

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. The Group will redouble its efforts to ensure that all its managers and employees go back to the basics and remain committed to occupational safety and health and accident prevention in cooperation with its subcontractors.

## Details of a fatal occupational accident on January 15, 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.

### Outline of the accident

Discovery date	Around 12:00, January 15 (Sat.), 2022
Discovery location	Production Dept., Nagoya Factory of SDP Global Co., Ltd., 31-1 Shinpomachi, Tokai-shi, Aichi
Deceased person	One employee of a subcontractor

### 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, and thus the accident occurred.

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 other factories and research laboratories,

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. In addition, after investigating the cause of the accident, we established a new permanent countermeasures committee, and have been studying ways to improve essential safety, including changing safety awareness. In December 2022, we established a safety philosophy and a 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.

#### The safety philosophy and the safety 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

### Fostering a safety-first mind led by the Safety Promotion Department

In order to ensure the implementation of the above initiatives, the Safety Promotion Department was newly established as an organization under the direct control of the President, incorporating the operations of the Environmental and Safety Administration Department of the Responsible Care Division and the Safety and Technology Education Center. We will foster a safety-first mind by changing safety awareness and deepening and expanding various measures.

### Strengthening risk assessment and developing human resources

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 be introduced.

### Assessment of factory safety by an outside audit

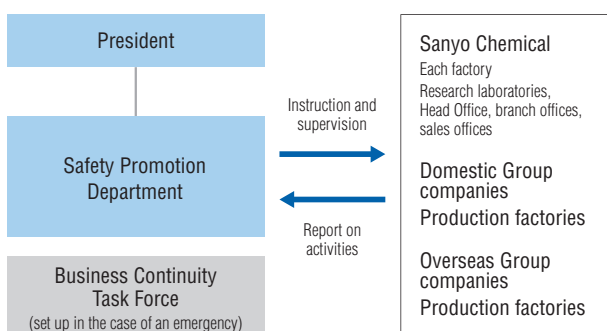
In order to comprehensively assess our safety challenges and continuously improve our safety, we introduced a safety assessment by the Japan Industrial Safety Competency Center, a non-profit organization, and began the assessment of our Nagoya Factory in May 2023. We will operate it for other factories as well to address our safety challenges.

### Safety/accident prevention system

The Safety Promotion Department, which is under the direct control of the President, instructs and supervises the occupational health and safety and accident prevention in each base.

In case of an emergency, a local emergency task force is established in the region where the emergency has occurred. Should a large-scale earthquake or other wide-area disaster occur, the Business Continuity 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.

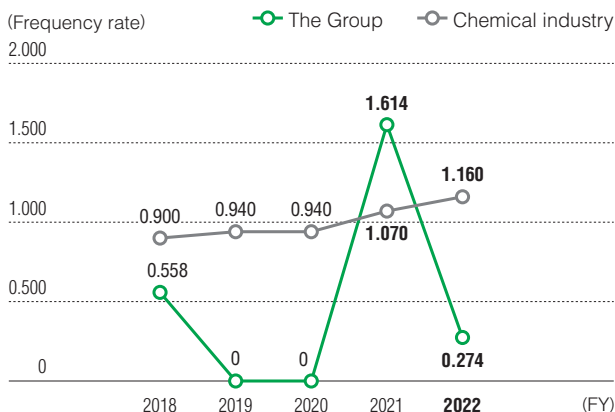
#### ► System



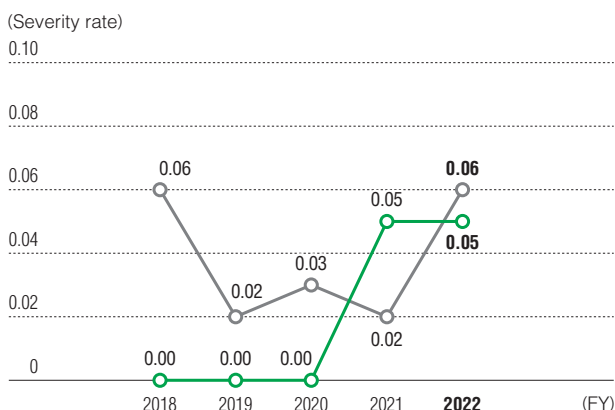
### Status of labor accidents

To achieve zero labor accidents, we are 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. Regrettably, in FY2022, in addition to one occupational accident involving our employees with lost time and seven without lost time, there were three occupational accidents involving dispatched workers/subcontractors with lost time and five without lost time. We have investigated the actual causes of each accident by using the five whys method,\*1 implemented recurrence prevention measures, and rolled out important countermeasures to all Group factories in Japan and abroad.

#### ► Occupational accident frequency rate\*2



#### ► Severity rate of occupational accidents\*3



\*1 An analytical method to extract not only the direct cause but also the root cause behind a certain problem by repeating the process of identifying the cause why it occurred and asking the question "Why?" regarding that cause

\*2 Frequency rate = (number of employees suffering accident with lost time) ÷ (total working hours) × 1,000,000  
This value indicates the generation frequency of accident victims (Group company employees) per 1 million hours.

\*3 Severity rate = (labor lost days) ÷ (total working hours) × 1,000  
This value indicates the severity of accidents per 1,000 working hours.