

A watercolor illustration featuring a city skyline at the top with various buildings in shades of blue and white. Below the skyline, there are large, vibrant watercolor flowers in shades of red, pink, yellow, and orange. The background is a mix of light blue and white washes, with small yellow dots scattered throughout. The overall style is artistic and soft.

"Performance" Through Chemistry

SANYO CHEMICAL GROUP
SUSTAINABILITY REPORT
2024

For the year ended March 31, 2024

Sanyo
Chemical

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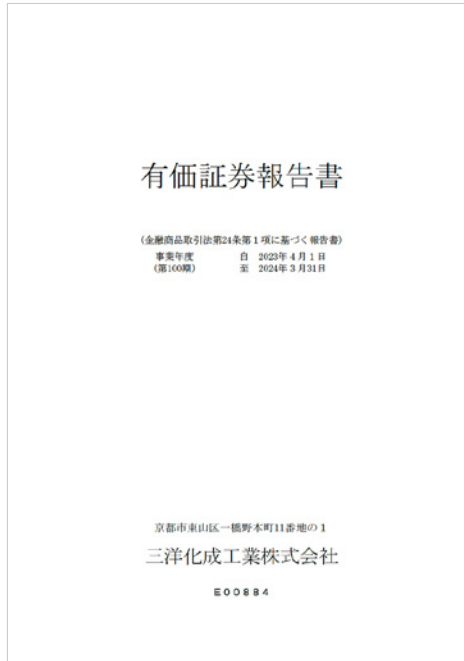
Editorial Policy

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.

» [Corporate website](#)

Reporting period

This report covers FY2023 (April 2023 to March 2024), but includes content through June 2024 for management-related matters that have made significant progress, including organizational and policy changes. Numerical data concerning ESG covers the period from April 2023 to March 2024.

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. *¹
- 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. *¹ *²
- San-Dia Polymers (Nantong) Co., Ltd. *¹ *²
- 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 *²
- Sunrise Chemical LLC
- Sanyo Kasei (Thailand) Ltd. *²
- SDP GLOBAL (MALAYSIA) SDN. BHD. *¹ *²
- SANYO KASEI (TAIWAN) LTD.

Companies with "*" after their name decided to discontinue their business in March 2024. Although they are therefore scheduled to be dissolved or are under consideration for transfer (transfer of equity), they are still included in the scope of this report.

In principle, environmental data and other numerical data pertain to Sanyo Chemical Industries, Ltd., all business sites of subsidiaries and affiliates in Japan, and five overseas subsidiaries and affiliates that have production facilities (the above companies with "*" after their name). Notes are indicated when the scope of aggregation is different.

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.

Report is made to the Management Council when these reports are issued or the sustainability website is updated.

Inquiries concerning this report

Responsible Care Department, Sanyo Chemical Industries, Ltd. ; E-Mail csr@sanyo-chemical.group

Guidelines referenced

GRI's Sustainability Reporting Standards

ISO26000 : 2010 (Guidance on Social Responsibility)

Published

October 2024

Scheduled publication: October 2025, Previous publication: November 2023

Published once a year

Corrections and revisions

GHG emissions data by Scope and data related to resource recycling and waste in ESG Performance Data (Environment) have been revised retroactively to before FY2022. 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 The Colors of Life

Artist Name Yumi Kikuchi

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

The Sanyo Chemical Group is committed to growing together with society by contributing to a sustainable society and is working on transforming its business model.

Akinori Higuchi
Representative Director, President, and CEO



At present, the global environment and human society face a number of serious challenges. I am concerned that many species, including humans, may struggle to survive if things do not move in the right direction. However, companies around the world are discussing and taking action to address various challenges, including climate change, so I believe that things will improve in the future.

Shifting Business to Carbon Neutrality and Quality of Life Improvements

The Sanyo Chemical Group has determined that its current business model is not sustainable and has decided to contribute to a sustainable society in order for the company to grow as well. In line with this, in 2022, we have established a long-term management policy by identifying our materiality, and have decided to shift the business of the future Sanyo Chemical Group towards carbon neutrality and improving quality of life (QOL). We are currently implementing the new Medium-Term Management Plan 2025, the first stage of our strategy, which focuses on business model transformation.

Initiatives Addressing ESG, and Business Collaborations

We are also focusing on ESG, such as reducing CO₂ emissions from our factories, enforcing a safety culture, improving the workplace environment, and ensuring transparency in decision-making bodies. Last year, we also appointed an executive officer in charge of sustainability, and we have also made progress in the effectiveness of the transfer of authority. This year, the Internal Audit Office began to focus its investigations on the human rights of workers and the communities of raw material manufacturers from which we procure.

On the other hand, I feel that there is a limit to what one company can do on both climate change and a circular society, and that we must work together with industrial groups and other companies. I strongly believe that the idea of multiple companies taking advantage of their respective areas of expertise to respond in each area will become even more necessary in the future.

Pursuing Safety, and Ideal Factories

Safety is always our top priority. Under the new Medium-Term Management Plan 2025, we are upgrading our facilities to be safer, more efficient, and more stable in order to further strengthen our safety initiatives. We also invite external safety experts to our Safety Education Center to continue training with the aim of fostering a safety culture, such as awareness of the safety of employees, and the HR development of engineers working at factories. This enables the realization of safe manufacturing sites with a low employee burden.

My ideal is to circulate all waste, water, and air within a factory. I know that we have to overcome many challenges in order to achieve that, but as an executive, I think it is important to continue to have that ideal.

Outside Director Aya Shirai Assumes Position of Chairman of the Board of Directors

In June 2024, Outside Director Aya Shirai assumed the position of Chairman of the Board of Directors. She has served as the mayor of Amagasaki City for eight years and has experience in dealing with the tragic JR Fukuchiyama Line derailment incident as the head of a local government. She has also served as an outside director for other companies, bringing unique insights as an outside director to the direction our company should take. I believe that stakeholders expect the Board of Directors to operate with a high degree of transparency that incorporates external perspectives.

To Our Stakeholders

By promoting businesses that contribute to carbon neutrality and QOL improvement, we aim to make a positive impact on society, continuously generate profits, and achieve sustainable growth. And we will put our company mission, "Establish a better society through our corporate activities," into practice by returning value to our employees, shareholders, and other stakeholders.

We kindly ask for your understanding and cooperation with our efforts, and would be grateful if you could share your opinions and requests with us.

September, 2024

Representative Director, President, and
CEO

A handwritten signature in black ink, appearing to read "A. Higuchi". The signature is written in a cursive, flowing style.

Message from the Director in Charge of Sustainability

Overview of Sanyo Chemical's Sustainable Management



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

Hiroyuki Susaki

Since its 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, in response to the recent increase in environmental awareness, we were further aware that our corporate activities must contribute to the realization of a sustainable society by reducing the environmental impact of our entire supply chain, not only through the contribution of these products.

We are also aware of the need to transform the conventional decision-making mechanisms and personnel systems of the Group to be more transparent and contribute to improving employee engagement from the perspective of corporate sustainability. Against this backdrop, the Group formulated the Basic Policy on Sustainability in FY2022, clarifying the new management stance of the Group to "aim for sustainable growth into the future by enhancing both economic and social value in cooperation with stakeholders."

Positioning and Relationship between Sustainable Management Committee and Corporate Social Responsibility (CSR) Promotion Management Committee

Currently, we have a Sustainable Management Committee directly under the Board of Directors, with the President and CEO serving as the chairperson, and a CSR Promotion Management Committee directly under the Management Council, chaired by the General Manager of the Responsible Care Division.

The Sustainable Management Committee examines processes for creating economic and social value for the sustainable growth of the Group as a whole. In particular, with regard to the environment, society, and governance, it is responsible for deliberating and deciding on policies and company-wide measures for the realization of material issues (materiality) that should be prioritized, and for implementing those measures in relevant departments.

On the other hand, the CSR Promotion Management Committee aims to link the implementation of the CSR Guidelines (CSR activities) to effective activities. In particular, regarding the realization of carbon neutrality, which is one of our materialities, we have positioned reducing carbon dioxide emissions as our top priority issue, and we are building a system and a mechanism to formulate and implement specific initiatives for that purpose. The activities of the CSR Promotion Management Committee are reported to the Sustainable Management Committee once a year.

Recognition of Importance of Roles and Responsibilities One Must Fulfill

We believe that there is a tendency of focusing too heavily on appearance and form over substance when it comes to sustainability and CSR, which are weighty challenges in corporate activities and not easily translated into tangible results. The term "greenwashing" aptly symbolizes this issue, and we feel it is important to prioritize actual effectiveness rather than just the external perception of our efforts. We aim to monitor our sustainability and CSR initiatives to ensure they are not just superficial, but always backed by effectiveness and reality. If found inadequate, we are committed to seeking course corrections and strive to disclose 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 the 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. In particular, with regard to the "eliminating of harassment," we have been working very hard throughout FY2023 by holding group discussions and other study sessions throughout the entire Group. In addition, we have enhanced contact points of 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 webpage 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

All six of the Group's 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). Specifically, we are currently focusing most on enhancing both economic and social value through the smooth commercialization for the wound healing and meniscus repair material silk-elastin with a new healing mechanism and for odor sensors, and the early commercialization of extracellular vesicle (exosome) purification kits. In particular, we would like 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 the launch of new products for peptide agriculture and the establishment of CCU (carbon capture and utilization) technology using our materials.

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 the 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.

Promotion of Stakeholder Communication

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

In FY2023, the Group decided to withdraw from the superabsorbent polymer business, which had been experiencing a decline in revenue due to commoditization. At the same time, we have also decided to withdraw from the unprofitable business of producing surfactants in China. With these withdrawals, we believe that one of the long-standing issues for the Group has been resolved, and that structural reforms have made significant progress. This has brought a step closer to creating a profitable operating environment.

Although these structural reforms will reduce the 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, the 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

The 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 no other company has. We believe that this contribution will ultimately lead to our own sustainability as a Group. 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 webpage in its entirety and gain a deeper understanding of the Group's initiatives.

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

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. We believe that working together with various stakeholders to improve both economic value and social value will lead to sustainable growth as a company.

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.

Metrics and Targets

We have identified material issues (materiality) that have a significant impact on our medium- to long-term value creation, in order to make the materiality a foundation for more practical sustainable management. In the future, we will address challenges spanning four areas in accordance with the Sustainability Action Plan: environment, life/living, society, and governance.

Sustainability Action Plan

E	Contribution to Carbon Neutrality	<ul style="list-style-type: none"> Direct emissions (Scope 1) + Indirect emissions (Scope 2) 2030 Target: Reduce CO₂ emissions by 50% or more (compared to FY2013 levels) 2050 Target: Net zero
	Contribution to the Circular Economy	<ul style="list-style-type: none"> 2024 Target: Ratio of ecologically friendly products* of 35% or more 2030 Target: Ratio of ecologically friendly products of 50% or more
S & L	Supporting value creation in local communities	<ul style="list-style-type: none"> Address the community's challenges, contribute to the expansion of local demand, and revitalize local industries through new value creation with manufacturing technologies
	A workplace that recognizes diverse values	<ul style="list-style-type: none"> Promote DEI, improve psychological safety, and introduce reforms for greater job satisfaction Support people's sustainable lifestyles, and improve their QOL
G	Enhance disclosure of non-financial information	<ul style="list-style-type: none"> Invest in climate change risks and revenue opportunities, human capital, and intellectual property Establish basic policy on respect for human rights, employee health and work environment, and fair and appropriate transactions Establish basic policy on business portfolio and quality assurance
	Ensure diversity and improve the effectiveness of the Board of Directors	<ul style="list-style-type: none"> Disclose the directors' skills matrix Ratio of independent Outside Directors: at least one-third of Board of Directors, and a majority of the Nomination and Compensation Committee Ratio of women on Board of Directors: 30% or more Separation of management and business execution

*Our unique indicator FY2020: 30%

» [Sanyo Chemical Group Material Issues](#)

Promotion System

We position sustainable management as a high-level concept of corporate social responsibility (CSR). The Sustainable Management Committee, chaired by the President, has been established within the Board of Directors, and the Corporate Social Responsibility Promotion Management Committee has been established as an organization directly under the Management Council.



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 (materiality) that should be prioritized, and for implementing those measures in relevant departments. The Board of Directors regularly receives reports and conducts monitoring.

[Sustainable Management Committee]

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

[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, at least twice a year

[Role]

- (1) Examine processes for creating economic and social value for the sustainable growth of the Group as a whole.
- (2) Deliberate and decide on policies and company-wide measures for resolving materialities, and implement those measures in relevant departments.
- (3) Review the plan, progress, and results of the above measures, and deliberate and decide on improvements and corrections.
- (4) Disseminate information about our sustainable management in order to proactively communicate not only with stakeholders but also with global organizations such as the United Nations.

Corporate Social Responsibility Promotion Management Committee

The Corporate Social Responsibility Promotion Management Committee aims to link the implementation of the CSR Guidelines (CSR activities) to effective activities. In particular, regarding the realization of carbon neutrality, which is one of our materialities, we have positioned reducing CO₂ emissions as our top priority issue, and we are building a system and a mechanism to formulate and implement specific initiatives for that purpose. The activities of the Corporate Social Responsibility Promotion Management Committee are reported to the Sustainable Management Committee once a year.

[Corporate Social Responsibility Promotion Management Committee]

Chairperson	General Manager of Responsible Care Division
Committee Member	8 people (Selected by decision of the President) Nominee for Chairperson
Observer	Full-time Auditors
Secretariat	Senior Manager of Responsible Care Dept.

[Purpose]

Contribute to the creation of a sustainable society by responding to the demands and expectations of society and practicing the company mission.

[Meetings]

In principle, at least twice a year

[Role]

- (1) Build a system and a mechanism to formulate and implement specific initiatives to achieve carbon neutrality.
- (2) Monitor progress and propose improvement measures.
- (3) From the perspective of ensuring the effectiveness of CSR activities, monitor and propose improvement measures for the formulation and implementation of annual promotion plans by the person in charge and the promoting department.
- (4) Constantly review basic policies (CSR Guidelines, etc.) to meet the needs and expectations of society.

CSR Guidelines

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

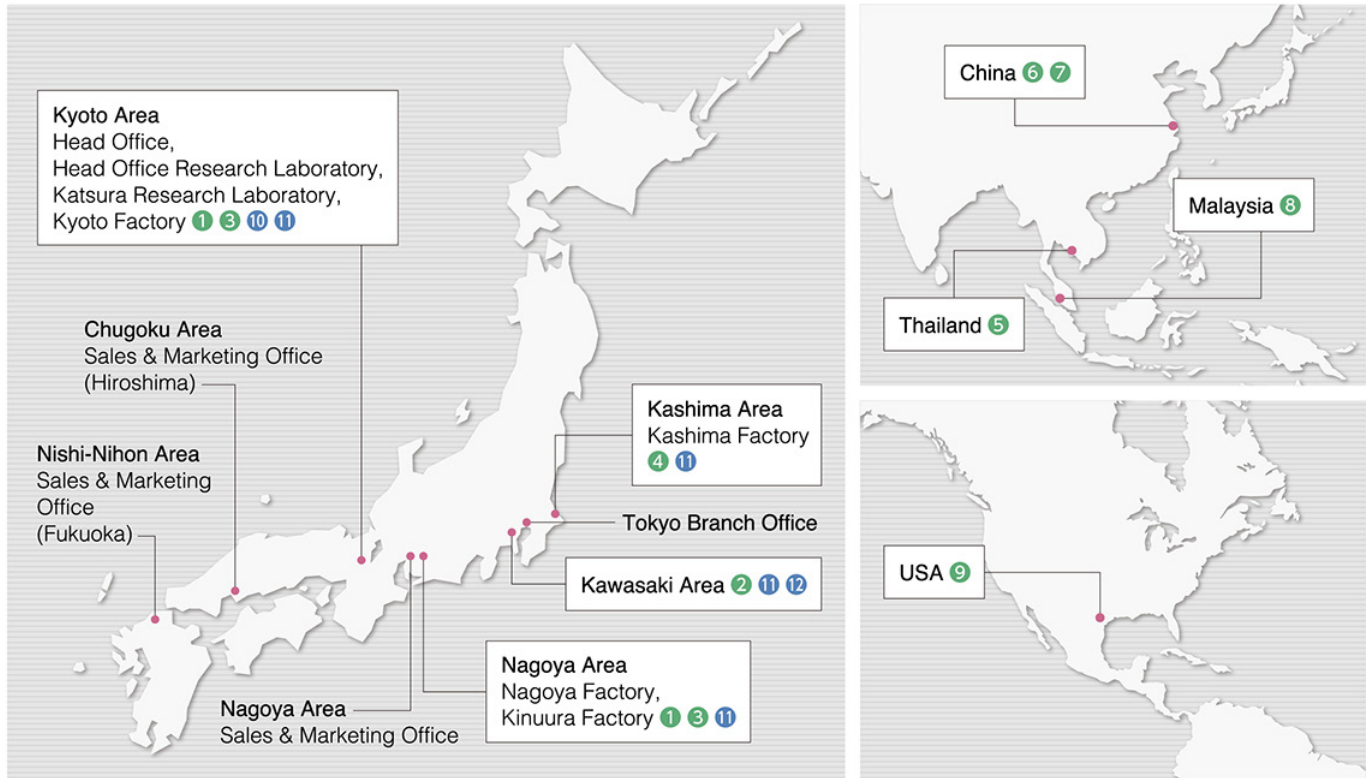
Items of CSR Guidelines	Content of guidelines
1. Safety and Accident Prevention	We will prioritize safety and accident prevention in all business activities. We will continue to operate without accidents or injuries, contributing to the safety of society, and strive to protect the safety and health of 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 dialog 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.

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 by Keidanren	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 Nijiuro Diversity

ISO Acquisition Status

The Environmental Management System (ISO14001) was obtained by Sanyo Chemical and its 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)	SDP Global Co., Ltd.	2001	-	-	2000	JCQA
	(2)	San Chemical Co., Ltd.	1982	-	-	2000	JCQA
	(3)	SAN NOPCO LIMITED	1966	-	-	2000	JCQA
	(4)	San-Petrochemicals Co., Ltd.	1977	-	-	-	-
	(5)	Sanyo Kasei (Thailand) Ltd.	1997	2009	TICA/J-VAC	2004	TICA/J-VAC
	(6)	Sanyo Kasei (Nantong) Co., Ltd.	2003	2012	TUV NORD	2006	TUV NORD
	(7)	San-Dia Polymers (Nantong) Co., Ltd.	2003	2013	CQM	2007	DETNORSKE VERITAS
(8)	SDP GLOBAL (MALAYSIA) SDN. BHD.	2015	-	-	-	-	
(9)	Sanyo Chemical Texas Industries, LLC	2005	-	-	-	-	

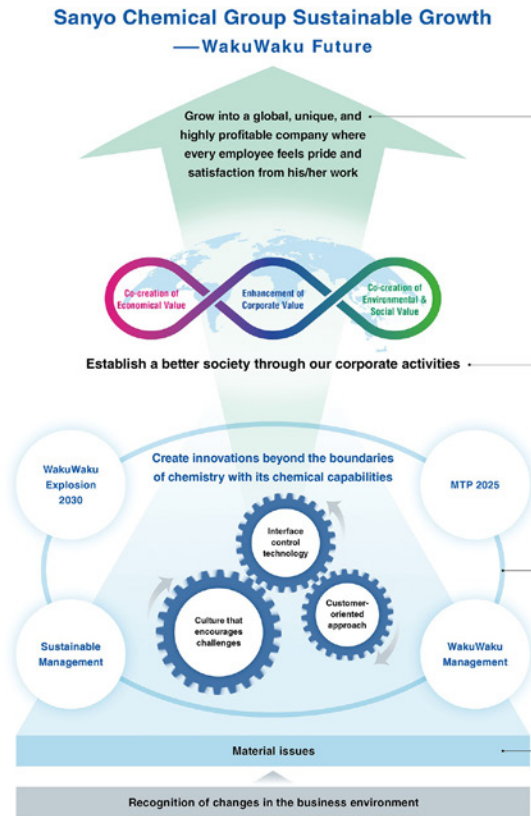
	Location	Facility	Year of establishment (operation)	ISO14001		ISO9001	
				Year acquired	Certification authority	Year acquired	Certification authority
Non-production Base	(10)	San-Apro Ltd.	1966	-	-	2003	JCQA
	(11)	Sanyo Chemical Logistics Co., Ltd.	2020	-	-	-	-
	(12)	Shiohama Chemicals Warehouse Co., Ltd.	1983	-	-	-	-

Note: The four Sanyo Chemical factories and domestic subsidiaries and affiliates (1) through (4) discontinued their ISO14001 certification in FY2020. (4) San-Petrochemicals Co., Ltd. also discontinued its ISO9001 certification in FY2020.

(1)(6)(7) and (8) decided to withdraw from the business in March 2024, and are scheduled to be dissolved or are under consideration for transfer (transfer of equity) accordingly.

Sanyo Chemical Group Value Creation Process

Value Creation Process



Vision 2030

In 2022, the Sanyo Chemical Group formulated the long-term management policy "WakuWaku Explosion 2030." We aim to achieve our Vision 2030 "Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work," while pursuing the three values of "Co-creation of economical value," "Enhancement of corporate value," and "Co-creation of environmental & social value."

WEB Management policy "WakuWaku Explosion 2030" toward our Vision 2030 >

Company mission: Establish a better society through our corporate activities

We believe that our Vision is the very essence of our company mission. Since our foundation, with the company mission as our guidepost, we have explored and considered the environment surrounding us in this era and the direction we should take.

Management policy and strategy

To realize our Vision, we practice Sustainable Management and WakuWaku Management on a daily basis and implement the MTP 2025 as our first stage, leveraging the source of our competitive advantage.

WEB Sustainability Management >

WEB WakuWaku Management >

WEB MTP 2025 >

Material issues

We have identified material issues, realizing that the damage to natural and social capital is reaching its limits. We believe that circulating value for stakeholders and resolving social issues are crucial for protecting our business environment. Our sustainability activities are formulated and implemented based on these material issues.

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

Communication with Stakeholders

At the Sanyo Chemical Group, we believe that we can achieve greater sustainability for society and the company by practicing good communication, and thereby forge trust-based, cooperative relationships with stakeholders based on an understanding of their interests and needs.







Policy

The Sanyo Chemical Group strives to ensure that our customers, business partners, shareholders, investors, local communities, employees, and other stakeholders have an accurate view of the Group's corporate value. We proactively disclose financial and non-financial information of our group in a fair manner, and promote dialogue 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. We also promote communication among Group employees with the aim of building a sense of unity within the Group.

Communication 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"> • Direct communication through sales activities including exhibition sales • Inquiries by phone or via the website • Responding to customers' green procurement, etc. • Dissemination of information on initiatives for new products, new technologies, and new business fields • Communication of corporate information and ESG information
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"> • Direct communication through procurement activities • CSR questionnaires • Meetings to exchange opinions with suppliers
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"> • Seminars for institutional investors and analysts, and response to interviews • Seminars for individual investors • General meetings of shareholders • Research laboratory tours • Shareholder questionnaires • Timely communication of corporate information and ESG information
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"> • Social contribution activities, such as sponsoring events and supporting schools • Cooperation for disaster prevention and traffic safety • Contribution • Creating jobs in our regions of business
Employees	We aim to create a workplace where every employee feels pride and satisfaction in his/her work.	<ul style="list-style-type: none"> • Various education and training programs, talks with the management, interviews • Personnel systems, such as workstyles and health management • In-house newsletters and Intranet • Whistleblowing contact point (hotline) • Dialogue with the labor union

Major Participating Organizations

Organization name	Position, qualification, etc.
Keidanren (Japan Business Federation) 	Officer
Japan Chemical Industry Association 	Committee member
Japan Surfactant Industry Association 	Chairman
Japan Urethane Raw Materials Association 	Director
Kyoto Model Forest Association 	Director
Roundtable on Sustainable Palm Oil (RSPO) 	RSPO member

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, which is chaired by the President and CEO, 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 appropriatedisclosures 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"> ○ Demand shift to materials suitable for decarbonization ○ Accelerated transition to a circular economy and the emergence of innovative technologies for a decarbonized society ● Deteriorating business performance due to stricter regulations caused by policies such as carbon pricing to combat climate change 	Contribute to carbon neutrality with the interface control technology	Message from the President 
L	QOL	Improve QOL by performance through chemistry	<ul style="list-style-type: none"> ○ Growing needs for preventive medical care and health promotion ● Deteriorating business performance due to insufficient response to social needs 	Create value in the medical field through new technologies Create new value closely linked to people's lives	

Material Issues on the Management Domain

Classification			Opportunities and risks (○ opportunity / ● risk)	Our approach (goal) / 【KPI (achievement)】	Related page
S	In	Create innovations by supporting value creation of industry, culture and education	<ul style="list-style-type: none"> ○ Coexistence with the local community and the creation of business opportunities through interdisciplinary communication ● Deteriorating business performance due to a decline in Japan's competitiveness and market shrinkage caused by decreasing chemical capabilities and ailing local industry 	<p>Challenge beyond the boundaries of chemistry with our chemical capabilities</p> <ul style="list-style-type: none"> • Utilize the matching platform which called "UQ Chem" services to link unused chemical knowhow to untapped needs • Support various traditional Kyoto industries through technical and financial contributions (Sanyo Chemical Foundation for Social Contribution) • Promote collaboration and alliances with different fields and investment on startups • Promote DX and MI • Carry out on-site chemical classes at elementary and junior high schools • Participate in the Kyoto beyond SDGs Consortium with Kyoto University 	Digital Transformation (DX) Strategy 

Classification			Opportunities and risks (○ opportunity / ● risk)	Our approach (goal) / 【KPI (achievement)】	Related page
S	HC	Develop human resources and improve work environment by recognizing diversity	<ul style="list-style-type: none"> ○ New value creation through diversification ○ Improved employee engagement through workplace culture reform ● Decreased employee engagement due to insufficient response to diversifying values and work styles, and difficulty in personnel acquisition and personnel outflow 	<p>Diversity, equity & inclusion (DEI): Facilitate culture, which all employees can be excited (“WakuWaku”)</p> <ul style="list-style-type: none"> • Promote women’s empowerment [Female leadership ratio: 15% or more by FY2023 (FY2023: 15.3%); Female manager ratio: 6% or more by FY2023 (FY2023: 4.9%)] • Promote LGBTQ understanding • Make the Ikuboss declaration and join the Ikuboss Corporate Alliance [Ratio of male childcare leave takers: 100% by FY2025 (FY2023: 92.4%)] • Promote health and productivity management • 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.) • Create a work environment where employees with disabilities can work [Employment rate of people with disabilities: 2.7% or more by FY2026 (2.71% as of June 1, 2024)] 	<ul style="list-style-type: none"> » Diversity, Equity & Inclusion (DEI) » Work Style Reform » Health and Productivity Management

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"> ○ Improved business performance through stable supply of high-quality products ○ Improved corporate value through the gaining of stakeholder trust ● Business continuity risks, unexpected losses, and loss of credibility due to internal control failure 	<ul style="list-style-type: none"> • Strengthen quality governance by isolating quality assurance from production • Establish a management system for significant risks that may be critical to corporate value • Strengthen the legal compliance system • Strengthen the safe and healthy system by using the safety education center 	<p>» Risk Management</p>
	TM	Implement challenge-oriented and transparent management	<ul style="list-style-type: none"> ○ Improved corporate value through the gaining of stakeholder trust ● Decline in corporate credibility and value due to corporate governance failure 	<ul style="list-style-type: none"> • Promote WakuWaku Management: Every department shall be profit-oriented. • Diversify directors [Raise the female ratio to 30% or more (25% as of June 21, 2024)] [Ratio of independent outside directors: 1/3 or more of the Board of Directors (3/8 as of June 21, 2024)] • Enhance disclosure of non-financial information and corporate governance • Enhance dialogue with shareholders, investors, employees, and other stakeholders • Strengthen sustainable management 	<p>» Corporate Governance</p>

New Medium-Term Management Plan 2025

The Sanyo Chemical Group implemented the “WakuWaku Explosion 2030” management policy in March 2022. Based on the company mission since our founding, “Establish a better society through our corporate activities,” each and every employee has been working to create values toward becoming an exciting (WakuWaku) company, where everyone can shine, with the three pillars of “Contribution to carbon neutrality (CN),” “Improvement of quality of life (QOL),” and “Improvement of job satisfaction,” so that we can contribute to creating a sustainable society.

On the other hand, in FY2022, negative factors such as lockdowns in China due to novel coronavirus infections (COVID-19), soaring energy prices due to the turmoil in Ukraine, automobile production cutbacks due to semiconductor shortages, sharp depreciation of the yen, and other global environmental changes have had significant impacts on our business operations.

Under these circumstances, the Sanyo Chemical Group formulated the New Medium-Term Management Plan, a three-year plan which defined the growth path of our Group and specific measures to realize the vision in the Management Policy. With its chemical capabilities to accelerate the creation of new value, the Sanyo Chemical Group will make concerted efforts to enhance value throughout the entire supply chain and generate innovation beyond the boundaries of chemistry.

New Medium-Term Management Plan 2025

Basic Policies

Business Strategy (FY2023-FY2025)

1. Growth from Core Business

We will position five focus product groups that contribute to carbon neutrality (CN) and improvement of QOL (quality of life) as “high-value-added products categories,” and accelerate research and development as well as capital investment in these product categories in order to generate earnings.

2. Reformation of Existing Business

We will improve profitability by transforming the business process throughout the supply chain and implementing structural reforms in the polyurethane and superabsorbent polymer (SAP) businesses.

3. Global Deployment

We will expand facilities in overseas plants and strengthen the functions of overseas sales offices.

Toward the Future Beyond 2025

1. New Growth Path

We will focus our resources on growing areas where we can contribute to carbon neutrality and improvement of QOL. We will reinforce innovative actions including opportunities for strategic alliances and M&A.

2. Solutions to Social Issues

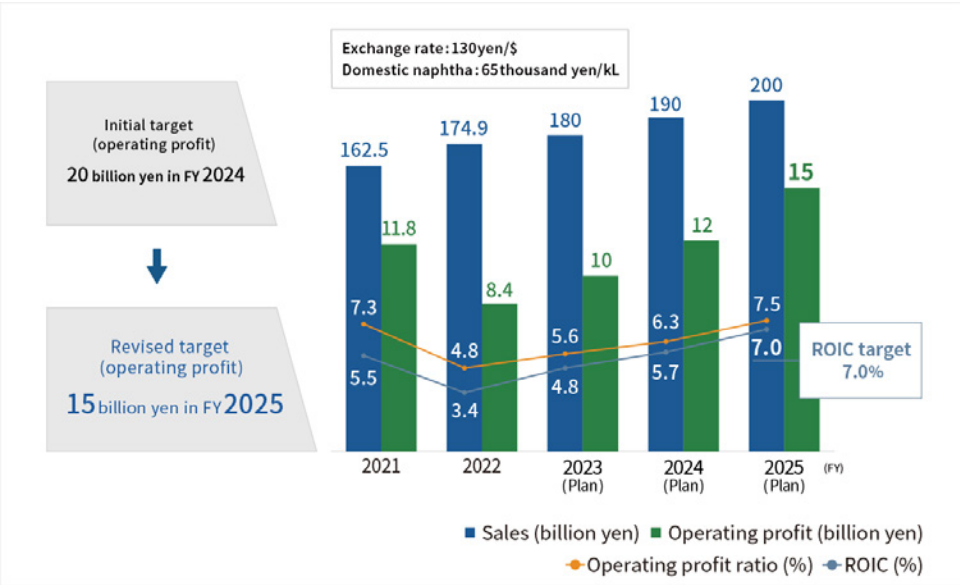
We aim to pursue significant reduction of CO₂ emissions through Carbon dioxide Capture and Utilization (CCU). We will proactively address human rights issues in the supply chain.

3. Initiatives to Support Growth

We will promote human resources development and improvement of the work environment. We will manage with safety and quality as our top priority and promote transparent management.

Revision of earnings forecast

Reflecting the external environment and the progress of internal transformation, we have revised the target of “20 billion yen in operating profit in FY2024” set forth in the management policy.



New Growth Path

Artificial Protein Silk-Elastin

Damage and deformation of cartilage and meniscus can lead to knee osteoarthritis, which in turn increases the risk of decreased motor function and affects the locomotive syndrome. Since it has become clear that meniscus repair and regeneration is important for the complete cure of knee joint diseases, the number of meniscal suture surgeries is increasing. However, since the meniscus is difficult to repair once damaged, about 30% of the three million suture surgeries performed annually worldwide result in insufficient healing and the risk of re-rupture.

Silk-Elastin for meniscus regeneration applications

Against this background, a research group at Hiroshima University has conducted joint research with the concept of an ultimate cure, using our Silk-Elastin to regenerate both the knee cartilage and the meniscus.

Silk-Elastin is an artificial protein created using gene recombination technology introduced by us. Featuring a high affinity with human cells, it creates an environment for cell proliferation that promotes the repair and regeneration of biological tissues. Its efficacy and safety were confirmed in physician-initiated clinical trials, with a comment from the investigator stating that the results were astonishing.

Silk-Elastin for wound healing applications

In the fields of chronic wounds (e.g., diabetic foot ulcers) and acute wounds (e.g., burns), a joint research project with Kyoto University has completed physician-initiated clinical trials for wounds that were not expected to heal with conventional treatments, with favorable results obtained in corporate clinical trials. We therefore plan to obtain regulatory approval in FY2024 and start sales in FY2025.

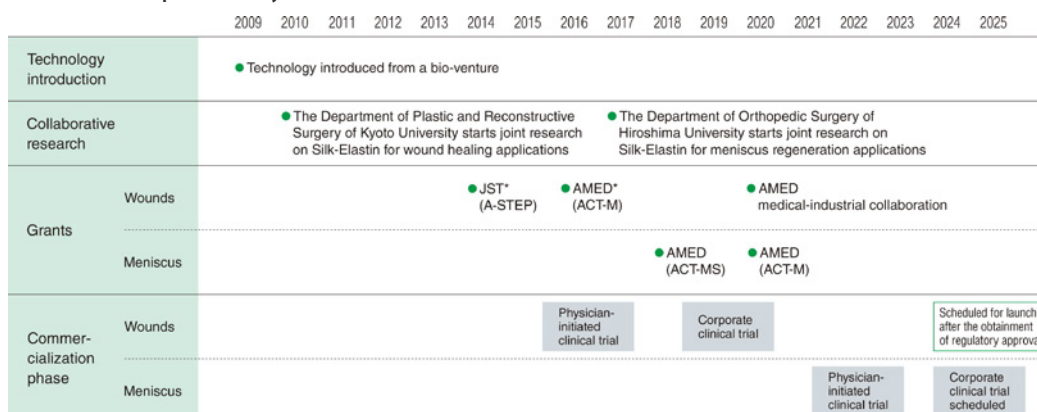
Expected market and future potential

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. For wounds, (bedsores, and burns), due to its wound healing ability and ease of handling, we aim to replace competitive medical devices (artificial dermis, NPWT*) with Silk-Elastin.

With strong advantages such as excellent healing ability and shortened healing time, Silk-Elastin has a wide range of uses and applications. We promote 10 or more research topics, including muscle regeneration applications. We plan to first establish a track record in wound healing 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.

*Negative pressure wound therapy

Silk-Elastin Development History



*JST: Japan Science and Technology Agency

*AMED: Japan Agency for Medical Research and Development

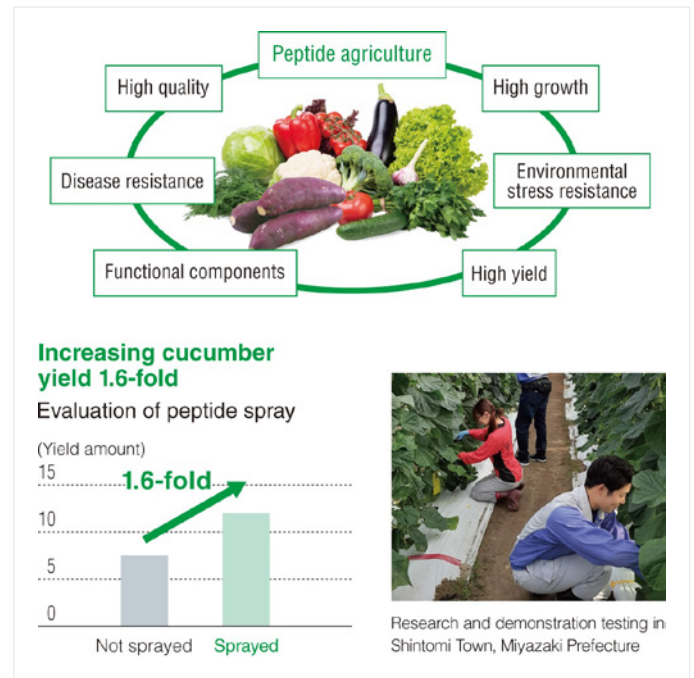
Toward Building a Sustainable Agricultural System

In Japan, the aging of agricultural workers and a shortage of successors are becoming apparent, while the world is facing major issues such as the reduction of chemical fertilizers and pesticides, greenhouse gas emissions, and water and soil contamination. We aim to provide solutions to agricultural issues using interface control technology and other chemical technologies we have cultivated over the years.

Peptide agriculture

We are involved in R&D on peptides* for agriculture 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.



Electronic Nose

Humans use their five senses to collect information, grasp a situation, and make judgments. However, indicators based on these senses face issues such as lack of data reliability and reproducibility, as well as difficulty in data sharing and storage. Of the five senses, a sensor that visualizes olfaction has been the least developed due to the wide variety of odorants and the complex mechanisms used in detecting odors.

Launch of the electric nose "FlavoTone"

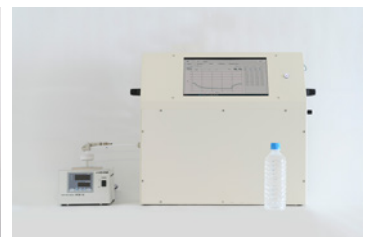
In November 2023, we launched "FlavoTone" an electric nose that can visualize complex and diverse odors using a mechanism similar to human olfaction. Since it can visualize both specific odors and complex odors, it offers solutions such as odor-based quality control, characteristic comparison, and monitoring.

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.



"FlavoTone" Type-A

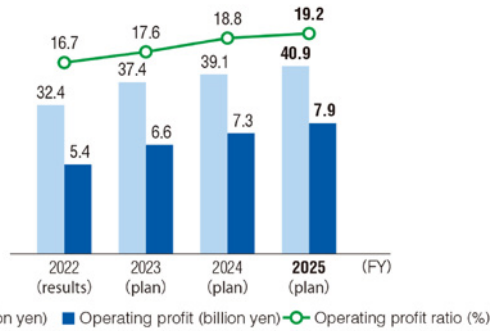


"FlavoTone" Type-G

Growth from Core Business

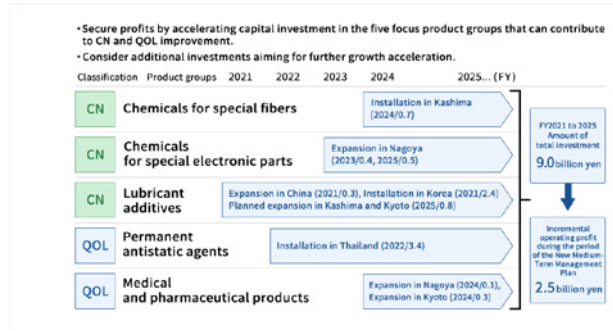
Positioning chemicals for special fibers, chemicals for special electronic parts, lubricant additives, permanent antistatic agents, and medical and pharmaceutical products, which contribute to carbon neutrality and the improvement of QOL, as five focus product groups, we plan to make capital investment of nine billion yen from FY2021 to FY2025, which includes the period of the Medium-Term Management Plan. We expect an incremental operating profit of 2.5 billion yen from this capital investment, and aim to achieve an operating profit of 7.9 billion yen by FY2025 from the five focus product groups. We will also consider additional investments in order to further expand our business.

Results and targets of sales / operating profit / operating profit ratio for five focus product groups



(Note) Research and development expenses (approx. two billion yen per year) related to new businesses are recorded as company-wide expenses and are not included in the above operating profit.

Accelerate capital investment in high-value-added products

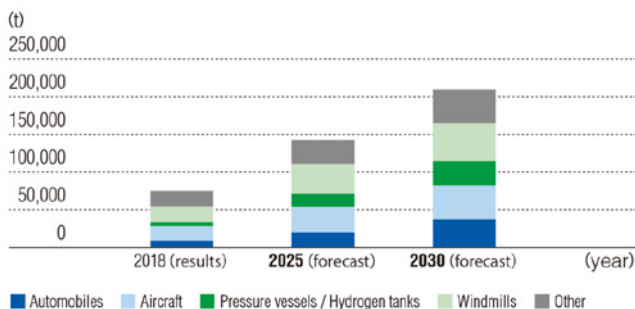


(Note) (Start year / Investment amount [billion yen])

Chemicals for special fibers

These products contribute to carbon neutrality. Our chemicals for special fibers are mainly used for carbon fibers. Blades of windmills, which are one of the main uses of carbon fibers (windmills, automobiles, aircraft, and pressure vessels), are seeing a rapid increase in demand due to the spread of renewable energy. Demand for carbon fibers is expected to expand as wind power generation increases, and blades become larger. In addition, the development of applications in new fields is progressing. In order to respond to growing demand for carbon fibers, we have decided to increase the production capacity for sizing agents for carbon fibers. In addition to the existing facilities at the Nagoya and Kyoto Factories, we plan to establish a new production facility at the Kashima Factory. The facility is scheduled to start operation in May 2024, increasing production capacity by approximately 50%. We will seek to secure a stable supply of sizing agents for carbon fibers in order to respond to the growing global demand. We would also like to play a major role not only in the utilization of renewable energy and the development of its industry, but also in addressing climate change. We will continue to consider further capacity expansion in order to meet the growing demand for carbon fibers.

Global market forecast for carbon fiber reinforced plastics by application



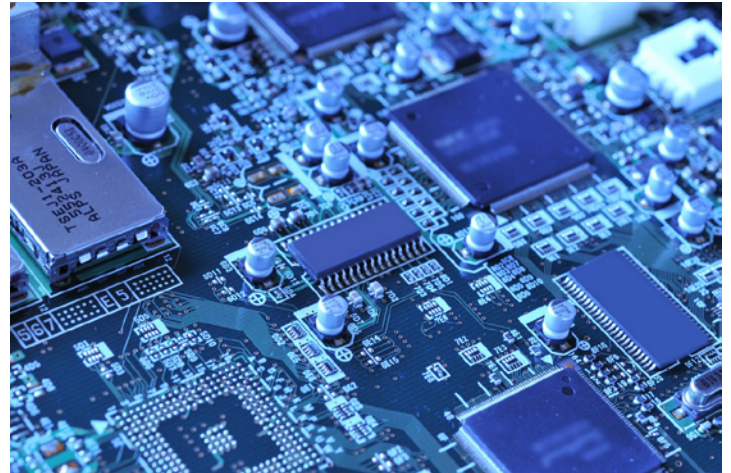
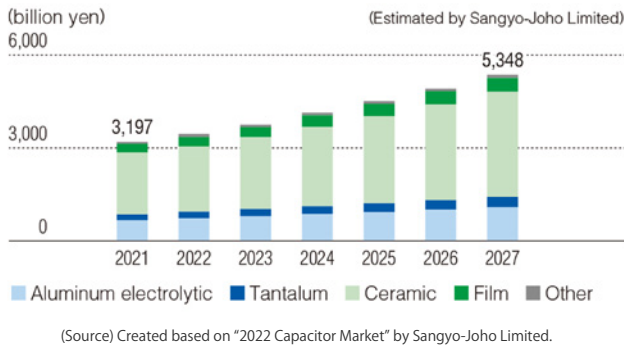
(Source) Created based on "Global carbon fiber reinforced plastics (CFRP/CFRTP) materials and technology report: Market size, applications, share, trends 2020" by FUJII KEIZAI CO., LTD.



Chemicals for special electronic parts

These products contribute to carbon neutrality. Our chemicals for special electronic parts include electrolytes for aluminum electrolytic capacitors, which are mainly used in electronic circuits. Electrolytes for aluminum electrolytic capacitors are used in a wide range of applications, from general electronic devices to important electronic parts that support social infrastructure. Our electrolytes for aluminum electrolytic capacitors exhibit high electrical conductivity over a wide temperature range and are excellent in long-term stability at high temperatures. As industry-standard long-run products, they are used in capacitors that require higher reliability, such as automobile control units. Currently in the automobile industry, an increasing number of automobile electrical parts, such as driving support system circuits, are used due to the electrification of vehicles such as electric vehicles (EVs). In order to ensure a stable supply that meets this growing demand, we have decided to increase our production capacity. The current production capacity will be increased by 60% by March 2025.

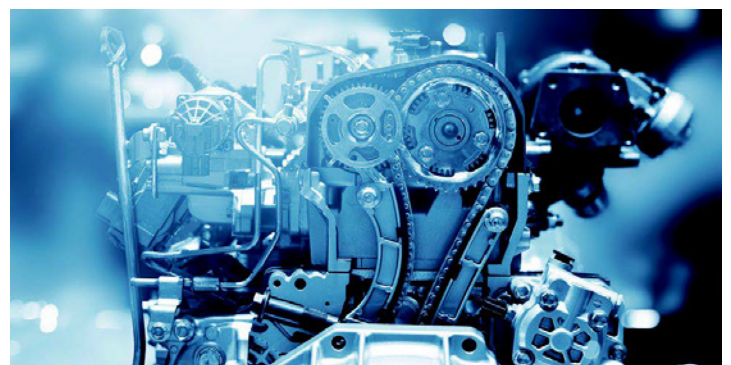
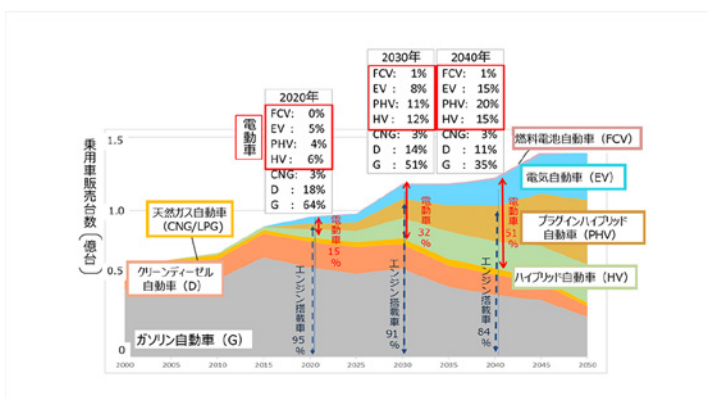
Forecast for global production of capacitors



Lubricant additives

These products contribute to carbon neutrality. In the automobile industry, in order to reduce CO₂ emissions, there is a growing need for fuel-efficient gasoline vehicles, along with the trend toward electrification. Since our lubricant additives are highly effective in improving fuel efficiency, they are used in the engine oils of gasoline vehicles, hybrid vehicles (HVs), and plugin hybrid vehicles (PHVs). It is assumed that their replacement demand at the time of after-sales maintenance will increase. To meet the growing global demand for these products, we have established a production site in South Korea, following those in Japan and China, which has already started operation. We are also working on the development of lubricant additives optimized for EVs in order to contribute to improving the fuel efficiency of all vehicles.

Forecast for sales of gasoline vehicles, hybrid vehicles, and plug-in hybrid vehicles



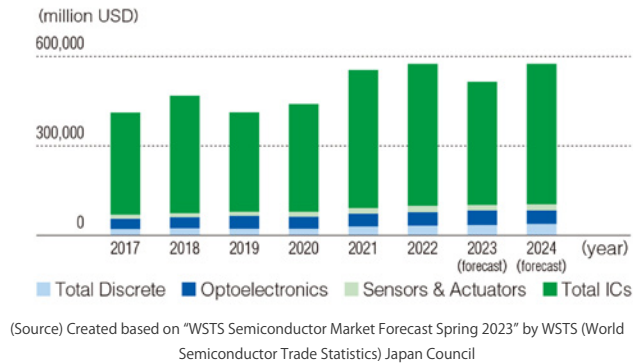
(Source) Ministry of Economy, Trade and Industry, "Technology Diffusion Scenario Presented by IEA (a case where an average temperature rise of 2°C is achieved)" (2021) (in Japanese)

https://www.enecho.meti.go.jp/about/special/johoteikyogosei_nenryo.html

Permanent antistatic agents

These products contribute to the improvement of QOL. 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). In recent years, in addition to an increase in demand centered on semiconductor carrier trays and the packaging of electronic devices and precision parts, explosion-proof and other applications are expanding. In order to meet future demand expansion, we have launched a new production site at the Rayong factory of Sanyo Kasei (Thailand) Ltd., which has been in operation since July 2022. Since permanent antistatic agents are our unique, high-functionality products, we will strive to open up new markets while taking into account the possibility of further expanding the production facility depending on our future demand. We will also promote the development of new materials.

Semiconductor market forecast by product



Medical and pharmaceutical products

These products contribute to the improvement of QOL and mainly include polyethylene glycol for pharmaceuticals and non-absorbable topical hemostatic materials for the central circulatory system.

Polyethylene glycol for pharmaceuticals is used as a pharmaceutical additive in a base material for ointment and tablet coating agents, and is used as an active pharmaceutical ingredient for colon cleaning agent. It is also used in various applications such as tissue regeneration and cell culture. To meet demand expansion due to increased sales, which is caused by the development of generic drugs, we plan to expand the facilities at the Nagoya Factory. These facilities are scheduled to start operation in May 2024, with the production capacity expected to increase by approximately 20%.

Non-absorbable topical hemostatic materials for the central circulatory system are surgical hemostatic agents made of polyurethane materials that react with water to form a flexible film. Since their launch in 2014, they have been used in many cardiovascular surgeries in Japan as hemostatic materials used in the anastomosis of the thoracic aorta and the branch of the aortic arch for artificial blood vessel replacement. In March 2020, the scope of their application was expanded to include the anastomosis of whole blood vessels except cerebral vessels. In July 2019, we obtained the CE marking for products for overseas shipping, and started their sales in the European market. Using this as a foothold, we are accelerating our overseas expansion, including entering the Hong Kong market in July 2021 and the Taiwanese market in December 2021. We will ensure its stable supply to satisfy growing demand by increasing our production capacity to approximately five times (scheduled to start operation in February 2024).



Environmental Performance Chemicals

Products that Contribute to Reduction of Environmental Impact

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

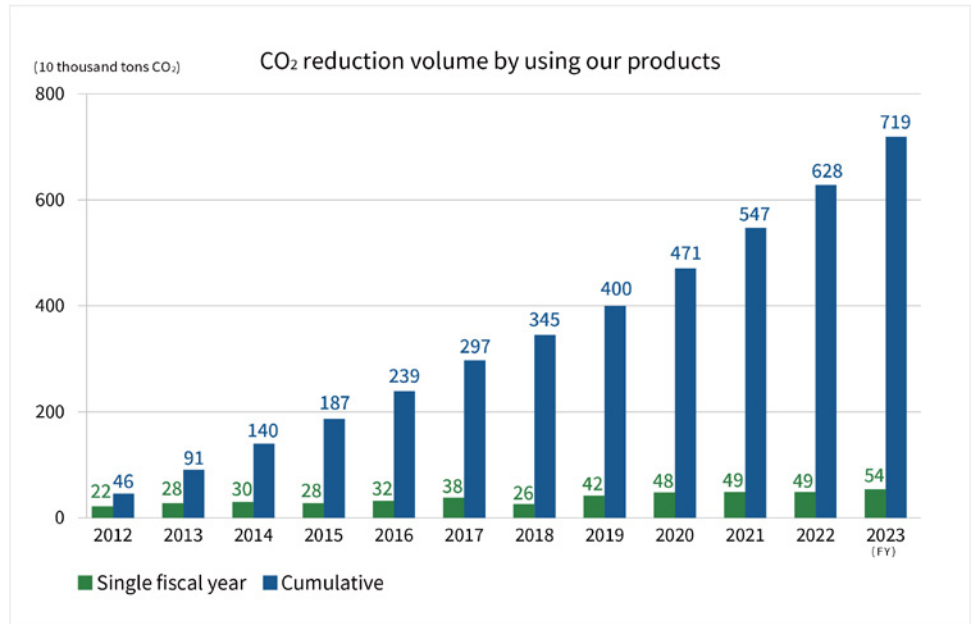
Environmental needs	Function/performance	Sanyo Chemical product line	
Energy saving, prevention of global warming, resource savings	Increase of energy efficiency	Lubricant additives for fuel consumption improvement Fuel additives for fuel consumption improvement	ACLUBE products SANFRIC products
	Reduction of energy consumption	Low-temperature flexible toner resins	HIMER products
	Weight reduction, film thinning	Polyols for high-strength rigid polyurethane foams Thermoplastic polyurethane beads for the thin interior parts of automobiles Polyurethane solutions for moisture-permeable waterproof fabrics	EXCELFLOW products MELTEX LF products SANPRENE H-600
	High durability, long service life	Polyols for high-resilient flexible polyurethane foams Electrolytes for high-durable electrolytic capacitors Permanent antistatic agents	SHARPFLOW products SANELEK products PERESTAT, PELECTRON products
	Water saving, power saving	Concentrated liquid detergent base	PUREMEEL EP-300S MICELAND SCD-100
	Contribution to the expansion of renewable energy use	Sizing agents for carbon fibers (for wind turbine blades)	CHEMITYLEN products
	Renewable biomass feedstock use (Carbon neutrality)	RSPO certified products ISCC certified product Biomass mark certified products	Certified ECONOL, BEAULIGHT, and LEBON products Certified PEG, polyethylene glycol Biomass degree: 10%, 25% of superabsorbent polymers
Environmental preservation (contamination control)	Removal of hazardous substances	Polymer flocculants for wastewater/sewage treatment Organic coagulants Heavy metal fixing agents for fly ash	SANFLOC products CATIONOMER products ASHFIX products
	Nonuse of hazardous substances	Nonionic surfactant for endocrine disrupting effects Raw materials for water-expanded (non-CFC) polyurethane foam Non-solvent type acrylic pressure-sensitive adhesives Solvent-less UV/EB curing monomers Polyurethane beads (vinyl chloride-free) for slush molding Polyurethane resin emulsions (solvent-less) for water-based paints Non-halogen cleaning agents	NAROACTY and SANNONIC products SANNIX products POLYTHICK AH products NEOMER products MELTEX products UCOAT products CHEMICLEAN products
	Short-term existence in environment	Biodegradable shampoo base Biodegradable hair treatment base Biodegradable laundry detergent base Biodegradable lubricant base oil	LEBON, PIUSERIA, and BEAULIGHT products ECONOL TM-22 EMULMIN CS-100, MICELAND SCD-100 EXCEBIOL products
	Managed rainforest use	RSPO-certified cosmetic ingredients	Certified ECONOL, BEAULIGHT, and LEBON products
Environmental Conservation	Use of recyclable materials	Leather made of wood and vegetable biomass	MOC-TEX

Volume of product contribution to CO₂ reduction

To visualize the contribution that our products make in reducing greenhouse gas (CO₂) emissions, we have formulated and implemented a calculation standard. The purpose of this standard is to quantify how much CO₂ emissions can be reduced in the use, consumption, and disposal stages by saving energy and resources using our products in comparison with widely marketed products (conventional products). Among the products that contribute to reduction of environmental impact listed in the following table, this standard is applied only to our products whose contribution is apparent and can be quantified. We have been using this standard since FY2012 and have calculated the single-year reduction volume in FY2023 to be 0.54 million tons and the cumulative reduction volume with consideration given to the lifecycle to be 7.19 million tons.

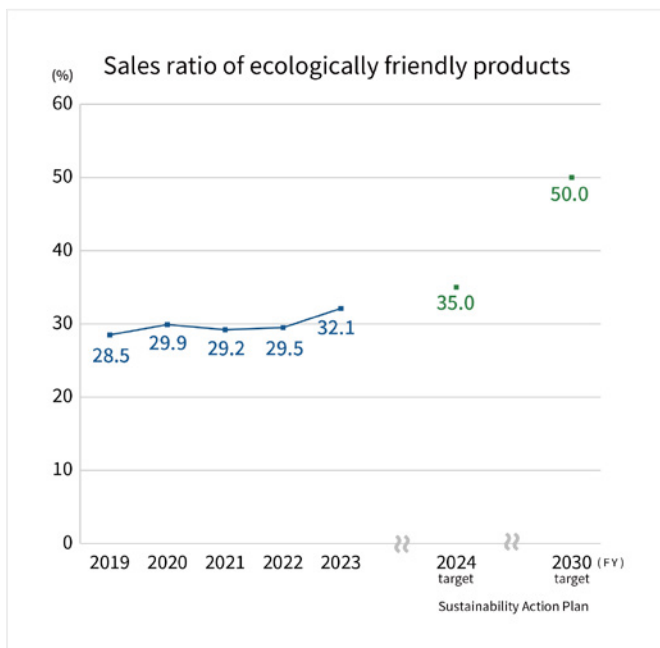
Main products contributing to CO₂ reduction

	CO ₂ reduction contribution to per kg of product (kgCO ₂)
Lubricant additives for fuel consumption improvement	10-20
Concentrated liquid detergent base	1.3
Thermoplastic polyurethane beads for the thin interior parts of automobiles	1.7-3.5



Ecologically friendly products

Before product commercialization, we evaluate the environmental impact given in each of the product lifecycle stages, i.e. the design, development, raw material procurement, manufacturing, physical distribution, use, consumption and disposal and then score the evaluation on a check sheet. We assess the product concept, use of recyclable raw materials, and environmental contribution at the product use stage, define products equal to or above a certain score as ecologically friendly products, and determine the increase in the rate of ecologically friendly products for a management indicator. The rate of ecologically friendly products in FY2023 was 32.1% on a sales basis. Our Sustainability Action Plan aims for 35% in FY2024, and 50% in FY2030.



Environmental Management

As a member of the Japan Responsible Care Council (currently the RC Committee of the Japan Chemical Industry Association), the 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

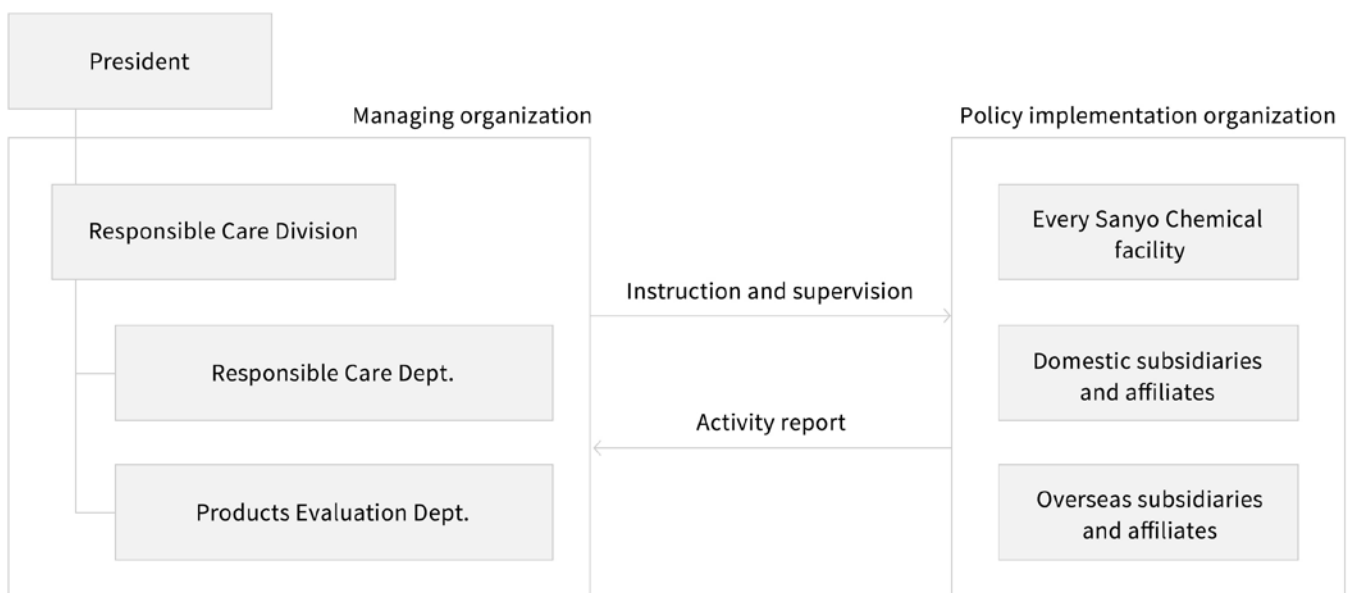
The policy adds "We will strive for perfection in safety and harmony with the environment, which is the first required mission in society" to our Company Mission and "We shall proactively take initiatives to conserve the environment and prevent accidents and disasters as crucial requirements for the 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, contributing to the environment and improving living conditions 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 protection 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 business sites in FY2020. For our overseas business sites, we will continue to maintain ISO14001 certification. In addition, our quality management system (ISO9001) has been certified both in Japan and overseas (San Chemical Co., Ltd. will also relinquish its ISO9001 certification in FY2020).

We will also continue our RC (safety, health, environment, and security) audits of domestic factories and research laboratories, which are conducted during annual site visits.

Environmental Action Plan 21-24

Themes	FY2019 (base year) results	FY2023 results	FY2024 (final year) targets		Notes
			Targets	Reduction rate target versus base year	
(1) GHG emissions (10,000 tons)	31.1 Domestic: 17.6 Overseas: 13.5	23.1 Domestic: 12.3 Overseas: 10.8	29.5 or less	5% or above	—
(2) Energy consumption (10,000 kL)	14.7 Domestic: 9.0 Overseas: 5.7	10.8	14.0 or less	5% or above	—
(3) Water consumption (1,000 m ³)	4,354	3,973	4,136 or less	5% or above	Reduction of 1% or above a year
(4) Waste generated (10,000 tons)	4.8	4.0	3.6 or less	—	—
(5) VOC*1 emissions (tons)	112 Domestic: 89 Overseas: 22	52 Domestic: 44 Overseas: 8	90 or less Domestic: 80 or less Overseas: 10 or less	19.7% or above	—

*1 VOC: 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

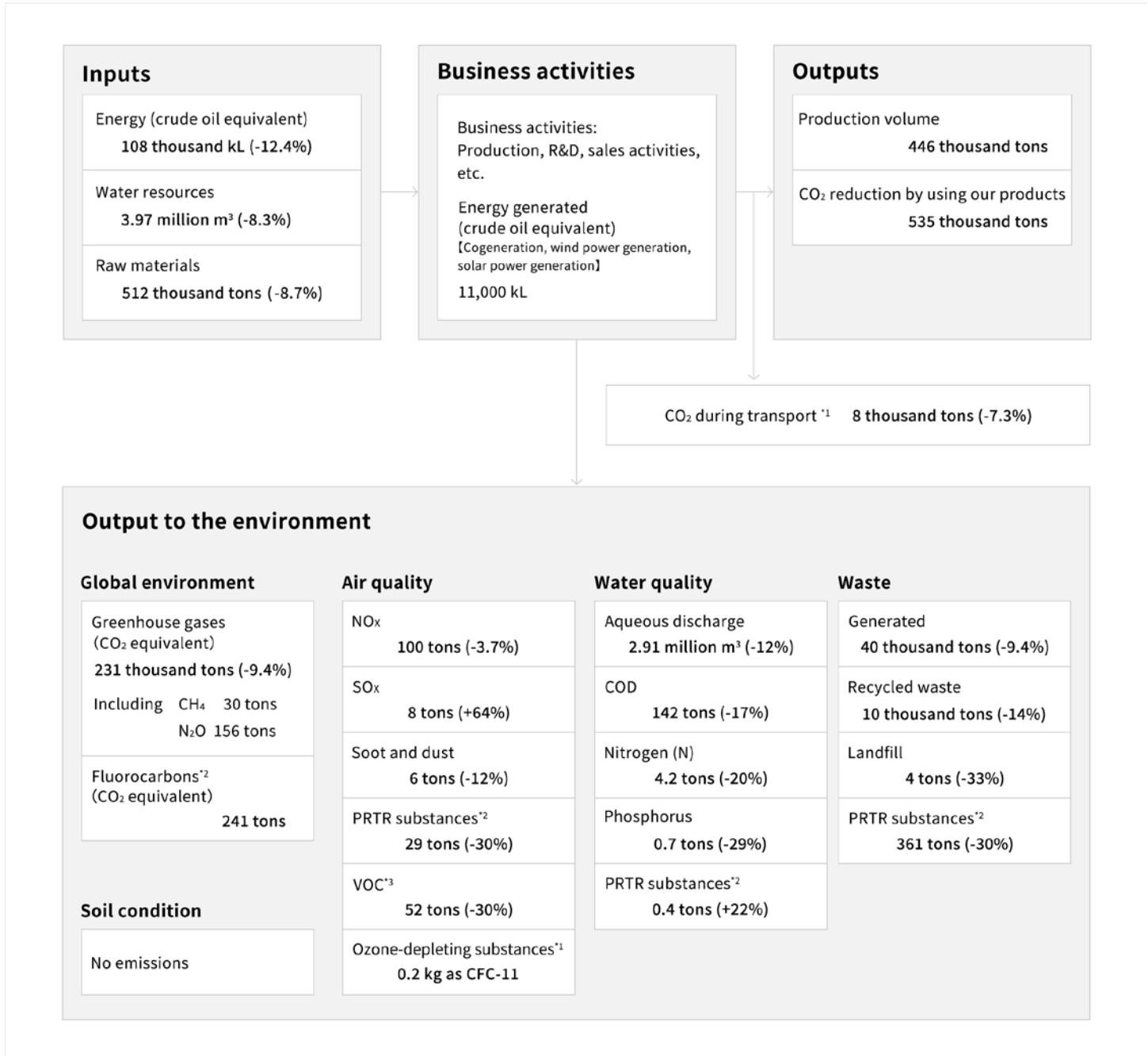
Scope : All facilities of Sanyo Chemical Industries, Ltd., all domestic subsidiaries & affiliates, and overseas subsidiaries & affiliates that have production bases*2

*2 Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; Sanyo Kasei (Nantong) Co., Ltd.; San-Dia Polymers (Nantong) Co., Ltd.; SDP GLOBAL (MALAYSIA) SDN. BHD.

Environmental Impact Overview

FY2023 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 facilities of Sanyo Chemical Industries, Ltd., SDP Global Co., Ltd., and SAN NOPCO LIMITED

*2 Total of all facilities of Sanyo Chemical Industries, Ltd. and all domestic affiliates/subsidiaries

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

Environmental Management Indicators

Environmental accounting (April 1, 2023 to March 31, 2024)

Scope of calculation: Total of all facilities of Sanyo Chemical Industries, Ltd. plus domestic affiliates/subsidiaries; Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; Sanyo Kasei (Nantong) Co., Ltd.; San-Dia Polymers (Nantong) Co., Ltd.; and SDP GLOBAL (MALAYSIA) SDN. BHD. However, Sanyo Kasei (Thailand) Ltd. uses a fiscal year from January 1, 2023 to December 31, 2023.

Environmental Conservation Investments and Costs

[Classification according to business activity]

(Unit: million yen)

Classification		Investment* ¹	Costs* ²
Facility area costs	(1) Pollution prevention costs	164	884
	(2) Global environment conservation costs	31	640
	(3) Resource recycling costs	58	1,378
Upstream/downstream costs		0	32
Administrative costs		0	411
R&D costs		0	760
Social activity costs		0	154
Environmental remediation costs		0	3
Total		252	4,263

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

*2 Cost amounts include depreciation

[Classification according to environmental conservation measures]

(Unit: million yen)

Classification	Investment	Costs
(1) Global warming measures	37	630
(2) Ozone layer protection measures	0	5
(3) Air-quality conservation measures	136	407
(4) Noise and vibration measures	0	70
(5) Environmental conservation measures for the aquatic, ground, and geologic environments	44	446
(6) Waste and recycling measures	58	1,383
(7) Measures for reducing chemical risk and emissions	0	204
(8) Natural environment conservation	0	12
(9) Other	4	346
Total	279	3,503

Note: R&D investment/expenses are not classified

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

(Unit: million yen)

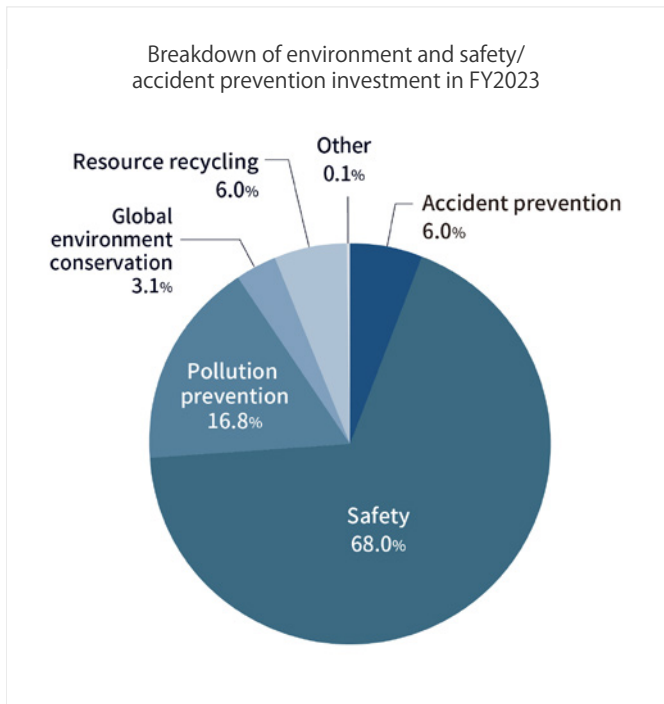
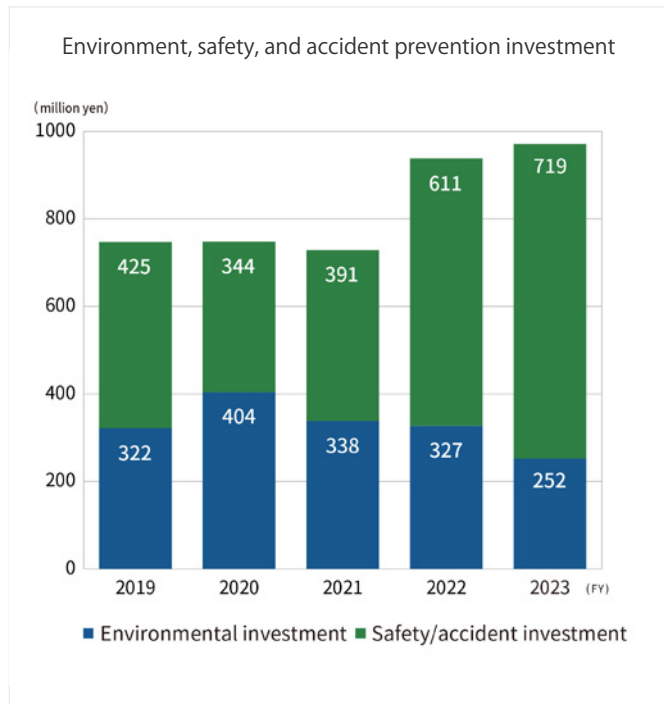
Impact		Amount	Main items
Energy saving		26	Reduction in purchase of electricity and steam by using waste heat and cogeneration, etc.
Resource saving	Waste reduction	40	Reduction in resource consumption and waste generation via process improvements
	Raw material use reduction (yield improvement)	137	Increase in product yield and reduction in process chemicals
	Revenue from recycling	78	Income on sale of waste solvents, used containers, etc.
Total		281	

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.

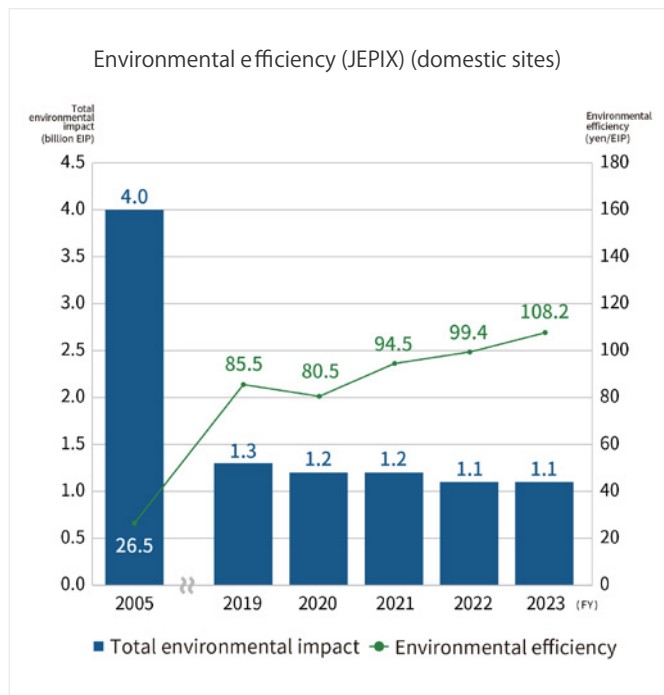
In FY2023, environmental investment totaled 250 million yen and safety/accident prevention investment was 720 million yen.



JEPIX* environmental efficiency indicator

We significantly improved environmental efficiency compared to FY2005 by reducing atmospheric emissions through measures taken in FY2005 to address ethylene oxide emissions, and in FY2012 to address propylene oxide emissions.

In FY2023, we further improved environmental efficiency from the previous fiscal year by reducing emissions of greenhouse gases and hazardous air pollutants.



Calculated using the JEPIX Simplified Calculation Sheet Ver. 2.0, which is available at JEPIX website (<http://www.jepix.org>)

※ JEPIX : Japan Environmental Policy Priorities Index

Environmental performance is evaluated by multiplying the load values of GHGs and hazardous air pollutants by a weighting coefficient indicating the degree of impact of each, and finally quantifying it as a single index called an Environmental Impact Point (EIP).

Environmental efficiency is EIP divided by value added. The smaller the total environmental impact, the better, and the greater the environmental efficiency.

Approach to Climate Change

GHG Emissions Reduction and Energy Conservation

Disclosure Based on TCFD Recommendations

Policy

As a chemical manufacturer, the 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 business sites, but also by developing and providing product lines that help curb CO₂ emissions. At the same time, we are actively undertaking energy conservation efforts through various measures to reduce energy consumption.

Targets and Results

Themes	FY2019 (base year) results	FY2020	FY2021	FY2022	FY2023	Evaluation	FY2024 target
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	Stayed within target standards	29.5 or less
	Percentage reduction (compared to FY2019)	—	1%	11%	18%		26%
Energy consumption (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	Stayed within target standards	14.0 or less
	Percentage reduction (compared to FY2019)	—	1%	10%	16%		27%

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

*Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; Sanyo Kasei (Nantong) Co., Ltd.; San-Dia Polymers (Nantong) Co., Ltd.; SDP GLOBAL (MALAYSIA) SDN. BHD.

GHG Emissions Reduction and Energy Conservation

Current GHG Emissions (FY2023)

Emission/absorption/ reduction contribution classification		GHG type	Volume (CO ₂ equivalent)
Environmental impact	Emission	Direct emissions from fuel oil combustion at business sites (Scope 1)	105 thousand tons
		Methane (generated from septic tanks)	30 Tons
		Nitrous oxide (byproduct of combustion)	156 tons
		Other GHG (NF ₃ , PFC, SF ₆)	No emissions
		CFC leakage from refrigerators and air conditioners	241 tons
		Indirect emissions from the use of electricity, heat, or steam purchased at business sites (Scope 2) (market basis)	126 thousand tons
		Supply chain emissions (Scope 3)	1,911 thousand tons
Impact reduction	Absorption	Increase in forest CO ₂ absorption (due to tree thinning project)	20 tons
	Reduction contribution	CO ₂ reduction by users using our products that contribute to reducing CO ₂ emissions	535 thousand tons

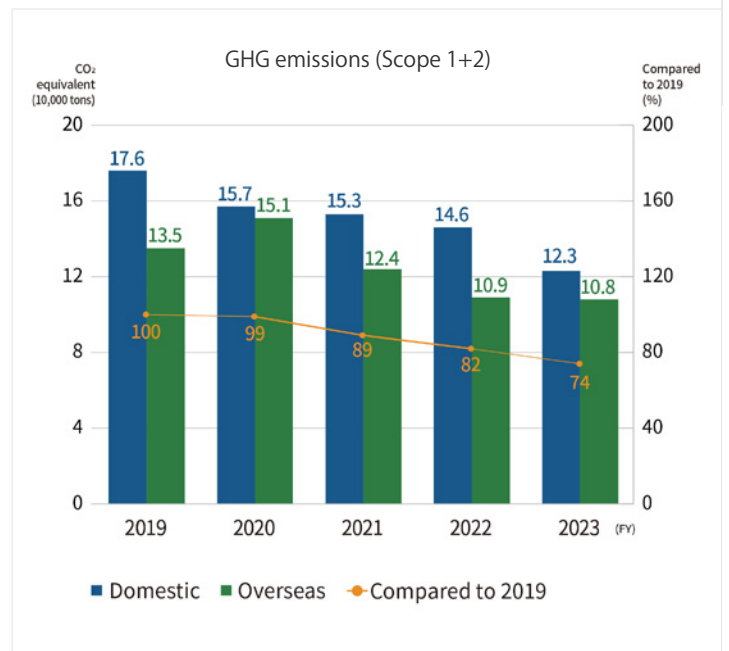
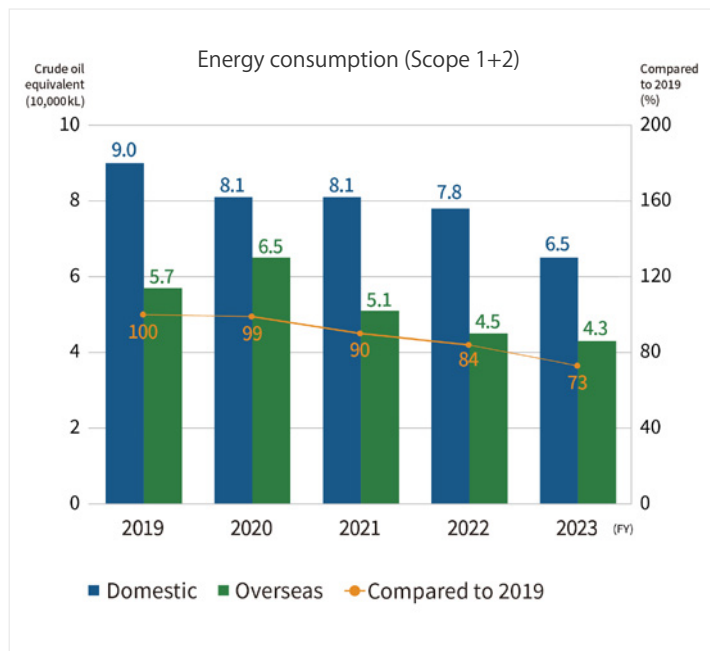
The GHG emitted from our business sites other than CO₂ consist of methane from septic tanks, nitrous oxide as a combustion byproduct, and CFCs leaked from refrigeration units, etc. (427 tons of CO₂ equivalent in total).

These non-CO₂ GHG emissions are negligible at 0.19% of Scope 1+2 emissions, with CO₂ emissions accounting for almost all supply chain emissions, including Scope 3 emissions.

» [GHG Emissions Data by Scope](#)

Medium- to Long-term GHG (Scope 1+2) Emissions Reduction Targets

FY	Group targets (CO ₂ equivalent)	Notes
2013	309 thousand tons	Base year
2030	154 thousand tons	Interim target (halved vs. base year)
2050	Net zero	Final target (to achieve carbon neutrality)



In FY2023, the entire group's energy consumption in crude oil equivalent was 108 thousand kL (65 thousand kL in Japan and 43 thousand kL overseas), a decrease of 73% from FY2019, due to reduced production volume and implementation of energy conservation and CO₂ emission reduction measures. For the same reasons, GHG emissions in CO₂ equivalent also decreased 74% from FY2019 to 231 thousand tons (123 thousand tons in Japan and 108 thousand tons overseas).

Fluorocarbons

Our domestic business sites own approximately 800 commercial air conditioners and refrigeration/freezer units 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 law. Total fluorocarbons leakage volume in FY2023 was 84 kg (including 0.35 kg of ozone-depleting fluorocarbons), which is equivalent to 241 tons of CO₂ as a GHG.

Measures to achieve carbon neutrality

Since most of the GHG emitted from our group's business sites is CO₂, 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+2 emissions; on the use of low-GHG raw materials (biomass raw materials and other raw materials that contribute to carbon neutrality) for Scope 3 emissions; on energy-saving effects, GHG emissions reduction, and resource conservation 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 biomass

Biomass is increasingly replacing petrochemical feedstock as a more renewable and sustainable material. For its part, the Sanyo Chemical Group has developed raw materials for sunscreen formulations derived from rice bran and vegetable leather made from wood. We have also obtained ISCC PLUS certification for some of the polyethylene glycol products we handle. We will continue to develop biomass-based high-performance products that contribute to reducing our environmental impact.

» [Environmental Performance Chemicals](#)

Endorsed Initiatives

Initiative	Sponsoring organization
TCFD	Task Force on Climate-related Financial Disclosures
Challenge Zero by Keidanren	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

Disclosure Based on TCFD Recommendations

The Sanyo Chemical Group showed support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. To help improve social sustainability and enhance our corporate value, we evaluate the effects of climate-related risks and opportunities on relevant financial indicators and reflect them in our management strategies.

As a chemicals manufacturer, it is our corporate responsibility not only to develop products that help reduce CO₂ emissions, but also to contribute to carbon neutrality by reducing the CO₂ emissions from our own business sites. Our group has steadily reduced CO₂ emissions since FY2017 in accordance with the government's energy conservation targets. We will actively work on initiatives across the Group toward a "50% reduction in CO₂ emissions by 2030 (compared to the FY2013 level) and net zero by 2050," which are the targets of our Sustainability Action Plan, while aiming to reduce emissions across the supply chain.

Governance

Climate change governance is part and parcel of sustainability governance.

Strategy

In developing strategies, risk management, indicators, and targets related to climate change, the Sanyo Chemical Group conducted scenario analyses in line with TCFD recommendations for its main business areas, including Toiletries and Health Care, Petroleum and Automotives, Plastics and Textiles, Information and Electrics/Electronics, and Environmental Protection, Construction and Others. We also selected business risks and opportunities and evaluated their significance. In FY2023, in addition to the 1.5°C scenario, in which a transition to a decarbonized society is realized, a qualitative analysis was conducted for the 4°C scenario, in which climate change advances with no progress in global decarbonization. The results were then discussed and determined by the Sustainable Management Committee.

Scenario Concept

1.5°C scenario	A scenario where CO ₂ emissions are strongly curbed to limit the temperature rise to +1.5°C (Reference) International Energy Agency's long-term outlook: "Net Zero Emissions by 2050"
4°C scenario	A scenario in which climate change progresses to the point where the global average temperature rises by 4°C by the end of the 21st century compared to pre-industrial times (Reference) Intergovernmental Panel on Climate Change's Sixth Assessment Report (IPCC AR6) "SSP3-7.0"

World anticipated in the 1.5°C scenario	<p>Top priority placed on the realization of a decarbonized society, and implementation of an ambitious climate change policy</p> <ul style="list-style-type: none"> • Significant increase in the carbon tax rate • Prohibition of internal combustion engine (ICE) sales, shift to electric vehicles (EVs), and decarbonization of energy and raw materials • Mainstreaming of renewable energy • Reduction of consumption of chemicals through recycling • Manufacture of chemicals from biomass and CO₂-derived raw materials • Increasingly severe natural disasters • Realization of carbon neutrality (2050)
World anticipated in the 4°C scenario	<p>A slow decarbonization transition with priority placed on economic activities, and implementation of climate change policies only in the current situation</p> <ul style="list-style-type: none"> • Increase in demand for fossil energy and raw materials • Increasingly serious natural disasters due to abnormal weather • Significant increase in CO₂ emissions

Risk management

Our countermeasures to the main risks and opportunities and the results of impact assessment were compiled. Regarding the impact assessment, the impact in terms of the amount of money was estimated and classified into three categories (high, intermediate, and low), depending on the magnitude. Based on these scenarios, we examined climate change risk in our group from various perspectives.

We anticipate tighter regulations due to policies such as carbon pricing toward decarbonization, and a demand shift to materials suitable for decarbonization as the main climate change risks of the Group. We also need to consider the accelerated transition to a circular economy and the progress of innovative technologies toward a decarbonized society.

To reduce CO₂ emissions from our business sites, in particular, we are considering the use of CCU (Carbon Dioxide Capture and Utilization) and switching to hydrogen and other energy sources as measures for our Nagoya and Kashima factories, which account for most of the Group's CO₂ emissions. We are also considering process improvements for individual products to reduce CO₂ emissions.

For opportunities, we contribute to the reduction of CO₂ emissions by actively promoting sustainable management, including a fundamental review of our business portfolio.

The Sanyo Chemical Group's Countermeasures to the Main Risks and Opportunities of Climate Change

Classification	Scenario	Climate change risk item	Impact of climate change risks on the Sanyo Chemical Group	Impact assessment	Countermeasure
Risk	1.5°C	Introduction / raising of carbon tax	Increase in energy procurement costs	High	• Reduction of GHG emissions by introducing cogeneration and solar power generation
		Reduction of CO ₂ emissions	Decrease in demand for our products with high GHG emissions	High	• Reduction of GHG emissions during manufacture through energy management
		Replacement with low-carbon products	Reduction of sales opportunities for our products that do not use biomass raw materials	High	• Expansion of sales of PPG, a surfactant made from biomass raw materials
		Recycling regulations	Decrease in demand for our products that do not use recycled raw materials	Intermediate	• Development of products using recycled raw materials
		Changes in consumer behavior	Decrease in sales of gasoline-fueled and hybrid vehicles	High	• Increase in sales of lubricating oil additives that contribute to higher fuel efficiency of gasoline-fueled and hybrid vehicles
	4°C	Natural disasters (typhoons, heavy rain, drought, etc.)	Supply chain disruptions Damage to company facilities	High	• Establishment of a BCP system (storm water measures, disaster prevention measures for buildings and facilities, efficient water use, multiple procurement of raw materials, etc.)

Classification	Scenario	Climate change risk item	Impact of climate change risks on the Sanyo Chemical Group	Impact assessment	Countermeasure
Opportunity	1.5°C	Introduction / raising of carbon tax	Spread of CCUS Increase in demand for our products that contribute to reducing GHG emissions	High	<ul style="list-style-type: none"> Development of CCU-related products Development of cutting-edge semiconductor-related products that contribute to energy conservation
		Reduction of CO ₂ emissions	Expansion of the market for products that contribute to reducing GHG emissions	High	<ul style="list-style-type: none"> Expansion of sales of carbon fiber convergents for blades for wind power generation
		Replacement with low-carbon products	Market expansion of products made from bio-based raw materials	High	<ul style="list-style-type: none"> Expansion of business of bioethanol processing chemicals
		Recycling regulations	Increase in demand for recyclable products	Intermediate	<ul style="list-style-type: none"> Product development using recycled materials (In the fields of imaging chemicals, polyurethane chemicals, resin dispersants, etc.)
		Changes in consumer behavior	Reduction of weight of batteries in line with the higher mileage of vehicles Increase in sales of electric vehicles	Intermediate	<ul style="list-style-type: none"> Development of organic cathodes for organic cathode secondary batteries that contribute to weight reduction Increase in sales of electrolytes in line with the electrification of vehicles Development of permanent antistatic agents for IC trays due to growing demand for semiconductors
	4°C	Natural disasters (typhoons, heavy rain, etc.) Rising average temperatures	Increase in demand for paint binders due to growing demand for heat insulating paints	Intermediate	<ul style="list-style-type: none"> Development of binders for heat insulating paint
			Expansion of the market for agricultural products that are resistant to environmental changes	Intermediate	<ul style="list-style-type: none"> Development of products with a biostimulant function that contribute to improving agricultural productivity
			Increase in demand for water quality improvement as a measure against water quality deterioration	Intermediate	<ul style="list-style-type: none"> Development of water quality improvers

Note: The impact assessment is based on the estimated monetary value, and is classified as high, intermediate, or low depending on the magnitude of the impact.

Metrics and targets

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

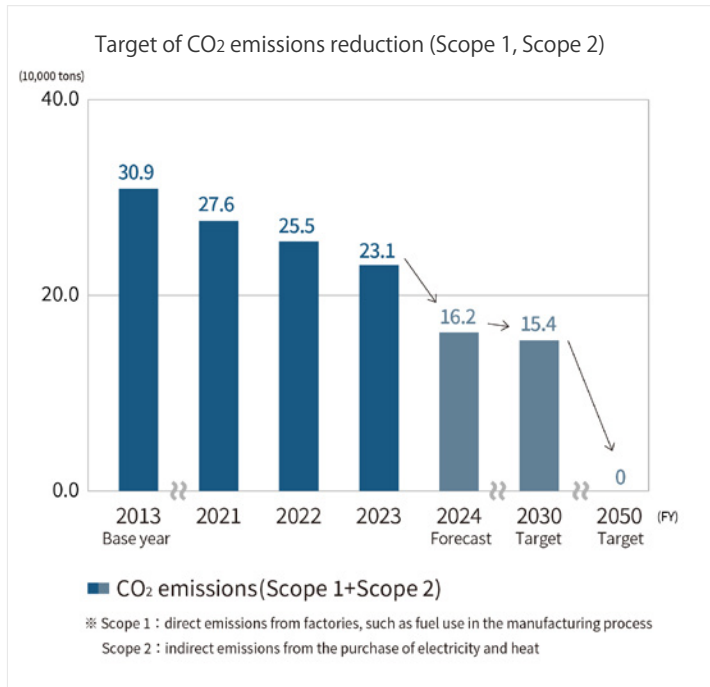
One of these is an indicator for reducing greenhouse gas emissions (Scopes 1, 2, and 3). Along with cogeneration and solar power generation, we will engage in CCU and utilize green hydrogen.

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

Scope 1 and Scope 2: CO₂ emissions from business sites

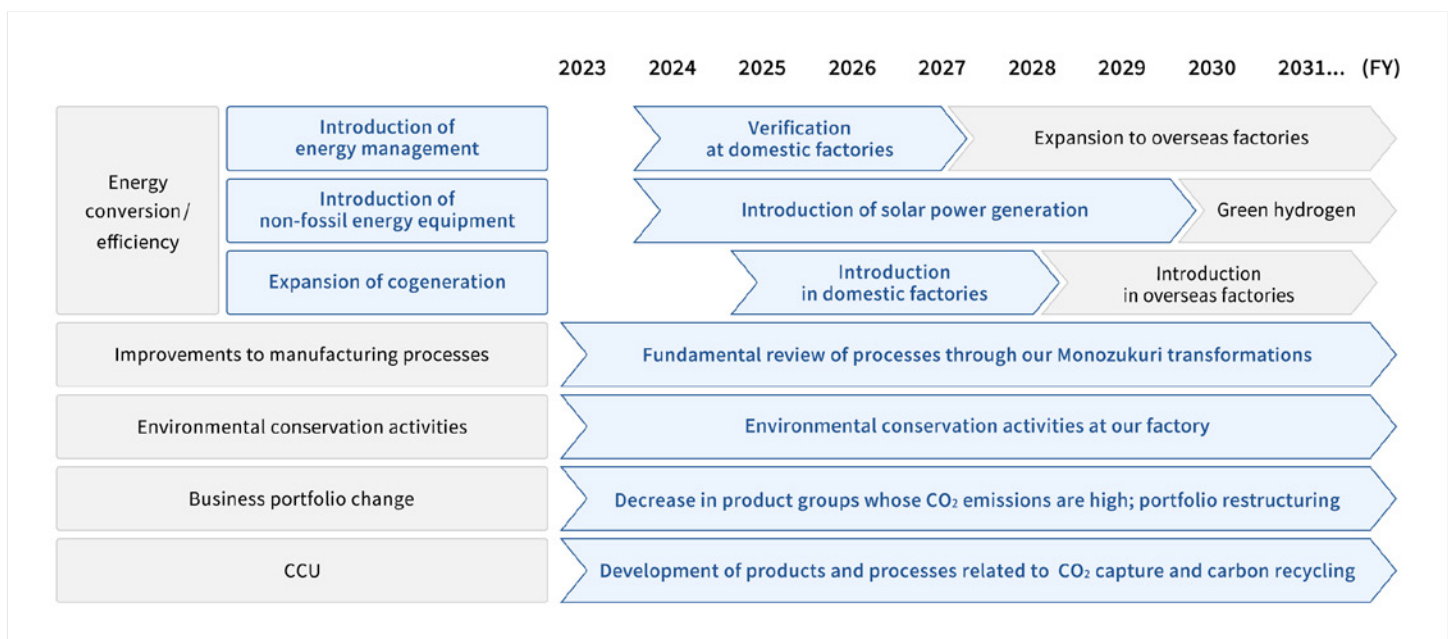
In 2005, when the Kyoto Protocol came into effect, we established the "Action Policy Concerning the Kyoto Protocol" and formed working groups for global warming countermeasures with each business site in Japan to improve the efficiency of energy use, improve production processes, and switch fuels.

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, especially in Japan. This kicked off a decline in the CO₂ emission intensity per volume of production for our domestic products. 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 CO₂ emissions from our own facilities in FY2024 and beyond, enabling us to achieve our "50% reduction in CO₂ emissions in FY2030 (compared to FY 2013)" goal ahead of schedule. The Group will continue to promote initiatives to achieve net zero emissions by 2050.



Roadmap toward carbon neutrality

As a measure to reduce GHG emissions, we will engage in energy transition (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.

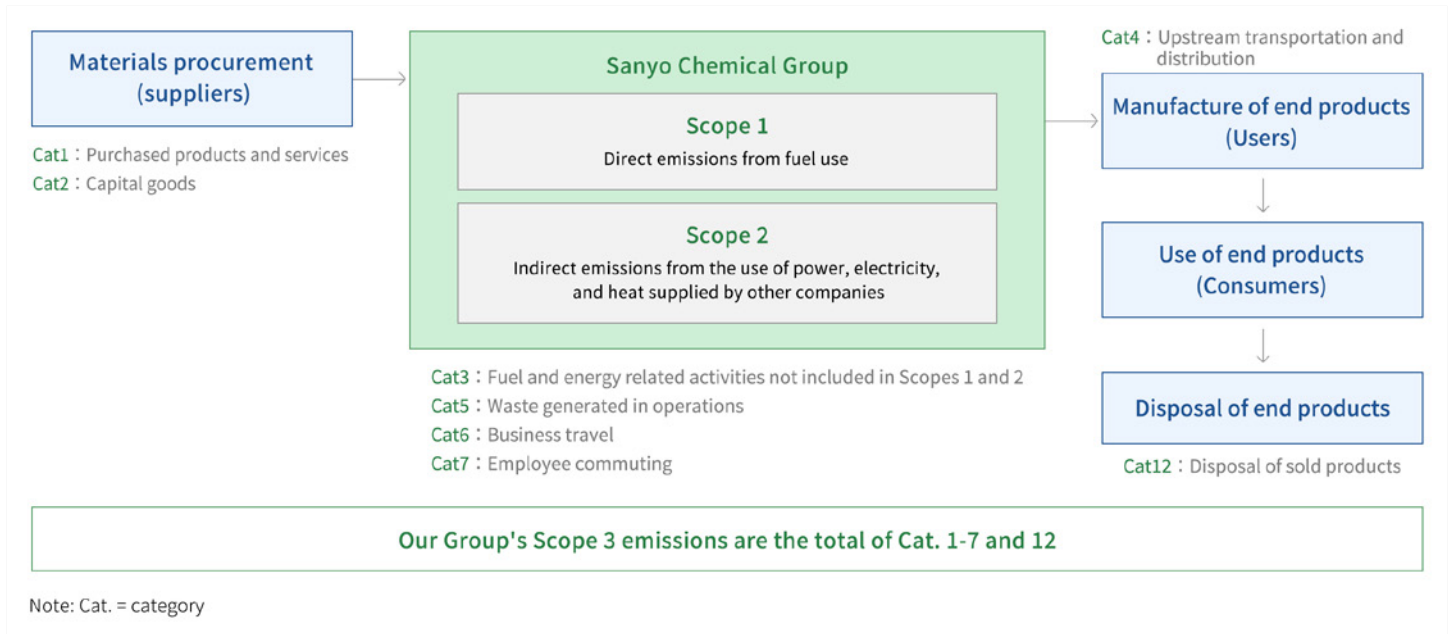


Emissions through the supply chain (Scope 3)

We have calculated direct emissions from fuel use (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 business sites (Scope 1 + Scope 2) were 231 thousand tons, while Scope 3 emissions were 1,911 thousand tons. CO₂ emissions from purchased raw materials and CO₂ emissions from the disposal of finished products using our products account for 53% and 39% of total Scope 3 emissions, respectively.

Greenhouse Gas Emissions in the Group's Supply Chain



CO₂ 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 for such calculation.

Starting in FY2022, we use a standard questionnaire tool (common SAQ) formulated by the Global Compact Network Japan to reduce CO₂ emissions through the supply chain.

Toward the future

Through business activities guided by our Company mission, the Sanyo Chemical Group will contribute not only to our own carbon neutrality, but also to a more sustainable society.

Chemical Substance Control

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

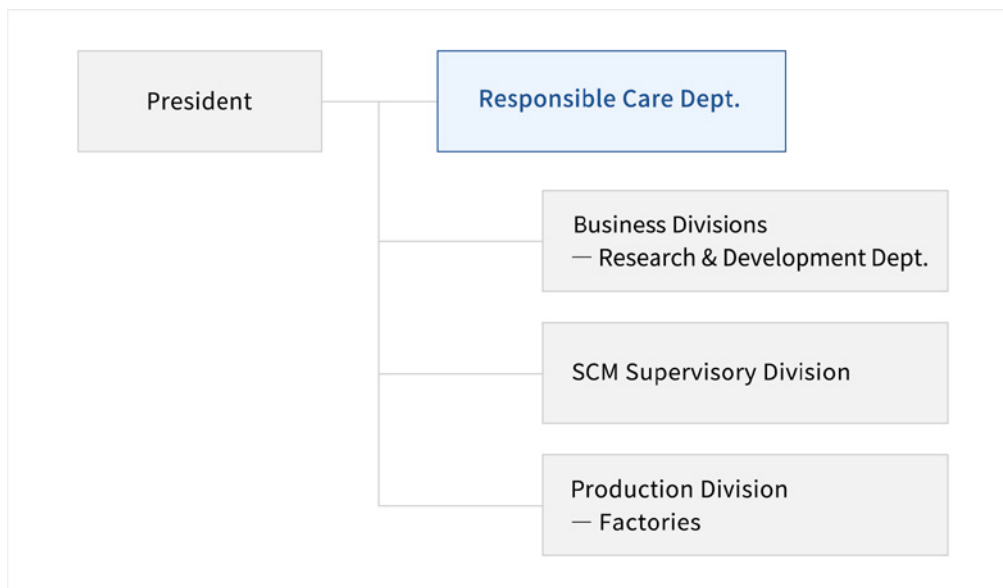
Our chemical substance management regulations stipulate that we will "properly manage chemical substances handled in our business activities in consideration of their impact on the global environment, ecosystems, and human health, as well as trends in domestic and international society, and in compliance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

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

Safe and appropriate handling of chemical substances

The Sanyo Chemical Group handles a variety of chemical substances in its operations, making it essential that we acquire knowledge about the physical properties and harmful effects of these substances. In addition to learning about the substances we handle through Safety Data Sheets (SDSs) and conducting risk assessments within each department, we encourage employees to acquire certifications in handling highly hazardous specified chemical substances, as well as organic solvents, poisonous and deleterious substances, and hazardous materials for preventing fire and accidents. In addition, plant engineers at our factories are required to obtain qualifications as a Class A Hazardous Materials Engineer or Class B Hazardous Materials Engineer (Group 4).

Status of Qualifications in Japan

As of March 31, 2024

Qualifications	Number of qualified people
Hazardous materials engineers*1	1,961
Poisonous and deleterious substance handlers	15
Organic solvent work chiefs	520
Specified chemical substance work chiefs	461
High pressure gas production safety managers	259
Pollution prevention managers*2	60

Qualified people in production/R&D at Sanyo Chemical and domestic subsidiaries and affiliates

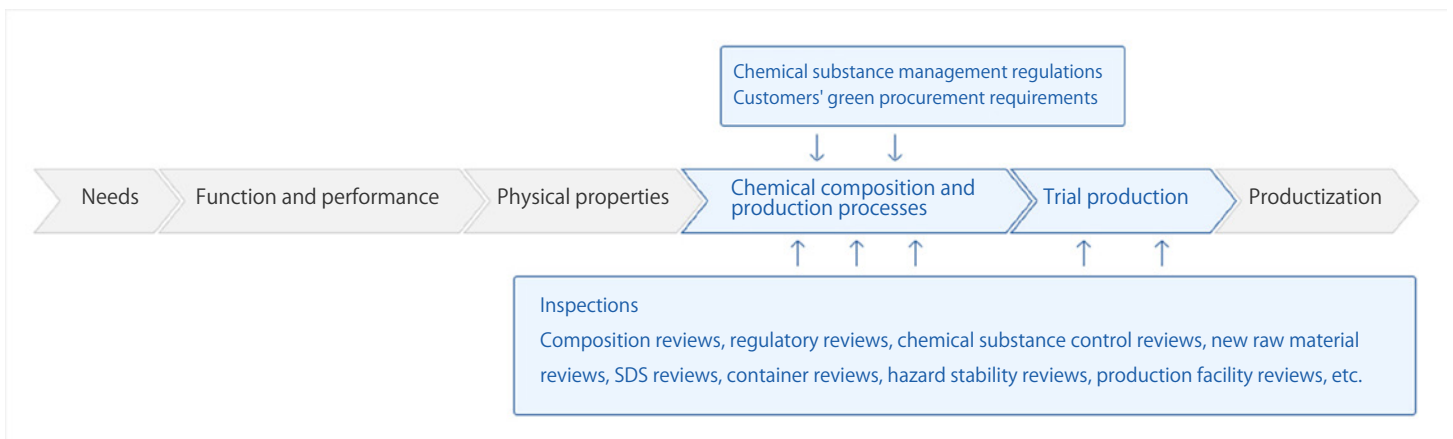
*1 Total Class A and Class B Hazardous Materials Engineers (Groups 1-6)

*2 Total managers qualified for air, water, noise, and dioxins

Design management

Product design requires translating "function and performance" into physical and chemical "properties" to satisfy needs, and designing chemical compositions such that these "properties" can be put to use. We strive to ensure safety while minimizing environment release and the impact on the people handling products containing chemical substances at the time of manufacture and use of such products. To this end, we conduct examinations and checks from various angles at every stage from composition design to process design, prototyping, and commercialization.

Inspections Prior to Production



» Contribution through Business > Environmental Performance Chemicals | Environmental Preservation (Contamination Control)

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."

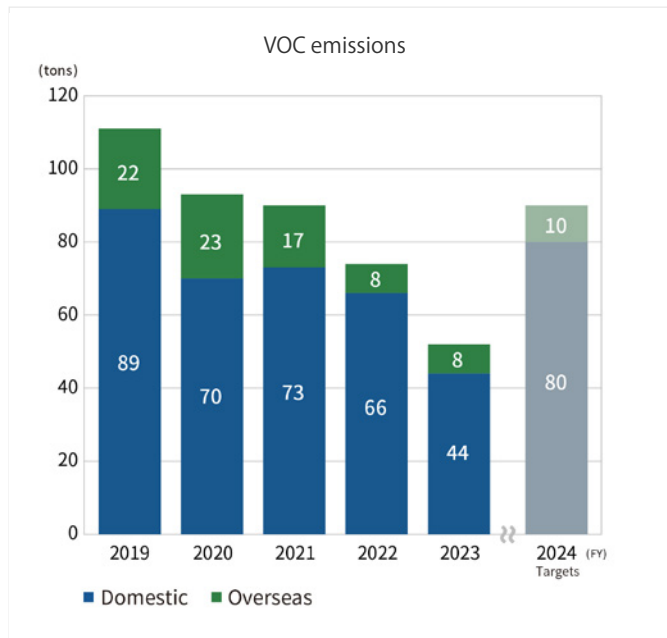
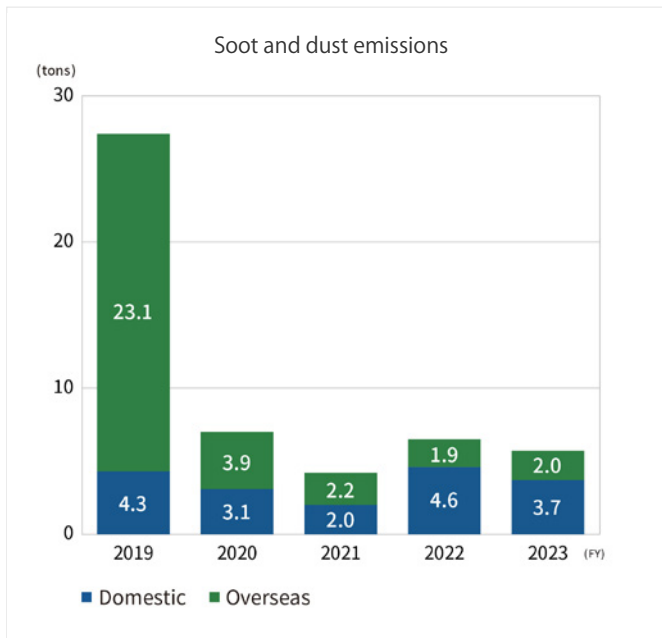
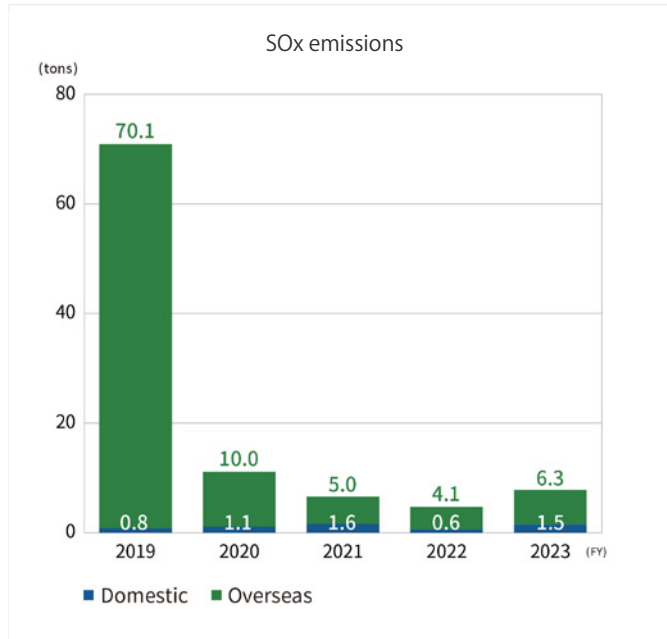
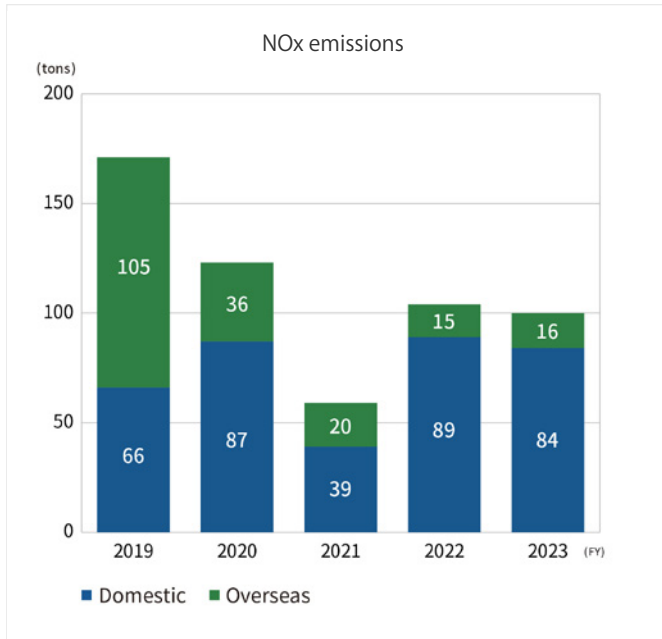
Discharge control

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 business sites emit combustion gases (e.g., NOx, SOx) into the atmosphere due to the use of boilers, cogeneration systems, and incinerators. Our business sites 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 FY2023, VOC emissions in Japan totaled 44 tons (down 22 tons from the previous fiscal year) and 8 tons overseas (no change from the previous fiscal year), for total Group emissions of 52 tons, achieving the FY2024 target (the previous fiscal year's target was also achieved). This is a 53% reduction from FY2019 emission volume.



Note 1: The overseas values for NOx, SOx, 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.

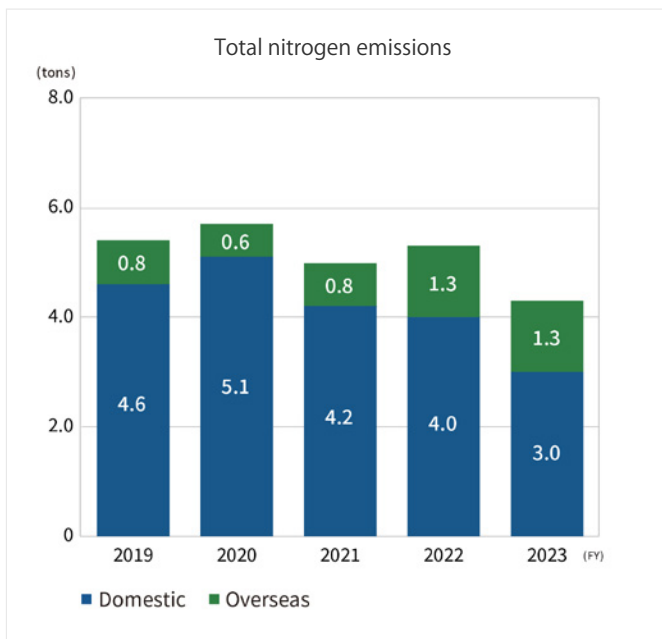
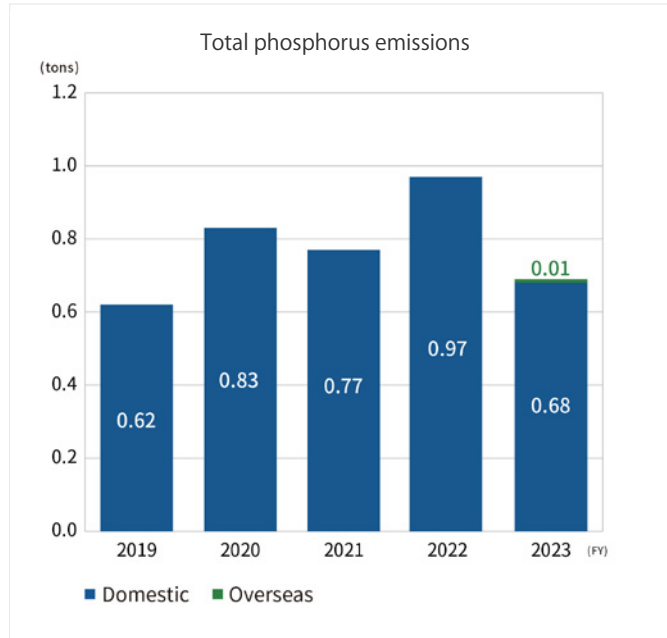
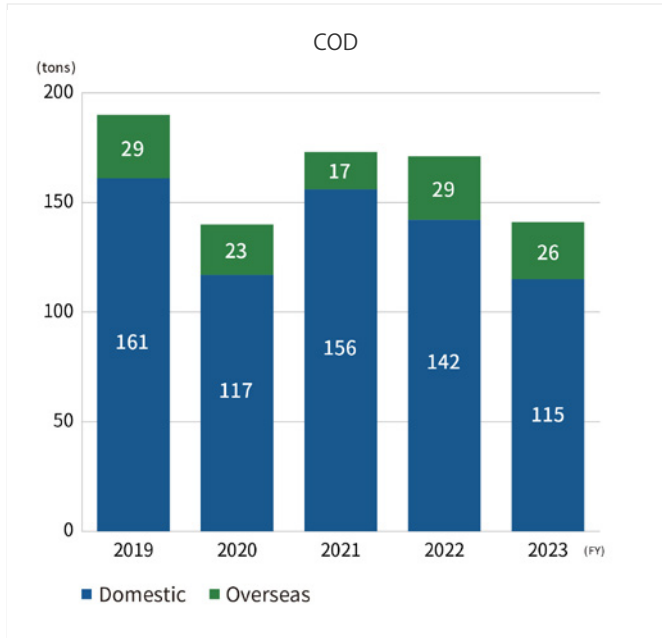
Note 2: Scope of VOC calculation: All business sites in Japan, as well as Sanyo Kasei (Thailand) Ltd.; Sanyo Kasei (Nantong) Co., Ltd.; San-Dia Polymers (Nantong) Co., Ltd.; and SDP GLOBAL (MALAYSIA) SDN. BHD.

Water quality conservation

For the wastewater discharged from the pipes at our business 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 oil retaining walls, and taking measures to prevent leakages at business sites.

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

Nagoya area facilities (Nagoya Factory, SDP Global Co., Ltd. and SAN NOPCO LIMITED.) discharge to Ise Bay, and Kawasaki area facilities (San Chemical Co., Ltd.) discharge to Tokyo Bay.
Other domestic facilities discharge to sewerage systems.



Soil and groundwater quality conservation

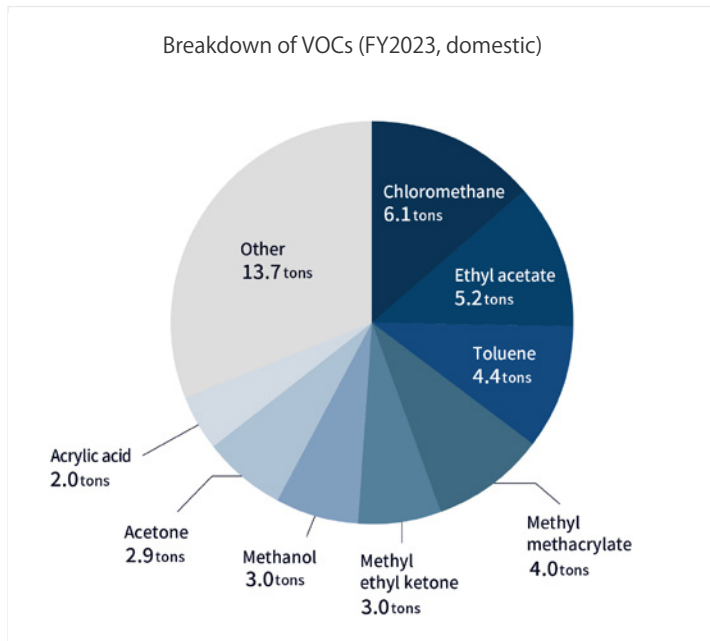
We do not perform landfill disposal at business sites. Along with monitoring the condition of groundwater using observation wells at business sites, we conduct voluntary soil surveys on company premises during construction work to check for problems on an ongoing basis.

Compliance with PRTR Law

Japan and Thailand have a system in place for notifying of the amount of emissions entities release into the environment or transfer in accordance with the PRTR Law. In addition to substances subject to the PRTR Law, the Group monitors emissions of VOCs not subject to the Law from its business sites and prioritizes them in its efforts to reduce emissions.

In FY2022, we began taking measures to reduce emissions of chloromethane, which is the largest VOC emitted in Japan but for which no effective measures had been taken. Through manufacturing process improvements, we succeeded in reducing our previously excessive input of chloromethane, reducing chloromethane emissions from 17.2 tons in FY2021 to 6.1 tons in FY2023.

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



Release and transfer of substances subject to the PRTR Law (FY2023)

(Unit: tons)

	Substances handled	Volume handled	Atmospheric emissions	Water emissions	Soil emissions	Waste transferred
Sanyo Chemical	100	122,674	25.2	0.4	0	352.9
Domestic subsidiaries and affiliates	53	105,717	3.8	0	0	7.6
Total	112	228,391	29.0	0.4	0	360.5

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

Compliance regarding environmental matters

There were no pollution complaints, violations of environmental laws or regulations, administrative guidance, or lawsuits at our domestic sites in FY2023.

Resource Saving and Waste Reduction

Policy

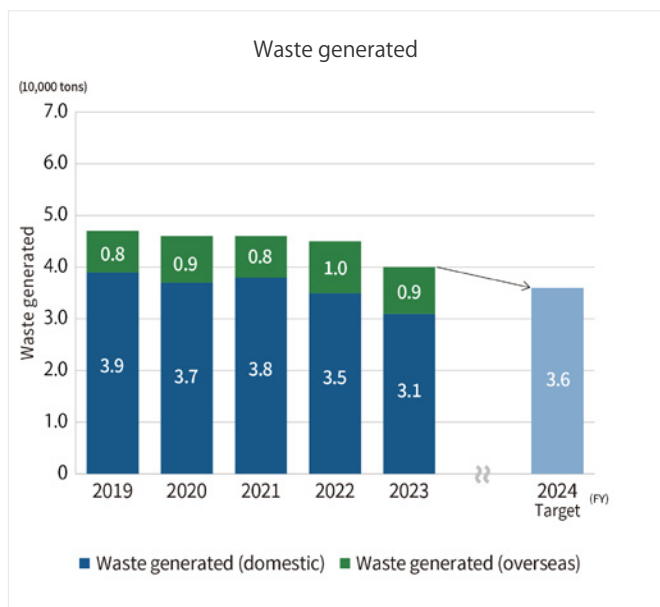
The Sanyo Chemical Group generates industrial waste such as waste oil, waste acids and alkalis, waste plastics, and scrap metal in the process of manufacturing chemicals and other products. To contribute to achieving a circular economy and a sustainable society, we practice the 3Rs (Reduce, Reuse, and Recycle) for the effective use of resources. As an important issue for us, we will focus particularly on generating less waste (reduce) as that will lead to less CO₂ emissions during incineration and disposal.

Targets and Results

Waste generated

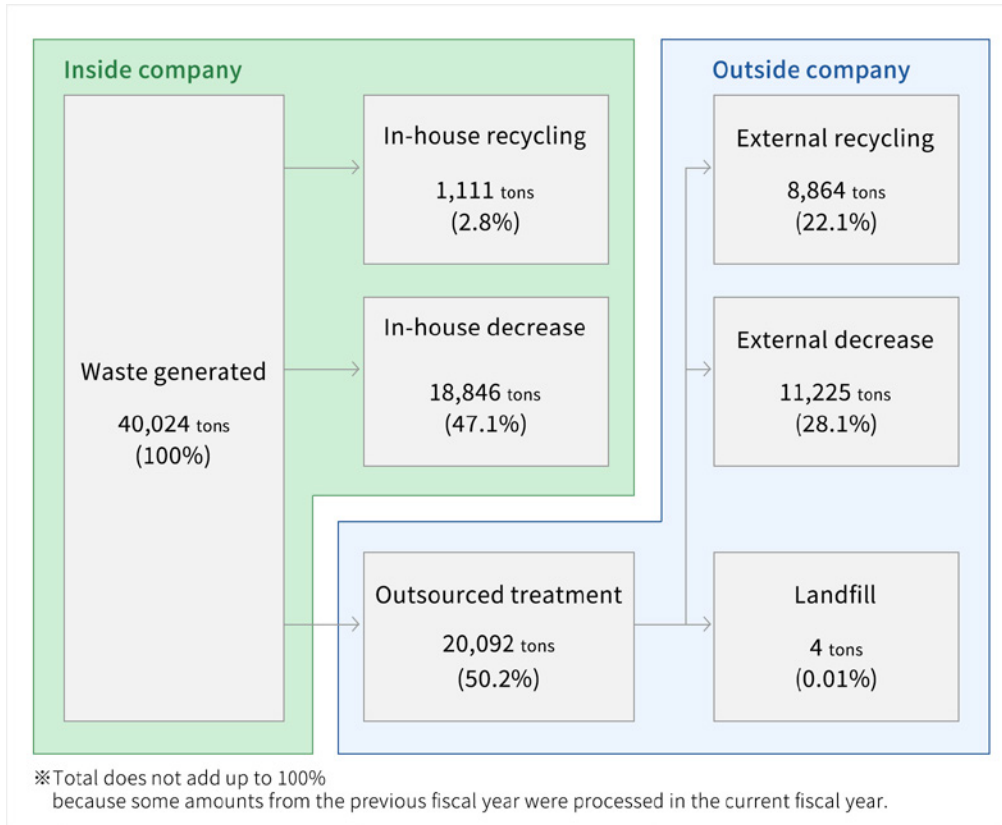
Waste generated in FY2023 was 40 thousand tons. We are on track to achieve our goal of 36 thousand tons or less by the end of FY2024, and will continue our efforts to reduce waste.

We kept landfill disposal at 0.01% of waste generated. Twelve of all of our 15 sites had zero landfill disposal.



Resource Recycling and Waste Reduction

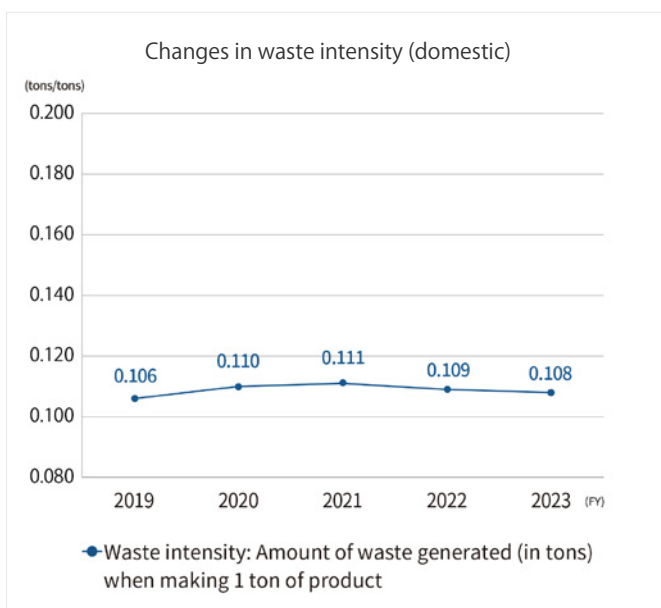
Material Flow of Waste (FY2023)



The 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, 47.1% of the waste we generate is incinerated within the company, while the 28.1% is reduced in weight outside the company. In addition, 24.9% of our waste is recycled either inside or outside the company.

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.



Examples of recycling

In FY2023, 2.8% of waste generated was recycled inside and 22.1% was recycled outside the company.

(Specific examples)

- Solvents used for cleaning equipment are constantly reused in-house.
- 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.

Contribution through products

We offer [product lines](#) that contribute to the sustainable use of resources, categorizing them by the keywords “weight reduction,” “low additive amount,” “long service life,” “high durability,” “increased yield,” and “use of biomass (non-petrochemical).”

Reduction and recycling of industrial waste from plastic products

Our company falls under the category of a high-volume waste producer (producing 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 produce less waste while sharing information with Sanyo Chemical.

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

Emissions Status and Reduction Target

(Unit: tons)






		Waste production (Sanyo Chemical)	Waste production (domestic subsidiaries and affiliates*)
FY2021 Results		1,061	48
FY2022 Results		959	52
FY2023	Target	1,185	48
	Results	1,131	33
FY2024 Target		1,147	34

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






Information about waste treatment facility maintenance

In accordance with the Act on Waste Management and Public Cleaning (Article 15-2-3, Paragraph 2), we will publicize information on the maintenance of the two facilities concerned.

Nagoya Factory (Tokai, Aichi Prefecture, Japan): Liquid Combustion Furnace

Maintenance plan and status	File
Maintenance plan	PDF 
Maintenance status (FY2024)	PDF 
Maintenance status (FY2023)	PDF 
Maintenance status (FY2022)	PDF 
Maintenance status (FY2021)	PDF 

Nagoya Factory (Tokai, Aichi Prefecture, Japan): Miscellaneous Refuse Incinerator

Maintenance plan and status	File
Maintenance plan	PDF 
Maintenance status (FY2024)	PDF 
Maintenance status (FY2023)	PDF 
Maintenance status (FY2022)	PDF 
Maintenance status (FY2021)	PDF 

Biodiversity Initiatives

The Sanyo Chemical Group recognizes that its 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 it provides.

In our production activities, we will strive to reduce the burden that may indirectly lead to the loss of biodiversity, such as reducing the content of hazardous substances, using biodegradable materials, and not using environmental hormone substances. 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 awareness of biodiversity conservation and promote activities that take biodiversity into consideration. (From the Management Policy Concerning Responsible Care)

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

Action Policy Concerning Biodiversity

Recognizing that business activities affect biodiversity, the Group will deepen our understanding and awareness of biodiversity conservation and promote activities that take biodiversity into account.

1. We will strive to develop environmentally friendly products and contribute to the conservation of biodiversity through the provision and dissemination of these products.
2. We will strive to consider biodiversity conservation in the procurement of raw materials, materials, office supplies, etc.
3. We will strive to reduce the impact on biodiversity by reducing the environmental impact of our business sites, such as emissions of greenhouse gases, use of water resources, and the discharge of chemical substances and waste.
4. We will strive to raise the understanding and awareness of biodiversity among all employees and to raise awareness of biodiversity conservation.
5. We will promote initiatives in collaboration with the local community.

Participating 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.

Declaration of Biodiversity by Keidanren, Japan Business Federation



Roundtable on Sustainable Palm Oil (RSPO)



System

The activities related to the initiatives above in which we participate are incorporated into the sustainability management promotion system.

Education and Training

The Sanyo Chemical Forestry, which is organized by employee volunteers, promotes awareness of biodiversity through forest maintenance, biological observation, and forest learning. In addition, 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 total of 2,142 employees have participated in the training, including 613 new employees. 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.

Actions toward 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, high durability and longevity (resource saving), water conservation, removal of harmful substances, non-use of hazardous substances, and biodegradability. Even at the product development stage, protein synthesis using genetically modified organisms ensures biosafety so that organisms do not spread to the environment. In the field of agri-nutrition (agriculture) we are newly expanding into, we are considering ways to reduce the use of fertilizers and pesticides with high environmental impact by delivering the components (peptides, amino acids, etc.) necessary for plants in an efficient way and maximizing the yield and quality potential inherent in plants. Reducing the use of fertilizers and pesticides not only reduces the environmental impact of manufacturing them, but also mitigates the impact of excessive use on organisms other than the target organism.

» [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.

Our Group 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 partnering with local communities

Support for forest cultivation, forest maintenance, and nature conservation

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-gun, Kyoto Prefecture. This project, which is being carried out in Kyoto Prefecture where our Head Office is located, contributes to the conservation of species, increase in CO₂ absorption by forests, water source cultivation, and flood prevention.

In collaboration with local governments such as Wazuka Town, our employees, their families, and former employees participate as volunteers in the forest maintenance of Yubune Forest Park to raise awareness of biodiversity and communicate with local communities.

San Chemical Co., Ltd. has been engaged in nature conservation activities through rice cultivation in 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.

» [The Sanyo Chemical Forestry / Terraced Rice Field Conservation Activity](#)

Water Resources

The 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 conserving and making effective use of water, as well as reducing water pollution arising from wastewater emitted outside our business sites.

The results of the water risk assessment using Aqueduct, an assessment tool published by the World Resources Institute (WRI), confirm that the risk levels for all domestic and international production sites are not at the "extremely high" level.

Policy

We are currently working to reduce water consumption, which is one of the goals of Environmental Action Plan 21-24.

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

System

The Responsible Care Dept. of the Responsible Care Division serves as the secretariat for managing progress and sharing information concerning water conservation and other items we are addressing at each business site. We will replicate these results at other overseas offices.

Water Consumption Targets and Results

Environmental Action Plan 21-24	FY2019 (base year)	FY2020	FY2021	FY2022	FY2023	Evaluation	FY2024 (targets)
Water consumption (thousand m ³)	4,354	4,269	4,295	4,333	3,973	Within target level	4,136 or less
Percentage reduction (compared to FY2019)	—	2.0%	1.3%	0.5%	8.8%		5% or above

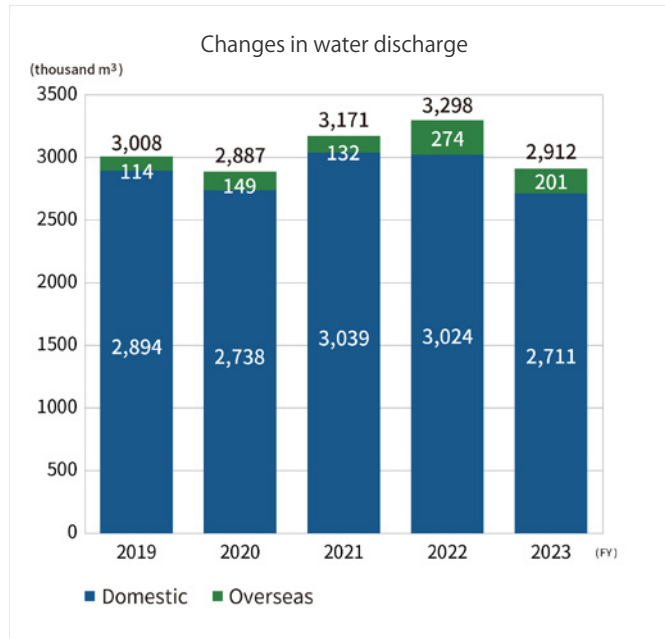
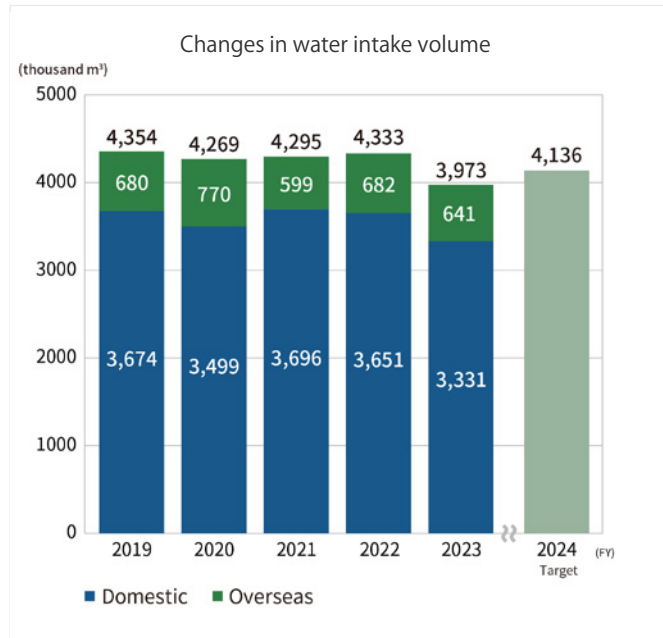
Scope: All facilities of Sanyo Chemical Industries, Ltd., all domestic subsidiaries & affiliates, and overseas subsidiaries & affiliates that have production bases*

*SDN.BHD. Sanyo Chemical Texas Industries, LLC; Sanyo Kasei (Thailand) Ltd.; Sanyo Kasei (Nantong) Co., Ltd.; San-Dia Polymers (Nantong) Co., Ltd.; SDP GLOBAL (MALAYSIA) SDN. BHD.

Reduction of Water Intake Volume and Water Consumption

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 sea water is used.

Water consumption in FY2023 decreased both in Japan and overseas, totaling 3,973 thousand m³ (down 9% YoY). Although our production volume decreased by approximately 5% 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.

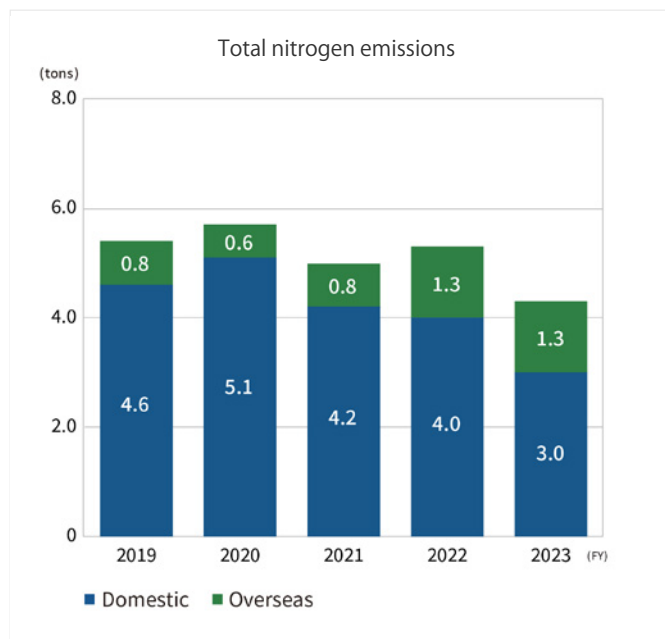
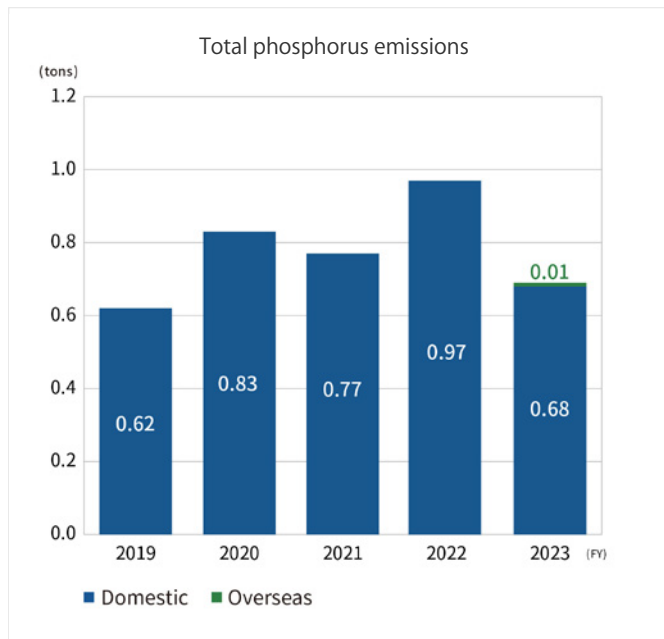
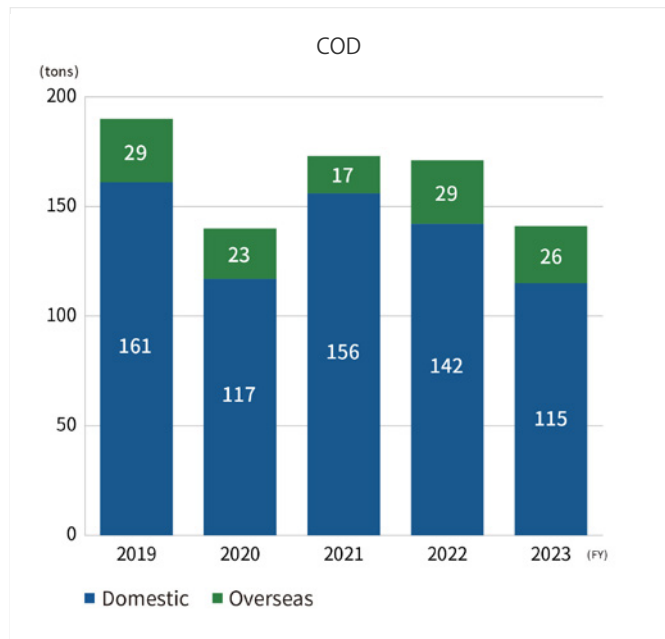


Breakdown of Water Intake

Water resources	Unit	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (targets)
Tap water	thousand m ³	387	395	421	400	334	—
Industrial water		3,967	3,873	3,874	3,933	3,639	—
Surface water (oceans, lakes, rivers)		0	0	0	0	0	—
Groundwater		0	0	0	0	0	—
Total water intake		4,354	4,269	4,295	4,333	3,973	4,136 or less

Reduction of water pollutant emissions

Along with preventing leakage within our business sites, we ensure that wastewater is emitted outside these sites only after monitoring the concentration of pollutants in the wastewater, which includes measuring COD, and properly treating wastewater via treatment facilities. We keep these concentrations within regulatory limits, and no regulatory violations concerning water quality occurred in FY2023.



Emission Areas and Environmental Impact (domestic) (FY2023)

Unit		Nagoya area	Kawasaki area	Kashima area	Kyoto area	Kinuura area
Business sites		Nagoya Factory SDP Global Co., Ltd. SAN NOPCO LIMITED	San Chemical Co., Ltd.	Kashima Factory San- Petrochemicals Co., Ltd.	Kyoto Factory, Head Office, Head Office Research Laboratory, Katsura Research Laboratory	Kinuura Factory
Emission areas		Ise Bay	Tokyo Bay	Sewerage	Sewerage	Sewerage
Water discharge	thousand m ³	1,671	111	788	141	1
COD	tons	8.7	2.4	102.8	1.4	0.0
Total phosphorus	tons	0.2	0.0	0.4	0.1	0.0
Total nitrogen	tons	1.3	0.3	1.3	0.1	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 business site establishes its own area of focus for water conservation and recycling as part of efforts to reduce water consumption.

| Products that contribute to water resource and water environment conservation

Our product lineup includes raw materials for water-saving compact detergents, polymer flocculants for wastewater treatment, and bases for biodegradable shampoos. These contribute to water conservation, wastewater treatment, and biodegradability for above effective use of water resources.

» [Environmental Performance Chemicals](#)

Respect for Human Rights

The Sanyo Chemical Group believes that the success of diverse human resources is possible only when there is a foundation for understanding the human rights of each individual and recognizing their individuality and values. 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.

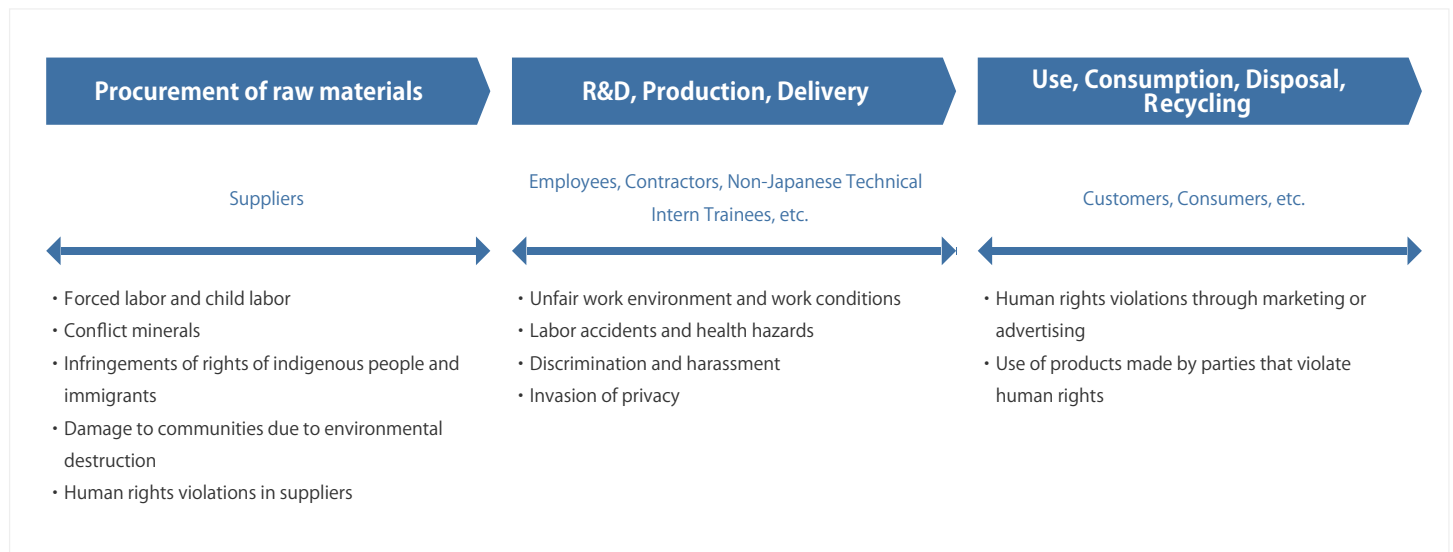
10. Information disclosure/engagement

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

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 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 Tool Set of the UN Global Compact in an effort to identify serious human rights issues.

	Scope of questionnaire		Number of responses
FY2022	Key raw material suppliers	14 companies	14 companies
FY2023	Suppliers and distributors of oil and fat raw materials, the main ingredients of surfactant products	67 companies	51 companies

Based on the results of a questionnaire conducted in FY2023 to suppliers and distributors of oil and fat raw materials, four companies identified problems related to their initiatives to address human rights issues. We will promote understanding and practice respect for human rights throughout the supply chain, such as by explaining these guidelines again, and follow-up will be conducted one year later in an effort to reduce the risk of human rights issues. In FY2024, we will conduct a survey of suppliers of inorganic raw materials.

» [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 awareness-raising and seminars. We will continue to improve our knowledge and ability to respond to harassment, and we will firmly commit ourselves to “not engage in harassment, not tolerate harassment, and not become a bystander,” while striving to create a safe and comfortable workplace.

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

In order to “eliminate harassment,” we have been working very hard throughout FY2023 by a Corporate Ethics Study Meeting, including group discussions, throughout the entire Group. In addition, we have expanded the number of whistleblowing and consultation contacts points for harassment both internally and externally. We aim to realize a company where all employees can work with peace of mind 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.

Harassment Notification / Consultation Contact Point (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

» [Internal Compliance System](#)

» [ESG Performance Data > Compliance](#)

Addressing Human Rights Issues Related to “Human Rights Risks Due to Geopolitical Situations and Conflict Impacts”

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 a series of dialog with Kyoto City, we have accepted two Ukrainian students since September of the same year.

Human Rights Education and Awareness-raising

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 is permeated both internally and externally and effectively implemented.

FY2023 Results

Item	Course/training name	Eligible participants	Instructors	Participants (people)	Total time* (hours)
Human rights / compliance	Harassment Prevention Training	Directors / managers (compulsory) New employees	External experts	414	828
	Corporate Ethics Study Meeting (online training course, group discussion)	Directors / employees	External experts / compliance committee secretariat	1,528	3,056
DEI promotion	Joint Lecture by Four Companies, Age Diversity from the Perspective of Intergenerational Gaps	Directors / employees	External experts	165	330
	DEI Training	New employees	External experts	35	87.5
Women's empowerment	External, Open Training, 21st Century Seminar for Women's Empowerment	Employees (mainly female leaders)	External experts	2	79
	Internal, Open Training, Women's Network Seminar	Employees (women)	External experts	9	180
	Outside Female Directors Salon	Employees	Outside directors	57	85.5
	Seminar to support balancing work and childcare for those returning to work from childcare leave	Employees who have had a child and their leaders, and internal and external partners (optional)	External experts	127	175
	Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	Employees (women suitable for program content)	External experts	5	114
LGBTQ	Salon by LGBTQ people	Employees	People responsible internally	74	74
	Online Mini Lecture SOGI (Sexual Orientation, Gender Identity)	Directors / employees	People responsible internally	427	170.8
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for receiving departments)	Employees	External experts	59	29.5
	Online Mini Lecture Employees with Disabilities	Directors / employees	People responsible internally	893	357.2

*Participants x Hours participated

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 labor-management principles and have concluded a collective 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, employees transferred 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 69.9% (as of April 1, 2024).

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 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 business site 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 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 business site.

Main contents of discussions (FY2023)

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

Safety / Accident Prevention

Details of a Fatal Occupational Accident on January 15, 2022

Safety / Accident Prevention

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.

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 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.

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 Safety Promotion Dept. was newly established as an organization under the direct control of the President in January 2023, incorporating the operations of the Environmental and Safety Administration Dept. of the Responsible Care Division and the Safety and Technology Education Center. 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 its initial goal. We will continue to 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 also 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 conducted the assessment of our Nagoya Factory in May 2023 and of our Kashima Factory in December 2023. We will work to improve the issues identified in the assessments.

Safety / Accident Prevention

Details of a Fatal Occupational Accident on January 15, 2022

Safety / Accident Prevention

Policy

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 at our business sites, including employees and subcontractors, and to create a comfortable working environment.

| Safety Philosophy and 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 Group 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.

Observance of basic safety rules

Execution of health and safety activities

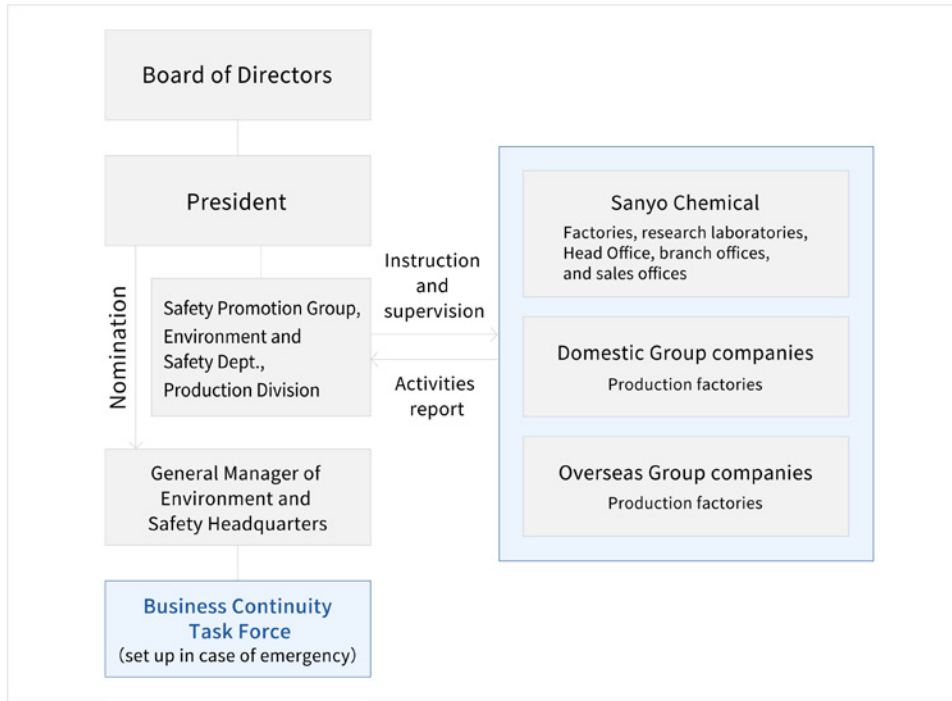
Improvement of crisis management capabilities

System

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

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 (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



Safety Promotion Group, Environment and Safety Dept.

Led by the Safety Promotion Group of the Environment and Safety Dept., we conducted a safety assessment by the Japan Industrial Safety Competency Center at two sites, the Nagoya Factory and the Kashima Factory, for the purpose of objective safety evaluation by a third party. Based on the results of this assessment, we will make further efforts to improve process risk assessment and foster a safety culture. In these initiatives, we will involve external safety experts and incorporate a technical perspective to further enhance safety. In FY2024, we conduct process risk assessment training for managers in manufacturing sites.

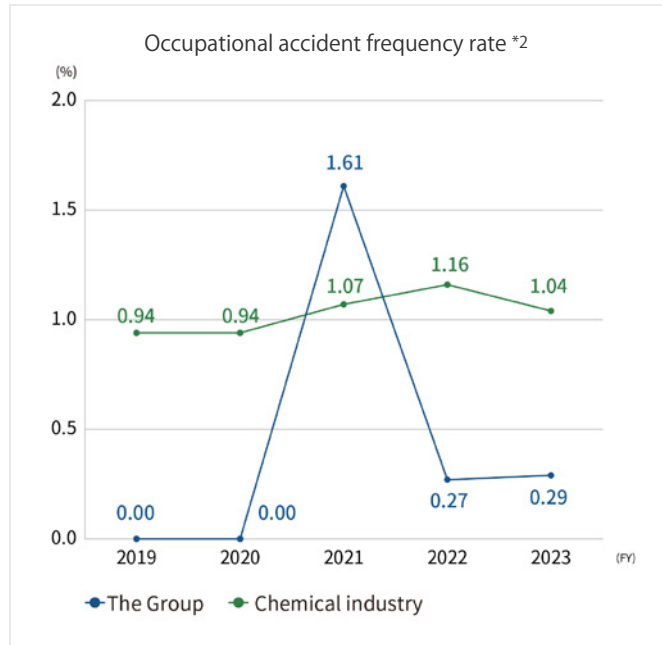
Status of Labor Accidents

In order 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.

In FY2023, in addition to one occupational accident involving our employees with lost time and ten without lost time, there were two occupational accidents involving dispatched workers/subcontractors with lost time and four without lost time.

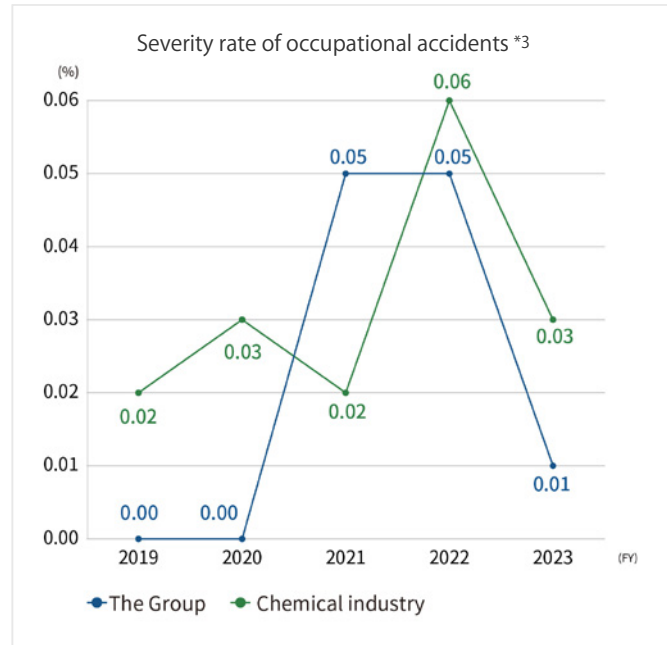
We have investigated the actual causes of each accident by using the five whys method*1, implemented recurrence prevention measures, and rolled out important countermeasures to all Group factories in Japan and abroad.

*1 Five whys method: 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 per 1 million working hours.



*3 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. In addition, we are improving safety education by introducing videos of past accidents and virtual reality. A total of more than 3,400 employees and subcontractor employees have been trained to date.

Safety / Technology Education

(unit: people)

		FY2019	FY2020	FY2021	FY2022	FY2023
Participants	Employees (including transfers)	210	93	168	96	169
	Subcontractor employees	71	12	35	20	141
Visitors and guests		394	19	55	47	109

Risk assessment

The Group systematically conducts risk assessments of target chemical substances handled at its plants and research laboratories and takes necessary risk mitigation measures.

Although we have been working on physical measures and the establishment of rules, we will strengthen risk assessments to reduce risks. The Safety Promotion Group is committed to the long-term development of personnel who can appropriately identify risks and devise mitigation measures, as well as introducing external wisdom and knowledge on safety to create mechanisms to enhance the safety capabilities of production sites.

Safety and Accident Prevention Activities

For safe operations and business continuity, we have implemented measures on both the hardware and software fronts, and have also established response and action plans in the event of any emergency 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 community, 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 work-related 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 various regions both in Japan and overseas.



Kashima Factory: Safety talk by subcontractors



Nagoya Office in SAN NOPCO LIMITED: Safety patrols by managers



Sanyo Kasei (Thailand) Ltd.: Safety patrols

Earthquake preparedness

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 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 conferences to help strengthen accident prevention measures.

Internal Audit on Environment, Safety, and Disaster Prevention

The Responsible Care Dept. and the Safety Promotion Group of the Environment and Safety Dept. visit each factory once a year to conduct audits on environment, safety, and disaster prevention. In the FY2023, we audited the horizontal deployment status of accident countermeasures, compliance with various regulations, implementation status of leakage prevention measures, and implementation status of risk assessments.

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

Quality

As a chemical manufacturer, the 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

"Throughout the entire product lifecycle ranging from product development through manufacturing and use to disposal, we will implement product safety measures with top priority placed on safety and conduct strictly product management. We will also provide appropriate information and faithfully respond to inquiries and complaints."

» [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.

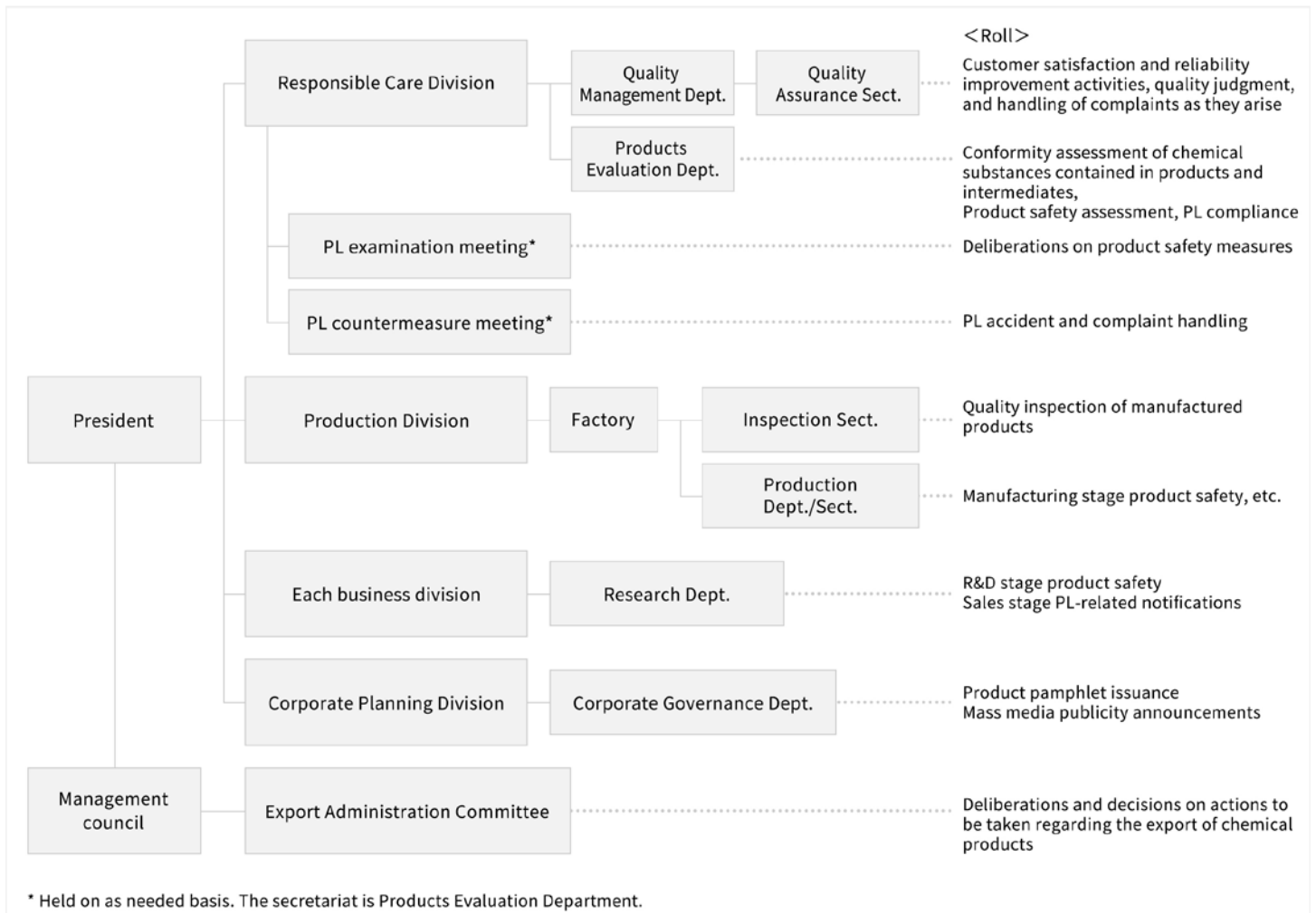
When a complaint is received or non-conforming product is found at a plant, the Quality Assurance Sect. cooperates with plant personnel to investigate the cause, formulate sweeping countermeasures to prevent recurrence, and share the information with Group factories to replicate those countermeasures.

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, we will convene an investigative meeting and a countermeasure meeting to deal with them accordingly.

In FY2023, there were no PL-related deliberations, accidents, or complaints.

Organization



Provision of safe and secure products

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 an export stop system in our order system. When making entry of an order, the system rejects products not registered in our export control database. Products Evaluation Department closely examines and inputs information into the database serving as the foundation of this system, such as product chemical compositions and their status in other countries and any restrictions imposed by any laws or regulations. The Export Administration Committee discusses and examines our group's compliance to laws and regulations in concerned countries and then implements changes as necessary.

Product Safety

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, including 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.

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 Substance Management | Design Management](#)
- » [Product Information | Safety Data Sheet \(SDS\)](#)



Supply Chain Management

At Sanyo Chemical, we believe that it is important to work together across the entire supply chain to improve CSR while also working with our suppliers on procurement. 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. In addition to complying with laws and regulations, we will conduct procurement activities with social common sense based on corporate ethics, and strive to build relationships of mutual cooperation and trust with our business partners.
2. We will provide fair trade opportunities for both domestic and overseas companies, and conduct procurement activities from a global perspective.
3. In procurement activities, we will consider various conditions such as the quality, price, and stable supply of materials and raw materials. In addition, we will work with our business partners to maintain and improve appropriate pricing and quality. At the same time, we will promote green procurement, including environmental conservation and chemical substance management.
4. We will aim to create a sustainable society through our supply chain, taking into account the efforts of our business partners to meet the corporate responsibilities demanded by society, such as consideration for the global environment and the protection of human rights and the working environment.

Sustainable Procurement

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

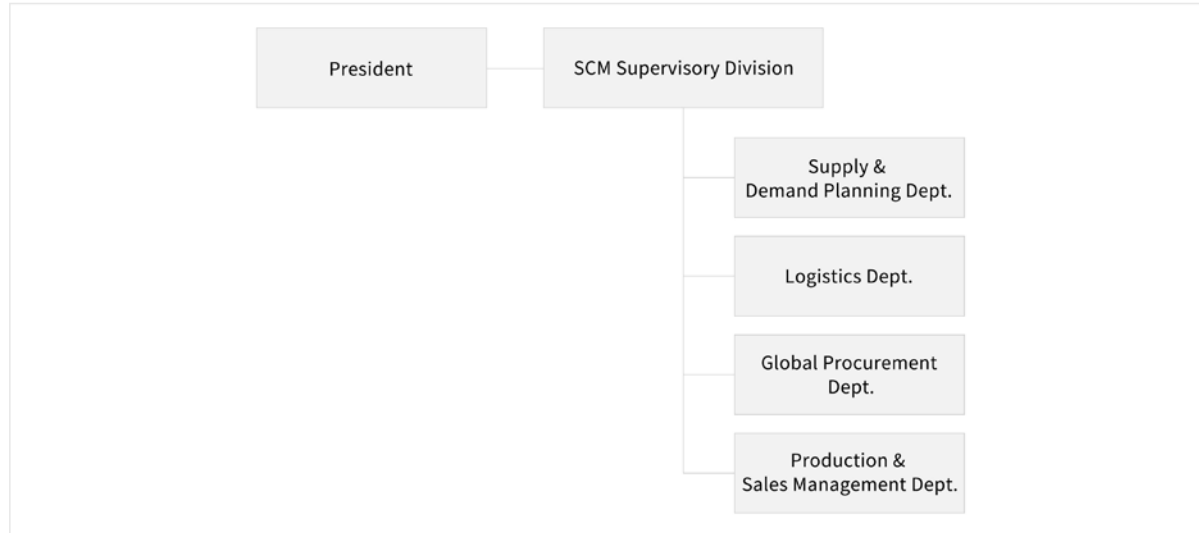
» [Sustainable Procurement Guidelines](#)

» [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 FY2023, we held one meeting to exchange opinions with a business partner on the status of CSR activities.

Documents required for adoption

Raw material-related

- (1) Delivery Specifications (Raw Materials) [Excel](#)
- (2) Safety Data Sheet (SDS)
- (3) Warranty certificate regarding chemicals contained in delivered products (Certificate of Non-use of RoHS 6 Restricted Substances) [Excel](#)
- (4) Environmental and Chemical Substance Management Survey Sheet [Excel](#)
- (5) CSR Questionnaire [Excel](#)

CSR Questionnaire

The CSR questionnaire uses the Self-Assessment Questionnaire (SAQ) of Global Compact Network Japan to quantify the extent to which the requirements of the United Nations Global Compact are met. Items that do not meet the requirements will now trigger a message prompting improvement.

In FY2023, we received questionnaire responses from 51 major raw material suppliers (approximately 10% of all suppliers). In FY2022, many of the target suppliers were large global companies and they obtained high evaluation points, but when the scope of target suppliers was expanded in FY2023, overall scores decreased. At present, we do not have any high-risk suppliers related to rare raw materials or raw materials imported from high-risk countries, but we will follow up with suppliers who have issues.

SAQ Response Results for Major Raw Material Suppliers

(Unit: %)

	FY2022	FY2023
Human rights	98	88
Labor	98	95
Environment	98	90
Fair corporate activities	100	89
Quality and safety	100	97
Information security	98	91
Supply chains	97	76
Community	98	88

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 FY2024, Sanyo Kasei (Thailand) Ltd. is also expected to obtain 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.



ISCC PLUS certification

In May 2023, we obtained ISCC PLUS certification for biomass-derived polyethylene glycol (PEG) at our Tokyo Branch Office using the mass balance method. PEG is a polymer obtained by adding ethylene oxide to ethylene glycol or water, and is used in a wide range of applications, including industrial applications such as cosmetics, toiletries, and resins, as well as pharmaceuticals. We will continue to contribute to the realization of carbon neutrality through the utilization of biomass resources.

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 materials

In order to ensure business continuity in the event of a disaster (natural disaster, major fire, terrorist attack, etc.), we are promoting the implementation of a BCP for raw materials with the cooperation of our business partners. We are working on procuring raw materials from multiple sources, consolidating and eliminating similar raw materials, and securing multiple bases on the supplier side.

Human Resources

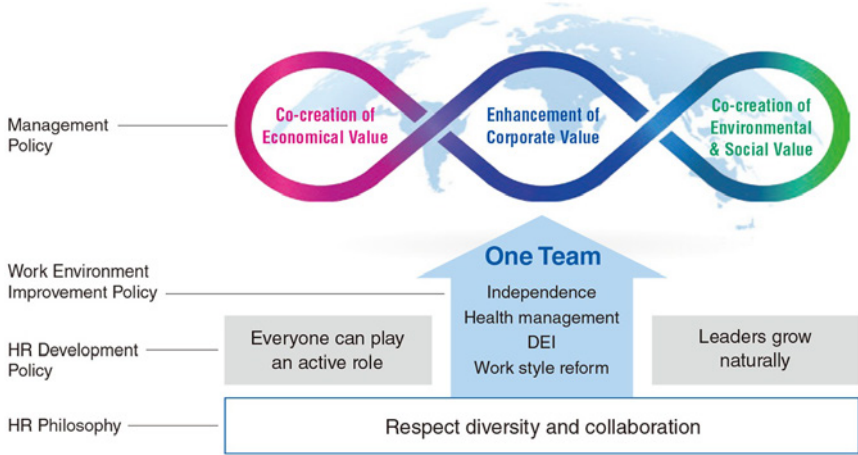


Policy

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

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 lead role.
- Promoting WakuWaku works by spotlighting everyone.

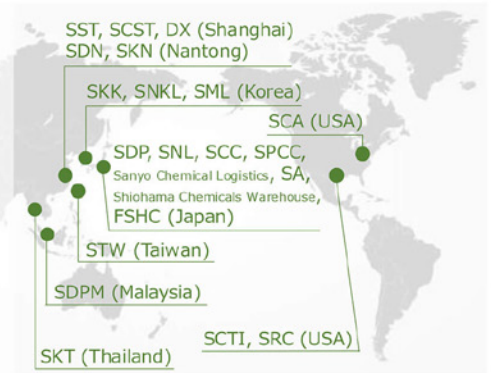
Related to Business

- Division
 (Lubricant Additives, Imaging Materials, Biotechnology & Medical, Surfactants, Performance Materials, Polyurethane, Industrial Chemicals)
- Sales Base Group
 (Tokyo, Nagoya, Hiroshima, Fukuoka)
- Research laboratory (Kyoto)

Headquarters

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

Subsidiaries & Affiliates



Related to Production

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

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 "creating an environment in which leaders (successors) grow naturally."

Everyone can play an active role

Measures	Targets & Vision	Target FY
<p>Ensuring that everyone can play an active role 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.</p>	Course unification	Achieved in FY2023
<p>Supporting proactive challenge taking an independent learning</p> <ul style="list-style-type: none"> 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 retreats programs. 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. 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. 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. 	Workplaces full of people with a passion for taking on challenges and achieving growth	FY2027
<p>System for organizational evaluation Introduction of an organizational evaluation system aimed at maximizing organizational performance, to begin 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.</p>	Organizational target achievement rate of 80% or higher	FY2025

Development of an environment in which leaders (successors) grow naturally

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 FY2023 Results	Target FY
<p>Systematic leader development We regularly hold human resource development meetings to select candidates for future leaders and discuss training plans in order to visualize human resource requirements that are lacking. 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. Job rotations will be conducted to get needed people into unfilled positions. We identify those with leadership aspirations by providing ongoing career development training and having them draw up career plans at a young age.</p>	<p>A state where every position is filled with prospective leaders</p> <p>→ Conduct 8-month selective training sessions (Participants: 12)</p>	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.

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	-		
Deputy chief or lower grade	Promotion training Long-term forum	Trainer training		

(1) Skill improvement and career development

Details	Details / Aims	Unit	Eligible participants	FY2021	FY2022	FY2023
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
	Insider trading regulations	Participants	New and mid-career hires	53	24	39
	Contract basics	Participants	All employees	-	97	24
	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)
	Non-Disclosure Agreement (NDA)	Participants	All employees	-	53	17
	Subcontract Act	Participants	All employees	-	151	224
	Copyright	Participants	All employees	-	-	59
Training program for research section	Basic Research Course: Study of basic chemistry required for product design	Course graduates	All employees	38	56	61
	MOT schools, coaching training, critical thinking course, design thinking course, etc. (provided by outside vendors; most courses are voluntary)	Trainings / participants		12/48	12/56	9/26
	E-learning (GLOBIS Unlimited and Udemy)	Participants		280	230	122
"Dojo" forums	A variety of informal seminars to hold dialogues between managerial staff and employees	Seminars / participants		-	26/181	7/64

(2) Global human resource development

(Unit: people)

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

Cost of education per employee

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

*Includes locally hired employees of overseas affiliates

Commendation Programs

(Unit: awards)

		FY2021	FY2022	FY2023
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
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
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

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 managers and executives.

FY	Course/training name	Speakers	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	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

*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 Valuing diversity means 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 Equity means 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 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)	FY2023 results	Evaluation
Overall DEI promotion	Checking of various initiatives	Received highest award from D&I Award 2023	Certified in FY2023	A
Women's empowerment	(1) Female leader ratio (2) Female manager ratio (3) Female director ratio (4) Rate of male employees taking childcare leave	(1)15% or higher (FYE2023) (2)6% or higher (FYE2023) (3)30% or higher (FYE2030) (4)100% (FYE2025)	(1)15.3%* ¹ (2)4.9%* ¹ (3)22.2%* ¹ (4)92.4%* ²	(1) A (2) C (3) C (4) B
LGBTQ	Raising awareness inside and outside the company	Received GOLD award from PRIDE Index 2023	Certified in FY2023 (five consecutive years)	A
Employees with disabilities	(1)Support for continued employment (2)Employment rate	(1)Infrastructure development (FYE2023) (2)2.5% (FY2024)	(1) Developed (2) 2.71%* ³	(1) A (2) A
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

*1 As of March 31, 2024

*2 Calculated according to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life

*3 As of June 1, 2024

DEI Promotion System

Since early on, Sanyo Chemical Group has been working to create an environment in which women can work comfortably. In FY2014, we established a women's empowerment promotion section and consultation service to accelerate our various initiatives, shifting our focus from supporting their continued employment to promoting their active participation under the Act on the Promotion of Women's Active Engagement in Professional Life. Since FY2018, we have been strengthening related internal infrastructure by appointing a dedicated DEI promotion officer to further accelerate support for not only women but also minorities in the company, including LGBTQ people.

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 (December 4-10 every year), and have been holding seminars and events related to DEI to further raise awareness among our directors and employees. In FY2023, we held an online mini-course on employing people with disabilities and SOGI (Sexual Orientation and Gender Identity), held meetings with outside directors, and provided multinational menus in the cafeteria. We also held seminars on the "generation gap" in collaboration with three other companies.

Launch of the DEI Portal

With the aim of helping each and every employee understand, embrace, and take action toward DEI, we have launched the DEI Portal 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 promote DEI promotion activities, the DEI Ally Network has been created in cooperation with volunteers from each business site 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 initiatives tailored to each business site.

Note: We define "ally" as an inclusive supporter of DEI, 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.

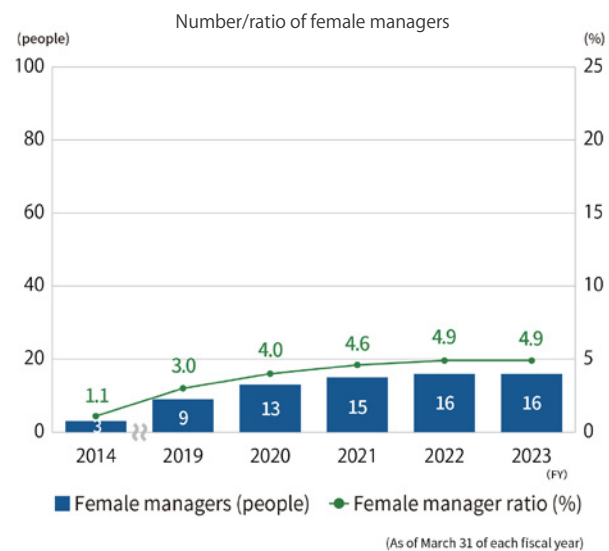
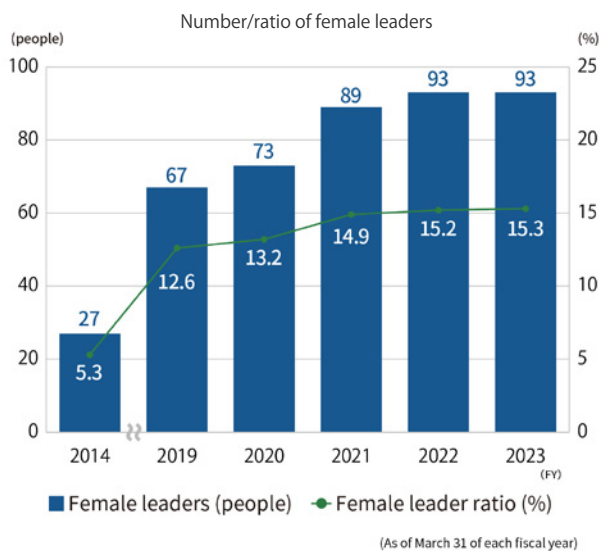
Promoting Women's Empowerment

Since FY2014, we have made it a policy to promote the advancement of women, shifting our focus from supporting their continued employment to promoting their active participation. 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. Moreover, since March 2017 we have participated in the Male Leaders Coalition for Empowerment of Women, which is organized 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 \(in Japanese only\).pdf](#)



Employees taking childcare leave (as of March 31)

	FY2019	FY2020	FY2021	FY2022	FY2023
Men (people)	37	40	47	55	61
Women (people)	13	17	11	17	10
Rate of employees returning to work after childcare leave (%)	100	100	100	100	98.8
Retention rate (%)	97.7	100	100	100	92.6

Note: Includes those seconded to Group companies

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

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

Reduced work hours for childcare (as of March 31)

	FY2019	FY2020	FY2021	FY2022	FY2023
Men (people)	0	0	0	0	0
Women (people)	16	12	4	6	7

Note: Includes those seconded to Group companies

Reform of employee awareness and corporate culture

We hold workshops at executive training camps, training sessions for managers, 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.



Workshops at executive training camps

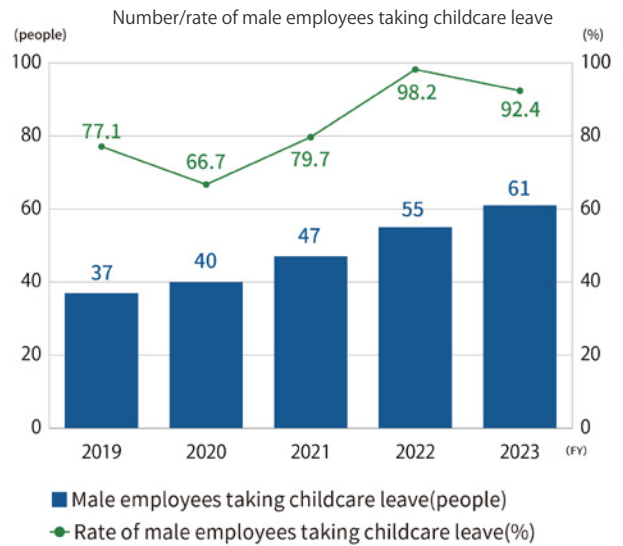


Participation in the Ikuboss Corporate Alliance

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 FY2023, 61 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

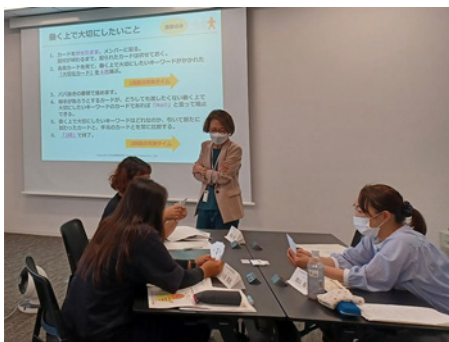
Measures to Promote Women's Empowerment

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.

FY2023 Training

Training	Details	Results
Internal, Open Training, Women's Network Seminar	Seminar aimed at encouraging women to proactively think about their own career development and take action Open to women of all departments, positions, and ages	5 seminars total 9 participants
Seminar to support balancing work and childcare for those returning to work from childcare leave	Seminar aimed at helping those returning to work after childcare leave to build rewarding careers while balancing work and childcare. 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 to male employees who had had children born and their supervisors	A total of 32 participants: 15 women returning from childcare leave, 15 of their supervisors, and 2 partners employed by the Company Later, a total of 95 people, including 66 men whose children were born and 29 of their bosses, watched the videos (excludes participants and training hours associated with external partners)
Outside Directors Salon	A meeting between outside director Aya Shirai and employees on the promotion of women's activities, careers, and diverse leadership styles	10 assemblies total 57 participants
Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	The "Program for Innovation in Promoting Women's Advancement" 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 4 participants
	The "Program for Career Advancement Support during Childcare Leave" enables employees on childcare leave to take classes at Osaka University to advance their careers.	Once a week for six months 1 participant
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 FY2022, we also held seminars for managers to develop their subordinates, along with external networking receptions.



Women's Network Seminars



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



Outside Directors Salon



21st Century Seminar for Women's Empowerment

Major support systems for women's empowerment

Programs / 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

Programs / 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: %)

	FY2019	FY2020	FY2021	FY2022	FY2023
All workers *1*2*3	—	—	—	68.8	68.9
Regular employees as a percentage of all employees*4	—	—	—	73.8	72.9
Part-time and fixed-term workers as a percentage of all workers*5	—	—	—	42.5	46.1

*1 Workers include those seconded 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:

Position	Gender wage gap	Factors behind wage gap
Managerial staff	95.8%	There is almost no gender wage gap.
Rank-and-file employees	78.9%	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), resulting in a lack of leadership positions.

Reference: The wage gap between men and women for standard wages excluding various allowances is 91.2% (as of March 2024).

*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.

Initiatives to correct the gender wage gap

In order to promote women to higher positions and increase the number of female managers and leaders, we will continue to implement various internal and external training programs, conduct interviews at each workplace, formulate development plans through key work experience, and create rotation plans to support the development of female employees.

Furthermore, to achieve more balanced work styles for both men and women, we will also make operational reforms through IT and AI, while promoting work style reform.

Promoting a Better Understanding of LGBTQ People

The Sanyo Chemical Group* 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.

*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

In order to promote a correct understanding of LGBTQ issues, we offer LGBTQ training for all employees, including directors and HR/general affairs staff at each business site, with content tailored to each trainee. In addition, all employees take part in workshops followed by small-group salons where they engage in discussions with LGBTQ people.

Furthermore, in order to deepen understanding of diverse sexualities not limited to LGBTQ, we have created an online course (video) on the concept of SOGI (sexual orientation and gender identity) and encourage all employees to take the course.

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



Training to Better Understand LGBTQ



LGBTQ workshop (video watching and chatting with LGBTQ people)



Kazue-chan (left) and Sanyo Chemical advisor, Dr. Ando (formerly President of Sanyo Chemical)



Kazue-chan's LGBTQ 100 Ally video viewing session



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 merchandise 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.

» [DEI Ally Network](#)



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 business sites in the Group. The all-gender restroom at the Kyoto Head Office has three stalls, one of which is a multi-function toilet accessible to wheelchair users.



All-gender restroom

From the company to society

Participation in Rainbow Pride events

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. At these events, we take part in parades, display panels at an exhibition booth, and distribute pamphlets in order to introduce the Group's LGBTQ-related initiatives.

Cooperation with the “Kyoto where diverse sexualities are respected” Promotion Network

We are working with external organizations to create an environment that respects diverse values, including participation as a cooperating member of the Kyoto City Citizen-wide “Kyoto where diverse sexualities are respected ” Promotion Network.

We also widely communicate our LGBTQ initiatives and thoughts from Sanyo Chemical Adviser, Dr. Ando (formerly President of Sanyo Chemical) through web media interviews and social media.



Participation in Rainbow Pride events



On-site lessons



Kazue-chan's YouTube channel

Kazue-chan's YouTube channel

[\[Company with approximately 2,000 employees\] Why I Hired a YouTuber - YouTube](#)



LGBTER Web media

[Increasing the number of "allies" in the world is \[LGBT-friendly\] Sanyo Chemical Industries, Ltd. | LGBTER](#)



The Kyoto Bar Association's YouTube channel

The Kyoto Bar Association's 51st Gathering to Consider the Constitution and Human Rights

[Changing Society as a Company - Sanyo Chemical's LGBTQ Initiatives | The 51st Gathering to Consider the Constitution and Human Rights 6 - YouTube](#)

Promoting the Employment and Involvement of People with Disabilities

As part of our corporate social responsibility and beyond, 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 and have established and begun operating a support system for continued employment.

Percentage of employees with disabilities (as of June 1)

	FY2019	FY2020	FY2021	FY2022	FY2023
Employment rate (%)	2.18	2.17	2.09	2.23	2.06
Statutory employment rate (%)	2.2	2.2	2.3	2.3	2.3
Employees	26	26	26	27	26

Note: Includes those seconded to Group companies

As of June 1, 2024, Sanyo Chemical employs 32 people with disabilities, for a 2.71% 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 directors as well as HR and general affairs staff at each business site. 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.



Training to Promote Understanding of Employees with Disabilities (for directors)

Improvement of in-house equipment

We have installed multi-function toilets and have upgraded entrance doors at business sites to automatic doors.



Destination button



Office entrances and exits



Multifunction toilet



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 seniors 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

	FY2019	FY2020	FY2021	FY2022	FY2023
Reemployed people	27	14	20	20	19
Reemployment rate (%)	87	81	87	100	79

Note: Includes those seconded to Group companies

Promoting the Employment and Advancement of Global Talent

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 talent.

Employees with non-Japanese nationality (as of March 31)

	FY2019	FY2020	FY2021	FY2022	FY2023
Reemployed people	17	12	13	12	11

Note: Includes those seconded to Group companies

Education and Training

FY2023 Results

Topic	Course/training name	Eligible participants	Instructors	Participants (people)	Total time (hours)
DEI	Joint Lecture by Four Companies "Age Diversity from the Perspective of Intergenerational Gaps"	Directors / employees	External experts	165	330
	DEI Training and Harassment Prevention Training	New employees	External experts	35	87.5
Women's empowerment	External, Open Training, 21st Century Seminar for Women's Empowerment	Employees (mainly female leaders)	External experts	2	79
	Internal, Open Training, Women's Network Seminar	Employees (women)	External experts	9	180
	Outside Female Directors Salon	Employees	Outside Directors	57	85.5
	Seminar to support balancing work and childcare for those returning to work from childcare leave	Employees who have had a child and their leaders, and internal and external partners (optional)	External experts	127	175
	Osaka University Style Industry-Academia Co-Creation Educational Business Development Program	Employees (women suitable for program content)	External experts	5	114
LGBTQ	Salon by LGBTQ people	Employees	Internal staff	74	74
	Online Mini Lecture SOGI (Sexual Orientation, Gender Identity)	Directors / employees	Internal staff	427	170.8
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for receiving departments)	Employees	External experts	59	29.5
	Online Mini Lecture Employees with Disabilities	Directors / employees	Internal staff	893	357.2
Other	Harassment Prevention Training	Directors and managers (compulsory) New employees	External experts	414	828

Reference: Major training and seminars held until FY2022

Topic	Course/training name	Eligible participants	Instructors
DEI	Seminar to Better Understand DEI	Directors and employees (compulsory)	External experts
	DEI Training (Development and Management of Diverse Employees)	New management appointees	External experts
	Online Mini Lecture on Unconscious Bias	Directors and employees	Internal staff
	Improving Teamwork for Better Work Performance	Directors and employees	Prominent people
Women's empowerment	IkuBOSS Keynote Speech (for directors)	Directors	External experts
	IkuBOSS seminar	Directors and employees	External experts
	Living Proactively in an Age When People Live to 100	Directors and employees	Advisors from other companies
LGBTQ	Training to Better Understand LGBTQ	Directors and employees	External experts
	LGBTQ Workshop (movie viewing and discussion)	Directors and employees	External experts
Employees with disabilities	Training to Promote Understanding of Employees with Disabilities (for directors)	Directors	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
Other	Seminar to Support Balancing Work with Caregiving/Treatment (Basics)	Directors and employees	External experts
	Seminar to Support Balancing Work with Caregiving/Treatment (Management)	Directors and (primarily) managers	External experts
	Online Mini Lecture on Color Universal Design	Directors and employees	Internal staff
	Seminar on In-Home Treatment and In-Home Caregiving	Directors and employees	External experts

External Evaluation

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

For the fifth consecutive year, the company received the highest rating of GOLD in PRIDE Index 2023, which evaluates initiatives related to LGBTQ.

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 second year in a row as the Best Workplace, the highest award category in the D&I AWARD.

The D&I AWARD is a certification system that recognizes companies leading the way in diversity and inclusion. In 2023, Sanyo Chemical Group, which is actively engaged in DEI, was recognized as a Best Workplace, the highest award, for the second year in a row. 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.



Awarded the 3-star L-boshi (the highest grade)

In March 2022, we were awarded 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. Four employees made use of this system in FY2023.

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. (From 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	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.
System for balancing work and nursing care	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) (from 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)

Multiple Role System

In February 2022, as a measure to enhance employee job satisfaction and motivation, we began operating the Internal Multiple Work System allowing employees to voluntarily take on themes they wish to work on in parallel with their existing work.

Items at present (number of employees as of March 31, 2024)

- Development of odor sensors (7 people)*
- Peptide agriculture (2 people)

*As development of the odor sensor has made progress, the sensor has been deployed at our Business Planning Division.

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.

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 12 Dojos conducted in FY2024, and more will be conducted 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.
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.
Internal social exchange fees	Subsidies are provided for the holding of social gatherings within the company

Business Innovation

- Introduction of a virtual desktop service that allows intranet access from outside the company
- Utilization of RPA (Robotic Process Automation) for automating and streamlining routine work
- Introduction of a Business Intelligence (BI) system for more efficient use of internal information
- Introduction of an e-POST system that allows employees to make proposals directly to the president and executives through the intranet

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 "reform the way we work."

Certified with 3.5 stars in the 7th Nikkei Smart Work Management Survey

We were certified with 3.5 stars in the 7th Nikkei Smart Work Management Survey, which selects leading companies that take on the challenge of productivity innovation through work-style reforms. This survey has been conducted by Nikkei Inc. since 2017, targeting listed companies and leading unlisted companies across the country. It defines "smart work management" as efforts to maximize organizational performance through three elements: realization of diverse and flexible work styles, a system for creating new businesses, and market development capability. Companies are evaluated on a five-star scale. We received an A++ rating for innovation capability, an S rating for market development capability, and an A++ rating for human resource 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

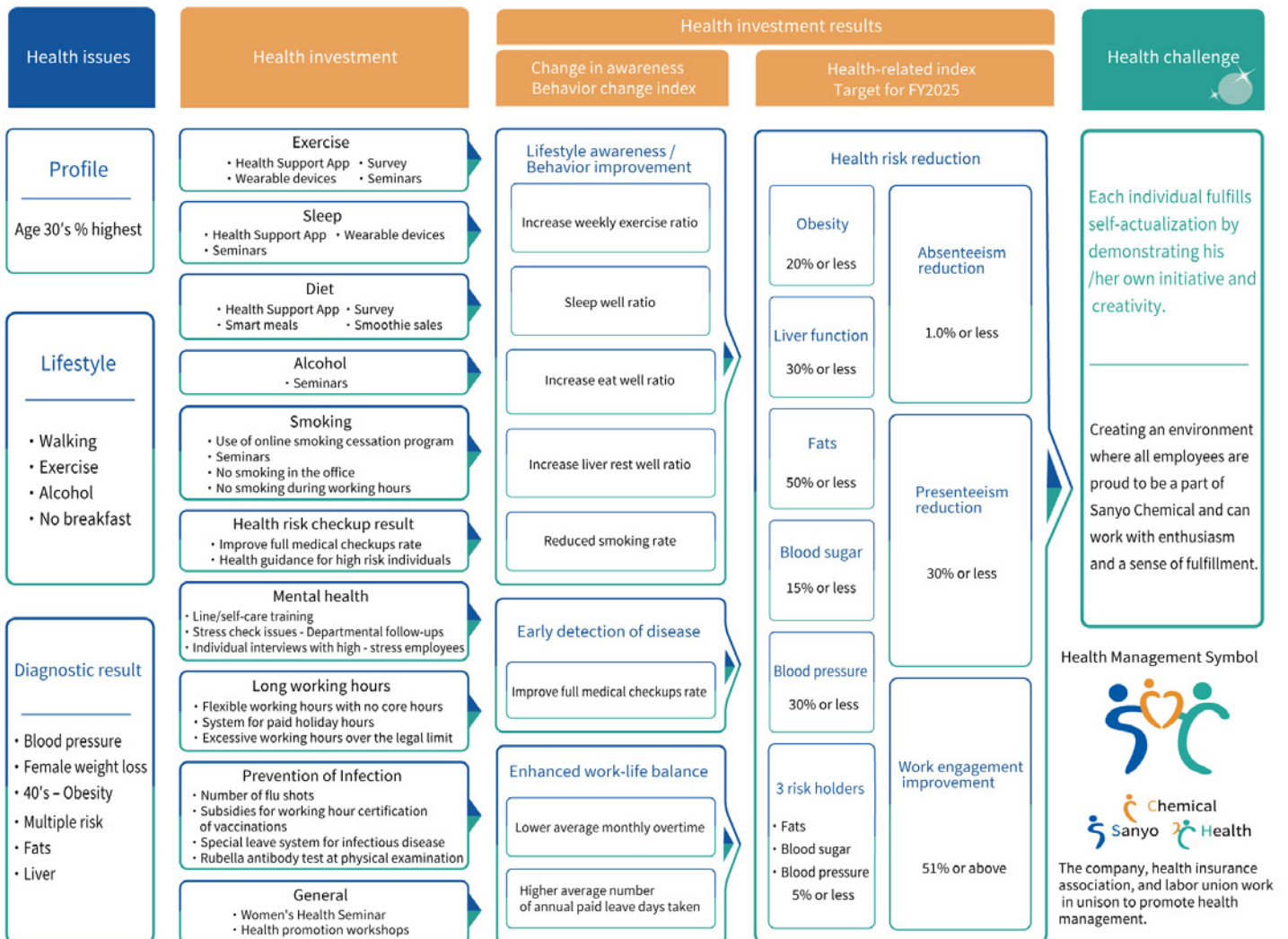
The physical and mental health of its employees is the company's greatest asset. The Sanyo Chemical Group will actively support health promotion initiatives to realize a mindful and fulfilling corporate life, respect the diversity of its employees, and enable each individual to achieve self-fulfillment by exercising their independence and creativity, thereby contributing to society through the development of the company.

Akinori Higuchi
Representative Director, President and CEO

Targets and Results

In FY2020, we created a company-wide Health and Productivity Management Strategy Map using an external consultant. In the Health and Productivity Management Strategy Map, 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 for each region respectively, based on the company-wide strategy map. 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 Initiative



Health Management Symbol



Chemical Sanyo Health

The company, health insurance association, and labor union work in unison to promote health management.

Action goals for the five initiatives

(unit: %)

Initiatives	Action goals	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Target value)
Exercise	To have an exercise routine at least once a week	29	31	50	50	52	70 or above
Sleep	To be well rested with sleep	54	57	66	63	61	80 or above
Diet	To have a balanced diet*1	-	-	76	75	79	90 or above
Alcohol	To have two or more alcohol-free days per week	74	75	75	76	77	90 or above
Smoking	Not to smoke (Smoking rate reduction)	77	77	82	83	84	90 or above

*1Item added in 2021.

Checkups and guidance

(unit: %)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Target value)
Rate of regular health checkups	100	100	100	100	100	100
Rate of medical checkups	43	68	89	96	88	100
Rate of specific health guidance	14	80	94	95	97 or above	100

Lifestyle-related disease risk retention rate (health checkup results)

(unit: %)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Target value)
Obesity	24	26	25	25	25	20 or less
Liver function	30	34	31	34	33	30 or less
Fats	51	57	55	56	55	50 or less
Blood sugar	24	17	21	17	20	15 or less
Blood pressure	31	37	34	29	33	30 or less
Triple risk holders (fats, blood sugar, blood pressure)	8	8	8	5	7	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**2

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Target value)
Personal injury/sickness absence rate (%)	1.5	1.5	1.8	1.9	1.3	1.0 or less

*2 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**3

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

*3 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**4

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

*4 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 information on Health Promotion Activities interim report 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 the Interim Report on Health Promotion Activities 2021 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 2021 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 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

Organizational Structure and Roles

Since FY2020, the Health Promotion Council, which includes the chairman, 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 initiatives.



Health Promotion Conference



Education / Training

Workshop for health promotion members

The Health Promotion Secretariat plans and regularly holds a health and productivity management workshop for health promotion members, who are responsible for promoting health promotion measures in each region. At the workshop, health promotion members deepen their understanding of health and productivity management, exchange views with health promotion members from other business sites, and share ideas about issues and solutions for promoting health promotion measures. Thus, we support health promotion members so that they can independently carry out health promotion activities in each region.

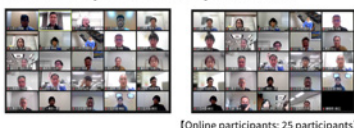
Held Health Management Workshop

■ Held in July 2023

1. Information exchange on activities in each region
2. Health management overview
Lecturer: SOMPO Health Support
3. Group work: Health management awareness data

■ Online event held in December 2023

1. What is needed to get more people involved in health management, not just a select few, and to expand the scope throughout the company?
2. The ideal way to use internally shared data



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.

Light Walking 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

*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 and smoothies. 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.

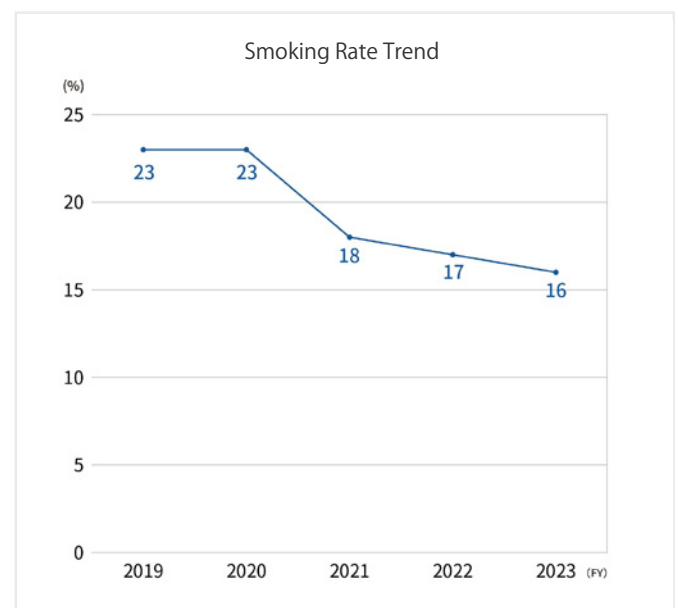
No smoking at our business sites

As a result of the gradual reduction and closure of smoking areas with the aim of banning smoking at our business sites for all employees of the Group, we achieved a complete ban on smoking at our business sites 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 online interviews with nurses and pharmacists.

Eight employees successfully quit smoking in FY2021, and as of March 2023, nine employees successfully quit smoking in FY2022.



Implementation of health checkups and follow-up measures

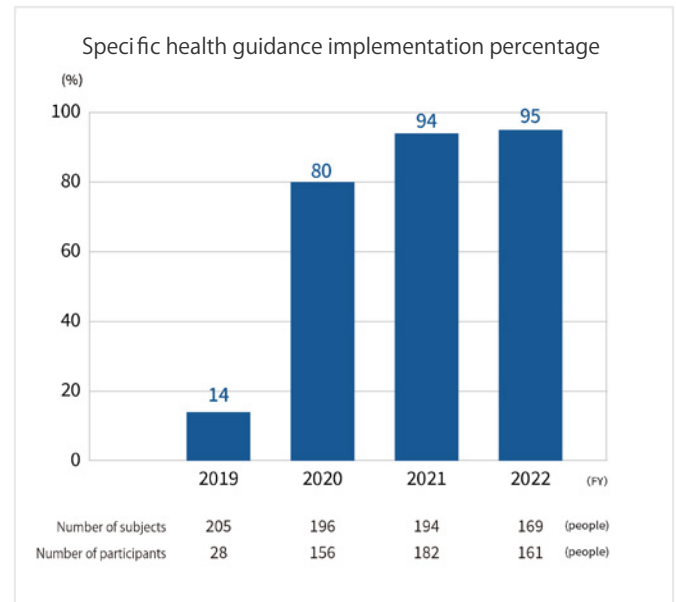
We conduct uniform health checkups across all Group companies, and maintain a 100% attendance rate for regular health checkups. For employees who have been determined by an occupational physician to require a thorough examination based on their health checkup results, in-house occupational health staff 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 a thorough examination.

In FY2019, we introduced a health management system "Growbase" to centrally manage the results of regular health checkups 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 95% in FY2022, exceeding our target of 90% for the second consecutive year. Our ranking in the Health Scoring Report* has significantly improved, to 1009th in 2018, 899th in 2019, 46th in 2020, and 7th in 2021.

*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. We aim to motivate young employees to improve their lifestyle habits.

Health guidance to prevent serious illness

Based on employees' medical data and the results of special health checkups, our health insurance association 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 business sites. 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: %)

	FY2019	FY2020	FY2021	FY2022	FY2023
Stress check inspection rate	99	99	98	99	98
Stress check high stress rate	9.3	8.9	8.6	7.1	8.0

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.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Target value)
Average monthly overtime hours (hours)	4.8	4.4	4.8	5.2	5.5	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 began subsidizing some of the costs for PCR and antibody tests for employees and their family members who wanted to be tested. These tests can be taken multiple times.

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.

	FY2019	FY2020	FY2021	FY2022	FY2023
Flu vaccination rate (Employees only) (%)	74	81	67	64	65

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 sixth consecutive year in 2024. In the certification system, the status of initiatives in philosophy/policy, the organizational structure, implementation of systems/measures, and evaluations/improvements is quantified and top 500 companies are certified as the White 500 based on the comprehensive evaluation points 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 fourth consecutive year

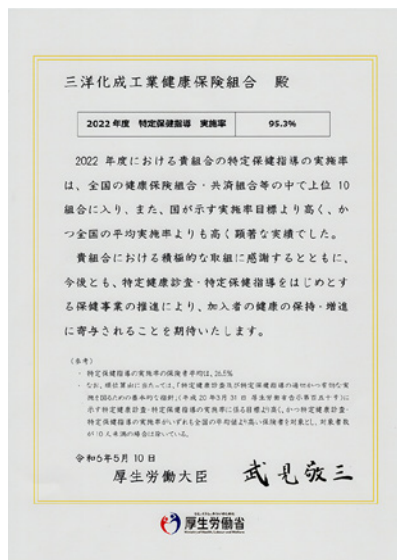
Our Health Insurance Society was commended as a company with excellent performance in the Cancer Control Promotion Company Action program (FY2023) of the Ministry of Health, Labour and Welfare. The award was given in recognition of our efforts to promote adult cancer education through online delivery, smoking cessation programs, and various cancer checkup initiatives such as colorectal cancer screening, breast ultrasonography, uterus cancer screening, stomach cancer risk classification screening, lifestyle-related diseases checkup, and specific health guidance.



This 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 5,000 companies and organizations are registered with it. Of these companies, 300 are recognized in this year's awards.

Message from the Minister of Health, Labour and Welfare for our specific health guidance implementation rate of 95.3% in FY2022



The specific health guidance implementation rate of our Health Insurance Society in FY2022 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 Community / 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 materialities.

Materialities on strengthening of foundations

Classification	Materialities
Society Support diversity by creating a society where everyone can shine by their personality	Create innovations by supporting value creation in industry, culture, and education

Kyoto traditional Industries

In Kyoto, there are 74 categories of traditional industries, including Nishijin textiles, Kyoto Yuzen dyeing, and Kiyomizu ware, all of which are renowned both in Japan and overseas. However, traditional industries in Kyoto have been in a predicament, due to a decline in the value of shipments and a lack of successors. With the survival of some of these categories at risk, the stagnation of Kyoto's traditional industries has become a matter of social concern in the region.

In February 2021, we launched the "Kyoto Culture x Sanyo Chemical Group Technologies = XX Innovation" project. Currently, the Traditional Industries Team is working with our researchers and the City of Kyoto, as well as Kyoto Prefecture and various industry associations to contribute to the industry through our technologies. Through the Sanyo Chemical Foundation for Social Contribution, we also make donations to projects to revitalize traditional industries in Kyoto.

Driven by the passion of each and every one of our employees to "help revitalize Kyoto's traditional industries by leveraging our strengths precisely because we are a chemical company raised by Kyoto," we will continue to contribute to the survival of Kyoto's traditional industries.

On-site chemistry classes

In each region where our business sites are located, young employees from our research laboratories and plants serve as teachers, giving on-site chemistry classes at elementary schools for the purpose of fostering the next generation. In FY2023, we conducted lessons at a total of 13 schools in the Kyoto area (Head Office/Head Office Research Laboratory, Katsura Research Laboratory) and the areas surrounding the Nagoya and Kashima factories.

On-site Chemistry Classes Held in FY2023

District	Number of schools	Date conducted	School & event name	Target grade (year)	Participants (people)	Participants total (people)
Kyoto area	7	November 13, 2023	Kyoto City Oharano Elementary School	5	30	436
		November 24, 2023	Kameoka City Shoutoku Elementary School	6	48	
		December 1, 2023	Uji City Sinmei Elementary School	5	73	
		December 8, 2023	Kyoto City Higashiyama Izumi Elementary and Junior High School	6	94	
		December 19, 2023	Uji City Kitaogura Elementary School	5	35	
		January 12, 2024	Kyoto City Momoyama Elementary School	4	79	
		February 2, 2024	Otsu City Wani Elementary School	6	77	
Nagoya Factory	2	January 24, 2024 February 1, 2024	Tokai City Nawa Elementary School	5	127	200
		February 7, 2024	Tokai City Ryokuyo Elementary School	5	73	
Kashima Factory	4	November 8, 2023	Kamisu City Onohara Elementary School	5	60	372*2
		November 19, 2023	Science Festival for Youth, a Rokko District event	Elementary schoolers	200*1	
		November 24, 2023	Kamisu City Suda Elementary School	6	40	
		February 15, 2024	Kamisu City Fukushima Elementary School	5	72	

*1 Estimate of event participants

*2 Includes estimated event participants

Internships

Every year, we accept international students through cooperation with an international internship program between the Technical University of Dortmund in Germany and Kyoto University. In FY2023, we accepted one international student majoring in chemical engineering from the Technical University of Dortmund to our Research & Development Department for a period of about two months.

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 region.

- » [Social contribution activities](#)
- » [Sanyo Chemical Foundation for Social Contribution](#)

Sanyo Chemical Forestry

We have been conducting the Sanyo Chemical Forestry in Wazuka Town, Soraku-gun, 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.

- » [Sanyo Chemical Foundation for Social Contribution | Sanyo Chemical Forestry](#)
- » [ESG Performance 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 donated to the employees who worked the fields, as well as to a local children's cafeteria. Field work was conducted on 8 occasions in FY2023, with 79 participants harvesting 230 kg of rice from 400 m² of rice fields.

Donations (domestic)

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)

		FY2019	FY2020	FY2021	FY2022	FY2023
Total social contribution expenditures		39.9	24.2	36.4	34.9	30.1
Donations by item	1. Support for academic promotion centered on chemistry	17.0	14.8	27.0	14.1	13.6
	2. Support for human resource development	2.2	3.1	0.3	2.3	3.3
	3. Support for the preservation of art and culture, etc. mainly in Kyoto	1.5	0.5	1.0	4.1	4.0
	4. Support for and collaboration on environmental conservation activities	11.0	1.6	1.6	1.5	1.6
	5. Support for and collaboration on social contribution activities wherever possible according to local social needs in each country and region	8.1	4.2	6.5	13.0	7.6

*Expenditures since September 2019 are expenditures by Sanyo Chemical Foundation for Social Contribution
(For FY2019: the sum of social contribution expenditures by Sanyo Chemical Industries, Ltd. and the Sanyo Chemical Foundation for Social Contribution)

Support for Paralym Art

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



Overseas Subsidiaries and Affiliates

Major donations and support activities

China

For the 13 years since 2010, San-Dia Polymers (Nantong) Co., Ltd. (SDN) has made continuous donations to junior high schools in the city of Nantong through a philanthropic society for development zones. In December 2023, teachers and students from junior high schools that received donations visited SDN and deepened their interest in chemistry through company tours and lab lessons.

Thailand

Sanyo Kasei (Thailand) Ltd. (SKT) granted scholarships and donated school equipment and supplies to nearby elementary schools.

The company also actively engaged in activities to improve quality of life in the community, including donating and installing solar streetlights.

Receipt of CSR award

SKT has received the CSR-DIW Continuous Award for nine 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.



During a tour of SDN



Installing solar lights at SKT



CSR-DIW Continuous Award ceremony

Corporate Governance

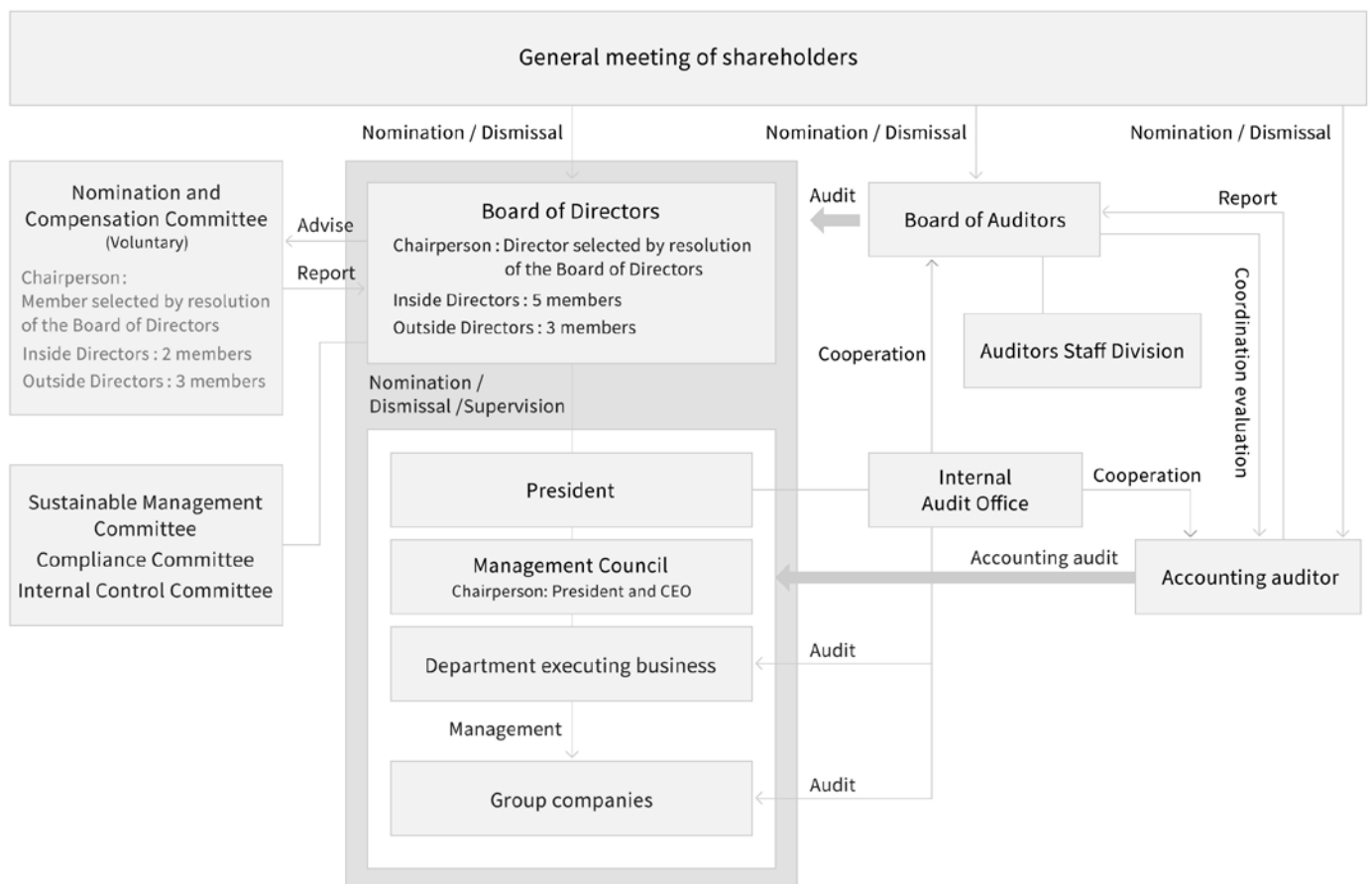
Based on the Company mission, "Establish a better society through our corporate activities," the Sanyo Chemical Group will realize sustainable growth toward the future by enhancing both economic and social values in close cooperation with all stakeholders. To this end, we consider the establishment of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

Corporate Governance System

We are a company with an 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 \(In Japanese Only\)](#) 

Corporate Governance Structure



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 eight Company's Directors are independent Outside Directors; moreover, the Chairperson of the Board is appointed from among Directors who are 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 FY2023, 15 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 Board of Directors' meetings, Management Council meetings, and other important meetings, but also inspect important approval documents. They thus audit the status of Directors' business execution, capitalizing on the knowledge of inside members who are well versed in the wide range of businesses of the Company, as well as the expertise of outside members with 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	FY2023 Frequency of meetings (times)	Role
Nomination and Compensation Committee	Outside Directors	6	As an advisory body to the Board of Directors, the Committee, the majority of whose members are outside directors, reports to the Board of Directors on the nomination and compensation of directors, and considers and makes recommendations on matters related to strengthening the functions of the Board of Directors without consultation from the Board of Directors.
Sustainable Management Committee	President	2	As a body under the direct control of the Board of Directors, the Committee deliberates and makes decisions on the policy for responding to important matters to be addressed with high priority, regarding the process for sustainable growth, the environment, society, and governance.
Compliance Committee	President	2	As a body under the direct control of the Board of Directors, the Committee deliberates and makes decisions on basic policies and measures to ensure full compliance with laws and regulations.
Internal Control Committee	President	2	As a body under the direct control of the Board of Directors, the Committee makes decisions on the entire internal control system, and provides instructions and supervision for the internal control system's development, operation, evaluation, and improvement activities.

Composition of each committee

	Aya Shirai	Akinori Higuchi	Masahiro Harada	Hiroyuki Susaki	Yoshiyuki Oku	Kenichi Nishimura	Hideaki Obata	Yumi Sano
Nomination and Compensation Committee	◎	○	-	-	○	-	○	○
Sustainable Management Committee	-	◎	○	○	○	○	-	-
Compliance Committee	-	◎	○	○	○	○	-	-
Internal Control 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 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	<input type="radio"/>	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. 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 extensive experience and knowledge.
Hideaki Obata	<input type="radio"/>	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 the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on his extensive knowledge and experience.
Yumi Sano	<input type="radio"/>	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 extensive experience and knowledge.

Standards for Selection of Auditors

The Company's policy is to form a Board of Auditors consisting of outside members 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 members 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 a WakuWaku company that respects diversity and where all employees enjoy high job satisfaction

As of the end of June 30, 2024, the current Board of Directors consists of eight directors with knowledge in line with these skill items (including three independent Outside Directors, two of whom are female) and four Auditors (two of whom is an independent Outside Auditors). Independent Outside Directors include members who have management experience at other companies.

How to address board diversity

In 2022, The Company identified its material issues. 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	Director	-	-	-	●	●	-	●	●	-	-
Hiroyuki Susaki	Director	-	-	-	●	●	●	-	●	-	-
Yoshiyuki Oku	Director	-	-	-	●	●	●	-	-	●	●
Kenichi Nishimura	Director	-	-	-	●	●	●	-	-	-	●
Hideaki Obata	Director	●	●	●	●	●	●	●	-	●	-
Yumi Sano	Director	●	●	-	●	●	-	-	-	●	-
Hirokazu Kurome	Auditor	●	●	●	●	●	●	●	-	-	-
Sho Takeuchi	Auditor	-	-	-	●	●	●	-	●	-	-
Jun Karube	Auditor	●	-	●	●	●	●	-	●	-	-
Yusuke Nakano	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

The compensation level and system are based on business performance trends and external objective data, and their appropriateness is verified by the Nomination and Compensation Committee, the majority of whose members are outside directors. The basic policy for determining compensation for directors is deliberated 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 conducting tours of our factories and other business sites. In FY2023, we invited an external lecturer to give a lecture on management that takes into account capital costs and stock prices.

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 closed 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

- Evaluation indicators reflected in officer compensation
- Verification of a development plan for the next Representative Director, President and CEO candidate
- Management responsibility for extraordinary loss recorded following the withdrawal from the superabsorbent polymer business
- Terms of office of consultants, advisors, and special commissioned employees

Sustainable Management Committee

- Basic Policy on Sustainability
- Response to TCFD Recommendations
- Human Capital Management Activities
- Realization of management that takes into account capital costs and stock prices
- CSR Promotion Management Committee activities
- Sustainable Distribution

Compliance Committee

- Implementation plan and status of corporate ethics study meetings
- Results of the use of whistleblowing contact points for consultation or reporting
- Revision of the Compliance Committee Regulations
- Risk management activities

Internal Control Committee

- Results of the evaluation of internal control activities related to financial reports
- Regarding proposals for disclosing the operational status of the Internal Control System in the Business Report
- Results of the evaluation of the operational status of the Internal Control System regarding significant risks other than those included in financial reports

Effectiveness Evaluation of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once a year. In FY2023, it 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.

FY2023 questionnaire survey on the Board of Directors

Target: All directors including outside directors (nine people) and all auditors (four people)

Timing: March 2024

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. Composition and operation of the Board of Directors
2. Discussions at Board of Directors meetings
3. Monitoring function of the Board of Directors
4. Performance of Directors
5. Support system and training for Directors and Auditors
6. Dialogue with shareholders
7. Efforts 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 2024, and were discussed and analyzed based on the results of a 5-point evaluation and free comments to evaluate the effectiveness of the Board of Directors.

Overview of effectiveness evaluation

The previous year's evaluation results indicated that there was room for improvement to further enhance the effectiveness of the Board of Directors in the areas of "individual matters related to the operation and discussion of the Board of Directors" and "enhancing support from the Secretariat." In this survey, there were no responses that gave the low rating of "no improvement," and almost all respondents rated things as "generally improved." Based on this, the Board of Directors was evaluated as having made some improvements. Through the survey, it was also evaluated that the effectiveness of the Board of Directors was generally ensured.

Future issues

To further enhance the effectiveness of the Board of Directors, it is necessary for the Chairman to encourage each director to be more active in expressing their views, and for inside directors to engage in more open discussion with awareness that they oversee management. It is also required to review feedback from investors and the appropriateness of holding cross-shareholdings, and to further advance efforts to realize "management that takes into account capital costs and stock prices." Also recognizing the need to further improve the support system provided by the Secretariat, such as by providing a space for exchange of views among outside directors alone and improving training for directors, we will tackle these issues sincerely.

Succession Plan (plan to foster successors)

To realize our Vision 2030, 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 its progress, ensuring transparency in the selection process.

Compliance

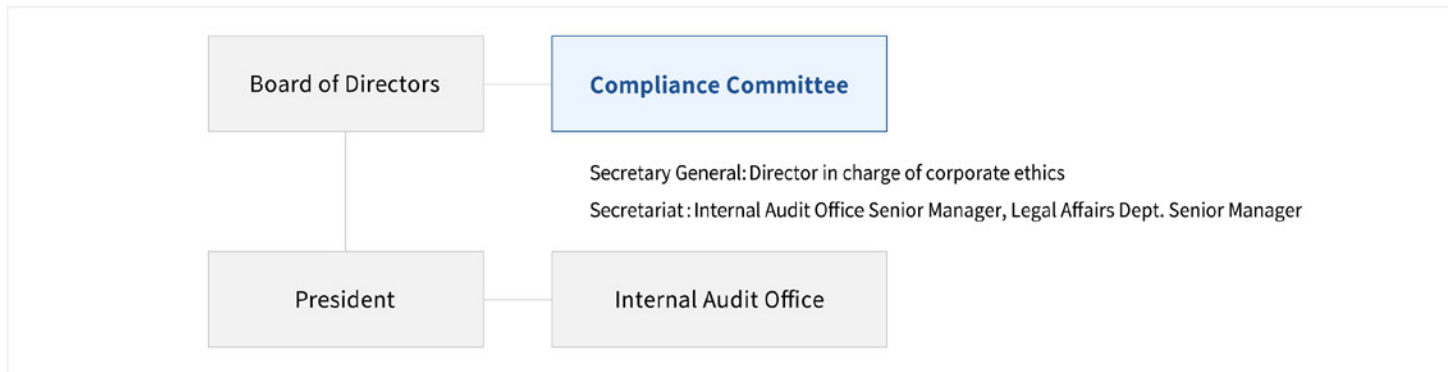
We, the Sanyo Chemical Group, declared in our Code of Corporate Ethics that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity, we are committed to improving our society and are following our company mission, "Establish a better society through our corporate activities."

Internal Compliance System

We have appointed a Director in charge of corporate ethics and established the Compliance Committee, which is under the direct control of the Board of Directors. The Compliance Committee is a deliberative and decision-making body on the basic policy and measures regarding compliance. The committee holds regular meetings. In FY2023, the committee studied the content to be learned by employees at corporate ethics study meetings, which are held on a company-wide basis, identified important risks that can be reduced through compliance activities, and formulated countermeasures.

We have also set up the Internal Audit Office under the direct control of the President, so as to strengthen our internal auditing function.

Compliance Promotion Structure



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 Sanyo Chemical 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. Taking seriously the fact that four cases of harassment occurred within the Group in FY2022, we held study sessions on harassment in FY2023. The sessions consisted of three parts: online training to learn about harassment, check the questionnaire survey to understand the actual situation, and group discussions. A total of 1,528 people participated. After the sessions, a questionnaire survey was conducted to evaluate the Group's overall compliance activities, with a view to reflecting the results in education activities in the following fiscal years.

Legal consultant program

Employees of the Legal Affairs Dept. offer legal consultants for Group employees in Japan. They give lectures on various themes. Personnel in charge of the Legal Affairs Dept. are designated as contact persons for respective organizations (including business divisions, and subsidiaries and affiliates). Employees of the Legal Affairs Dept. visit respective business sites in Japan and offer legal consultation services "visiting legal services". Such arrangements make it easy to seek legal advice.

Training Content for FY2023

Contents	Target group
Contract Basics	Employees in their first to fifth year of employment
Antimonopoly Act (Restriction of Trade and Business Alliance)	Sales staff
Prevention of Fake Contracts	Employees working with subcontractors
Export Trade Control Order	Research staff
Industrial Waste Disposal Consignment Agreement	Employees involved in the conclusion of industrial waste disposal consignment contracts
Non-Disclosure Agreement (NDA)	Employees involved in the signing of non-disclosure agreements
Technology licence agreement	Mid-career employees
Subcontract Act	Employees working with subcontractors
Copyright	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 Director of the Internal Audit Office, who serves as the Compliance Committee Secretariat, 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.

Harassment Whistleblowing/Consultation Services (internal/external)

Service	Type	Contact Point	
		Internal	External
Compliance hotline	Whistleblowing	Internal Audit Office Senior Manager	Corporate lawyer
Internal consultation desk for sexual harassment, maternity harassment, and LGBT (harassment)	Consultation	Personnel Dept.	
Harassment consultation desk LGBT consultation desk	Consultation		Outside specialized institutions

In FY2023, the number of hotline uses was one in total, and it concerned harassment.

We investigate facts with the utmost care to ensure that whistleblowers are not penalized. If a problem is confirmed, we provide guidance, disciplinary action, and education to those involved. We also report the operation of the whistleblowing service to the Compliance Committee.

Number of Whistleblowing Cases

	2019	2020	2021	2022	2023
Number of cases	4	1	2	4	1

■ Action against violations

Action to be taken when compliance violations are found (e.g., procedures, or announcements in or outside the company) is stipulated in the Compliance 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 light of internal regulations, including the Operational Responsibilities Regulations. Company-wide measures to prevent recurrence are discussed and determined. In FY2023, there were three disciplinary cases, some of which concerned harassment.

■ Fair trade 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 consultants."

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 funds, 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 for Transparency in Relationships with Medical Institutions, etc." and announce the status of implementation every year.

» [GUIDELINES ON THE RELATIONSHIP WITH MEDICAL INSTITUTIONS \(In Japanese Only\)](#)

In addition, we have announced the appropriate operation and management system for public research expenses.

» [PUBLIC RESEARCH SPENDING \(In Japanese Only\)](#)

Risk Management

To avert business continuity crises and prepare for unforeseen circumstances, the Sanyo Chemical Group has established internal regulations to cope with each possible risk. We conduct risk management by raising the risk awareness of employees by providing training and holding drills.

Risk Management System

For significant risks that may affect management strategies and achievement of business objectives, the Internal Audit Office works to reduce the risks, evaluating the situation and making improvements.

To address risks surrounding the company and the Group, internal regulations such as the Operational Responsibilities Regulations, the Basic Regulations for Product Liability (PL), and the Information System Security Regulations have been formulated, and the departments in charge manage the risks.

To ensure the reliability of financial reporting, we promote the establishment, operation, evaluation, and improvement of the internal control system related to financial reporting, and the Internal Control Committee guides and supervises these activities.

The Internal Audit Office audits the risk management status of each business execution department.

Risk-based audit

Internal Audit Office conduct internal audit across the organization by preparing a risk-based audit map for performing business and operations 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. In the case of any contradiction or conflict between these regulations, the latter 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](#)

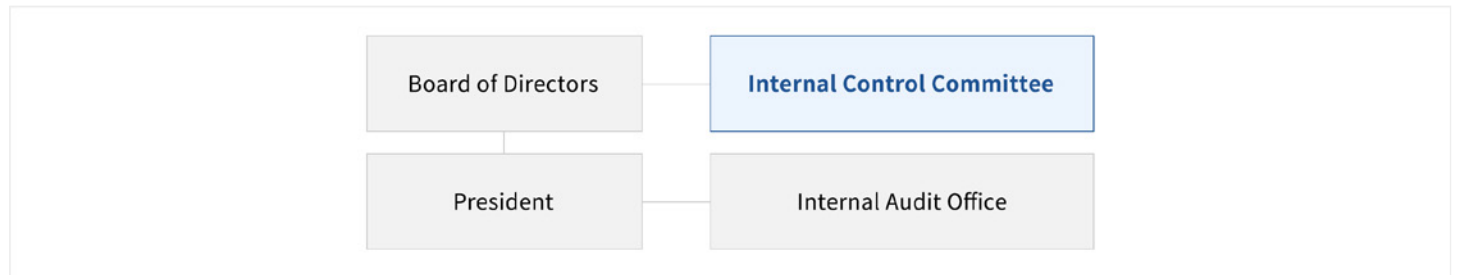
Overseas crisis management activities

The 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 a BCP is implemented, the overseas crisis management organizations will work in coordination with the Business Continuity Task Force.

Internal Control

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."

Structure



Internal control bodies and their roles

Internal Control Committee

The Internal Control Committee is in place under the direct control of the Board of Directors. The Internal Control Committee determines the basic policy on the overall internal control system, and provides instructions and supervision for the development, operation, evaluation, and improvement activities for the system.

Internal Audit Office

The Internal Audit Office gives advice on planning measures to cope with and avoid various risks related to business operations. The Internal Audit Office is also responsible for building, evaluating, improving, and reporting on the three internal control systems.

1. Internal control related to the Companies Act
2. Internal control related to financial reports (in accordance with the Financial Instruments and Exchange Act)
3. Internal control related to risks other than financial reports

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 Internal Control 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.

ESG Performance Data

Environment

Social

Governance

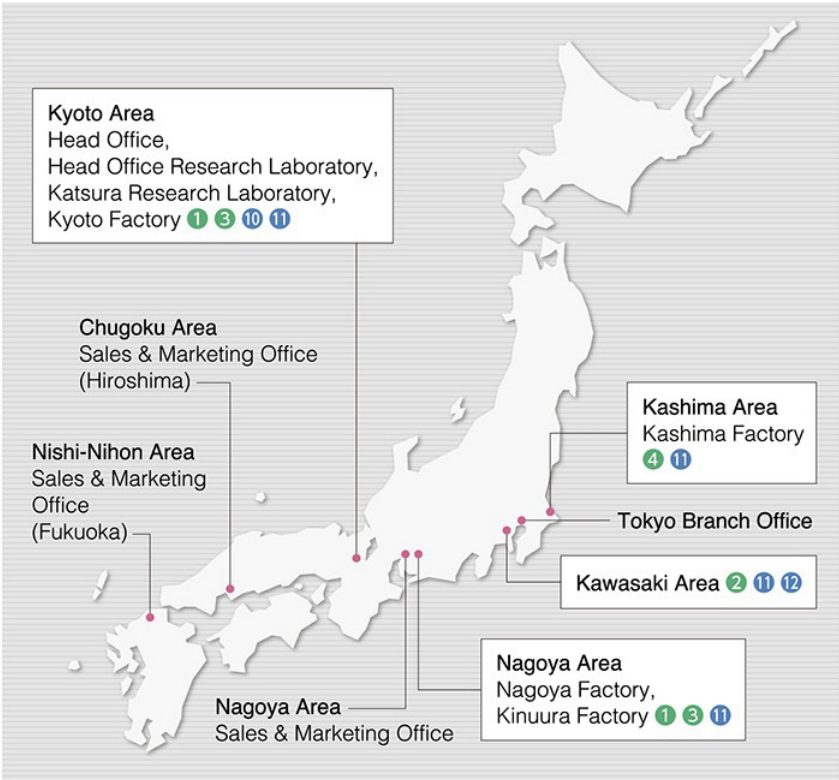
Scope of data calculation

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 plus domestic affiliates/subsidiaries ((1)-(4) and (10)-(12) in the graph below).
- “Overseas” indicates overseas affiliates/subsidiaries that have production facilities ((5)-(9)).

For facilities with no notation, the scope is “domestic” plus “overseas.”

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)	SDP Global Co., Ltd.	2001	-	-	2000	JCQA
	(2)	San Chemical Co., Ltd.	1982	-	-	2000	JCQA
	(3)	SAN NOPCO LIMITED	1966	-	-	2000	JCQA
	(4)	San-Petrochemicals Co., Ltd.	1977	-	-	-	-
	(5)	Sanyo Kasei (Thailand) Ltd.	1997	2009	TICA/J-VAC	2004	TICA/J-VAC
	(6)	Sanyo Kasei (Nantong) Co., Ltd.	2003	2012	TUV NORD	2006	TUV NORD
	(7)	San-Dia Polymers (Nantong) Co., Ltd.	2003	2013	CQM	2007	DETNORSKE VERITAS
	(8)	SDP GLOBAL (MALAYSIA) SDN. BHD.	2015	-	-	-	-
(9)	Sanyo Chemical Texas Industries, LLC	2005	-	-	-	-	
Non-production Base	(10)	San-Apro Ltd.	1966	-	-	2003	JCQA
	(11)	Sanyo Chemical Logistics Co.,Ltd.	2020	-	-	-	-
	(12)	Shiohama Chemicals Warehouse Co.,Ltd.	1983	-	-	-	-

Note: The four Sanyo Chemical factories and domestic subsidiaries and affiliates (1) through (4) discontinued their ISO14001 certification in FY2020. (4) San-Petrochemicals Co., Ltd. also discontinued its ISO9001 certification in FY2020.

(1)(6)(7) and (8) decided to withdraw from the business in March 2024, and are scheduled to be dissolved or are under consideration for transfer (transfer of equity) accordingly.

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

Classification According to Business Activity

Investment/costs (unit: million yen)

Classification		FY2019	FY2020	FY2021	FY2022	FY2023
Facility area costs	(1) Pollution prevention costs	172/872	260/843	216/842	297/875	164/884
	(2) Global environmental conservation costs	83/676	81/650	64/671	27/663	31/640
	(3) Resource recycling costs	64/1,932	41/1,850	1/1,794	1/1,898	58/1,378
Upstream/downstream costs		0/30	0/34	2/40	0/33	0/32
Administrative costs		3/417	1/459	55/475	3/505	0/411
R&D costs		0/506	0/464	0/663	0/730	0/760
Social activity costs		0/138	0/124	0/132	0/138	0/154
Environmental remediation costs		0/3	20/5	0/3	0/4	0/3
Total		322/4,573	404/4,428	338/4,620	327/4,846	252/4,263

Note: Investment amounts are based on receiving inspections for the period in question. Cost amounts include depreciation.

Classification According to Environmental Conservation Measures

Investment/costs (unit: million yen)

Classification	FY2019	FY2020	FY2021	FY2022	FY2023
(1) Global warming measures	65/675	40/633	19/646	34/642	37/630
(2) Ozone layer protection measures	1/1	0/1	1/5	0/2	0/5
(3) Air-quality conservation measures	65/395	185/394	232/391	224/408	136/407
(4) Noise and vibration measures	3/73	5/75	1/64	0/74	0/70
(5) Environmental conservation measures for the aquatic, ground, and geologic environments	98/426	136/414	73/432	62/456	44/446
(6) Waste and recycling measures	69/1,940	34/1,857	1/1,803	1/1,906	58/1,383
(7) Measures for reducing chemical risk and emissions	0/234	0/282	0/277	0/259	0/204
(8) Natural environment conservation	10/19	0/16	3/17	1/16	0/12
(9) Other	11/304	3/292	9/322	5/354	4/346
Total	322/4,068	404/3,963	338/3,957	327/4,116	279/3,504

Note: R&D investment/costs are not classified

Economic Impact of Environmental Conservation Measures (monetary units)

(unit: million yen)

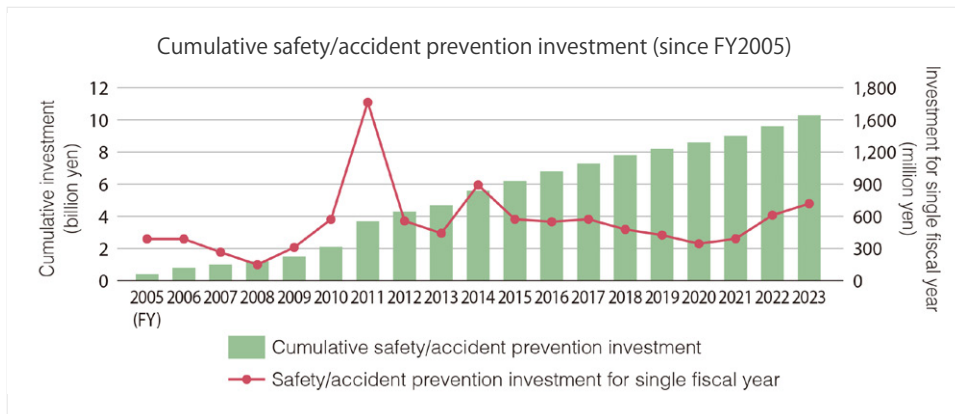
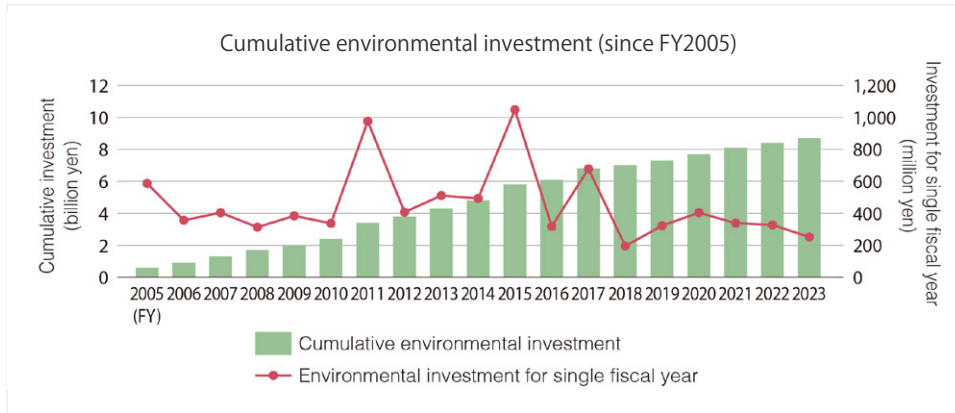
Classification		FY2019	FY2020	FY2021	FY2022	FY2023
Energy savings		81	6	41	20	26
Resource savings	Waste reduction	97	48	77	7	40
	Raw material use reduction	178	174	152	82	137
	Revenue from recycling	80	52	55	70	78
Total		436	279	325	179	281

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

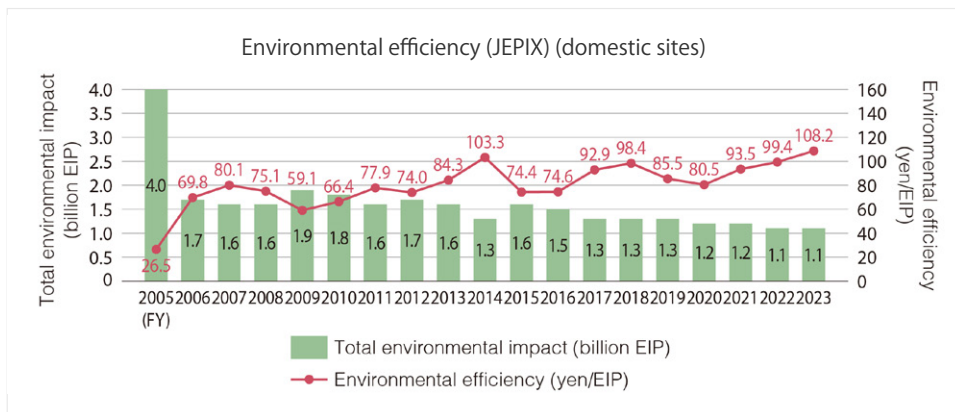
Environment, safety, and accident prevention investment

(unit: million yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental conservation	322	404	338	327	252
Safety/accident prevention	425	344	391	611	719
Total	747	747	729	938	971



Environmental efficiency indicator (Japan Environmental Policy Priorities Index (JEPIX))



Note: Calculated using the JEPIX Simplified Calculation Sheet Ver. 2.0, which is available on JEPIX's website (<http://www.jepix.org>)
 The smaller the total environmental impact, the better, and the greater the environmental efficiency.

Climate Change Related Data

Energy-related data

		unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023	
Production volume	tons	Domestic		370,681	332,320	343,716	317,848	283,209	
		Overseas		201,817	238,468	179,998	149,516	162,413	
		Total		572,498	570,788	523,714	467,365	445,622	
Raw material input	tons	Domestic		435,736	383,120	400,002	362,825	305,929	
		Overseas		267,626	319,739	236,875	198,151	206,452	
		Total		703,363	702,859	636,877	560,976	512,380	
Energy consumption	Crude oil equivalent kL	Domestic		90,037	81,073	81,013	78,229	64,917	
		Overseas		57,322	64,981	51,205	44,993	43,072	
		Total		147,358	146,054	132,218	123,221	107,989	
Energy consumption intensity per production volume	Crude oil equivalent kL/ton	Domestic		0.243	0.244	0.236	0.246	0.229	
		Overseas		0.284	0.272	0.284	0.301	0.265	
		Total		0.257	0.256	0.252	0.264	0.242	
Energy generated on-site (cogeneration)	Crude oil equivalent kL	Domestic		15,894	15,975	13,165	13,332	9,878	
		Overseas		2,177	2,824	2,782	3,047	1,555	
		Total		18,071	18,799	15,946	16,379	11,433	
Renewable energy use (solar power generation)	Crude oil equivalent kL	Domestic		13	12	13	13	5	
		Overseas		26	30	32	20	11	
		Total		39	42	45	32	16	
Energy mix	Purchased electricity	%	Domestic and overseas		15.2	13.0	17.1	18.4	21.3
	Purchased steam				32.3	30.4	33.0	33.1	31.6
	Fuel oil				2.2	2.0	0.8	0.5	2.1
	Natural gas				33.8	35.6	37.6	38.1	30.7
	LPG				16.5	19.1	11.6	10.0	14.3

GHG related data

		unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023	
GHG emissions*1	tons CO ₂	Domestic		176,494	157,435	152,579	146,226	122,861	
		Overseas		134,731	150,568	123,562	109,031	108,177	
		Total		311,225	308,003	276,140	255,257	231,038	
GHG emissions intensity per unit of production	tons CO ₂ /tons	Domestic		0.476	0.474	0.444	0.460	0.434	
		Overseas		0.668	0.631	0.686	0.729	0.666	
		Total		0.544	0.540	0.527	0.546	0.518	
CO ₂ emissions during transport as a consignor*2	tons CO ₂	Domestic		11,596	10,398	10,368	8,765	8,127	
Increase in CO ₂ forest absorption*3	tons CO ₂	Domestic		-	13	39	11	20	
CO ₂ reduction by using our products*4	10,000 tons CO ₂			-	41.6	47.7	49.4	49.3	53.5

*1 Calculated in conformance with the Act on Promotion of Global Warming Countermeasures. However, the CO₂ 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 Total domestic transportation for Sanyo Chemical Industries, Ltd.; SDP Global Co., Ltd.; and SAN NOPCO LIMITED

*3 Increase in CO₂ 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"

*4 Calculated by taking the contribution to CO₂ reduction by using our products over the use of conventional products and multiplying it by sales for the relevant fiscal year

GHG emissions data by Scope

(unit: CO₂ tons)

	FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1 – Direct emissions	172,349	181,509	145,753	130,031	105,287
Scope 2 – Indirect emissions from the use of energy supplied by others (market basis)	138,876	126,495	130,283	125,226	125,751
Scope 3 – Sum of supply chain emissions across all categories	2,575,909	2,322,571	2,393,025	2,215,054	1,910,981
Cat. 1*1 – Purchased goods and services	1,317,142	1,178,559	1,216,830	1,151,303	1,013,918
Cat. 2 – Capital goods	18,974	18,367	20,922	19,670	17,065
Cat. 3 – Fuel and energy-related activities not included in Scope 1 or 2	25,969	24,564	24,219	24,009	32,908
Cat. 4 – Upstream transportation and distribution	29,240	21,789	26,482	20,780	18,492
Cat. 5 – Waste generated in operations	12,404	409	812	820	23,811
Cat. 6 – Business travel	185	189	184	181	179
Cat. 7 – Employee commuting	475	476	472	463	461
Cat. 8*2 – Upstream leased assets	-	-	-	-	-
Cat. 9*3 – Downstream transportation and distribution	-	-	-	-	-
Cat. 10*3 – Processing of sold products	-	-	-	-	-
Cat. 11*3 – Use of sold products	-	-	-	-	-
Cat. 12*4 – End-of-life treatment of sold products	1,118,975	1,027,575	1,055,712	948,355	749,945
Cat. 13*2 – Downstream leased assets	-	-	-	-	-
Cat. 14*5 – Franchises	-	-	-	-	-
Cat. 15 – Investments	52,545	50,643	47,391	49,473	54,200

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 (https://www.env.go.jp/earth/ondanka/supply_chain/gvc/business/files/tools/supply_chain.pdf), 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: Sanyo Chemical Industries, Ltd., domestic affiliates/subsidiaries ((1)-(4) and (10)-(12) in the map at the beginning of this section), and overseas affiliates/subsidiaries ((5)-(9) in the map)
- Scope 3 Cat. 1-7: Sanyo Chemical Industries, Ltd., SDP Global Co., Ltd., San Chemical Co., Ltd.
- Cat. 12: Sanyo Chemical Industries, Ltd., SDP Global Co., Ltd., San Chemical Co., Ltd., certain products sold by overseas affiliates/subsidiaries
- Cat. 15: Sanyo Chemical Industries, Ltd.

*1 Changed the CO₂ 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 CO₂ 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 Until FY2021, biomass feedstock was deducted from the total, but from FY2022, the calculation was changed to be done without deduction, and the figures until FY2021 were also revised accordingly. Scope 3 total values were revised accordingly.

*5 Out of scope as there were no relevant activities

Note: Scope 3 for FY2022 has been revised due to a flaw in the calculation formula when the emission factor was changed.

Waste and Resource Saving Related Data

	unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Waste generated	tons	Domestic	39,363	36,627	38,274	34,587	30,653
		Overseas	8,302	8,803	7,891	9,607	9,371
		Total	47,665	45,430	46,165	44,194	40,024
Waste intensity per production volume	tons/tons	Domestic	0.106	0.110	0.111	0.109	0.108
		Overseas	0.041	0.037	0.044	0.064	0.058
		Total	0.083	0.080	0.088	0.095	0.090
Waste emissions	tons	Domestic	16,025	13,317	14,574	14,541	11,633
		Overseas	8,236	9,004	7,424	8,562	8,459
		Total	24,261	22,321	21,997	23,103	20,092
Recycled waste*1	tons	Domestic	7,723	6,935	7,657	7,113	5,597
		Overseas	2,986	3,891	3,315	4,508	4,377
		Total	10,708	10,825	10,972	11,621	9,974
Recycle rate*2	%	Domestic	19.6	18.9	20.0	20.6	18.3
		Overseas	36.0	44.2	42.0	46.9	46.7
		Total	22.5	23.8	23.8	26.3	24.9
Final landfill disposal	tons	Domestic	3.9	0.9	1.0	2.5	0.7
		Overseas	7.6	3.0	5.1	3.9	3.6
		Total	11.5	3.9	6.1	6.4	4.3
Landfill rate*3	%	Domestic	0.01	0	0	0.01	0
		Overseas	0.09	0.03	0.06	0.04	0.04
		Total	0.02	0.01	0.01	0.01	0.01
Specially controlled industrial waste*4	tons	Domestic	4,383	3,689	2,016	3,295	1,259

*1 Total amount of internal and external recycling, including thermal recycling

*2 Ratio of recycled waste to waste generated: $\text{Recycled waste} \div \text{waste generated} \times 100$

*3 Ratio of final landfill disposal to waste generated: $\text{Final landfill disposal} \div \text{waste generated} \times 100$

*4 Specially controlled industrial waste: Industrial waste with explosive, toxic, infectious, or other properties that may harm human health or the living environment

Note: Recalculated by applying the changes in domestic waste classifications made in FY2022 retroactively to FY2021 and earlier

Water Resource Related Data

	unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Tap water usage	thousand m ³	Domestic	143	132	137	139	130
		Overseas	244	263	284	261	204
		Total	387	395	421	400	334
Ground, surface, and sea water usage	thousand m ³	Domestic	0	0	0	0	0
		Overseas	0	0	0	0	0
		Total	0	0	0	0	0
Industrial water usage	thousand m ³	Domestic	3,531	3,367	3,558	3,513	3,202
		Overseas	436	507	315	421	437
		Total	3,967	3,873	3,874	3,933	3,639
Total water usage	thousand m ³	Domestic and overseas	4,354	4,269	4,295	4,333	3,973
Wastewater emissions	thousand m ³	Domestic	2,894	2,738	3,039	3,024	2,711
		Overseas	114	149	132	274	201
		Total	3,008	2,887	3,171	3,298	2,912
COD in wastewater	tons	Domestic	161	117	156	142	115
		Overseas	29	23	17	29	26
		Total	190	140	173	171	142
Total phosphorus emissions in wastewater	tons	Domestic	0.62	0.83	0.77	0.97	0.68
		Overseas	0	0	0	0	0.01
		Total	0.62	0.83	0.77	0.97	0.69
Total nitrogen emissions in wastewater	tons	Domestic	4.6	5.1	4.2	4.0	3.0
		Overseas	0.8	0.6	0.8	1.3	1.3
		Total	5.3	5.6	5.0	5.3	4.2

Wastewater Emissions Area and Environmental Impact (domestic, FY2023)

	unit	Nagoya Area	Kawasaki Area	Kashima Area	Kyoto Area	Kinuura Area
Business site		Nagoya Factory SDP Global Co., Ltd. SAN NOPCO LIMITED	San Chemical Co., Ltd.	Kashima Factory San-Petrochemicals Co., Ltd.	Kyoto Factory Head Office, Head Office Research Laboratory, Katsura Research Laboratory	Kinuura Factory
Emission area		Ise Bay	Tokyo Bay	Sewerage	Sewerage	Sewerage
Wastewater emissions	thousand m ³	1,671	111	788	141	1
COD	tons	8.7	2.4	102.8	1.4	0
Total phosphorus	tons	0.2	0	0.4	0.1	0
Total nitrogen	tons	1.3	0.3	1.3	0.1	0

Chemical Substance Emission Data

Atmospheric emissions related data

	unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
NOx	tons	Domestic	66	87	39	89	84
		Overseas	105	36	20	15	16
		Total	171	123	60	104	100
SOx	tons	Domestic	0.8	1.1	1.6	0.6	1.5
		Overseas	70.1	10.0	5.0	4.1	6.3
		Total	70.9	11.1	6.6	4.7	7.8
Soot and dust	tons	Domestic	4.3	3.1	2.0	4.6	3.7
		Overseas	23.1	3.9	2.2	1.9	2.0
		Total	27.4	7.0	4.2	6.5	5.7
VOC emissions*1	tons	Domestic	89	70	73	66	44
		Overseas	22	23	17	8	8
		Total	112	93	90	74	52
Leakage of CFCs	kg	Domestic	184	106	252	102	84
CO ₂ equivalent	tons CO ₂		403	280	827	339	241
Ozone-depleting substances*2	kg CFC-11		0	3	1	1	0

*1 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

*2 Leakage of HCFCs from air conditioners, chillers, etc. based on the Act on Rational Use and Appropriate Management of Fluorocarbons, converted to CFC-11 equivalent.

Release/Transfer of Substances Subject to the PRTR Law (domestic sites)

	FY2019	FY2020	FY2021	FY2022	FY2023
Atmospheric emissions subject to the PRTR Law	48	44	47	42	29
Water emissions subject to the PRTR Law	0.6	0.4	0.4	0.3	0.4
Transfer of waste subject to the PRTR law	518	365	577	517	361

(unit: tons)

Release and transfer of major substances subject to the PRTR Law, by business site (FY2023)

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)

Business site	Control No.	Substance	Atmospheric emissions	Water emissions	Transfer of waste
Nagoya Factory	1	Zinc water-soluble compounds	0	0.06	0
	4	Acrylic acid and its water-soluble salts	0.30	0	0
	9	Acrylonitrile	0.04	0	0
	37	4,4'-Isopropylidenediphenol	0	0.02	0
	53	Ethylbenzene	0.12	0	0
	56	Ethylene oxide	0.07	0	0
	58	Ethylene glycol monomethyl ether	0.06	0	0
	66	1,2-Epoxybutane	0.24	0	0
	68	1,2-Epoxypropane (also known as propylene oxide)	1.47	0	0
	80	Xylene	0.07	0	0
	134	Vinyl acetate	0.04	0	0
	178	1,2-Dichloropropane	1.12	0	0.1
	232	N,N-Dimethylformamide	0.16	0.08	48.7
	300	Toluene	3.68	0	0
	398	Benzyl chloride	0.03	0	0
	405	Boron compounds	0	0.04	0
	674	Tetrahydrofuran	0.08	0	0
	737	Methyl isobutyl ketone	0.03	0	0
		104 substances handled	Total emissions or transfer volume	7.54	0.31
Kashima Factory	3	Ethyl acrylate	0.02	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	0.03	0	0
	53	Ethylbenzene	0.77	0.02	73.8
	65	Epichlorohydrin	1.51	0	8.4
	80	Xylene	0.46	0.02	49.2
	123	3-Chloropropene	0.25	0	0
	128	Chloromethane	6.08	0	0
	134	Vinyl acetate	0.26	0	0
	157	1,2-Dichloroethane	0.10	0	1.2
	232	N,N-Dimethylformamide	0.03	0	35.7
	240	Styrene	0.15	0	1.6
	277	Triethylamine	0	0	6.2
	300	Toluene	0.58	0.02	0
	351	1,3-Butadiene	0.01	0	0
	415	Methacrylic acid	0.24	0	23.2
	420	Methyl methacrylate	3.93	0	32.1
	511	Dibenzyl ether	0	0	1.5
	629	Cyclohexane	2.81	0	0
664	Organotin compounds	0	0	2.4	
	69 substances handled	Total emissions or transfer volume	17.41	0.07	237.1

(unit: tons)

Business site	Control No.	Substance	Atmospheric emissions	Water emissions	Transfer of waste
Kyoto Factory	53	Ethylbenzene	0	0	14.2
	80	Xylene	0	0	9.5
	232	N,N-Dimethylformamide	0	0	33.9
	300	Toluene	0	0	5.8
	420	Methyl methacrylate	0.03	0	0.7
		81 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)	0.19	0	0
		5 substances handled	Total emissions or transfer volume	0.25	0
San Chemical Co., Ltd.	56	Ethylene oxide	0.09	0	0
	68	1,2-Epoxypropane (also known as propylene oxide)	0.35	0	0
		39 substances handled	Total emissions or transfer volume	0.44	0
SDP Global Co., Ltd.	4	Acrylic acid and its water-soluble salts	1.66	0	0.1
	642	Didecyldimethylammonium chloride	0	0	0.1
		3 substances handled	Total emissions or transfer volume	1.66	0
SAN NOPCO LIMITED	4	Acrylic acid and its water-soluble salts	0.01	0	0
	8	Methyl acrylate	0.02	0	0
	53	Ethylbenzene	0	0	1.3
	80	Xylene	0	0	0.9
	232	N,N-Dimethylformamide	0	0	1.0
	300	Toluene	0.09	0	1.2
	407	Polyoxyethylene alkyl ether	0	0	0.2
	410	Polyoxyethylene alkyl phenyl ether	0	0	0.1
	415	Methacrylic acid	0.01	0	0
	737	Methyl isobutyl ketone	0.01	0	0
		46 substances handled	Total emissions or transfer volume	0.16	0
San-Petrochemicals Co., Ltd.	190	Dicyclopentadiene	0.04	0	0
	337	4-Vinyl-1-cyclohexene	0.10	0	0.3
	351	1,3-Butadiene	0.22	0	0
	400	Benzene	0.05	0	0
	590	Ethylidene norbornene	1.09	0	2.1
		7 substances handled	Total emissions or transfer volume	1.50	0

Dioxins

(unit: mgTEQ)

Site	Control No.	Substance	Release to air	Release to water	Transfer of waste
Nagoya Factory	243	Dioxins	0.52	2.73	110.64
Kyoto Factory	243	Dioxins	0.85	0.10	1.76

Atmospheric Emissions of Major Substances Subject to the PRTR Law (domestic sites)

(unit: tons)

Control No.	Substance	FY2001	FY2019	FY2020	FY2021	FY2022	FY2023
4	Acrylic acid	4.9	11.3	10.4	5.0	6.1	2.0
9	Acrylonitrile	13.0	0.1	0.1	0.1	0	0
53	Ethylbenzene	3.8	1.2	1.1	1.2	1.2	0.9
56	Ethylene oxide	17.9	0.5	0.5	0.3	0.3	0.2
65	Epichlorohydrin	1.0	1.6	1.4	1.4	1.4	1.5
68	Propylene oxide	56.2	3.7	3.3	3.4	2.3	2.0
80	Xylene	4.6	0.7	0.6	0.7	0.7	0.5
128	Chloromethane	9.2	13.6	17.8	17.2	15.1	6.1
157	1,2-Dichloroethane	4.3	0.3	0.6	0.4	0.4	0.1
178	1,2-Dichloropropane	3.0	1.1	0.8	1.0	0.9	1.1
232	N,N-Dimethylformamide	2.6	0.3	0.2	0.2	0.2	0.2
240	Styrene	1.6	0.2	0.2	0.2	0.2	0.1
300	Toluene	30.2	0.8	0.7	8.6	5.6	4.4
351	1,3-Butadiene	3.2	0.1	0.1	0.1	0.1	0.2
420	Methyl methacrylate	19.3	10.1	4.5	4.8	4.8	4.0

Main PRTR measures, and VOC emission reduction measures and results

Implemented (FY)	Business site	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	Water soluble hydrogen fluoride emissions to salt water	0.6
2003	Nagoya Factory	VOC adsorption system installation	Mainly acrylonitrile emissions to the air	25
2004	San Chemical Co., Ltd.	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 processing system installation	Propylene oxide emissions to the air	8
2012	San Chemical Co., Ltd.	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	Nagoya Factory, Kashima Factory	Production process improvement	Chloromethane emissions to the air	9.0
2023	Kashima Factory	Production process improvement	Chloromethane emissions to the air	1.2

Site Report

[Sanyo Chemical domestic facilities]

Nagoya Factory

The Nagoya Factory has our largest production capacity and is located in a coastal industrial zone in South Nagoya. Sanyo Chemical Group companies SAN NOPCO LIMITED and SDP Global Co., Ltd. are 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 ²
ISO certification	ISO9001: obtained in 1998
Employees	291 (as of March 31, 2024)



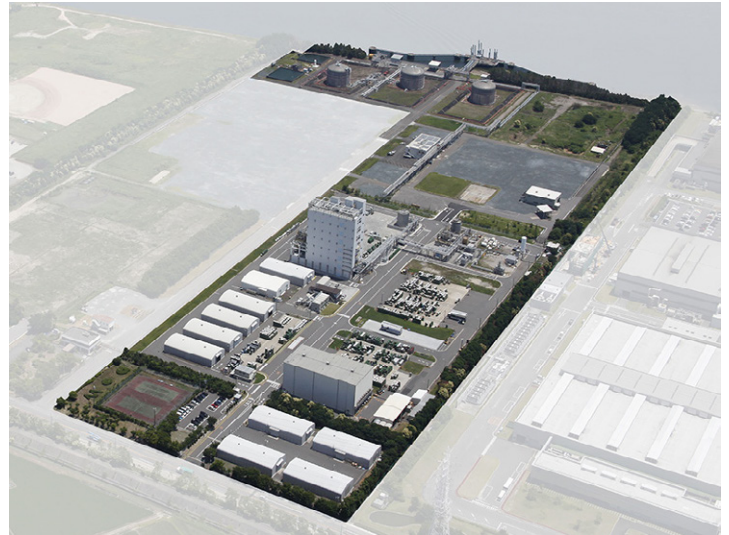
INPUT			
Energy	Energy (crude oil equivalent)	23,100	kL
Raw materials	Purchased raw materials and containers	94,312	tons
Water resources	Water intake volume	2,079	thousand m ³
	Tap water	36	thousand m ³
	Industrial water	2,043	thousand m ³

OUTPUT to the environment					
Environment	Global environment	GHG (CO ₂ equivalent)	49,278	tons	
		NOx	73.7	tons	
	Air quality	SOx	1.3	tons	
		Soot and dust	2.8	tons	
		PRTR substances	7.5	tons	
		VOC emissions	14.7	tons	
		Fluorocarbons (CO ₂ equivalent)	155	tons	
		Water quality	Wastewater	1,606	thousand m ³
	COD		8.7	tons	
	Nitrogen		1.3	tons	
	Phosphorus		0.2	tons	
	PRTR substances		0.3	tons	
	Waste	Outsourced waste treatment	2,445	tons	
		External recycling	2,445	tons	
		External landfill	0	tons	
		Waste plastics	458	tons	
		PRTR substances	48.9	tons	
	Soil condition		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 ²
ISO certification	ISO9001: obtained in 2010
Employees	20 (as of March 31, 2024)



INPUT			
Energy	Energy (crude oil equivalent)	1,083	kL
Raw materials	Purchased raw materials and containers	39,856	tons
Water resources	Water intake volume	40	thousand m ³
	Tap water	1	thousand m ³
	Industrial water	39	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	2,145	tons
	Air quality	NOx	0.4	tons
		SOx	0	tons
		Soot and dust	0	tons
		PRTR substances	0.3	tons
		VOC emissions	0.3	tons
		Fluorocarbons (CO ₂ equivalent)	0	tons
	Water quality	Wastewater	1	thousand m ³
		COD	0	tons
		Nitrogen	0	tons
		Phosphorus	0	tons
		PRTR substances	0	tons
	Waste	Outsourced waste treatment	270	tons
		External recycling	270	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	Polyester beads (PEB) for polymerization toner intermediates, toner resins, lubricant additives, permanent antistatic agents, etc.
Started operations	1976
Site area	Approx. 130,000 m ²
ISO certification	ISO9001: obtained in 1997
Employees	172 (as of March 31, 2024)



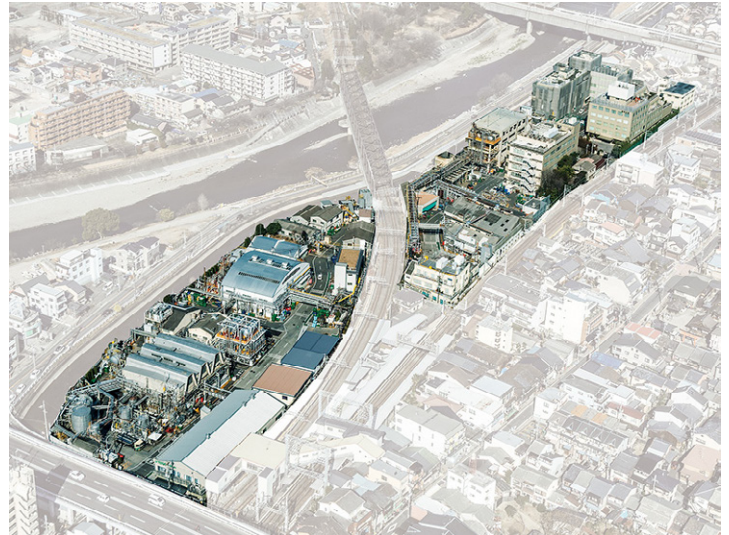
INPUT			
Energy	Energy (crude oil equivalent)	15,518	kL
Raw materials	Purchased raw materials and containers	51,581	tons
Water resources	Water intake volume	672	thousand m ³
	Tap water	23	thousand m ³
	Industrial water	649	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	23,180	tons
	Air quality	NOx	0.3	tons
		SOx	0	tons
		Soot and dust	0.1	tons
		PRTR substances	17.4	tons
		VOC emissions	23.7	tons
		Fluorocarbons (CO ₂ equivalent)	69	tons
	Water quality	Wastewater	758	thousand m ³
		COD	103	tons
		Nitrogen	1.3	tons
		Phosphorus	0.4	tons
		PRTR substances	0.1	tons
	Waste	Outsourced waste treatment	3,679	tons
		External recycling	250	tons
		External landfill	0	tons
		Waste plastics	627	tons
		PRTR substances	235.7	tons
	Soil condition	No emissions		

Kyoto Factory

The Kyoto Factory is Sanyo Chemical's first production facility.

Location	11-721, Honmachi, Higashiyama-ku, Kyoto
Main products	Lubricant additives, coating and adhesive products, surfactants, etc.
Started operations	1949
Site area	Approx. 26,000 m ² (including the Head Office and Research Laboratory)
ISO certification	ISO9001: obtained in 1999
Employees	114 (as of March 31, 2024)



INPUT			
Energy	Energy (crude oil equivalent)	3,779	kL
Raw materials	Purchased raw materials and containers	23,133	tons
Water resources	Water intake volume	184	thousand m ³
	Tap water	35	thousand m ³
	Industrial water	149	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	7,054	tons
	Air quality	NOx	2.3	tons
		SOx	0.1	tons
		Soot and dust	0.2	tons
		PRTR substances	0	tons
		VOC emissions	0	tons
		Fluorocarbons (CO ₂ equivalent)	13	tons
	Water quality	Wastewater	126	thousand m ³
		COD	1.4	tons
		Nitrogen	0.1	tons
		Phosphorus	0.1	tons
		PRTR substances	0	tons
	Waste	Outsourced waste treatment	3,661	tons
		External recycling	63	tons
		External landfill	0	tons
		Waste plastics	37	tons
		PRTR substances	64.1	tons
	Soil condition	No emissions		

Head Office, Head Office Research Laboratory, Katsura Research Laboratory

Our Head Office and main R&D facility. The research & development departments of SDP Global Co., Ltd. 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, San-Apro Ltd., and SDP Global Co., Ltd.
Employees	Head Office and Head Office Research Laboratory: 450, Katsura Research Laboratory: 109 (as of March 31, 2024)



Head Office, Head Office Research Laboratory



Katsura Research Laboratory

INPUT			
Energy	Energy (crude oil equivalent)	1,495	KL
Water resources	Water intake volume	15	thousand m ³
	Tap water	15	thousand m ³
	Industrial water	0	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	2,904	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 ₂ equivalent)	4	tons
	Water quality	Wastewater	15	thousand m ³
		COD	0	tons
		Nitrogen	0	tons
		Phosphorus	0	tons
		PRTR substances	0	tons
	Waste	Outsourced waste treatment	180	tons
		External recycling	129	tons
		External landfill	0	tons
		Waste plastics	0	tons
		PRTR substances	4.3	tons
	Soil condition	No emissions		

[Domestic Subsidiaries and Affiliates]**SDP Global Co., Ltd.**

SDP Global Co., Ltd.'s Nagoya Factory is a specialized manufacturer of superabsorbent polymers. SDP Group consists of SDP Global Co., Ltd. in Japan, San-Dia Polymers (Nantong) Co., Ltd. in China and SDP GLOBAL (MALAYSIA) SDN. BHD. in Malaysia. Production will cease and the company will be dissolved during FY2024.


Location	31-1, Shinpomachi, Tokai, Aichi
Main products	Superabsorbent polymers (SAPs)
Established	2001
ISO certification	ISO9001: obtained in 2000
Employees	20 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	8,154	kL
Raw materials	Purchased raw materials and containers	Combined with Sanyo Chemical Nagoya Factory	
Water resources	Water intake volume	67	thousand m ³
	Tap water	1	thousand m ³
	Industrial water	67	thousand m ³

OUTPUT to the environment					
Environment	Global environment	GHG (CO ₂ equivalent)	15,945	tons	
	Air quality	NOx	2.8	tons	
		SOx	0	tons	
		Soot and dust	0.4	tons	
		PRTR substances	1.7	tons	
		VOC emissions	1.7	tons	
		Fluorocarbons (CO ₂ equivalent)	0	tons	
	Water quality	Wastewater	Combined with Sanyo Chemical Nagoya Factory		
		COD			
		Nitrogen			
		Phosphorus			
		PRTR substances	0	tons	
	Waste	Outsourced waste treatment	402	tons	
		External recycling	402	tons	
		External landfill	0	tons	
		Waste plastics	1.7	tons	
		PRTR substances	0.2	tons	
Soil condition	No emissions				

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	https://www.sannopco.co.jp/eng/ 
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	87 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	1,797	kL
Raw materials	Purchased raw materials and containers	16,809	tons
Water resources	Water intake volume	85	thousand m ³
	Tap water	3	thousand m ³
	Industrial water	81	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	4,249	tons
	Air quality	NOx	0	tons
		SOx	0	tons
		Soot and dust	0	tons
		PRTR substances	0.2	tons
		VOC emissions	1.2	tons
		Fluorocarbons (CO ₂ equivalent)	0	tons
	Water quality	Wastewater	65	thousand m ³
		COD	0	tons
		Nitrogen	0	tons
		Phosphorus	0	tons
		PRTR substances	0	tons
	Waste	Outsourced waste treatment	42	tons
		External recycling	9	tons
		External landfill	0	tons
		Waste plastics	12	tons
		PRTR substances	4.9	tons
	Soil condition	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	http://www.san-chemical.com/ 
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, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	3,167	kL
Raw materials	Purchased raw materials and containers	64,045	tons
Water resources	Water intake volume	128	thousand m ³
	Tap water	14	thousand m ³
	Industrial water	115	thousand m ³

OUTPUT to the environment					
Environment	Global environment	GHG (CO ₂ equivalent)	6,264	tons	
	Air quality	NOx	0	tons	
		SOx	0	tons	
		Soot and dust	0	tons	
		PRTR substances	0.4	tons	
		VOC emissions	0.9	tons	
		Fluorocarbons (CO ₂ equivalent)	0	tons	
	Water quality	Wastewater	111	thousand m ³	
		COD	2.4	tons	
		Nitrogen	0.3	tons	
		Phosphorus	0	tons	
		PRTR substances	0	tons	
	Waste	Outsourced waste treatment	914	tons	
		External recycling	878	tons	
		External landfill	1	tons	
		Waste plastics	14	tons	
		PRTR substances	0	tons	
	Soil condition		No emissions		

San-Petrochemicals Co., Ltd.

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

Website	https://www.san-petrochemicals.com/en/ 
Location	11-2, Sunayama, Kamisu, Ibaraki
Main products	EPDM rubber materials such as ENB (ethylidene norbornene)
Established	1977
Employees	39 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	6,555	kL
Raw materials	Purchased raw materials and containers	16,193	tons
Water resources	Water intake volume	61	thousand m ³
	Tap water	2	thousand m ³
	Industrial water	59	thousand m ³

OUTPUT to the environment					
Environment	Global environment	GHG (CO ₂ equivalent)	11,322	tons	
	Air quality	NO _x	4.5	tons	
		SO _x	0.1	tons	
		Soot and dust	0.3	tons	
		PRTR substances	1.5	tons	
		VOC emissions	1.7	tons	
		Fluorocarbons (CO ₂ equivalent)	0	tons	
	Water quality	Wastewater	30	thousand m ³	
		COD	0.3	tons	
		Nitrogen	0	tons	
		Phosphorus	0	tons	
		PRTR substances	0	tons	
	Waste	Outsourced waste treatment	41	tons	
		External recycling	41	tons	
		External landfill	0	tons	
		Waste plastics	6	tons	
		PRTR substances	2.4	tons	
	Soil condition		No emissions		

San-Apro Ltd.

Website	https://www.san-apro.co.jp/eng/ 
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	34 (as of March 31, 2024)

San-Apro researches, develops, and sells products specialized for catalysts. As a fables 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. The company aims to increase operational efficiency, reduce transportation costs, and improve overall logistics services by centralizing functions related to the supply chain.

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 corporation, this warehouse company located near San Chemical Co., Ltd. handles San Chemical products.

Overseas Subsidiaries and Affiliates

San-Dia Polymers (Nantong) Co., Ltd.

San-Dia Polymers (Nantong) is a Chinese subsidiary of SDP Global Co., Ltd., a specialized manufacturer of superabsorbent polymers. A transfer of equity during FY2024 is currently being considered.

Location	Nantong, Jiangsu, China
Lines of business	Manufacture and sale of superabsorbent polymers
Established	2003
ISO	ISO9001: obtained in 2007 ISO14001: obtained in 2013
Employees	166 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	27,098	kL
Raw materials	Purchased raw materials and containers	149,976	tons
Water resources	Water intake volume	365	thousand m ³
	Tap water	71	thousand m ³
	Industrial water	294	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	72,882	tons
	Air quality	NOx	14.9	tons
		SOx	5.9	tons
		Soot and dust	1.7	tons
		VOC emissions	2.9	tons
	Water quality	Wastewater	42	thousand m ³
		COD	2.1	tons
		Nitrogen	0.3	tons
		Phosphorus	0	tons
	Waste	Outsourced waste treatment	1,026	tons
		External recycling	591	tons
		External landfill	0	tons
	Soil condition		No emissions	

SDP GLOBAL (MALAYSIA) SDN. BHD.

This is a production site in Southeast Asia for SDP Global Co., Ltd., a specialized manufacturer of superabsorbent polymers. Production will cease and the company will be dissolved in March 2024.


Location	Johor, Malaysia
Lines of business	Manufacture and sale of superabsorbent polymers
Established	2015
Employees	72 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	11,004	kL
Raw materials	Purchased raw materials and containers	40,092	tons
Water resources	Water intake volume	118	thousand m ³
	Tap water	118	thousand m ³
	Industrial water	0	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	21,704	tons
	Air quality	NO _x	0.5	tons
		SO _x	0.3	tons
		Soot and dust	0.3	tons
		VOC emissions	0	tons
	Water quality	Wastewater	12	thousand m ³
		COD	0.5	tons
		Nitrogen	0	tons
		Phosphorus	0	tons
	Waste	Outsourced waste treatment	1,008	tons
		External recycling	730	tons
		External landfill	0	tons
	Soil condition		No emissions	

Sanyo Kasei (Thailand) Ltd.

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

Website	https://www.sanyo-kasei.co.th/EN/home.html 
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	92 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	1,686	kL
Raw materials	Purchased raw materials and containers	5,114	tons
Water resources	Water intake volume	142	thousand m ³
	Tap water	0	thousand m ³
	Industrial water	142	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO2 equivalent)	3,778	tons
	Air quality	NOx	0.4	tons
		SOx	0.2	tons
		Soot and dust	0	tons
		VOC emissions	3.1	tons
	Water quality	Wastewater	118	thousand m ³
		COD	20	tons
		Nitrogen	0.9	tons
		Phosphorus	0	tons
	Waste	Outsourced waste treatment	2,612	tons
		External recycling	184	tons
		External landfill	0	tons
	Soil condition		No emissions	

Sanyo Kasei (Nantong) Co., Ltd.

Sanyo Kasei (Nantong) is our production base in China. Production will cease and the company will be dissolved in March 2024.

Location	Nantong, China
Lines of business	Manufacture of textile chemicals, surfactants, papermaking chemicals, paint and ink resins, etc.
Established	2003
ISO	ISO9001: obtained in 2006 ISO14001: obtained in 2012
Employees	97 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	2,929	kL
Raw materials	Purchased raw materials and containers	10,017	tons
Water resources	Water intake volume	15	thousand m ³
	Tap water	15	thousand m ³
	Industrial water	0	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	9,111	tons
	Air quality	NOx	0	tons
		SOx	0	tons
		Soot and dust	0	tons
		VOC emissions	1.5	tons
	Water quality	Wastewater	27	thousand m ³
		COD	3.2	tons
		Nitrogen	0.1	tons
		Phosphorus	0	tons
	Waste	Outsourced waste treatment	3,764	tons
		External recycling	2,825	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	12 (as of March 31, 2024)

INPUT			
Energy	Energy (crude oil equivalent)	355	kL
Raw materials	Purchased raw materials and containers	1,253	tons
Water resources	Water intake volume	0.5	thousand m ³
	Tap water	0.1	thousand m ³
	Industrial water	0.3	thousand m ³

OUTPUT to the environment				
Environment	Global environment	GHG (CO ₂ equivalent)	701	tons
	Air quality	NO _x	0	tons
		SO _x	0	tons
		Soot and dust	0	tons
	Water quality	Wastewater	1.9	thousand m ³
		COD	0	tons
		Nitrogen	0	tons
		Phosphorus	0	tons
	Waste	Outsourced waste treatment	50	tons
		External recycling	47	tons
External landfill		3	tons	
Soil condition		No emissions		

ESG Performance 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	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	People	2,060	2,096	2,106	2,089	2,042

Employment status (domestic)

		unit	FY2019	FY2020	FY2021	FY2022	FY2023
Regular	Men	People	1,267	1,278	1,281	1,237	1,202
	Women		283	300	319	323	326
Ratio of women		%	18.3	19.0	19.9	20.7	21.3
Managerial staff	Men	People	295	316	312	309	312
	Women		9	13	15	16	16
Female manager ratio		%	3.0	4.0	4.6	4.9	4.9
New hires	New employees	Men	34	25	30	16	19
		Women	10	8	15	5	12
	Mid-career hires	Men	7	10	6	7	3
		Women	4	6	3	4	2
Total		People	55	49	54	32	36
Turnover up to three years after joining the company		People	5	5	5	5	8
		%	8.6	9.6	6.8	9.1	17.8
Employment of people with disabilities		People	26	26	26	27	26
Percentage of employees with disabilities*1		%	2.18	2.17	2.09	2.23	2.06
Reemployment of retired employees	Men	People	25	13	19	20	19
	Women		2	1	1	0	0
Reemployment rate of retired employees		%	87	81	87	100	79
Number of non-Japanese employees	Men	People	7	6	6	5	5
	Women		10	6	7	7	6
Average years of employment		Year	15.8	15.9	16.5	17.0	16.6
Number of regular employees who left the company*2	Men	People	27	12	21	32	37
	Women		4	1	8	4	14
Regular employee turnover		%	2.0	0.8	1.8	2.3	3.3

*1Employment rate of people with disabilities: Reported as of June 1 of the relevant fiscal year

*2Number of regular employees who left the company: Number of employees who voluntarily retired

Hours worked (domestic)

	unit	FY2019	FY2020	FY2021	FY2022	FY2023
Annual workdays	Days	236	237	239	238	239
Annual holidays	Days	129	129	126	127	126
Annual regular working hours	Hours	1,829	1,837	1,852	1,845	1,852
Monthly average overtime work	Hours/Person	4.8	4.4	4.8	5.2	5.5
Paid leave usage ratio	%	55.7	58.5	50.6	70.2	70.4

Work-life balance (domestic)

	unit	FY2019	FY2020	FY2021	FY2022	FY2023
Maternity leave acquisition	People	18	14	12	17	15
Employees on childcare leave	Men	37	40	47	55	61
	Women	13	17	11	17	10
Percentage of male employees taking childcare leave*1	%	77.1	66.7	79.7	98.2	92.4
Rate of employees returning to work after childcare leave*2	%	100	100	100	100	98.8
Reduced work hours for childcare	Men	0	0	0	0	0
	Women	16	12	4	6	7
Retention rate after returning to work after childcare leave*3	%	97.7	100	100	100	92.6
Employees on family care leave	People	1	1	1	1	2
Employees on reduced working hours for family care	People	1	0	0	0	0

*1 Percentage of male employees taking childcare leave = Number of male employees who took childcare leave / Number of male employees whose spouse gave birth × 100

*2 Rate of employees returning to work after childcare leave = employees returning to work / employees intending to return to work × 100

*3 Retention rate after returning to work after childcare leave = Employees who returned to work in the previous fiscal year and were employed at the Company as of March 31 of the current fiscal year / Employees who returned to work in the previous fiscal year × 100

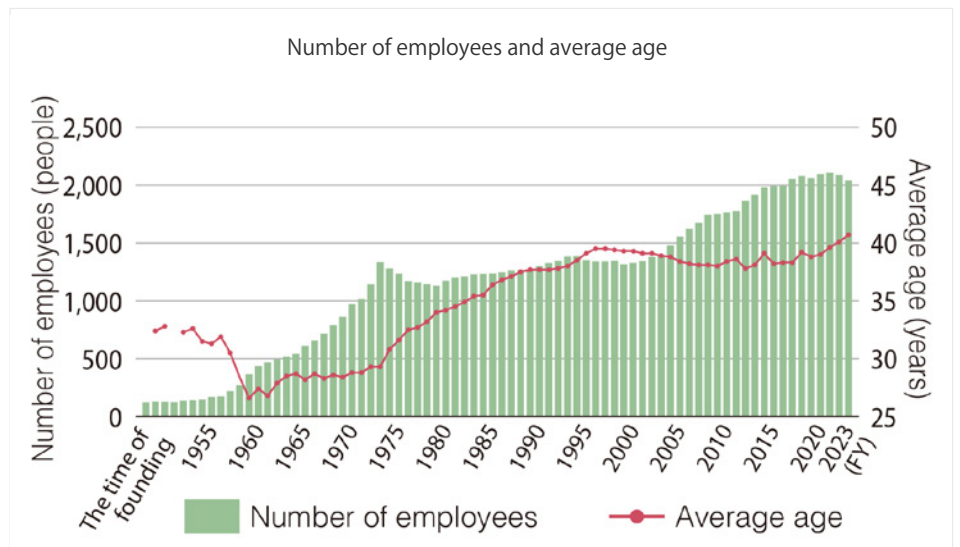
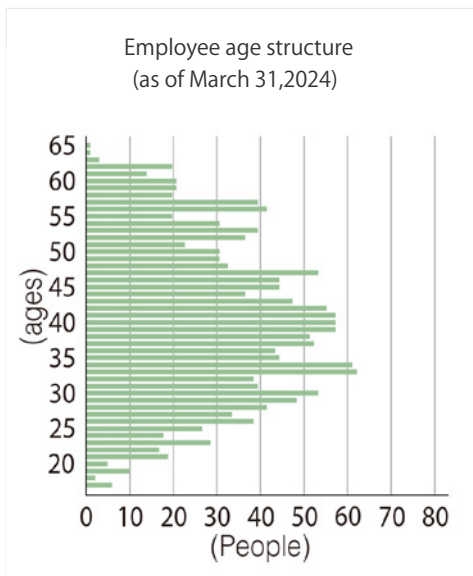
Number of employees by type of employment

			FY2019	FY2020	FY2021	FY2022	FY2023
Domestic	Sanyo Chemical Industries	Regular	1,265	1,305	1,282	1,249	1,224
		Non-regular	191	191	206	226	208
	Domestic subsidiaries and affiliates	Regular	267	239	284	276	274
		Non-regular	66	52	44	57	56
Overseas	China	Regular	269	279	267	272	263
		Non-regular	4	4	4	3	1
	USA	Regular	14	13	15	14	12
		Non-regular	0	0	0	0	0
	ASEAN	Regular	169	169	178	183	164
		Non-regular	13	11	11	17	17

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 China includes local hires from Sanyo Kasei (Nantong) Co., Ltd. and San-Dia Polymers (Nantong) Co., Ltd. The total number of employees in the United States includes local hires from Sanyo Chemical & Resins, LLC (up to FY2019) and Sanyo Chemical Texas Industries, LLC. In ASEAN, the total number of employees included local hires from Sanyo Kasei (Thailand) Ltd. and SDP GLOBAL (MALAYSIA) SDN. BHD.

Note 3: Overseas figures exclude the number of employees at overseas sales bases.



Labor accidents (domestic + overseas)

	FY2019	FY2020	FY2021	FY2022	FY2023
Employee lost-time injuries (cases)	0	0	6	1	1
Of which fatal injuries (cases)	0	0	0	0	0
Employee lost-time injury frequency rate* ¹	0	0	1.61	0.27	0.29
Employee lost-time injury severity rate* ²	0	0	0.05	0.05	0.01
Subcontractor lost-time injuries (cases)	2	2	2	3	2
Of which fatal injuries (cases)	0	0	1	0	0
Subcontractor lost-time injury frequency rate* ¹	2.28	1.94	1.69	2.37	1.59
Subcontractor lost-time injury severity rate* ²	0.09	0.04	6.33	0.13	0.03
Employee injuries without lost time (cases)	4	2	2	7	10
Subcontractor injuries without lost time (cases)	1	5	4	5	4

*1 Frequency rate = (number of lost-time injury victims) / (total hours) / 1,000,000 Index of frequency of lost-time injuries per 1 million hours

*2 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: %)

	FY2019	FY2020	FY2021	FY2022	FY2023
All workers* ^{1&2&3}	-	-	-	68.8	68.9
Of which regular employees as a percentage of all workers	-	-	-	73.8	72.9
Of which part-time and fixed-term workers as a percentage of all workers* ⁴	-	-	-	42.5	46.1

*1 Workers include those transferred 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 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
Compulsory training (promotion/advancement training, etc.)	Cost (thousand yen/person)	-	-	43
	Time (hours/person)	-	-	4.9
Environment-related courses and qualification courses (production* and research organizations)	Cost (thousand yen/person)	5	3	4

*Includes locally hired employees of overseas and affiliates

Skill improvement and career development

Name/description		Eligible participants	unit	FY2021	FY2022	FY2023
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
	Insider trading regulations	New and mid-career hires		53	24	39
	Export Trade Control Order	Sales and research		104	85	32
	Other(contract basics, Subcontract Act, etc.)	All employees	Number of courses / Total number of participants (cases/people)	-	5/407	6/419
Basic research course		Research	Course graduates (people)	38	56	61
MOT school, coaching training, critical thinking training, design thinking training, etc.			Number of trainings / Participants (cases/people)	12/48	12/56	9/26
E-learning			Participants (people)	280	230	122
"Dojo" forums for executives and employees to hold dialogues		All employees	Number of dojos held / Number of participants (cases/people)	-	26/181	7/64

Safety / technology education

(unit: Person)

		FY2019	FY2020	FY2021	FY2022	FY2023
Participants	Employees (including transfers)	210	93	168	96	169
	Subcontractor employees	71	12	35	20	141
Safety and Technology Education Center visitors and guests		394	19	55	47	109

Global human resource development

(unit: Person)

	FY2019	FY2020	FY2021	FY2022	FY2023
Study abroad	1	0	0	1	1
Overseas training	4	0	-	-	0
Expatriate development program	5	2	1	1	1

Improving health literacy (FY2023)

Seminar content	Participants (people)	Total time* (hours)	Comprehension (%)	Satisfaction (%)
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

*Participants × Hours participated

Human rights education and awareness-raising (FY2023)

Item	Number of trainings (cases)	Total number of participants (people)	Total time* (hours)
Human rights / compliance	2	1,942	3,884
DEI promotion	2	200	417.5
Women's participation and advancement	5	200	633.5
LGBTQ	2	501	244.8
Employment of people with disabilities	2	952	386.7

*Participants × Hours participated

Commendation programs

(unit: cases)

	FY2021	FY2022	FY2023
Commendations from the President	31	33	28
Awards from General Managers to Encourage Challenge Taking	344	522	492
INVENTOR OF THE YEAR	4	5	4

Health and Productivity Management Data

Action goals

(unit: %)

Initiatives	Action goals	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 target
Exercise	To have an exercise routine at least once a week	29	31	50	50	52	70 or above
Sleep	To be well rested with sleep	54	57	66	63	61	80 or above
Diet	To have a balanced diet	-	-	76	75	79	90 or above
Alcohol	Two or more alcohol-free days per week	74	75	75	76	77	90 or above
Smoking	Not to smoke (smoking rate reduction)	77	77	82	83	84	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: %)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 target
Rate of regular health checkups	100	100	100	100	100	100
Rate of medical checkups	43	68	89	96	88	100
Rate of specific health guidance	14	80	94	95	97 or above	100

Lifestyle-related disease risk retention rate (health checkup results)

(unit: %)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 target
Obesity	24	26	25	25	25	20 or less
Liver function	30	34	31	34	33	30 or less
Fats	51	57	55	56	55	50 or less
Blood sugar	24	17	21	17	20	15 or less
Blood pressure	31	37	34	29	33	30 or less
Triple risk holders (fats, blood sugar, and blood pressure)	8	8	8	5	7	5 or less

Mental health measures

	FY2019	FY2020	FY2021	FY2022	FY2023
Stress check test rate (%)	99	99	98	99	98
High stress rate (%)	9.3	8.9	8.6	7.1	8.0

Health management evaluation indicators

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 target
Absenteeism* ¹ Personal injury/sickness absence rate (%)	1.5	1.5	1.8	1.9	1.3	1.0 or less
Presenteeism* ² Labor productivity loss rate (%)	-	-	37.5	36.6	36.4	30 or less
Work engagement* ³ Self-motivated behavior and positive feelings toward work (deviation value)	-	-	49.7	50.1	49.6	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)

	FY2019	FY2020	FY2021	FY2022	FY2023
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	0	3	1	2	0
Meetings with institutional investors and securities analysts (1-on-1)	-	83	70	58	81
Business site visits for institutional investors and securities analysts	0	0	0	0	1
Financial results briefings for individual investors	2	0	0	0	0

Society Contributions

Donations

(unit: million yen)

		FY2019	FY2020	FY2021	FY2022	FY2023
Total social contribution expenditures		39.9	24.2	36.4	34.9	30.1
Donations by item	1. Support for academic promotion centered on chemistry	17.0	14.8	27.0	14.1	13.6
	2. Support for human resource development	2.2	3.1	0.3	2.3	3.3
	3. Support for the preservation of art and culture, etc. mainly in Kyoto	1.5	0.5	1.0	4.1	4.0
	4. Support for and collaboration on environmental conservation activities	11.0	1.6	1.6	1.5	1.6
	5. Support for and collaboration on social contribution activities wherever possible according to local social needs in each country and region	8.1	4.2	6.5	13.0	7.6

Note: Expenditures since September 2019 are expenditures by Sanyo Chemical Foundation for Social Contribution
(For FY2019, the sum of social contribution expenditures by Sanyo Chemical Industries, Ltd. and the 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)

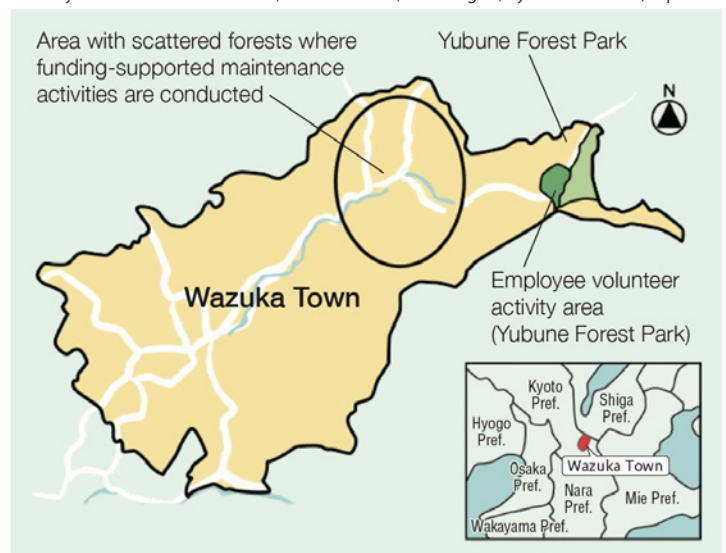
District	FY2019	FY2020	FY2021	FY2022	FY2023	Instructors
Kyoto area	7	4	6	6	7	R&D and head office employees
	390	209	446	335	436	
Nagoya Factory	2	0	1	2	2	Nagoya Factory employees
	235	0	73	250	200	
Kashima Factory	2	0	1	4	4	Kashima Factory employees
	198	0	50*1	255*2	372*2	

*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	FY2019	FY2020	FY2021	FY2022	FY2023
Sanyo Chemical's forestry activities	Times conducted	Times	2	2	1	3	3
	Total number of participants	People	87	60	34	101	123
Supporter Association*1	Times conducted	Times	8	7	4	7	8
	Total number of participants	People	46	63	28	63	62

(FY2023 results)

	Date conducted, etc.	Participants (people)	Activity details
New employee training	April 10, 2023	37	Promenade staircase improvement
26th Forestry Activity	June 3, 2023	35	Promenade staircase improvement, pack cooking (curry rice), wooden puzzles
27th Forestry Activity	December 16, 2023	51	Promenade improvement rally, aluminum foil roast, baked potatoes, etc., Mountain Kids*2 exchange meeting
Supporter Association*1	8 times in total	62	Forestry activity preparation, improvement of promenades, etc.

*1 Supporter Association: Forest volunteer activities by employees, their families, and retired employees. The number of participants was the total number of people

*2 Mountain Kids: Activity aimed at fostering young people who will be responsible for forest conservation so that forests can be passed on to future generations. Carried out in cooperation with the Junior Green Club and the Kyoto Model Forest Association

Funding-supported Tree Thinning Project

	unit	FY2020	FY2021	FY2022	FY2023	Cumulative since FY2009
Thinned area	ha	3.5	3.7	2.4	2.2	60.8
Increase in CO ₂ absorption	Tons CO ₂ /year	12.6	38.5	10.6	20.0	383.3

Note: Implemented from FY2009. Suspended in FY2018 and FY2019.

Rice farming in Futagotanada

	unit	FY2019	FY2020	FY2021	FY2022	FY2023
Terraced rice field area	m ²	400	400	400	400	400
Times conducted	Times	7	8	9	14	8
Total number of participants	People	94	45	74	71	79
Rice yield	kg	230	230	240	270	230

ESG Performance Data

Environment

Social

Governance

Status of Directors

Director composition

		unit	FY2019	FY2020	FY2021	FY2022	FY2023
Composition of Board of Directors*1	Total number of Directors	People	10	10	9	9	9
	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	1	2	2	2
Board of Directors*2	Times held	Times	17	17	15	15	15
	Average attendance rate	%	100	100	99.1	99.2	100
Composition of Audit & Supervisory Board*1	Total number of Audit & Supervisory Board Members	People	3	4	4	4	4
	Of which, Outside Audit & Supervisory Board Members	People	2	3	3	3	3
	Of which, Independent Audit & Supervisory Board Members	People	1	1	1	1	1
	Of which, female Audit & Supervisory Board Members	People	0	0	0	0	0
Audit & Supervisory Board*2	Times held	Times	12	11	12	12	11
	Average attendance rate	%	95.8	100	100	100	100

*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	FY2019	FY2020	FY2021	FY2022	FY2023
Directors (inside company)	304	319	308	260	210
Audit & Supervisory Board Members (inside company)	30	27	33	32	30
Outside Directors	28	29	27	26	26
Outside Audit & Supervisory Board Members	44	41	49	50	48
Total	408	418	418	369	315

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
Nomination and Compensation Committee	Chairman of the Company	Five Directors selected by resolution of the Board of Directors (the majority are independent Outside Directors)	5	6
Sustainable Management Committee	President	Full-time Directors	2	2
Compliance Committee	President	Full-time Directors	1	2
Internal Control Committee	President	Persons responsible for sales, research, production, and indirect departments	2	2

Compliance

Whistleblowing, disciplinary actions, violations, etc.

(unit: cases)

		FY2019	FY2020	FY2021	FY2022	FY2023
Number of case for which the whistleblowing contact points were used		4	1	2	4	1
Disciplinary actions		4	1	0	4	3
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	1*	0	0	0	0

*Noise complaint from neighbors

Political donations, etc.

(unit:yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
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

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

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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

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)

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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, 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 prohibition 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, 2022)

Health Management Declaration

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, 2018)

Social Contribution Policy

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)

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[DISCLOSURE POLICY](#) 

[PRIVACY POLICY](#) 

[SOCIAL MEDIA POLICY](#) 

[GUIDELINES ON THE RELATIONSHIP WITH MEDICAL INSTITUTIONS \(In Japanese Only\)](#) 

[PUBLIC RESEARCH SPENDING \(In Japanese Only\)](#) 

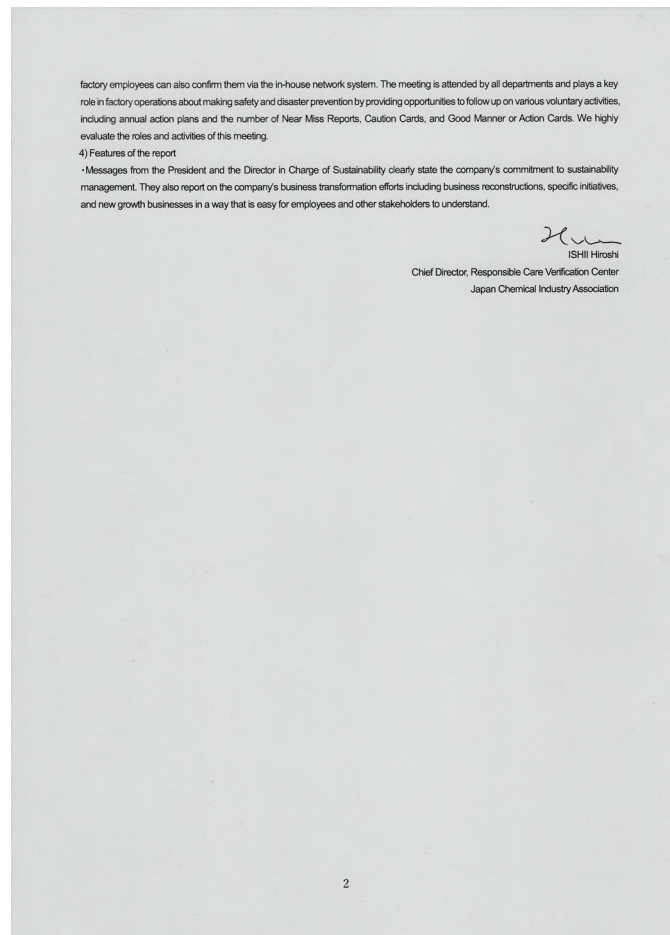
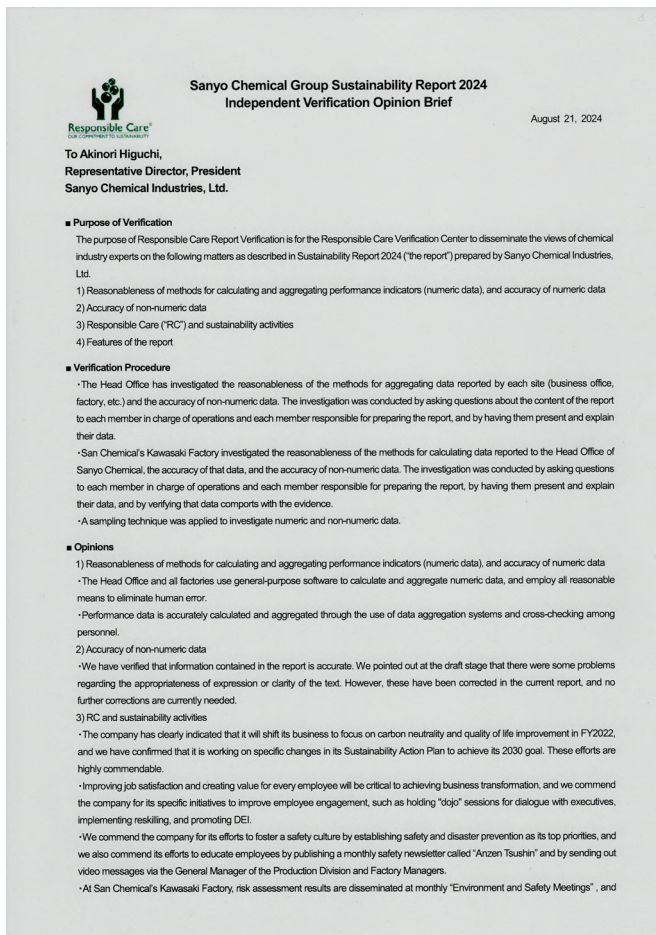
Third Party Review

Regarding the content of the Sanyo Chemical Group Sustainability Report 2024, 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 Chemical Co., Ltd., which has undergone an audit, is subject to verification for the fourth time.

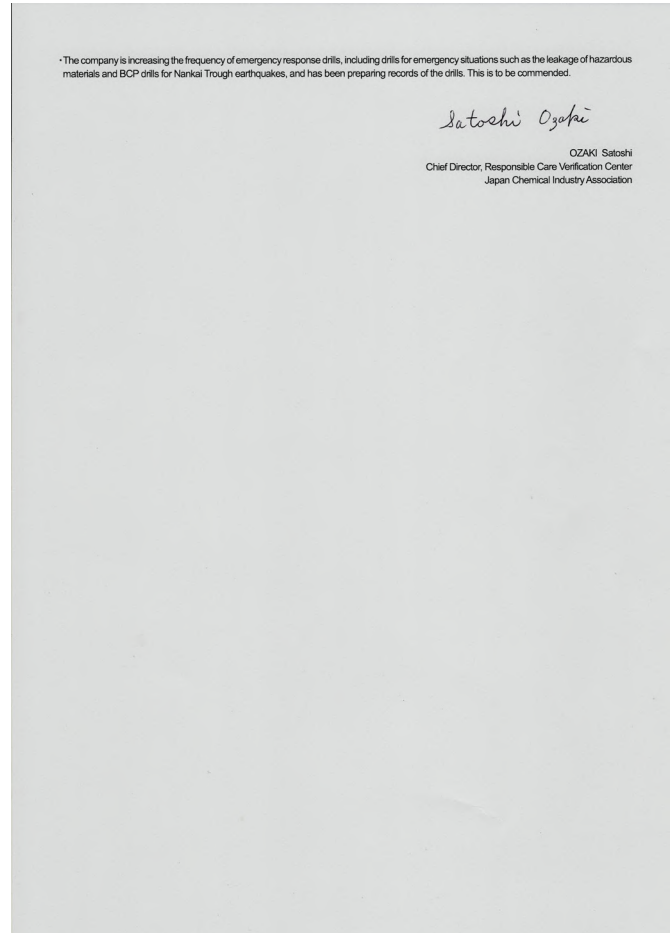
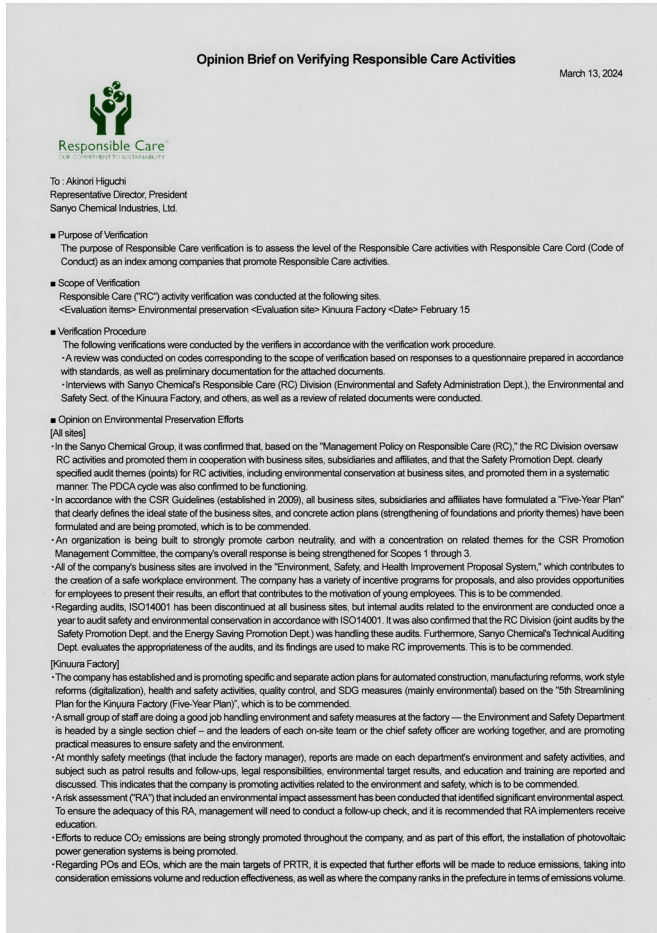


[Verification history]

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.

RC verification: Third Party Review

In FY2023, the Kinuura 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

» [RC Verification System \(Japanese only\)](#)

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)



Social Related Evaluations and Awards

Awarded the highest "Gold" rating in the PRIDE Index (For the fifth consecutive year from 2019)



Certified as a "Best Workplace," the highest rank in the D&I AWARD (For the second 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 the 7th Nikkei Smart Work Management Survey (2023)

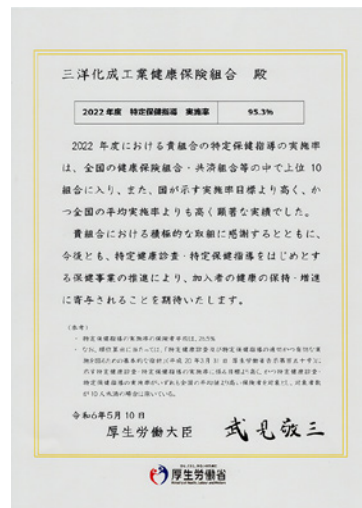


The Health and Productivity Management Outstanding Organization Program (For the fifth consecutive year from 2019)



"Cancer Control Promotion Company Action" award (For the fourth consecutive year from 2020)

Message from the Minister of Health, Labour and Welfare for our specific health guidance implementation (For the second consecutive year from 2023)



Sanyo Kasei (Thailand) Ltd. receives the CSR-DIW Continuous Award (For the ninth consecutive year from 2015)



Participation in Initiatives








» Sustainability Management | Supported Initiatives



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, 2023 to March 31, 2024 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	<ul style="list-style-type: none"> » COMPANY OVERVIEW » OVERSEAS BASES » SUBSIDIARIES & AFFILIATES
2-2	Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> » DOMESTIC BASES » OVERSEAS BASES » SUBSIDIARIES & AFFILIATES
2-3	Reporting period, frequency and contact point	» Editorial Policy
2-4	Restatements of information	Securities report (Japanese only) 
2-5	External assurance	Third Party Review 
2. Activities and workers		
2-6	Activities, value chain and other business relationships	Securities report (Japanese only) 
2-7	Employees	Securities report (Japanese only)  » Employee Related Data
2-8	Workers who are not employees	Information unavailable/incomplete: data not aggregated
3. Governance		
2-9	Governance structure and composition	» Corporate Governance
2-10	Nomination and selection of the highest governance body	Securities report (Japanese only)  » Standards for Selection of Directors » Diversity of the Board of Directors
2-11	Chair of the highest governance body	<ul style="list-style-type: none"> » Message from the President » Committees
2-12	Role of the highest governance body in overseeing the management of impacts	» Sustainability Management
2-13	Delegation of responsibility for managing impacts	» Sustainability Management
2-14	Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> » Sustainability Management » Message from the Director in Charge of Sustainability
2-15	Conflicts of interest	Corporate Governance Report (Japanese only)  Securities report (Japanese only) 
2-16	Communication of critical concerns	<ul style="list-style-type: none"> » Corporate Governance » Compliance

GRI Standards	Disclosures	References or reasons for omission
2-17	Collective knowledge of the highest governance body	» Skills Matrix
2-18	Evaluation of the performance of the highest governance body	» Effectiveness Evaluation of the Board of Directors
2-19	Remuneration policies	Corporate Governance Report (Japanese only) 
2-20	Process to determine remuneration	Corporate Governance Report (Japanese only) 
2-21	Annual total compensation ratio	Information incomplete: not aggregated
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	» Message from the President » Message from the Director in Charge of Sustainability
2-23	Policy commitments	» Message from the President » Message from the Director in Charge of Sustainability » Policies, Standards and Guidelines (Code of Ethics and Management)
2-24	Embedding policy commitments	» Respect for Human Rights » Sustainable Procurement » Compliance
2-25	Processes to remediate negative impacts	» Human Rights Policy
2-26	Mechanisms for seeking advice and raising concerns	» Compliance
2-27	Compliance with laws and regulations	» Fair trade and anti-corruption » Whistleblowing, disciplinary actions, and violations
2-28	Membership associations	» Major Participating Organizations
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	» Communication with Stakeholders
2-30	Collective bargaining agreements	» Labor and Management Relations

Economic

GRI Standards	Disclosures	References or reasons for omission
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Securities report (Japanese only) 
201-2	Financial implications and other risks and opportunities due to climate change	» Disclosure Based on TCFD Recommendations
201-3	Defined benefit plan obligations and other retirement plans	Securities report (Japanese only) 
201-4	Financial assistance received from government	Selected for and already received the FY2024 "Medical-Engineering Collaboration Innovation Promotion Project Grant."
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	» Local Community / Social Contributions
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	» Compliance
205-3	Confirmed incidents of corruption and actions taken	» Compliance
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	» Compliance
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	<ul style="list-style-type: none"> » Environmental Impact Overview » Climate Change Related Data
301-2	Recycled input materials used	Information unavailable/incomplete: Raw materials: difficult to define and determine Containers: not aggregated
301-3	Reclaimed products and their packaging materials	Information unavailable/incomplete: There are no products returned from the market for recycling. Packing materials: not aggregated
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> » Environmental Impact Overview » GHG Emissions Reduction and Energy Conservation » Climate Change Related Data
302-2	Energy consumption outside of the organization	<ul style="list-style-type: none"> » Disclosure Based on TCFD Recommendations » Climate Change Related Data
302-3	Energy intensity	<ul style="list-style-type: none"> » Climate Change Related Data
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> » Environmental Impact Overview » GHG Emissions Reduction and Energy Conservation » Climate Change Related Data
302-5	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> » Environmental Performance Chemicals
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> » Water Resources
303-2	Management of water discharge related impacts	<ul style="list-style-type: none"> » Reduction of water pollutant emissions » Water Resource Related Data » Release/Transfer of Substances Subject to the PRTR Law (domestic sites)
303-3	Water withdrawal	<ul style="list-style-type: none"> » Environmental Impact Overview » Water Consumption Targets and Results » Reduction of Water Intake Volume and Water Consumption
303-4	Water discharge	<ul style="list-style-type: none"> » Environmental Impact Overview » Reduction of water pollutant emissions » Water Resource Related Data » Release/Transfer of Substances Subject to the PRTR Law (domestic sites)
303-5	Water consumption	<ul style="list-style-type: none"> » Environmental Impact Overview » Water Consumption Targets and Results » Reduction of Water Intake Volume and Water Consumption » Site Report

GRI Standards	Disclosures	References or reasons for omission
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.
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	<ul style="list-style-type: none"> » GHG Emissions Reduction and Energy Conservation » GHG emissions data by Scope
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> » GHG Emissions Reduction and Energy Conservation » GHG emissions data by Scope
305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> » GHG Emissions Reduction and Energy Conservation » GHG emissions data by Scope
305-4	GHG emissions intensity	» Climate Change Related Data
305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> » GHG Emissions Reduction and Energy Conservation » GHG emissions data by Scope
305-6	Emissions of ozone-depleting substances (ODS)	<ul style="list-style-type: none"> » Fluorocarbons » Atmospheric emissions related data
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<ul style="list-style-type: none"> » Environmental Impact Overview » Atmospheric emissions related data

GRI Standards	Disclosures	References or reasons for omission
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	» Environmental Impact Overview
306-2	Management of significant waste-related impacts	» Resource Saving and Waste Reduction » Chemical Substance Control
306-3	Waste generated	» Environmental action plan 21-24 » Environmental Impact Overview » Chemical Substance Control » Resource Saving and Waste Reduction » Waste and Resource Saving Related Data » Site Report
306-4	Waste diverted from disposal	» Environmental Impact Overview » Resource Saving and Waste Reduction » Waste and Resource Saving Related Data » Site Report
306-5	Waste directed to disposal	» Environmental Impact Overview » Resource Saving and Waste Reduction » Waste and Resource Saving Related Data » Site Report
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	» Supply Chain Management

Social

GRI Standards	Disclosures	References or reasons for omission
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	» Employment status (domestic)
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	» Work-life balance (domestic) » Promoting Women's Empowerment
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	» Safety / Accident Prevention
403-2	Hazard identification, risk assessment, and incident investigation	» Details of a Fatal Occupational Accident on January 15, 2022 » Safety / Accident Prevention
403-3	Occupational health services	» Health and Productivity Management
403-4	Worker participation, consultation, and communication on occupational health and safety	» Labor and Management Relations
403-5	Worker training on occupational health and safety	» Safety / Accident Prevention
403-6	Promotion of worker health	» Health and Productivity Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	» Addressing Human Rights Issues Related to "Labor in the Supply Chain"
403-8	Workers covered by an occupational health and safety management system	» Safety / Accident Prevention
403-9	Work-related injuries	» Details of a Fatal Occupational Accident on January 15, 2022 » Safety / Accident Prevention » Labor accidents (domestic + overseas)
403-10	Work-related ill health	» Health and Productivity Management » Health and Productivity Management Data
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	» Education and Training System, and Results » Education and Training
404-2	Programs for upgrading employee skills and transition assistance programs	» Education and Training System, and Results
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	» Diversity of the Board of Directors » Directors, Auditors, and Executive Officers  » Promoting women's empowerment
405-2	Ratio of basic salary and remuneration of women to men	Securities report (Japanese only)  » Gender pay gap

GRI Standards	Disclosures	References or reasons for omission
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> » Respect for Human Rights » Compliance
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	<ul style="list-style-type: none"> » Addressing Human Rights Issues Related to "Labor in the Supply Chain" » Supply Chain Management
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	» Addressing Human Rights Issues Related to "Labor in the Supply Chain"
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	» Addressing Human Rights Issues Related to "Labor in the Supply Chain"
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	» Addressing Human Rights Issues Related to "Labor in the Supply Chain"
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	» Local Community / Social Contributions
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	» When starting business transactions
414-2	Negative social impacts in the supply chain and actions taken	» Supply Chain Management
GRI 415: Public Policy 2016		
415-1	Political contributions	<ul style="list-style-type: none"> » Compliance » ESG Performance Data>Political donations, etc.
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> » Provision of safe and secure products » Design management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable: no violations <ul style="list-style-type: none"> » Quality Assurance, Quality Control, and Product Liability (PL)
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	» Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	» Quality
417-3	Incidents of non-compliance concerning marketing communications	Not applicable: no violations <ul style="list-style-type: none"> » Whistleblowing, disciplinary actions, violations, etc.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable: no violations <ul style="list-style-type: none"> » Whistleblowing, disciplinary actions, violations, etc.