

Materiality

In the process of formulating SPEED 25/30, the Hodogaya Chemical Group identified material issues from its management philosophy-based business activities and set concrete numerical targets. The material issues we have identified are the premise for

the basic strategy of SPEED 25/30. We are committed to addressing them as a medium- to long-term business issues on a company-wide basis, together with the FY2030 ideal figure formulated under SPEED 25/30.

STEP 1.
Identify changes in the external environment that will have a major impact on society

STEP 2.
Identify the impact of those changes in the external environment on business

STEP 3.
Identify issues that Hodogaya Chemical should give priority to solving

External environment	Materiality	FY2030 ideal figure	
 Global environment	• Responding to climate change	• Contributing to greater agricultural productivity and soil improvement	
		• Contributing to aquaculture as a way to combat the decline in marine resources	
		• Promoting green chemistry	
	• Maintaining air, water, soil environments	• Contributing to society by reducing water resources use and energy use in terms of intensity and total emissions	
		• Winning high praise from society by reducing environmental impact (reduce CO ₂ emission, limit chemical substance discharges, reduce waste, etc.)	
		• Contributing to insuring drinking water using treatment of inland waters	
• Ensuring the safety of products and chemical substances	• Complying with laws and regulations on chemical substances, and appropriately managing chemical substances		
	• Developing and propagating products that contribute to the environment and society, the Group is regarded by partner companies		
 Society	• Improving value and reliability of products	• Continuing to supply safe, high-quality products, the Group is regarded by partner companies	
		• Supporting DX and providing environment-friendly infrastructure material	
		• Working with clients to conduct purchasing that promotes CSR activities in line with Procurement Guidelines	
	• Helping maintain health	• Extensively using Group's products to respond to infectious diseases	
		• Contributing to communities	• Having promoted social contribution activities in the offices, the Group is acknowledged and regarded in the community
 People (society and organization)	• Improving job satisfaction	• All officers and personnel feeling job satisfaction	
	• Promoting diversity	• Promoting diversity, fair, and just treatment of personnel to invigorate the workplace and foster a global workforce	
	• Promoting health and productivity management and workplace safety and health	• Having promoted work-life balance, personnel are successfully combining work and daily living (including child-raising and nursing care)	
		• Continuing to achieve accident-free, disaster-free operation, the Group is trusted by society	
		• Respecting human rights	• Thorough awareness of human rights and respect, no incidents of harassment, etc.
 Governance	• Expanding corporate governance		• Sustained growth through "defensive governance" to avoid risks and "offensive governance" to capture upside opportunities
	• Spreading compliance	• Compliance awareness is widespread, and the Group is capable of responding to the changing social norms	
	• Thoroughly spreading risk manage	• Discovering opportunities from related risks while minimizing losses in that area and tying that to business and profit opportunities	

FY2025 KPIs	Initiatives	FY2022 results	SDGs contributed to
—	• Expand into peroxide agricultural materials	• Developed a market for soil improvement agents (including joint development)	
—	• Expand sales and dissemination of veterinary medicines	• Continue sales expansion and dissemination	
—	• Expand Bio-PTGs	• Promoted BIO-PTG sales	
• Energy intensity: 0.606 kJ/million JPY of net sales • CO ₂ emissions: 43,400 tons or intensity: 0.868 tons/million JPY of net sales	• Promotion of energy-saving and resource-saving	• Examined expanding the scope of introducing CO ₂ free electricity • Leveraged ICP	 
• SOx emissions: zero continuing • Volume of industrial waste produced: less than previous year	• Promote reduction of environmental impact	• SOx emissions: zero emissions on an ongoing basis → Achieved • Volume of waste generated: Year-on-year decline → Achieved	  
—	• Introduce new uses of hydrogen peroxide	• Examination of application development in new fields	
• Zero regulation violations	• Enhance the management of chemical substances	• Continue zero violations through legal and regulatory management	
—	• Develop new products and next-generation topics	• Establishment of next-generation core technologies and creation of new businesses	
• Zero quality problems	• Supply safe, high-quality products	• Zero quality problems → Unachieved	
—	• Expand electronic device materials and electronic device equipment materials	• Development of new materials	
—	• Promote CSR in the supply chain	• Implementation of the "Procurement Guidelines Implementation Status Survey"	 
—	• Introduce hydrogen peroxide derivatives, phosgene derivatives, etc.	• Expansion of beverage bottle cleaning and endoscope sterilization	
• Number of contribution activities: more than previous year	• Promote community contribution activities	• Offering plant tours for neighboring high schools and conduct environmental support activities: Achieved greater than previous year	  
• Increase engagement score	• Continue to implement measures to increase engagement	• Implementation of engagement surveys and return of results	
• Percentage of female managers: 13%	• Promote human resource development and vitalization programs	• Conducted training for female personnel / Conducted training for department general managers	 
• Health & Productivity Management Outstanding Organization: certified • Increase percentage of personnel taking paid holidays • Increase percentage of personnel taking refreshment leave	• Promote health and productivity management	• Continued certification as a Health & Productivity Management Outstanding Organization	 
• Zero lost-time injuries	• Thoroughly implement workplace safety and health and disaster prevention	• Zero-lost time injuries → Achieved	 
• FTSE Russell score (Human Rights & Community: 4.0)	• Promote human rights enlightenment activities	• Continuous implementation of human rights education • Received an FTSE Russell score (Human Rights & Community: 3.0)	 
—	• Improve corporate governance	• Noted response to implement management conscious of cost of capital and share price in Corporate Governance Report	 
—	• Spread compliance	• Ongoing compliance training sessions (four times per year)	 
—	• Broadly recognize and evaluate detailed risks and implement appropriate risk reduction measures	• Discussions at Risk Management Committee meetings	 