Approx.200	98	92
	Seminar for preventing stiff shoulders and back pain	Approx.250	Approx.250	98	89
FY2022	Diet and Sleep Seminar	Approx.220	Approx.220	87	75
	Hormone Balance Seminar for Men and Women	Approx.130	Approx.130	85	71
	Oral Care Seminar	Approx.270	Approx.270	93	90
	Diet and Body Weight (BMI) Seminar	Approx.270	Approx.270	93	84
	Lung Cancer Seminar	Approx.210	Approx.210	87	83
FY2023	Seminar on Body Building for Fall Prevention	Approx.230	Approx.230	94	87
	Seminar for Not Only Women	Approx.170	Approx.170	94	95
	Seminar on Improving Diet Before Health Checkups	Approx.260	Approx.260	93	87
	Light Walking Seminar	Approx.210	Approx.210	88	87
FY2024	Seminar on burning fat and reducing belly fat	Approx.280	Approx.280	92	88
	Responsible drinking seminar	Approx.300	Approx.300	95	89
	Sleep and stretching seminar	Approx.270	Approx.270	88	87

\*Participants × hours participated



## Initiatives to Support Health Promotion

Although the Group contains approximately 30% of young employees in their 30s, they tend to have a higher risk of developing lifestyle diseases. Accordingly, it is necessary to take measures to improve the lifestyle habits of employees from a young age. For the Group as a whole, behavioral changes in exercise, eating, and drinking have emerged as an issue. In light of these health issues, we have implemented health measures since FY2020, including introducing a health support app, subsidizing the purchase of a wearable device that visualizes exercise and sleep, holding health seminars online, and providing smart meals. As a result, a company-wide questionnaire survey, conducted in FY2021, showed that the percentage of employees who exercise at least once a week had increased by approximately 20%, indicating that employees' health literacy was increasing. We will continue to implement measures to encourage the behavioral changes of employees in order to lead to improved employee performance and the revitalization of the organization.

### Health Promotion Support Using the CALOmama PLUS App

We have introduced a smartphone health app "CALOmama PLUS" which allows users to record and manage their diet, exercise, and sleep data, and receive health advice from an AI assistant. Since FY2021, we have held regular company-wide ranking events to compete on the average number of steps they take and their health score\* on the CALOmama PLUS app. In post-event questionnaire surveys, participants answered: "It has become my habit to take a walk during my lunch break," and "I have got into the habit of eating vegetables every day," indicating that participation in events led to improvements in lifestyle habits such as exercise and diet.

\* Health score: A score that measures the degree of health based on the diet and exercise data entered into the app



Health app "CALOmama PLUS"

### Promotion of Smoking Cessation

We strengthen our efforts to promote smoking cessation with the aim of preventing health problems caused by smoking and preventing employees from experiencing passive smoke.

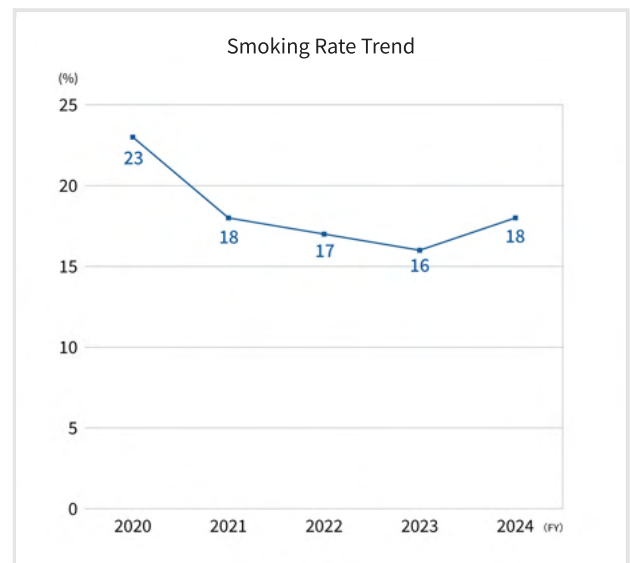
#### No smoking at our facilities

As a result of the gradual reduction and closure of smoking areas with the aim of banning smoking at our facilities for all employees of the Group, we achieved a complete ban on smoking at our facilities in January 2023.

#### Support through a smoking cessation program

We provide a smoking cessation program, in which our Health Insurance Society covers some of the costs of receiving support through a dedicated app and individual online interviews with nurses and pharmacists.

To date, 17 people have successfully quit smoking through this program.



### Implementation of Health Checkups and Follow-up Measures

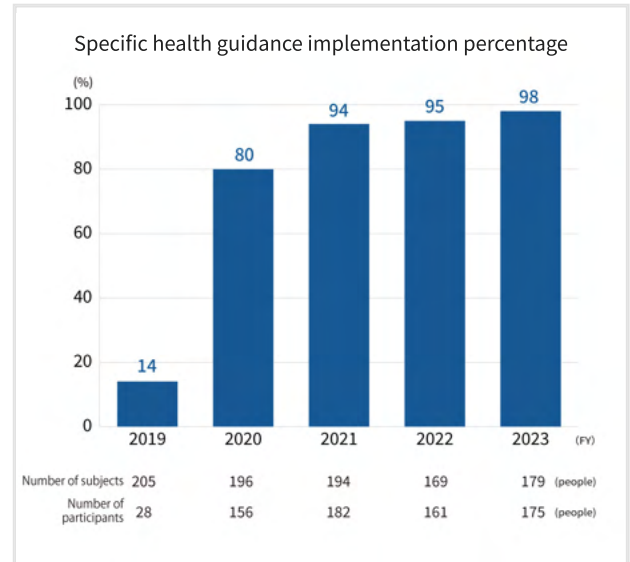
We conduct uniform health checkups across all Group companies, and maintain a 100% attendance rate for regular health checkups. For employees who have been determined by an occupational physician to require full medical checkups based on their Health checkup results, in-house occupational health staff follow up with them by phone or email to encourage them to seek medical advice. We also provide advice on improving lifestyle habits to employees who are at high risk of developing lifestyle-related diseases. In the future, we aim to reduce the number of employees who are at risk for lifestyle-related diseases (due to abnormal Fats, blood sugar, blood pressure, etc.), and achieve a 100% participation rate in full medical checkups.

In FY2019, we introduced a health management system "Growbase" to centrally manage the results of regular Health checkup results for all employees of the Group. This has created an environment in which employees can check their regular Health checkup results online at any time by accessing the employee page of the system.

## Specific Health Guidance

Our Health Insurance Society continues to provide a three-to-four month lifestyle improvement program (specific health guidance) for all those eligible for “active support” or “motivational support” as a result of specific health checkups and comprehensive medical checkups. By carefully encouraging applications for specific health guidance and following up the progress of the guidance, we achieved a guidance implementation rate of 98% in FY2023, exceeding our target of 90% for the third consecutive year. In addition, according to the Health Scoring Report\*, the Company ranked 5th in FY2023, marking the third consecutive year since 2021 that we have ranked within the top 10.

\* Health Scoring Report: Issued jointly by the Ministry of Health, Labour and Welfare, the Ministry of Economy, Trade and Industry, and the Nippon Kenko Kaigi, the Health Scoring Report visualizes changes over time in the data of each health insurance society compared to the average of all health insurance societies and industry averages, regarding members' health conditions, medical costs, and the status of disease prevention and health promotion efforts.



## Health Guidance for Young Employees

Our Health Insurance Society has focused on the health checkup results of employees in their 30s, who have the highest proportion of employees in the Group, and has begun providing health guidance to employees under 40 who are at risk for metabolic syndrome. By proactively introducing preventive interventions for individuals under 40, an age group known for greater variability in test results, we seek to promote awareness of healthy lifestyle changes and encourage early improvement in clinical indicators.

## Health Guidance to Prevent Serious Illness

Based on employees' medical data and the results of specific health checkups, our Health Insurance Society is implementing a lifestyle improvement support program to prevent the onset and recurrence of vascular diseases and lifestyle-related diseases. To reduce the risk of serious illness and maintain healthy lifestyles, we help employees the medications they need and support lifestyle modifications tailored to each individual's symptoms.

## Mental Health Measures

### Implementation of stress checks and utilization of group analysis results

We conduct a stress check once a year for all employees of the Group, including those at overseas facilities. For employees judged to be under high stress, we recommend an interview with a doctor in an effort to prevent mental health problems. Based on the stress check results, group analysis is conducted, and its results are feedback to each organization along with a usage guide. Based on group analysis result data, we make individual interventions in the relevant organizations when necessary to improve the workplace environment.

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024
Stress check inspection rate	99	98	99	98	99
Stress check high stress rate	8.9	8.6	7.1	8.0	8.3

### Implementation of mental health training

We continuously provide self-care and line manager-care training.

## Measures for Long Working Hours

To prevent health problems caused by long working hours, we use a health check sheet to assess the physical and mental health of employees who work overtime for more than 45 hours a month or on holidays, targeting all employees of the Group. When necessary, we arrange interviews between the relevant employees and an occupational physician, and work to give due considerations to their work based on the opinions of the occupational physician to ensure their health.

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Target value)
Average monthly overtime hours (hours)	4.4	4.8	5.2	5.5	5.6	5.0 or less

## Infectious Disease Measures

### Responses to COVID-19

On February 18, 2020, we launched the COVID-19 Headquarters. Based on the idea that each individual should take thorough infection prevention measures to prevent the spread of COVID-19 and prepare for business continuity, we provided appropriate instructions and information on responses, requests, and rules related to COVID-19 through the intranet. We also recommended the use of the COVID-19 contact confirmation app "COCOA," and in January 2021, we subsidized some of the costs for PCR and antibody tests for employees and their family members who wanted to be tested.

### Implementation of workplace vaccinations

At the Kyoto Head Office, we completed the third round of workplace vaccinations for COVID-19. Those eligible for vaccination were not limited to employees of the Group who wished to be vaccinated, but were expanded to include employees' families and neighboring company employees.

### Distribution of antigen test kits

At the end of 2021, infection of Omicron, which is one of the variants of COVID-19, spread rapidly, and in some areas of Japan, PCR and antigen tests were not readily available. In this situation, we distributed antigen test kits free of charge to all employees so that they could quickly confirm whether or not they had been infected if infection was suspected.

### Subsidy for influenza vaccination

Our Health Insurance Society subsidizes the cost of influenza vaccination to help prevent infectious diseases for employees and their families.

	FY2020	FY2021	FY2022	FY2023	FY2024
Flu vaccination rate (Employees only) (%)	81	67	64	65	64

Note: Health Insurance Society subsidy for vaccinations recipient percentage



## Health Management External Evaluation

### Health and Productivity Management recognition



We have been recognized under the Health and Productivity Management Outstanding Organization Program, jointly hosted by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Council) for the seventh consecutive year in 2025. In the certification system, the status of initiatives in philosophy/policy, the organizational structure, implementation of systems/measures, and evaluations/improvements is quantified and their companies are certified based on the comprehensive evaluation scores of these items.

### Lecture at Data Health and Preventive Services Trade Fair 2021 (co-hosted online by the Ministry of Health, Labour and Welfare and the National Federation of Health Insurance Societies)

On November 30, 2021, a seminar titled “Toward increasing the value of health insurance business through a Pay For Success private sector outsourcing system (PFS)” was held, jointly organized by the National Federation of Health Insurance Societies and the Ministry of Health, Labour and Welfare, in which a representative from our Health Insurance Society delivered a speech. This was because the establishment of health and productivity management in the Group and rapid improvements in specific health guidance caught the attention of the Ministry of Health, Labour and Welfare.

### Cancer Control Promotion Company Action award for the fifth consecutive year

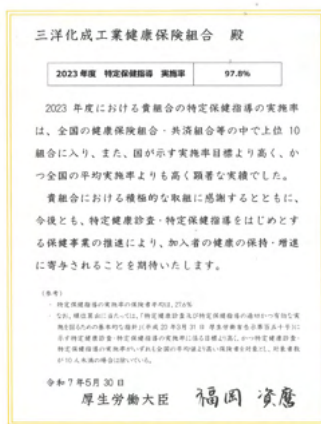
Our Health Insurance Society was commended as a company with excellent performance in the Cancer Control Promotion Company Action program (FY2024) of the Ministry of Health, Labour and Welfare. The award was given in recognition of our efforts to promote adult cancer education through online delivery, a colorectal cancer seminar by a doctor, and various cancer checkup initiatives such as colorectal cancer screening, breast ultrasonography, uterus cancer screening, stomach cancer risk classification screening, lifestyle-related diseases checkup, specific health guidance, and smoking cessation programs.



This program Action supports the cancer control efforts of corporate organizations under the philosophy of "Facing up to cancer, taking employees and the company to a higher level."

Approximately 5,500 companies and organizations are registered with it. Of these companies, 330 are recognized in this year's awards.

### Message from the Minister of Health, Labour and Welfare for our specific health guidance implementation rate of 97.8% in FY2023



The specific health guidance implementation rate of our Health Insurance Society in FY2023 ranked among the top 10 among health insurance societies and mutual aid societies nationwide. Since this was a remarkable achievement, we received a message of appreciation from the Minister of Health, Labour and Welfare for our efforts.

# Local Communities / Social Contributions

We collaborate with local government agencies, educational and research institutions, and other organizations to promote science, technology, education, culture, and welfare in local communities. In addition, by voluntarily and continuously promoting various activities such as donating to universities, medical institutions, NPOs and other organizations, and helping with efforts involving crime prevention and traffic safety, we make contributions to communities and society.

## Local Communities

Sanyo Chemical Group has adopted the following as one of its material issues (materialities)

### Material issues (materialities) on strengthening of foundations

Classification	Material issues (materialities)
<b>Society</b> Support diversity by creating a society where everyone can shine by their personality	Create innovations by supporting value creation in industry, culture, and education

## Contributions to Kyoto

Our company actively contributes to Kyoto based on our belief that, as a chemical company that has grown up in Kyoto, we want to contribute to promoting greater activity in the city by leveraging what we do best.

As part of our contribution to Kyoto's traditional industries, in FY2024 we collaborated with the Kyoto Municipal Institute of Industrial Technology and Culture to study ways to accelerate the hardening of lacquer coatings.

Through the Sanyo Chemical Foundation for Social Contribution, we also make donations to cultural revitalization projects and community support initiatives in Kyoto.

## On-site Chemistry Classes

In each region where our facilities are located, young employees from our research laboratories and factories serve as teachers, giving on-site chemistry classes at elementary schools for the purpose of fostering the next generation. In FY2024, we conducted lessons at a total of 10 schools in the Kyoto area (Head Office/Research Laboratory, Katsura Research Laboratory) and the areas surrounding the Nagoya and Kashima factories.

### On-site Chemistry Classes Held in FY2024

District	Number of schools	Date conducted	School & event name	Target grade (year)	Participants (people)	Participants total (people)
Kyoto area	5	November 21,2024	Kameoka City Shoutoku Elementary School	6	57	276
		December 6,2024	Kyoto City Higashiyama Izumi Elementary and Junior High School	6	79	
		January 10,2025	Uji City Kitaogura Elementary School	5	32	
		January 15,2025	Kyoto City Shoho Elementary School	5	57	
		January 22,2025	Kyoto City Daiyon Kinrin elementary school	5	51	
Nagoya Factory	2	December 3,2024	Tokai City Nawa Elementary School	5	133	211
		December 13,2024 February 13,2025	Tokai City Ryokuyo Elementary School	5	78	
Kashima Factory	3	October 11,2024	Kamisu City Suda Elementary School	5	37	171 <sup>*2</sup>
		November 16,2024	Workshop Collection in Cali Fes Kamisu	Elementary and Junior High School Students	50 <sup>*1</sup>	
		November 12,2024	Kamisu City Ikisu Elementary School	5	84	

<sup>\*1</sup> Estimated event participants

<sup>\*2</sup> Includes estimated event participants

## Activities in Thailand

Sanyo Kasei (Thailand) Ltd. has continuously provided scholarships to nearby elementary schools. The Company has also actively engaged in efforts to improve the lives of local communities, which include donating solar streetlights to eight areas of a community health park in Rayong Province, Thailand, and giving gifts to children from low-income households on Children's Day.



Donation of scholarships to nearby elementary schools



Donation of solar streetlights

## Social Contributions

The Sanyo Chemical Group proactively engages in social contribution activities based on its social contribution policy to solve social issues according to the actual conditions of each country and local communities.

» [Social Contribution Policy](#)

» [Sanyo Chemical Foundation for Social Contribution \(Japanese only\)](#)

## Sanyo Chemical Forestry

We have been conducting the Sanyo Chemical Forestry in Wazuka Town, Soraku District Kyoto Prefecture since FY2009 (the 60th anniversary of our founding) as a part of the Kyoto Model Forest Initiative. Conducted by Kyoto Prefecture, the initiative seeks to protect and nurture Kyoto's forests together with Kyoto citizens who have been benefited from the forest's bounties. These activities to protect the local environment have been continuously supported by the Sanyo Chemical Foundation for Social Contribution established in 2019.



New employee training



28th Forestry Activity

» [Sanyo Chemical Foundation for Social Contribution | Sanyo Chemical Forestry \(Japanese only\)](#)

» [ESG Data > Social > Social contributions | Sanyo Chemical Forestry](#)

## Terraced Rice Field Preservation

San Chemical Co., Ltd. has been contributing to environmental conservation through rice farming in Futagotanada, Chiba Prefecture. The Company plants rice at around the end of April, cuts grass every month, and harvests the rice from the end of August through early September. The harvested rice is distributed to the employees who worked the fields, as well as donated to a local children's cafeteria. Field work was conducted on 11 occasions in FY2024, with 77 participants harvesting 280 kg of rice (90 kg of which was donated to a local children's cafeteria) from 400 m<sup>2</sup> of rice fields.

## Donations

Through the Sanyo Chemical Foundation for Social Contribution, Sanyo Chemical makes donations according to its social contribution policy. Some donations are made based on requests by Sanyo Chemical's businesses, while others are donations that Sanyo Chemical itself wishes to make.

### Donations

(Unit: million yen)

		FY2020	FY2021	FY2022	FY2023	FY2024
Total social contribution expenditures		24.2	36.4	34.9	30.1	25.6
Donations by item	1. Support for academic promotion centered on chemistry	14.8	27.0	14.1	13.6	11.6
	2. Support for human resource development	3.1	0.3	2.3	3.3	3.9
	3. Support for the preservation of art and culture, etc. mainly in Kyoto	0.5	1.0	4.1	4.0	4.0
	4. Support for and collaboration on environmental conservation activities	1.6	1.6	1.5	1.6	2.2
	5. Support for and collaboration on social contribution activities wherever possible according to local social needs in each country and region	4.2	6.5	13.0	7.6	3.9

\* Expenditures by Sanyo Chemical Foundation for Social Contribution

### Support for Paralympic Art

We support the independence of artists with disabilities as an official partner of Paralympic Art, which is operated by the Shougaisha Jiritsu Suishin Kikou Association. Paralympic Art is an activity that promotes the social participation and economic independence of people with disabilities through artistic expression.



### Receipt of CSR Award

Sanyo Kasei (Thailand) Ltd. has received the CSR-DIW Continuous Award for 10 consecutive years since 2015 as an organization that actively engages in social responsibility initiatives, adheres to ethical business practices, and actively contributes to the welfare of society and the environment.



CSR-DIW Continuous Award

# Corporate Governance

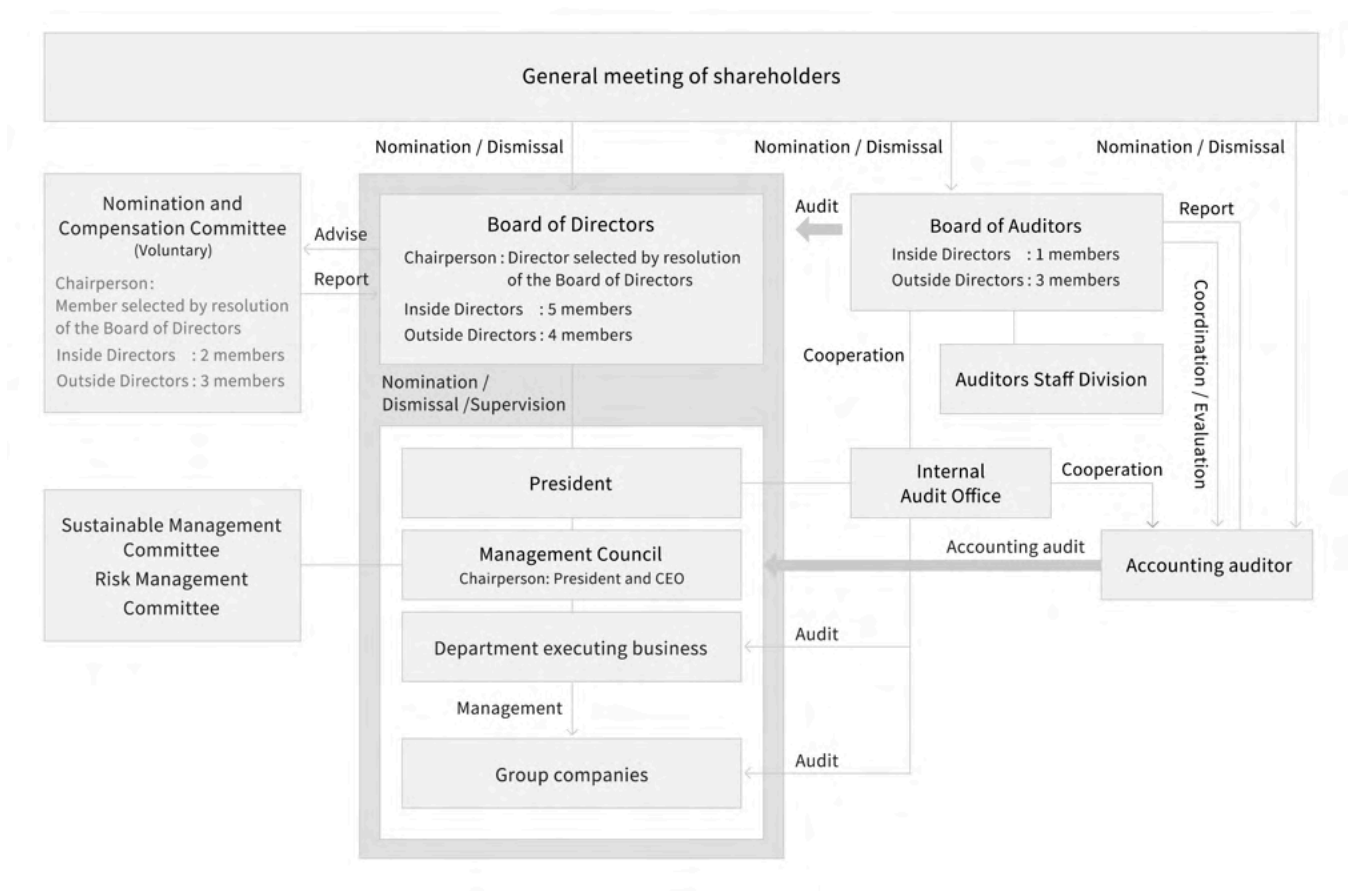
Based on the Company Mission, “Establish a better society through our corporate activities,” Sanyo Chemical Group will realize sustainable growth toward the future by enhancing both social and economic values in close cooperation with all stakeholders. To this end, we consider the establishment of corporate governance that is trusted by all stakeholders to be one of the highest priority management issues.

## Corporate Governance Diagram

We are a company with a Board of Auditors. The Company has also introduced the executive officer system, under which Executive Officers execute business in accordance with the Management Policy, etc., determined at meetings of the Board of Directors. In this manner, the Company clearly separates the management decision-making and supervisory function from the business execution function.

[Corporate Governance Report \(Japanese Only\)](#) 

### Corporate Governance Diagram



### Directors and the Board of Directors

The term of office of Directors is one year. With the objective of strengthening the management supervisory functions, three out of nine Company's Directors are independent Outside Directors; moreover, the Chairperson of the Board of Directors is appointed from among Directors who is not involved in the execution of business. The Board of Directors holds a meeting, in principle, once a month. It makes decisions on important matters, such as management policy, and supervises the status of business execution by Directors and Executive Officers. In FY2024, 14 meetings of the Board of Directors were held.

### Auditors and the Board of Auditors

Of four Auditors, three are Outside Auditors. Auditors not only attend important meetings such as Board of Directors' meetings, Management Council meetings, etc., but also inspect important approval documents. They thus audit the status of Directors' business execution, capitalizing on the knowledge of inside Auditors who are well versed in the wide range of businesses of the Company, as well as the expertise of Outside Auditors experience relating to financial and accounting affairs or with business management experience. In addition, as an organization under the direct control of the Board of Auditors, the Company has established the Auditors Staff Division. The Division staff who assist the Auditors in their duties are independent of the Directors. By establishing this structure, we strive to secure the effectiveness of audits.

## Management Council

The Management Council meets once a month, in principle, to make decisions on important matters regarding business execution by Executive Officers, based on the management policy, etc., determined at meetings of the Board of Directors.

## Committees

	Chairperson	FY2024 Frequency of meetings (times)	Role
Nomination and Compensation Committee	Member selected by resolution of the Board of Directors	8	A majority of committee members are Outside Directors, and as an advisory body to the Board of Directors, the committee makes recommendations to the Board regarding the appointment of and compensation for Directors. In addition, it independently examines and makes recommendations on matters related to strengthening the functions of the Board, without being requested to do so by the Board.
Sustainable Management Committee	Director in charge of Sustainability	3	As an organization that reports to the Management Council, the committee identifies material issues (materialities) that require priority attention in relation to the environment, society, and governance in order to improve both economic and social value. It then deliberates on company-wide measures to resolve these issues and implements them in relevant departments.
Risk Management Committee	Director in charge of General Affairs	—	The committee reports to the Management Council and is responsible for considering the Group's basic policies regarding risk management and compliance, identifying significant risks, deliberating on countermeasures, and overseeing progress on these initiatives.

## Composition of Each Committee

	Aya Shirai	Akinori Higuchi	Masahiro Harada	Hiroyuki Susaki	Yoshiyuki Oku	Kenichi Nishimura	Hideaki Obata	Yumi Sano	Hiroshi Tominaga
Nomination and Compensation Committee	◎	○	-	-	○	-	○	○	-
Sustainable Management Committee	-	○	○	◎	○	○	-	-	-
Risk Management Committee	-	○	○	○	○	◎	-	-	-

Note: ◎ Chairperson, ○ Committee members



## Standards for Selection of Directors

The Company's policy is to form a Board of Directors consisting of inside Directors who have objective judgement, foresight, and insight, etc. into management issues based on the expertise, knowledge, and experience they have accumulated in sales or research, or production or general affairs departments, and Outside Directors who can proactively provide advice and suggestions, etc. based on their rich experience from an objective perspective. In line with this policy, the Company selects candidates for the Board of Directors while taking into account the balance and diversity, etc. of the Board of Directors, and other elements.

### Reason for Selection as Outside Director

Name	Independent Director	Reason for selection
Aya Shirai	○	We have designated Ms. Aya Shirai as an Independent Director since she meets the Company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of experience gained through administrative activities from her many years of involvement in municipal administration. She also shares our philosophy on promoting diversity and proactively advises on initiatives to advance it. Since June 2024, she has served as a Chairperson of the Board of Directors, and has worked to further stimulate discussions at Board of Directors meetings while strengthening the Board's supervisory and decision-making functions. In addition, she has experience and achievements from having been involved in corporate management as an Outside Director of other listed companies. She was selected as an Outside Director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hideaki Obata	○	We have designated Mr. Hideaki Obata as an Independent Director since he meets the Company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. In addition to extensive practical experience in administrative departments mainly in HR and general affairs, he has many years of experience and a track record in management of companies with broad business domains. He was selected as an Outside Director because he is expected to contribute to strengthening the supervisory function of the Board of Directors and to the continuous improvement of our corporate value by offering useful findings and opinions from an independent standpoint based on his extensive knowledge and experience.
Yumi Sano	○	We have designated Ms. Yumi Sano as an Independent Director since she meets the Company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of practical experience in promoting diversity and developing human resources in a listed company and a public interest corporation. In addition, she has experience and achievements from having been involved in corporate management as an Outside Director of another listed company. She was selected as an Outside Director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hiroshi Tominaga	-	He has many years of experience in overseas business at Toyota Tsusho Corporation, including involvement in the company's management as a person responsible for business execution, and has extensive experience, particularly in the area of business strategy. He was selected as an Outside Director because he is expected to contribute to the continuous improvement of our corporate value by offering useful findings and opinions across all of our business activities based on his extensive knowledge and experience.

## Standards for Selection of Auditors

The Company's policy is to form a Board of Auditors consisting of Outside Auditors who have legal independence in addition to high levels of expertise and discernment based on their experience in serving as a manager or person in charge of accounting in a listed company, and inside Auditors who can express their opinions regarding objective auditing based on their knowledge and experience in specialized fields and who are sufficiently qualified to ensure their independence from those involved in business execution. In line with this policy, the Company selects candidates for the Board of Auditors with its agreement.

## Diversity of the Board of Directors

The Company selects candidates for its Board of Directors by comprehensively considering each member's personality and other aptitudes, in order to form a Board of Directors with a good overall balance of knowledge, experience, and ability to effectively perform its roles and responsibilities. It should also ensure it maintains an appropriate size and diversity, including in terms of gender, internationality, professional experience, and age. To enhance our corporate value in the medium to long term in keeping with the basic philosophy described below, the Nomination and Compensation Committee held discussions on the skill items required for the Company's Board of Directors, and decided on the following eight items: corporate management; compliance and risk management; understanding of diversity and sustainability; international business; R&D, production, and new business development; sales and marketing; human resource development and training; and finance and accounting. These skill items will be reviewed and revised, if necessary, in the light of the business environment and social circumstances.

### Basic philosophy

- Contribute to society through fulfillment of the Company Mission: "Establish a better society through our corporate activities"
- Steadfastly maintain a stable management base and proactively develop new businesses while leveraging the strength of our existing businesses
- Realize an exciting (WakuWaku) company with fulfilling workplaces that respect diversity

As of the end of June, 2025 the current Board of Directors consists nine Directors with knowledge in line with these skill items (including three independent Outside Directors, two of whom are female) and four Auditors (three of whom are independent Outside Auditors). Independent Outside Directors include members who have management experience at other companies.

## “How to Address” the Diversity on the Board of Directors

In 2022, The Company identified our material issues (materiality). To address one of these issues, “Challenge-oriented and transparent management,” it has set out the following indicators for board diversity.

- Raise the female ratio to 30% or more
- Ratio of independent Outside Directors: 1/3 or more of the Board of Directors

### Skills Matrix

Name	Position	Outside	Independent	Skills							
				Corporate management	Compliance and risk management	Understanding of diversity and sustainability	International business	R&D, production, and new business development	Sales and marketing	Human resource development and training	Finance and accounting
Aya Shirai	Director	●	●	●	●	●	-	-	-	●	-
Akinori Higuchi	Representative Director, President and CEO	-	-	●	●	●	●	●	●	●	-
Masahiro Harada	Representative Director	-	-	-	●	●	-	●	●	-	-
Hiroyuki Susaki	Director	-	-	-	●	●	●	-	●	-	-
Yoshiyuki Oku	Director	-	-	-	●	●	●	-	-	●	●
Kenichi Nishimura	Director	-	-	-	●	●	●	-	-	-	●
Hideaki Obata	Director	●	●	●	●	●	●	●	-	●	-
Yumi Sano	Director	●	●	-	●	●	-	-	-	●	-
Hiroshi Tominaga	Director	●	-	●	●	●	●	-	●	-	●
Hirokazu Kurome	Auditor	●	●	●	●	●	●	●	-	-	-
Sho Takeuchi	Auditor	-	-	-	●	●	●	-	●	-	-
Yusuke Nakano	Auditor	●	●	●	●	●	-	-	-	-	●
Shuichi Kawatari	Auditor	●	●	●	●	●	●	-	●	-	-

## Compensation and Incentives for Directors

### Basic Policies on Compensation for Directors

- Secure excellent human resources to improve corporate performance
- Design a compensation level and system that are commensurate with job responsibilities

### Process for Determining the Compensation Level and System

Compensation level and system appropriateness are verified by the Nomination and Compensation Committee, a majority of which comprises Outside Directors. The Company's basic policy regarding the determination of the compensation for Directors is deliberated on and determined by the Board of Directors.

### Overview of types of compensation, etc.

The compensation for Directors consists of “basic compensation,” “bonuses,” and “stock-based compensation.”

Compensation type	Overview
Basic compensation	The basic compensation is based on the roles and responsibilities of each Director, and is determined by taking into account the status of financial results over the medium to long term and for the relevant fiscal year, as well as levels at other companies. It is paid on a monthly basis.
Bonuses	To raise awareness of improving business performance, base pay levels are calculated based on the financial results of the relevant fiscal year, with consolidated ordinary profit used as an indicator of the company’s profitability. Allocation to each director is then determined based on their roles and responsibilities as well as their evaluation.
Stock-based compensation	Points are granted depending on the position, etc. based on the Share Delivery Regulations. In principle, the shares of the Company are delivered depending on the number of points when Directors retire.

Although the ratio of basic compensation, bonuses, and stock-based compensation to the total compensation for each Director has not been determined, the compensation level and system are regularly verified by the Nomination and Compensation Committee, the majority of whose members are Outside Directors, so that they can function as incentives to improve business performance.

## Training for Directors and Auditors

For inside and full-time Directors and Auditors, we explain our Articles of Incorporation, Board of Directors Regulations, and other internal rules at the time of their inauguration. For Outside Directors and full-time Outside Auditors, we facilitate their understanding of our businesses by organizing site visits to our factories and other facilities. In addition, in FY2024, we invited an external lecturer to give a lecture on risk management and crisis management response, and related topics.

## Major Discussion Topics and Themes

### Board of Directors

- Formulation and revision of the Medium-Term Management Plan and the Comprehensive Plan
- Policy on operating major businesses
- Matters regarding investment, financing
- Confirmation of the results of the effectiveness evaluation of the Board of Directors
- Matters on which to seek advice from the Nomination and Compensation Committee
- Approval of relevant documents of financial statements
- Matters regarding procedures for the general meeting of shareholders
- Resolutions on conflict-of-interest transactions, Directors’ liability insurance, etc., appointment and dismissal of important employees, and matters related to compensation for Directors based on the Companies Act

### Nomination and Compensation Committee

- Policy on the composition of the Board of Directors
- Policy and criteria for the appointment and dismissal of Directors
- Compensation system and levels for Directors
- Succession planning and implementation measures

### Sustainable Management Committee

- Basic Policy on Sustainability
- Response to TCFD Recommendations
- Human Capital Management Activities
- Human rights initiatives
- Checking of external disclosure documents related to sustainability

### Risk Management Committee

- Basic Policy on Risk Management
- Identification of significant risks
- Monitoring of risk response status
- Evaluation results concerning internal controls related to financial reporting
- Measures to raise awareness of compliance
- Results of the use of whistleblowing contact points for consulting or reporting

## Effectiveness Evaluation of the Board of Directors

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The Company evaluates the effectiveness of the Board of Directors once a year. In FY2024, we conducted an anonymous questionnaire survey of all Directors, including Outside Directors, and all Auditors, and evaluated the effectiveness of the Board of Directors based on the results.

### FY2024 Questionnaire Survey on the Board of Directors

All Directors including Outside Directors (eight people) and all Auditors (four people)

Timing: March 2025

Method: Conducted anonymously using a third-party system to ensure objectivity

Content: Answer each question in the following major categories on a 5-point scale or in free text

1. Role, structure, and operation of the Board of Directors
2. Discussions at the Board of Directors meetings
3. Monitoring function of the Board of Directors
4. Performance of Directors
5. Training for Directors and Auditors
6. Dialogue with shareholders
7. Initiatives made by each Director
8. Operation of the Nomination and Compensation Committee

The results were reported to the Board of Directors' meeting held in May 2025, and were discussed and analyzed based on the results of a 5-point evaluation and free text to evaluate the effectiveness of the Board of Directors.

### Overview of Effectiveness Evaluation

The Board of Directors assessed those that certain improvements had been made regarding the issues identified through the effectiveness evaluation conducted in the previous fiscal year, which revealed areas with room for improvement in further enhancing the effectiveness of the Board and in strengthening the support provided by the Secretariat. Through the survey results, it was also evaluated that the effectiveness of the Board of Directors was generally ensured.

### Future Issues

In order to further enhance the effectiveness of the Board of Directors, we recognize the need to enrich discussions on initiatives to sustainably increase corporate value in toward the future, such as promoting human resource strategies and implementing management measures that take into account capital costs and stock prices. We also recognize the need to further strengthen the support system provided by the Secretariat, including by providing more training for executives, and we will work earnestly to address these issues.

## Succession Plan (Plan to foster successors)

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To realize our Group's Vision, we have established the personnel requirements that should be met by our Representative Director, President and CEO (the ideal image of the President). In light of these personnel requirements, we systematically provide training to equip successor candidates with the necessary qualities and capabilities, and the Nomination and Compensation Committee regularly reviews our progress, ensuring transparency in the selection process.

# Compliance

We, the Sanyo Chemical Group, declared in our Code of Corporate Ethics that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity, we are committed to improving our society and are following our Company Mission, “Establish a better society through our corporate activities.”

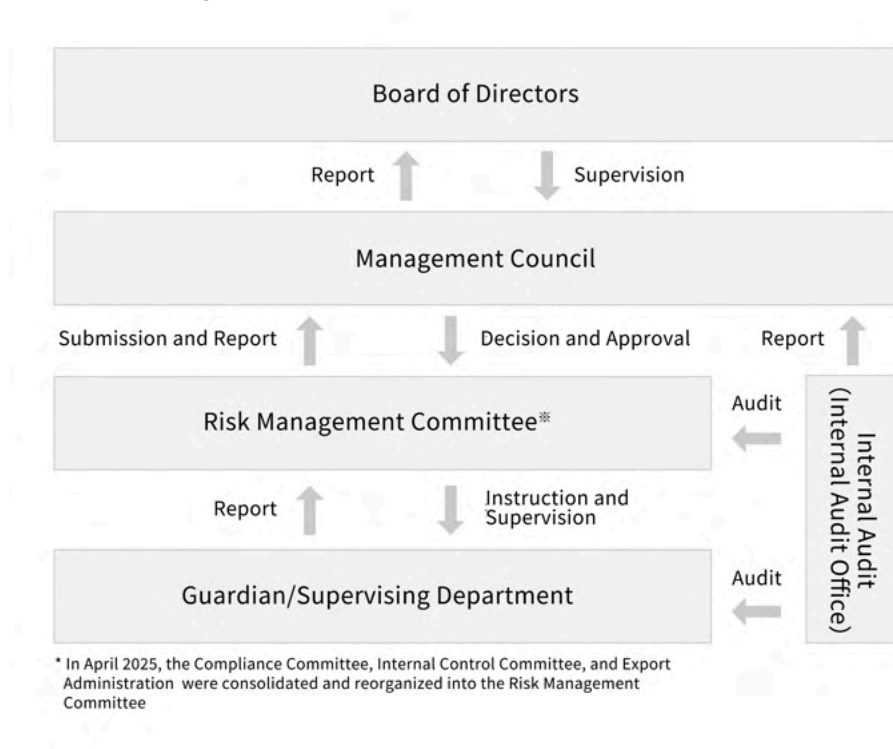
## Internal Compliance System

In order to comprehensively and exhaustively ascertain the risks facing the Group and respond appropriately, the Compliance Committee was dissolved and reorganized into the Risk Management Committee for better risk management in FY2025. In addition to the role of promoting company-wide compliance activities, which was previously carried out by the Compliance Committee, the Risk Management Committee will now be responsible for formulating basic policies, providing guidance, and overseeing company-wide risk management and internal control. The Director in charge of corporate ethics, which we have appointed to oversee efforts to promote company-wide compliance, works to ensure that compliance is widely known and thoroughly implemented throughout the Company.

We have also set up the Internal Audit Office under the direct control of the President, so as to strengthen our internal auditing function.

In FY2024, the Compliance Committee discussed the curriculum that employees learn in company-wide Corporate Ethics Study Sessions, while also reviewing compliance systems at overseas Group companies.

Compliance System Diagram



## Internal Auditing

The Internal Audit Office conducts internal auditing. It objectively inspects and evaluates the business management and operation systems and the business performance status in terms of legitimacy, effectiveness, and efficiency. Based on the results, it makes proposals for improvement or corrective recommendations to facilitate the Company's sound management and sustainable development.

## Education and Awareness-raising Activities

The Advice on Compliance and the Code of Conduct for Employees establishes specific criteria on daily behavior for employees.

### Corporate Ethics Study Sessions

The Group annually holds Corporate Ethics Study Sessions in all departments to prevent the occurrence of corporate misconduct. Recently, these sessions have placed particular focus on the kind of corporate culture behind corporate misconduct to learn how corporate culture reform leads to improved compliance.

We take seriously the fact that four cases of harassment occurred within the Group in FY2022, and have held study sessions on harassment since FY2023. In FY2024, 1,450 people in the Group (approx. 95% of all employees) watched a short educational video on the topic of harassment and then participated in a group discussion. After the sessions, a questionnaire survey was conducted to evaluate the Group's overall compliance activities, with a view to reflecting the results in educational activities in the following fiscal years.

### Legal Training Program

Employees of the Legal Affairs Dept. offer “legal training” for Group employees in Japan. They give lectures on various themes. Personnel in charge of the Legal Affairs Dept. are designated as contact people for respective organizations (such as business divisions, and subsidiaries and affiliates). Such arrangements make it easy to seek legal advice.

### Training Content for FY2024

Contents	Target people
Basic Knowledge about Contract	All employees
Insider Transaction Regulations	New employees, mid-career employees
Export Trade Control Order	Sales and research staff
Subcontract Act	All employees
Bribery and corruption prevention	All employees
Trade secrets and the Unfair Competition Prevention Act	All employees
Quality fraud prevention	All employees
Supplier bankruptcy and debt collection	Sales staff
Fundamentals of basic transaction agreements	All employees

## Whistleblowing System

When an employee is aware of a compliance issue, the basic rule is to discuss it with their supervisor or the personnel concerned. If the issue cannot be resolved, the employee can use whistleblowing contact points (such as the compliance hotline) that conform with the Whistleblower Protection Act. The internal contact point is the Senior Manager of the Internal Audit Office, while an external contact point is a corporate lawyer. We operate the regulation requiring that the whistleblowers’ confidentiality be carefully protected to prevent their identification.

In April 2023, we opened a consultation desk for harassment in addition to the whistleblowing contact points, working to create a system that makes it easier for whistleblowers (consultants) to use these services.

### Whistleblowing/Consultation Services (internal/external)

Compliance hotline	Whistleblowing	Internal	Internal Audit Office Senior Manager
		External	Corporate lawyer
Internal consultation desk for sexual harassment, maternity harassment, and LGBT (harassment)	Consultation	Internal	Personnel Dept.
Harassment consultation desk LGBT consultation desk	Consultation	External	Outside specialized institutions

In FY2024, the number of hotlines used was four in total, and it concerned harassment. We investigate facts with the utmost care to ensure that whistleblowers do not incur any detriment. If a problem is confirmed, we provide guidance, disciplinary action, and education to those involved. We also report on the operation of the whistleblowing service to the Risk Management Committee.

### Number of Whistleblowing Cases

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of reports (cases)	1	2	4	1	4

## Action Against Violations

Action to be taken when compliance violations are found (e.g., countermeasures, or announcements in or outside the Company) is stipulated in the Risk Management Committee Regulations.

When a violation is found, facts are scrutinized and punishment is determined based on the Rules of Employment and Disciplinary Actions Regulations in referring to internal regulations, such as the Operational Responsibility Regulations. Company-wide measures to prevent recurrence are discussed and determined. In FY2024, there was one disciplinary case.

## Fair Transaction and Anti-corruption

The Sanyo Chemical is a member of the United Nations Global Compact. The Code of Corporate Ethics and the Code of Conduct for Employees stipulate commitment to “fair competition, proper transactions, and responsible procurement.” The Operational Responsibility Regulations of business divisions require the “prevention of unlawful transactions and acts, prohibition of bribery, and confirmation of non-violation of export regulations and laws related to chemical substances in respective countries.”

Education is offered to employees through “legal training.”

We do not violate antimonopoly laws, antitrust laws, or competition laws of respective countries.

### Political donations

We do not make political donations.



**Transparency regarding the provision and use of research spending, etc.**

In accordance with the Transparency Guidelines with medical institutions set forth by the Japan Association of Laboratory Medicine and the Japan Federation of Medical Devices Industries, we have established "Guidelines on the Relationship with Medical Institutions, etc." and announce the status of implementation every year.

➤ [GUIDELINES ON THE RELATIONSHIP WITH MEDICAL INSTITUTIONS \(Japanese Only\)](#)

We have announced the appropriate operation and management system for public research spending.

➤ [PUBLIC RESEARCH SPENDING \(Japanese Only\)](#)

# Risk Management

Sanyo Chemical Group appropriately manages risks that could have a significant impact on management, avoids threats to business continuity, and prepares for unforeseen circumstances. To this end, we have established internal regulations for each anticipated risk and practice risk management through awareness-raising, education, and training.

## Basic Policy

In May 2025, we formulated the following Basic Policy on Risk Management.

### Basic Policy on Risk Management

The Group aims to achieve its management goals by carrying out company-wide risk management activities to comprehensively and exhaustively ascertain, and respond appropriately to, internal and external risks that could affect its management strategies.

## Risk Management System

### Risk Management Committee

The Risk Management Committee, which reports to the Management Council, comprehensively and exhaustively ascertains the risks facing the entire company, evaluates each risk based on its probability of occurrence and impact on the Company, selects important risks that should be addressed as a priority, and determines countermeasures. Committee members comprise those in charge of different functions and departments, and act as "guardians" to prevent risks from occurring in their respective areas of responsibility, while also overseeing initiatives to properly address risks. The Risk Management Committee also oversees the development, construction, and operation of the internal control system, receiving reports on the results of annual internal control evaluations and instructing the relevant departments on countermeasures as necessary. The committee also promotes compliance and monitors the status of internal reporting. It reports progress on initiatives to the Board of Directors at least once a year, and reports important agenda items to the Board of Directors on each occasion after being resolved by the Management Council.

### Internal Audit Office

The Internal Audit Office comprises an internal control function and an internal audit function, each of which operates independently.

#### Internal Control Function

The internal control function evaluates internal controls and reports to the Risk Management Committee, and, if necessary, proposes changes to the Basic Policy on the Internal Control System while providing guidance to the department in charge of building the internal control system.

Regarding internal control related to the Companies Act, the basic policy on the internal control system was resolved by the Board of Directors and publicized in 2006 in accordance with the Companies Act and the Regulations for Enforcement of the Companies Act. It is reviewed as appropriate.

Regarding internal control related to financial reports, operational processing control and overall IT control, from company-wide internal control and sales to the financial reporting process, are evaluated. The results are compiled as the internal control report and are reported to the Risk Management Committee. The internal control audit report prepared by the accounting auditor is attached and submitted to the Kanto Finance Bureau.

Regarding internal control related to risks other than financial reports, a set of documents, including procedures for risk reduction measures against expected risks and self-check sheets, are prepared and posted on the intranet so that employees can read them at any time.

#### Internal Audit Function

As an independent organization, the internal audit function comprehensively audits the operational status of each department within the Company, including the significant risks identified by the Risk Management Committee, and reports the results to the President and full-time Auditors. It also reports these results to the Management Council and Board of Directors as necessary.

## Risk Management System Diagram



## Risk-based Audit

The Internal Audit Office conducts internal audit across the organization by preparing a risk-based audit map covering business and operational risks and by setting audit themes for each fiscal year with priorities taken into account.

## Business Continuity Plan (BCP)

The Group draws up and operates BCPs that prepare for response in the event of a massive earthquake or a pandemic. The BCP Secretariat takes the initiative in conducting a review every year to make the BCP further effective. We also continuously hold practical drills in each region.

## Information Management

Recognizing the importance of confidential information, we have the Security Management Regulations in place to prevent information leakage, ensure proper use, and prevent unauthorized acquisition, use, and disclosure of confidential information of third parties. We ensure security by establishing the Information System Security Regulations and the Personal Computer and Network Management Regulations, introducing a firewall and other network security systems, managing licenses for the use of information systems, and limiting access to the Internet. To raise the security awareness of employees and prevent information security accidents, we offer information security education every year.

## Personal Information Protection

We have laid down the Privacy Policy, which stipulates the purpose and method of use of personal information, the management thereof, and a consultation desk. Based on this policy, we have established the Personal Information Protection Management Regulations and the Specific Personal Information Handling Regulations to ensure appropriate protection of personal information, including Individual Numbers under the Individual Number system and specific personal information. In the case of any contradiction or conflict between these regulations, the Specific Personal Information Handling Regulations shall take precedence. An IT system is also in operation to ensure security.

We also comply with the Social Media Policy, which was formulated regarding the operation of official social media accounts and the use of social media by respective employees.

» [PRIVACY POLICY](#)

» [SOCIAL MEDIA POLICY](#)

## Overseas Crisis Management Activities

Sanyo Chemical Group has established and implemented the Basic Regulations for Overseas Crisis Management, which set forth basic points for reducing risks that may cause harm to the lives, bodies, and property of the Group employees outside Japan, and for responding to an overseas crisis if such an event should occur. The regulations specify the crisis management organizations and the chain of command that will function in the case of emergency and define the responsibilities and authority of the Overseas Crisis Management Secretariat and the response headquarters, so that appropriate responses can be made accordingly. The Overseas Crisis Management Secretariat is established within the Personnel Division to constantly gather and analyze information and issue overseas travel warnings as necessary. When the BCP is implemented, the Overseas Crisis Management organizations will work in coordination with the Business Continuity Task Force.

# ESG Data

Environment

Social

Governance

### Scope of data calculation

The terms below are used to indicate the scope of calculation for the data provided.

“SCI” indicates all facilities of Sanyo Chemical Industries, Ltd.

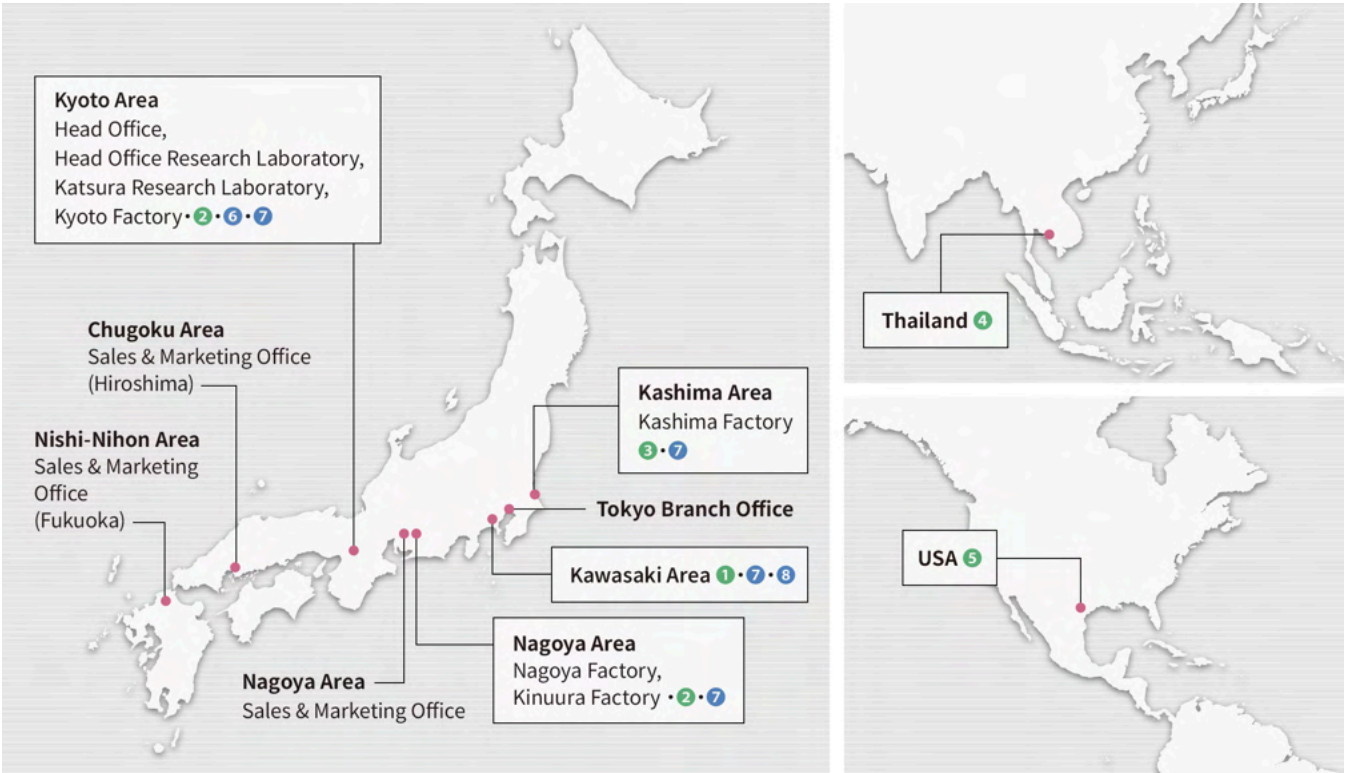
“Domestic” indicates SCI, SDP Global Co., Ltd., San Chemical Co., Ltd., SAN NOPCO LIMITED, San-Petrochemicals Co., Ltd., San-Apro Ltd., Sanyo Chemical Logistics Co., Ltd., Shiohama Chemicals Warehouse Co., Ltd.

“Overseas” indicates overseas affiliates/subsidiaries that have production facilities (Sanyo Kasei (Thailand) Ltd., San-Dia Polymers (Nantong) Co., Ltd., Sanyo Chemical Texas Industries, LLC).

For facilities with no notation, the scope is “domestic” plus “overseas.”

Note: SDP Global Co., Ltd. was absorbed by Sanyo Chemical on April 1, 2025, and San-Dia Polymers (Nantong) Co., Ltd. transferred its stake during FY2024, but data shown here includes FY2024 figures for these companies.  
Period: April 1, 2024 - March 31, 2025  
However, Sanyo Kasei (Thailand) Ltd. uses a fiscal year from January 1, 2024 to December 31, 2024, the same as its reporting period.

### ISO Certification



	Location	Facility	Year of establishment (operation)	ISO14001		ISO9001	
				Year acquired	Certification authority	Year acquired	Certification authority
Production Base	-	Kashima Factory, Sanyo Chemical Industries, Ltd.	1977	-	-	1997	JCQA
	-	Kyoto Factory, Sanyo Chemical Industries, Ltd.	1949	-	-	1999	JCQA
	-	Nagoya Factory, Sanyo Chemical Industries, Ltd.	1969	-	-	1998	JCQA
	-	Kinuura Factory, Sanyo Chemical Industries, Ltd.	2010	-	-	2010	JCQA
	(1)	San Chemical Co., Ltd.	1982	-	-	2000	JCQA
	(2)	SAN NOPCO LIMITED	1966	-	-	2000	JCQA
	(3)	San-Petrochemicals Co., Ltd.	1977	-	-	-	-
	(4)	Sanyo Kasei (Thailand) Ltd.	1997	2009	TICA/J-VAC	2004	TICA/J-VAC
	(5)	Sanyo Chemical Texas Industries, LLC	2005	-	-	-	-
Non-production Base	(6)	San-Apro Ltd.	1966	-	-	2003	JCQA
	(7)	Sanyo Chemical Logistics Co.,Ltd.	2020	-	-	-	-
	(8)	Shiohama Chemicals Warehouse Co.,Ltd.	1983	-	-	-	-

Note: The four Sanyo Chemical factories and domestic subsidiaries and affiliates (1) through (3) discontinued their ISO14001 certification in FY2020.

(3) San-Petrochemicals Co., Ltd. also discontinued its ISO9001 certification in FY2020.

## Data Concerning Environmental Investment and Environmental Efficiency

### Environmental Accounting Results

Trends in aggregate values by classification based on the Environmental Accounting Guidelines (2005 version)

Scope: Domestic and overseas (except for SDP Global Co., Ltd., San-Dia Polymers (Nantong) Co., Ltd.)

#### Classification According to Business Activity

Investment/expenses (unit: million yen)

Classification		FY2020	FY2021	FY2022	FY2023	FY2024
Facility area expenses	(1) Pollution prevention expenses	260/843	216/842	297/875	164/884	235/841
	(2) Global environmental conservation expenses	81/650	64/671	27/663	31/640	65/549
	(3) Resource recycling expenses	41/1,850	1/1,794	1/1,898	58/1,378	0/1,202
Upstream/downstream expenses		0/34	2/40	0/33	0/32	0/35
Administrative expenses		1/459	55/475	3/505	0/411	0/346
R&D expenses*		0/464	0/663	0/730	0/760	0/2,331
Social activity expenses		0/124	0/132	0/138	0/154	0/190
Environmental remediation expenses		20/5	0/3	0/4	0/3	0/0
Total		404/4,428	338/4,620	327/4,846	252/4,263	301/5,495

Note: Investment amounts are based on receiving inspections for the period in question. Expense amounts include depreciation.

\* Calculation method changed in FY2024

#### Classification According to Environmental Conservation Measures

Investment/expenses (unit: million yen)

Classification	FY2020	FY2021	FY2022	FY2023	FY2024
(1) Global warming measures	40/633	19/646	34/642	37/630	65/546
(2) Ozone layer protection measures	0/1	1/5	0/2	0/5	0/4
(3) Air-quality conservation measures	185/394	232/391	224/408	136/407	153/393
(4) Noise and vibration measures	5/75	1/64	0/74	0/70	0/65
(5) Environmental conservation measures for the aquatic, ground, and geologic environments	136/414	73/432	62/456	44/446	82/399
(6) Waste and recycling measures	34/1,857	1/1,803	1/1,906	58/1,383	0/1,204
(7) Measures for reducing chemical risk and emissions	0/282	0/277	0/259	0/204	0/222
(8) Natural environment conservation	0/16	3/17	1/16	0/12	0/12
(9) Other	3/292	9/322	5/354	4/346	1/318
Total	404/3,963	338/3,957	327/4,116	279/3,504	301/3,163

Note: R&D investment/expenses are not classified

#### Economic Impact of Environmental Conservation Measures (monetary units)

(unit: million yen)

Classification		FY2020	FY2021	FY2022	FY2023	FY2024
Energy savings		6	41	20	26	105
Resource savings	Waste reduction	48	77	7	40	78
	Raw material use reduction	174	152	82	137	52
	Revenue from recycling	52	55	70	78	61
Total		279	325	179	281	296

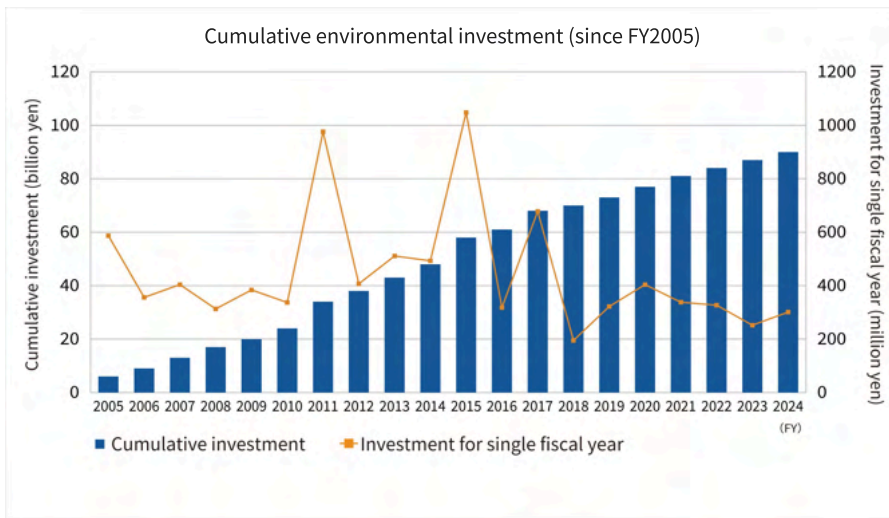
Note: Includes effects of non-investment measures (e.g., process improvements)



## Environment, Safety, and Accident Prevention Investment

(unit: million yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Environmental conservation	404	338	327	252	301
Safety/accident prevention	344	391	611	719	636
Total	747	729	938	971	937



## Climate Change Related Data

### Energy Related Data

		unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Production volume	tons		Domestic	332,320	343,716	317,848	283,209	233,063
			Overseas	238,468	179,998	149,516	162,413	81,359
			Total	570,788	523,714	467,365	445,622	314,422
Raw material input	tons		Domestic	383,120	400,002	362,825	305,929	267,712
			Overseas	319,739	236,875	198,151	206,452	8,261
			Total	702,859	636,877	560,976	512,380	275,973
Energy consumption	Crude oil equivalent kL		Domestic	81,073	81,013	78,229	64,917	56,857
			Overseas	64,981	51,205	44,993	43,072	19,992
			Total	146,054	132,218	123,221	107,989	76,850
Energy consumption intensity per production volume	Crude oil equivalent kL/ton		Domestic	0.244	0.236	0.246	0.229	0.244
			Overseas	0.272	0.284	0.301	0.265	0.246
			Total	0.256	0.252	0.264	0.242	0.244
Energy generated on-site (cogeneration)	Crude oil equivalent kL		Domestic	15,975	13,165	13,332	9,878	9,584
			Overseas	2,824	2,782	3,047	1,555	0*
			Total	18,799	15,946	16,379	11,433	9,584
Renewable energy use (solar power generation)	Crude oil equivalent kL		Domestic	12	13	13	5	11
			Overseas	30	32	20	11	17
			Total	42	45	32	16	28
Energy mix	Purchased electricity	%	Domestic and overseas	30.4	33.0	33.1	31.6	33.1
	Purchased steam			13.0	17.1	18.4	21.3	24.8
	Fuel oil			2.0	0.8	0.5	2.1	1.9
	Natural gas			35.6	37.6	38.1	30.7	27.2
	LPG			19.1	11.6	10.0	14.3	13.0

\* The overseas cogeneration equipment was located at SDP Global (Malaysia) SDN.BHD.

## GHG Related Data

	unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
GHG emissions <sup>*1</sup>	tons CO <sub>2</sub>	Domestic	157,715	153,406	146,565	122,861	105,968
		Overseas	150,568	123,562	109,031	108,177	52,599
		Total	308,283	279,968	255,596	231,038	158,567
CO <sub>2</sub>	tons	Domestic and overseas	307,950	276,092	255,211	230,611	158,273
CH <sub>4</sub>	tons CO <sub>2</sub>	Domestic and overseas	10	10	10	30	24
N <sub>2</sub> O	tons CO <sub>2</sub>	Domestic and overseas	43	38	36	156	113
Fluorocarbon leakage volume <sup>*2</sup>	tons CO <sub>2</sub>	Domestic	280	827	339	241	157
GHG emissions intensity per unit of production	tons CO <sub>2</sub> /tons	Domestic	0.475	0.446	0.461	0.434	0.456
		Overseas	0.631	0.686	0.729	0.666	0.647
		Total	0.540	0.529	0.547	0.518	0.505
CO <sub>2</sub> emissions during transport as a consignor <sup>*3</sup>	tons CO <sub>2</sub>	Domestic	10,398	10,368	8,765	8,127	7,646
Increase in CO <sub>2</sub> forest absorption <sup>*4</sup>	tons CO <sub>2</sub>	Domestic	13	39	11	20	13
Avoided CO <sub>2</sub> emissions by using our products <sup>*5</sup>	10,000tons CO <sub>2</sub>	-	48	49	49	54	90

\*1 Calculated in conformance with the Act on Promotion of Global Warming Countermeasures. However, the CO<sub>2</sub> conversion factors for electricity at overseas facilities conforms to the U.S. Energy Information Administration (EIA) figures in the case of the U.S.A., and to the Institute for Global Environmental Strategies (IGES) figures in the case of China, Thailand, and Malaysia.

\*2 Volume of leakage from air conditioners, chillers, etc. based on the Act on Rational Use and Proper Management of Fluorocarbons

\*3 Total domestic transportation for SCI; SDP Global Co., Ltd.; and SAN NOPCO LIMITED

\*4 Increase in CO<sub>2</sub> absorption by forest thinning and other measures in the town of Wazuka due to funding provided to the Kyoto Model Forest Association's "Forest Creation Fund" LIMITED

\*5 Avoided CO<sub>2</sub> emissions are calculated by comparing the emissions from conventional products with those from our products, and multiplying the difference by the sales volume for the relevant fiscal year.

The target products were reviewed in FY2024. For details, see [Supporting the Environment | Environmental Performance Chemicals](#)

Note: Domestic GHG emissions until FY2022 have been recalculated as they did not include fluorocarbon leakage volume.

## GHG Emissions Data by Scope

(unit: CO<sub>2</sub> tons)

	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1 – Direct emissions	181,509	145,753	130,031	105,287	69,315
Scope 2 – Indirect emissions from the use of energy supplied by others (market basis)	126,495	130,283	125,226	125,751	89,252
Scope 3 – Sum of supply chain emissions across all categories	2,322,571	2,393,025	2,215,054	1,910,981	1,754,201
Cat 1 <sup>*1</sup> – Purchased goods and services	1,178,559	1,216,830	1,151,303	1,013,918	922,054
Cat 2 – Capital goods	18,367	20,922	19,670	17,065	20,662
Cat 3 – Fuel and energy-related activities not included in Scope 1 or 2	24,564	24,219	24,009	32,908	30,286
Cat 4 – Upstream transportation and distribution	21,789	26,482	20,780	18,492	21,843
Cat 5 – Waste generated in operations	409	812	820	23,811	12,301
Cat 6 – Business travel	189	184	181	179	204
Cat 7 – Employee commuting	476	472	463	461	511
Cat 8 <sup>*2</sup> – Upstream leased assets	-	-	-	-	-
Cat 9 <sup>*3</sup> – Downstream transportation and distribution	-	-	-	-	-
Cat 10 <sup>*3</sup> – Processing of sold products	-	-	-	-	-
Cat 11 <sup>*3</sup> – Use of sold products	-	-	-	-	-
Cat 12 – End-of-life treatment of sold products	1,027,575	1,055,712	948,355	749,945	698,266
Cat 13 <sup>*2</sup> – Downstream leased assets	-	-	-	-	-
Cat 14 <sup>*4</sup> – Franchises	-	-	-	-	-
Cat 15 – Investments	50,643	47,391	49,473	54,200	48,432

Note: Scope 3 emissions were calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Ministry of the Environment and by reference to the Ministry of the Environment's Report on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain. Version 2.3 is used through FY2022, and version 3.4 is used from FY2023

[Scope of Calculation]

• Scope 1, Scope 2: Domestic and overseas

• Scope 3

Until FY2023

Cat 1-7: SCI, SDP Global Co., Ltd., San Chemical Co., Ltd.

Cat 12: SCI, SDP Global Co., Ltd., San Chemical Co., Ltd., certain products sold by overseas affiliates/subsidiaries

Cat 15: SCI

In FY2024

Cat 1 : SCI, SDP Global Co., Ltd., San Chemical Co., Ltd.

Cat 2 : Domestic

Cat 3 : SCI, SDP Global Co., Ltd., San Chemical Co., Ltd., SAN NOPCO LIMITED, San-Petrochemicals Co. Ltd.

Cat 4 : SCI, SDP Global Co., Ltd., San Chemical Co., Ltd., SAN NOPCO LIMITED, San-Petrochemicals Co. Ltd.

Cat 5 : SCI, SDP Global Co., Ltd., San Chemical Co., Ltd.

Cat 6 : Domestic

Cat 7 : Domestic

Cat 12 : SCI, SDP Global Co., Ltd., San Chemical Co., Ltd., certain products sold by overseas affiliates/subsidiaries

Cat 15 : SCI

\*1 Changed the CO<sub>2</sub> conversion factor for purchased raw materials to "IDEA Ver. 2" of the National Institute of Advanced Industrial Science and Technology (AIST) in FY2022. Before FY2021: "Common Unit CO<sub>2</sub> Conversion Database ver. 4.01," Ministry of the Environment of Japan, Carbon Footprint System Pilot Project

\*2 Only leases within the group; calculated for Scopes 1 and 2

\*3 Not calculated due to difficulty in collecting necessary data for calculation

\*4 Out of scope as there were no relevant activities

## Waste and Resource Circulation Related Data

	unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Waste generated	tons	Domestic	36,627	38,274	34,587	30,653	28,274
		Overseas	8,803	7,891	9,607	9,371	3,892
		Total	45,430	46,165	44,194	40,024	32,165
Waste intensity per unit of production	tons/tons	Domestic	0.110	0.111	0.109	0.108	0.121
		Overseas	0.037	0.044	0.064	0.058	0.048
		Total	0.080	0.088	0.095	0.090	0.102
Waste emissions	tons	Domestic	13,317	14,574	14,541	11,633	10,555
		Overseas	9,004	7,424	8,562	8,459	3,876
		Total	22,321	21,997	23,103	20,092	14,432
Recycled waste <sup>*1</sup>	tons	Domestic	6,935	7,657	7,113	5,597	8,148
		Overseas	3,891	3,315	4,508	4,377	625
		Total	10,825	10,972	11,621	9,974	8,773
Recycle rate <sup>*2</sup>	%	Domestic	18.9	20.0	20.6	18.3	28.8
		Overseas	44.2	42.0	46.9	46.7	16.1
		Total	23.8	23.8	26.3	24.9	27.3
Final landfill disposal	tons	Domestic	0.9	1.0	2.5	0.7	0
		Overseas	3.0	5.1	3.9	3.6	3.0
		Total	3.9	6.1	6.4	4.3	3.0
Landfill rate <sup>*3</sup>	%	Domestic	0	0	0.01	0	0
		Overseas	0.03	0.06	0.04	0.04	0.08
		Total	0.01	0.01	0.01	0.01	0.01
Specially controlled industrial waste <sup>*4</sup>	tons	Domestic	3,689	2,016	3,295	1,259	1,035

\*1 Total amount of internal and external recycling, including thermal recycling

\*2 Ratio of recycled waste to waste generated: Recycled waste ÷ waste generated × 100

\*3 Ratio of final landfill disposal to waste generated: Final landfill disposal ÷ waste generated × 100

\*4 Specially controlled industrial waste: Industrial waste with explosive, toxic, infectious, or other properties that may harm human health or the living environment

## Water Resource Related Data

	unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Water withdrawal	thousand m <sup>3</sup>	Domestic and overseas	4,269	4,295	4,333	3,973	3,732
Tap water	thousand m <sup>3</sup>	Domestic	132	137	139	130	130
		Overseas	263	284	261	204	17
		Total	395	421	400	334	147
Industrial water	thousand m <sup>3</sup>	Domestic	3,367	3,558	3,513	3,202	3,158
		Overseas	507	315	421	437	427
		Total	3,873	3,874	3,933	3,639	3,585
Surface water (rivers, lakes, marshes, etc.)	thousand m <sup>3</sup>	Domestic and overseas	0	0	0	0	0
Ground water	thousand m <sup>3</sup>	Domestic and overseas	0	0	0	0	0
Seawater	thousand m <sup>3</sup>	Domestic and overseas	0	0	0	0	0
Facilities in water stress areas <sup>*1</sup>	locations	Domestic and overseas	-	-	-	-	1
Total water withdrawal in water stress areas	thousand m <sup>3</sup>	Domestic and overseas	-	-	-	-	222
Water consumption <sup>*2</sup>	thousand m <sup>3</sup>	Domestic and overseas	1,382	1,124	1,035	1,061	781
Water discharge <sup>*3</sup>	thousand m <sup>3</sup>	Domestic	2,738	3,039	3,024	2,711	2,772
		Overseas	149	132	274	201	180
		Total	2,887	3,171	3,298	2,912	2,952
Water discharged into surface waters (rivers, lakes, marshes, etc.)	thousand m <sup>3</sup>	Domestic	1,688	1,912	1,924	1,671	1,763
Water discharged underground	thousand m <sup>3</sup>	Domestic	0	0	0	0	0
Marine discharge	thousand m <sup>3</sup>	Domestic	889	985	955	899	860
Water discharged to third parties (sewage systems, etc.)	thousand m <sup>3</sup>	Domestic	159	140	144	141	149
COD in wastewater <sup>*3</sup>	tons	Domestic	117	156	142	115	152
		Overseas	23	17	29	26	30
		Total	140	173	171	142	181
Total phosphorus emissions in wastewater <sup>*3</sup>	tons	Domestic	0.83	0.77	0.97	0.68	0.69
		Overseas	0	0	0	0.01	0
		Total	0.83	0.77	0.97	0.69	0.69
Total nitrogen emissions in wastewater <sup>*3</sup>	tons	Domestic	5.1	4.2	4.0	3.0	4.6
		Overseas	0.6	0.8	1.3	1.3	2.6
		Total	5.6	5.0	5.3	4.2	7.3

<sup>\*1</sup> Assessment using the Aqeduct 4.0 Water Risk Atlas from the World Resources Institute (WRI)

Areas where "Water Stress" is "Extremely High" or "High" are defined as water stress areas.

<sup>\*2</sup> Water consumption: The difference between the volume of water withdrawal and the volume of water discharged

<sup>\*3</sup> Excludes San-Dia Polymers (Nantong) Co., Ltd. in FY2024



## Chemical Substance Emission Data

### Atmospheric Emissions Related Data

	unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
NOx <sup>*1</sup>	tons	Domestic	87	39	89	84	50
		Overseas	36	20	15	16	1
		Total	123	60	104	100	51
SOx <sup>*1</sup>	tons	Domestic	1.1	1.6	0.6	1.5	1.3
		Overseas	10.0	5.0	4.1	6.3	0.2
		Total	11.1	6.6	4.7	7.8	1.5
Soot and dust <sup>*1</sup>	tons	Domestic	3.1	2.0	4.6	3.7	2.0
		Overseas	3.9	2.2	1.9	2.0	0.0
		Total	7.0	4.2	6.5	5.7	2.0
VOC emissions <sup>*2</sup>	tons	Domestic	70	73	66	44	39
		Overseas	23	17	8	8	4
		Total	93	90	74	52	43
Leakage of fluorochemicals <sup>*1</sup>	kg	Domestic	106	252	102	84	82
Ozone-depleting substances <sup>*3</sup>	kg CFC-11		3	1	1	0	0

\*1 Excludes SDP Global Co., Ltd. in FY2024

\*2 Total atmospheric emission of substances subject to former and current revisions of the PRTR Law, and PRTR substances specified by the Japan Chemical Industry Association. Due to legal revisions, revisions have been made to substances of concern since FY2023.

\*3 Leakage of HCFCs from air conditioners, chillers, etc. based on the Act on Rational Use and Proper Management of Fluorocarbons, converted to CFC-11 equivalent.

Note: Excludes San-Dia Polymers (Nantong) Co., Ltd. in FY2024

### Release/Transfer of Substances Subject to the PRTR Law (domestic sites)

(unit: tons)

	FY2020	FY2021	FY2022	FY2023	FY2024
Atmospheric emissions	44	47	42	29	24
Water emissions	0.4	0.4	0.3	0.4	0.5
Transfer of waste	365	577	517	361	447

## Release and Transfer of Major Substances Subject to the PRTR Law, by Facility (FY2024)

Substances subject to notification of which at least 0.01 tons of annual emissions were released to the air or water or transferred, or of which at least 0.1 tons were transferred as waste, are listed below.

(unit: tons)

Facility	Control No.	Substance	Atmospheric emissions	Water emissions	Transfer of waste	
Nagoya Factory	4	Acrylic acid and its water-soluble salts	0.28	0	0	
	9	Acrylonitrile	0.04	0	0	
	37	4,4'-Isopropylidenediphenol	0	0.02	0	
	53	Ethylbenzene	0.08	0.03	143	
	56	Ethylene oxide	0.07	0	0	
	58	Ethylene glycol monomethyl ether	0.07	0	0	
	66	1,2-Epoxybutane	0.35	0	0	
	68	1,2-Epoxypropane (also known as propylene oxide)	1.42	0	0	
	80	Xylene	0.05	0.03	4.8	
	134	Vinyl acetate	0.05	0	0	
	178	1,2-Dichloropropane	0.80	0	0.1	
	232	N,N-Dimethylformamide	0.12	0.08	57.1	
	300	Toluene	1.83	0	0.2	
	398	Benzyl chloride	0.03	0	0	
	405	Boron compounds	0	0.04	0	
	674	Tetrahydrofuran	0.09	0	0	
	737	Methyl isobutyl ketone	0.05	0	0	
	97 substances handled		Total emissions or transfer volume	5.35	0.37	89.3
	Kashima Factory	3	Ethyl acrylate	0.01	0	0
		4	Acrylic acid and its water-soluble salts	0.02	0	0
7		n-Butyl acrylate	0.09	0	0	
8		Methyl acrylate	0.07	0	0	
53		Ethylbenzene	0.83	0.02	92.5	
65		Epichlorohydrin	1.40	0	5.1	
80		Xylene	0.49	0.01	69.7	
123		3-Chloropropene	0.63	0	0	
128		Chloromethane	4.19	0	0	
134		Vinyl acetate	0.29	0	0	
232		N,N-Dimethylformamide	0.03	0	28.5	
240		Styrene	0.16	0	3.7	
270		Terephthalic acid	0	0	0.3	
273		1-Dodecanol	0	0	0.1	
277		Triethylamine	0	0	2.0	
300		Toluene	0.60	0.05	0	
351		1,3-Butadiene	0.01	0	0	
415		Methacrylic acid	0.19	0	28.0	
420		Methyl methacrylate	3.36	0	30.7	
511		Dibenzyl ether	0	0	2.3	
564		2-Ethylhexyl Acrylate	0	0	0.9	
629		Cyclohexane	2.76	0	0	
65 substances handled		Total emissions or transfer volume	15.15	0.12	264.9	

Facility	Control No.	Substance	Atmospheric emissions	Water emissions	Transfer of waste
Kyoto Factory	53	Ethylbenzene	0	0	13.7
	80	Xylene	0	0	9.2
	232	N,N-Dimethylformamide	0	0	42.4
	300	Toluene	0	0	5.0
	420	Methyl methacrylate	0.03	0	1.4
	66 substances handled		Total emissions or transfer volume	0.04	0
Kinuura Factory	56	Ethylene oxide	0.06	0	0
	68	1,2-Epoxypropane (also known as propylene oxide)	0.18	0	0
	3 substances handled		Total emissions or transfer volume	0.25	0
San Chemical Co., Ltd.	56	Ethylene oxide	0.10	0	0
	68	1,2-Epoxypropane (also known as propylene oxide)	0.35	0	0
	35 substances handled		Total emissions or transfer volume	0.45	0
SDP Global Co., Ltd.	4	Acrylic acid and its water-soluble salts	0.77	0	0
	3 substances handled		Total emissions or transfer volume	0.77	0
SAN NOPCO LIMITED	4	Acrylic acid and its water-soluble salts	0.02	0	0
	8	Methyl acrylate	0.01	0	0
	30	Linear alkylbenzene sulfonic acid and its salts (limited to those with alkyl chains of 10 to 14 carbon atoms and their mixtures)	0	0	0.1
	53	Ethylbenzene	0	0	0.2
	80	Xylene	0	0	0.1
	300	Toluene	0.09	0	2.6
	407	Polyoxyethylene alkyl ether	0	0	0.2
	737	Methyl isobutyl ketone	0.40	0	0
	68 substances handled		Total emissions or transfer volume	0.57	0
San-Petrochemicals Co., Ltd.	190	Dicyclopentadiene	0.06	0	3.2
	337	4-Vinyl-1-cyclohexene	0.22	0	0.2
	351	1,3-Butadiene	0.08	0	0
	400	Benzene	0.05	0	0
	590	Ethylidene norbornene	1.27	0	7.8
	7 substances handled		Total emissions or transfer volume	1.68	0

## Dioxins

(unit: mgTEQ)

Facility	Control No.	Substance	Atmospheric emissions	Water emissions	Transfer of waste
Nagoya Factory	243	Dioxins	0.13	2.54	107.23
Kyoto Factory	243	Dioxins	0.47	0.08	0.19

## Atmospheric Emissions of Major Substances Subject to the PRTR Law (domestic sites)

(unit: tons)

Control No.	Substance	FY2001	FY2020	FY2021	FY2022	FY2023	FY2024
4	Acrylic acid	4.9	10.4	5.0	6.1	2.0	1.1
9	Acrylonitrile	13.0	0.1	0.1	0	0	0
53	Ethylbenzene	3.8	1.1	1.2	1.2	0.9	0.9
56	Ethylene oxide	17.9	0.5	0.3	0.3	0.2	0.2
65	Epichlorohydrin	1.0	1.4	1.4	1.4	1.5	1.4
68	Propylene oxide	56.2	3.3	3.4	2.3	2.0	2.0
80	Xylene	4.6	0.6	0.7	0.7	0.5	0.5
128	Chloromethane	9.2	17.8	17.2	15.1	6.1	4.2
157	1,2-Dichloroethane	4.3	0.6	0.4	0.4	0.1	0.0
178	1,2-Dichloropropane	3.0	0.8	1.0	0.9	1.1	0.8
232	N,N-Dimethylformamide	2.6	0.2	0.2	0.2	0.2	0.2
240	Styrene	1.6	0.2	0.2	0.2	0.1	0.2
300	Toluene	30.2	0.7	8.6	5.6	4.4	2.5
351	1,3-Butadiene	3.2	0.1	0.1	0.1	0.2	0.1
420	Methyl methacrylate	19.3	4.5	4.8	4.8	4.0	3.4

## Main PRTR Measures, and VOC Emission Reduction Measures and Results

Implemented (FY)	Facility	Measures	Result	Reduction per year (tons)
2001	Nagoya Factory	Improvement of propylene oxide receiving system	Propylene oxide emissions to the air	50
2001-2005	San-Petrochemicals Co., Ltd.	Process improvement	Butadiene emissions to the air	1.4
2001-2005	Nagoya Factory, Kashima Factory	Reduction of chlorinated solvents (process changes, replacements, discontinuations, etc.)	1,2-Dichloroethane, etc. emissions to the air	7
2002-2004	Kyoto Factory	Production process improvement and emissions cooling system installation	Methyl methacrylate emissions to the air	9
2002	Nagoya Factory	Replacement and/or discontinuation	Hydrogen fluoride and its water-soluble salts emissions to water	0.6
2003	Nagoya Factory	VOC adsorption system installation	Mainly acrylonitrile emissions to the air	25
2004	San Chemical Co., Ltd. (Kawasaki Factory)	Propylene oxide emissions combustion system installation	Propylene oxide emissions to the air	6
2005	Kashima Factory	Production process improvement	Methyl methacrylate emissions to the air	3
2005	Nagoya Factory	VOC adsorption system installation	Mainly toluene emissions to the air	17
2005	Nagoya Factory	Ethylene oxide emissions processing system installation	Ethylene oxide emissions to the air	20
2005	SDP Global Co., Ltd. (Ogaki Production Dept.)	Cyclohexane adsorption/collection system installation	Cyclohexane emissions to the air	300
2006	Kashima Factory	Cooling system enhancement	Methyl methacrylate emissions to the air	4
2007	Nagoya Factory	VOC adsorption/collection system installation	Dichloropropane, etc. emissions to the air	5
2007	Kyoto Factory	VOC adsorption/collection system installation	Ethyl acetate emissions to the air	12
2008	Nagoya Factory	Cooling system enhancement	Hexane, methyl ethylketone emissions to the air	12
2009	Nagoya Factory	VOC adsorption/collection system installation	Hexane, methyl ethylketone emissions to the air	45
2010	Kyoto Factory	VOC removal system installation	Methyl methacrylate emissions to the air	4
2012	Kinuura Factory	Propylene oxide emissions combustion system installation	Propylene oxide emissions to the air	8
2012	San Chemical Co., Ltd. (Kawasaki Factory)	Propylene oxide emissions combustion system installation	Propylene oxide emissions to the air	1.5
2015	Kashima Factory	VOC removal system installation	Ethyl acetate emissions to the air	150
			Methyl methacrylate emissions to the air	18
2018	SDP Global Co., Ltd. (Ogaki Production Dept.)	Facility closure	Cyclohexane emissions to the air	14
2020	Nagoya Factory	Production process improvement, etc.	Propylene oxide emissions to the air	0.7
2020	Sanyo Kasei (Nantong) Co., Ltd.	VOC combustion/adsorption/collection system installation	Dichloropropane, ethyl acetate, etc. emissions to the air	9.4
2022	Kashima Factory	Production process improvement	Chloromethane emissions to the air	9.0
	Nagoya Factory	Cooling system enhancement	Mainly toluene emissions to the air	
2023	Kashima Factory	Production process improvement	Chloromethane emissions to the air	1.2

# ESG Data

## Environment

## Social

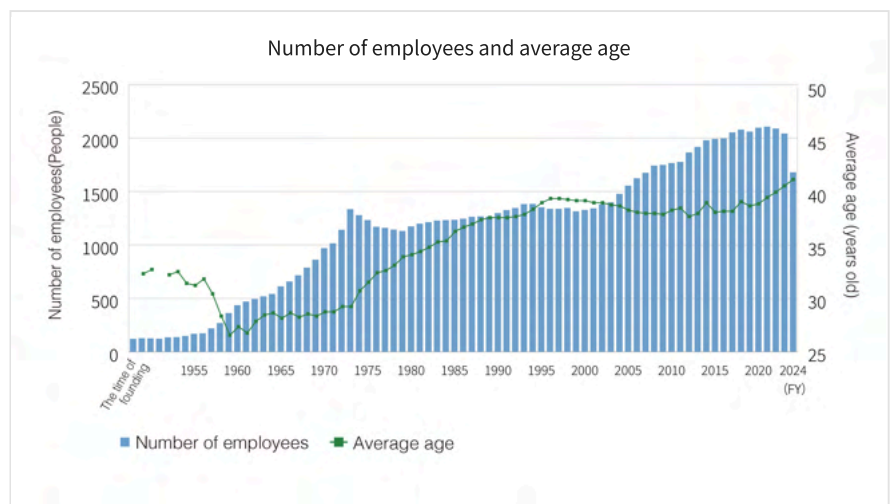
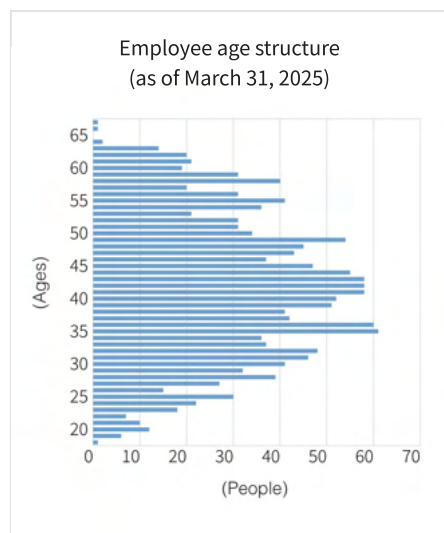
## Governance

Unless otherwise specified, the figures include employees transferred to domestic and overseas subsidiaries and affiliates.

### Employee Related Data

#### Change in Consolidated Number of Employees

	unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	People	2,096	2,106	2,089	2,042	1,680



#### Number of Employees by Type of Employment

			FY2020	FY2021	FY2022	FY2023	FY2024
Domestic	Sanyo Chemical Industries	Regular	1,305	1,282	1,249	1,224	1,213
		Non-regular	191	206	226	208	164
	Domestic subsidiaries and affiliates	Regular	239	284	276	274	203
		Non-regular	52	44	57	56	48
Overseas	USA	Regular	13	15	14	12	11
		Non-regular	0	0	0	0	0
	ASEAN	Regular	169	178	183	164	93
		Non-regular	11	11	17	17	16

Note 1: In the Domestic section, domestic subsidiaries and affiliates include employees of joint ventures transferred to joint ventures

Note 2: In the Overseas section, the total number of employees in the United States includes local hires from Sanyo Chemical Texas Industries, LLC. In ASEAN, the total number of employees included local hires from SDP GLOBAL (MALAYSIA) SDN. BHD. (up to FY2023) and Sanyo Kasei (Thailand) Ltd.

Note 3: Overseas figures exclude the number of employees at overseas sales bases.

Note 4: As of March 31 of each fiscal year



## Employment Status

			unit	FY2020	FY2021	FY2022	FY2023	FY2024
Regular		Men	People	1,278	1,281	1,237	1,202	1,136
		Women		300	319	323	326	330
Ratio of women			%	19.0	19.9	20.7	21.3	22.5
Managerial staff		Men	People	316	312	309	312	304
		Women		13	15	16	16	16
Female manager ratio			%	4.0	4.6	4.9	4.9	5.0
New hires	New employees	Men	People	25	30	16	19	14
		Women		8	15	5	12	9
	Mid-career hires	Men	People	10	6	7	3	7
		Women		6	3	4	2	7
	Total		People	49	54	32	36	37
Turnover up to three years after joining the company			People	5	5	5	8	3
			%	9.6	6.8	9.1	17.8	14.3
Employment of people with disabilities			People	26	26	27	26	32
Percentage of employees with disabilities <sup>*1</sup>			%	2.17	2.09	2.23	2.06	2.71
Reemployment of retired employees		Men	People	13	19	20	19	28
		Women		1	1	0	0	1
Reemployment rate of retired employees			%	81	87	100	79	74
Number of non-Japanese employees		Men	People	6	6	5	5	6
		Women		6	7	7	6	8
Average years of employment			Years old	15.9	16.5	17.0	16.6	17.2
Number of regular employees who left the company <sup>*2</sup>		Men	People	12	21	32	37	46
		Women		1	8	4	14	11
Regular employee turnover			%	0.8	1.8	2.3	3.3	3.9

<sup>\*1</sup> Employment rate of people with disabilities: Reported as of June 1 of the relevant fiscal year

<sup>\*2</sup> Number of regular employees who left the company: Number of employees who voluntarily retired

## Hours Worked

	unit	FY2020	FY2021	FY2022	FY2023	FY2024
Annual workdays	Days	237	239	238	239	238
Annual holidays	Days	129	126	127	126	128
Annual regular working hours	Hours	1,837	1,852	1,845	1,852	1,845
Monthly average overtime work	Hours/Person	4.4	4.8	5.2	5.5	5.6
Paid leave usage ratio	%	58.5	50.6	70.2	70.4	68.6

## Work-life Balance

		unit	FY2020	FY2021	FY2022	FY2023	FY2024
Maternity leave acquisition		People	14	12	17	15	12
Employees on childcare leave	Men	People	40	47	55	61	37
	Women		17	11	17	10	17
Percentage of male employees taking childcare leave <sup>*1</sup>		%	66.7	79.7	98.2	92.4	92.5
Rate of employees returning to work after childcare leave <sup>*2</sup>		%	100	100	100	98.8	100
Average number of days of childcare leave taken per person <sup>*3</sup>	Men	Days	11	8	16	27	46
	Women		307	321	350	331	403
Reduced work hours for childcare	Men	People	0	0	0	0	1
	Women		12	4	6	7	5
Retention rate after returning to work after childcare leave <sup>*4</sup>		%	100	100	100	92.6	96.3
Employees on nursing care leave		People	1	1	1	2	0
Employees on reduced working hours for nursing care		People	0	0	0	0	0

<sup>\*1</sup> Percentage of male employees taking childcare leave = Male employees who took childcare leave / Male employees whose spouse gave birth × 100

<sup>\*2</sup> Rate of employees returning to work after childcare leave = Employees returning to work / Employees intending to return to work × 100

<sup>\*3</sup> Average number of days taken per person = Total number of days taken by returning employees for the current fiscal year ÷ Returning employees for the current fiscal year

<sup>\*4</sup> Retention rate after returning to work after childcare leave = Employees returning to work in the previous fiscal year and were employed at the Company as of March 31 of the current fiscal year / Employees returning to work in the previous fiscal year x 100

## Labor Accidents

	FY2020	FY2021	FY2022	FY2023	FY2024
Employee lost-time injuries (cases)	0	6	1	1	1
Of the above employees lost-time injuries, fatal injuries (cases)	0	0	0	0	0
Employee lost-time injury frequency rate <sup>*1</sup>	0	1.61	0.27	0.29	0.34
Employee lost-time injury severity rate <sup>*2</sup>	0	0.05	0.05	0.01	0.00
Subcontractor lost-time injuries (cases)	2	2	3	2	1
Of the above subcontractor lost-time injuries, fatal injuries (cases)	0	1	0	0	0
Subcontractor lost-time injury frequency rate <sup>*1</sup>	1.94	1.69	2.37	1.59	0.97
Subcontractor lost-time injury severity rate <sup>*2</sup>	0.04	6.33	0.13	0.03	0.01
Employee injuries without lost time (cases)	2	2	7	10	4
Subcontractor injuries without lost time (cases)	5	4	5	4	3

<sup>\*1</sup> Frequency rate = (number of lost-time injury victims) / (total hours) / 1,000,000 Index of frequency of lost-time injuries per 1 million hours

<sup>\*2</sup> Severity rate = (number of days of lost work) / (total working hours) / 1,000 Value indicating severity of injuries per 1,000 working hours

## Gender Pay Gap

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024
All workers <sup>*1*2*3</sup>	-	-	68.8	68.9	69.6
Of the above all workers, regular employees as a percentage of all workers	-	-	73.8	72.9	72.9
Of the above all workers, part-time and fixed-term workers as a percentage of all workers <sup>*4</sup>	-	-	42.5	46.1	41.8

<sup>\*1</sup> Workers include those transferred to subsidiaries and affiliates.

<sup>\*2</sup> Calculated based on provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

<sup>\*3</sup> In our HR system, there is no gap in wages between men and women in the same position or role.

<sup>\*4</sup> Includes retiree rehires, part-timer workers, and fixed-term contract employees, and excludes dispatched workers. The wage gap in this group is due to the fact that many retiree rehires are men with higher wage levels, including those treated as managers.

## Education and Training

### Cost of Education per Employee

Content	unit	FY2021	FY2022	FY2023	FY2024
Compulsory training (promotion/advancement training, etc.)	Cost (thousand yen/person)	-	-	43	30
	Duration (hours/person)	-	-	4.9	4.4
Environment-related courses and qualification courses (production* and research organizations)	Cost (thousand yen/person)	5	3	4	9

\* Includes locally hired employees of overseas and affiliates

### Skill Improvement and Career Development

Name/description		Eligible participants	unit	FY2021	FY2022	FY2023	FY2024
Law course	Education on important laws such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.	Research and production	Participants (people)	84	68	69	86
	Insider trading regulations	New and mid-career hires		53	24	39	68
	Export Trade Control Order	Sales and research		104	85	32	56
	Other (contract basics, Subcontract Act, etc.)	All employees	Number of courses / Total number of participants (cases/people)	-	5/407	6/419	7/545
Basic research course		Research	Course graduates (people)	38	56	61	51
MOT School, Coaching Training, Critical Thinking Training, Design Thinking Training*			Number of trainings / Participants (cases/people)	12/48	12/56	9/26	-
R&D Academy*			Participants (people)	-	-	-	22
Introductory Career Development Training		New employees	Participants (people)	-	-	12	25
Career Development Training (Career Plan Formulation)		Mid-career employees in their 30s	Participants (people)	-	-	104	77
Career Development Supporter Training		Career Planning Workshop Supervisors of participants	Participants (people)	-	-	80	32
“Dojo” forums for executives and employees to hold dialogues		All employees	Number of dojos held / Number of participants (cases/people)	-	26/181	7/64	12/112

\* MOT schools and e-learning programs held via external institutions ended in FY2024, and the R&D Academy was opened in FY2025.

### Safety/Technology Education

		FY2020	FY2021	FY2022	FY2023	FY2024
Participants (People)	Employees (including transfers)	93	168	96	169	153
	Subcontractor employees	12	35	20	141	44
Safety and Technology Education Center visitors and guests (People)		19	55	47	109	206
Education time (total hours)		-	-	-	-	3,454

## Global Human Resource Development

(unit: Person)

	FY2020	FY2021	FY2022	FY2023	FY2024
Study abroad	0	0	1	1	0
Overseas training	0	-	-	0	0
Expatriate development program	2	1	1	1	0

## Improving Health Literacy (FY2024)

Seminar content	Participants (people)	Total time* (hours)	Comprehension (%)	Satisfaction (%)
Seminar on burning fat and reducing belly fat	Approx. 280	Approx. 280	92	88
Responsible drinking seminar	Approx. 300	Approx. 300	95	89
Sleep and stretching seminar	Approx. 270	Approx. 270	88	87

\* Participants × Hours participated

## Human Rights Education and Awareness-raising (FY2024)

Item	Number of trainings (cases)	Total number of participants (people)	Total time* (hours)
Human rights / compliance	2	1,475	2,950
DEI promotion	2	190	243
Women's participation and advancement	4	166	488.5
LGBTQ	3	112	140
Employment of people with disabilities	1	23	11.5

\* Participants × Hours participated

## Commendation Programs

(unit: cases)

	FY2021	FY2022	FY2023	FY2024
Commendations from the President *	31	33	28	1
Awards from General Managers to Encourage Challenge Taking	344	522	492	415
INVENTOR OF THE YEAR	4	5	4	4

\* Commendation criteria changed in FY2024

## Health and Productivity Management Data

### Action Goals

(unit: %)

Initiatives	Action goals	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 target
Exercise	To have an exercise routine at least once a week	31	50	50	52	52	70 or above
Sleep	To be well rested with sleep	57	66	63	61	59	80 or above
Diet	To have a balanced diet	-	76	75	79	82	90 or above
Alcohol	Two or more alcohol-free days per week	75	75	76	77	79	90 or above
Smoking	Not to smoke (smoking rate reduction)	77	82	83	84	82	90 or above

Note: Percentage of respondents who responded to the annual questionnaire on lifestyle habits related to health management, etc., and said that they were implementing it.

### Checkups and Guidance

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 target
Rate of regular health checkups	100	100	100	100	100	100
Rate of full medical checkups	68	89	96	88	93	100
Rate of specific health guidance	80	94	95	98	98 or above	100

## Lifestyle-related Disease Risk Retention Rate (health checkup results)

(unit: %)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 target
Obesity	26	25	25	25	27	20 or less
Liver function	34	31	34	33	33	30 or less
Fats	57	55	56	55	54	50 or less
Blood sugar	17	21	17	20	26	15 or less
Blood pressure	37	34	29	33	33	30 or less
Triple risk holders (fats, blood sugar, and blood pressure)	8	8	5	7	8	5 or less

## Mental Health Measures

	FY2020	FY2021	FY2022	FY2023	FY2024
Stress check test rate (%)	99	98	99	98	99
High stress rate (%)	8.9	8.6	7.1	8.0	8.3

## Health Management Evaluation Indicators

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 target
Absenteeism* <sup>1</sup> Personal injury/sickness absence rate (%)	1.5	1.8	1.9	1.3	1.6	1.0 or less
Presenteeism* <sup>2</sup> Labor productivity loss rate (%)	-	37.5	36.6	36.4	35.8	30 or less
Work engagement* <sup>3</sup> Self-motivated behavior and positive feelings toward work (deviation value)	-	49.7	50.1	49.6	49.7	51 or above

\*1 A condition in which the employee cannot perform duties due to absence from work, leave of absence, or other reasons. Measured by the number of employees on sick leave who are absent for at least one month.

\*2 A condition in which the employee is present at work but is not able to work sufficiently due to mental or physical health problems. Measured by the WHO Health and Labor Performance Questionnaire.

\*3 A state of mind that is positive and full of accomplishment, vitality, enthusiasm, and immersion in one's work. Measured by a proprietary survey instrument using eight items that correlate well with the Utrecht Work Engagement Scale.

## Communication

### Dialogue with Stakeholders

(Times conducted: times)

	FY2020	FY2021	FY2022	FY2023	FY2024
Financial results announcements for the media	2	2	2	2	2
Financial results briefings for institutional investors and securities analysts	2	2	2	2	2
Small meetings with institutional investors and securities analysts	3	1	2	0	2
Meetings with institutional investors and securities analysts (1-on-1)	83	70	58	81	57
Business site visits for institutional investors and securities analysts	0	0	0	1	0
Financial results briefings for individual investors	0	0	0	0	1

## Society Contributions

### Donations

(unit: million yen)

		FY2020	FY2021	FY2022	FY2023	FY2024
Total social contribution expenditures		24.2	36.4	34.9	30.1	25.6
Donations by item	1. Support for academic promotion centered on chemistry	14.8	27.0	14.1	13.6	11.6
	2. Support for human resource development	3.1	0.3	2.3	3.3	3.9
	3. Support for the preservation of art and culture, etc. mainly in Kyoto	0.5	1.0	4.1	4.0	4.0
	4. Support for and collaboration on environmental conservation activities	1.6	1.6	1.5	1.6	2.2
	5. Support for and collaboration on social contribution activities wherever possible according to local social needs in each country and region	4.2	6.5	13.0	7.6	3.9

Note: Expenditures by Sanyo Chemical Foundation for Social Contribution

### On-site Chemistry Classes Held

Upper row: Number of times held (units: schools, cases), Lower row: number of participants (units: people)

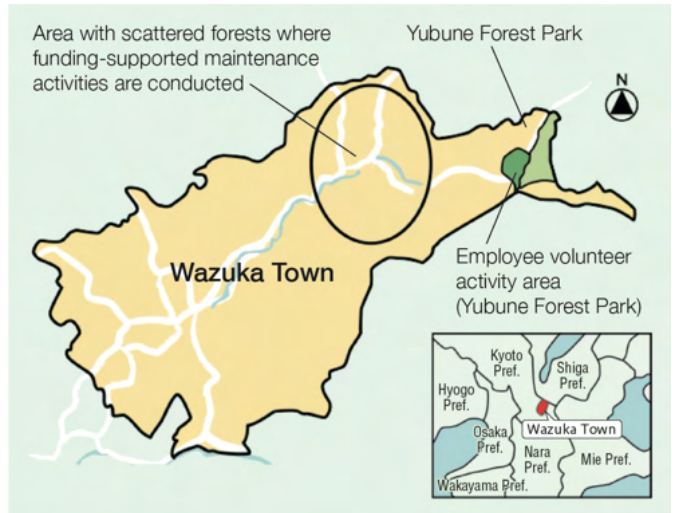
District	FY2020	FY2021	FY2022	FY2023	FY2024	Instructors
Kyoto area	4	6	6	7	5	R&D and head office employees
	209	446	335	436	276	
Nagoya Factory	0	1	2	2	2	Nagoya Factory employees
	0	73	250	200	211	
Kashima Factory	0	1	4	4	3	Kashima Factory employees
	0	50 <sup>*1</sup>	255 <sup>*2</sup>	372 <sup>*2</sup>	171 <sup>*2</sup>	

\*1 Estimate of event participants

\*2 Includes estimated event participants

### Sanyo Chemical Forestry

Activity location: Yubune District, Wazuka Town, Soraku-gun, Kyoto Prefecture, Japan



#### Volunteer Forestry Activities by Employees

		unit	FY2020	FY2021	FY2022	FY2023	FY2024
Sanyo Chemical's forestry activities	Times conducted	Times	2	1	3	3	2
	Total number of participants	People	60	34	101	123	68
Supporter Association*	Times conducted	Times	7	4	7	8	7
	Total number of participants	People	63	28	63	62	53

## (FY2024 results)

	Date conducted, etc.	Participants (people)	Activity details
New employee training	April 5, 2024	25	Promenade staircase improvement
28th Forestry Activity	March 15, 2025	43	Fire making lesson, boil-in-bag cooking (beef bowl)
Supporter Association*	7 times in total	53	Forestry activity preparation, improvement of promenades, etc.

\* Supporter Association: Forest volunteer activities by employees, their families, and retired employees. The number of participants was the total number of people

## Funding-supported Tree Thinning Project

	unit	FY2020	FY2021	FY2022	FY2023	FY2024	Cumulative since FY2009
Thinned area	ha	3.5	3.7	2.4	2.2	2.2	63.1
Increase in CO <sub>2</sub> absorption	Tons CO <sub>2</sub> /year	12.6	38.5	10.6	20.0	12.7	396.0

Note: Implemented from FY2009

## Rice Farming in Futagotanada

	unit	FY2020	FY2021	FY2022	FY2023	FY2024
Terraced rice field area	m <sup>2</sup>	400	400	400	400	400
Times conducted	Times	8	9	14	8	11
Total number of participants	People	45	74	71	79	77
Rice yield	kg	230	240	270	230	280
Of the above rice yield, donations to children's cafeterias	kg	60	60	90	60	90



# ESG Data

## Environment

## Social

## Governance

### Status of Directors

#### Director composition

		unit	FY2020	FY2021	FY2022	FY2023	FY2024
Composition of Board of Directors <sup>*1</sup>	Total number of Directors	People	10	9	9	9	8
	Of which, Outside Directors	People	3	3	3	3	3
	Of which, Independent Directors	People	3	3	3	3	3
	Of which, female Directors	People	1	2	2	2	2
Board of Directors <sup>*2</sup>	Times held	Times	17	15	15	15	14
	Average attendance rate	%	100	99.1	99.2	100	100
Composition of Audit & Supervisory Board <sup>*1</sup>	Total number of Audit & Supervisory Board Members	People	4	4	4	4	4
	Of which, Outside Audit & Supervisory Board Members	People	3	3	3	3	3
	Of which, Independent Audit & Supervisory Board Members	People	1	1	1	1	2
	Of which, female Audit & Supervisory Board Members	People	0	0	0	0	0
Audit & Supervisory Board <sup>*2</sup>	Times held	Times	11	12	12	11	11
	Average attendance rate	%	100	100	100	100	97.7

\*1 Number of people after the June General Meeting of Shareholders

\*2 April to March of the following year

#### Compensation for Directors, etc.

(unit: million yen)

Classification of Directors	FY2020	FY2021	FY2022	FY2023	FY2024
Directors (inside company)	319	308	260	210	223
Audit & Supervisory Board Members (inside company)	27	33	32	30	27
Outside Directors	29	27	26	26	34
Outside Audit & Supervisory Board Members	41	49	50	48	49
Total	418	418	369	315	335

Note: No Directors or Audit & Supervisory Board Members received compensation, etc., of 100 million yen or more in total. Includes the amount paid to Directors who retired during the fiscal year.

#### Committee

Committee	Chairperson	Committee Members	Times held (times)		
			FY2022	FY2023	FY2024
Nomination and Compensation Committee	Outside Directors	Five Directors selected by resolution of the Board of Directors (the majority are independent Outside Directors)	5	6	8
Sustainable Management Committee	President	Full-time Directors	2	2	3
Compliance Committee	President	Full-time Directors	1	2	2
Internal Control Committee	President	Persons responsible for sales, research, production, and indirect departments	2	2	2

## Compliance

### Whistleblowing, disciplinary actions, violations, etc.

(unit: cases)

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of case for which the whistleblowing contact points were used		1	2	4	1	4
Disciplinary actions		1	0	4	3	1
Violations, etc.	Legal violations and administrative guidance related to fair trade and anti-corruption	0	0	0	0	0
	Legal violations and administrative guidance related to chemical substances and export control	0	0	0	0	0
	Other legal violations and administrative guidance related to compliance	0	0	0	0	0
	Lawsuits related to the above	0	0	0	0	0
	Legal violations and administrative guidance related to environmental laws and regulations	0	0	0	0	0
	Complaints about pollution	0	0	0	0	0

### Political donations, etc.

(unit:yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Total amount of donations to political parties	0	0	0	0	0

# Policies, Standards and Guidelines

**Code of Ethics and  
Management**

**Responsible Care,  
Environment and Safety**

**Social**

**Governance**

## Company Mission

Establish a better society through our corporate activities.

To achieve this purpose, we will endeavor to promote the followings:

1. We believe that the company is an organic entity of capital, management, and labor harmoniously linked together. Keeping this in mind, we will strive to achieve dynamic growth.
2. Trusting that our inventive power has no limits, we will ceaselessly try to develop new business areas and supply original and high-quality products to the market.
3. We believe that perpetual profits come only from the creation of value, and we do not seek superficial profits.
4. We will fulfill the customers' expectation and earn their trust by providing high-quality cost-effective products and superior technical service.
5. When all the members of the company share the same vision for the company's future and challenge for innovation on our own initiative, we will be rewarded with an abundant profit. This profit will then be fairly distributed among internal reserves, shareholders, management and employees.
6. We will strive for perfection in safety and harmony with the environment, which is the first required mission in the society.

(Established in 1955; revised on December 21, 1995)

## Code of Corporate Ethics

We, Sanyo Chemical Group, are maintaining our Code of Corporate Ethics, believing that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity we are committed to improving our society and are following our company mission, "Establish a better society through our corporate activities."

Based on these corporate ethics, we prescribe our principles of corporate behavior as follows:

1. We, Sanyo, shall develop and provide socially beneficial and safe products and services, through innovation, and strive for sustainable economic growth and the resolution of social issues. And provide consumers and customers with appropriate information about products and services, communicate with them in good faith, earn the satisfaction and confidence of our consumers and customers.
2. In our business activity, we shall be devoted to fair competition, appropriate transactions and responsible procurement.
3. We shall proactively take initiatives to conserve the environment and prevent accidents and disasters as crucial requirements for the sustainability and activity of our business.
4. We shall engage in active, effective and fair disclosure of corporate information, not only to shareholders, but also a wide range of stakeholders.
5. We shall protect our intellectual properties and respect those of others, as well as be thorough in our protection and management of personal information and customer information.
6. We shall conduct business that respects the human rights of all persons.
7. As a "good corporate citizen," we shall actively engage in community involvement activities and contribute to community development.
8. We shall realize work practices that will improve the capability of employees and that respect their diversity, character, and individuality. Also, we shall provide a safe and healthy working environment.
9. We shall conduct thorough and organized crisis management in the face of actions antisocial forces, terrorism, cyber attacks, natural disasters and other crises that pose a threat to civil society and corporate activity.

All management must undertake the responsibility and take all necessary actions for implementing and promoting this Code of Corporate Ethics within Sanyo Chemical Group. Management must promote the development and implementation of systems that will contribute to the achievement of the Code of Corporate Ethics. Management must also encourage behavior based on the principles of this Charter within the corporation's supply chain.

In the event of any violation of these principles and loses the trust of society, top management must take responsibility to respond to the situation, including resolving the problem, investigating the causes, and preventing the problem from recurring.

Established: April 1, 2003

The 2nd version revised: January 1, 2005

The 3rd version revised: March 26, 2008

The 4th version revised: April 1, 2011

The 5th version revised: November 1, 2018

## Basic Policy on Sustainability

Our mission has been to establish a better society through our corporate activities since our foundation. Sanyo Chemical Group aims for sustainable growth in the future by enhancing both economic and social values in close cooperation with all stakeholders.

(Established on July 14, 2022)

## CSR Guidelines

Basic Policy	Our mission has been to establish a better society through our corporate activities since our foundation. Sanyo Chemical Group aims for sustainable growth of our own group through corporate activities that contribute to the "realization of a sustainable global environment."
1.Safety and accident prevention	We will give top priority to safety and accident prevention in all our business activities. We will strive for the continuance of accident-free and injury-free operation, and contribute to social safety. At the same time, we will protect the safety and health of everyone involved in our operations, and strive to create a comfortable work environment.
2.Compliance	All directors and employees of our Group make sure to take action with the questions in "Advice on Compliance" in mind, including "Can you declare openly that your actions have always been legal, just, and fair?"
3.Reduction of environmental impact	We work voluntarily and steadily on effective measures to reduce greenhouse gas emissions and the generation of plastic and industrial waste. Notably, to reduce greenhouse gas emissions, we actively promote energy conservation and the shift to renewable energy.
4.Product development	We aim to develop products that are useful in society and that can "realize a sustainable global environment" and "improve convenience and comfort," by combining the strengths that we have acquired with new strengths that we will acquire and external expertise.
5.Sustainable purchasing	We have our Sustainable Purchasing Policy in place and steadily fulfill the policy to contribute to "realizing a sustainable global environment," and avoid complicity in human rights violations throughout the supply chain, including suppliers.
6.Product safety and quality reliability	We provide accurate product information to external parties to ensure safety throughout the product lifecycle, from development and manufacture to use and disposal of products. To improve the quality reliability of products, we ensure rigorous quality control in-house.
7.DEI and human resource development	We respect the diversity, personalities, and individuality of our employees, and ensure a safe and comfortable workplace environment. We develop human resources who can achieve self-actualization by demonstrating self-initiative and creativity in addition to realizing well-being, abundance, and mental and physical health. We endeavor to eliminate harassment and respect human rights in the workplace.
8.Dialogue with stakeholders	We disclose financial and non-financial information of our Group in an active and fair manner and promote dialogue so that our stakeholders, including customers, shareholders, investors, suppliers, local communities, local governments, mass media, and employees can correctly understand the corporate value of our Group, and so that we can understand the expectations and evaluations of our Group from the viewpoint of our stakeholders and reflect them in our corporate activities.
9.Social contribution activities	We maintain our voluntary activities to contribute to educational and research institutions, medical institutions, local communities, NPOs, and NGOs, with the aim of promoting science and technology, art, culture, education, and welfare.

(Established on August 31, 2009; revised on February 28, 2022)

## Advice on Compliance

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In the Code of Corporate Ethics we have declared that it is essential corporate behavior to ensure legal compliance and to fulfill our corporate social responsibility. We Sanyo Chemical Group are voluntarily adopting this advice in order to promote a sustainable society and are following our company mission, keeping in mind good sense and integrity towards the surrounding society. All company executives and employees are expected to follow this code of corporate ethics: Therefore, we expect all of us to answer positively to each question below.

1. Can you confirm that your judgment of compliance is not clouded by anything such as profit-making motives or budget short fall?
2. Can you confirm that your decisions have not been founded on over-optimism or wishful thinking and thus containing legal risk?
3. Can you confirm that your decisions comply with the code of corporate ethics and are in no way damaging to Sanyo Chemical Group corporate reputation?
4. Can you confirm that you have not concealed information or have not made judgments that could be considered unfair or selfishly motivated?
5. Can you confirm that you have conducted yourself in a fair and honest manner and have not engaged in illegal or legally risky actions?
6. Can you confirm that you have not been forced to do something that you suspected it was unfair or might have been illegal? Can you confirm that you have not been forced to do something that you suspected it was unfair or might have been illegal?
7. Can you declare openly that your actions have always been legal, just and fair?

If you are having difficulty in your decision making, please do not hesitate to discuss duly with your superiors or people concerned. If you feel necessary, you can also consult the compliance hotlines listed below.

### Hotlines

- Internal Hotline: General Manager of Audit Division (Secretary of Compliance committee)
- External Hotline: The contact information is withheld.

Established: April 1, 2003  
The 2nd edition revised: January 1, 2005

# Policies, Standards and Guidelines

Code of Ethics and  
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Responsible Care,  
Environment and Safety

Social

Governance

## Management Policies Concerning Responsible Care (RC)

1. We will set continuance of accident-free/injury-free operation and harmony with the global environment as priority managerial issues.
2. We will thoroughly comply with laws and regulations in every aspect of business activities and cooperate in the measures implemented by authorities and international agreements.
3. We will put all our energy into continuous improvement of the environment and safety throughout the whole product lifecycle ranging from product development through manufacturing, physical distribution, use, and final consumption to disposal.
4. To reduce the environmental load, we will endeavor to reduce the emissions of greenhouse gases and save energy and resources in the product development and manufacturing stages and will promote recycling, decrease of waste, and reduction of the emission of chemical substances.
5. We will not only provide products that can be used by customers with satisfaction and safety but also try to collect the latest information on product safety and provide customers with the collected information.
6. We will deepen our understanding and appreciation of conservation of biodiversity and promote activities with due consideration for biodiversity. We will promote communications concerning environmental conservation activities with the concerned authorities and local community.
7. We will promote communications concerning environmental conservation activities with the concerned authorities and local community.

(Established on November 1, 1996; revised on August 6, 1999; revised on June 2, 2005; revised on November 30, 2009; revised on May 9, 2013)

## Action Policy Concerning Kyoto Protocol

As a company based in the city of Kyoto where an international agreement (Kyoto Protocol) for global warming prevention was made, we acknowledge the activity for global warming prevention as an important managerial issue and proactively engage in the activities shown below.

1. We will design products by considering the minimization of the emissions of greenhouse gases throughout the lifecycle of our products.
2. In manufacturing and physical distribution, we will proactively incorporate the latest technologies to promote energy saving and work to reduce our dependence on fossil fuels.
3. We will instruct our employees to practice energy saving/resource saving that leads to global warming prevention in their private lives and will support those activities.
4. We will reduce the emissions of greenhouse gases through our own efforts and introduce emission reduction by means of greenhouse gas emission trading at home and abroad.

(Established on June 2, 2005; revised on June 8, 2006)

## Action Policy Concerning Biodiversity

With the acknowledgement that business affects biodiversity, our group will deepen the understanding and acknowledgement of the preservation of biodiversity and promote our activities with consideration for biodiversity.

1. We will develop products in consideration of the environment and contribute to the preservation of biodiversity through the provision and diffusion of those products.
2. In the procurement of materials, raw materials, office supplies, and others, we will give consideration to the preservation of biodiversity.
3. We will reduce the environmental loads, such as the emissions of greenhouse gases, utilization of water resources, and release of chemical substances and waste, from the workplaces so as to alleviate their impact on biodiversity.
4. All of our employees will enhance the understanding and acknowledgement of biodiversity and try to enhance the awareness of the preservation of biodiversity.
5. We will promote efforts in cooperation with the local community.

(Established on May 9, 2013)

## Safety Philosophy and Policy

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### Safety philosophy

We place the highest priority on Safety and Compliance in all our business activities.

### Safety policy

Safety comes first. Recognizing that safety is the foundation of our business activities, and with a strong determination to ensure that no one will be injured or will injure others, we will work on the following as our basic policy.

1. Observance of basic safety rules
2. Execution of health and safety activities
3. Improvement of crisis management capabilities

(Established on December 27, 2022)



# Policies, Standards and Guidelines

Code of Ethics and  
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## Sanyo Chemical Group Human Rights Policy

### 1. Basic attitude

As corporate activities become increasingly globalized, companies are expected to take the initiative in eliminating human rights violations from the perspective of creating an inclusive society. The Group will conduct management that respects the human rights of all people and recognizes that its business activities may have a negative impact on human rights. At the same time, we will work with our customers, business partners, suppliers, and government agencies to avoid such negative impacts, thereby gaining recognition from investors, customers, and society at large. We will also cooperate with diverse stakeholders to support the socially vulnerable.

### 2. Scope of application

This policy applies to all executives and employees of the Sanyo Chemical Group. The Sanyo Chemical Group will continue to encourage its customers, business partners, and suppliers to support this policy and participate in similar initiatives, and will work together to promote initiatives to respect human rights.

### 3. Responsibility to respect human rights

The Sanyo Chemical Group will fulfill its responsibility to respect human rights by not infringing on the human rights of those affected by its business activities and by taking appropriate measures to correct any adverse impact on human rights that its business activities may cause. If any adverse impact on human rights is caused by our customers, business partners, and suppliers, we will demand them to take appropriate action.

### 4. Compliance with applicable laws and regulations

The Sanyo Chemical Group will strive to understand internationally recognized human rights norms and the relevant laws and regulations in each country, including those stipulated in the following documents. Where local national laws and regulations are incompatible with internationally recognized human rights norms, we will seek ways to respect the latter.

- International Bill of Human Rights: Universal Declaration of Human Rights and International Covenants on Human Rights (International Covenant on Civil and Political Rights / International Covenant on Economic, Social and Cultural Rights)
- International Labour Organization's (ILO's) Core Labour Standards (child labor, forced labor, freedom of association and the right to collective bargaining, elimination of discrimination in employment, etc.)
- United Nations "Guiding Principles on Business and Human Rights"
- OECD Guidelines for Multinational Enterprises
- United Nations Global Compact (voluntary efforts of companies based on the Ten Principles in the areas of human rights, labor, the environment, and anti-corruption)
- ISO26000 "Guidance on social responsibility"
- Japanese government "Guidelines on Respect for Human Rights in Responsible Supply Chains"
- UK Modern Slavery Act

### 5. Human rights due diligence

The Sanyo Chemical Group will establish a human rights due diligence system to identify adverse impacts on human rights, conduct preventive surveys and investigations, implement appropriate measures to correct adverse impact, and continue to strive to prevent and mitigate its adverse human rights impact on society.

### 6. Identification of human rights risks

The Sanyo Chemical Group has identified the following three items as outstanding human rights issues, and will continue to address these issues.

- Labor in the supply chain
- Employee safety and health
- Human rights risks due to the effects of geopolitical situations and conflicts

### 7. Prevention and mitigation measures

The Sanyo Chemical Group will not engage in discrimination or acts that undermine the dignity of individuals based on factors such as thoughts, creed, age, social status, nationality, birthplace, ethnic group, religion, immigration, gender, sexual orientation, gender identity, pregnancy, poverty, disease, and disability. To that end, we will also strive to understand the issues faced by socially vulnerable people who suffer from discrimination and acts that undermine personal dignity based on these reasons, and cooperate with various stakeholders such as government agencies, local governments, and social welfare organizations to provide support.

### 8. Corrective and remedial measures

The Sanyo Chemical Group fully recognizes that human rights violations pose a management risk. It will prevent human rights violations and respond fairly and appropriately in the event of any human rights violations. It will not only oppose child labor and forced labor, but will also not use raw materials that are thought to have been produced by child labor or forced labor. It will also establish a whistleblowing contact point that allows anonymous reporting for internal employees, and will take necessary measures while appropriately handling the confidentiality of the whistleblowers and reported information. It will prohibit any disadvantageous treatment or retaliation against whistleblowers, and will ensure their protection.

### 9. Education

The Sanyo Chemical Group will continue to provide appropriate education to ensure that a correct understanding of this policy is permeated both inside and outside the company, and that it is effectively implemented.

### 10. Information disclosure/engagement

The Sanyo Chemical Group will disclose the status of its efforts regarding Respect for Human Rights. It will also evolve a series of efforts based on this policy through dialogue and consultation with various internal and external stakeholders.

(Established: March 2023)

## Sustainable Procurement

1. We conduct procurement activities based on social common sense and corporate ethics in addition to ensuring compliance, and strive to cooperate with our business partners, and build relationships based on trust.
2. We provide fair business opportunities to both domestic and overseas companies and conduct procurement activities from a global perspective.
3. We consider various conditions such as the quality, price, and stable supply of materials and raw materials in procurement activities. Moreover, we make efforts to set appropriate prices and maintain and improve quality in cooperation with our business partners. Simultaneously, we promote green procurement in terms of environmental conservation and chemical substance control.
4. We aim to create a sustainable society throughout the supply chain in conjunction with our business partners to fulfill the corporate social responsibility, including considerations related to the global environment and protection of human rights and the working environment.

(Established: January 28, 2022)

## Sustainable Procurement Guidelines

### I. Sound Corporate Management

1. We emphasize the realization of a sustainable society as management policy, establish a system to promote sustainability, work on this, make our business partners aware of the significance of Sustainable Procurement, and attempt to disseminate such knowledge throughout the supply chain.
2. We comply with laws and regulations, adhere to social norms, and conduct fair and transparent corporate governance.
3. We have established a management system and mechanisms that ensure the effectiveness and efficiency of the company's business operations, reliability of financial reports, compliance with business-related laws and regulations, and preservation of assets.
4. We have established a system for the continuation or early recovery of important operations or businesses in the event of a disaster.
5. We ensure supply chain transparency and are not involved in conflict mineral procurement, crime, etc.
6. We ensure transparency and accountability to society and stakeholders.

### II. Fair Corporate Activities

1. We comply with laws and regulations related to commercial transactions, such as each country's antitrust and competition laws, and conduct fair corporate activities based on corporate ethics.
2. To prevent corruption, we refrain from paying inappropriate profits to or receiving them from business partners and maintain a healthy relationship between companies and public servants.
3. We have eliminated relationships with antisocial forces and groups.
4. We respect and do not infringe on the intellectual property of third parties (patent rights, copyrights, trademark rights, etc.).
5. We have in place a whistleblowing system that ensures the confidentiality and protection of whistleblowers who come across important risk information.
6. We carefully manage and protect confidential information, including personal details, and take protective measures against threats to computer networks.

### III. The Environment

1. We comply with environment-related legal requirements in business activities and control chemical substances associated with products/services and manufacturing processes as specified by laws and regulations.
2. We adhere to and comply with laws and regulations related to soil, air, and water.
3. We set voluntary targets to save and effectively use resources and energy.
4. We set voluntary targets and make efforts to achieve greenhouse gas reduction.
5. We set voluntary targets and make efforts to ensure waste reduction.
6. We manage the use of water, reduce its use as much as possible, and take measures to prevent direct drainage of water into the environment.
7. We work on biodiversity conservation and sustainable use.
8. We strive for green procurement through environmental conservation and chemical substance management.

### IV. Human Rights

1. We support and respect the protection of international human rights. In addition, we do not discriminate based on race, nationality, gender, age, religion, sexual orientation, sexual identity, disability, pregnancy, poverty, infectious diseases, and other differences.
2. We do not generate any impact that may support or promote human rights infringement, directly or indirectly, through our business activities.

### V. Labor

1. We respect diversity and strive to eliminate discrimination in recruitment and employment to ensure equal opportunities for employees' development and evaluation and fair treatment.
2. We respect the individual human rights of employees and prohibit inhumane treatment such as abuse, bullying, and harassment.
3. In addition to the statutory minimum wages, we pay employees other benefits, including overtime work allowance and statutory benefits, in a fair manner.
4. We appropriately manage employees' working hours, holidays, and leaves to prevent exceeding the statutory limits.
5. We hire all employees based on their free will and do not force them to work.
6. We do not employ children below the minimum working age or engage in work that may impair their growth.
7. We respect employees' right to organize to realize labor-management consultation on their working environment, wage level, etc.
8. We understand the accident risks that occur during work, including chemicals, noise, and odors that may harm employees' health, and ensure a safe workplace environment. We also respect employees' work-life balance and adopt measures for their sound mental health.

### VI. Quality and Safety

1. We ensure quality and safety when delivering products and services to the market.
2. In the event of an accident related to products/services or the distribution of defective products, we disclose information to our suppliers, notify the competent authorities, recall products, and ensure systemic improvements such as safety measures.

### VII. Building Connections with Local Communities

1. We respect the cultures and customs of the countries and regions where we conduct business activities and contribute toward the sustainable development of local communities.

(Established: January 28, 2022)

## Health Management Declaration

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Employees' mental and physical health is the company's most important asset.

The Sanyo Chemical Group actively promotes health to realize the richness in both private and company life. Together, we respect the diversity of employees, where each and every employee is able to achieve personal fulfillment by showing their autonomy and creativity, and will continue to contribute to society through the development of our company.

(Established: September 27, 2018)

## Social Contribution Policy

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As a good corporate citizen, we contribute to the realization of an enriched society and sustained development.

### 1. Our efforts

By joining forces with a wide cross-section of society and effectively using available resources, we proactively engage in social contribution activities toward the development of human resources who will lead the next generation and continue to provide solutions to social issues.

### 2. Response to the needs of countries/regions

By sharing the philosophy of social contribution within the group and coordinating with the group bases in countries and regions, we will develop social contribution activities in accordance with the circumstances surrounding the individual countries and regions.

### 3. Information disclosure

By disclosing information and openly sharing the results of social contributions with society, we contribute to the realization of an enriched society and sustained development.

(Established: March 2017)

## Multi-stakeholder Policy

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[Multi-stakeholder Policy \(Japanese only\)](#) 

(Established: February 2025)

# Policies, Standards and Guidelines

Code of Ethics and  
Management

Responsible Care,  
Environment and Safety

Social

Governance

## Basic Policy on Risk Management

The Group aims to achieve its management goals by carrying out company-wide risk management activities to comprehensively and exhaustively ascertain, and respond appropriately to, internal and external risks that could affect its management strategies.

(Established:May 13, 2025)

- [Advice on Compliance](#) ^
- [DISCLOSURE POLICY](#) 📄
- [PRIVACY POLICY](#) 📄
- [SOCIAL MEDIA POLICY](#) 📄
- [GUIDELINES ON THE RELATIONSHIP WITH MEDICAL INSTITUTIONS \(In Japanese Only\)](#) 📄
- [PUBLIC RESEARCH SPENDING \(In Japanese Only\)](#) 📄

## External Evaluation

### Sustainability Index

FTSE Blossom Japan Index (From June 2023)



**FTSE Blossom  
Japan Index**

[FTSE Blossom Japan Index](#)

FTSE Russell confirms that Sanyo Chemical Industries, Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Sector Relative Index (From December 2023)



**FTSE Blossom  
Japan Sector  
Relative Index**

FTSE Russell confirms that Sanyo Chemical Industries, Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

S&P/JPX Carbon Efficient Index (From FY2021)

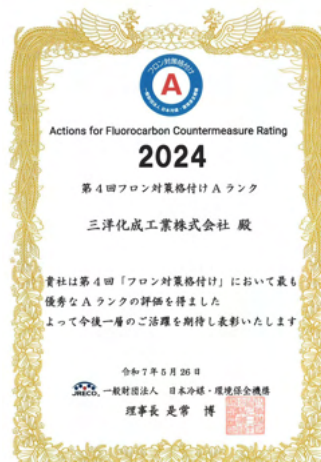


### Chemical Industry Related Evaluations and Awards

Kyoto Factory's "activities that listen to the opinions of subcontractors" received the Responsible Care Excellence Award from the Japan Chemical Industry Association. (July 2023)



The highest rating of A from the Japan Refrigerants and Environment Conservation Organization (JRECO) for our initiatives under the Fluorocarbon Emissions Control Act (June 2025)



## Social Related Evaluations and Awards

Awarded the highest “Gold” rating in the PRIDE Index (For the sixth consecutive year from 2019)



Certified as a “Best Workplace,” the highest rank in the D&I AWARD (For the third consecutive year from 2022)



Awarded the 3-star “L-boshi” (the highest grade)(2022)



Awarded Kurumin (In 2007, we were the first company in Kyoto Prefecture to receive Kurumin certification.)

Platinum Kurumin certification (2017)



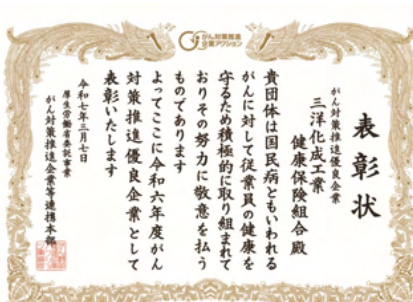
Certified with 3.5 stars in “NIKKEI Sustainable Management Survey, Smart Work Edition” (November 2024)



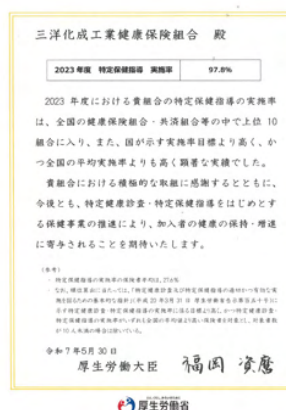
The Health and Productivity Management Outstanding Organization Program (For the seventh consecutive year from 2019)



“Cancer Control Promotion Company Action” award (For the fifth consecutive year from 2020)



Message from the Minister of Health, Labour and Welfare for our specific health guidance implementation (For the third consecutive year from 2023)



Selected as a “DX Certified Business Operator” designated by the Ministry of Economy, Trade and Industry (December 2024)



Sanyo Kasei (Thailand) Ltd. receives the CSR-DIW Continuous Award (For the 10th consecutive year from 2015)



## Participation in Initiatives

» [Sustainability Management](#) | [Supported Initiatives](#)



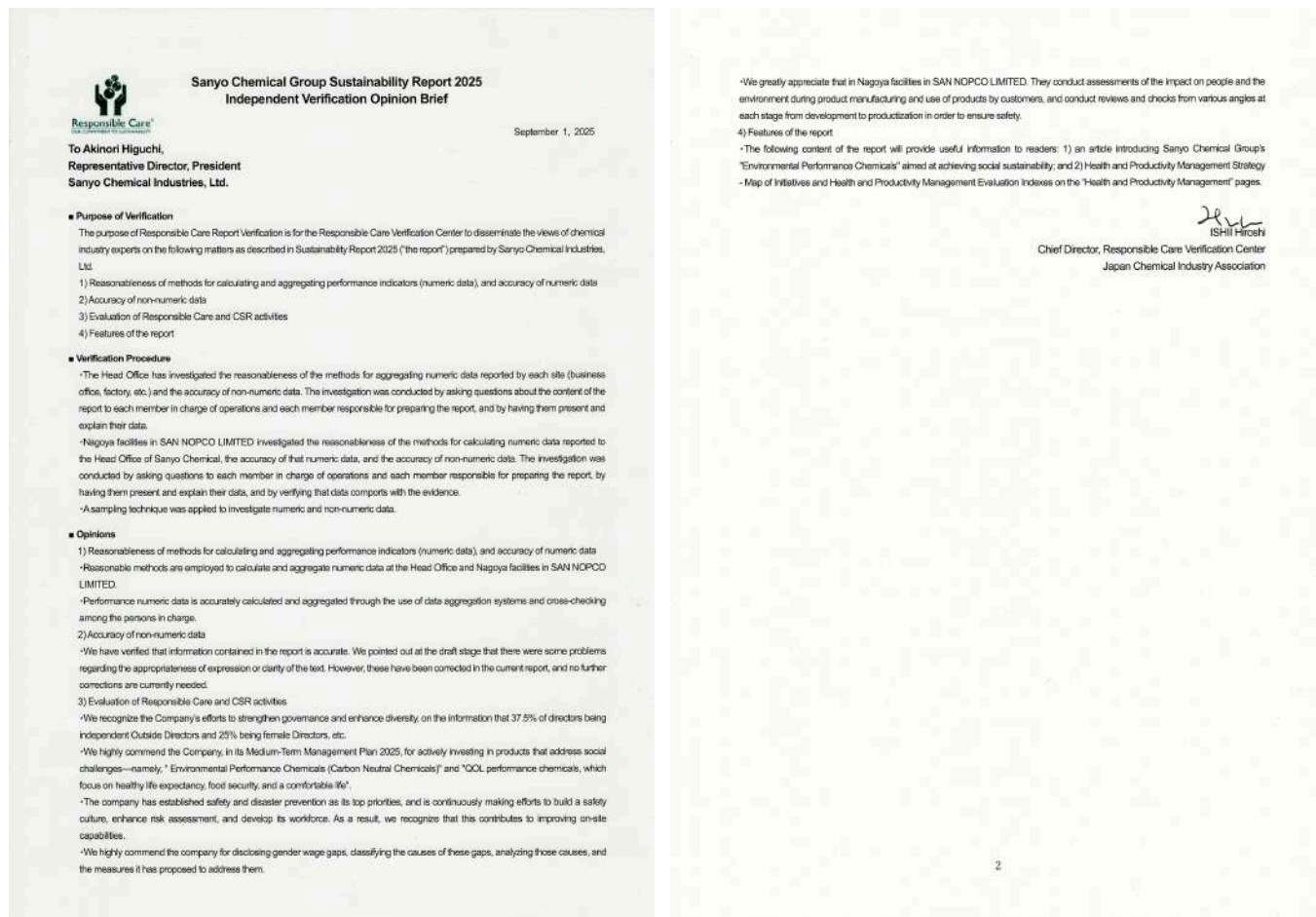
## Third Party Review

Regarding the content of the Sanyo Chemical Group Sustainability Report 2025, the RC activities are verified by an outside organization, a third party, Responsible Care Verification Center of the Japan Chemical Industry Association.

### Report verification: Third Party Review

Report verification: Responsible Care Report Verification

The report verification includes numerical verification of performance metrics aggregated by the head office, confirmation of documentation, and on-site checking of implementation and operation at factories. We started to undergo an audit in 2005 at four factories of Sanyo Chemical and two subsidiaries/affiliates (two factories) in stages. SAN NOPCO LIMITED which has undergone an audit, is subject to verification for the fourth time.

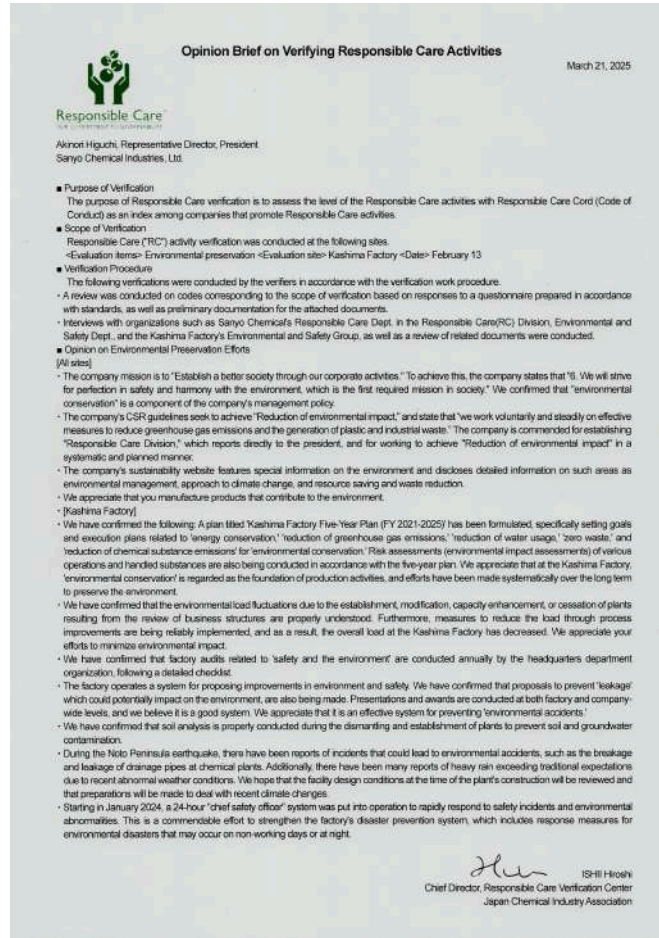


#### [Verification history]

FY	Target	Auditee's place
2019	CSR Report 2019	Nagoya facilities in SAN NOPCO LIMITED
2020	CSR Report 2020	Kashima Factory
2021	CSR Report 2021	Kinuura Factory
2022	CSR Data Book 2022	Kyoto Factory
2023	Sustainability Report 2023	Nagoya Factory
2024	Sustainability Report 2024	Kawasaki Factory in San Chemical Co., Ltd.
2025	Sustainability Report 2025	Nagoya facilities in SAN NOPCO LIMITED

## Verification: Third Party Review

In FY2024, the Kashima Factory underwent verification of environmental conservation activities.



### [Results of verification audits]

Date	Auditee's place	Target activities
October 2021	Nagoya Factory	Occupational safety and health
March 2022	Nagoya Factory	Environmental conservation
April 2022	Nagoya facilities in SAN NOPCO LIMITED	Environmental conservation
February 2023	Kashima Factory	Occupational safety and health
February 2023	Kawasaki Factory in San Chemical Co., Ltd.	Environmental conservation
February 2024	Kinuura Factory	Environmental conservation
February 2025	Kashima Factory	Environmental conservation







» [RC Verification System \(Japanese only\)](#)



# GRI Content Index

## General Disclosures

**Statement of use** Sanyo Chemical Group has reported the information contained in this GRI index for the period from April 1, 2024 to March 31, 2025 with reference to the GRI Standards.

### GRI 1 used GRI 1: Foundation 2021

GRI Standards	Disclosures	References or reasons for omission
General Disclosures 2021		
1.The organization and its reporting practices		
2-1	Organizational details	<a href="#">» COMPANY OVERVIEW</a> <a href="#">» OVERSEAS BASES</a> <a href="#">» SUBSIDIARIES &amp; AFFILIATES</a>
2-2	Entities included in the organization's sustainability reporting	<a href="#">» DOMESTIC BASES</a> <a href="#">» Editorial Policy</a> <a href="#">» SUBSIDIARIES &amp; AFFILIATES</a>
2-3	Reporting period, frequency and contact point	<a href="#">» Editorial Policy</a>
2-4	Restatements of information	<a href="#">Securities report (Japanese only)</a> 
2-5	External assurance	<a href="#">» Third Party Review</a>
2. Activities and workers		
2-6	Activities, value chain and other business relationships	<a href="#">Securities report (Japanese only)</a> 
2-7	Employees	<a href="#">Securities report (Japanese only)</a>  <a href="#">» Employee Related Data</a>
2-8	Workers who are not employees	Information unavailable/incomplete: data not aggregated
3. Governance		
2-9	Governance structure and composition	<a href="#">» Corporate Governance</a>
2-10	Nomination and selection of the highest governance body	<a href="#">Securities report (Japanese only)</a>  <a href="#">» Standards for Selection of Directors</a> <a href="#">» Diversity of the Board of Directors</a>
2-11	Chair of the highest governance body	<a href="#">» Corporate Governance Diagram</a>
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">» Sustainability Management</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">» Sustainability Management</a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#">» Sustainability Management</a> <a href="#">» Message from the Director in Charge of Sustainability</a>
2-15	Conflicts of interest	<a href="#">Corporate Governance Report (Japanese only)</a>  <a href="#">Securities report (Japanese only)</a> 
2-16	Communication of critical concerns	<a href="#">» Corporate Governance</a> <a href="#">» Compliance</a> <a href="#">» Risk Management System</a>
2-17	Collective knowledge of the highest governance body	<a href="#">» Skills Matrix</a> <a href="#">» Training for Directors and Auditors</a>

GRI Standards	Disclosures	References or reasons for omission
2-18	Evaluation of the performance of the highest governance body	» <a href="#">Effectiveness Evaluation of the Board of Directors</a>
2-19	Remuneration policies	<a href="#">Corporate Governance Report (Japanese only)</a> 
2-20	Process to determine remuneration	<a href="#">Corporate Governance Report (Japanese only)</a> 
2-21	Annual total compensation ratio	Information incomplete: not aggregated
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	» <a href="#">Message from the President</a> » <a href="#">Message from the Director in Charge of Sustainability</a>
2-23	Policy commitments	» <a href="#">Message from the President</a> » <a href="#">Message from the Director in Charge of Sustainability</a> » <a href="#">Policies, Standards and Guidelines (Code of Ethics and Management)</a> » <a href="#">Respect for Human Rights</a>
2-24	Embedding policy commitments	» <a href="#">Message from the Director in Charge of Sustainability</a> » <a href="#">Respect for Human Rights</a> » <a href="#">Supply Chain Management</a> » <a href="#">Compliance</a>
2-25	Processes to remediate negative impacts	» <a href="#">Human Rights Policy</a> » <a href="#">Compliance</a>
2-26	Mechanisms for seeking advice and raising concerns	» <a href="#">Compliance</a>
2-27	Compliance with laws and regulations	» <a href="#">Fair trade and Anti-corruption</a> » <a href="#">Whistleblowing, disciplinary actions, and violations</a>
2-28	Membership associations	» <a href="#">Major Participating Organizations</a>
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	» <a href="#">Communication with Stakeholders</a>
2-30	Collective bargaining agreements	» <a href="#">Labor and Management Relations</a>

## Economic

GRI Standards	Disclosures	References or reasons for omission
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	<a href="#">Securities report (Japanese only)</a> 
201-2	Financial implications and other risks and opportunities due to climate change	» <a href="#">Disclosure Based on TCFD Recommendations</a>
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Securities report (Japanese only)</a> 
201-4	Financial assistance received from government	<p>Selected for and already received the following grants:</p> <ul style="list-style-type: none"> <li>• FY2022 “Innovative Science and Technology Initiative for Security Grant”</li> <li>• FY2025 “Open Innovation Research and Practical Application Promotion Project Grant”</li> <li>• FY2025 “Bio Manufacturing Revolution Promotion Project Grant”</li> <li>• FY2024 “Medical-Engineering Collaboration Innovation Promotion Project Grant”</li> </ul>
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information incomplete: data not calculated
202-2	Proportion of senior management hired from the local community	Information incomplete: data not calculated
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	» <a href="#">Local Communities / Social Contributions</a>
203-2	Significant indirect economic impacts	Difficult to obtain information: recognized as a future issue, but no action has been taken.
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Information incomplete: data not calculated
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Difficult to obtain information: recognized as a future issue, but no action has been taken.
205-2	Communication and training about Anti-corruption policies and procedures	» <a href="#">Compliance</a>
205-3	Confirmed incidents of corruption and actions taken	» <a href="#">Whistleblowing, disciplinary actions, and violations</a>
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	» <a href="#">Compliance</a>
GRI 207: Tax 2019		
207-1	Approach to tax	Difficult to obtain information: recognized as a future issue, but no action has been taken.
207-2	Tax governance, control, and risk management	Difficult to obtain information: recognized as a future issue, but no action has been taken.
207-3	Stakeholder engagement and management of concerns related to tax	Difficult to obtain information: recognized as a future issue, but no action has been taken.
207-4	Country-by-country reporting	Difficult to obtain information: recognized as a future issue, but no action has been taken.



## Environmental

GRI Standards		Disclosures	References or reasons for omission
GRI 301: Materials 2016			
301-1	Materials used by weight or volume		<a href="#">» Environmental Impact Overview</a> <a href="#">» Material Flow of Waste</a> <a href="#">» Climate Change Related Data</a>
301-2	Recycled input materials used		<a href="#">» Resource Circulation and Waste Reduction</a>
301-3	Reclaimed products and their packaging materials		Information unavailable/incomplete: There are no products returned from the market for recycling. Packing materials: partially aggregated <a href="#">» Recycling</a>
GRI 302: Energy 2016			
302-1	Energy consumption within the organization		<a href="#">» Environmental Impact Overview</a> <a href="#">» Targets and Results</a> <a href="#">» Climate Change Related Data</a>
302-2	Energy consumption outside of the organization		<a href="#">» Disclosure Based on TCFD Recommendations</a> <a href="#">» Climate Change Related Data</a>
302-3	Energy intensity		<a href="#">» Climate Change Related Data</a>
302-4	Reduction of energy consumption		<a href="#">» Environmental Impact Overview</a> <a href="#">» Targets and Results</a> <a href="#">» Climate Change Related Data</a>
302-5	Reductions in energy requirements of products and services		<a href="#">» Environmental Performance Chemicals</a>
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource		<a href="#">» Water Resources</a>
303-2	Management of water discharge related impacts		<a href="#">» Water Discharge</a> <a href="#">» Water Resource Related Data</a> <a href="#">» Release/Transfer of Substances Subject to the PRTR Law (domestic sites)</a>
303-3	Water withdrawal		<a href="#">» Environmental Impact Overview</a> <a href="#">» Water Withdrawal Targets and Results</a> <a href="#">» Reduction of Water Withdrawal</a> <a href="#">» Site Report</a>
303-4	Water discharge		<a href="#">» Environmental Impact Overview</a> <a href="#">» Water Discharge</a> <a href="#">» Water Quality Conservation</a> <a href="#">» Water Resource Related Data</a> <a href="#">» Release/Transfer of Substances Subject to the PRTR Law (domestic sites)</a> <a href="#">» Site Report</a>
303-5	Water consumption		<a href="#">» Environmental Impact Overview</a> <a href="#">» Water Withdrawal Targets and Results</a> <a href="#">» Reduction of Water Withdrawal</a> <a href="#">» Water Resource Related Data</a>
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas		Our factories are located in areas that are deemed appropriate in each country and region. Although these areas do not fall under protected areas or areas with high biodiversity value, green spaces, ponds, etc. have been created around all the factories as voluntary initiatives to conserve the ecosystem in adjacent areas.
304-2	Significant impacts of activities, products, and services on biodiversity		The quality of the wastewater discharged exceeds the wastewater quality standards established by the local governments having jurisdiction over the respective factories. There is no impact on the ecosystem conservation in adjacent areas.

GRI Standards	Disclosures	References or reasons for omission
304-3	Habitats protected or restored	Our factories are located in areas that are deemed appropriate in each country and region. Although these areas do not fall under protected areas or areas with high biodiversity value, green spaces, ponds, etc. have been created around all the factories as voluntary initiatives to conserve the ecosystem in adjacent areas.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not investigated
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	<a href="#">» GHG Emissions Reduction and Energy Conservation</a> <a href="#">» GHG emissions data by Scope</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">» GHG Emissions Reduction and Energy Conservation</a> <a href="#">» GHG emissions data by Scope</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">» Disclosure Based on TCFD Recommendations</a> <a href="#">» GHG emissions data by Scope</a>
305-4	GHG emissions intensity	<a href="#">» GHG Emissions Reduction and Energy Conservation</a> <a href="#">» GHG Related Data</a>
305-5	Reduction of GHG emissions	<a href="#">» GHG Emissions Reduction and Energy Conservation</a> <a href="#">» GHG emissions data by Scope</a>
305-6	Emissions of ozone-depleting substances (ODS)	<a href="#">» Fluorocarbons</a> <a href="#">» Atmospheric emissions related data</a>
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<a href="#">» Environmental Impact Overview</a> <a href="#">» Air Quality Conservation</a> <a href="#">» Atmospheric emissions related data</a>
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	<a href="#">» Environmental Impact Overview</a> <a href="#">» Material Flow of Waste</a>
306-2	Management of significant waste-related impacts	<a href="#">» Resource Circulation and Waste Reduction</a> <a href="#">» Chemical Management</a>
306-3	Waste generated	<a href="#">» Environmental action plan 21-24</a> <a href="#">» Environmental Impact Overview</a> <a href="#">» Resource Circulation and Waste Reduction</a> <a href="#">» Chemical Management</a> <a href="#">» Waste and Resource Circulation Related Data</a> <a href="#">» Site Report</a>
306-4	Waste diverted from disposal	<a href="#">» Environmental Impact Overview</a> <a href="#">» Resource Circulation and Waste Reduction</a> <a href="#">» Waste and Resource Circulation Related Data</a> <a href="#">» Site Report</a>
306-5	Waste directed to disposal	<a href="#">» Environmental Impact Overview</a> <a href="#">» Resource Circulation and Waste Reduction</a> <a href="#">» Waste and Resource Circulation Related Data</a> <a href="#">» Site Report</a>
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Suppliers that were evaluated to meet a certain level based on a CSR questionnaire or an environment/chemical substances management survey sheet at the time of screening are selected.
308-2	Negative environmental impacts in the supply chain and actions taken	<a href="#">» Supply Chain Management</a>



## Social

GRI Standards		Disclosures	References or reasons for omission
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover		» <a href="#">Employment status</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Not disclosed due to confidential information
401-3	Parental leave		» <a href="#">Work-life balance</a> » <a href="#">Promoting Women's Empowerment</a>
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes		The minimum notification period is not determined by labor and management in advance. However, when an employee is transferred for business reasons, the employee is notified promptly after a decision is made.
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system		» <a href="#">Safety / Accident Prevention</a>
403-2	Hazard identification, risk assessment, and incident investigation		» <a href="#">Safety / Accident Prevention</a> » <a href="#">Details of a Fatal Occupational Accident on January 15, 2022</a>
403-3	Occupational health services		» <a href="#">Health and Productivity Management</a>
403-4	Worker participation, consultation, and communication on occupational health and safety		» <a href="#">Labor and Management Relations</a>
403-5	Worker training on occupational health and safety		» <a href="#">Safety / Accident Prevention</a>
403-6	Promotion of worker health		» <a href="#">Health and Productivity Management</a>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		» <a href="#">Addressing Human Rights Issues Related to "Labor in the Supply Chain"</a>
403-8	Workers covered by an occupational health and safety management system		» <a href="#">Safety / Accident Prevention</a>
403-9	Work-related injuries		» <a href="#">Safety / Accident Prevention</a> » <a href="#">Details of a Fatal Occupational Accident on January 15, 2022</a> » <a href="#">Labor accidents</a> » <a href="#">Health and Productivity Management</a>
403-10	Work-related ill health		» <a href="#">Health and Productivity Management</a> » <a href="#">Health and Productivity Management Data</a>
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee		» <a href="#">Education and Training System, and Results</a> » <a href="#">Education and Training</a>
404-2	Programs for upgrading employee skills and transition assistance programs		» <a href="#">Education and Training System, and Results</a>
404-3	Percentage of employees receiving regular performance and career development reviews		100% for full-time Sanyo Chemical employees. The figure has not been determined for overseas employees.
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees		» <a href="#">Diversity of the Board of Directors, Directors, Auditors, and Executive Officers</a>  » <a href="#">Diversity, Equity &amp; Inclusion (DEI)</a> » <a href="#">Employee Related Data</a>
405-2	Ratio of basic salary and remuneration of women to men		<a href="#">Securities report (Japanese only)</a>  » <a href="#">Gender pay gap</a>
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken		» <a href="#">Respect for Human Rights</a> » <a href="#">Compliance</a>
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		» <a href="#">Addressing Human Rights Issues Related to "Labor in the Supply Chain"</a> » <a href="#">Supply Chain Management</a>

GRI Standards		Disclosures	References or reasons for omission
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor		» <u>Addressing Human Rights Issues Related to “Labor in the Supply Chain”</u>
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		» <u>Addressing Human Rights Issues Related to “Labor in the Supply Chain”</u>
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures		Not applicable
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples		» <u>Addressing Human Rights Issues Related to “Labor in the Supply Chain”</u>
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs		» <u>Local Communities / Social Contributions</u>
413-2	Operations with significant actual and potential negative impacts on local communities		The Sanyo Chemical Group recognizes that there are no business sites that have a significant negative impact (actual and potential) on local communities.
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria		» <u>When Starting Business Transactions</u>
414-2	Negative social impacts in the supply chain and actions taken		» <u>Supply Chain Management</u>
GRI 415: Public Policy 2016			
415-1	Political contributions		» <u>Compliance</u> » <u>Political donations, etc.</u>
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories		» <u>Provision of information</u> » <u>Design Management</u>
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable: no violations » <u>Quality Assurance, Quality Control, and Product Liability (PL)</u>
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling		» <u>Quality</u>
417-2	Incidents of non-compliance concerning product and service information and labeling		» <u>Quality</u>
417-3	Incidents of non-compliance concerning marketing communications		Not applicable: no violations » <u>Whistleblowing, disciplinary actions, violations, etc.</u>
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Not applicable: no violations » <u>Whistleblowing, disciplinary actions, violations, etc.</u>