

Responsible Care (RC)

Related Materiality

- Responding to climate change
- Maintaining air, water, soil environments

Message from the Executive Officer in charge of Production



The Hodogaya Chemical Group is engaged in all aspects of environmental conservation, security and disaster prevention, workplace safety and health, chemical and product safety, quality assurance, logistics safety, and dialogue with society under the basic philosophy to “ensuring environmental conservation, health and safety, and product quality is fundamental to corporate management and the basis for all business activities.”

In an era where the focus on “environment, safety, and health” is increasingly important, with greater attention paid to global environmental issues and self-directed chemical substance management, we are required to take responsible voluntary actions more than ever before. Against this background, the Hodogaya Chemical Group incorporates the Responsible Care philosophy and basic policies into specific action plans, voluntarily ensures “environment, safety, and health” throughout all processes from the development of chemical substances to manufacturing, logistics, use, final consumption, and disposal, publishes the results of activities, and actively engages in activities to conduct dialogue and communication with society.

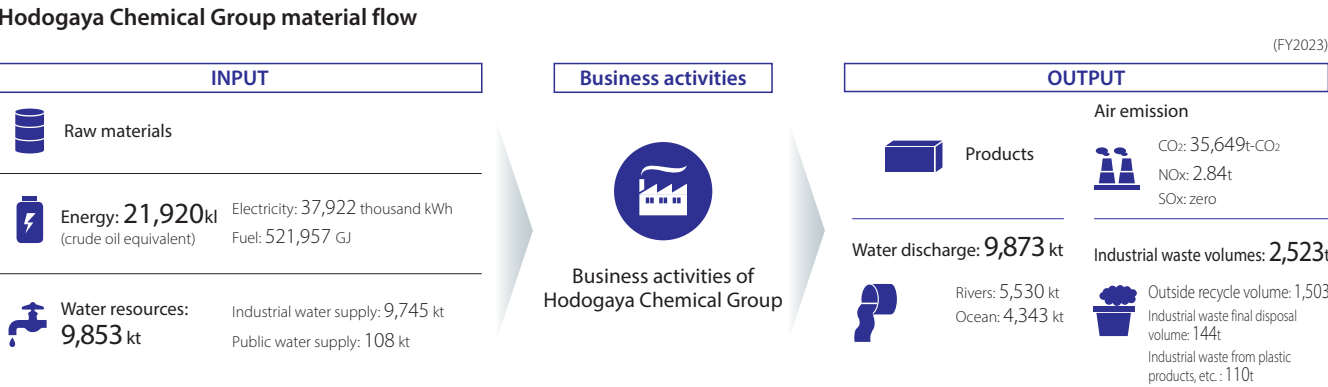
Kaoru Kasahara Director and Senior Managing Executive Officer

Environment Basic approach

In protecting the environment, the Hodogaya Chemical Group continuously reduces the emission volumes of all chemical substances released into the air, water, and soil, and the volume of waste discharged in the course of its business operations. As its implementation structure, under the Basic Philosophy of Responsible Care (RC) the Group obtained integrated certification for the ISO 14001 environmental management system covering all Hodogaya Chemical offices and Group company offices located in Japan.

ISO 14001: 2015 Environmental management systems	
Certification body	Japan Chemical Quality Assurance
Registration no.	JCQA-E-0330
Compatible standards	JIS Q 14001:2015/ISO 14001:2015
Date of acquisition	2001.12.25

Details of environmental data from the past 10 years can be found on our website.
https://www.hodogaya.co.jp/english/csr/eco/environmental_data/



Initiatives to Reduce Greenhouse Gas (GHG) Emissions

The Hodogaya Chemical Group considers responding to climate change to be a crucial management challenge. We have been actively promoting initiatives to reduce greenhouse gas (GHG) emissions, in order to fulfill our responsibilities toward the realization of a sustainable planet and society as set forth in the VISION of our Mid-term Management Plan.

Most of the GHG emitted by Hodogaya Chemical is CO₂*¹. The GHG emissions for FY2023 are 35,649 t-CO₂ (Scope 1*² + Scope 2*³). We will continue to work on reducing emissions through the

introduction of energy-saving equipment and switching to renewable energy sources based on long-term decarbonization investments to reduce energy intensity. Regarding Scope 3*⁴, we are currently at the stage of gathering information on other companies’ initiatives.

We will continue to grasp our GHG emissions for each Scope, analyze the results, formulate reduction plans, and strive to reduce GHG emissions according to the plans.

*1 Non-energy-originated CO₂ emissions are not included
*2 Scope 1: Direct emissions
*3 Scope 2: Energy-originated indirect emissions
*4 Scope 3: Other indirect emissions, classified into 15 categories

Details on Responsible Care can be found on our website.
https://www.hodogaya.co.jp/english/csr/eco/safety_responsible/

Details on PRTR can be found on our website.
https://www.hodogaya.co.jp/english/csr/eco/environmental_data/#a21

Initiatives to Lower Environmental Impacts

The water resources consumed, and the chemical substances released into the air, water, and soil during the course of business operations by the Hodogaya Chemical Group have the potential to impact the global environment. Taking into consideration the global environment and each of its stakeholders, the Hodogaya Chemical Group strives to lessen the environmental burden accompanying its business activities.

Prevention of air pollution

SO_x (sulfur oxides), NO_x (nitrogen oxides), and dust are discharged from our factories from the burning of fuel and other aspects of chemical manufacturing.

In FY2011, Hodogaya Chemical completed a switch to city gas for the raw fuel used in our plants, which has allowed us to continue to achieve zero emission of SO_x since FY2012. We are also achieving significant reduction of NO_x and dust emissions through measures such as adopting dust collectors and scrubbing towers, and using catalyzers. This has allowed us to mitigate discharge of these substances into the atmosphere.

Protection of water resources and prevention of water pollution

Hodogaya Chemical considers the securing of high-quality water resources and the prevention of water pollution from wastewater important for business continuity. 99% of the industrial water used by Hodogaya Chemical is procured from rivers and streams and only a small amount of public water (tap water) is used as drinking water. Furthermore, the Company does not use water from other sources, such as groundwater, which could cause land subsidence, or seawater.

Water released during the manufacturing process is treated in an advanced manner at the on-site wastewater treatment facility within the plant, and released into the public water bodies after the water quality clears regulatory values. Going forward, we will continue to thoroughly manage wastewater treatment facilities and work to reduce the environmental impact risks to oceans and rivers where wastewater is discharged.

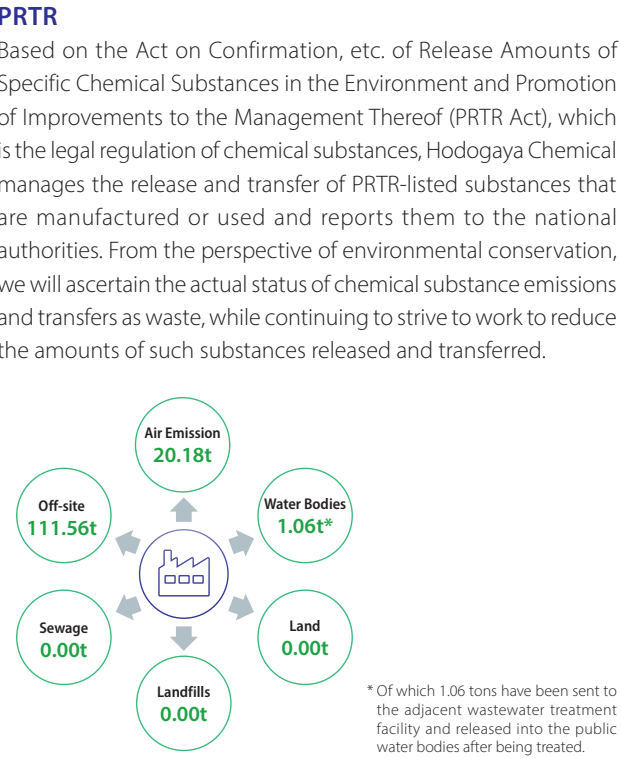
Environmental accounting initiatives

Of the major expenditures related to environmental conservation in FY2023, the largest expense was resource circulation cost, which amounted to 138 million JPY.

Environmental Accounting Data 2024 P.61

Industrial waste reduction

The Hodogaya Chemical Group promotes the 3R+Renewable initiative (reduce, reuse, recycle, renewable) and we have set a target to reduce the volume of industrial waste generated compared with the previous fiscal year, with initiatives underway. The total emissions and final disposal volume for FY2023 decreased by 27% and increased by 69% respectively compared to the previous fiscal year. While there are influences from differences in production item composition, we take seriously the fact that the final disposal volume has increased and will strengthen our efforts to reduce industrial waste.



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Initiatives for CO₂ Reduction

In recent years, global warming has become a serious issue. As economic activities develop, CO₂ emissions increase, and consequently, the global average temperature rises. As a result, extreme weather events such as concentrated heavy rainfall and high temperatures are occurring worldwide, causing serious impacts.

In light of this situation, the Yokohama Plant has been working on CO₂ reduction by switching to CO₂-free electricity for power trading since April 2022. We are also working on reducing power consumption by replacing mercury lamps and fluorescent lights with LEDs. In our current efforts, we are also responding to external requests for power savings.

While the plant implements various initiatives for “environmentally friendly manufacturing,” I believe the most important thing is for each employee working at the plant to act with awareness. In the future, we would like to continue working on reducing environmental impact throughout the entire plant.

(T.S., Manufacturing Department, Yokohama Plant)

Responsible Care (RC)

Related Materiality

● Improving product value and reliability

● Promoting health and productivity management and workplace safety and health

● Ensuring product and chemical safety

For more information on workplace safety and health and security and disaster prevention, please visit our website
https://www.hodogaya.co.jp/english/csr/eco/safety_health_logistics/

For more information on chemical and product safety, please visit our website
https://www.hodogaya.co.jp/english/csr/eco/chemical_product_safety/

Workplace Safety and Health, Security and Disaster Prevention

Basic approach

The Hodogaya Chemical Group places highest priority on ensuring workplace safety and health as the basis of its production activities, and ensures thorough compliance with laws and regulations related to safety and health, to achieve disaster-free operation. In order to promote workplace safety and health, and security and disaster prevention, we spell out the basic rules on actions to be taken by the Hodogaya Chemical Group based on relevant laws and regulations in the Safety and Health Management Rules, the Disaster Prevention Rules, and the Logistic Safety Management Rules.

Initiatives for Workplace Safety and Health

The Safety and Health Management Rules set forth the basic rules on safety and health management to prevent occupational disasters and health disorders of all personnel. The aim is to engage both personnel and employers to collaborate in ensuring the safety and health of all personnel in the workplace, and to promote creating a more comfortable work environment, while streamlining operations and contributing to improving productivity.

Furthermore, the Group has designated February 3 as the Group's annual Safety Day to prevent personnel forgetting the fire accident at the Yokohama Plant on February 3, 2012, and the lessons learned from it, to enhance the culture of safety, and to spread among all personnel of the Group the efforts in structurally establishing safety in the business operation.

In FY2023, as a result of continuing to strengthen initiatives for each measure, the Hodogaya Chemical Group and subcontracting companies achieved zero lost-time injuries.



Initiatives for Disaster Prevention

The Group conducts its activities in accordance with its basic principle to deliver security and safety, including environmental conservation to the local communities and society. The Disaster Prevention Rules stipulate that education and training be carried out on a regular basis in preparation for an accident or other emergency. In addition to conducting disaster drills, fire extinguisher training, emergency lifesaving drills jointly with fire departments and other first responders, we are striving to instill an awareness of safety and disaster prevention among all personnel and enhance their ability to sense danger.

We are continuing the conventional KYT (Kiken Yochi Training, risk prediction training) and PYT (process error prediction training) activities, and conduct safety patrols, 3S (Sort, Set in Order, Shine) and inspection visits among offices. In internal audits of RC activities, the basis of activities was expanded to the five actuals (place, thing, fact, principle, rule) to implement safety measures and safety education that include mechanism and law principles, and rules such as routines and orders.

Personnel from plants are active participants in competitions in which teams pit their firefighting and disaster prevention skills against teams from other plants located in the same area.

Occurrence of Lost-time Injuries

	Hodogaya Chemical Group			Subcontracting companies		
FY occurred	2021	2022	2023	2021	2022	2023
Number of accidents / incidents	0	0	0	0	0	0
Number of work-related fatalities and injuries	0	0	0	0	0	0
Frequency rate	0.00	0.00	0.00	0.00	0.00	0.00
Severity rate	0.00	0.00	0.00	0.00	0.00	0.00

Frequency rate = Number of work-related fatalities and injuries / Total work hours x 1,000,000
Severity rate = Total number of working days lost / Total work hours x 1,000

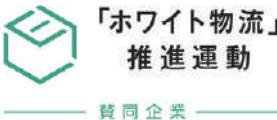
Initiatives for Logistic Safety

Hodogaya Chemical endorsed the spirit of the White Logistics Promotion Campaign* advocated by the Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of Agriculture, Forestry and Fisheries in January 2021 and submitted a voluntary action declaration to the White Logistics Promotion Campaign Secretariat. In the voluntary action declaration, we reviewed the content of transportation, including greater logistics efficiency and modal shift, and listed our efforts to standardize contracts and ensure safety.

For the purpose of ensuring safety, we help maintain the safety and

health of all local residents, including those involved in logistics, and protect the local environment by following Logistic Safety Management Rules, which stipulate basic items concerning preventing accidents and disasters in logistics related to Group products and other items and measures in the case of an accident or disaster.

* White Logistics Promotion Campaign
This is a campaign to realize not only greater productivity and more efficient logistics, particularly in truck transportation, but also a work environment welcoming to female and older drivers so as to ensure stable logistics, which are necessary for the lives of Japanese and industrial activities, in response to the shortage of drivers that is growing more serious and to contribute to economic growth.



Chemicals and Product Safety

Basic approach

The Hodogaya Chemical Group sets forth a set of internal rules on the use of chemical substances and measures to control the content in products, etc. based on the Basic Philosophy of Responsible Care (RC) to ensure environmental conservation, safety and health, and product quality, which forms the basis for all business activities. The aim of these rules is to voluntarily manage chemical substances that are likely to injure human health or impact the global environment in each process, from development, manufacturing, transportation, and use to disposal.

Chemical Substance Management

From the perspectives of environmental conservation, security and disaster prevention, workplace safety and health, and product safety, the Hodogaya Chemical Group manages chemical substances in all phases, from development, raw materials procurement, manufacturing, and use to disposal.

To the controlled chemical substances designated under national laws and regulations have been added those requested under customers' RoHS and REACH directive as well as green procurement policies.

The substances are categorized into three groups: prohibited substances, the manufacture, import and use of which are prohibited in principle under domestic law; release-restricted substances, on which domestic laws require that restrictions be placed on their release into the environment or that their environmental impact be reduced; and controlled substances in products, those that customers have requested either not be present in products or that the amounts contained be controlled. Having been made into a database, this system provides integrated management of information on all products, raw materials, and chemical substances handled by the Hodogaya Chemical Group.

We also ensure that information is provided to our customers in a standardized format, including confirmation of legal compliances with national and foreign laws and regulations, the automated production of safety data sheets (SDSs) and product labels in multiple languages as well as the compiling of safety information on the chemicals contained in our products.

Compliance with Global Laws and Regulations

In addition to the conventional regulations such as TSCA (USA) and REACH (Europe), Asian countries including China, South Korea and Taiwan are actively enforcing new laws and regulations.

With an eye on expanding its business globally, the Hodogaya Chemical Group not only works in close collaboration with foreign affiliate companies and representative offices, but also takes active part in various industry activities to keep track of the latest trends in chemical substance management policies and legislation of other countries to be prepared to respond in a timely manner. We share this legislative information and responses from other countries with the entire Hodogaya Chemical Group.

Risk Assessment of Chemicals

The Hodogaya Chemical Group formulates procedures for risk assessments to prevent accidents and disasters, and measures to reduce risks based on the assessment results. The Group also sets forth the Risk Assessment Guidelines to clearly identify risks and take precise measures, and implements them on a regular basis. The substances to be subjected to risk assessments are divided into two categories—the risk assessment of operations and the risk assessment of handling chemical substances—to enable the clearer identification of risks and more precise measures to be taken. In addition, based on the recent revision of the Industrial Safety and Health Act, we are working to strengthen our self-directed "chemical substance management system," "information transmission," and "risk assessment" to prevent workplace accidents caused by chemical substances.

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Turning training into opportunities to imagine and consider potential dangers

We must, above all, keep in mind that errors in production sites can lead to irreversible situations. Precisely because we cannot experience failures, opportunities to imagine and consider through KYT and PYT are important. As a technical staff member, I approach manufacturing department training with a focus on chemical perspectives. I believe that sharing opinions from various viewpoints within each person's position and role leads to a more multifaceted understanding of potential dangers, enhancing safety awareness and sensitivity, and leading to actions that protect our colleagues.

While no two situations in daily life are exactly the same, such training leads to timely communication and caution in our daily activities. Expanding the circle of safety culture, I want to contribute to stakeholders as a chemical manufacturer with a higher safety awareness, always keeping in mind that "safety is the foundation of production activities."

(S.M., Manufacturing Department, Koriyama Plant)

Responsible Care (RC)

Quality Assurance Basic approach

The Hodogaya Chemical Group's quality policy is commitment to quality-first, quality from our customer's perspective. The aim is to meet the demands of our customers and partner companies through our products, commercial goods, and OEM products, through which we contribute to society and business growth.

Initiatives for Quality Assurance

The Hodogaya Chemical Group practices quality assurance activities in accordance with the "RC Basic Philosophy" and "RC Basic Policy."

By carefully grasping facts, judging from facts, and acting based on facts, we can thoroughly implement a quality-focused mindset and provide high-function, high-value-added products and services that meet our customers' trust and satisfaction.

To guarantee customer satisfaction with quality, we have divided quality assurance activities related to products handled by the Hodogaya Chemical Group into four systems by purpose, covering all stages from planning, research and development, production, to sales. We engage in quality assurance activities through necessary reviews, audits, and management systems appropriate for each system, such as creating annual plans aimed at improvement and reporting and discussing results in the RC and QM subcommittees. We are working to raise employees' compliance awareness regarding quality through planned and continuous quality education.

November of each year is Quality Month, and during the month we hold the All Company QC Presentation Meeting for the whole Hodogaya Chemical Group. We continue to manage and improve the quality of products, services, work, and other elements through QC circle activities. We tie the results of these circle activities to personal development, mutual development, and workplace vitalization by having reports and Q&A sessions at the All Company QC Presentation Meetings.

Four quality assurance activity system

- 1. Quality assurance activity system from the planning stage to stable production of products
- 2. Quality assurance activity system for the steady production operation of products
- 3. Quality assurance activity system for commercial goods and OEM products
- 4. Activity system to review the quality assurance activities



FY2023 All Company QC Presentation Meeting

Quality Day

November has traditionally been Quality Improvement Month at Hodogaya Chemical, and the Company has generally designated the third Friday of November as Quality Day since 2020 so as to further improve quality management. This was triggered by the organizational restructuring in October 2018, where the Quality Assurance Department was separated from the Environment and Safety & Quality Assurance Department to establish a new department responsible for quality assurance activities, based on the Hodogaya Chemical Group's belief that "quality is the source of trust" and to improve quality management functions and clarify their roles and responsibilities. Quality Day is an activity where all officers and employees of the Hodogaya Chemical Group gather to recite the Quality Pledge, share recognition of quality maintenance, improvement, and compliance, and lead to customer satisfaction.

Quality Management

Today, corporate quality management systems with international qualities and standards have come to be recognized as the norm. Each of the Hodogaya Chemical offices have acquired ISO 9001 certification, the international standard for quality management systems. Then in 2010, the Group integrated the individual management systems of each office and successfully achieved an integrated certification as the Hodogaya Chemical Group that expanded the scope of certification to include domestic affiliated companies. Our group company, SFC in Korea, has also obtained ISO certification. When renewing the Hodogaya Chemical Group's integrated certification in 2019, we expanded the certification scope to include HODOGAYA CHEMICAL KOREA, our overseas research base, which also obtained ISO certification.

Also, to effectively operate the quality management system, we recognize increasing the number of internal auditors and improving their competence as challenges, and are conducting ISO internal auditor education with external lecturers in addition to in-house education.

ISO 9001: 2015 Quality management systems	
Certification body	Japan Chemical Quality Assurance
Registration no.	JCQA-0184
Compatible standards	JIS Q 9001:2015/ISO 9001:2015
Date of acquisition	December 25, 1996

Procurement Activities Basic approach

The Hodogaya Chemical Group specifies its commitment to the realization of a fair and appropriate supply chain in the Sustainability Policy, and implements the activities of procurement based on the Compliance Action Policy and the Procurement Policy. We have a fair deal with all partner companies in good faith when purchasing raw materials, products/consigned products, and facilities/equipment. We regard them as our good business partners in jointly addressing social issues.


Procurement policies

The Hodogaya Chemical Group has established the Procurement Policy and Procurement Guidelines. In addition to having a fair deal in good faith, the concept of sustainable procurement, that is, giving consideration to the environment while deepening mutual communication was incorporated into the Procurement Policy. The Hodogaya Chemical Group conducts procurement in line with this policy


In the basic purchasing contract concluded when doing business with the Hodogaya Chemical Group, there is a clause that covers compliance with the Procurement Guidelines. By having them comply with the terms of these guidelines, we work with our partner companies to conform with environmental, social, and governance needs, such as reducing the environmental impacts from raw material quality and the management and manufacture of chemical substances as well as respecting human rights throughout the supply chain, health and safety management, and ethics. Thus, the Hodogaya Chemical Group promotes compliance together with its partner companies.

Procurement Policy

- 1. Compliance with Laws and Regulations and Social Norms
- 2. Implementation of Environmentally Conscious Procurement Activities
- 3. Provision of Fair Transaction Opportunities
- 4. Deepening of Communications with Supply Chain



Details on the Procurement Policy can be found on our website.
<https://www.hodogaya.co.jp/english/company/philosophy/#a8>



Promotion of Sustainable Procurement


When procuring raw materials, facilities and equipment as well as other items, we endeavor to establish robust supply chains. From a global perspective, we search for financially sound partner companies that are capable of continuous transactions, including respect for human rights and compliance with society's ESG requirements. In particular, we work to secure multiple suppliers for each raw material and to diversify the countries from which we procure.

For those business partner companies whose purchasing transactions exceed a certain amount, we regularly use a Procurement Guidelines Implementation Status Survey Sheet to confirm whether the compliance items listed in the Procurement Guidelines are being properly implemented. In parallel with confirmation by means of the survey sheet, we also conduct visiting audits of business partner companies and work to deepen mutual understanding and establish relationships of trust with them while conducting improvement activities.


The personnel of the Purchasing Department are provided with the training necessary to put sustainable procurement activities into practice.

In April 2024, we obtained RSPO certification and are working on the procurement of sustainable palm oil.

The Hodogaya Chemical Group is also striving for responsible mineral resource procurement. We do not handle conflict minerals that are sources of funding for human rights violations or armed groups.



Details on Procurement Guidelines can be found on our website.
https://www.hodogaya.co.jp/english/wp/wp-content/uploads/2018/09/procurement_guidelines_20180918.pdf



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Towards realizing a sustainable supply chain

In 2024, Hodogaya Chemical obtained RSPO (Roundtable on Sustainable Palm Oil) certification from ODI. RSPO certification is an international certification system that proves palm oil production is carried out with consideration for environmental protection, workers' rights, and community welfare.

In the process of pursuing RSPO certification, I became more aware as a consumer about not just the products I purchase, but also their background, such as where they come from and whether they are produced in ways that consider the environment and human rights.

Through product sales and production, I want to continue thinking about what we can do to strengthen relationships of trust with our business partners and build a sustainable society together.
(M.K., Functional Chemicals Business Division, Head Office)