

Materiality KPIs and Results









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Materiality Relationship to SDGs	Aspiration	KPI / Target	FY2024 Results	Achievement Level	Person Responsible <sup>1</sup> Department Responsible
<div>Helping to fight global warming</div> <div></div>	<ul style="list-style-type: none"><li>Achieving carbon neutrality (CN) by FY2050</li></ul>	<ul style="list-style-type: none"><li>Reduction of Tokuyama's GHG emissions by FY2030:<ul style="list-style-type: none"><li>· 30% reduction in Scope 1 and 2 (compared with FY2019)</li><li>· 10% reduction in Scope 3 (Categories 1, 3, and 4) (compared with FY2022)</li></ul></li><li>Active disclosure of climate-related information</li></ul>	<ul style="list-style-type: none"><li>FY2024 GHG emissions:<ul style="list-style-type: none"><li>· 19% reduction in Scope 1 and 2</li><li>· 6% reduction in Scope 3</li></ul></li><li>Shunan Industrial Complex Decarbonization Promotion Council</li><li>Basic studies for restructuring business strategy</li><li>Promotion of information disclosures</li><li>Disclosures based on TCFD Recommendations</li><li>Acquisition of third-party verification for GHG emissions</li><li>CDP Climate Change Questionnaire score: B</li></ul>	○	Director (President and Executive Officer) Carbon Neutral Strategy Division Responsible Care Management Department Factory Planning and Administration Department
<div>Conserving the environment</div> <div></div>	<ul style="list-style-type: none"><li>Promoting recycling and maintaining zero landfill waste</li><li>Maintaining low emissions of environmental impact substances</li><li>Complying with legal requirements and other regulations, achievement of zero environmental accidents</li><li>Contribution to biodiversity conservation</li></ul>	<ul style="list-style-type: none"><li>Complying with legal requirements and other regulations: Achievement of zero violations</li><li>Continued achievement of zero environmental accidents: Zero accidents</li><li>Reduced environmental impact:<ul style="list-style-type: none"><li>· Effective waste utilization rate: ≥94%</li><li>· Landfill waste disposal rate: ≤1%</li></ul></li><li>Enhancing dialogue with stakeholders and information disclosure</li><li>Contributing to biodiversity conservation: Responding to TNFD</li><li>Effective use of water resources: Reduction of water consumption (excluding seawater) (below FY2019 standard)</li></ul>	<ul style="list-style-type: none"><li>Achievement of zero violations of legal requirements, etc.</li><li>Zero environmental accidents</li><li>Reduced environmental impact:<ul style="list-style-type: none"><li>· Effective waste utilization rate: 89%</li><li>· Landfill waste disposal rate: 6%</li></ul></li><li>* Some Group companies are no longer able to secure recycling partners, resulting in an increase in landfill disposal</li><li>Raising awareness of biodiversity</li><li>Water usage reduction rate (excluding seawater) (compared with FY2019): -12%</li></ul>	○	Director (Chairperson of Environment Committee) Responsible Care Management Department
<div>Preventing accidents and preparing for disasters</div> <div></div>	<ul style="list-style-type: none"><li>Accident prevention and disaster preparation</li><li>Improvements in process safety management level</li><li>Fostering and improving the safety culture</li></ul>	<ul style="list-style-type: none"><li>Zero accidents and zero lost-time injuries</li><li>Deepened risk assessment</li><li>Promoting smart security</li></ul>	<ul style="list-style-type: none"><li>Zero serious accidents/disasters</li><li>Identified risks through risk assessment and began mitigation<ul style="list-style-type: none"><li>· Implemented measures to comply with chemical substance regulations, etc.</li></ul></li><li>Promoting smart security<ul style="list-style-type: none"><li>· Use of data analysis tools</li></ul></li></ul>	○	Director (Chairperson of Safety Committee) Responsible Care Management Department
<div>Developing products and technologies that address social issues</div> <div></div>	<ul style="list-style-type: none"><li>Increased development of products and technologies that help to resolve social issues, focusing on the SDGs</li><li>Transform business portfolio</li></ul>	<ul style="list-style-type: none"><li>Promoting the development of products and technologies that help to resolve social issues, focusing on the SDGs</li><li>Efficient process technology development through DX of multiple-product manufacturing</li></ul>	<ul style="list-style-type: none"><li>Electronics: Accelerate efforts to commercialize customer-driven products by strengthening marketing functions and coordination with business divisions</li><li>Healthcare: Accelerate development by narrowing down commercialization themes and concentrating resources</li><li>Environment: Move several themes into the commercialization phase; promote new carbon neutral related themes</li><li>Traditional business areas: Develop and launch products that address environmental issues, and develop process technologies</li><li>Other: Grants for academic and research purposes</li></ul>	○	Director (in charge of Research & Development) Research & Development Division
<div>Improved chemical management and product safety</div> <div></div>	<ul style="list-style-type: none"><li>Maintaining effective chemical management and promoting product safety within Tokuyama</li></ul>	<ul style="list-style-type: none"><li>Complying with chemical laws and regulations in each country: Zero infractions of chemical-related regulations</li><li>Group-wide risk management of chemical products: Zero accidents due to product safety</li></ul>	<ul style="list-style-type: none"><li>Zero infractions of chemical-related regulations</li><li>64 product reviews (second and third rounds); 665 labeling reviews</li><li>Understood and responded to domestic and overseas regulatory trends</li><li>Promoted the management system for chemicals contained in products</li><li>Provided education to departments and Group companies involved in chemical product management and conducted regular inspections and interviews on their state of management</li></ul>	○	Director (Chairperson of Product Safety and Quality Assurance Committee) Responsible Care Management Department
<div>Engaging with local communities</div> <div></div>	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Contribution to communities</li></ul>	<ul style="list-style-type: none"><li>Harmoniously co-existing and cooperating with communities</li><li>Contribution to communities</li></ul>	<ul style="list-style-type: none"><li>Dialogue with communities: Area community dialogue, roundtable meetings, factory tours, etc.</li><li>Social contributions: Volunteer activities, educational support to neighboring schools, and donations to contribute to the local community</li><li>Contributions through business: Specified supply of power to Shunan City, Yamaguchi Prefecture</li></ul>	○	Director (in charge of Sustainability, and General Affairs and Human Resources) General Affairs Department Environment & Safety Department Factory Planning and Administration Department
<div>Promoting CSR procurement</div> <div></div>	<ul style="list-style-type: none"><li>Management of supply chains based on sustainable procurement guidelines</li><li>Creation of management processes</li></ul>	<ul style="list-style-type: none"><li>Improvement and execution of management and investigation of supply chains based on sustainable procurement guidelines</li></ul>	<ul style="list-style-type: none"><li>Raised awareness of the CSR procurement guidelines that were revised in December 2022; requested written consent from companies with a transaction value of 30 million yen or more; collected from 341 out of 354 companies<sup>2</sup></li><li>Implemented supplier assessments for companies with a transaction value of 100 million yen or more by using the SAQ published by GCNJ; collected from 173 out of 181 companies<sup>2</sup></li><li>Analyzed SAQ collection results and conducted engagement with 4 high-risk companies<sup>2</sup></li><li>Create and prepare a revised Basic Procurement Policy and Sustainable Procurement Guidelines to be published in April 2025</li></ul>	○	Director (Chairperson of Sustainability Committee) Procurement Department Logistics Department

1. Person responsible: The person serving as a director and chairperson of the committee/meeting body that is in charge of corresponding initiatives   2. Non-consolidated   3. Non-consolidated and domestic consolidated subsidiaries

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<div>Developing human resources</div> <div></div>	<div>Improve employee value while contributing to the realization of a management strategy</div> <ul style="list-style-type: none"><li>Increasing operational productivity</li><li>Assignment of human resources to growth areas and new projects</li><li>Recruitment and creation of human resources to drive the Company's growth</li></ul>	<ul style="list-style-type: none"><li>Establishment of an incentive system to support productivity improvements<sup>2</sup></li><li>Percentage of positions filled relative to human resource plan: 100% ± 10% each fiscal year</li><li>Percentage of successor candidate positions filled for key management positions: 100% each fiscal year</li><li>Number of NBL (Next Business Leader) training participants: Cumulative total of 100 by FY2030<sup>2</sup></li><li>Global human resources development training: 15 participants each fiscal year until FY2025<sup>2</sup></li><li>Training highly skilled engineers to support business execution<sup>3</sup></li></ul>	<ul style="list-style-type: none"><li>Establishment of incentive system: Preparation of system design<sup>2</sup></li><li>Percentage of positions filled relative to human resource plan: 90%</li><li>Percentage of successor candidate positions filled for key management positions: 140%</li><li>Implemented NBL training: Attended by 30 selected employees (cumulative total of 67)</li><li>Implemented global human resource development: Attended by 15 employees (cumulative total of 48)</li><li>Training highly skilled engineers to support business execution<sup>3</sup><ul style="list-style-type: none"><li>DX workplace leader training: 37 participants (cumulative total of 73)</li><li>Data engineer training: 21 participants (cumulative total of 44)</li><li>DX literacy improvement training (e-learning): 1,300 participants (cumulative total of 2,700)</li></ul></li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<div>Promotion of diversity and career fulfillment</div> <div></div>	<ul style="list-style-type: none"><li>Responding to diversity of values and ensuring fairness</li><li>Increasing engagement</li><li>Respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion<ul style="list-style-type: none"><li>Percentage of women hired with a bachelor's degree or higher: 20% or higher each fiscal year<sup>2</sup></li><li>Percentage of managerial positions or above held by women: 15% or higher in FY2030</li><li>Percentage of people with disabilities: Achievement of legally mandated level<sup>2</sup></li></ul></li><li>Employee engagement: Ongoing improvement<sup>2</sup></li><li>Promotion of work-life balance<ul style="list-style-type: none"><li>Rate of childcare leave taken by men: 100% in FY2030<sup>3</sup></li><li>Rate of annual paid leave taken: 75% each fiscal year<sup>3</sup></li></ul></li><li>Promotion of respect for human rights</li></ul>	<ul style="list-style-type: none"><li>Promotion of diversity and inclusion<ul style="list-style-type: none"><li>Percentage of women hired with a bachelor's degree or higher: 37.1%<sup>3</sup></li><li>Percentage of managerial positions or above held by women: 7.9%<sup>3</sup></li><li>Percentage of people with disabilities: 2.4%<sup>2</sup></li></ul></li><li>Employee engagement: Implementation of improvement measures for departments with poor engagement<sup>2</sup></li><li>Promotion of work-life balance<ul style="list-style-type: none"><li>Rate of childcare leave taken by men: 55.7%<sup>3</sup></li><li>Rate of annual paid leave taken: 82.3%<sup>3</sup></li></ul></li><li>Implementation of human rights due diligence, etc.</li></ul>	○	Director (in charge of General Affairs and Human Resources) Human Resources Department
<div>Promotion of physical/ mental health</div> <div></div>	<ul style="list-style-type: none"><li>A state in which employees can work vigorously and play an active role through the cultivation of the physical &amp; mental health of employees and their families, and the creation of a work-friendly environment</li></ul>	<ul style="list-style-type: none"><li>Strong external reviews for health management practices<ul style="list-style-type: none"><li>Continuous certification as one of the "White 500," companies exhibiting superior health management</li></ul></li><li>Reduction of absenteeism, rate of employees absent for 30 or more days: ≤1.6%</li><li>Presenteeism: ≤7.5%</li><li>Work engagement: ≥2.9</li><li>Health guidance, measures against lifestyle-related diseases<ul style="list-style-type: none"><li>Rate of undertaking regular health screenings: 100%</li><li>Rate of undertaking re-examination/detailed examinations: ≥90%</li></ul></li><li>Promotion of smart life program, smoking rate: &lt;15%</li><li>Promotion of mental healthcare, stress check examination rate: ≥95%</li><li>Collaborative health practice, specific health guidance rate: ≥80%</li></ul>	<ul style="list-style-type: none"><li>Strong external reviews for health management practices<sup>2</sup><ul style="list-style-type: none"><li>Selected as a KENKO Investment for Health for the third consecutive year</li><li>Certified as one of the White 500 for the fourth consecutive year</li><li>Certified as a company exhibiting superior health management for the sixth consecutive year</li></ul></li><li>Reduction of absenteeism<sup>2</sup><ul style="list-style-type: none"><li>Rate of employees absent for 30 or more days: 1.7%</li></ul></li><li>Presenteeism: 4.0%<sup>2</sup></li><li>Work engagement: 2.9<sup>2</sup></li><li>Health guidance, measures against lifestyle-related diseases<sup>2</sup><ul style="list-style-type: none"><li>Rate of undertaking regular health screenings: 100%</li><li>Rate of undertaking re-examination/detailed examinations: 92.4%</li></ul></li><li>Promotion of smart life program, smoking rate: 17.4%<sup>2</sup></li><li>Promotion of mental healthcare, stress check examination rate: 97.1%<sup>2</sup></li><li>Collaborative health practice, specific health guidance rate: 95.8%<sup>2</sup></li></ul>	○	Director (in charge of General Affairs and Human Resources) Health Care Center

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