Materiality (Key Issues)

Progress Report for FY2024

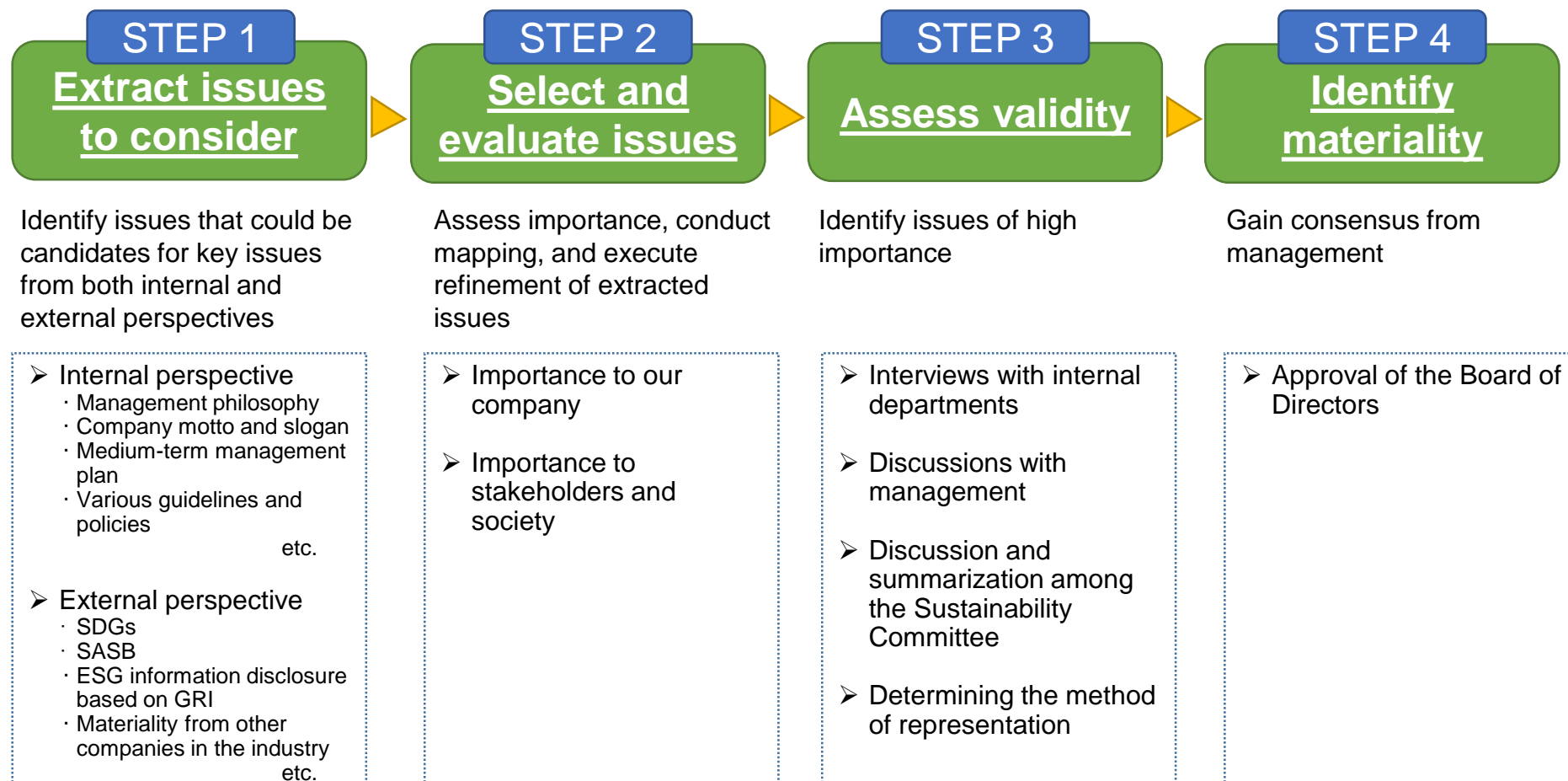**June 26, 2025**

Introduction

To realize a sustainable society and sustainable corporate growth, we have selected priority issues to be addressed from the viewpoint of their importance to our company's management and the company itself and identified materiality (key issues) based on their importance and impact.

The materiality that our company should address is described later. Our company will proceed with our activities, including the review of each materiality and the formulation of countermeasures and plans, centered around the Sustainability Committee.
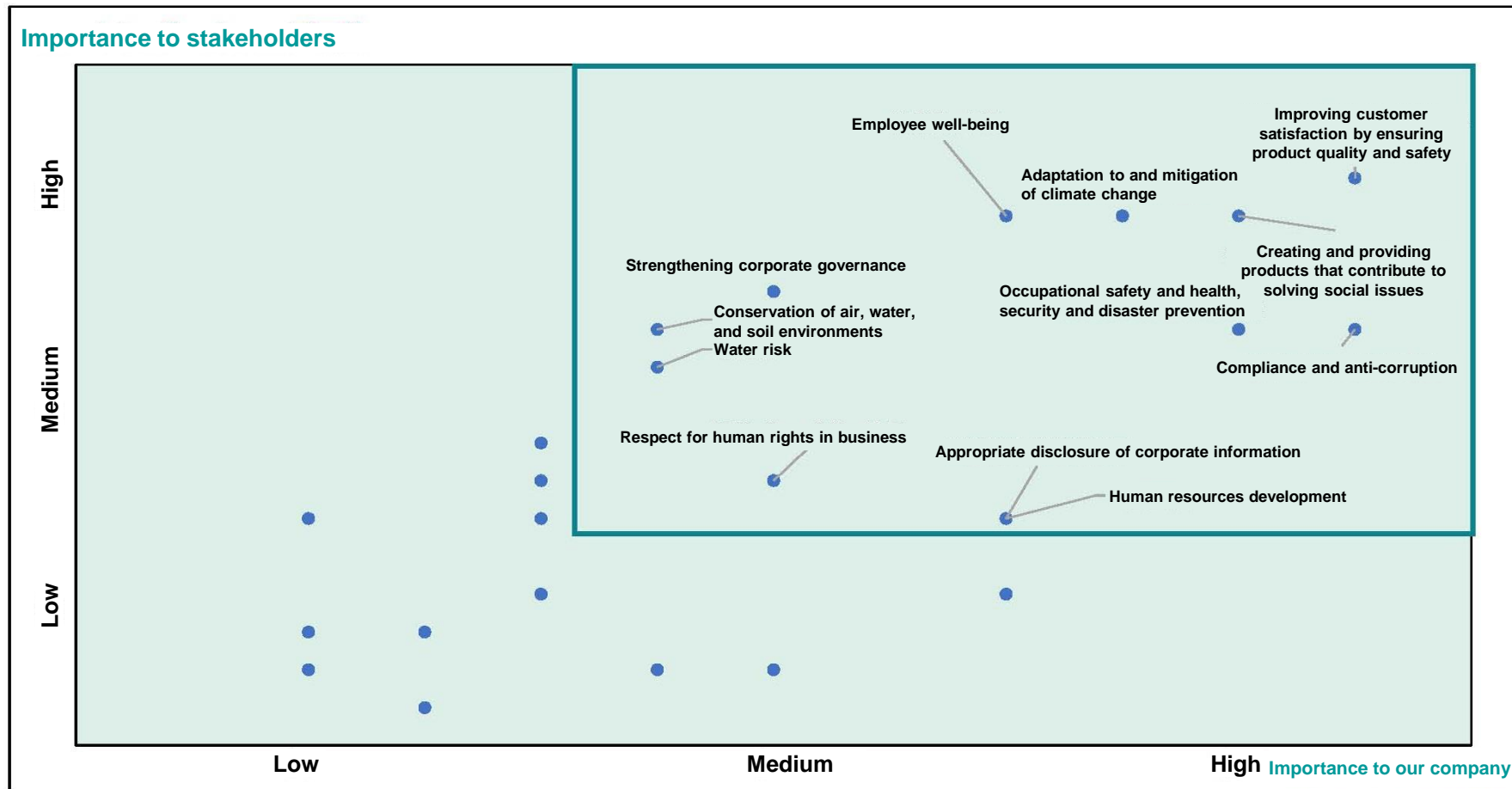
1. Identification Process

In identifying materiality, we extracted social issues based on our corporate philosophy, medium-to-long-term vision, as well as various guidelines and policies, and then extracted target materiality from the perspective of their importance to both stakeholders and our company.

STEP 1 **Extract issues to consider**	STEP 2 **Select and evaluate issues**	STEP 3 **Assess validity**	STEP 4 **Identify materiality**
Identify issues that could be candidates for key issues from both internal and external perspectives	Assess importance, conduct mapping, and execute refinement of extracted issues	Identify issues of high importance	Gain consensus from management
➤ Internal perspective · Management philosophy · Company motto and slogan · Medium-term management plan · Various guidelines and policies 　　　　　　　　etc. ➤ External perspective · SDGs · SASB · ESG information disclosure based on GRI · Materiality from other companies in the industry 　　　　　　　　etc.	➤ Importance to our company ➤ Importance to stakeholders and society	➤ Interviews with internal departments ➤ Discussions with management ➤ Discussion and summarization among the Sustainability Committee ➤ Determining the method of representation	➤ Approval of the Board of Directors

2. Materiality Map

Importance to stakeholders

High
Medium
Low

Employee well-being

Improving customer satisfaction by ensuring product quality and safety

Adaptation to and mitigation of climate change

Strengthening corporate governance

Creating and providing products that contribute to solving social issues

Conservation of air, water, and soil environments
Water risk

Occupational safety and health, security and disaster prevention

Compliance and anti-corruption

Respect for human rights in business

Appropriate disclosure of corporate information

Human resources development

Low   Medium   High **Importance to our company**

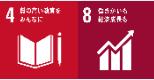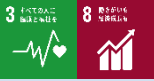Important issues

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3. Details on Materiality (Key Issues) I

Materiality	Themes/Related SDGs	Desired State	KPI	Target Level	FY2024 Major Achievements and Progress	Evaluation	FY2025 Target Level
Contribute through business	Creating and providing products that contribute to solving social issues	A state where we engage in creative approaches to next-generation research and development themes to contribute to solving social issues and can provide new products utilizing our cultivated proprietary technologies	✓ Investment amount: 1.2 billion yen	✓ Establishment and improvement of enriched boric acid production facilities ✓ Increased tin fluoride production	✓ We doubled our production capacity compared with FY2023 by investing approx. 1.2 billion yen. ✓ We reinforced our production capacity and started business with new customers.	Good	✓ Provision of chemicals that lead to improvements in the semiconductor manufacturing process ✓ Provision of materials that contribute to the higher performance of Li-ion batteries ✓ Provision of products using inorganic fluorine compounds or fluorination technology
			✓ Promotion of next-generation materials development ✓ Release of newly developed products	✓ Chemicals that lead to improvements in the semiconductor manufacturing process ✓ Materials that contribute to the higher performance of Li-ion batteries ✓ Inorganic fluorine compounds or products using fluorine technology	✓ We developed highly selective chemicals that lead to improvements in the semiconductor manufacturing process. ✓ We provided and evaluated samples of development materials for all-solid-state batteries. ✓ We provided and evaluated samples of newly developed products that use inorganic fluorine compounds or fluorination technology.	Good	
	Improving customer satisfaction by ensuring product quality and safety	A state where customer satisfaction is improved by the stable supply of high-quality, safe products that capture customer needs	✓ Customer satisfaction (quality) ✓ Holding safety training sessions with customers	✓ 2024: Customer satisfaction rate of at least 50% as the annual average for the top 20 largest customers ✓ 100% compliance with holding safety training sessions based on customer requests	✓ 90% of the top 20 largest customers gave the highest rating in the customer satisfaction (quality) survey in 2024. ✓ We responded to 100% of the customer requests for holding safety training sessions.	Good	✓ We aim to receive the highest rating from at least 50% of the top 20 largest customers on an annual average in the customer satisfaction survey in 2025. ✓ We aim to fulfill 100% of the customer requests for holding safety training sessions.

3. Details on Materiality (Key Issues) I

Materiality	Themes/Related SDGs	Desired State	KPI	Target Level	FY2024 Major Achievements and Progress	Evaluation	FY2025 Target Level
Respond to climate change and conserve the environment	Adaptation to and mitigation of climate change	A state where we have achieved carbon neutrality by 2050	✓ Reduction of Scopes 1 and 2 emissions	✓ 46% reduction in emissions from FY2013 levels by FY2030	✓ We reduced emissions by 18% in 2024 from FY2013 levels.	Good	✓ 46% reduction in emissions from FY2013 levels by FY2030
	Conservation of air, water, and soil environments	A state where we have managed and reduced the emission of chemical substances from our business activities and have reduced our impact on the natural environment	✓ Strict observance of legal standards for the prevention of air, water, and soil pollution	✓ Continuation of zero exceedances of legal standards	✓ We exceeded legal standards in zero cases through the maintenance and management of facilities and emergency response training.	Good	✓ Continuation of zero cases of exceeding legal standards
	Responding to water risk	A state where the efficient use of water is being conducted to improve the quality of water we discharge and reduce water risk	✓ Reduction of water intake	✓ 10% water intake reduction from FY2017 levels at 3 major factories	✓ We reduced water intake by 17.1% in FY2024 from FY2017 levels.	Good	✓ 10% water intake reduction from FY2017 levels at 3 major factories

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3. Details on Materiality (Key Issues) II

Materiality	Themes/Related SDGs	Desired State	KPI	Target Level	FY2024 Major Achievements and Progress	Evaluation	FY2025 Target Level
Create a safe and rewarding environment	Employee well-being	A state where employees have achieved work-life balance and feel rewarded by their work	✓ Annual paid leave utilization rate ✓ Childcare leave utilization rate ✓ Reemployment rate	✓ Maintain an annual paid leave utilization rate of at least 80% ✓ A male childcare leave utilization rate of at least 50% ✓ Maintain the current high rate of reemployment after retirement (at least 80%)	✓ Annual paid leave utilization rate: 89% ✓ Male childcare leave utilization rate: 120% *The rate exceeds 100% because those eligible in FY2023 utilized the leave in FY2024. ✓ Reemployment rate after retirement: 100%	Good	✓ Maintain an annual paid leave utilization rate of at least 80% ✓ Male childcare leave utilization rate of at least 50% ✓ Maintain the current high rate of reemployment after retirement (at least 80%)
	Strengthen human capital	A state where employees' work awareness, knowledge, and skills are being improved through training and certification	✓ Training ✓ Average annual salary (men and women)	✓ Planned participation in external training and courses, qualification training, and internal training ✓ Maintain a gender gap for total base pay and bonuses of no less than 90% (with regular employment for men set at 100%)	✓ Training participation rate: 100% ✓ FY2024 gender pay gap indicator (expressed as a ratio of women's pay to men's pay): 87%	OK	✓ Planned participation in external training and courses, qualification training, and internal training ✓ Maintain a gender gap indicator for total base pay and bonuses of no less than 90% (with regular employment for men set at 100%)
	Occupational safety and health, security and disaster prevention	A state where employees can work safely and healthily	✓ Work accident rate ✓ Severity rate	✓ [Accident rate: 1.25] ✓ [Severity rate: 0.08]	✓ Accident rate: 0.00 ✓ Severity rate: 0.00	Good	✓ [Accident rate: 1.25] ✓ [Severity rate: 0.08]

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3. Details on Materiality (Key Issues) II

Materiality	Themes/Related SDGs	Desired State	KPI	Target Level	FY2024 Major Achievements and Progress	Evaluation	FY2025 Target Level
Respect for human rights	Respect for human rights in business	A state where we respect human rights in the operation of our business and do not engage in unjust discrimination based on race, gender, ethnicity, nationality, or any other grounds, including among our suppliers	✓ Implementation of measures to prevent discrimination and harassment ✓ Development of human rights policies	✓ We will advance qualitative initiatives related to the prevention of discrimination and harassment and on human rights. ✓ Development and disclosure of human rights policies	✓ We internally disseminated information on preventing discrimination and harassment, and on human rights, on a regular basis. ✓ We developed our human rights policies and disclosed them on the website.	Good	✓ Promotion of qualitative initiatives related to preventing discrimination and harassment, and on human rights

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3. Details on Materiality (Key Issues) III

Materiality	Themes/Related SDGs	Desired State	KPI	Target Level	FY2024 Major Achievements and Progress	Evaluation	FY2025 Target Level
Strengthen governance to enhance corporate value	Compliance and anti-corruption	A state where employees can recognize and observe compliance and related laws and regulations	✓ Number of compliance violations	✓ Number of major compliance violations: 0	✓ Number of major compliance violations in FY2024: 0	Good	✓ Number of major compliance violations: 0
	Strengthen corporate governance	A state where the soundness of management is ensured through the prompt implementation of management decisions	✓ Qualitative initiatives for strengthening corporate governance	✓ Evaluation of the effectiveness of the Board of Directors (third-party evaluation) ✓ Clarification of criteria for selecting outside directors ✓ Number of major information security accidents: 0	✓ Ratio of female outside directors increased; a female outside director with experience in management assumed office. ✓ Number of major information security incidents in FY2024: 0	OK	✓ Evaluation of the effectiveness of the Board of Directors (third-party evaluation) ✓ Clarification of criteria for selecting outside directors ✓ Number of major information security incidents: 0
	Appropriate disclosure of corporate information	A state where expected information is promptly and accurately disclosed to stakeholders	✓ Appropriate disclosure of information	✓ Same-day disclosure in Japanese and English simultaneously ✓ Disclosure of sustainability information	✓ We achieved same-day, simultaneous disclosure in Japanese and English. ✓ We included more detailed descriptions in our annual securities report.	Good	✓ Same-day, simultaneous disclosure in Japanese and English ✓ Disclosure of sustainability information

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